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Congressional Record

SEVENTY-SECOND CONGRESS, FIRST SESSION

SENATE

MONDAY, MAY 2, 1932

(Legislative day of Friday, April 29, 1932)

The Senate met at 12 o'clock meridian, on the expiration of the recess.

The PRESIDENT pro tempore. The Senate will receive a message from the House of Representatives.

MESSAGE FROM THE HOUSE—ENROLLED BILL SIGNED

A message from the House of Representatives by Mr. Haltigan, one of its clerks, announced that the Speaker had affixed his signature to the enrolled bill (H. R. 719) to authorize the modification of the boundary line between the Panama Canal Zone and the Republic of Panama, and for other purposes, and it was signed by the President pro tempore.

CALL OF THE ROLL

Mr. FESS. Mr. President, I suggest the absence of a quorum.

The PRESIDENT pro tempore. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Ashurst	Cutting	Kean	Schall
Austin	Dale	Kendrick	Sheppard
Bankhead	Davis	Keyes	Shipstead
Barbour	Dickinson	King	Shortridge
Bingham	Dill	La Follette	Smith
Black	Fess	Lewis	Smoot
Blaine	Fletcher	Logan	Steiwer
Borah	Frazier	Long	Stephens
Bratton	George	McGill	Thomas, Idaho
Broussard	Glass	McKellar	Thomas, Okla.
Bulkley	Glenn	McNary	Townsend
Bulow	Goldsborough	Metcalf	Trammell
Byrnes	Gore	Moses	Tydings
Capper	Hale	Neely	Vandenberg
Caraway	Harrison	Norris	Wagner
Carey	Hatfield	Nye	Walcott
Cohen	Hawes	Oddie	Walsh, Mass.
Connally	Hayden	Patterson	Waterman
Coolidge	Howell	Pittman	Watson
Copeland	Hull	Reed	White
Costigan	Johnson	Robinson, Ark.	
Couzens	Jones	Robinson, Ind.	

The PRESIDENT pro tempore. Eighty-six Senators having answered to their names, a quorum is present.

PETITIONS AND MEMORIALS

Mr. SHORTRIDGE presented a resolution adopted by the San Francisco (Calif.) Section, National Council of Jewish Women, favoring the prompt ratification of the World Court protocols, which was referred to the Committee on Foreign Relations.

Mr. BLAINE presented a petition of 70 citizens of Westby, Ashton, and Virqua, Wis., praying for the maintenance of the prohibition law and its enforcement, and opposing any measure looking toward its modification, resubmission to the States, or repeal, which was referred to the Committee on the Judiciary.

Mr. ASHURST presented a telegram in the nature of a memorial from Federal employees of Local No. 295, Leupp, Ariz., signed by Gabriella Dent, secretary, remonstrating against Federal salary cuts, which was referred to the Committee on Appropriations.

He also presented a telegram in the nature of a memorial from the Keep Tucson Wages Up Conference, signed by R. L. Yates, chairman, and H. R. Voncolbitz, secretary, of Tucson, Ariz., remonstrating against Federal wage cuts and favoring the imposition of higher taxes on incomes, which was referred to the Committee on Appropriations.

He also presented a telegram in the nature of a memorial from E. P. McDowell, department adjutant, American Legion, Phoenix, Ariz., opposing the making of drastic cuts in veterans' compensation without adequate hearings, which was referred to the Committee on Finance.

Mr. NEELY presented a letter in the nature of a petition from D. M. McCartney, of Hacker Valley, W. Va., praying for the payment of World War veterans' adjusted-compensation certificates, to be financed by the issuance of "baby bonds," which was referred to the Committee on Finance.

Mr. KEAN presented a resolution adopted by Monmouth Grange, No. 92, Patrons of Husbandry, of Freehold, N. J., protesting against the imposition of taxes on automobiles, trucks, tires, accessories, and gasoline, which was referred to the Committee on Finance.

Mr. TYDINGS presented a petition of sundry citizens of Bethesda and Chevy Chase, Md., praying for the passage of legislation providing for the closing of barber shops on Sunday in the District of Columbia, known as the Copeland Sunday health bill, which was referred to the Committee on the District of Columbia.

REVALUATION OF ESTATES

Mr. WAGNER. Mr. President, I request that there be printed in the RECORD a letter received by me from the Lieutenant Governor of the State of New York in reference to the provision of the revenue bill dealing with the revaluation of estates, together with a memorandum accompanying the letter prepared by the director of the budget of the State of New York. I ask also that the letter and memorandum be referred to the Committee on Finance.

There being no objection, the letter and accompanying memorandum were referred to the Committee on Finance and ordered to be printed in the RECORD, as follows:

STATE OF NEW YORK,
EXECUTIVE CHAMBER,
Albany, April 30, 1932.

Hon. ROBERT F. WAGNER,
United States Senate, Washington, D. C.

MY DEAR SENATOR WAGNER: At the request of Governor Roosevelt and myself, Mr. Mark Graves, Director of the Budget, has forwarded to you a memorandum prepared by him in connection with section 810 of the House revenue bill of 1932 (H. R. 10236) relative to the revaluation of estates for the purposes of the Federal estate tax.

I commend this memorandum to your very earnest consideration. The enactment of the proposed legislation would unquestionably work a very serious hardship on the State of New York and other States of the Union. A considerable part (more than one-sixth) of the taxes collected by the State of New York comes from estates.

You will note that the director of the budget, Mr. Graves, estimates that if the proposed bill is enacted it will possibly require the refunding of about $15,000,000 to the estates of decedents dying between September 1, 1928, and September 1, 1930. He estimates further that in the event a similar proposal is incorporated into law in this State (complementing Federal legislation) a further loss would ensue to the State of between twenty-five and thirty-five million dollars from the estates of decedents who have died between September 1, 1930, and January 1, 1932.

This is so serious a matter to the State of New York that I feel it merits the most earnest consideration and presentation of the facts by you, both before the committee and in the Senate. If in the wisdom of Congress any legislation is required, any one

of the alternative proposals made by Mr. Graves, while not eliminating in full the prospective loss to the State, would at any rate substantially reduce it.

May I ask you to keep me informed of the situation concerning the proposed legislation? I wish to advise you, too, that if in your opinion it is wise for the State to be represented at any further hearings which may be held on this bill in order to lay the views of the State administration before the Members of the Senate I would be very glad indeed to arrange it.

I am writing a similar letter to Senator COPELAND.

Yours very sincerely,

HERBERT H. LEHMAN.

MEMORANDUM BY MARK GRAVES, DIRECTOR OF THE NEW YORK STATE BUDGET, RE SECTION 810 OF THE HOUSE REVENUE BILL OF 1932 (H. R. 10236)

In the case of decedents dying between September 1, 1928, and January 1, 1932, this section authorizes the revaluation of estates for purposes of the estate tax 18 months after death. If an estate is revalued, the tax is adjusted to be that part, fraction, or ratio of the tax assessed as of the date of death which the new value bears to the value as of the date of death. Put simply, if an estate has shrunk one-half, the tax is reduced one-half; if the estate has shrunk but 25 per cent, the tax is reduced but 25 per cent; if the estate has shrunk 75 per cent, the tax will be correspondingly reduced 75 per cent.

EFFECT UPON STATES

States have generally, because of the 80 per cent credit provision, integrated their death tax laws with the Federal estate tax law. It follows that a change such as is proposed will depress State revenue or require refunds by States aggregating approximately four times the loss of revenue or the amount of refunds required of the Federal Government. In other words, the States, collectively, have four times the financial interest in this legislation that the Federal Government has. It is thus seen that the Congress should proceed cautiously and ascertain the effect of such legislation on the finances of the States.

The secretary of revenue of the State of Pennsylvania has, in an able brief, covered that aspect of the situation very well. Here in New York we estimate that if this bill is passed it will probably require the refunding of about $15,000,000 to the estates of decedents dying between September 1, 1928, and September 1, 1930. Commenced with September 1, 1930, New York inaugurated an estate tax paralleling the Federal estate tax at 80 per cent of the latter's rates. It is unlikely that the passage of the legislation contemplated by the Congress would have any direct effect upon New York's taxes on the estates of decedents dying since September 1, 1930. Nevertheless, should the Congress pass this measure, New York's Legislature will find it most difficult to resist the pleadings which will be directed to it to follow the example of the Federal Government. Should New York do that it is estimated the loss in revenue from the estates of decedents dying between September 1, 1930, and January 1, 1932, would be somewhere between $25,000,000 and $35,000,000.

I recommend that some relief be given the estates of decedents dying between the dates specified in this bill. I respectfully submit, however, that the measure adopted by the House is not the best proposal and offer alternative suggestions.

ALTERNATIVE SUGGESTIONS

1. That no reduction be allowed in the tax assessed against an estate based upon value at the date of death unless the estate has shrunk to a point where the tax as assessed will exceed 50 per cent of the value of the net estate 18 months after death, and that in no case will the tax be reduced below 50 per cent of the value of the net estate.

The very bill containing this provision designed to relieve estates and excuse them from paying a death tax graduated to 20 per cent also proposes to double the tax. While the Congress has not the authority to enact a retroactive estate tax, nevertheless it can refrain from granting the full relief contemplated by section 810 to these shrunken estates and recognize as this legislation does that higher estate taxes are desirable, and thereby conserve Federal and State funds.

The assumption back of the proposal contained in section 810 is that the value ascertained 18 months after death is the true value, and that computed as of the date of death is a fictitious or inflated value. It is difficult in these times to determine "value." It seems reasonable to assume, however, that the low values of securities which have obtained during recent months may be just as much too low as the values of 1929 were too high. It is true value that we would like to ascertain if that were possible. That is, the value upon which the tax should be based. Being unable to ascertain what "true value" is, it seems to me we are justified in assuming that it is something higher than the present-day market values, and that to deal fairly and equitably with these estates does not require that we base the estate tax upon these extremely low market valuations.

Another suggestion which I wish to offer, if the one I have just discussed is rejected, is—

2. That permission be allowed to revalue estates of decedents 18 months after death, and the tax originally assessed reduced to a sum equaling the amount at which the estate would be taxed under the new revenue bill.

It is proposed by this bill to double estate-tax rates and to bring into the picture gifts made before death and perhaps other important features; while, as has been said, the Congress may not pass a retroactive estate tax law. But granting relief to estates which have shrunk in value is another matter. The Congress can, with perfect propriety if it wishes to do so, simply reduce these taxes which have previously accrued to the amounts which would have been levied under this new schedule of rates and the new plan for computing the estate. The third and last suggestion which I have to offer is—

3. That permission to revalue estates of decedents 18 months after death be granted but that the new value so obtained be added to the value computed as of the date of death and an average value obtained by dividing by 2, then require the estate to pay such fractional part of the tax originally assessed as the average value bears to the value computed as of the date of the decedent's death.

It may be said in favor of this proposal that it recognizes two things: First, that the old values were inflated, and second, that the market values which have obtained during recent months are too low. This suggestion is predicated on the thought that half way between the two extremes true value may be found.

AMENDMENT OF RADIO LAWS

Mr. ROBINSON of Arkansas. Mr. President, I ask leave to have printed in the RECORD a telegram relating to the bill pending before the Senate providing for amendments to the radio laws. I ask that the telegram be printed in the RECORD and referred to the Committee on Interstate Commerce.

There being no objection, the telegram was ordered to be printed in the RECORD and referred to the Committee on Interstate Commerce, as follows:

CHICAGO, ILL., *May 1, 1932.*

Hon. JOSEPH T. ROBINSON,
United States Senate, Washington:

Committee amendments to House radio bill reported without hearings appear utterly unworkable to entire broadcasting industry, and some of them seem so faulty as to call for complete redrafting. Believe it would be most unfortunate for Senate to vote on this bill in its present state and think it should go back to committee for further consideration and hearings, but understand it may be called up for action Monday. Radio people throughout entire country will be grateful for chance to be heard before Senate acts.

HENRY A. BELLOWS.

DUTY ON PINEAPPLES

Mr. FLETCHER. Mr. President, some days ago there was inserted in the RECORD a communication from Mr. H. E. Miles, the chairman of the Fair Tariff League, regarding the duty on pineapples. I referred that communication to Mr. J. N. McBride, general agricultural and land-settlement agent, of Savannah, Ga., of the Seaboard Air Line Railway, and asked his comment on it. He has written me a letter on the subject, which I ask to have referred to the Committee on Finance and printed in the RECORD.

There being no objection, the letter was ordered to be referred to the Committee on Finance and to be printed in the RECORD, as follows:

SEABOARD AIR LINE RAILWAY,
Savannah, Ga., April 30, 1932.

Senator DUNCAN U. FLETCHER,
Washington, D. C.

DEAR SENATOR: I am indebted to you for having sent me copy of the CONGRESSIONAL RECORD of April 4, in which appears on page 7652 remarks of Hon. THOMAS J. WALSH setting forth the views of Mr. H. E. Miles, chairman of the Fair Tariff League, regarding the present pineapple tariff. I have read Mr. Miles's statements with a great deal of interest. I do not know who Mr. Miles is, but I dare say his remarks are prompted by the old axiom "The dog that hollers is the one that is hit." I feel that in fairness to the Florida people who are trying to revive and rehabilitate the pineapple industry on the lower east coast something ought to be said to Senator WALSH and Mr. Miles in reply.

I have discussed this article in detail with our Mr. R. A. Carlton, agricultural agent at West Palm Beach, who is probably the best-informed man on the pineapple industry in the entire State of Florida. Mr. Carlton appeared before the Tariff Commission at the time the pineapple case was heard, has visited Cuba and Porto Rico in studying pineapple growing, and has worked very actively with the pineapple interests on the lower east coast in their efforts to reestablish themselves. I therefore feel that Mr. Carlton's views are accurate and authentic.

During the pineapple-tariff hearing in Washington last October it was shown conclusively that the pineapple industry of Florida was for years on a very stable and substantial basis. This industry was probably the most remunerative enterprise, from an agricultural standpoint, on the lower east coast of Florida. The pineapple industry utilized land having little agricultural value for other crops, provided employment for labor during seasons of the year when there was little other work available, and was as prosperous and satisfactory generally as the Cuban pineapple industry

or any other pineapple industry is now. It was admitted by the Florida witnesses at the pineapple hearing that the disease "red wilt" seriously upset Florida's pineapple industry, but it was shown that the United States Department of Agriculture in their experiments in Florida had developed a practical and economical method of controlling red wilt; that it is now entirely feasible, from a standpoint of production, to again produce pineapples in Florida, utilizing the methods recommended by the United States Department of Agriculture, and bring back Florida's pineapple industry to a stage of development more intensive than the development prior to the red-wilt disaster.

The tariff act of 1922 accorded the American pineapple grower some small protection against foreign competition. Following this act the Cuban Government established an embargo prohibiting the exportation of pineapple planting stock to Florida. It is presumed that this embargo by the Cuban Government was an act of reprisal for the passage of the pineapple tariff act, and, insofar as I can learn, is without precedent in the exchange of commodities between friendly nations. This embargo on planting material from Cuba further demoralized the Florida pineapple industry, due to the fact that practically all of the plantings within the State of Florida were diseased with red wilt; and in reviving the Florida industry under the recommendations of the Department of Agriculture it was necessary for growers to secure new, vigorous planting stock. The pineapple industry in Porto Rico at that time was not in position to furnish planting stock for Florida growers, and no new planting stock could be secured from Cuba, which made it well nigh impossible for Florida growers to expand their acreages rapidly.

During the time of the Florida real-estate boom pineapple lands on the lower east coast became exceedingly valuable for subdivision purposes, and many growers who had fields of pineapples were induced to dispose of their property to the land speculators at fabulous prices. These fields were subdivided into lots and the pineapples neglected and abandoned, which further dissipated sources of planting material available for expansion. Following the real-estate boom many former pineapple growers again became interested in making plantings of pineapples, but could secure no planting stock at all from Cuba on account of the embargo; practically none from Porto Rico, as the Porto Rico pineapple interests were utilizing their supply of planting stock in expanding their operations under the American tariff; and little from local home sources, as there were only a few fields of pineapples left in Florida from which planting stock could be secured for further expansion. Pineapple growers along the lower east coast of Florida have within the last three years purchased practically all of the planting material available in Porto Rico and brought it into Florida and planted it. This planting material will form the nucleus around which Florida growers can expand their production more rapidly in the future than they have in the immediate past. Substantial interests on the lower east coast are now actively developing pineapple acreages. The Florida Pineapple Products Co. (Inc.), Lake Worth, Fla., of which Mr. H. G. Basford, of Lake Worth, is president and directing head, imported sufficient planting material from Porto Rico last summer and set 20 acres at Lake Worth. This concern has 5,000 acres of land available for pineapple production. They expect to make further importations of pineapple planting material from Porto Rico this summer and to expand their plantings in Florida as rapidly as they can secure stock from their own fields and from importations. There are at present 12 pineapple growers between West Palm Beach and Fort Lauderdale who have approximately 75 acres in pineapples. There are probably 15 or 20 growers in Martin, St. Lucie, and Indian River Counties who now have at least 100 acres in pineapples. It is true that this start is small, yet when consideration is given to the fact that almost unsurmountable obstacles had to be overcome in securing planting stock with which a start could be made the actual results obtained to date indicate the determination of the Florida growers to overcome these obstacles and again build this industry back into the place of prominence that it formerly occupied. Each acre of pineapples in Florida, after it produces its first crop, will begin to produce planting material for further expansion, as well as other crops of pineapples for market. Therefore, the 100 acres now growing on the lower east coast, which will shortly be in production, will soon be producing planting stock for further expansion, as well as fresh pineapples for the trade, and within a short period of years the production of pineapples in Florida should begin to again attain substantial proportions.

The development of this industry within the continental borders of the United States can be made possible by maintaining the present tariff wall and protecting these growers who have overcome already almost countless obstacles. The State needs the pineapple industry because, from the standpoint of utilization of labor and lands, it fills in and rounds out the agricultural program on the lower east coast. Pineapple growing is freer from the effects of common hazards than most of the other agricultural enterprises on the lower east coast. A good start has been made within the past two years in rehabilitating the industry, and material progress should be made within the next few years in further expanding the acreage.

I know that the growers and others interested in pineapple development on the lower east coast of Florida have appreciated the cooperation and friendly spirit of helpfulness which you have manifested toward them in their efforts to bring back this industry.

Yours very truly,

J. N. McBaide,
General Agricultural and Land Settlement Agent.

REPORTS OF COMMITTEES

Mr. BORAH, from the Committee on Foreign Relations, to which were referred the following bills, reported them each without amendment and submitted a report as indicated:

S. 3786. An act to provide that the United States extend to foreign governments invitations to participate in the International Congress of Architects to be held in the United States during the calendar year 1933, and to authorize an appropriation to assist in meeting the expenses of the session; and

S. 4379. An act for the relief of Yvonne Hale (Rept. No. 628).

Mr. BULOW (for Mr. Norbeck), from the Committee on Indian Affairs, to which was referred the bill (H. R. 9254) to authorize the exchange of a part of the Rapid City Indian School land for a part of the Pennington County Poor Farm, South Dakota, reported it without amendment and submitted a report (No. 630) thereon.

UNEMPLOYMENT INSURANCE

Mr. WAGNER submitted his individual views as the minority member of the Select Committee to Investigate Unemployment Insurance, pursuant to Senate Resolution 483 (71st Cong., 3d sess.), establishing a select committee to investigate unemployment-insurance systems, which were ordered to be printed, with an illustration, as Report No. 629.

ENROLLED BILL PRESENTED

Mr. WATERMAN, from the Committee on Enrolled Bills, reported that on April 30, 1932, that committee presented to the President of the United States the enrolled bill (S. 3270) for the relief of Daniel S. Schaffer Co. (Inc.).

BILLS INTRODUCED

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. CAREY:

A bill (S. 4542) providing for the use by the Veterans' Administration of the old post-office building in Casper, Wyo.; to the Committee on Public Buildings and Grounds.

By Mr. BULKLEY:

A bill (S. 4543) granting a pension to Mary C. Brant (with accompanying papers); and

A bill (S. 4544) granting an increase of pension to Letha C. Durflinger (with accompanying papers); to the Committee on Pensions.

By Mr. DILL:

A bill (S. 4545) granting a pension to Jay Dee Hoffman (with accompanying papers); to the Committee on Pensions.

By Mr. GEORGE:

A bill (S. 4546) for the relief of Lindsay Hinesley; to the Committee on Finance.

By Mr. COPELAND:

A bill (S. 4547) to amend the emergency officers' retirement act of May 24, 1928; to the Committee on Military Affairs.

A bill (S. 4548) to amend the immigration act of 1924; to the Committee on Immigration.

By Mr. HAYDEN:

A bill (S. 4549) to authorize conveyance to the United States of certain lands in the State of Arizona for use of the United States in maintaining air-navigation facilities, and for other purposes; to the Committee on Public Lands and Surveys.

By Mr. SHEPPARD:

A bill (S. 4550) to amend section 13 of the Federal reserve act by making notes of finance and credit companies subject to discount; to the Committee on Banking and Currency.

By Mr. TRAMMELL:

A bill (S. 4551) for the relief of the Tampa Marine Co., a corporation, of Tampa, Fla.; to the Committee on Claims.

By Mr. CONNALLY:

A bill (S. 4552) to amend an amendment to the Federal highway act, approved May 21, 1928 (45 Stat. L. 683); to the Committee on Post Offices and Post Roads.

PAYMENT OF FOREIGN DEBTS IN SILVER

Mr. HAYDEN. Mr. President, I introduce a joint resolution, which I ask to have read by the clerk and referred to the Committee on Banking and Currency.

The joint resolution (S. J. Res. 152) to authorize payment of foreign debts in silver, under certain limitations, was read the first time by its title, the second time at length, and referred to the Committee on Banking and Currency, as follows:

Resolved, etc., When offered by any foreign Government indebted to the United States the President is authorized to accept in payment of the whole or any part of any amounts of principal or interest due the United States prior to July 1, 1936, silver at the rate of 1½ fine ounces for each dollar which such government is obligated to pay to the United States; but no such payment shall be accepted unless such government gives assurance, satisfactory to the President, that it will not melt or debase its own coins to make such payment in silver: *Provided*, That if any such government shall make provision, satisfactory to the President, for restoring prior to July 1, 1936, all of its silver coinage to a fineness of at least nine-tenths silver, or, if such government does not now mint silver coins, for establishing the use of silver for coinage purposes, then the President is authorized to accept silver from such government at the rate of 1 fine ounce of silver for each dollar of its indebtedness paid in accordance with the terms of this act. The silver so received shall be coined into dollars of standard weight and fineness and deposited in the Treasury of the United States and silver certificates shall be issued, in the manner now provided by law, against the dollars so coined.

Mr. HAYDEN. Mr. President, in support of the joint resolution I beg to say that European nations which have contracted with the United States to make annual payments based on money borrowed over a decade ago are experiencing great difficulty in finding gold to make such payments. There is nothing surprising in that fact when it is realized that it now requires over $2 in present commodity values to pay a dollar borrowed during or shortly after the end of the World War. These nations are in exactly the same situation as all other debtors throughout the world. With a limitation of time, a limitation of amounts, and a limitation of the source from which obtained, I propose that the United States accept silver instead of gold for the foreign debt payments.

The primary object of the joint resolution is to break the world-wide vicious circle of declining prices by enhancing the purchasing power of nearly one-half of the people of the world, who have no other money than silver. This is to be accomplished by creating a demand for silver during the next four years, which will insure an increase in its value. The demand will arise from continued purchases of silver by the various foreign governments, who will find it to their financial advantage to contract for silver in the open market in order to make payments on their indebtedness to the United States in that metal instead of gold.

The market price of silver is now below 30 cents an ounce. If the price of silver is restored to its pre-war level of about 60 cents an ounce as a result of regular and sustained buying by foreign governments, the inevitable result will be the creation of a market for raw materials and manufactured goods, which are needed in Mexico, India, China, and other silver-using countries. It is assumed that any apparent loss which may accrue to the American Government because of the acceptance of silver in payments on the foreign debts will be balanced by a gain in revenues due to improved foreign trade. We all live in one world and must generally either suffer or prosper together.

It has been urged with great force that merely to provide that silver rather than gold shall be taken for payments on the foreign debts would ultimately do more harm than good because the European nations who owe money to the United States would probably take the stocks of silver coins they now possess and utilize the silver therein to make the payments. Such nations would thereby cease to be users of silver money to any appreciable extent, and thus lessen the current annual demand for silver coinage purposes. My proposal would prevent that from happening by requiring an agreement that the coins of such nations shall not be melted or debased as a means of securing silver to be paid to the United States.

Remembering always America's vital interest in a world which is capable of buying her surplus products instead of lessening the use of silver coins in Europe, the United States can well afford to promote a steady demand based on such use by granting more liberal terms of settlement to any debtor nation which will make provision for the restoration of its silver coinage to a uniformly established degree of fineness. That is why the joint resolution includes an added inducement to any nation indebted to the United States which will leave off debasing its silver coins and make them all at least nine-tenths fine or otherwise expand its use of silver for coinage purposes.

I am advised by the Treasury Department that the subsidiary silver coins of Great Britain were reduced by the act of March 31, 1920, from 925 fine to 500 fine. By act of March 20, 1924, the fineness of subsidiary silver coins of Germany was cut down from 900 to 500 fine and their weight reduced slightly. On June 24, 1928, France diminished the fineness of silver coins to be issued from 835 to 680. It is a remarkable coincidence that nations which owe money to the United States are principally the same nations whose silver coins have been debased. They found it profitable for a time to reduce the quantity of silver in their coinage. The United States can now provide a way whereby it will be profitable for these identical nations to put more real value into their subsidiary coinage and to that extent lift a burden from their gold.

The following information relative to the fineness in thousandths of silver coins of the foreign countries indebted to the United States is taken from data recently compiled in the office of the Director of the Mint:

Austria, schilling, 640.
Belgium, franc, 835 (also 100 per cent nickel).
Czechoslovakia, 5 crowns, 500; 10 crowns, 700.
Estonia, kroon, 500.
Finland, markka, 75 per cent copper, 25 per cent nickel.
France, 10 and 20 francs, 680.
Germany, reichsmark, 500.
Great Britain, half crown, shilling, etc., 500.
Greece, drachma, 75 per cent copper, 25 per cent nickel.
Hungary, pengo, 640.
Italy, 5 and 10 lira, 835; 20 lira, 800.
Latvia, lati, 835.
Lithuania, litas, 500.
Poland, 2 zloty, 500; 5 zloty, 750.
Rumania, 5 and 20 lei, 79 per cent copper, 20 per cent zinc, 1 per cent nickel.
Yugoslavia, dinar, 75 per cent copper, 25 per cent nickel.

An estimate has been made that, beginning in 1920, European nations and their colonies, dominions, and dependencies have sold approximately 375,000,000 fine ounces of silver derived from the demonetization or debasement of silver coins. Of that amount about 200,000,000 ounces were marketed by governments now indebted to the United States and over 100,000,000 ounces by the British Government for India. It was these sales of silver which did more than anything else to cut its market price in half.

To demonstrate the effect of selling silver derived from debased and demonetized coins, I read the following extract from a circular issued by Messrs. Sharp & Wilkins, bullion brokers of London, England, and printed at page 122 of the last annual report of the Director of the United States Mint:

It may, perhaps, be of interest generally to take a review of the silver market for a wider period than this annual circular covers and point out the chief reasons for the fall in the price from 24d. to the present level of about 14d. For many years before the war the price of silver had remained in the neighborhood of 24d., with moderate fluctuations of no great moment. The war caused an abnormal rise in the price of the metal, which in due course reacted and again settled around the old pre-war value. With the recurrence to normal conditions both India and China continued their habit of years and willingly and easily absorbed the world's production. Now, however, arose important factors which were, ultimately, to bring about the debacle which faces the silver market of to-day.

The first blow to the price of silver may, we think, be placed to the credit, or otherwise, of our own Government, by their depreciation of our currency from the fineness of 0.925 to that of 0.500. This caused a large amount of surplus silver to be placed for sale upon the market, approximately 70,000,000 ounces having been disposed of since 1921, in addition to the requirements for foreign coinage orders undertaken by the London Mint. This

silver was, in due course, absorbed by India and China, together with the world's production as before.

Following the lead of our Government came continental nations who demonetized their currency and flung the silver upon the markets of the world. The manful way in which India and China stood up to this extra amount of "production," for it was little else than that, lasted for some time, but eventually the purchasing power of these countries broke and the price had to fall. The continental selling practically ceased at about 19d., and at this level the market remained steady for a very long time, and it was then that the Indian Government decided to impose an import duty upon silver into India of about 20 per cent. The consequence was that the silver market could no longer stand the strain and finally succumbed to the inevitable. What, however, has probably contributed most in the past two years to bring about the fall in silver from 24d. to the present level has been the selling of silver by the Indian Government. It was not so much the actual sales that were responsible for the fall as the uncertainty of their next move. The consequence has been that potential buyers have bought from hand to mouth, dreading that at any moment further sales might be made, and it is not too much to say that at every shipment made of silver on Government account from India a decided weakness has come over the markets, both of India and China, with consequent fall in price.

The currency commission in 1926 examined and took the evidence of people of great repute and foresight in this country, America, and elsewhere. The government were warned that if they attempted to sell their enormous amount of surplus rupees the price would fall to 15d. The price has fallen even below that level, and the government have only sold about 100,000,000 ounces out of the 300,000,000 ounces they originally proposed to sell. The price has fallen nearly 50 per cent, and when one considers that the savings of 300,000,000 Indians and 400,000,000 Chinese, or half the population of the world, have been for years and years invested in silver, the appalling result to mankind in general and to these two countries in particular, with consequent disaster to our own trade in England, makes one hope that the policy adopted, so disastrous in its result, will be discontinued and some new arrangement adopted to stem the ruin that has already been brought about. It is perfectly obvious to anyone with any knowledge of the silver market that conditions at the present time make it an absolute impossibility for the Indian government to sell silver to any extent. Any attempt to do so would force the price down still lower, just as every previous sale has done in the past.

It is safe to estimate that to restore the silver coinage of the nations indebted to the United States to nine-tenths fineness and to bring about monetary use of silver in such nations equivalent to that which existed prior to demonetization and debasement will require the purchase of at least 250,000,000 ounces of silver. The amount may be larger than that. Whatever the combined amount of silver is that may be required to restore their silver coinage and to make payments to the United States, the nations which decide to accept this proposal will undoubtedly find it desirable to pool their purchases so that the price of silver will not be unduly enhanced by needless and wholly unnecessary competition between them to secure the total number of ounces required each year.

There is danger that this effort to increase the price of silver may have a greater effect than is desirable. The most powerful argument that can be made against the passage of this joint resolution is that the proposal, when adopted, may result in a rapid rise in the price of silver to a point where the feasibility of the plan will be destroyed. If silver goes to 60 cents, an ounce and a half will cost 90 cents. Considering that under the second alternative specified in the resolution the debtor governments must purchase silver both for the United States and for themselves, a price much above 60 cents an ounce would cease to be attractive. Silver at a dollar an ounce would provide no possible advantage to any government in the payment of its debts to the United States.

Therefore it is imperative that the interested governments shall take joint action to acquire the necessary amount of silver at a reasonable and stable price during the 4-year period. They have a further moral obligation to do so in order that creditors in the silver-using countries shall not suffer undue losses. During the past three years the world has felt the evil effects of a sudden fall in the price of silver. A sudden rise far above the pre-war level would also have evil effects.

In order to throw more light on this phase of the proposal I ask unanimous consent to include as an appendix to my remarks certain data prepared by Mr. Francis H. Brownell, chairman of the board of the American Smelting & Refining Co., in connection with a statement he has recently made respecting limited international bimetalism at no fixed ratio.

I also ask leave to similarly include other information relating to silver taken from the last annual report of the Director of the Mint.

The PRESIDING OFFICER (Mr. ROBINSON of Arkansas in the chair). Without objection, leave will be granted. The Chair hears no objection.

(See Exhibits A, B, and C.)

Mr. HAYDEN. The nations which may join in the acceptance of this proposal will also be afforded an excellent opportunity to confer respecting more uniform standards of size and weight for silver coins, as was done by the countries that entered the Latin Monetary Union in 1863.

In order to insure that the silver acquired by the United States in payment on the indebtedness of foreign nations shall not be thrown upon the market to depress values, the joint resolution provides that when received such silver shall be coined and deposited in the United States Treasury. To make this deposit of silver useful as money, silver certificates are authorized to be issued.

In accordance with the foreign-debt moratorium, the annual payments due for the next 10 years on foreign governmental obligations amount to $74,881,881 on the principal and $195,094,690 as interest, the total amount due each year being $269,976,571. If all of the foreign-debt payments were made in silver on an ounce-for-a-dollar basis, the United States would acquire 1,079,906,284 ounces of silver during the 4-year period.

I ask leave to include in the RECORD a statement sent to me by the Treasury Department a few days ago showing the amounts of principal and interest due the United States from various foreign governments during the fiscal year 1933. I assume that like amounts will be due each year until July 1, 1936.

The PRESIDING OFFICER. Without objection, leave will be granted. The Chair hears no objection.

The matter referred to is as follows:

Amounts payable during the fiscal year 1933 by foreign governments on account of their indebtedness

Country	Principal	Interest	Total
Austria	$287,556		$287,556
Belgium	4,200,000	$4,250,000	8,450,000
Czechoslovakia	3,000,000		3,000,000
Estonia	111,000	529,692	640,692
Finland	58,000	276,827	334,827
France	21,477,135	38,522,865	60,000,000
Great Britain	30,000,000	141,500,000	171,500,000
Greece	718,000	431,300	1,149,300
Hungary	12,285	56,704	68,989
Italy	12,300,000	2,490,875	14,790,875
Latvia	46,200	221,613	267,813
Lithuania	39,705	184,772	224,477
Poland	1,357,000	6,630,042	7,987,042
Rumania	1,000,000		1,000,000
Yugoslavia	275,000		275,000
Total	74,881,881	195,094,690	269,976,571
Germany:			
Army costs			RM25,300,000=$6,026,794
Mixed claims			40,800,000= 9,719,088
Total			66,100,000=15,745,882

Mr. HAYDEN. In 1900, when Congress provided that all forms of money issued or coined by the United States shall be maintained at a parity with gold, the American monetary stock of gold, as estimated by the Director of the Mint, was $1,034,384,000 and the stock of silver was $648,995,000. The per capita of gold was $13.56 and of silver was $8.51.

On June 30, 1931, the estimated monetary stock of gold in the United States was $4,955,921,000 and the monetary silver stock was $848,578,000. The per capita of gold was $39.94 and of silver $6.84. The addition of about $1,250,000,000 to the American monetary stock of silver would leave the relative proportion of silver money to gold in the United States substantially less than it was in 1900.

The total amount of monetary gold in the world in 1930 is estimated by the Director of the Mint to have been

$11,522,579,000, of which the United States held about 42 per cent and France about 20 per cent.

The face value of the coined silver of the world in 1930 was estimated by the Director of the Mint to be $4,781,741,000. The stores of silver in existence are not accurately known, but are estimated to be eleven or twelve billion ounces, of which about 7,000,000,000 ounces are in India and two and one-half billion ounces in China.

The 1931 report of the Director of the Mint states that the world production of gold in the 439 years since the discovery of America was 1,061,340,987 ounces. The world production of silver in the same period was 14,976,992,838 ounces. The ratio of this production is 14.27 to 1. The production of gold and silver in the world since 1860 is given at 847,303,170 and 9,819,062,026 ounces, respectively, or at a ratio of 11.6 to 1. The ratio of world production for the 30 years since 1900 is about 10.8 to 1.

The annual production of silver, principally as a by-product of gold, copper, lead, and zinc mining, has averaged approximately 250,000,000 ounces for the past 10 years. To make payment of the sums due from foreign countries to the United States in silver on an ounce-to-the-dollar basis will require an amount equal to about all of the new silver that may be produced during the 4-year period.

If it be considered that silver is nothing but a commodity, and that the plan of debt settlement proposed in the joint resolution is nothing more than a form of barter, yet I do insist that the United States is taking its pay in an imperishable commodity, the gold price of which under the plan proposed is sure to advance. The effect of the plan is to discount that advance with an assurance that the commodity the United States is taking in lieu of gold will not decline in value after it is acquired.

Inquiry is certain to be made as to what will happen to the price of silver after 1936 when the arrangement provided for in the joint resolution comes to an end. By that time the European nations indebted to the United States will have abandoned "the flight from silver" inaugurated in 1920. They will all have a much greater interest in becoming parties to an international agreement respecting the use of silver as money. If the estimates of production during the past four centuries are at all correct, and with allowance for metal consumed in arts and industries, the total available silver reserves of the world in coin, bullion, ornaments, and so forth, can not reasonably be assumed to exceed 15,000,000,000 ounces. The annual production averages approximately 250,000,000 ounces, of which about 25 per cent is normally absorbed in manufactures. The quantity of silver on the market and subject to sale at any one time probably does not exceed 1,000,000,000 ounces. If the marketable silver is placed under control by governments who will share in its use for coinage purposes, there will be no difficulty in stabilizing the price of that metal after July 1, 1936.

On February 20, 1931, the Senate unanimously adopted a resolution reported from the Committee on Foreign Relations by the Senator from Nevada [Mr. PITTMAN], suggesting that the President call or obtain an international conference to the end that agreements be obtained with respect to the uses and status of silver as money. The reason why there has been no response to that suggestion by other governments is obvious. They are getting along somehow with a debased silver subsidiary coinage. To make any change whereby they might use more silver as money would, under ordinary circumstances, require placing an additional burden on their taxpayers to purchase the silver. Therefore they are not interested in any such conference. The plan proposed in the joint resolution completely alters the present situation, and after 1936 each government will have a stock of silver coins whose value it will want to maintain and protect.

The American Government is not now concerned as to where the silver which it may obtain under this arrangement is produced so long as it is purchased in the open market. Neither should the United States be deeply concerned as to who shall first take advantage of improved trade with the silver-using countries. If England shall sell more cotton goods or manufactured tobacco in India, we know that a large part of the cotton and the tobacco will be purchased in the United States. The same is true of every other commodity of which this country has an exportable surplus.

There has been no overproduction of silver. The decline in its value is due primarily, if not solely, to the action of governments in directly throwing upon the market silver derived from the demonetization and debasement of silver coins. If governments caused this fall in the price of silver by selling silver, governments can restore the price of silver by buying silver. The proposal I am submitting makes it to the direct advantage of great European nations to purchase silver. They will gain the same indirect advantage as the United States through an improved demand for commodities in all silver-using countries.

EXHIBIT A

Production and Consumption

(A) CONSUMPTION [1] OF SILVER BY CHINA AND INDIA

[As reported by Handy & Harman]

	China, including coinage of Chinese mints	India
	Fine ounces	*Fine ounces*
1924	41,700,000	108,200,000
1925	59,400,000	106,700,000
1926	73,900,000	91,600,000
1927	85,000,000	90,000,000
1928	124,000,000	89,000,000
1929	136,700,000	81,800,000
1930	123,000,000	94,500,000
1931	59,000,000	57,000,000
Average per year	87,837,500	89,850,000

[1] The ultimate consumption of India and China is in the hoarding by the people as savings. This amount has no necessary relation to the amount used as coined money—in fact, is in the main distinct therefrom.

Average per year for both China and India 177,687,500

(b) The United States Mint (latest report of director, June 30, 1931) estimates world industrial consumption of silver as—

	Ounces
1929	59,544,280
1930	83,084,632
The average of the two years is	71,314,456

(c) Annual production averages approximately 250,000,000 ounces. The peak of all time—over 261,000,000 ounces—was reached in 1929. Production for 1931 is estimated by Handy & Harman at 196,100,000 ounces.

From the foregoing (a), (b), and (c) we may reasonably and conservatively predict mine production and consumption of silver per annum as follows:

		Ounces
Annual production		250,000,000
Consumption of India and China, say	170,000,000	
World industrial consumption, say	60,000,000	
		230,000,000
This would leave, for the purchase of subsidiary coinage and for the additional purchases necessary by the nations in adopting and maintaining limited bimetallism at no fixed ratio, only		[1] 20,000,000

The proposed return to a pre-war status would stop all further sale by governments, which has been the cause of the fall and continued low level in price. Such further supply being cut off, it follows that, in order to have the larger production necessary to fill demand, it would be necessary to have a higher price, so that mines not now operating may be again stimulated to produce. It seems quite probable that purchases by nations would equal 100,000,000 ounces per annum under the proposed plan of both return to pre-war status and limited bimetallism at no fixed ratio. All past market experience indicates that such a demand would gradually raise the price of silver to around $1 per ounce.

EXHIBIT B

Highest, lowest, and average price of silver in New York, per fine ounce, since 1874

Calendar year	Quotations		
	Highest	Lowest	Average
1874	$1.29375	$1.25500	$1.27195
1875	1.26125	1.21000	1.23883
1876	1.26000	1.03500	1.14950
1877	1.26000	1.16000	1.19408
1878	1.20750	1.08500	1.15429

[1] Ounces of silver per annum.

Highest, lowest, and average price of silver in New York, per fine ounce, since 1874—Continued

Calendar year	Quotations		
	Highest	Lowest	Average
1879	$1.16750	$1.06500	$1.12088
1880	1.15000	1.11250	1.13931
1881	1.14500	1.11000	1.12823
1882	1.15000	1.09000	1.13355
1883	1.11750	1.09500	1.10874
1884	1.13250	1.08000	1.11161
1885	1.09500	1.02750	1.06428
1886	1.03500	.92500	.99880
1887	1.03500	.95000	.97899
1888	.97750	.92000	.94300
1889	.97250	.92500	.93634
1890	1.20500	.95750	1.05329
1891	1.07500	.94750	.99033
1892	.95250	.83000	.87552
1893	.85000	.65000	.78219
1894	.70000	.59500	.64043
1895	.69000	.60000	.66268
1896	.70250	.65625	.68195
1897	.66125	.52750	.60774
1898	.62250	.55125	.59064
1899	.64750	.58625	.60507
1900	.65750	.59750	.62055
1901	.64500	.54750	.59703
1902	.56875	.47375	.52815
1903	.62375	.47500	.54208
1904	.62500	.53375	.57843
1905	.66500	.55625	.61008
1906	.72375	.63125	.67378
1907	.71000	.52750	.65978
1908	.58875	.48250	.53496
1909	.54500	.50750	.52163
1910	.57625	.50750	.54245
1911	.57500	.52125	.54002
1912	.65625	.55250	.62006
1913	.65125	.58000	.61241
1914	.60875	.49000	.56331
1915	.58000	.47750	.51062
1916	.79125	.57250	.67151
1917	1.16500	.73125	.84000
1918	1.01937	.88937	.98445
1919	1.38250	1.01375	1.12087
1920	1.37875	.60375	1.01940
1921	.73813	.53188	.63096
1922	.74188	.62875	.67934
1923	.69000	.62875	.65239
1924	.72375	.63000	.67111
1925	.73187	.66812	.69406
1926	.68937	.51812	.62428
1927	.60312	.54187	.56680
1928	.63937	.56812	.58483
1929	.57812	.46812	.53306
1930	.47187	.31062	.38466
1931	.37562	.26062	.29013

EXHIBIT C

Estimated monetary stock of gold and silver in the United States and the amount per capita at the close of each fiscal year since 1873

Fiscal year ended June 30—	Population (thousands)	Gold bullion and coin (thousands)	Silver coin (thousands)	Per capita		
				Gold	Silver	Total
1873	41,677	$135,000	$18,149	$3.24	$0.44	$3.68
1874	42,796	147,379	21,092	3.44	.49	3.93
1875	43,951	121,135	30,743	2.76	.70	3.46
1876	45,137	130,057	36,416	2.88	.84	3.72
1877	46,353	167,501	50,465	3.61	1.09	4.70
1878	47,598	213,200	82,048	4.48	1.72	6.20
1879	48,866	245,742	111,526	5.03	2.28	7.31
1880	50,156	351,841	142,522	7.01	2.84	9.85
1881	51,316	478,485	169,384	9.32	3.30	12.62
1882	52,495	506,758	197,218	9.65	3.76	13.41
1883	53,693	542,732	227,008	10.11	4.23	14.34
1884	54,911	545,501	255,589	9.93	4.65	14.58
1885	56,148	588,097	283,479	10.48	5.05	15.53
1886	57,404	590,774	312,253	10.29	5.44	15.73
1887	58,680	654,520	352,994	11.15	6.02	17.17
1888	59,974	705,819	386,572	11.77	6.45	18.22
1889	61,289	680,064	420,549	11.10	6.86	17.96
1890	62,622	695,563	456,908	11.11	7.30	18.41
1891	63,844	646,583	516,603	10.13	8.09	18.22
1892	65,086	664,275	568,579	10.21	8.74	18.95
1893	66,349	597,698	615,716	9.01	9.28	18.29
1894	67,632	627,293	624,250	9.28	9.23	18.51
1895	68,934	636,256	624,731	9.23	9.06	18.29
1896	70,254	599,598	627,696	8.53	8.93	17.46
1897	71,592	696,239	632,408	9.73	8.83	18.56
1898	72,947	861,515	637,479	11.81	8.74	20.55
1899	74,318	963,498	638,564	12.96	8.59	21.55
1900	76,303	1,034,384	648,995	13.56	8.51	22.07
1901	77,754	1,124,639	658,006	14.46	8.46	22.92
1902	79,117	1,192,595	667,319	15.07	8.43	23.50
1903	80,487	1,248,682	675,678	15.51	8.39	23.90
1904	81,867	1,327,656	679,932	16.22	8.31	24.53
1905	83,260	1,357,656	683,053	16.31	8.20	24.51
1906	84,662	1,475,707	686,477	17.43	8.11	25.54
1907	86,074	1,466,389	698,702	17.04	8.12	25.16
1908	87,496	1,618,133	715,616	18.49	8.18	26.67

Estimated monetary stock of gold and silver in the United States and the amount per capita at the close of each fiscal year since 1873—Continued

Fiscal year ended June 30—	Population (thousands)	Gold bullion and coin (thousands)	Silver coin (thousands)	Per capita		
				Gold	Silver	Total
1909	88,926	$1,642,042	$727,686	$18.47	$8.18	$26.65
1910	90,363	1,636,043	723,437	18.11	8.01	26.12
1911	93,983	1,753,197	727,886	18.65	7.74	26.39
1912	95,656	1,818,188	738,866	19.01	7.73	26.74
1913	97,337	1,870,762	743,469	19.22	7.64	26.86
1914	99,027	1,890,657	750,279	19.09	7.58	26.67
1915	100,725	1,985,539	753,702	19.71	7.48	27.19
1916	102,431	2,444,636	757,161	23.87	7.39	31.26
1917	104,145	3,220,242	766,545	30.92	7.36	38.28
1918	105,869	3,162,808	731,373	29.87	6.91	36.78
1919	106,136	3,113,306	551,016	29.33	5.19	34.52
1920	106,422	2,865,482	527,712	26.93	4.96	31.89
1921	108,445	3,274,730	560,102	30.20	5.16	35.36
1922	109,893	3,784,652	652,385	34.44	5.94	40.38
1923	111,693	4,049,554	761,073	36.26	6.81	43.07
1924	113,727	4,488,391	781,369	39.47	6.87	46.34
1925	115,378	4,360,382	805,533	37.79	6.98	44.77
1926	117,136	4,447,397	822,414	37.97	7.02	44.99
1927	118,628	4,587,298	833,534	38.67	7.03	45.70
1928	120,013	4,109,163	838,972	34.24	6.99	41.23
1929	121,455	4,324,351	844,148	35.60	6.96	42.55
1930	123,191	4,534,866	850,938	36.81	6.91	43.72
1931	124,076	4,955,921	848,578	39.94	6.84	46.78

CHANGE OF REFERENCE

On motion of Mr. WAGNER, the Committee on Commerce was discharged from the further consideration of the bill (S. 4076) to provide for emergency construction of certain authorized public works to aid in increasing employment, and for other purposes (introduced by Mr. WAGNER on March 14, 1932), and it was referred to the Committee on Manufactures.

MESSAGES FROM THE PRESIDENT

Messages in writing from the President of the United States were communicated to the Senate by Mr. Latta, one of his secretaries.

SECOND JURY DISAGREEMENTS IN HAWAII

Mr. BINGHAM. Mr. President, I desire to ask unanimous consent to proceed to the consideration of a bill as to which there is great necessity for haste. If it leads to any debate, I will withdraw the request.

I ask unanimous consent that the Senate consider the bill (S. 4313) to prevent the successive disagreement of two juries, impaneled to try a criminal case in the Territory of Hawaii, from operating as an acquittal of the accused or from permitting the discharge of the accused from custody. I report the bill unanimously without amendment from the Committee on Territories and Insular Affairs.

Before the question is put by the Chair, I will state what is the situation. The Territory of Hawaii has a law whereby in the case of a hung jury twice in the trial of a case, it is held to be equivalent to an acquittal. This law is one with which we were not familiar and never consciously approved of. The bill which I have introduced, and which was reported unanimously from the Committee on Territories and Insular Affairs, provides that no disagreement of any jury shall operate as an acquittal of the accused. There is no objection to the bill. As I have said, it was unanimously reported from the committee.

The PRESIDING OFFICER (Mr. VANDENBERG in the chair). Is there objection to the request of the Senator from Connecticut?

Mr. NORRIS. Mr. President, reserving the right to object, as I understand the bill in a case, for instance, like the one which has just been concluded in Hawaii, if the defendants should be tried again and there should be another disagreement, it would mean an acquittal?

Mr. BINGHAM. Exactly. The four gangsters have been tried once and there was a hung jury. They are about to be tried again. If there is another hung jury, under the law of the Territory of Hawaii they are acquitted. Under the terms of the bill to which I am referring the prosecutor may continue with the prosecution as in any State of the Union.

Mr. NORRIS. I confess I was thinking about the other case. It does not apply to the other case at all.

Mr. BINGHAM. No; that is true; because in the case of the four persons to whom the Senator refers they have been convicted. There was not a hung jury.

Mr. NORRIS. Yes; I was mistaken. I have no objection to the Senator's request.

The PRESIDING OFFICER. The Senator from Connecticut asks unanimous consent for the immediate consideration of the bill, which has been reported unanimously from the Committee on Territories and Insular Affairs. Is there objection?

Mr. GLASS. Mr. President, reserving the right to object, let me inquire of the Senator from Connecticut if we should not at the same time cure what seems to have been a recent practice in the courts of Hawaii of rejecting the finding of a grand jury by the courts.

Mr. BINGHAM. I wish that might be done.

Mr. GLASS. Why should not that be done?

Mr. BINGHAM. That is a highly controversial point. The bill to which I have reference is recommended by the Attorney General. There is need for haste and there is no objection to it. I hope the Senator from Virginia will not add anything to it in order that there may be no delay in securing a change in the law as it now exists. I merely ask that the bill may be passed as it has been reported.

Mr. GLASS. I have no objection.

Mr. ROBINSON of Arkansas. Mr. President, I merely desire to say that I think the bill should be considered and passed.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

There being no objection, the bill was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That no disagreement of any jury, regardless of the number of disagreements previously existing, in any criminal case now or hereafter pending in the Territory of Hawaii, shall operate as an acquittal of the accused, or shall empower the court to discharge the accused from custody.

SEC. 2. This act shall take effect upon approval.

SEC. 3. All acts or parts of acts, either Federal or Territorial, in conflict herewith are hereby repealed.

Mr. BINGHAM. Mr. President, I ask unanimous consent that there may be printed in the RECORD in this connection a letter from the Assistant Attorney General, Seth W. Richardson.

The PRESIDING OFFICER. Without objection, leave is granted.

The letter is as follows:

DEPARTMENT OF JUSTICE,
Washington, May 2, 1932.

Hon. HIRAM BINGHAM,
United States Senate, Washington, D. C.

DEAR SENATOR: I am writing you with respect to the bill which you introduced some weeks ago, repealing all Territorial laws which permit a second jury disagreement to operate as an acquittal in criminal cases in Hawaii.

After the bill in question was introduced in the Senate, Governor Judd reported that a similar bill had been introduced in the Territorial legislature, but examination of the proposed Territorial bill specifically makes the new act inapplicable to pending cases, while the bill which is now before the Senate applies to pending cases. This is a very material difference between the two bills.

With the verdict which has just been returned in the so-called Fortescue case, the prosecuting attorney in Honolulu is now confronted with the necessity of retrying the so-called Massie rape case. In this case there has already been one disagreement. If upon a retrial of this case even a single juror should refuse to convict, a disagreement would result, which disagreement, under existing law would operate as an acquittal of these defendants. This procedure ought not to be. The question of a retrial of a case in which there has been a disagreement should be left to the sound judgment of the prosecuting attorney and perhaps the court.

I am advised that a retrial of the Massie rape case may come up within the next week or 10 days. If the pending bill before the Senate is to be passed, it ought to be passed instantly so as to take effect before the retrial commences.

I think you should bring the matter to the attention of the Senate, and, therefore, to the country at large, in order that serious attention be given to the exigency thus presented. I am,

Yours truly,

SETH W. RICHARDSON.

NAVAL BUILDING PROGRAM

The PRESIDENT pro tempore. The question is on agreeing to the motion proposed by the Senator from Maine [Mr. HALE] that the Senate proceed to the consideration of the bill (S. 51) to authorize the building up of the United States Navy to the strength permitted by the Washington and London naval treaties.

Mr. HALE. Mr. President, at the commencement of the session I introduced in the Senate a bill (S. 51) to authorize the building up of the United States Navy to the strength permitted by the Washington and London treaties. The bill was favorably reported from the Committee on Naval Affairs on the 24th day of February. In the meanwhile, on the 1st day of February, I made a speech in the Senate setting forth the need for the passage of the bill, printing with my speech certain tables having to do with the Navy of this country and the navies of the other four powers parties to the Washington treaty. Those tables are in printed form and are now in the possession of the Committee on Naval Affairs, and any Senator who would like to avail himself of the information therein contained can obtain a copy of the tables.

I can give in a few words the situation which now confronts our Navy. A treaty navy consists of substantially 200 combatant vessels. At the present time we have on the Navy list 373 combatant vessels, but under the terms of the treaties by the expiration of the year 1936 the number of vessels will have to be cut down to substantially 200. The extreme modern life of a combatant vessel as defined by the Washington and London treaties is 20 years. Therefore if we are to keep our Navy in modern vessels the whole Navy must be replaced within that time. This would mean that an average of 10 combatant vessels must be built each year of the 20 years. During the last 10 years, from 1922 to 1932, we have laid down or contracted for but 27 vessels in all, which is less than 3 vessels per year.

While we have refrained from building ships, all the other nations, parties to the treaties, have built extensively. By the expiration of the year 1936, the date of the expiration of the London treaty, we shall have but 68 modern ships in our Navy out of an authorized 200.

Mr. NORRIS. Mr. President——

Mr. HALE. I yield to the Senator from Nebraska.

Mr. NORRIS. There is so much commotion in the Senate Chamber that I did not hear what the Senator from Maine said. He may have already answered the question I am going to ask, but I did not hear him do so. What is the amount of money authorized to be appropriated by this bill?

Mr. HALE. Mr. President, that is a matter that is indeterminate; there is no time limit fixed in the bill. Should the bill become a law, and should it be decided to build our Navy up to treaty strength by the end of the year 1936, which would obviously be impossible, the cost would be, in round numbers, $786,000,000. Should we take 10 years as recommended by the Navy, the cost would be, in round numbers, about $980,000,000. Should we take the full time to build up the Navy, namely, 20 years, we should have to replace the whole Navy, and the cost of that would be about $1,900,000,000, something under $2,000,000,000. It would depend entirely upon what action was taken by Congress in appropriating for the ships as to what the cost would be.

Mr. NORRIS. If nothing is going to be done under the authorization, and it is to be left to Congress, why should we not meet the conditions as we come to them?

Mr. HALE. Mr. President, something undoubtedly will be done, as I shall proceed to show. Unless we take some action of this kind, we are going to be in a position during the next few years where we can not do any building at all. However, I will explain that to the Senator in the course of my remarks.

As I have stated, we shall have 68 modern ships only out of 200 at the expiration of the London treaty in 1936. At that time Japan, if she finishes building the ships she has authorized and appropriated for, will have 156 modern combatant ships out of 163 allowed her under the treaty; that is to say, she will be within 7 ships of having her full

complement of modern ships, and will actually have more than twice as many modern ships in her navy as we ourselves will have. At the same time Great Britain will have 119 modern ships, nearly twice as many as we will have. France will have 153 modern ships, or within 3 of the number that Japan will have. Italy will have 115 modern ships, which is almost twice as many as we ourselves will have.

Mr. President, before any ships can be appropriated for, and before the Budget Bureau can make any recommendation for appropriations, legislative authorization for building is necessary. To meet this situation in part, last year a modest building program was sent to Congress, with the approval of the President of the United States. This modest building program received the approval of the Committee on Naval Affairs of both the House and the Senate; but, unfortunately, due to the pressure of legislation last year, it was not possible to take any action and nothing was done. This year, as I have said, I introduced Senate bill 51. There is no time limit in the bill, as I have explained to the Senator from Nebraska, and the building under the authorization can take place at any time in the future.

Senators will recall that the great 1916 building program had a specified date in its original form within which the ships contemplated by the program must be built, but that date was later cut out, so that the time for building was left indeterminate. Under that program there are still ships that have not been constructed, but the authorization for those ships is there. Last year the Appropriations Committee recommended an appropration for 11 destroyers. Those 11 destroyers came in under the authorization of the 1916 program.

Unless the bill which I am asking the Senate to take up, or the Vinson bill, which is in the House of Representatives, shall become a law, the Budget Bureau next year, when it attempts to allocate the funds of the Government, can not take into consideration the needs of the Navy and can not make any recommendations for appropriations; and next year, Mr. President, we shall confront the same condition that confronted us last year. We shall have a short session, and it is doubtful if we will be able against opposition to put through any naval legislation. If this bill shall become a law, with the financial conditions as they are now in the country, it is obviously going to be impossible in this year's bill providing appropriations for next year to include any appropriations under the authorization of this bill, and any appropriations that may be made under next year's appropriation bill will enable us at the utmost to finish only a few ships of the smaller categories before the close of the year 1936. Meanwhile every year, through the ships of the Navy becoming over age, the Navy is getting into a worse and worse condition. I maintain that this is a shameful situation for a great country like this to get into, and it is in no way what the other naval powers of the world are doing.

This bill may not meet the approval of the Senate. If it does not, the Senate can reject it, or, if amendments are found to be necessary, the bill can be amended; but at least I say that, in a matter which is of the vital importance that this is to the national defense of the country, the Senate ought to have an opportunity to act upon the bill, and Congress, which is charged with providing and maintaining a Navy, and which is alone so charged, should have an opportunity to decide whether or not it is going to allow the Navy to go on the rocks.

Now, Mr. President, I ask for a vote on my motion that the Senate proceed to the consideration of Senate bill No. 51.

The PRESIDENT pro tempore. The question is on agreeing to the motion of the Senator from Maine to proceed to the consideration of the bill, the title of which will be stated.

The LEGISLATIVE CLERK. A bill (S. 51) to authorize the building up of the United States Navy to the strength permitted by the Washington and London naval treaties.

Mr. KING. I suggest the absence of a quorum.

The PRESIDENT pro tempore. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Ashurst	Cutting	Kean	Schall
Austin	Dale	Kendrick	Sheppard
Bankhead	Davis	Keyes	Shipstead
Barbour	Dickinson	King	Shortridge
Bingham	Dill	La Follette	Smith
Black	Fess	Lewis	Smoot
Blaine	Fletcher	Logan	Steiwer
Borah	Frazier	Long	Stephens
Bratton	George	McGill	Thomas, Idaho
Broussard	Glass	McKellar	Thomas, Okla.
Bulkley	Glenn	McNary	Townsend
Bulow	Goldsborough	Metcalf	Trammell
Byrnes	Gore	Moses	Tydings
Capper	Hale	Neely	Vandenberg
Caraway	Harrison	Norris	Wagner
Carey	Hatfield	Nye	Walcott
Cohen	Hawes	Oddie	Walsh, Mass.
Connally	Hayden	Patterson	Waterman
Coolidge	Howell	Pittman	Watson
Copeland	Hull	Reed	White
Costigan	Johnson	Robinson, Ark.	
Couzens	Jones	Robinson, Ind.	

The PRESIDENT pro tempore. Eighty-six Senators having answered to their names, a quorum is present.

Mr. NORRIS. Mr. President, as I understand it, the motion now pending is to take up for consideration Senate bill 51, which provides that the President shall be authorized to proceed to build up the Navy in accordance with the treaties.

As I understood the Senator from Maine [Mr. HALE] during his address, he stated that there would be no intention, if the bill should be passed, of undertaking this work during the present year at least. If I am not right about that, I would like to be corrected.

Mr. HALE. Mr. President, the Senator is entirely right about it.

Mr. NORRIS. How soon does the Senator think we would proceed?

Mr. HALE. I concede that it would obviously be impossible to get any action from Congress that would provide for additional appropriations for the present year.

Mr. NORRIS. How soon does the Senator think we would proceed to act under the bill, if we should pass it now?

Mr. HALE. I think in next year's appropriation bill.

Mr. NORRIS. That would be at least a year from now?

Mr. HALE. Yes; it would be at least a year from now, and in the meantime, as I explained to the Senate, the Bureau of the Budget, in making its allocations of the funds of the Government the coming summer, would take into consideration the needs of the Navy, and provide for the use of a certain amount of the funds for naval construction.

Mr. NORRIS. In other words, the Budget could commence to take into consideration the fact that we would probably use some money for this purpose next year, and cut out some other appropriations even this year?

Mr. HALE. I do not know how they would do it.

Mr. NORRIS. I do not know how they would provide for this activity unless they did something of the kind.

Mr. BORAH. Mr. President, will the Senator from Nebraska yield to me?

Mr. NORRIS. I yield.

Mr. BORAH. Is it the intention of the Senator from Maine to urge any appropriations whatever for this purpose this year?

Mr. HALE. The Senator means in the coming appropriation bill? No; there is no such intention.

Mr. BORAH. For this fiscal year?

Mr. HALE. I have no such idea in mind whatever. I would like to see appropriations made, but I realize the impossibility of getting that done.

Mr. BORAH. Knowing the Senator's capacity for doing these things, I would like to know whether he intends to try or not.

Mr. HALE. No, Mr. President; I have stated that I do not.

Mr. NORRIS. That being true, Mr. President, and accepting the Senator's statement at 100 per cent, which, of course, I do, I see no necessity for passing this bill at this time. I see no necessity of taking up the time of the Senate in the discussion which would follow if this motion should prevail, and we should take the bill up. It would undoubtedly lead to a long and, perhaps, wearisome debate; and when we know in advance that even those who favor the legislation do not expect that the Government will undertake during the next year to have anything done under this bill, why not take up something of vital importance, some of the various bills now pending on the calendar, which we ought to pass, many of which everybody realizes will have to be passed before we adjourn? Everybody also realizes that we will probably be short of time before we carry out the program for the session. Why waste the time of the Congress now in debating a bill when we realize that even though it should be passed, nothing would be done under it for a year? Why not wait and bring the bill up when it is expected something will be done under it?

Mr. HALE. Mr. President, will the Senator yield?

Mr. NORRIS. I yield.

Mr. HALE. Does the Senator think that if we do not take any action on the bill at this time, and the Budget therefore can not make any recommendations for next year, there will be any possibility of getting the matter in next year's appropriations?

Mr. NORRIS. My opinion about it would depend somewhat on whether present conditions continue as they are. It might be that I would be as much opposed to taking it up next year as I am now.

Mr. McKELLAR. Mr. President——

The PRESIDENT pro tempore. Does the Senator from Nebraska yield to the Senator from Tennessee?

Mr. NORRIS. I yield.

Mr. McKELLAR. I have a different notion about it from that of the Senator from Nebraska; but I am wondering why we should take up this particular bill at this time, when a little more than three years from now we will be free to build the kind of a navy we want. As I understand, if we were to authorize this program, we would have to build the kind of a navy other nations, which may be our competitors at some future time, want us to build, but if we just wait two or three years—and we can very readily wait that long under present conditions—we can build a navy which our own defenders think is the proper kind of a navy.

Mr. HALE. Mr. President, will the Senator from Nebraska yield again?

Mr. NORRIS. I yield.

Mr. HALE. The Senator from Tennessee knows that in all probability the London treaty will be continued along from year to year.

Mr. McKELLAR. It may be, Mr. President, but I am going to use every effort in my power to prevent it continuing.

Mr. NORRIS. Mr. President, we are confronted now, as everybody knows, with a condition such as has never before confronted us. While we do not agree as to how we can properly economize and yet meet the expenses of the Government, everybody concedes that we ought to do everything we can, and we are trying to do everything we can. We must not only increase taxation to a point where it is going to be burdensome, is going to be a hardship, but we must likewise, on the other side of the ledger, cut the expenses of the Government where that will mean a burden. No one denies but that these burdens are going to be terrible within the next two or three years. Yet we are confronted with the proposition here of authorizing the enlargement of our Naval Establishment, which will go on for years, as the Senator has said, depending upon how rapidly we proceed with it, and may amount to $750,000,000 in a year, or probably more; we are asked to do this at a time when it is conceded that, as long as we are in this awful depression, we will be unable to do it.

The Senator does say—and I think to that extent he let the cat out of the bag—that if we will pass this bill now, the Budget will take into consideration next year, or even this year, in connection with anything they are budgeting, the fact that in a year or two we are to start out on this enormous enlargement of our Naval Establishment. So that if we pass the bill, it will, in some degree at least, affect the appropriations and the levying of taxes during the present session of the Congress.

Mr. HALE. Mr. President, will the Senator yield?

Mr. NORRIS. I yield.

Mr. HALE. The Senator speaks about the enlargement of our Naval Establishment. There will be very little enlargement of the Naval Establishment under this bill. What we have to do is to keep up what we have, and that is what we are not doing. By not building new ships we are allowing our Navy to go absolutely on the rocks.

Mr. NORRIS. But we do not propose to even keep it up this year, according to the Senator's own statement.

Mr. HALE. I would like to keep it up this year, though I foresee that it will be impossible to do so; but at least we can appropriate in the future.

Mr. NORRIS. I think we all realize that there are lots of things we would like to do, and that we would not be justified in doing now. There are lots of bills we are going to vote for, in the way of levying taxes, in the way of cutting down appropriations for necessary activities of the Government, which we dislike to vote for, which under ordinary circumstances we would not vote for. And now, if we pass this bill, we will confront ourselves with an enlargement of national expenses along a line upon which there will be great disagreement. I am finding no fault with the Senator from Maine because he believes in enlarging the Navy, but I would rather feed people than build battleships. I do not believe under the circumstances that we ought to allow ourselves, however much we may think we ought to have more of them, to provide for them at the present time.

Mr. BORAH. Mr. President——

The PRESIDING OFFICER (Mr. VANDENBERG in the chair). Does the Senator from Nebraska yield to the Senator from Idaho?

Mr. BORAH. May I ask the Senator from Maine a question?

Mr. NORRIS. I yield for that purpose.

Mr. BORAH. Assuming that the program should go forward as the Senator from Maine contemplates it should, but at the same time saying he does not intend to do anything this year, what is the real necessity for passing the bill at this time?

Mr. HALE. I have just shown it. Unless we pass the bill at this time, we will be in exactly the same position next year that we were in last year and are in now. Congress can not appropriate until the authorization has been made, and the Budget can not make any recommendation until the authorization has been made.

Mr. NORRIS. But suppose we push the calendar ahead a year; if the Senator had his bill up a year from to-day, would not that be time enough?

Mr. HALE. I have just shown, according to the figures I have given, that even if we go ahead next year and legislate and appropriate, by the end of 1936 we can not have more than one-third of the vessels in our Navy that are modern ships. Each year more ships are becoming overage.

Mr. NORRIS. The Senator said we are going to pass this bill and then take this problem into consideration in our appropriations and in the levying of taxes. We will have this in view, according to the Senator, and we will have it outlined. The Budget will be looking for it, according to the Senator.

Mr. HALE. Unless we do pass the bill, we will not be able to do anything another year. We will have the same situation a year from now that we had last year and that we have now.

Mr. NORRIS. I do not know that we will want to do anything in another year. I do not see how anybody can tell that now. I wish we could tell, but nobody knows what is going to happen to the present depression. It may be worse next year. We all hope it will be better.

Mr. HALE. Each year our Navy is getting weaker and weaker. While the navies of the other naval powers have been kept up, we alone have not built. We have done very little building since the Washington treaty.

Mr. NORRIS. The Senator may be right about it, but it is a two-sided question. There are people who do not agree with the Senator at all, but I do not want to discuss that now. I am just conceding for the sake of argument that the Senator is right. I know he believes very fervently in the wisdom of the course he is taking, but I have been acting, and I think other Senators have been acting, in the best of faith in relation to the economy program. We are confronted with conditions that puzzle us all. While we do not always agree as to what we should do, I go along with the others even though I think every step may be unwise, believing that in relying upon the judgment of a majority of the Senate for the purpose of practicing economy we can safely follow the lead even though we do not agree with all the things that are being done. But if we are going to embark in something of this kind, I confess I shall probably lose my interest in the economy program. If we are going to broaden out, as I believe this bill contemplates, there will be many people who will lose their interest in the economy program. It seems to me under the Senator's own statement we ought not to take up the bill.

I want to say just a word by way of conclusion about putting the bill on the legislative program. I do not want any one to get the idea that I am criticizing the so-called steering committee for putting it on the program. They do not follow their own judgment, or put on the program only those bills which they favor, but they try to meet what they believe to be the judgment of a majority of the Senate as to what we should consider. I want to help carry out that program. I feel no embarrassment whatever in opposing the Senator from Maine. This is a motion to take up the naval bill. The judgment of the Senate as to whether we ought to take up the bill can be well decided upon the roll call, which I hope will take place on this motion.

Mr. KING. Mr. President, I am opposed to the Senate considering at this time the bill offered by the Senator from Maine, which, in effect, commits the Federal Government to the construction of a large number of war vessels at a cost between $700,000,000 and $1,000,000,000; indeed, it is impossible to determine just what the final cost would be if appropriations were made measuring up to the authorizations contained in the bill. The bill on its face may seem to be innocent to many, but it is not a silken glove but a mailed hand. Back of the measure is the program of the Navy League and some militarists in the United States. The object is to commit the Government to an enormous naval program, while at the same time its representatives are at Geneva participating in a world conference, which seeks, if not world disarmament, at least material reductions in the heavy burdens of militarism resting upon the people. I invite the attention of the Senate to the text of the armament truce, recently entered into by more than 50 nations, one of which was the United States. As I am advised, President Hoover was one of the first to assent to the provisions of the truce, the text of which is as follows:

Convinced that the crisis which at the present time is creating such profound disturbance among the nations of the world is due to a number of economic and political causes originating principally in the lack of mutual confidence between the nations; and

Convinced that a renewal of the competition in armaments would necessarily lead to an international and social catastrophe the assembly addresses a solemn appeal to all those who are desirous that practical effect should be given to the principles of peace and justice upon which the covenant is based and urges them to devote all their efforts toward creating a world opinion strong enough to enable the general disarmament conference to achieve positive results, including in particular a gradual reduction of armaments, to be continued until such time as the object laid down in article 8 of the covenant is attained.

In view of the fact that an undertaking on the part of all States not to increase their armaments would help to create an atmosphere of confidence, to prevent competition in armaments, and to prepare the ground for the success of the forthcoming conference.

The assembly requests the governments invited to the disarmament conference to prepare for this event by means of an armaments truce; and, accordingly,

Requests the council to urge the governments convened to the said conference to give proof of their earnest desire for the successful issue of the efforts to insure and organize peace, and without prejudging the decisions of the conference or the programs or proposals submitted to it by each government, to refrain from any measure involving an increase in their armaments.

Likewise requests the council to ask the governments to state before November 1, 1931, whether they are prepared for a period of one year as from that date to accept this truce in armaments.

Mr. President, this truce went into effect on November 16, 1931, and its life, unless extended, is for one year from that date. I can not understand how any nation giving its approval to the same could adopt any plan that would be equivalent to a renewal of competition in armaments. I particularly invite Senators attention to this sentence in the document just read:

* * * In view of the fact that an understanding on the part of all states not to increase their armaments would help to create an atmosphere of confidence, to prevent competition in armaments, and to prepare the ground for the success of the forthcoming conference. * * *

As I construe the language of the armaments truce, the bill now before us violates not only the spirit but also the letter of the same. It calls for an increase in armaments by authorizing a stupendous appropriation for the construction of naval war vessels. It is true, an authorization is not an appropriation; but, as Senators know, when a law is enacted authorizing an appropriation from the Federal Treasury, the Appropriations Committees of the House and Senate regard such authorization as almost equivalent to a command for such appropriation.

The assembly which prepared and agreed upon the armaments truce just read appreciated that if the disarmament conference "could meet in an atmosphere of confidence and good will" the prospects of failure would not be possible.

It was obvious to the assembly, as it must have been to all thoughtful persons, that if when the disarmament conference met, the great powers, as well as other nations, were actively engaged in constructing war vessels or were seeking large appropriations to embark upon naval building programs, there would be an atmosphere of distrust and fear that would make it difficult, if not impossible, to agree upon a disarmament program or any policy looking to the reduction of armies and navies and the costs of military organizations throughout the world. A convention of individuals armed to the teeth called to secure the abolition of arms would scarcely be in a position to plead for peace and to secure satisfactory results.

This language in the text just read is clear and unambiguous; the nations convened were asked to—

* * * give proof of their earnest desire for the successful issue of the efforts to insure and organize peace, to refrain from any measure involving an increase in their armaments.

Can it be said that the United States, having assented to this measure, can now in good faith say that the bill before us is consonant with the agreement entered into? Can this bill be construed as complying with the agreement "to refrain from any measure involving an increase in armaments"?

Obviously not.

Mr. HALE. Mr. President——

The PRESIDING OFFICER. Does the Senator from Utah yield to the Senator from Maine?

Mr. KING. I yield.

Mr. HALE. Is the Senator familiar with the attitude of the State Department in relation to the truce of armament?

Mr. KING. I may not be fully cognizant of the position of the State Department in regard to this truce, but, having read the truce agreement which was accepted by Mr. Hoover, I should be reluctant to believe that the State Department has attempted to repudiate the acceptance of our Government and to support a policy calculated to make the efforts of the disarmament conference abortive. I can not believe that the State Department would attempt to torpedo the disarmament conference.

Mr. HALE. I do not think we did accept it in the terms in which the Senator thinks we did. As a matter of fact, I think the Italian proposition was originally that no new

keels should be laid down for a period of one year commencing November 1, 1931. However, when the matter was put up to the representatives of the other governments they all put in reservations, and the final consensus of opinion was that replacement of ships in the Navy could be made at any time during the truce.

As I had some doubt in my mind about this matter, and as I wanted to be reassured that my bill would not interfere with the year's armament truce, I took the matter up with the Secretary of State. I do not want to take up the Senator's time, but I should like to place his reply before the Senate.

Mr. KING. I have no objection, but I ask the Senator categorically if he denies that Mr. Hoover accepted the truce as it was promulgated by the assembly and approved by the council?

Mr. HALE. Only on condition that the other countries would do the same thing.

Mr. KING. Does not the Senator know that the other countries assented to the truce as it was promulgated?

Mr. HALE. No, Mr. President; they assented to it with conditions. I will read the letter from the Secretary of State.

Mr. KING. I yield for that purpose.

Mr. HALE. The letter was written in reply to a letter from me asking about the effect of the truce:

JANUARY 9, 1932.

Hon. HENRY L. STIMSON,
Secretary of State, Washington, D. C.

DEAR MR. SECRETARY: In the hearing before the Naval Affairs Committee of the Senate on the bill (S. 51) to authorize the building up of the United States Navy to the strength permitted by the Washington and London naval treaties, in reply to a question put by me as to the limitations in building brought about by the so-called naval holiday, Admiral Pratt, in explaining a letter of the department acquiescing in the holiday, read to the committee an extract from a letter of yours to the Secretary of the Navy, dated October 28, 1931, as follows:

"In so far as can be seen, the proposed truce does not seriously affect the Navy. It permits the completion of ships building or contracted for; it permits replacement building, and it would seem by omission of any provision to the contrary that it permits authorization and appropriation for other vessels provided they are not begun before November 1, 1932."

Admiral Pratt explained to us that it was with this interpretation that the letter of acquiescence of the Navy Department was prepared and sent to you.

It is very important for the Congress to know just what can be done and what can not be done under the naval holiday. Will you please inform me whether your interpretation of the effect of the holiday, as given by you to the Navy Department, represents your views at the present time, and whether, in your opinion, the Congress may accept those views as the correct interpretation of the effects of the naval holiday?

I shall appreciate an early reply, as I want to put my letter to you and your reply thereto into the record of the hearings.

Very sincerely yours,

FREDERICK HALE,
Chairman Committee on Naval Affairs,
United States Senate.

DEPARTMENT OF STATE,
Washington, January 12, 1932.

Hon. FREDERICK HALE,
United States Senate.

DEAR SENATOR HALE: I have received your letter of January 9, 1932, and hasten to reply that the following quotation from my letter to the Secretary of the Navy, dated October 28, 1931, represented at the time and still represents my opinion of the effects of the year's armaments truce:

"It permits the completion of ships building or contracted for; it permits replacement building, and it would seem by omission of any provision to the contrary that it permits authorization and appropriation for other vessels provided they are not begun before November 1, 1932."

It was on this understanding that, with the acquiescence of the War and Navy Departments, I informed the secretary general of the League of Nations that this Government was prepared, for the period of one year beginning November 1, 1931, to accept the truce, provided that like action was taken by the other principal military and naval powers.

Then I have a further letter from the Secretary of State in which he says:

MY DEAR SENATOR HALE: During my telephone conversation this afternoon you asked me whether or not the terms of the year's armament truce, which entered into effect November 1, 1931, would, in my opinion, preclude the passage of bills during the forthcoming session of Congress authorizing the construction of naval vessels.

It is my understanding that any authorizations which do not involve the use of appropriations before November 1, 1932, would in no way contravene the purpose of the truce, in that such measures would not raise the level of existing armaments during its term.

Mr. President, Japan and France have already since the truce has been in operation laid down vessels which are replacements of existing vessels in their navies, and we are bound only as the other countries are bound.

Mr. KING. Mr. President, if the interpretation which the Senator is contending for and which he says was placed upon the language of the truce is followed, it makes the truce meaningless; indeed, such interpretation would be tantamount to an authorization for the agreeing nations to engage in new naval construction and to build up to certain levels. The truce would be destroyed by such an interpretation.

Mr. HALE. It is rather meaningless, so far as our Navy is concerned, and the Secretary of State himself says so. He states that, in so far as can be seen, the proposed truce does not seriously affect the Navy.

Mr. KING. I do not agree with the Senator at all. Let me read some of the language again.

Mr. HALE. The Secretary of State says that it affects us very little.

Mr. KING. I may not always accept the interpretation of legal or other documents submitted by the State Department.

Mr. HALE. Does the Senator——

Mr. KING. While I respect, of course, the views of the Secretary of State, he is not infallible and his interpretation may not appeal to me or to others. I do not agree with the Secretary's view that the armament truce does not—

* * * preclude the passage of bills during the forthcoming session of Congress authorizing the construction of naval vessels—

Nor with the statement—

It is my understanding that any authorizations which do not involve the use of appropriations before November 1, 1932, would in no way contravene the purpose of the truce—

And so forth.

If I understand the position of the Senator and the Secretary of State, it is that the armaments truce does not prevent Congress from enacting legislation authorizing construction of naval vessels; but that if in addition to authorizing their construction an appropriation of several million dollars were made for the purpose of beginning work upon the same, then such legislation would contravene the letter, if not the spirit, of the truce. I confess that I am unable to accept this view. If it would be a violation of the armaments truce for the United States to begin the construction of new naval vessels, then I insist that an authorization to construct them would likewise be in contravention of the truce.

Mr. President, I can not believe that the view expounded by the Senator is sound or will be accepted by the governments who participated with the United States in the truce agreement. I am somewhat surprised at the Senator's statement that the truce agreement is "rather meaningless so far as our Navy is concerned." If it is meaningless, why did it receive the approval of Mr. Hoover? If it was not intended to affect our Navy or the navies of other countries part to the truce, why did they enter into the truce agreement? Was it a delusion and a snare, a mere play upon words, an emotional appeal to nations without any intention that it should be observed or that it should be given any vitality? No wonder that some people entertain the view that nations make treaties and contracts only for the purpose of violating them.

Mr. President, I do not believe that nations are without honor and that this truce agreement was not intended to be effective or designed to prevent the construction of war vessels or the formulation of plans for the construction of war vessels during the life of the agreement. I repeat that if the agreement affects us not at all it was an act of folly and insincerity for our Government and other governments to assent to it.

Mr. HALE. Mr. President——

Mr. KING. Will the Senator permit me to proceed for a moment?

Mr. HALE. Yes; but I hope the Senator will let me call his attention to the Secretary's letter.

Mr. KING. I want to again call attention to some of the provisions of this agreement. It declares that there is a—

crisis at hand which creates profound disturbances among the nations of the world largely resulting from a lack of mutual confidence between nations.

It then declares—

Convinced that a renewal of the competition in armaments would necessarily lead to an international and social catastrophe, the assembly addresses a solemn appeal to all those who are desirous that practical effect should be given to the principles of peace and justice.

And it then urges that nations and peoples devote their—

Efforts toward creating a world opinion strong enough to enable the general disarmament conference to achieve positive results, including in particular a gradual reduction of armaments to be continued until such time as the object laid down in article 8 of the covenant is attained.

It is obvious that the object to be attained is world disarmament. The assembly has declared to the nations that they are to take part in a disarmament conference; that they are not to engage in "competitive armaments," but upon the contrary should do everything possible to bring the nations together in an atmosphere of good will in order that the disarmament conference might be successful. In the light of these clear and solemn declarations I can not comprehend how the Senator or any other person can find reasons to justify measures such as the one before us, or the execution of policies which would build new war vessels under the guise of replacing existing naval vessels. It seems to me that for our Government to commence now the construction of war vessels at a cost of millions of dollars, even though when built such vessels would take the place of existing war vessels, would not be in harmony with the truce agreement; and, as I interpret the words of the armament truce, legislative efforts to build our Navy up to the limits of the London conference would be in contravention of the terms of such truce. Certainly the psychological effect upon the disarmament conference and upon the peoples of the participating nations would be the same as if our Government boldly stated that it intended entering upon a building program outside of and beyond the provisions of the London treaty.

Senators will perceive that the armaments truce sought to secure agreement upon the part of nations which were to take part in the disarmament conference that they would adopt a program for the reduction of armaments which would continue until the goal of world disarmament was attained. Is it reasonable to suppose that the members of the assembly in preparing the truce understood that during the year when the truce was to be in force the nations participating in the disarmament conference might or would embark upon new naval construction either to take the place of existing naval craft or to fill an important place in some naval category?

I am inclined to believe that the truce agreement was not intended to interdict the completion of vessels which were under construction at the time the instrument was prepared, but I can not accept the view that it was intended that the truce should bear the construction that new vessels were authorized or that appropriations might be made for the building of new naval craft. The Senator's position, as I understand, is that the passage of the measure before us would not ipso facto increase our naval strength, and therefore it is not within the letter or spirit of the truce agreement. Conceding that view to be true—but I do not concede it—the psychological effect would be as serious as if a direct appropriation were made of a few million dollars to immediately begin construction of one or more war vessels.

The truce in effect is an undertaking upon the part of nations assenting to the same not to increase their armaments and not to engage in "competition in armaments," and also a promise to prepare the ground for the success of the "forthcoming disarmament conference."

Does not the bill before us contemplate increasing our naval armaments, and does it not provide for "competition in armaments"? The Senator admits that appropriations authorized by the bill would aggregate hundreds of millions of dollars and would be employed in the construction of a large number of war vessels. With such a measure enacted into law can it be said that we are in good faith observing an armaments truce for one year? It seems to me that the question answers itself and would convict us of being truce violators if we enacted the bill so earnestly supported by the Senator from Maine.

Who can doubt that when the representatives of 50 nations assemble in a disarmament conference for the purpose of limiting armaments with a view to ultimately securing world disarmament, that they would not be gravely concerned if information was brought to them that one of the participating nations had enacted a law authorizing an expenditure of hundreds of millions of dollars to build war vessels? The passage of this measure, in my opinion, would have unfavorable—indeed, unfortunate—reactions not only at the disarmament conference but in all parts of the world.

Mr. HALE rose.

The PRESIDING OFFICER. Does the Senator from Utah yield to the Senator from Maine?

Mr. KING. I yield.

Mr. HALE. We are not making a truce here in the Senate or defining the terms of a truce. The only obligation that this Government is under is that set forth in the letter written by the Secretary of State to the secretary general of the league, and the Secretary states definitely:

It was on this understanding that, with the acquiescence of the War and Navy Departments, I informed the secretary general of the League of Nations that this Government was prepared, for the period of one year, beginning November 1, 1931, to accept the truce provided, that like action was taken by the other principal military and naval powers.

All the other principal naval powers have provided that the right to make replacements shall be allowed. The Senator does not think, does he, that we ought to deny ourselves the right when other countries have proceeded to exercise the right?

Mr. KING. I shall not now challenge the statement of the Senator as to what other nations are doing, although my information is that since the truce was entered into they have not undertaken new construction. It is quite likely, however, that they are carrying forward work upon vessels, the construction of which was commenced anterior to the date of the truce.

Mr. HALE. There is no question about what they are doing.

Mr. KING. Mr. President, my understanding is that those nations accepting the truce place upon it the interpretation for which I am contending. Some of them during the past few years have, within the terms of treaties by which they were bound, laid down keels for a number of war vessels, and when the truce was entered into they did not suspend work upon vessels in process of construction.

Mr. HALE. It has been specifically stated by all the principal naval powers that they reserved the right to replace their existing ships. There is nothing in the Senator's contention whatever.

Mr. KING. I am familiar with the terms of the London treaty and know that there was a reservation upon the part of certain naval powers that replacements might be made, but I repeat that since the truce was entered into my information is that its terms, as I interpret it, have not been violated and that whatever work is being carried forward in connection with naval construction is for the completion of vessels, the construction of which was begun months, if not years, before the truce was entered into. It may be that Japan and Great Britain have started replacement work, although my information does not support that view.

Mr. HALE. I did not refer to Great Britain, I said Japan and France. They have already gone ahead and started replacements.

Mr. McKELLAR. Mr. President——

Mr. KING. I yield to the Senator from Tennessee.

Mr. McKELLAR. What I want to ask the Senator is this: If we do not build new ships, where in the world are we going to get ships to sink at the next naval conference? We have got to have some ships; we have got to impress the world. It will be remembered how we impressed the world by sinking 845,000 tons of our best ships in 1922; it will be remembered how we impressed the world by sinking nearly one-fourth of what we had left in 1928. We must build ships. Probably we do not need them for our defense; they are not the kind of ships that we ought to have for our defense; but we must have ships, so that when the next naval disarmament conference takes place we can sink them.

Mr. HALE. Mr. President, will the Senator from Utah let me read from the British note of acceptance of the truce?

The PRESIDING OFFICER. Does the Senator from Utah yield to the Senator from Maine?

Mr. KING. I yield.

Mr. HALE. The British note of acceptance of the truce, dated October 29, 1931, paragraph 2, reads:

> 2. While thus notifying their acceptance of the proposed truce His Majesty's Government desire to draw attention to the following passage which occurs in the report of the third committee of the twelfth assembly:
>
> "Certain delegations made a point of stating explicitly that they do not regard as incompatible with the principle thus laid down, which must remain predominant, such measures as the normal carrying out of legal enactments relating to effectives, the regular execution of programs for the upkeep and renewal of land, naval, and air material or fortifications and the constitution of the corresponding stocks."

In so many words they state that they have the right of renewal.

Mr. KING. The statement just read by the Senator is somewhat ambiguous, and without an opportunity to examine it I would not, of course, assert positively that in assenting to the truce the right was reserved to replace naval vessels. As the Senator hastily read it I was impressed with the thought that the intention was merely to make repairs upon existing naval vessels so that they might be maintained in an effective and satisfactory condition. I know that our Government is expending large sums in remodeling war vessels. At the last session of Congress, as I recall, $30,000,000 were appropriated for the purpose of making important changes upon three of our capital ships. I do not think the armaments truce would compel the United States to suspend the repairs which it is making upon these ships. So far as I am advised—and I repeat—since the truce was signed or assented to, the construction of new warships has not been commenced by nations parties to the truce.

If, however, there should be nations that are pushing forward the construction of new warships upon the theory that they are to take the place of vessels that are obsolete or obsolescent, I believe that the effect upon the disarmament conference will be most unfortunate. Moreover, in my view, if nations that were authorized under treaties to make replacements were to feverishly engage in the work of construction, it might influence nations participating in the conference and lead them to oppose a disarmament program approved by other nations participating in the conference if such a program called for a change in the type of ships then under construction.

The disarmament conference should have as few obstacles in its way as possible, and I submit that all nations participating in the conference should seek cooperation and an atmosphere of peace, and, so far as possible, determine to adopt a policy that would not encourage or continue competitive armaments. Why send our representatives to the Geneva conference to work for world peace and a reduction in armaments, if, while they are so engaged, we here in the United States declare our lack of faith in the conference and in effect contribute to an unsuccessful issue by announcing to the world that the United States proposes to go forward and build war vessels costing hundreds of millions and perhaps a billion of dollars between now and 1936?

The Secretary of State recently rushed to Geneva presumably to aid in accomplishing the objects for which the disarmament conference was called. One of the leading Members of this body has been in Geneva for a number of months, together with Mr. Gibson and other delegates from the United States, cooperating with delegates from other nations in attempting to formulate a program to relieve the world of the frightful burdens resulting from military policies and naval armaments. Is this bill before us calculated to impress the conference that we are sincere in protesting our devotion to world peace and world disarmament? Manifestly the reaction would be the reverse, and the delegates undoubtedly would be constrained to seek the reason for the action of this Government in driving forward a measure authorizing a sum so stupendous for naval construction. Is this measure a threat? Is it a bludgeon to compel the conference to adopt a policy looking to disarmament?

Recent statements attributed to some of our delegates would seem to indicate that they are not looking with favor upon the abolition of battleships or a reduction in their tonnage. But I shall not comment further upon these reports. I repeat, however, that, in my opinion, the passage of this measure will be construed by many throughout the world as an evidence of the militaristic spirit upon the part of this Government.

A number of years ago an effort was made to force through Congress the so-called 1915–16 naval bill calling for appropriations of from a billion to a billion and one-half dollars for the construction of the most powerful navy in the world. At that time I was a member of the Naval Affairs Committee and I opposed the bill, because I believed that it would impose unnecessary burdens upon the people of the United States and would arouse fears and apprehensions upon the part of other nations and lead them to believe that the United States contemplated a vigorous foreign policy tainted with imperialistic designs. Europe at that time was prostrate, having emerged from the fires of the World War. It seemed to me not only unwise but cruel for the United States to embark upon a naval policy that inevitably would arouse not only distrusts and ill will but perhaps the hatred of other nations. It was suggested by some who favored the bill that it would act as a club to force other nations to reduce their navies. Senators will recall that following the war Great Britain scrapped hundreds of her ships. The German Navy was destroyed. Japan also scrapped a considerable number of her warships. No nation was building war vessels. The world was hungry; poverty and distress existed in nearly every land. The people wanted peace, not war.

Mr. McKELLAR. Mr. President——

The PRESIDING OFFICER. Does the Senator from Utah yield to the Senator from Tennessee?

Mr. KING. I do.

Mr. McKELLAR. The Senator will recall that all of that was nullified a year or two afterward, when, just as soon as we got this great Navy built, we had the exquisite pleasure of sending it all to the bottom of the sea under a disarmament conference where the only nation to disarm was America.

Mr. KING. Mr. President, I am sure my friend will forgive me if I do not assent to his view. In my opinion President Harding and Secretary Hughes rendered a great service not only to our country but to all countries in bringing about the 1922 Limitation of Armaments Conference.

Mr. McKELLAR. Mr. President, will the Senator yield further?

Mr. KING. I yield.

Mr. McKELLAR. Will the Senator be good enough to say what results were achieved by that conference? I should like to hear what they were. I do not know that I ever heard them succinctly given before. I should be glad if the Senator would remind us of what was achieved.

Mr. KING. The benefits derived from the conference were numerous and I shall not be able to recount them all at this

time. Moreover, a discussion of that conference is not quite germane to the matter under discussion. However, may I add that the moral effect throughout the world was of incalculable value. There are imponderables in life which it may not always be easy to ascertain or fully appraise. The fact is that the world emerging from the great war desired assurances that there would be, at least for many years, no repetition of the horrors of international conflicts. The world was ready for moral leadership and was willing to follow any great nation that evinced its interest in the welfare of the world and was anxious to aid in healing the wounds of war and bringing the world back into the paths of peace and industrial development. The conference of 1922 was an important step in this direction. It convinced nations that the United States did not desire to embark upon an imperialistic policy; that it was desirous of limiting the costs of naval armaments and of preventing further naval competition. It was an important event when the leading nations of the earth sat down together and worked out a cooperative plan to limit naval armament.

Mr. McKELLAR. Mr. President, will the Senator yield again?

Mr. KING. I yield.

Mr. McKELLAR. If the United States Government had not sunk this billion dollars' worth of ships, if there were that many—and they were in that neighborhood, I suppose—does the Senator think we would now be called upon, as we are being called upon by the chairman of the Naval Affairs Committee, to build another billion dollars' worth of ships? It seems to me that if we had retained the brand-new ships that were built at that time, and had not sunk them without any consideration at all—because other nations did not sink theirs—we would not now be called on to spend another billion dollars to bolster up our Navy.

Mr. KING. Mr. President, I do not concede the premises of my friend. I do not admit that the United States "sunk" a billion dollars' worth of ships.

Mr. McKELLAR. It was 835,000 tons.

Mr. KING. If the Senator will pardon me, I do not agree with that view. For a moment let me refer to the 1915–16 naval act, which called for 16 capital ships, each of which was to cost approximately $50,000,000. In addition, there were auxiliary naval vessels, the cost of which amounted to a stupendous sum. I have no doubt that if that program had been carried out it would have cost the people of the United States between one and one-quarter and one and one-half billion dollars. When efforts were made to push this program through Congress it excited fears and apprehensions throughout the world. The peoples of other lands could not understand why the United States, professing as it did to desire peace and the triumph of democratic institutions throughout the world, should suddenly seek to construct a Navy not only more powerful than that of any nation in the world but perhaps equal in strength to the navies of the two other greatest naval powers. It was obvious that the United States was arousing not only fears but the enmities of the world. Nations that had gone through the horrors of war and were bound by the chains of debt felt compelled to take steps to meet what they believed to be a challenge upon the part of this Republic, the most powerful Nation in the world.

It is to the credit of President Harding and Secretary Hughes that they foresaw the danger to the peace of the world if our projected naval policy were carried into execution, and the Washington conference of 1922 was the result of their efforts. They deserve well of their countrymen and the peoples of the world for bringing about the Limitation of Armaments Conference.

Mr. FESS. Mr. President, will the Senator yield to me?

The PRESIDING OFFICER. Does the Senator from Utah yield to the Senator from Ohio?

Mr. KING. I yield.

Mr. FESS. I dislike to inject myself here; but since the question was asked a while ago whether any concrete advantage had followed the conference to which the Senator is referring, I wonder if I am wrong in my thought that we were then in the midst of a program that would have made us equal on the sea to the combined navies of Great Britain and Germany in capital ships. If we were in the midst of that program, then any conference that would lead to ending the rivalry on the sea I think was a very good result, and I think it may be stated that it did come about, and ended the rivalry that was then in process.

Then it seems that out of that decision we must have saved the taxpayer a considerable burden, and I also think we lessened the chances of war by the action we took. Some people will dispute that, but I rather think we did.

Then I am of opinion that the conference led also to what President Wilson very tardily agreed to in reference to Shantung. I recall that the President stated that the giving over to Japan of Shantung was a thing to which it was very difficult for him to yield. There was a rescission of that also. Then I think the establishment of the machinery for settling disputes that might arise on the sea was a step in the right direction.

So I think the Senator from Utah is correct when he says that concrete advantages came from that conference.

Mr. KING. I substantially agree with all that the Senator has stated. He has referred to the Shantung controversy, which, as the Senator recalls, was a very live issue in the Senate during discussion of the Versailles treaty. I am glad to say that Japan acted in an honorable way in withdrawing from Shantung and surrendering all control and authority over that important part of China.

Mr. President, the Washington conference, though it did not achieve all that many desired, was one of momentous importance. It relieved the world of much of the spirit of fear and the tension that existed in all lands. It brought assurance to nations and led them to hope, if they did not fully believe, that the day of militarism was over and that imperialistic ambitions would no longer dominate nations.

At any rate, it limited the competitive construction of capital ships, and thus relieved the peoples of most nations of enormous military burdens. It must not be forgotten that when efforts were being made to drive through the 1915–16 naval program Japan became alarmed.

Neither Great Britain nor Japan could understand why the United States—the most powerful Nation in the world, strategically invulnerable to attack—should, when the world was prostrate, enter upon a naval policy that would give her undisputed command of the seas. Japan thereupon, when she learned that the United States was to build 16 capital ships as well as auxiliary craft of all categories, laid down a program calling for 8 capital ships together with auxiliary craft. Great Britain, which since the war had not laid a single keel and had scrapped more than a million tons of her war vessels, became agitated and demands were made that she embark upon new naval construction. I repeat that the calling of the Washington conference was an event of supreme importance. Of course I regret that limitations were confined to capital ships. Many hoped that cruisers and submarines and other naval categories would be dealt with, but all admitted that the results of the conference were of the highest importance to all nations.

Mr. McKELLAR. Mr. President, will the Senator yield to me?

Mr. KING. I yield.

Mr. McKELLAR. I rather dislike to suggest it, but is it not true that after the two disarmament conferences in which we engaged, and after we had sunk the greater part of our Navy to the bottom of the seas, Japan entered upon exactly the program of which the Senator speaks, and has she not recently been overrunning a large portion of China, without regard to us and without regard to any other nation, because she had a navy able to take care of herself under any circumstances; and has she not become a second Germany, if the Senator wants to describe her that way, so far as militarism is concerned?

Mr. KING. Mr. President, I can not assent to some of the statements made by the Senator. As a result of the

Washington conference we did not sink the greater part of our Navy. As a matter of fact, as I have stated, we scrapped fewer vessels than Great Britain scrapped. It is true that we scrapped a part of capital ships in course of construction upon which had been expended very large sums. We had laid down the keels of a number of capital ships and upon some vessels we had expended 10 per cent of the limited cost and upon others a much larger per cent. My recollection is that our losses in dollars and cents were approximately $300,000,000, but it must be remembered that if we had completed all these vessels we would have burdened the American people to the extent of at least a billion and a quarter dollars. Many of them would have been obsolete or nearly so by this time. We would have expended a hundred million dollars in their maintenance and in an enlarged naval personnel. We would have been compelled to build larger docks, reconstruct many of our harbors to receive these leviathians of the deep, and expend tens of millions of dollars in the construction of shipyards.

Japan also scrapped a number of her war-vessels and, as I have indicated, abandoned her naval program, which in part consisted of eight capital ships. I am not in accord with the Senator that Japan entered upon a program of imperialism or that she has become a second Germany "so far as militarism is concerned." I do not care to comment at this time upon Japan's recent and present course in Manchuria and in China. I express the hope—as we all do—that peace will come to the Orient; that Japan and China will compose their differences; and that China, distracted and disturbed, may soon be in the enjoyment of peace and be free from internal and external dangers.

Mr. President, I am sure that the American people sincerely desire that the disarmament conference now in session at Geneva will bring important results to the world. The recent London conference was disappointing, but I hope that the Geneva conference will go far in relieving the world from naval armaments and will formulate a policy that will progressively reduce armaments until the world will no longer be an armed camp.

The world to-day is praying for peace, and everywhere there are protests against the heavy exactions for military preparations. This Nation, intrenched as it is and secure from attack, is in a position to lead the world. If it sets an example, the world will follow; but so long as we are expending from one to two hundred millions of dollars a year more for our Army and Navy than are expended by any other country in the world, there will be those who will question our sincerity and look upon us as not being free from unworthy ambitions.

I have before me an address recently made by Mr. Grandi, the representative of Italy at the Geneva conference, which indicates the willingness of Italy to abolish battleships and reduce her naval strength in harmony with the actions of other nations. Mr. MacDonald has said that Great Britain would join with other nations in reducing to the lowest limits naval armaments.

I recently read a statement to the effect that Great Britain has cut her appropriations for the navy for the next fiscal year, but we are asked to authorize hundreds of millions for new construction and also appropriate more than $300,000,000 for the ordinary expenses of the Navy for the next fiscal year.

While our representatives are at Geneva, I hope sincerely for the purpose of effecting a reduction in the armaments of the world, I think it would be a fatal mistake for the Congress of the United States to pass a bill declaring that we propose to avail ourselves of the limitations provided in the London treaty and construct new naval craft which will cost approximately a billion dollars.

Mr. President, it seems to me that if we do such a thing we will subject ourselves to the charge of insincerity and hypocrisy. I can not conceive of the reason for the attitude of my friend in his effort to drive through the Senate a bill committing us to the expenditure of that sum. Of course, he argues, and argues correctly, that when an authorization is made, then the Committee on Appropriations are in duty bound to make the appropriation. How often Senators rise and say, "This is only an authorization," but when interrogated they will admit that when obtained the Committee on Appropriations will feel constrained to report the appropriation authorized.

So, it seems to me, Mr. President, it is a sort of legerdemain performance when we say, "Oh, this does not mean much," and yet we know that when we pass the bill the department can go before the Appropriations Committee and that committee will be in duty bound to report an appropriation for the execution of the authorization.

I am opposed to taking up the bill at this time. It will be time enough to consider it when we learn the result of the Geneva conference. Suppose a spirit of world disarmament and of peace takes possession of the conference and a plan is agreed upon that changes the form of navies and naval craft and calls for reductions and modifications. We will meet again next December, and we can then make such appropriations as the exigencies of the case may call for. By refusing to pass the bill now we are, in the first place, giving notice to the world that we want the disarmament conference to be a success, that we are not hypocritical, that we are not trying to torpedo the conference.

If the conference is a failure and a spirit of militarism takes possession of the hearts of the world and nations enter upon large naval construction, we will then be at liberty to enact such measures as the situation calls for. By taking that course, as I said, we will contribute to the success of the conference and we will not postpone by one hour the realization of the hopes of the Senator from Maine which contemplate construction and not mere authorization. So, Mr. President, I shall vote against taking up the measure because I think it is inopportune, most unwise, and because the effect would be discouraging to our delegates and harmful to the success of the conference.

ANNIVERSARY OF WASHINGTON'S INAUGURATION

Mr. FESS. Mr. President, it had been my intention on last Saturday to say something with reference to the one hundred and forty-third anniversary of the inauguration of Washington, which was observed in New York in rather an unusual manner, as was the anniversary of the inauguration of the Constitution. One of the great celebrations of this year took place Saturday in the metropolitan city of the country.

In 1889, which was the one hundredth anniversary of the putting into effect of the Constitution, the New York Independent, which from the days of the Civil War and even before then, had been a very notable publication in the metropolis of the country, printed a very remarkable symposium on Washington, estimating 100 years after Washington had been inaugurated what he had contributed to the civilization of the world, and especially in the form of popular government here in the New World.

A year or so ago I asked the New York Times if it would do a similar service to the country this one hundred and forty-third anniversary that had been done by the New York Independent on the one-hundredth anniversary of the inauguration of the President. The Times did a very remarkable piece of work, but of a little different type. I sent to the Library of Congress for the number of the Independent issued on the one hundredth anniversary of the inauguration of Washington in order to get some of the opinions, a few of which I want to include in the RECORD to-day.

I shall only quote the opinions of British statesmen, which will be interesting, because the American Revolution apparently was against the British Government. Really it was not. Really it was against an obstinate British King. It will be recalled that of the 28 counts in the Declaration of Independence all but 2 began with the personal pronoun "he," referring to George III, and only 2 of those counts referred to Parliament, so that it was not a declaration against the British nation so much as against an obstinate British King. I want the people of the country to-day to have their minds refreshed by the opinions of British states-

men as expressed 100 years after Washington was inaugurated.

I am going to read a short statement from William E. Gladstone. This was on January 10, 1889.

All I can say is that I look upon Washington among great and good men as one peculiarly good and great; and that he has been to me for more than 40 years a light upon the path of life.

That statement was uttered by a man who spent 63 years in the Parliament of Great Britain and was four times Prime Minister of Great Britain and six times Chancellor of the Exchequer, a record that has never been equaled in British history.

Here is another:

Both the pleasant recollection of our past relations and a sense of gratitude I owe you for your generous sympathy for my country I experienced when 37 years ago I, a poor, wandering exile, pleaded its cause before the liberty-loving people of your great Republic, that stupendous incarnation of pure democratic principle which has the providential nation to guide the future ages of mankind on the road of infinite progress, make me most sincerely regret that my extreme old age (87 years), the infirmities naturally inherent to it, the more than a quarter of a century's disuse of writing anything for publication in English, and the habitude of reserve grown to a second nature by my absolute seclusion from all social intercourse, compel me respectfully to decline the honor which, overestimating my abilities, you are kind enough to proffer to me.

I am conscious that the poor remnant of forces still left to me would be utterly inadequate to satisfy you and condignly to answer the high dignity of the solemn occasion which prompted your request.

LOUIS KOSSUTH.

He was the refugee who came to America in 1852 out of Hungary. The only opinion outside of the British opinion that I want to read is from Louis Philippe. He said:

I admired him as a soldier and a statesman when, under the flag of the Union during the great crisis of the Civil War, I followed his footsteps mixed with those of Rochambeau around the ditches of Yorktown. I admire him still more now that I have seen how republican institutions are understood and practiced in France.

That is the French opinion. One of the not spectacular but vitalizing influences in the literary life of Great Britain as well as historical is Justin McCarthy, author of a History of Our Own Times and a member of Parliament from Ireland. The one thing that I remember most distinctly about Justin McCarthy was that as a reporter he reported some of the proceedings of the British Parliament, and, among others, referred to the experience of a reporter with the Duke of Wellington. The duke had been opposing some measure in which the Government was interested. The head of the Government rose and criticized the duke by saying that he regretted to say he did not think the duke had even read the bill, at least he did not seem to understand it. The duke's classic reply was, "I read it through once, I read it through twice, I read it through a third time, and if I do not understand it I must be a damned fool." That is the famous classical reply of the Duke of Wellington to a critic, and this incident is mentioned by Justin McCarthy. McCarthy, suffice it to say, puts Washington as one of the greatest names in history written in England. He said:

Washington's nature had a moral greatness, a poised and balanced perfection about it which can be found in no other figure, however heroic and grand, that lives in the history of war and politics.

There certainly is no higher estimate to be placed upon any figure than that of Justin McCarthy. I desire to confine myself entirely to the utterances of foreign statesmen, and mostly to British. One of the very best statements made is by Goldwin Smith, once a professor of history in Oxford and later a professor in Canada and a very notable author. Among other things he said:

Whether they will ever get back again by another road is the secret of the political future. But we most repeat that if the American Commonwealth as it exists or anything that resembles it in any other country is the ideal, and if Washington was really its founder, he builded much better than he knew.

I would not question the judgment of a great statesman, but I sometimes think that Washington was the one man that did have a comprehension of what the Nation might be. When other people in the convention ridiculed the idea that the Government might last 40 years, Washington was the man who indicated that it was to be perpetual. One of his outstanding statements in his Farewell Address was where he referred to this country in due time becoming a great Nation.

One other and only one other statement do I want to quote, and that is from the famous Edward A. Freeman, who was professor of modern history in Oxford University and a very fluent writer. One of his best books is entitled "Washington, the Expander of England," in which he indicated that our own Government is not engrafted upon the British system but represents principles of an Anglo-Saxon democracy developed to maturity in the New World unhindered by the customs that had fastened themselves upon the mother country, a magnificent statement of a great historian. I would like to put in the RECORD this statement from Edward A. Freeman. He said:

It was called "George Washington, the Expander of England." Later, again, when I was asked to write an article in a British periodical, I chose a subject suggested by some remarks of Mr. Lowell. I then, in treating of the growth of great men, picked two men out of the whole history of the English folk as most typical of one form of greatness. The two were Alfred, King of the West Saxons, and the first President of the United States.

Mr. President, in these hectic times, when we are discussing the subject of economic rehabilitation, the question of national defense, and so on, it is not inappropriate for us, on an anniversary occasion, at least, to take just a little time to recall to mind the opinions of Washington expressed by great men 100 years after he was inaugurated. I have read from utterances of men delivered in 1889, and this happens to be the one hundred and forty-third anniversary of Washington's inauguration, and 1932 also marks the two hundredth anniversary of his birth. New York having provided a very wonderful celebration on Saturday commemorating the event of his inauguration, I thought it would not be out of place for me to say something on this occasion.

Mr. BORAH. Mr. President——

The PRESIDING OFFICER. Does the Senator from Ohio yield to the Senator from Idaho?

Mr. FESS. I yield.

Mr. BORAH. When the question of the celebration of the bicentennial of Washington was before the Senate some time ago I suggested to the Senator from Ohio the advisability of preparing a small, cheap edition of Washington's selected works for the purpose of distributing it generally throughout the United States. Has anything been done in regard to that suggestion?

Mr. FESS. The committee on program, which meets every second week, took the matter up immediately after the Senator from Idaho made the suggestion and authorized me to consult with Doctor Fitzpatrick, formerly connected with the Library of Congress, who probably is the best-informed scholar on Washington, and to ask him whether that could be done. He stated that it could be done, but that it would be a little difficult to select what should be inserted in such a work. He expressed a very happy willingness to do it if we should give him the authority. We talked the matter over but did not come to any conclusion whether or not we ought to authorize the work to be done, because it would entail considerable additional expense.

Mr. BORAH. How much additional expense would it entail?

Mr. FESS. Doctor Fitzpatrick did not object to doing the work, of course, but suggested it would involve considerable expense. I have no idea what the expense would be. We should have to get that information from the printer.

Mr. BORAH. I think what I suggested would be one of the most commendable ways in which to commemorate the life of Washington.

Mr. FESS. If the Senator from Idaho feels that we could get the authorization for the additional expense, we would give the authority to go ahead with the work.

Mr. BORAH. Of course, I should like to know, if we could get a reasonable estimate, what the additional expense would be.

Mr. FESS. I think I can get that information.

Mr. SHIPSTEAD. Mr. President, will the Senator from Ohio yield to me?

The PRESIDING OFFICER. Does the Senator from Ohio yield to the Senator from Minnesota?

Mr. FESS. I yield.

Mr. SHIPSTEAD. I suggest to the Senator that while the commission is investigating the cost of compiling and printing a selected list of George Washington's writings or addresses, it inquire as to the probable cost of printing and sending to the schools of the United States, in a separate pamphlet, what I consider one of the greatest of American documents—President Washington's Farewell Address. I think that document ought to be in the hands of the pupils of the schools of the United States. Some years ago we appropriated money to send to the school children a copy of the Declaration of Independence, which, in my judgment, was a very fine thing to do. I think Washington's Farewell Address is on a par with the Declaration of Independence, and I wish the commission would investigate the probable cost of sending that document to the school children of the United States.

Mr. FESS. Does the Senator mean that it be sent to each school child or to each school?

Mr. SHIPSTEAD. I think that there should be a sufficient number of copies to enable one to be sent to each schoolroom.

Mr. FESS. Information as to the cost of doing that could be very easily obtained. The Farewell Address has been pretty generally printed, but it has never been attempted to distribute it in the way suggested by the Senator from Minnesota. I could obtain very easily, I think, the information as to how much it would cost to carry out the Senator's suggestion.

NAVAL BUILDING PROGRAM

The PRESIDING OFFICER. The question is on the motion submitted by the Senator from Maine [Mr. HALE] to proceed to the consideration of the bill (S. 51) to authorize the building up of the United States Navy to the strength permitted by the Washington and London naval treaties.

Mr. FESS. I suggest the absence of a quorum, Mr. President.

The PRESIDING OFFICER. The Senator from Ohio suggests the absence of a quorum. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Ashurst	Cutting	Kean	Schall
Austin	Dale	Kendrick	Sheppard
Bankhead	Davis	Keyes	Shipstead
Barbour	Dickinson	King	Shortridge
Bingham	Dill	La Follette	Smith
Black	Fess	Lewis	Smoot
Blaine	Fletcher	Logan	Steiwer
Borah	Frazier	Long	Stephens
Bratton	George	McGill	Thomas, Idaho
Broussard	Glass	McKellar	Thomas, Okla.
Bulkley	Glenn	McNary	Townsend
Bulow	Goldsborough	Metcalf	Trammell
Byrnes	Gore	Moses	Tydings
Capper	Hale	Neely	Vandenberg
Caraway	Harrison	Norris	Wagner
Carey	Hatfield	Nye	Walcott
Cohen	Hawes	Oddie	Walsh, Mass.
Connally	Hayden	Patterson	Waterman
Coolidge	Howell	Pittman	Watson
Copeland	Hull	Reed	White
Costigan	Johnson	Robinson, Ark.	
Couzens	Jones	Robinson, Ind.	

The PRESIDING OFFICER. Eighty-six Senators having answered to their names, a quorum is present. The question is on the motion submitted by the Senator from Maine.

POSTAL APPROPRIATIONS

Mr. McKELLAR. Mr. President, I am going to detain the Senate for just a moment to refer to a statement that was given out by the Senator from Nevada [Mr. ODDIE] on yesterday, and another statement which was given out by the Postmaster General, I believe, on Saturday.

I submit a copy of a statement that is signed by Senator TASKER L. ODDIE, chairman of the Subcommittee on Treasury and Post Office Appropriation Bill, and signed by him as such chairman. He gives out a statement furnishing a tabulation of how many post-office employees will be discharged if the 10 per cent reduction is made in the Post Office Department. The fact that Senator ODDIE is chairman of the Post Office Committee also gives the statement additional weight.

Mr. President, I want to say that it will be absolutely unnecessary to discharge a single employee in the Post Office Department if the 10 per cent rule is adopted. Substantially the entire 10 per cent reduction can be effected by reducing three items. Besides, there are numerous other economies which can be effected without injury to the service. I now speak of the three items.

If the subsidies for ocean mail be cut off and a reasonable amount only paid for the cost of transportation of such mail, there will be a saving of $35,000,000 in this one item alone. The proof in the record is overwhelming that 39 of the 44 contracts are absolutely void, and the Government is under no obligation to pay a dollar under them.

These companies do not need this legalized graft. There is no obligation to pay it on the part of the Government, because the contracts are void, and it will be a crying shame upon the American people to require these subsidies to be further paid.

In the next place, we are paying, in round numbers, $20,000,000 as subsidies to the air companies for carrying both day and night mail. Under the contracts—and whether they are valid or not I can not now say—the Postmaster General can do away with either day or night flying. If he does away with day flying, another saving of $10,000,000 can be had.

In addition to that, there is a provision in the revenue bill to increase the postal rates on magazines so as to make that function of the Post Office Department self-sustaining. This will enable a reduction of $25,000,000 more. It can be effected without difficulty on this appropriation bill.

So it is seen that these three items alone, all of them subsidies, can be stricken out, and a 10 per cent reduction secured. Of course, if the Senator from Nevada and Postmaster General Brown prefer to pay these illegal subsidies, and by preference want to discharge employees, that is a matter for them and for the Congress. The Congress will have to direct it to be done before the Postmaster General can discharge these employees. In my judgment, the Postmaster General is unfair in trying to create an impression that the 10 per cent reduction means a discharge of employees. It does not mean any such thing. I have no doubt in my own mind that the Postmaster General would prefer to discharge employees rather than to cut off the subsidies that he has established, although in my judgment 39 out of 44 of them are absolutely illegal. However, until the Congress directs him to do so, the Postmaster General has no power to discharge employees.

These are the facts; and I hope the newspapers will publish them, in order that the public may know the true facts.

I ask unanimous consent to have printed in the RECORD in this connection, as a part of my remarks, a copy of the letter of the Senator from Nevada [Mr. ODDIE] of date May 1, 1932, in which he attempts to show that some 58,000 postal employees will be discharged if this 10 per cent reduction is carried out. Of course there is not going to be any such discharge of employees.

Mr. COPELAND. Mr. President——

Mr. McKELLAR. There could not be if the reduction were all applied in that way; but there is no purpose to apply it in that way. It ought not to be applied in that way.

If the Senator will pardon me, I am going to stop here long enough to say that there is the United Fruit Co. drawing somewhere in the neighborhood of a million dollars a year in a subsidy from the Government for carrying an inconsequential amount of mail.

Mr. BORAH. Mr. President——

The PRESIDING OFFICER. Does the Senator from Tennessee yield, and to whom?

Mr. McKELLAR. Just one moment, and then I will yield to the Senators. That, it will be remembered, is the contract where the advertisement, without authority of law, specified that the ships must have refrigerator space in

order to carry the mails. What for? Because they need refrigerator space to carry the mails? Not at all; but because that particular company was slated for the contract, and the Post Office Department put the refrigerator-space provision in it so as to prevent any other company from securing the contract. The vice president of the company came before the Appropriations Committee. His name was Doswell; and, if I recollect the examination, it was something like this:

Mr. Doswell, your company has refrigerator space in its steamers?
Yes, sir; and we are the only company in the world that has refrigerator space.
Do you have to have this money in order to get along?
Oh, no, sir!
What is the value of your company, Mr. Doswell?
From $200,000,000 to $250,000,000.
Are you paying dividends as usual?
Yes, sir.
You have debts, I suppose?
Oh, no, sir!
You have a bonded indebtedness on your plant, I suppose.
Oh, no, sir! We owe no money. We are in fine shape.

And yet the Government is giving, by way of a subsidy, something like a million dollars a year to a company like that under this alleged contract! At a time when we have some eight millions of people out of employment in America, we are devoting the funds of the people to measures like that; and yet the Postmaster General and the chairman of the subcommittee having the bill in charge are saying that we can not effect the saving to which reference has been made without turning off employees!

I am opposed to turning off employees. I say this cut can be made, but it ought to be made out of the legalized graft which is now going on, for that is all it is.

I now yield to the Senator from New York; and I will yield to the Senator from Idaho in just a moment.

Mr. COPELAND. Mr. President, I understand, then, that the Senator who is pleading so ardently for a 10 per cent reduction desires to defend himself against the charge——

Mr. McKELLAR. The Senator is mistaken. I have no defense to make. I am standing here in my right as a Senator, telling the Senate what I believe is the right course of conduct. I am not on the defensive.

Mr. COPELAND. Will the Senator yield?

Mr. McKELLAR. I yield.

Mr. COPELAND. As I said, the Senator is defending himself——

Mr. McKELLAR. The Senator is mistaken about that, because I am not defending myself. If the Senator considers that I am, he has misinterpreted what I have had to say.

Mr. COPELAND. At any rate, rather than have any reduction of salaries the Senator would have the Government abrogate its solemn contracts?

Mr. McKELLAR. Mr. President, if the Senator had heard me, if he had listened to me for a moment, he would know that I say as a lawyer that 39 of these 44 contracts are absolutely void. They are not binding on the Government. They ought not to be carried out, or attempted to be carried out, by any official of the Government. I am not in favor of abrogating any solemn contract of the Government. I do not propose to have it done. It ought not to be done if a contract has been made; but 39 of these alleged contracts are void, as demonstrated by provisions of the advertisements under which these shipping companies got the contracts at the highest rates. Why? Because there was no competition. The matter was arranged so that there should not be competition, and I say they are not contracts. They are not only not solemn contracts but they are not contracts of any kind, and they are not binding on the American people or on the American Government. So far as I am concerned, I am perfectly willing to stand on that proposition.

Mr. COPELAND. Mr. President, will the Senator yield?

Mr. McKELLAR. I yield.

Mr. COPELAND. I assume that lawyers are not unlike doctors. Doctors sometimes find themselves mistaken in their diagnoses.

Mr. McKELLAR. Oh, yes; and so do lawyers.

Mr. COPELAND. I have been advised by other lawyers, possibly not so well qualified to speak, that these contracts are perfectly legal.

Mr. McKELLAR. I take it that some of the lawyers who have advised the Senator have more knowledge about shipping contracts than I have.

Mr. COPELAND. I think, however, that the Senator leaves a very wrong impression. I hold no brief for the United Fruit Co. It so happens that it is not a New York corporation; but we passed here the Jones-White Act to upbuild the American merchant marine. Before the Post Office Department makes a contract with any one of these concerns, it has the concern sign on the dotted line an agreement that it will invest its money in the upbuilding of the American merchant marine by building new ships. That is a part of the consideration.

Mr. McKELLAR. Mr. President, I am sure the Senator does not want to make a speech in my time. I shall be through in a moment, and then I will yield the floor to him and let him make his speech; but he talks about building up the American merchant marine. Take this very concern, the United Fruit Co. It flies more foreign flags than American flags. The majority of its ships fly foreign flags and run in competition with American ships; and yet we are subsidizing that company.

I call the Senator's attention to a concern in his own State, the International Mercantile Marine. It is drawing subsidies, under a purchase it has recently made, from the American Government; and yet it is under a contract—"a solemn contract," to use words of the Senator from New York—in the event of war to turn over its ships to the British Government. Yet we are paying that company a subsidy.

A number of these companies not only have illegal contracts but they have ships flying foreign flags; yet we are paying them these subsidies, and the Postmaster General is trying to defend the situation by saying that if this 10 per cent reduction becomes law, he will have to discharge employees. There is no use in discharging them at all.

Mr. President, at this point I desire to submit as a part of my remarks a statement of payments made under ocean mail contracts, which I ask every Senator here to read tomorrow morning. It is not long. It unfolds a tale that every Senator ought to know before this bill is finally passed on. The normal transportation, the value of mail carried, and the amount that was paid are stated here. I will read just one or two of them to show the Senate the sort of situation we have confronting us.

Since I mentioned the United Fruit Co., I believe I will refer to that company first.

We made a contract with the United Fruit Co., No. 39, on July 30, 1930. We are paying that company $392,860 for carrying $3,000 worth of mail—$3,248 worth of mail, to be exact. If that mail were carried for any other customer in the world that would be the amount to be paid under the international rates. The result of it is that under this particular contract the United Fruit Co. earns $3,248. It receives $392,860, or a bounty or subsidy of $389,612 a year on that one contract; and the purported contract runs for 10 years.

Mr. BORAH. Mr. President——

The PRESIDING OFFICER (Mr. FESS in the chair). Does the Senator from Tennessee yield to the Senator from Idaho?

Mr. McKELLAR. I yield to the Senator.

Mr. BORAH. The word "subsidy" has a very ugly meaning to me; but I am not sure that this is a subsidy.

Mr. McKELLAR. If the Senator will examine the contract, I am sure his legal mind will bring him to that view.

Mr. BORAH. I was going to ask the Senator to explain just what he means when he says "a subsidy."

Mr. McKELLAR. I mean this: In the year 1928 an act was passed by Congress authorizing the Postmaster General to enter into contracts upon open competition, and agreeing to pay certain amounts for mails carried on that route,

whether the ships carried any mail or not. One contractor said that only a hatful of mail was carried on his route, and yet he was getting several hundred thousand dollars a year for carrying that hatful of mail.

I say that it is an absolute subsidy. It was intended as such, evidently, although the word "subsidy" is not in the act.

The United Fruit Co. received $247,600 a year for another line. The third one we have not been able to get the facts about. I do not know that they have been put into the RECORD.

The Tampa Interocean New Orleans and Spain route carried $20 worth of mail last year, according to the rates of the international agreement for the carrying of mail, the Postal Union rates. By the way, I think we are still a member of that union, although we do not use the rates any longer. The line to which I refer carried $20 worth of mail last year; but how much do Senators suppose they were paid for that out of the Federal Treasury? They were paid $438,775.

Mr. BORAH. Was that on a competitive bid?

Mr. McKELLAR. No; practically every bid was arranged so that only one contractor could bid on it.

Mr. BORAH. Arranged among those who were going to bid?

Mr. McKELLAR. Arranged among those who were going to bid.

Mr. BORAH. The Postmaster General did not have anything to do with that?

Mr. McKELLAR. I do not know. I will give the Senator the facts, and he can draw his own conclusions. I shall refer to the testimony taken before the Committee on Appropriations. There are other members of the committee in the Chamber at the present time; and if I make a mistake, I hope they will correct me.

The United Fruit Co., for instance, answered three advertisements for three routes, and the advertisements contained a clause to the effect that no bid would be accepted unless the contractor had refrigerator space. Mr. Doswell, the vice president of the company, came before the committee. He was asked, "Mr. Doswell, do you carry mails on those three routes in refrigeration, within the refrigerator space?"

"Oh, no."

Mr. COPELAND. Mr. President, will the Senator yield to me?

Mr. McKELLAR. In one moment.

"You do not carry refrigerator space?"

He said, "Senator, we are the only company on the seas that has refrigerator space." They were the only company on the seas, and they bid the highest price on those three contracts. There was no other bidder, and they got the contract.

Mr. BORAH. Mr. President, it is the contention of the Senator, then, that these contracts are void by reason of the fraudulent manner in which they were taken and that that fraud consisted of a combination upon the part of the bidders not to bid against each other?

Mr. McKELLAR. That, and the advertisement itself. There is nothing in the law requiring refrigerator space. But when the advertisement says that no bid will be received unless the contractor can furnish refrigerator space, and it is limited to one company, it goes without saying that that is the only bidder there could be. There was no competition, there were no competitive bids, as required by the law, and therefore the contract is void.

Mr. BORAH. These bids were all taken under authority granted by Congress?

Mr. McKELLAR. Yes; but they did not follow the grant of authority. Congress did not confine it to any particular company, but Congress required competitive bidding. The department shut out the competitive bidding. That is the whole story, and it is so with 39 out of the 45 contracts; and I say that before we tax the American people further it is high time we were looking into this matter and cutting out this legalized graft to these companies which do not need it. If we are going to give doles to anybody, for Heaven's sake let us give them to people who need them and not to great corporations which are worth from two hundred to two hundred and fifty million dollars, as one of these testified.

Mr. BLAINE. Mr. President, will the Senator yield?

Mr. McKELLAR. I yield.

Mr. BLAINE. What relation does refrigeration have to carrying the mails?

Mr. McKELLAR. According to Mr. Doswell, it has nothing in the world to do with it, except that the company of which he was vice president was the only company that had refrigeration, and they wanted his company to have this contract without competitive bids.

Mr. BLAINE. Will the Senator yield for another question?

Mr. McKELLAR. Yes; I yield.

Mr. BLAINE. Was it the design of the Post Office Department to permit the carrying of perishables by mail?

Mr. McKELLAR. It was not so stated by the Postmaster General.

Mr. BLAINE. If the refrigeration has nothing to do with the carrying of the mails, would not that circumstance of itself point to constructive collusion on the part of the public officials and the company?

Mr. McKELLAR. I think that is a very proper way to put it, constructive collusion between the Post Office Department and the company.

Mr. BORAH. Mr. President, is it true that refrigeration has nothing to do with the carrying of the mails?

Mr. McKELLAR. I assume it for this reason, that there were 36 other contracts, in many instances the ships going into the Torrid Zone of the world, but there was nothing said about refrigeration when those other contracts were made.

Mr. COPELAND. Mr. President, the Senator voted for the bill under which those contracts were made, did he not?

Mr. McKELLAR. I voted for it because it was said that it was not a subsidy bill. I had a campaign on, and when I came back I found out it was a subsidy bill, and I voted against the conference report. I am always glad to give the facts just as I find them. It was argued here on this floor, it was argued in the other House that it was not a subsidy act, but when I began to look into it and found that it was, I certainly voted against the conference report, the form in which the bill became a law.

Mr. COPELAND. If the Senator desires to give all the facts, why does he not tell us why the Post Office Department wanted refrigeration space on those boats?

Mr. McKELLAR. If they furnished the reason, I do not recall it. This is the fact about it. There were 44 contracts in all. All three let to the United Fruit Co. required refrigeration space, and those were the only ones which did make such a requirement, as I recall; and I would be glad to have some Senator correct me if I am wrong. I think the first contract that was let was so arranged that the only company on the seas that could bid was the company that was carrying the mails for the Government on that particular route.

Mr. COPELAND. Mr. President, will the Senator let me complete my question?

Mr. McKELLAR. Certainly; I do not mean to shut the Senator off.

Mr. COPELAND. Is it not a fact that in upbuilding the American merchant marine, in order that these boats may be auxiliaries to the Navy in time of war, it is important that there should be refrigeration space on some of them so that if we were going into the Tropics we could carry perishables without destruction?

Mr. McKELLAR. I think that is a mighty far-fetched suggestion, but if it meets the approval of the Senator from New York, I have no quarrel with him.

Mr. COPELAND. It meets my approval.

Mr. McKELLAR. It does not meet mine.

Mr. COPELAND. It meets my full approval, and it met with that of the Senator, because we discussed that at the time.

Mr. McKELLAR. The Senator is mistaken about that.

Mr. COPELAND. These vessels were intended to be built in such a way that in the eventuality of war we would have a way of carrying our troops and our supplies, our butter and eggs and milk, and all of the other perishables, to every part of the earth; and therefore the Postmaster General very properly stipulated that some of these vessels should have refrigeration space, or that they might not have the benefits of the Jones-White Act.

Mr. McKELLAR. I next turn, just for the sake of calling the Senate's attention sharply to the situation, to the contract of the South Atlantic Steamship Co., Savannah to Bremen, January 5, 1929. They carried in a year $75 worth of mail. In other words, the cost of transportation, according to the rates of the International Postal Union, was $75. By the way, although this company's route is in a pretty warm climate, there was a reason why it was not necessary to put refrigeration on those boats. This company could not have gotten it if they had. How much do Senators suppose this company received from the American Government? It received $917,169 a year, and they have a contract, so called, for 10 years.

If I recall the fact aright—and I think I do—one concern bought vessels from the Government that cost our Government $16,000,000, and paid the Government for them about a million dollars, and they are getting more than a million dollars in subsidies for running those very ships.

Mr. BLAINE. Mr. President, will the Senator yield?

Mr. McKELLAR. I yield. I am glad to tell the Senate anything I know about the matter. By the way, I really and earnestly request Senators who are members of the committee, and who heard the testimony, to correct me if I misstate the testimony in the slightest degree.

Mr. COPELAND. Let me, then——

Mr. McKELLAR. Just one moment. I have yielded to the Senator from Wisconsin. When he has concluded, I will yield to the Senator from New York.

Mr. BLAINE. I am interested in this matter of refrigeration on these boats. As I understood the Senator from New York, there was an inducement for building boats for use during war, so that we might have refrigeration on those boats.

Mr. McKELLAR. That was the Senator's suggestion.

Mr. BLAINE. For carrying butter and eggs and strawberries, and things like that, for the soldiers.

Mr. McKELLAR. Yes.

Mr. BLAINE. I can not see the relationship of that to the carrying of the mails at the present time.

Mr. McKELLAR. I can not. Perhaps some Senators can. The Senator from New York, for instance, says he can, and I yield him that power and privilege, but I just can not see the connection. I asked the vice president of the company what it had to do with it, and he did not know.

Mr. BLAINE. Yet I understand these boats, which are equipped with refrigeration, are boats particularly constructed for tropical waters?

Mr. McKELLAR. Yes.

Mr. BLAINE. I did not know that there was any anticipation that we were going to have war with any of our southern neighbors.

Mr. McKELLAR. I am not on the inside, and can not tell the Senator about that.

Mr. BLAINE. I am interested to get the facts with respect to the necessity for refrigeration on these boats, when we do not put the letters transmitted by mail in an ice box.

Mr. McKELLAR. I asked the officials if they put the letters in an ice box, and they said no, they did not put the mails in the refrigeration space. That is an admission, though I am not sure the Postmaster General agreed to it. But I know Mr. Doswell, the vice president of the United Fruit Co. lines, said, at any event, that they did not carry the mails in the refrigeration space.

Mr. BLAINE. Just one other question.

Mr. McKELLAR. Very well.

Mr. BLAINE. Was there any showing before the committee as to why it was necessary to have refrigeration on these boats in order to carry mails?

Mr. McKELLAR. I do not recall any. The Senator from New York [Mr. COPELAND] says I am mistaken, and I will be glad to be corrected; but I do not recall it. I was doing the examining of Mr. Doswell.

Mr. BORAH. Mr. President, was this subject investigated by the committee?

Mr. McKELLAR. Very vigorously and very actively; and I wish Senators would take the time to examine the report of the hearings before the Committee on Appropriations. I think the testimony will be a revelation, such a revelation to the Senate that it will not be seriously contended that these alleged contracts should be further disregarded.

Mr. BORAH. Did the committee make any report?

Mr. McKELLAR. It has not made a report yet. The matter comes before us now in this way: The Postmaster General and the chairman of the subcommittee and the chairman of the Committee on Post Offices and Post Roads, my good friend the Senator from Nevada [Mr. ODDIE], are trying to make it appear that if reductions of 10 per cent are made in the Post Office appropriation bill, the cuts will have to be made in the salaries of the employees.

I have merely shown the Senate that this legalized graft ought to be cut out first, and that there is ample room for reduction if that is done. There will be $35,000,000 saved in the contracts—$10,000,000 saved in the air contracts, $25,000,000 more saved in magazine transportation. Does the Senate know that out of each 7 cents that it costs to transport a magazine in the United States the Government bears 5 cents of it? It costs the American Government $25,000,000 a year to carry the magazines through the mails, over and above what we receive for that service.

Mr. FLETCHER. Mr. President——

The PRESIDING OFFICER (Mr. FESS in the chair). Does the Senator from Tennessee yield to the Senator from Florida?

Mr. McKELLAR. I yield.

Mr. FLETCHER. I think in all fairness it ought to be stated, and the Senator will recognize the fact, I think, that in the making of these mail contracts the purpose is to build up the American merchant marine so far as we can. The purpose is to enable the ships and the shipping companies which have the mail contracts to continue. In the first place, the contracts afford a means of getting rid of the ships that are costing the Government enormous sums to operate. The Shipping Board wants to sell the ships. A prospective purchaser of the ships has to figure on the foreign mail contracts. Those contracts enable him to compete with foreign vessels in the operation of the ships. When he gets a foreign mail contract, he is able to bid for ships now owned by the Shipping Board.

Not only that but the Shipping Board requires that the purchaser who acquires the ships from the Shipping Board shall enter into an agreement to replace those ships so that when the ships he purchases are worn out or become obsolete we will have new ships or comparatively new ships to take their place, and in that way perpetuate and maintain an American merchant marine.

That is one point. Another point is——

Mr. McKELLAR. Just before the Senator leaves that point let me interrupt him.

Yes; but how is the money supplied? Does the shipowner pay for building the new ships and replacing the old ones? Not at all. There is a revolving fund set up by the Congress amounting to some three or four hundred million dollars, placed in the hands of the Shipping Board to be loaned to the very shipping people who have received the contracts. The Government puts up three-fourths of the money.

One of the shipping companies not long ago said they wanted to build four ships which would cost $7,000,000, or $28,000,000 in all. The Government had to put up $21,000,000 of the $28,000,000. Does any Senator know what they included in that $28,000,000? They included a hotel at one of the ports in a foreign country. They included all the kitchen utensils. They included all the table linen. They included all the furnishings.

Mr. NORRIS. At what rate of interest?

Mr. McKELLAR. The Senator from Nebraska asks the rate of interest. I am happy to tell him that some of them got the money at a rate as low as one-fourth of 1 per cent; some of them at three-eighths of 1 per cent; some of them at one-half of 1 per cent; some of them at five-eighths of 1 per cent; some of them at three-fourths of 1 per cent; some of them at seven-eighths of 1 per cent; some of them at 1 per cent; and some unfortunate ones had to pay as much as 1½ per cent.

Mr. NORRIS. Terrible!

Mr. McKELLAR. Yes; horrible! Think of a shipping company enjoying all these bounties and subsidies at the hands of the Government when we give them our ships—because they have not paid for any of them—and then we give them subsidies for operating them in an amount running into the millions of dollars. The bill carries $25,000,000 to aid the shipowners in the form of subsidies for operating the ships and the Government is furnishing the ships, and then the Government puts up three-fourths of the cost of new ships that are built, still paying them this subsidy. Senators, if we continue this system we will eventually have no Government. It is a perfect outrage. Think of it. We charge the farmers something like 5 per cent.

Mr. BORAH. Eight per cent.

Mr. McKELLAR. Eight per cent is what we charge the farmers on what they borrow, but a shipowner comes along and borrows at one-fourth of 1 per cent and one-half of 1 per cent and three-fourths of 1 per cent. I say the Congress ought to take steps to remedy this situation, and ought to take steps promptly. Talk about not being able to cut down this department 10 per cent under circumstances such as we have confronting us to-day! The only mistake we made was in not cutting more. It is an outrage upon the American people who have to pay the costs.

Mr. WHITE. Mr. President, will the Senator yield?

Mr. McKELLAR. Let me yield farther to the Senator from Florida, who had not concluded his statement, I believe.

Mr. BORAH. Mr. President, may I ask a question before the Senator proceeds? Before what committee is the investigation pending?

Mr. McKELLAR. The only way it happened to come before the Senate at all was through the matter being brought up in the Appropriations Committee of the Senate. We are called upon to appropriate for these subsidies at this time something like $39,000,000. I am raising the question about that item. I say there are 39 out of the 44 contracts which are absolutely void.

I now yield farther to the Senator from Florida.

Mr. FLETCHER. I am very glad to have the committee go into the separate contracts. It may be that some of them should be very carefully looked into. There may be something irregular about them. But I am not dealing with the separate contracts. That is a matter to be gone into very carefully by the appropriate committee. I am speaking generally about the policy which the Congress adopted. It was for the purpose of enabling the Shipping Board to get rid of the ships that were costing the Government an enormous amount of money.

As to the loan fund, Congress did enact that law and did make the mistake of specifying in the act that the money would be loaned to the shipbuilders, provided they built in American yards and built according to plans and specifications laid down for them, having in view the national defense, having in view the needs of our commerce, mail routes, and all that sort of thing. They built according to those plans and they got their money cheap. The law provided that they were to have the money at the same rate the Government was paying, and that is how these extraordinarily low rates came into the contracts. They found at the time that the Government was paying these low rates on its money, and the contracts were made upon that basis. The Senator from Michigan [Mr. VANDENBERG] subsequently introduced a bill which changed that and made the minimum rate 3 per cent, and that is the law now. But it required an act of Congress to do that. We had overlooked the matter entirely.

Mr. McKELLAR. Will my good friend from Florida allow me to continue my speech long enough to pay a compliment where I think it is due? Nobody knew anything in the world about these companies getting this money at these remarkably low rates of interest. It was like a sealed book even to the Government itself, apparently. It was due to the sagacity and the earnest efforts of my distinguished friend the junior Senator from Michigan [Mr. VANDENBERG] that the matter was brought to light. When it was brought to light he introduced a proper measure to correct it, and it has been corrected. We are not lending money at those rates now, but we had been doing it for years.

Mr. WHITE. Mr. President——

The PRESIDING OFFICER. Does the Senator from Tennessee yield to the Senator from Maine?

Mr. McKELLAR. I am glad to yield.

Mr. WHITE. May I interject at that point that after the Senator from Michigan called attention to the rates of loans and after a bill fixing legally the rate of interest at 3½ per cent was brought before the Senate, the bill remained on the calendar of the Senate nearly 10 months without action.

Let me call attention to another thing in connection with these loans. Something has been said about loans to shipbuilders and about loans to farmers. I want to tell the Members of the Senate that under the construction-loan fund there have been but 12 loans made, bearing a rate of interest of less than 2½ per cent, and that the total of those loans amounts to about $29,000,000. The effective rate of interest on all loans made as of April of this year to shipbuilding companies from the time the construction-loan provision of the law was enacted in 1920 has been 4¼ per cent.

A year or more after the construction-loan provision was amended in the merchant marine act of 1928 there was passed through the Congress the agricultural marketing act, so called, authorizing in almost identical language of the construction-loan fund of the 1928 act loans to farmers' cooperatives in the country. As against the $29,000,000 loaned to shipbuilding companies at less than 2½ per cent, what is the history under the agricultural marketing act? There has been loaned under that act a total of almost $929,000,000. The average rate of interest has been 1.7 per cent as against an average rate of interest to the shipbuilders of 4.25 per cent. The rate of yield under that marketing act has been as low as one-eighth of 1 per cent.

When Senators are talking about these loans, let us tell the whole story of loans. If the loans to the shipbuilding companies are invalid because of that rate of interest, let us go down the line; let us invalidate the loans to the farmers' cooperatives; let us act in a full appreciation of all the consequences involved.

Mr. McKELLAR. I quite agree with the Senator.

Something has been said about refrigeration. Here is the contract of the Mississippi Shipping Co. showing that it carried $62 worth of mail. When I say it was $62 worth of mail, I mean that the postage under the International Postal Union rates amounted to $62. How much do you suppose, Mr. President, they received for carrying that mail? They received $607,792.

Mr. LONG. Mr. President——

The PRESIDING OFFICER. Does the Senator from Tennessee yield to the Senator from Louisiana?

Mr. McKELLAR. I yield.

Mr. LONG. Does the Senator want to have the business of Latin America brought to the United States or not?

Mr. McKELLAR. I hope we can get it.

Mr. LONG. Does the Senator know if it had not been for the Government subsidy the trade between Latin America and the United States never would have been developed? We never would have been able to get it if it had not been for that Government subsidy. It is a question as to whether we want the trade of Latin America or not.

Mr. McKELLAR. We are paying pretty dearly for it.

Mr. LONG. Furthermore, I can tell the Senator that the Mississippi Shipping Co. has not made anything out of its operations even with the Government subsidy.

Mr. McKELLAR. If the Government would turn over to me $970,000 a year for 10 years, I think I could get along pretty well.

Mr. LONG. The Senator could not operate those ships even with a Government subsidy of $970,000. He could not last a month in the business at that rate.

Mr. McKELLAR. I now go to my friend from Florida. The Tampa-Interocean-New Orleans-Spain route appears next here. How much mail was carried last year on that route? They carried enough mail to earn, under the International Postal Union rate, the enormous sum of $20. They actually earned that much money! They would have carried that mail for any other Government for $20. How much did this particular company get for carrying it? It got $438,775. That is pretty good business. These may be hard times for some people in this country, but they are certainly not hard times for the shipping interests which are enjoying subsidies and subventions from the Federal Government.

By the way, while they are not refrigerated ships—Mr. Doswell said that no one else except his company had any such ships—they go to hot countries, and when it is desired to carry chickens and eggs for our soldiers in the next war, I can not imagine why this line should not be selected for that purpose.

The American-West African Line runs from New Orleans to West Africa. I have never been to Africa, but I understand it is quite hot there. If we are going to have a war there, as the Senator from New York thinks we may have some time in the future, it does seem to me that we might need refrigeration on steamers in order to carry eggs and chickens and fresh fruits for our soldiers when we send them over there.

How much mail did the ships of this line carry? They carried more than the Florida line; they carried $30 worth of mail. How much did they get for it? Here is shown an injustice done to Louisiana; an invidious distinction made between Florida and Louisiana, which ought to be corrected. The American-West African Line for carrying $30 worth of mail received only $89,820, while the Tampa Interocean Line carried less mail—only $20 worth—and received $438,775. That is a discrimination.

Let me say to the Senator from Florida that Louisiana ought to be put on the same basis with Florida when it comes to these subventions, these gratuities, these hand-outs which the American Government is giving to these rich companies while 8,000,000 of our people are without employment. The Senator from New York said that I am here defending myself about something. I am not here defending myself about anything. A shipping company does not mean anything to me.

Mr. BLAINE. Mr. President, will the Senator yield?

Mr. McKELLAR. I will yield in just a moment. I do, however, have the greatest consideration for the poor fellows who are walking the streets with nothing to do, whereas we are giving $35,000,000 to the great shipping companies, one of which, as I pointed out a while ago, boasted through its vice president that it was worth from two hundred million to two hundred and fifty million dollars, owed no debts, was paying dividends as usual, and had outstanding no bonds. Now I yield to the Senator from Wisconsin.

Mr. BLAINE. Mr. President, the Senator referred to the discrimination in the amount of the subsidy received as between the line from Florida and the line from Louisiana.

Mr. McKELLAR. Yes, sir.

Mr. BLAINE. May not that discrimination be explained in this way: That in the one case there was greater refrigeration space than in the other?

Mr. McKELLAR. Possibly that may explain it.

Now I want to call the attention of the Senator from California to a discrimination against his State. The O. & O. Navigation Co.—I think its name is the Oceanic & Oriental Navigation Co.—of San Francisco, running from San Francisco to Saigon, which is on the other side of the Pacific, in French Indo-China, carried $2,655 worth of mail—a tremendous amount of mail as compared with the mail carried by some of the other lines—and how much do Senators suppose they received for it? They received $300,210 for it. That is an outrageous discrimination against the line from California.

Mr. President, I have these figures before me, and they are all taken from official records. It will be remembered that the Senate in December adopted a resolution directing the Postmaster General to furnish these contracts to the Senate; they are here in printed form; and any Senator can see them and can verify what I have said about them; they are all here. In recapitulation let me say that the total payments under the contracts from the first voyages down to June 1, 1931, were $40,965,031; that the total transportation value of the mail under the International Postal Union rates was $3,667,614; and the amount of the subsidy, or the gratuity, was $37,297,417. I wish to say further that we find in this bill, if I remember aright, a recommended appropriation of $39,000,000 for this year for this service on these ships.

Mr. NORRIS. Mr. President——

The PRESIDING OFFICER. Does the Senator from Tennessee yield to the Senator from Nebraska?

Mr. McKELLAR. I yield.

Mr. NORRIS. I should like to ask the Senator if this bill should be recommitted to the committee with instructions to report it back with a 10 per cent reduction in the aggregate, what assurance he can give the Senate that the reductions will come out of the shipping contracts rather than out of the employees who are working for the Post Office Department as hired men and hired women?

Mr. McKELLAR. As a matter of fact, the Senate has already sent the Post Office and Treasury bill back to the committee with instructions to cut the appropriations it contains 10 per cent. The committee held meetings for several days, and then the meetings were discontinued. I can not say why. The Senator from Nevada, who is chairman of the subcommittee, can tell us why. I can only say that the Postmaster General seemed to think, according to his testimony before the committee, that it would be necessary to discharge employees. I do not think so. I want to say to the Senator that I think the subsidies ought to be cut out.

Mr. NORRIS. Of course that is so; but the danger is, is it not, that instead of cutting out the subsidies, the saving will be made by discharging a large number of employees and letting the subsidies remain?

Mr. McKELLAR. Oh, no; that can not be done. The Postmaster General has no authority to discharge employees unless Congress directs him to do so. Congress has the power in the premises.

Mr. NORRIS. Yes; but the Post Office authorities have already said that that is what they will do, have they not?

Mr. McKELLAR. The Postmaster General has said that the reduction would necessitate the discharge of 36,000 employees. He does not want to cut off any of the subsidies, of course.

Mr. NORRIS. Of course not.

Mr. McKELLAR. His plan is to discharge the employees. He says it will require the discharge of 36,000. My good friend from Nevada, the chairman of the subcommittee [Mr. ODDIE], went him one better yesterday—and that is why I happen to be on the floor to-day—and said that the Postmaster General is mistaken about it, and that a 10 per cent reduction is going to mean the discharge of 58,000 employees.

Mr. GLASS. Mr. President——

The PRESIDING OFFICER. Does the Senator from Tennessee yield to the Senator from Virginia?

Mr. McKELLAR. In just a moment. A 10 per cent reduction made along the line I am suggesting need have no

such result. That is the way it ought to be made, and there are plenty of other avenues for making reductions in the bill itself besides the three I have been talking about. There never was a better place to make reductions than in this appropriation bill; and yet we are confronted with the kind of a situation I have indicated. The Senator from Nebraska asks what I think about it. I still have a notion that the Senate of the United States is not going to cut off employees, but is going to make the reductions along the lines I have suggested.

Mr. NORRIS. I hope so, but what assurance would we have of that being done?

Mr. McKELLAR. Nothing in the world but a vote of this body.

Mr. NORRIS. Exactly; but the first vote is going to come in the committee; and suppose the committee reports the bill back in accordance with the recommendations of the Postmaster General?

Mr. McKELLAR. If it does, I hope the Senate will vote it down; and I will undertake to vote with the Senator from Nebraska and other Senators to vote it down if the bill shall be reported in accord with the recommendations of the Postmaster General. I do not think any such report ought to be made.

I want to say for the committee that it has acted with the utmost fairness in the case of the other bills which were recommitted with instructions to make the 10 per cent cut. Under that procedure we have had cuts made in bills affecting five departments. We have cut down the appropriations in the Interior Department bill and in the bill affecting the Departments of State, Justice, Commerce, and Labor. In bills affecting five departments the 10 per cent reduction has been made. It was fairly made, squarely made after examining every item, and I do not think any harm has been done at all. I hope to see the same thing done in the case of the Post Office and Treasury Departments bill. Why should we make distinctions between the Post Office and Treasury bill and the bills affecting the five departments I have mentioned? I do not think we ought to do it, and I do not think we will do it.

The Senator from Virginia asked to interrupt me a while ago, and I now yield to him.

Mr. GLASS. It was so long ago that I have almost forgotten the particular point. As I recall the incident, however, I wanted to respond to an inquiry made by the Senator from Nebraska.

Mr. McKELLAR. I will be happy to have the Senator do so.

Mr. GLASS. The Senator from Tennessee will recall that the Secretary of the Treasury was before the Appropriations Committee and in a qualified way he referred to the Senate's brutality in compelling him to dismiss 6,000 employees of the Treasury Department under the 10 per cent reduction. I challenged the Secretary of the Treasury to show one word or sentence in the resolution of the Senate that required him to discharge a single, solitary employee. What had been expected was that the Secretary of the Treasury and the Postmaster General would cooperate with the Committee on Appropriations in making reductions in these appropriations without the discharge of a single employee, and that could be done.

Mr. NORRIS. Mr. President, if the Senator from Tennessee will permit me——

Mr. McKELLAR. I will yield in just a moment. I want to say that the Senator from Virginia is absolutely right in his recollection of what transpired before the committee. We have not had any cooperation from any of the Cabinet officers; they have all opposed these reductions; they have all put their opposition on the ground that it affected employees, when it does not affect employees.

By the way, while I am on my feet and before I yield to the Senator from Nebraska, as I will with pleasure in just a moment, I want to say that the Secretary of the Treasury, as I recall, made one very valuable suggestion. It will be remembered that the Senate itself in sending the Treasury and Post Office bill back to the committee excepted the building program. It developed that the appropriation provided by this bill for buildings was $108,000,000. It also developed that up to April 1 of this year, under the greatest pressure, the department had spent only $60,000,000 for buildings, and it expected to spend some $25,000,000 more—I doubt if they will spend $20,000,000 more—during the last three months of the present fiscal year. However, suppose they do spend $25,000,000 more or what they expect to spend; that will amount to $85,000,000 expended this year under the greatest pressure. They have been able to spend but $85,000,000; and yet they are recommending that we appropriate out of money in the Treasury which we have not got $108,000,000, and the Senate——

Mr. LONG. Mr. President——

Mr. McKELLAR. Just a moment. And the Senate agreed to that and accepted it. I am inclined to think the Secretary of the Treasury is right and that we could easily save not less than $15,000,000, at any rate, and have an even greater building program carried on than has been carried on during the current year. I am inclined to think that the Senate made a mistake in excepting the building program. I do not believe the department can spend $108,000,000 if we give it to them; I doubt it. Mr. Mills took that position, and I for one am inclined to agree with him. So we may have an amendment about that before we get through. Now I yield to the Senator from Louisiana.

Mr. LONG. The Senator said something which perhaps he wanted me to notice, although I do not think it is very material.

Mr. McKELLAR. Perhaps not.

Mr. LONG. The point I want to make is this: If the American merchant marine can not be maintained except under these subsidies, the question is whether we should or should not maintain an American merchant marine. Is it not a fact that practically all the ships in the American merchant marine plying between the United States and South American and Central American ports are to-day flying the flags of foreign countries, with the sole exception of those having Shipping Board contracts and those operating the so-called subsidies, which the Senator is mentioning?

Mr. McKELLAR. The Senator is not correct about that. For instance, the Munson Line has more foreign-flag ships than American-flag ships, and it is drawing its portion of the subsidy. It came before our committee fighting an amendment put on by the House to the effect that a subsidy should not be granted to any company which had a foreign-flag ship running in competition with an American-flag ship. Do you know that that amendment is being fought? The fact that one of these companies is drawing a subsidy from our Treasury, and operating more foreign-flag ships than American-flag ships, does not seem to have made any difference. They are here fighting the provision. Their officials came before us fighting for the subsidy.

Mr. LONG. I do not think the Senator understood my question.

Mr. McKELLAR. I am sorry.

Mr. LONG. I am not speaking about the Munson Line having foreign-flag ships and domestic-flag ships; but the concern that the Senator mentioned, running from New Orleans, for instance, does not fly a foreign flag.

Mr. McKELLAR. The Mississippi Valley Co.—and, by the way, I think that was a very improvident contract, but the Senator was not in the Senate at the time—the Mississippi Valley Co. is one of the few shipping companies that apparently have good contracts. The Congress awarded that contract over the head of the department, and the result is that the company probably got a valid contract; but it is a very improvident contract, and one that never should have been made.

Mr. WHITE. Mr. President, will the Senator yield?

Mr. McKELLAR. I yield to the Senator from Maine.

Mr. WHITE. The Senator's approval of appropriations for construction work leads me to interject that under the merchant marine act of 1928 there has already been contracted for the construction in American yards of ships which will cost more than $300,000,000. That sum will be paid out in American shipyards to American workingmen for building American ships—a substantial contribution to the cause which seemingly is near the Senator's heart.

Mr. McKELLAR. All that means is that the Government has contributed $225,000,000 of that amount.

Mr. WHITE. Oh, no!

Mr. McKELLAR. Oh, yes; because all these shipping concerns that want it get three-fourths of the money from the Government. All they have to do is to apply for it, apparently.

Mr. WHITE. They borrow it from the Government and are liable for its repayment.

Mr. McKELLAR. Of course they borrow it from the Government; and I have my doubts about whether it will ever be paid back.

Mr. WHITE. The Government takes back mortgages on the ships, and such additional security as the Government demands; and there have been no losses.

Mr. McKELLAR. The Senator is mistaken about it. There has been no additional security in the case of any of the contracts; and everybody knows that after a ship gets in the water it is not worth three-fourths of its building price.

Mr. BORAH. Mr. President——

Mr. McKELLAR. I yield to the Senator from Idaho. I want to apologize to the Senate for having taken so long. I intended merely to put these things in the RECORD in refutation of the statements given out by the Postmaster General and the chairman of the subcommittee having the bill in charge, as I thought. I believed them to be a refutation of their statements. I may be mistaken, and they may be right; but I thought they were wrong, and that is all I rose for. Various questions have brought on this argument, however; and I thought I would let the Senate know what I happened to know about the matter.

Mr. BORAH. Mr. President——

Mr. McKELLAR. I yield to the Senator from Idaho.

Mr. BORAH. I listened to the radio address of the able Senator from Nevada [Mr. ODDIE] about the effect of this 10 per cent cut with reference to discharging employees, and I must say I was impressed with the idea that we had made a mistake.

Mr. McKELLAR. Naturally so.

Mr. BORAH. I do not see how the 10 per cent can be taken off these subsidy contracts, because they are contracts.

Mr. McKELLAR. Oh, no; the so-called contracts are void.

Mr. BORAH. But somebody has to declare them void.

Mr. McKELLAR. We are going to invite the companies to go before the courts, of course, so that whatever rights they have can be adjudicated.

Mr. BORAH. Yes; I know; but can that be done in time to save the employees from being discharged?

Mr. McKELLAR. Why, we are not going to discharge employees if these contracts are taken away. What is the necessity of it? Here are $35,000,000 in subsidies paid to shipping companies. Here are $10,000,000 paid under contracts to the air mail companies. Here are $25,000,000 paid to the magazine owners for transporting their magazines through the mails. That is $70,000,000. That is 10 per cent of the $700,000,000 that it costs to run the Post Office Department.

Mr. BORAH. Are not all of those sums paid under contract?

Mr. McKELLAR. Oh, no; they are just paid in money. It may possibly take some clerk in the department a little time to attend to the matter. I imagine there would not be half a dozen employees engaged in turning over this money to the contractors.

Mr. BORAH. Do I understand that the payments that are promised are under such contracts that the Postmaster General could at his own discretion discontinue them?

Mr. McKELLAR. I am not sure but that he could do that. I know he could in the case of the air mail contracts, and I am inclined to believe he could in the case of the others. The Comptroller General is examining into the matter now; and if he were called on to testify I do not see how he could do otherwise, after examining the contracts, than to say that they are void, and that we ought not to pay out this money anyway. That would carry the matter to the courts, and the shipping companies would be obliged to go to the courts in the case of 39 out of the 44 contracts.

Mr. GLASS. Mr. President——

The PRESIDING OFFICER. Does the Senator from Tennessee yield to the Senator from Virginia?

Mr. McKELLAR. I yield.

Mr. GLASS. As a matter of fact, the Secretary of the Treasury, before the Appropriations Committee, unqualifiedly censured this body. He then proceeded to make suggestions that would enable the Treasury Department to make this 10 per cent cut without the discharge of a single employee.

I resent for myself, and I think the Senate should resent, the attempt to make it appear that this body brutally and arbitrarily imposed upon these two departments the duty of discharging in one instance 58,000 employees, and in the other instance 6,000 employees. I gather from what the Senator from Idaho said a moment ago that he had no such idea in voting for this 10 per cent reduction.

Mr. McKELLAR. Of course not.

Mr. GLASS. Certainly I had no such idea; and I do not believe a single, solitary Senator here was so unmindful of the situation as to propose to make a brutal discharge of this number of employees. It is not necessary.

Mr. BORAH. Mr. President——

Mr. McKELLAR. Before I yield further to the Senator from Idaho, which I shall be glad to do in just a moment, I want to make a statement about one of the most remarkable things that has happened to me in my public life, and I have been here quite a good long while.

The Secretary of the Treasury came before our committee Friday afternoon a week ago, and in the course of his remarks stated how he could assist in making this reduction. He said, "I have a way in which part of it can be made." Mind you, these two bills involved over a billion dollars. He said, "I will tell you how you can save $500,000 if you will just abolish one of the customs offices in Los Angeles," I believe, "one in Nevada, one in Nebraska, one in Louisiana, one in Florida, one or two in Texas." I do not think he sought to abolish any in Massachusetts, but he suggested abolishing one in Maryland, one in Virginia, one in South Carolina, one in Louisiana. I believe there was one in South Dakota, too. These collectors of customs in the various States cost the Government about $500,000.

I take it that the Secretary made that recommendation in good faith; and, strange to say, I never asked him a question about it. I have looked at the record since, to be absolutely sure whether I did or not. It is a wonder I did not.

Mr. GLASS. Mr. President, perhaps the Senator wanted to find out whether or not it was proposed to abolish any in Tennessee. [Laughter.]

Mr. McKELLAR. Oh, I failed to say that he did propose to abolish one in Tennessee; but even that did not bring a comment from me, as I find from the record.

That was in the afternoon. Either that night or perhaps before daylight the next morning somebody from Memphis called me up and said, "Look here. We have just been notified by the Treasury Department that you have introduced a bill to abolish the office of collector of customs in Memphis." Think of it!

Mr. BORAH. The Senator got caught. [Laughter.]

Mr. McKELLAR. I got caught. I did not make a recommendation about it. The Secretary of the Treasury made the recommendation, but the propaganda went out. They were building a fire under me. [Laughter.] That is what they thought. That was the purpose of it, of course. That was the purpose of giving out the statement that there are going to be 36,000 postal employees discharged. Why, just let me show you. Look at this—and, by the way, I again request that this matter be inserted in the RECORD at the end of my remarks.

The PRESIDING OFFICER. Without objection, the data referred to by the Senator from Tennessee will be inserted in the RECORD at the end of his remarks.

(See Exhibits A and B.)

Mr. McKELLAR. Here is a statement made by the Postmaster General, given out over the radio by the Senator from Nevada [Mr. ODDIE], as to what will happen if the 10 per cent reduction is put on this bill along the lines we have been talking about here, or any other lines. The first State is Alabama. There is nobody here from Alabama at the moment, so I will not read it. Let me find Nebraska.

In Nebraska 18 assistant postmasters will lose their jobs, 109 clerks, 203 city carriers, 11 village carriers, 40 railway postal clerks, 3 vehicle employees, and 199 rural carriers. One hundred and ninety-nine rural routes will be consolidated and 224 rural routes will be reduced to triweekly service. The Senator from Nebraska will be getting more letters and telegrams from postal employees in his State two days after this statement reaches Nebraska than he has received in a long time.

In the case of the Senator from Idaho his mail will be delayed a little longer, because it takes a little longer for the news to get to Idaho; but every Senator here is going to be appealed to by postal employees in every State in this Union. Why? Because of the outrageous propaganda that is being put out by the department. The Post Office Department is putting out this propaganda that the purpose of this reduction is to cut off employees and not to reduce expenditures, such as we have been talking about here this afternoon.

I think it is the duty of the Senate to legislate for the benefit of the people and to cut down these subsidies and let these poor people who are getting small salaries go on drawing their salaries as usual. The idea of taking away, as is proposed here, the pitifully small salaries that now are paid and allowing a concern like the United Fruit Co., with $200,000,000 of assets, without any lien or mortgage on it at all, to receive a gratuity of $1,200,000 from the Government! Senators, if we do that we are unworthy, as it seems to me, to legislate for the American people.

Mr. BLAINE. Mr. President——

Mr. McKELLAR. I yield to the Senator from Wisconsin.

Mr. BLAINE. I assume from what the Senator has stated that he is not in favor of cutting 10 per cent off the appropriation for salaries.

Mr. McKELLAR. Why, no. There is no proposal in the 10 per cent reduction to do that at all. Whatever of that kind comes up is purely incidental. There is a bill pending over in the House that seeks to deal with the question of cutting salaries. We are not undertaking to deal with it. What we are trying to do—what I am trying to do, and what the Senators who have so splendidly helped me in the past are trying to do—is to cut down these wasteful, indefensible expenditures of our Government, sometimes for purposes that are improper.

Mr. BLAINE. Mr. President, will the Senator yield for another question?

Mr. GLASS. Mr. President, may I suggest to the Senator from Wisconsin that even if the reduction did involve a 10 per cent cut in salaries, to which I am opposed, that would not necessitate the discharge of all these employees.

Mr. McKELLAR. Of course, it would not.

Mr. GLASS. A man would rather have his wages cut 10 per cent than lose his job. So that the brutality in this whole thing rests upon the department officials who are seeking to impute something to the Senate which the Senate never attempted to do. So far as I am concerned, I would be willing to modify the resolution and instruct the Committee on Appropriations to preclude from the operation of the reduction all of the employees.

Mr. McKELLAR. I think the committee is going to do that anyway. I hope it will. I want to say again for the committee, that while a majority of the committee has not agreed with me in these matters, they have lived up to the directions of the Senate like men, and I honor them and respect them for it. They are good men.

Mr. BLAINE. Mr. President, will the Senator yield to me?

Mr. McKELLAR. I yield.

Mr. BLAINE. Another item which the Senator has not mentioned, and I assume it has not been called keenly to the attention of the Committee on Appropriations, is with respect to the larger leases for postal service, for instance, the leases which call for $6,000 annual rental.

The Senator will recall that I made some remarks on the floor of the Senate a few days ago pointing out that those leases totaled, in round numbers, $6,000,000 a year. I made the proposal that the Government construct and own the essential post-office facilities, and that the amount necessary to meet the cost of construction could be raised by a bond issue, the same as a municipality or a county raises money by a bond issue for permanent improvements. That would not mean immediately a $6,000,000 saving, but it would mean such a saving within a very few years.

Mr. McKELLAR. Mr. President, I want to say that, in my judgment, the Senator from Wisconsin has done a wonderful work in his examination of that particular matter. I have no doubt in the world, from the cursory examination I have given to the matter, that great sums have been wasted in these rental contracts. A system ought to be devised along the line the Senator suggests. The matter has not come before the committee, although I am quite sure that is one of the items on which a saving can be made, for the reason that rents are infinitely cheaper to-day than they have been in many years, everywhere except perhaps in Washington. I know that what little property I have is largely in real estate, and I doubt whether I am getting enough in the way of rents to pay the taxes on that real estate. I am quite sure that very large savings can be made by the Government in its rental of post offices.

Mr. President, I ask that there may be published at the end of my remarks the figures about which my good friend the Senator from Nevada [Mr. ODDIE] talked yesterday and put into the hands of all the newspapers of the country. I think they ought to go into the RECORD, if they have not already done so.

I want to add this very valuable comparison of payments made under ocean mail contracts.

I earnestly ask that Senators give this matter their attention. It is a matter involving at least $100,000,000 to this Government. I hope they will give it enough attention tomorrow morning so that they may be informed about the true facts.

I have taken a great deal longer than I intended. I should never have spoken this long, but under the circumstances I am quite sure the Senate will forgive me.

The matters referred to by the Senator from Tennessee were ordered to be printed in the RECORD, as follows:

EXHIBIT A

MAY 1, 1932.

Memorandum to correspondents.

For your information I am sending you a tabulation made by the Post Office Department showing, by States, the number of postal employees whom it will be necessary to dismiss in the event the Senate adheres to its recent decision and compels a 10 per cent reduction in the appropriation for the Post Office Department. It is my purpose, in the near future, to ask the Senate to reconsider this order.

The department points out that for each consolidation of two rural routes one carrier must be dismissed; in an even larger number of instances rural service would necessarily be curtailed from daily to three times a week.

In the large cities the department advises me that carrier service in the business sections would be reduced from four to two deliveries daily; in the residential districts a 10 per cent cut in appropriation would reduce deliveries from two to one each day. In many small villages carrier delivery would be dispensed with and patrons would be forced back to the old custom of getting their mail at the post office. The number of railway mail clerks to be dispensed with is also shown.

Inasmuch as the appropriations for the Treasury and Post Office Departments are combined in one bill, and both are covered by the order for a 10 per cent cut, I invite your attention to tables appearing on page 8951 of the CONGRESSIONAL RECORD of April 26.

TASKER L. ODDIE,
Chairman Subcommitte on the Treasury-Post Office Appropriation Bill.

State	Assistant postmasters	Clerks	City carriers	Village carriers	Railway postal clerks	Vehicle employees	Rural carriers	Rural routes consolidated	Rural routes reduced to triweekly service
Alabama	11	70	131	44	22	1	200	200	225
Arizona	4	23	42	1	1	------	7	7	8
Arkansas	9	53	98	19	27	------	140	140	156
California	92	565	1,050	14	51	17	98	98	111
Colorado	16	100	186	5	26	3	58	58	65
Connecticut	25	157	291	11	20	3	51	51	57
Delaware	3	18	33	10	6	1	19	19	21
District of Columbia	------	91	169	------	36	8	1	1	1
Florida	14	85	158	8	27	3	53	53	59
Georgia	22	138	256	52	60	4	279	279	316
Hawaii	2	12	22	------	------	------	------	------	------
Idaho	4	23	42	------	5	------	40	40	45
Illinois	181	1,091	2,028	77	195	48	466	466	525
Indiana	36	223	414	44	80	5	314	314	355
Iowa	32	196	365	25	75	2	389	389	438
Kansas	19	116	215	29	40	1	318	318	360
Kentucky	16	98	182	26	40	3	176	176	200
Louisiana	13	79	147	9	16	------	65	65	73
Maine	10	59	111	17	20	2	94	94	105
Maryland	20	122	227	13	21	7	74	74	84
Massachusetts	70	433	805	12	80	25	57	57	64
Michigan	55	337	626	34	45	12	310	310	349
Minnesota	41	254	471	9	90	8	304	304	343
Mississippi	7	44	81	7	14	------	176	176	200
Missouri	67	413	768	52	135	17	402	402	454
Montana	6	36	66	------	10	------	24	24	27
Nebraska	18	109	203	11	40	3	199	199	224
Nevada	1	8	15	------	1	------	1	1	1
New Hampshire	5	34	63	6	7	------	48	48	54
New Jersey	48	295	549	36	57	5	57	47	64
New Mexico	4	23	42	------	7	------	9	9	10
New York	299	1,790	3,331	44	235	73	348	348	392
North Carolina	17	102	190	17	22	1	239	239	270
North Dakota	7	41	76	2	15	------	142	142	160
Ohio	97	599	1,112	77	150	28	441	441	497
Oklahoma	17	105	195	18	11	------	220	220	249
Oregon	13	80	149	7	18	------	50	50	56
Pennsylvania	121	728	1,354	106	170	42	388	388	437
Porto Rico	1	8	15	4	------	------	------	------	------
Rhode Island	8	49	90	8	6	2	8	8	9
South Carolina	5	31	57	37	12	1	149	149	169
South Dakota	7	41	76	6	8	------	124	124	139
Tennessee	19	120	223	29	60	5	294	294	331
Texas	49	302	562	12	75	4	409	409	442
Utah	5	34	63	16	19	------	12	12	13
Vermont	4	26	48	7	9	------	64	64	72
Virginia	19	117	217	11	40	6	203	203	229
Washington	21	129	239	3	32	------	76	76	85
West Virginia	11	67	125	14	18	------	85	85	95
Wisconsin	36	221	411	19	40	4	315	315	356
Wyoming	2	15	28	------	6	------	4	4	5

EXHIBIT B

Comparison of payments made under ocean mail contracts (Title IV, merchant marine act, 1928) with the normal transportation value of the mail in fact carried

(Compiled by John Nicolson from data furnished by the Postmaster General to the U. S. Senate, in response to Senate Resolution 85 (S. Doc. No. 69), April 30, 1932)

[Based on International Postal Union rates]

Mail route No.	Names of line and terminal ports of routes	Date service began	Total payments under these ocean mail contracts to June 30, 1932	Commercial value of the transportation (I. P. U. rates)	Excess of contract payments over commercial value	See S. Doc. No. 69
						Page
4	Munson Line, New York and Buenos Aires	Aug. 1, 1928	$3,679,132	$239,718	$3,439,414	408
5	Export Steamship Co., New York and Mediterranean ports	Aug. 20, 1928	3,856,403	89,697	3,766,706	411
6	American-South Africa Line, New York and East African ports	Oct. 27, 1928	782,692	43,237	739,455	421
8	Grace Steamship Co., New York and Chili	Aug. 2, 1928	2,676,706	374,634	2,302,072	422
10	New York & Porto Rico Steamship Co., San Juan, P. R., and Santo Domingo	Dec. 3, 1928	132,312	12,720	119,592	425
15	Eastern Steamship Lines, Boston and Yarmouth, Nova Scotia	Aug. 16, 1928	648,432	9,246	639,186	429
16	American-Scantic Line, New York and Baltic area	Oct. 1, 1928	1,618,941	246,647	1,372,294	442
17	American-West Africa Line, New York and Capetown, South Africa	----do----	796,557	10,294	786,263	446
18	Atlantic & Caribbean Steam Navigation Co., New York and Maracaibo, Venezuela	Oct. 3, 1928	1,025,017	175,358	849,659	448
19	Colombian Steamship Co., New York and Colombia, South America	Apr. 2, 1930	334,182	56,050	278,132	452
20	New York & Cuba Mail Steampship Co., New York and Habana, Cuba	Oct. 6, 1928	1,461,152	99,416	1,361,736	454
21	New York and Cuba Mail Steamship Co., New York and Vera Cruz, Mexico	Oct. 4, 1928	1,153,724	28,507	1,125,217	459
22	Gulf Mail Steamship Co., New Orleans and Progreso, Mexico	June 1, 1929	48,548	4,735	43,813	463
23	Lykes Bros. Steamship Co., Galveston and San Domingo	Oct. 1, 1928	789,258	665	788,593	465
24	Oceanic Steamship Co., San Francisco and Australia	Oct. 18, 1928	1,915,625	675,951	1,239,675	470
25	Dollar Steamship Lines, San Francisco and Manila, P. I.	Oct. 12, 1928	3,517,944	410,074	3,107,870	472
26	Admiral Oriental Line, Seattle and Manila	Oct. 6, 1928	2,965,098	699,092	2,266,006	474
27	Dollar Steamship Lines, San Francisco and Ceylon	Oct. 5, 1928	3,156,770	123,344	3,033,426	476
28	States Steamship Co., Portland and Manila	Oct. 15, 1928	1,098,735	11,275	1,087,460	478
29	States Steamship Co., Portland and Dairen	Oct. 5, 1928	537,950	6,162	531,788	480
30	Oceanic & Oriental Navigation Co., Los Angeles and New Zealand	Oct. 1, 1928	480,930	12,367	468,563	481
31	Oceanic & Oriental Navigation Co., Los Angeles and Melbourne	Oct. 11, 1928	580,140	11,181	568,959	483
32	American Line Steamship Co., New York and Balboa	Apr. 1, 1929	885,280	52,353	832,927	484
33	South Atlantic Steamship Co., Savannah and Bremen	Jan. 5, 1929	917,169	75	917,094	487
34	Pacific Argentine-Brazil Line, San Francisco and Buenos Aires	------	759,036	274	758,762	490
35	Mississippi Shipping Co., New Orleans and Brazil	------	607,792	62	607,730	491
36	Tacoma-Oriental Steamship Co., Tacoma and Manila	Aug. 1, 1929	666,384	1,901	664,483	493
37	Panama Mail Steamship Co., San Francisco and Habana	July 12, 1930	443,152	1,821	441,331	495
38	Grace Steamship Co., Tacoma and Chile	July 11, 1930	238,500	329	238,171	496
39	United Fruit Co., San Francisco and Armurellas	July 3, 1930	392,860	3,248	389,612	497
40	United Fruit Co., New York, Habana, and Port Limon	(1)	(1)	(1)	(1)	7
41	United Fruit Co., New Orleans, Habana, Cristobal, Cartagena	(1)	(1)	(1)	(1)	8
42	United States Lines (canceled)	(2)	(2)	(2)	(2)	8
43	United States Lines, New York, Plymouth, and Hamburg	Mar. 4, 1931	490,248	141,421	348,827	499
44	United States Lines, New York and London	Apr. 24, 1930	1,254,906	118,763	1,136,143	500
45	Tampa-Inter Ocean, New Orleans and Spain	July 1, 1930	438,775	20	438,755	502
46	Roosevelt Steamship Co., Baltimore and Hamburg	July 1, 1931	(3)	(3)	(3)	9
47	America West Africa Line, New Orleans and West Africa	July 19, 1930	89,820	30	89,790	503
48	Oceanic & Oriental Navigation Co., San Francisco and Dairen	July 3, 1930	224,650	4,292	220,358	504
49	Oceanic & Oriental Navigation Co., San Francisco and Saigon	July 2, 1930	300,210	2,655	297,555	505
	Total	------	40,965,031	3,667,614	37,297,417	------

[1] Subsequent to June 30, 1931. This compilation is as of June 30, 1931, and effective date of contracts is Mar. 21, 1932. The initial fleet and schedule will require annual payments of not less than $247,600 for No. 40, and not less than $245,750 for No. 41.

[2] This contract was canceled before its effective date. (S. Doc. No. 69, p. 8.)

[3] Effective date subsequent to June 30, 1931. The initial fleet and schedules will require annual payments exceeding $1,223,000.

	Steamship line	Effective date of contract	Annual payment for initial fleet and schedules will exceed—	
52	Eastern Steamship Lines: New York to Yarmouth, Nova Scotia; Boston to St. John, New Brunswick.	May 1, 1932	$300,000	9
53	American Diamond Lines: North Atlantic to North Europe.	Oct. 1, 1931	520,000	10
54	Waterman Steamship Corporation: Gulf to North Europe.	do	650,000	10
55	Gulf Pacific Mail Line: Seattle and Tampico.	do	150,000	10
56	Seatrain Lines: New Orleans to Habana.	After Jan. 1, 1932, and before Oct. 31, 1932.	120,000	11

NOTE.—First voyages all subsequent to June 30, 1931.

RECAPITULATION

I. Total payments under the contracts from the first voyages, respectively, to June 30, 1931 ..... $40,965,031

II. Total transportation value of the mail in fact carried, computed at the rates prescribed by the International Postal Union 3,667,614

III. Excess of the payments actually made, over the commercial value of the transportation service performed 37,297,417

IV. Services since effective: Contracts for mail routes Nos. 40, 41, 46, 52, 53, 54, 55, and 56, listed above, have become effective since June 30, 1931, the date to which this compilation relates. The total annual payments thereunder, on the basis of the initial fleets and minimum schedules, will aggregate more than $3,450,000 annually, in addition to the foregoing.

NOTE.—The United States pays American vessels not having these ocean mail contracts a higher rate than the International Postal Union rates; but the excess over the International Postal Union rates is itself a subsidy, hence this comparison is made with the International Postal Union rates, for otherwise the comparison would not reveal the excess over true values.—J. N.

Mr. FLETCHER. Mr. President, I want to take a few minutes to discuss somewhat the matter of the merchant marine. I am particularly interested in that, and I do not want to see this great country of ours deprived of an adequate merchant marine to serve the country in commerce overseas, to provide for emergencies, such as we have contemplated, and, in so far as this measure affects the merchant marine, I want to submit a few observations.

I do not know that the measure really does reach the merchant marine, except indirectly. If these foreign mail contracts are laid to one side, then we will find ourselves in the position where some people who have purchased ships from the United States Shipping Board will be unable to carry on under their contracts, and will probably have to surrender those ships and get out of the business. Others who are contemplating the purchase of ships owned by the Government will not be able to carry through their efforts in that direction, and we will find the Government still operating certain ships at considerable loss.

There has been a deficit year after year on account of ship operations. This bill does not ask for any appropriations for the Fleet Corporation at all. They are asking for nothing. It does not provide for a dollar of appropriations. They have sufficient to take care of the deficit if any arises this year from the operation of ships. There is no provision here for the Shipping Board, except for their ordinary administrative expenses. So that the appropriation does not affect the Shipping Board or the Emergency Fleet Corporation.

When we come to the question of canceling the ocean mail contracts, then that will affect subsequently the disposition of ships now owned by the Government and the contracts which are now in existence.

We are in this situation: The Government of the United States now owns 357 ships. The number in actual operation to-day is 115. The number available for sale for operation is 167. The number in lay up, to be sold for scrap, is 75.

That is the situation with our shipping. Certain consolidations are proposed and are now under way, and I think they will be accomplished. When those consolidations are finished the Shipping Board will have five lines in operation, as follows:

America France Line, from New York, Philadelphia, Baltimore, and Hampton Roads to French ports.

The Gulf Lines, from the Gulf ports to the Orient, United Kingdom, and continental ports.

The American Hampton Roads Line, from Philadelphia, Baltimore, Hampton Roads, and Boston to the United Kingdom, Hamburg, and Bremen.

The American Republics Line, from Boston, New York, Philadelphia, Hampton Roads, Savannah, and Jacksonville to the east coast of South America.

The American Pioneer Line, from Boston, New York, Philadelphia, Norfolk, and Hampton Roads to Australia, the Orient, and India.

It is important for us to keep these services going, important for our trade, our commerce, and the general welfare of the country.

The effort has been for the Shipping Board to get out of this business and turn it over to private enterprise. They have sold quite a number of ships and a number of lines.

The Senator referred to the Tampa Interocean Line. The Tampa Interocean Co. was an operating company for the Shipping Board, operating a number of ships out of the Gulf to foreign countries. The business was not there. A good deal of money was spent in developing the business, and there were deficits occasioned in the operation of those ships. Finally, partly persuaded by the Shipping Board, induced by the Shipping Board, and under arrangements by reason of this ocean mail contract, this Tampa Interocean Co. was able to buy these ships and operate them at their own cost and expense.

A subsidy, if Senators want to call it that, a subvention, as some people more euphoniously speak of it, an ocean mail contract, enabled them to buy these ships, save the Government the cost of operating, the deficits that occurred year after year, and take care of the services at the same time. That is how that contract arose.

Mr. NORRIS. Mr. President, will the Senator yield to me?

Mr. FLETCHER. I yield.

Mr. NORRIS. I presume it will be conceded that if the Government keeps in operation all of the other activities of the Post Office Department, for instance, and is unable to levy taxes sufficient to pay the expenses for these additional things, there will be some things which the Government is obligated to do which it will be impossible to do. Why would it not be all right, assuming that we can not escape from these contracts, to apply the same principle to these subsidy contracts that has been applied and permitted by us with our debtors who owe us, and declare a moratorium?

Mr. FLETCHER. Mr. President, does the Senator mean for the Government to suspend all payments under these contracts?

Mr. NORRIS. Suspend payments, just as we have agreed that other nations should suspend payments when they are due us.

Mr. FLETCHER. It is just a question of whether the Government wants to abandon the conception, which I think was a very wise one, that it was our duty to establish and maintain an adequate merchant marine to serve our commerce, or lend it this assistance. They can scrap all these ships, which are costing something.

Mr. NORRIS. It is evident, it seems to me, that the Government, with its present income, is not able to keep all of these activities going. They must either declare a moratorium, as far as the post-office activities are concerned in the country, or they must cut these payments they are making to these shipping lines. At least, it seems to me it would not be unfair to apply the same principle to these shipping concerns that our foreign debtors have applied to us, and simply say, "We have not the money. We can not raise it." Rather than to discharge employees drawing several hundred thousand dollars in salaries in the Post Office Department in our own country, and thus kill it, why not declare a moratorium on these subsidies?

Mr. FLETCHER. It would tie up these ships, and if the ships are unable to run, then of course it will be necessary to discharge a number of seamen and officers.

Mr. McKELLAR. Mr. President, will the Senator yield?

Mr. FLETCHER. I would like to hurry on; but I yield.

Mr. McKELLAR. Let me ask about the contract to which the Senator has referred. That was with a Government-owned line running out of Tampa.

Mr. FLETCHER. Yes.

Mr. McKELLAR. The operators of the line entered into a contract to buy that line at about one-sixteenth of the cost of the ships. They made that contract with the Shipping Board.

Mr. FLETCHER. I understand that.

Mr. McKELLAR. Then at the same time, after getting a tremendous subvention, or subsidy, in the price of the ships, they went before the Postmaster General and got a contract.

Mr. FLETCHER. Yes.

Mr. McKELLAR. And they got it in this way. Under the advertisement they started the line to run under the contract so quickly that no other line on the seas could bid on it except this particular line. That is what happened.

Mr. FLETCHER. How many ships were in that line?

Mr. McKELLAR. I do not remember.

Mr. FLETCHER. The Government was losing money on these ships year after year. The cost of operation far exceeded the revenue from the earnings of the ships. So the Government unloaded an unprofitable business on these purchasers. There is no doubt about that. I assume, taking all the circumstances together, that the purchasers figured and understood that they were to get a foreign mail contract. Otherwise they never would have bought the ships at all. I expect that was all understood when the trade was made. They would not otherwise have bought the ships, because they were losing money operating them for the Government, and they had to have something to offset the loss, which they conceived an ocean mail contract would provide. That is how the transaction went through. Out of $18,000,000 of contracts made throughout the country for foreign mail service this is the only contract in the Gulf.

Mr. NORRIS. Mr. President, will the Senator yield further?

The PRESIDING OFFICER (Mr. ROBINSON of Indiana in the chair). Does the Senator from Florida yield to the Senator from Nebraska?

Mr. FLETCHER. I yield.

Mr. NORRIS. Assuming now, which, of course, I do, that the Senator's figures are correct, that the figures given by the Senator from Tennessee are correct—and that is that the shipping company got the ships for one-sixteenth of their value——

Mr. FLETCHER. Oh, no; not of their value.

Mr. McKELLAR. Of their original cost.

Mr. FLETCHER. They could not sell them at all now at any figure.

Mr. NORRIS. Very well; so that the ships to a great extent were gifts, and assuming that they got enough money out of the Government to operate them and still could not make them pay and still made a financial failure of it, what excuse can be given for trying to operate them in the line at all?

Mr. FLETCHER. They are not making a financial failure at all. I did not say that. I said they would have incurred a loss year after year and month after month and day after day except for the ocean mail contracts. That enables them to even up, and they are going on and developing trade, sending our commerce to the Orient, to Africa, and to various points of the world.

Coming back now to the matter I was discussing, the America France Line made 52 voyages per year; the American Hampton Roads 58 voyages per year; the American Republics Line 44 voyages a year; Dixie Mediterranean Line, Southern States Line, American Gulf Orient Line, 205 voyages per year from the Gulf. The total of all services, the sale of which is contemplated, was 359 voyages per year.

The total out-of-pocket cost of the whole service is $5,010,456 per year. That is, the total cost, if the board continued to operate them, would be $6,669,148 per year. Continuing these lines would cost the Government $6,669,148 per annum. The total of the mail contracts for all these services and all these lines amounts to $4,175,463. In other words, there is a saving of $2,500,000 by letting the ocean mail contracts and letting these people operate the lines and relieving the Shipping Board of the cost of operation.

The question is whether we are willing to continue to burden the Government with the deficit in the cost of operating this service which could be offset by the ocean mail contracts and the Government could save over $2,000,000 a year, pay the contract, and have the service at the same time. That is the question to be considered. I do not want to see the service abandoned. I do not believe the country can afford to have the services abandoned notwithstanding exports and imports have fallen off. We have to go out for this business all over the world. We are in touch with all the nations and all the ports of the world. We must keep that up because some day we are going to extend our trade and increase our exports and imports.

Reference was made to the United Fruit Co., a rich company which has mail contracts. What is the United Fruit Co. doing? The people who get contracts are required to maintain the line and replace the ships. The United Fruit Co. is to-day building 6 magnificent ships in American yards for their service, 3 at Hampton Roads and 3 in northern yards. They are actually building those ships at costs running into millions of dollars, to be operated under our flag and engage in American commerce.

Some sport was attempted to be made about the matter of refrigeration. Refrigeration is necessary not merely for the ships but for our commerce, because they operate to Central and South American countries and carry fruit. We can not deliver fruit across the Atlantic Ocean—grapefruit, oranges, and so forth—without refrigeration.

Therefore it was specified in the plans for their ships that they should be equipped with refrigeration facilities in order to serve our trade and commerce, to do business with these people with whom we are seeking to do business. That is why the requirement is incorporated. It does not have anything to do with the mails, but in making the contract for carrying the mail we reserve the right to plan the ships, to design the ships—at least they must comply with standards laid down by the Navy and by the Shipping Board. That is one of the requirements which we exacted. We exacted the requirement that they must build the additional ships and that they must be built in American yards and operated under our flag. That is a part of the contract.

Mr. President, I ask to have inserted in the RECORD a letter from Mr. O'Connor, chairman of the Shipping Board, addressed to the Hon. EWIN L. DAVIS, a Member of the House, on April 18, 1932, and the statement to which I have referred.

There being no objection, the letter and statement were ordered to be printed in the RECORD, as follows:

APRIL 18, 1932.

Hon. EWIN L. DAVIS,
Chairman on Merchant Marine, Radio, and Fisheries, House of Representatives, Washington, D. C.

DEAR CHAIRMAN DAVIS: Referring to letter of April 16, 1932, regarding economies which can be effected by the Shipping Board and the Fleet Corporation, I beg to advise you that the board this morning ratified and approved the letter as delivered to you.

The board particularly desires to call your attention to an additional figure of saving which can be effected if all the lines are sold, amounting to $443,945. The board feels that the cost of mail pay first year for the Gulf lines as already calculated in Exhibit C of the April 16, 1932, letter is overstated by the figure just named, and therefore we can assure you that there will be an additional saving of $443,945 over and above that already shown in the April 16 statement.

This additional figure does not include the advantage to the Treasury of the 25 per cent down payment in cash which would accrue from the sale of the lines the first year. This cash would amount to $1,255,477.56.

To summarize: Whereas our letter of April 16 shows total savings by the board and Fleet Corporation of $2,305,240, we may go further and say that there will be in addition to that $443,945 and $1,255,477.56, making a total figure of economy through the retrenchment and sales program submitted, of $4,004,662.56.

Exhibit C of our letter of April 16, 1932, is resubmitted, showing revision in amount of mail pay for Gulf services and stating the sailings and figures of operation and mail pay as one consolidated line. You will note column headed "Total out-of-pocket cost." This figure is the amount the board would save in cash requirements were the respective lines sold, i. e., the amount inclusive of the lump-sum payments and the fleet overhead. The out-of-pocket cost does not include the non-cash items of depreciation and overhead.

Very truly yours, T. V. O'CONNOR, *Chairman.*

Financial results to Government from sale of Shipping Board Lines and award of mail contracts

Lines whose sale is contemplated	Voyages per year	Lump sum, all voyages	Merchant Fleet Corporation overhead [1]	Total out-of-pocket cost	Depreciation, 8 per cent	Interest, 3 per cent	Total cost continued Shipping Board operation	Total cost mail pay first year
America France Line (O. A. 1924)	52	$535,756	$114,916	$650,672	$115,872	$43,452	$809,996	$441,920
American Hampton Roads Line (includes Oriole & Yankee)	58	446,600	140,642	587,242	135,328	50,748	773,318	579,435
American Republics Line	44	396,000	146,909	542,909	133,384	50,019	726,312	654,108
Gulf services: Dixie Mediterranean Line, Dixie U. K. Line, Southern States Line, American Gulf Orient Line	205	2,495,000	734,613	3,229,613	821,752	308,157	4,359,522	2,500,000
Total all services, sale of which is contemplated	359	3,873,356	1,137,080	5,010,436	1,206,336	452,376	6,669,148	4,175,463
LINES WHOSE VESSELS CAN NOT BE SOLD BECAUSE THEIR MINIMUM PRICE AS FIXED BY LAW IS PROHIBITIVE								
American Pioneer Line:								
Australia	5	125,000						144,750
India	11	385,000						296,725
Orient	10	330,000						337,500
Total	26	840,000						
Excess repairs		150,000						
Total		990,000	165,910	1,155,910				778,975

[1] Estimated

Mr. ODDIE. Mr. President, on several occasions in the last two weeks I have discussed this matter somewhat in detail and I do not intend at this time to refer to it again at length. The Senator from Tennessee [Mr. MCKELLAR] has referred to a statement to which I have just given out publicity through the press, including a table showing the number of men in the Post Office Department who will have to be discharged in case the 10 per cent cut is carried into effect. The statement was by States. I asked the Post Office Department to give me the figures, and to break down the total figures into States. They have not volunteered this information. I have asked the Post Office Department to give me other information, which they have furnished, in relation to the effect of the 10 per cent cut. I have requested the Secretary of the Treasury to give me various forms of information, which has been furnished. They have not done this voluntarily.

The Senate instructed the Appropriations Committee to make a 10 per cent cut in the Treasury-Post Office appropriation bill. In making that 10 per cent cut somebody must be hurt. The Senate excluded the building program from the 10 per cent cut, and, in my opinion, acted wisely in so doing. Therefore it must fall on the balance of the bill. The 10 per cent cut must also fall on the Post Office Department appropriation. It becomes necessary under that order of the Senate to cut $80,000,000 from the Post Office appropriation. Where can this be done? The Senator from Tennessee states that it can be done by canceling the ocean mail contracts and the air mail contracts. I contend that that can not be done at this time. There are various forms of machinery provided by the Government for attending to matters of that kind, but the Appropriations Committee is not the organization to decide whether these contracts shall be cancelled or not. The canceling of the contracts means the repudiation by the Government of its definite and positive legal obligations, and I do not believe the Government is going to repudiate its contracts. If anything wrong is found in the contracts, there are ways of correcting them, and I would be in favor of righting them, of course.

Mr. President, the Post Office Department has stated plainly time and again that the only place the cut can be made is through reduction in the various services of the department. That means discharging employees. I have given out the statement to the public a number of times lately and, I hope, in a clear form. It will mean that tens of thousands of men and women will have to be discharged. I do not want to see this done, and that is the reason for my special activity in getting the question before the American people, so they can give their word that they do not want these faithful employees discharged and do not want to have the various branches of the Government service disorganized and crippled. They do not want these services to be curtailed and done away with, as they would have to be in many instances.

Mr. McKELLAR. Mr. President——

The PRESIDING OFFICER. Does the Senator from Nevada yield to the Senator from Tennessee?

Mr. ODDIE. I yield.

Mr. McKELLAR. Is it not true that the Post Office Department is consolidating rural routes in every part of the country to-day? Are they not engaged in the consolidation of rural routes all over the country?

Mr. ODDIE. I understand the Post Office Department is active in trying to make consolidations and to effect economies in that line wherever possible.

Mr. McKELLAR. Is it not true that whenever they consolidate rural routes it means throwing some employee out of employment?

Mr. ODDIE. That is true; and where it is not necessary that two lines exist and where they can consolidate them without doing any harm, that will be done. But this arbitrary wholesale demand on the Post Office Department to consolidate thousands of them, as they will have to do at once if the 10 per cent cut is carried through, is working a great hardship and will seriously curtail the services which the people in our cities and towns and on the farms are receiving to-day. We can not afford to make these wholesale drastic cuts in this manner now.

Mr. VANDENBERG. Mr. President, will the Senator yield for a question?

The PRESIDING OFFICER. Does the Senator from Nevada yield to the Senator from Michigan?

Mr. ODDIE. I yield.

Mr. VANDENBERG. Does the Senator think the Federal personnel should make any contribution of any nature to the deficit situation which we confront?

Mr. ODDIE. That goes to the question of wage reduction; and I do not propose to discuss that question at this time. I have not brought it into the discussion. I am discussing the question of the 10 per cent cut which the Senate has ordered in the appropriation bill.

Mr. VANDENBERG. The question in my mind is whether or not the 10 per cent cut to which the Senator addresses himself is not bound up in some degree with the economy program now being developed in the House, and whether it is possible for us to answer intelligently the Senator's ques-

tion until we know the answer to the question raised in the House.

Mr. ODDIE. There is a great deal of merit in what the Senator from Michigan has just suggested; but suppose, before the House has decided what shall be carried in the economy bill in regard to wage and salary reduction, the Senate should make an arbitrary 10 per cent cut in the bill now under discussion? Then we would have to readjust this bill with what had been done in the House economy program. I think there is a great deal in what the Senator has suggested. There should be more coordination between the House and the Senate in this matter. I think informal discussion among the leaders and those specially interested would help solve the problem. But if the Senate is to make the 10 per cent cut before the House and Senate have determined what will be carried in the economy program bill in regard to wages and salaries, I am afraid something unintelligent will result.

Mr. VANDENBERG. Can the Senator advise me whether all the Federal personnel in Washington has the benefit of a 30-day annual vacation with pay and 30 days' sick leave with pay?

Mr. ODDIE. My impression is that it does. It may be that I am wrong about it. I have not studied all the details of it.

Mr. VANDENBERG. Does the Senator think at that point there might not be some reasonable contribution which might be made to our program this year?

Mr. ODDIE. I have no doubt there might be some contributions made, but that is a matter which should be considered in connection with the economy bill.

Mr. VANDENBERG. I agree with the Senator respecting that.

Mr. ODDIE. I do not think it belongs in this particular bill.

The Senator from Virginia [Mr. GLASS] has commented on the action of the Secretary of the Treasury in regard to the Treasury appropriation bill, which is a part of the bill we are now discussing. The Secretary of the Treasury was requested to state where, in his opinion, this cut could be made with the least harm to the service. He pointed out that, in his opinion, the public-buildings program could be cut with less harm than would result from the discharge of employees; but the Senate has given its approval to the elimination of that suggestion, and I am very glad it has taken that course.

The only alternative open to the Secretary of the Treasury in that case was to state that personnel in his department must be discharged, because a large part of the appropriation goes to the payment of personnel. He stated that upwards of 6,000 employees in the Treasury Department would have to be discharged if the 10 per cent cut were made. I have pointed out where harm would come from that wholesale discharge. I have shown that the Government will lose in revenue many times the amount of the cut if it shall be made.

The Secretary of the Treasury pointed out that one method of applying the cut, if it were carried through, would be the abolishment of customs offices in the interior States and the consolidation of certain others on the seacoast. He did not offer this as a voluntary suggestion, but made it in answer to our request to point out where cuts could be made with the least harm in case they had to be made.

Mr. President, I am not going to discuss this question further at this time. It will be again brought up on the floor of the Senate. I simply want to state that I take the responsibility for having called this matter to the attention of the American people as best I could. In the first place, I called the attention of the American people to the harm that would come by eliminating under the building program from 250 to 300 public buildings which are now ready to be started in the cities of the United States. That would cause severe suffering and untold disappointment. We should not think of taking a step of that kind, and the Senate unanimously decided not to do so. The Senator from Tennessee disagrees with me, and thinks that those buildings should not be constructed at this time.

Mr. McKELLAR. Mr. President——

The PRESIDING OFFICER. Does the Senator from Nevada yield to the Senator from Tennessee?

Mr. ODDIE. I yield.

Mr. McKELLAR. The Secretary of the Treasury also disagrees with the Senator.

Mr. ODDIE. I will admit that he does.

Mr. McKELLAR. The Senator will remember his testimony to the effect that he did not think the department could very well spend $108,000,000 on public buildings next year; that he thought $14,000,000 could easily be cut off the building-program appropriation without hurting that program in the least; and that as much as $25,000,000 might be cut off, as I remember his testimony. I think I am right.

Mr. ODDIE. Mr. President, some days ago I referred to the letter from the Secretary of the Treasury, which I placed in the RECORD, in which he stated that if a 10 per cent cut were made in the whole bill the building program for 1932 and 1933 would have to be indefinitely postponed. I am relying on his statement on that point. He feels that a cut can be made in that program, but I disagree with him in that respect. I feel that too much harm will be done to American industry and American labor to permit a thing of that kind to be done.

Mr. President, I will not discuss this matter further. The Senator from Tennessee referred to my remarks over the radio on this question on Saturday night as those I have given to the press regarding the number of post-office employees who will have to be discharged in case the 10 per cent cut is made. They are different statements. To clear the matter up I ask to have my radio address printed in the RECORD.

The PRESIDING OFFICER. Without objection, it is so ordered.

The address is as follows:

We in Congress are providing for the appropriation of money with which to run the Government of the United States during the next fiscal year. The need for economy is great. We are all well aware of it and doing our utmost to bring it about. But we also are burdened with the duty of seeing to it that the essential functions of government are discharged with efficiency. We can not permit ballyhoo and hysteria to take the place of sound judgment and thoughtful action.

The several appropriation bills to provide funds for operating the great departments of government must, under the Constitution, originate in the House of Representatives. The House bills are based on estimates made up in the first place by the various bureaus. These estimates are then revised and reviewed by the several Cabinet officers, and finally scrutinized and revised by the Budget Bureau. This process requires months of work, study, and conferences. The final estimates, as approved by the Director of the Budget, then form the basis on which Congress builds each appropriation bill. The work on these bills in Congress begins with the House Committee on Appropriations, whose duty it is to translate the Budget into the form of appropriation bills, and start them on their journey on the road to become laws.

The work of the departments in estimating their needs for this year has been conducted with economy as the paramount objective. This, under strict instructions from the administration. The Cabinet officers cut down the estimates of the bureau chiefs. The very efficient and merciless Director of the Budget, Colonel Roop, in his turn, pared down the Cabinet officers' estimates to the very bone before approving them for presentation to the House. These Budget estimates were then considered carefully and further reduced by subcommittees of the House. The findings of the subcommittees were approved by the full Committee on Appropriations. The finished bills were then debated at length on the floor, and passed by the House with such amendments or specific reductions as the House determined advisable, and are now appearing in the Senate for action by that body.

The Interior Department bill came to the Senate first, after having gone through these stages. It carried $50,000,000 in round figures. When it reached the Senate it was referred to a subcommittee which held hearings, gave it due consideration, and reported it to the full committee, which in turn reported it to the Senate with recommendations.

And then came the most astounding action! Following the leadership of Senator McKELLAR, of Tennessee, a majority of the Senate, without a moment's consideration of the report and recommendations of the committee, with no thought of the months of work and study given to the preparation of that bill, abruptly sent it back to the committee with the arbitrary order to reduce

it a flat 10 per cent below whatever sum it carried as it came over from the House.

The Department of State, Justice, Commerce, and Labor bill met the same fate.

And then came over to the Senate from the House the Treasury and Post Office appropriation bill carrying $1,100,000,000, the largest of all the appropriation bills. It was referred to the subcommittee of which I am chairman. We determined it was a waste of time to report the bill based on the Budget recommendations if our work was to be cut as had been the other bills. We therefore sought instructions from the Senate in advance. Some of us took the floor and endeavored to convince our colleagues of the folly of such a method of working out the Government finances. But we were defeated by a vote of 37 to 31. Our task then became one of cutting from the House appropriation bill $110,000,000, whether we could do it sensibly or not.

We called before us Secretary of the Treasury Mills and Postmaster General Brown, "whose departments were affected by the proposed reductions," to get their views as to how we could best carry out the orders of the Senate. After hearing these two Cabinet officers I have become convinced it can not be done unless vital activities of the Government, such as the mail service, collection of customs, and income taxes, etc., are to be crippled or entirely paralyzed. It is my conclusion that this method of managing our Government's finances is not such as the people of this country expect us to use, and I have determined to ask the Senate to reconsider its order. I believe our responsibilities as legislators are too great to permit this appropriation bill committed to our care to be torn down by unthinking, unreasonable hysteria.

Let me remind you that when the Senate first proposed a 10 per cent cut in the Treasury-Post Office bill, the Secretary of the Treasury informed our committee that if such a cut was made it would mean the indefinite postponement of construction of between 250 and 300 public buildings authorized by the last Congress, some in every State. This information spread over the country. Senators began to hear from home. Interested labor that had looked forward to work on these buildings protested against having these vast contracts withdrawn from the market. So the Senate revised its instructions, and our committee was told to apply the 10 per cent cut to all appropriations save that for public buildings.

That you may better understand the problem that now confronts our committee and the Senate, let me cite a few illustrations of what necessarily will happen if the Senate's order stands—for the Senate still insists on cutting 10 per cent out of the remaining $146,000,000 in the Treasury Department bill. This cut, amounting to over $14,000,000, must be borne by the various bureaus of the Treasury Department which include the Bureau of Internal Revenue. Secretary Mills informed us that this cut could be made only by the wholesale dismissal of deputy collectors and internal-revenue agents in every State and district. Measured by past efficiency, he demonstrated that through the dismissal of this army of tax experts the Government would lose not less than $95,000,000 in income taxes.

Our committee can not see the economy of saving $14,000,000 if such a saving means the ultimate loss of $95,000,000. But such is one of the consequences of this blind 10 per cent order.

No branch of the Government service is closer to the people than the Post Office. It serves every city, town, and hamlet; it reaches into the most remote rural districts. The most costly of all departments, because its benefits are the most widespread, the Post Office Department, has on its pay roll the major portion of all Government employees.

As the Post Office bill came from the House it carried $805,500,000. A 10 per cent cut would be more than $80,000,000. Seventy-one per cent of the Post Office appropriation goes for the payment of salaries and wages. The Postmaster General informs us that the proposed reduction in the Post Office appropriation would compel him to take from the Government pay rolls and add to the list of unemployed no less than 40,000 letter carriers, mail clerks, rural carriers, and other handlers of the mail. Every State, every city, every rural community would feel the effects.

To-day the business man in the large city is accustomed to having four deliveries of mail a day at his office. Under the 10 per cent cut ordered by a majority of the Senate the Postmaster General has told the committee that the business man will have to be content with only two deliveries daily, and where the mails are delivered twice daily in residential districts of the large cities, the Senate order, if persisted in, would mean but a single delivery daily. In the smaller towns and villages that have grown proud of their carrier delivery there must be a step back; the villager would be obliged, as in past ages, to go to the post office for his mail, for Senate economy would mean the discharge of every village carrier, and the village carrier would find himself jobless.

And in the rural districts the effects would be even more disastrous. In those regions where rural free delivery has been built up to a daily service; where the farmer gets his "city paper" almost as promptly as the city reader, carrier service must of necessity be cut to triweekly. Nine thousand rural-delivery routes would be so affected, to say nothing of 8,000 additional rural routes that would have to be consolidated, two into one, which would mean not only a slowing down of deliveries but the discharge of 4,000 rural carriers.

Secretary Mills tells us that if the Customs Service must take its 10 per cent cut, he must close every port of entry in the inland States and must close the majority of ports along our coasts and borders, or consolidate the smaller with the larger ports. Each office closed and each consolidation means dispensing with the services of experienced men and women trained in the collection of Federal revenue; it means the discharge of clerks and other employees. Each office closed affords just one more loophole through which may be smuggled drugs and narcotics and one more loophole through which may be smuggled cheap alien labor to compete with American labor.

No arbitrary cut made by the Senate since it went on its economy spree more clearly demonstrates the unwisdom of percentage slashes than the cut in the appropriation for Hoover Dam.

The Interior Department, in preparing its estimates, asked for $12,000,000 to carry on work on this great dam enterprise for the next fiscal year. The Budget, looking for opportunities to save, reduced this figure to $10,000,000, and when the bill was presented to the Senate it carried only $8,000,000, the figure the House approved. When the Senate ordered a 10 per cent slash in the Interior Department bill, Hoover Dam took a 20 per cent cut, and as the bill went to the President it carried $6,000,000, just half the amount held necessary by the department to continue work at the pace set by the contractor. Five million dollars in interest per year will be lost if the work is delayed. The cut in this appropriation, if allowed to stand, necessarily will slow down progress on the work; it will mean dismissal of half the 4,000 men now employed there from every State in the Union, 40 per cent of whom are ex-service men, and, like every other arbitrary economy forced by the Senate, will add to the army of the unemployed.

Last year the aggregate appropriation for the Treasury and Post Office Departments was $1,104,586,000. This year this was reduced by the Budget Bureau to $1,082,575,000, and the House of Representatives made further reductions, bringing the total down to $1,059,898,563. In other words, if the Senate should accept the House bill as it stands, the appropriations carried by the Treasury-Post Office bill would be $44,688,327 below what was appropriated a year ago.

Out of the large number of striking illustrations that might be given I have selected a few which should convince the American people that these indiscriminate 10 per cent cuts in the appropriation bills are unwise and uneconomic in the extreme, and will result in irreparable damage to the American people and to American industry generally. The conscientious effort of the Senate to curtail governmental expenditures in the midst of this period of depression has on later investigation been shown to be a most damaging and costly experiment. I feel confident that on further study the Senate will desire to reconsider this matter and rescind its action. American industry, with that in other parts of the world, is suffering from economic distress. There is much destructive pessimism in the air. Our people have been affected by it almost to the point of hysteria. This period of depression will end. We should enact constructive legislation that will encourage our people, relieve this period of distress in so far as possible, and expedite the return to normal prosperity. We have heard too much of this destructive pessimism. Let us start now to instill into the economic thought of our country a new spirit of constructive optimism and start the wheels of industry turning again.

Mr. VANDENBERG. Mr. President, I want to offer a casual observation, supplementing the remarks of the able Senator from Nevada. I cordially agree with him that it would be unconscionable for any general disruption of the Federal service to be precipitated at this time by a wholesale dismissal of Federal employees in any branch of the public service, but, Mr. President, it seems to me that, sooner or later, we must frankly confront the question whether or not the Federal personnel must not make a fair contribution to a temporary answer to our difficulties. The best way to assure that it is fair is to discuss it as a reality and avoid arbitrary extremes. This is what I have in mind, bearing upon the proposition that sooner or later some reasonable formula must be discovered.

In one issue of one newspaper from my home State of Michigan to-day I find several illuminating news articles. I find one from the State capital indicating that the entire State personnel in Michigan has undergone a 10 to 15 per cent salary cut. I find that the entire teaching staff of the public schools of Grand Rapids has met in a spirit of high service and voluntarily proposed, on its own behalf, the acceptance of a temporary 15 per cent cut in compensation for the current year. I find that, after the city manager of Grand Rapids called together the other civic employees of that municipality and made a presentation to them of the condition in which the municipal treasury finds itself, they, patriotically and with a fervor suggestive of the old-time war devotion, agreed voluntarily to accept a certain degree of temporary contributory cut in this emergency. I might add that another newspaper clipping of the same day indicates that in the city of Detroit municipal employees are soon to receive their first pay checks since April 1, and that there is serious discussion of a temporary 50 per cent reduc-

tion of pay checks during the months of May and June, or a 100 per cent reduction in June. I take it that these conditions in the public service are typical across the country.

It seems to me if that is the tax situation in the State of Michigan, which is one of the largest taxpayers to the Federal Government, it is unavoidably necessary, sooner or later, for us frankly to inquire whether the Federal employee is the only governmental employee in the United States who shall be completely immune to all types of temporary contribution in working out this situation. I think the Federal employees are just as patriotic as are the State employees and the municipal employees. I think that all in the world they want to protect themselves against is inequity and unfairness, prejudice, and discrimination in the treatment which they receive. They ought to be protected upon all of these scores. None of their hard-earned rights should be permanently jeopardized. But, sooner or later, if the Government is going frankly to confront the personnel situation, it must face it in some such terms as are now pending in various forms before the House of Representatives in connection with the so-called economy program bill. Some method must be provided by which some legitimate degree of relief shall be contributed by every factor involved in the Federal situation; and we may as well realize that sooner or later this must be done. It is bitter business; but it is less bitter if done on a reasonable scale which does not precipitate additional wholesale unemployment.

Let my position be wholly plain. I believe in the maintenance of wages. I believe in the maintenance of jobs. I am not discussing a raid on either. I oppose such raids. I am speaking only of what temporary readjustments may be necessary in connection with these public expenditures. I am saying that these readjustments are no more to be wholly avoided in the Federal service than in State and municipal services. Therefore I am suggesting that we all, including the Federal employees themselves, should face these realities in a candid study of what may be best for all concerned, so that whatever temporary readjustments may occur shall not spell wide and needless disaster. I am agreeing that there should be no arbitrary and unreasoning action. I am saying that the best way to defeat this latter hazard will be to have in hand a rational formula. Instead of intrenching in extreme positions at either end of the equation, our need is for quest of a meeting of minds upon middle ground.

Mr. ODDIE. Mr. President, I believe that we are facing this problem in the wrong manner. Distress is over the country; unemployment is widespread; the wheels of industry have been slowed down. We want the wheels of industry to start turning again. I believe that if the Government shall insist on the cutting down of governmental activities and the wholesale discharge of employees and the cutting of Government wages and salaries, it will have a discouraging and damaging effect on industries generally throughout the country. I do not think we should do it. We should not set such an example.

Mr. President, we are robbing the foundation of our governmental structure to add to the superstructure. I do not think it is the right thing to do; I think we should take the opposite view. The wheels of industry will start again in this country with a little optimism and encouragement here and there. One of the first cities to feel the benefits of an improvement in conditions will be Detroit, in the great State of Michigan, which is, to a very large extent, the home of the automobile industry.

I for one will continue to preach optimism and to decry Federal cuts in pay and the discharge of Federal employees. I think the example of such action will be damaging and wrong, and I hope—and feel confident—that we can get through without it.

NAVAL BUILDING PROGRAM

The PRESIDING OFFICER. The question is on the motion of the Senator from Maine that the Senate proceed to the consideration of Senate bill No. 51.

Mr. BLAINE. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Ashurst	Cutting	Kean	Schall
Austin	Dale	Kendrick	Sheppard
Bankhead	Davis	Keyes	Shipstead
Barbour	Dickinson	King	Shortridge
Bingham	Dill	La Follette	Smith
Black	Fess	Lewis	Smoot
Blaine	Fletcher	Logan	Steiwer
Borah	Frazier	Long	Stephens
Bratton	George	McGill	Thomas, Idaho
Broussard	Glass	McKellar	Thomas, Okla.
Bulkley	Glenn	McNary	Townsend
Bulow	Goldsborough	Metcalf	Trammell
Byrnes	Gore	Moses	Tydings
Capper	Hale	Neely	Vandenberg
Caraway	Harrison	Norris	Wagner
Carey	Hatfield	Nye	Walcott
Cohen	Hawes	Oddie	Walsh, Mass.
Connally	Hayden	Patterson	Waterman
Coolidge	Howell	Pittman	Watson
Copeland	Hull	Reed	White
Costigan	Johnson	Robinson, Ark.	
Couzens	Jones	Robinson, Ind.	

The PRESIDING OFFICER. Eighty-six Senators having answered to their names, a quorum is present. The question is on the motion of the Senator from Maine [Mr. HALE].

Mr. FRAZIER. Mr. President, Senate bill 51 is an important measure; and it seems to me it should not be voted on at this hour, when there is such a small attendance. The Chair has just announced that there are 86 Senators present, but it will be observed that very few of them remained in the Chamber after answering to their names. I think I can speak until 5 o'clock, or a little later, if necessary, but I am not particular about doing it. I should like to see a vote on this question go over until to-morrow.

Mr. McNARY. Mr. President, I think the Senator had better go forward with his statement until 5 o'clock. At that hour we will determine whether we will stay in session longer or take a recess.

Mr. FRAZIER. Mr. President, Senate bill 51 is an authorization bill. It is rather indefinite. No one seems to know just what it means. It may mean the ultimate expenditure of anywhere from about $100,000,000 to $2,000,000,000, according to the chairman of the Naval Affairs Committee.

During recent months, and, in fact, for several years, a great deal has been said about disarmament, about cutting down naval armaments, about cutting down naval expenditures and Army expenditures. At the League of Nations meeting last September this disarmament proposition was discussed and an urgent appeal was made to bring about at least one year of truce in the building of armaments. That proposition was put up to the various nations. President Hoover, of the United States, was one of the first to accept the proposition of an armament truce. It is claimed that by the 16th of last November some 50 nations had agreed upon the truce. They agreed to refrain from any measures involving an increase in their armaments.

While Senate bill 51 carries no direct appropriation, and probably no appropriation will be asked for this year, I submit that it is a measure involving an increase in armaments. I believe it is contrary to the truce that has been agreed upon by the great nations of the world. It is contrary to the sentiments of the United States as they have been expressed at the various armament conferences.

It seems to me this is a mighty poor time to ask for the passage of a measure of this kind, authorizing appropriations for building a pair of battleships, when at the present time we have our delegates at a world conference looking toward disarmament. I am at a loss to know whether Senate bill 51 means what it says or whether it is just a bluff to try to demonstrate to the world, and particularly to the disarmament conference meeting across the Atlantic at this time, that we really do not want disarmament; that we want to keep up our present naval force and, if anything, to increase it. Certainly, if we meant what we have said in the past, we should not pass at this time a measure like Senate bill 51.

The chairman of the Naval Affairs Committee stated, as I remember, that there are about 200 vessels in the United States Navy at the present time; that their life is 20 years; and that we should keep repairing and building all the time in order to keep up our allotment under the London treaty. It will take about $100,000,000 per year for 20 years, or $2,000,000,000 for the total of 20 years, the life of a battleship.

I do not believe that an expenditure of that kind can be justified. With many million men out of employment, with farmers throughout the United States either broke or going broke, with business men, bankers, and other business interests either broke or going broke, I can not for the life of me see how the Senate or the Congress of the United States can justify a favorable vote upon Senate bill 51.

Mr. President, the condition of the American farmer has been going from bad to worse since 1920, when the deflation was brought on by the Federal Reserve Board, which may be termed a semi-Government organization or institution. The farmers were the first to be hit by the deflation. Both the values of their land and the prices of their farm products went down until they were deflated by billions of dollars. As I say, their condition has been going from bad to worse during all the years since 1920.

The purchasing power of the farmer has been lost. In fact, at the present time the average farmer of the United States has no purchasing power; he has no money with which to buy even the necessities of life.

Mr. LEWIS. Mr. President, will the Senator yield?

Mr. FRAZIER. I yield.

Mr. LEWIS. Knowing that the Senator from North Dakota has been a constant advocate of the interests of the farmer, and is one looking to the protection of agriculture, I ask the Senator whether he will explain to me, or tell me where I can get the benefit of the information, in what way the Federal Reserve Board acted by which he feels it operated against the farmer, and what was the manner of its operation, that I really may learn it from him? I would like to know what it was they did, and how they operated against the farmer, to produce the effect the learned Senator seems to feel their action has had.

Mr. FRAZIER. Back in 1920 it seemed to be the general attitude of the business interests throughout the Nation that there was too large a circulation of money, that there was too much inflation, so called. Inasmuch as the Federal Reserve Board regulated the amount of currency and the credit of the United States, they were called upon, apparently, to reduce the inflation, and a secret meeting was held by the Federal Reserve Board, I think in May, 1920, and certain actions of the Federal Reserve Board were not made known to the public, among which was an agreement to start in on a deflation program, calling in the loans which had been made, and especially the farm loans.

Some of the big institutions of the country apparently got wind of this proposed deflation. I believe one of the great institutions of the city of Chicago, in the State which the Senator represents, was one to take advantage of that advance information, and floated bonds, as I recall, at 8 per cent for some of the packing companies, so that they might have a supply of money on hand sufficient to enable them to carry on their business, even though it cost them 8 per cent, in order to carry them over what was supposed to be coming, this deflation which was to be started soon after that by the action of the Federal Reserve Board.

The Federal Reserve Board did call in loans. In my State, which is almost purely an agricultural State, farm loans were called. It was impossible for farmers to pay their loans, at least to pay them in full. The bankers insisted that they must have the money, or that they would start foreclosure proceedings, because the little banker in North Dakota was pressed by the larger banker in Minneapolis, and St. Paul, and Chicago, and on farther east, and the members of the Federal reserve system were pressed by the Federal reserve banks with which they were connected. So the deflation started.

The result was that the prices of land went down, the prices of farm products went down, and from 1920 to this day the farmer has never known prosperity in the United States.

Mr. SHIPSTEAD. Mr. President, will the Senator yield to me?

Mr. FRAZIER. I yield.

Mr. SHIPSTEAD. I may say to the Senator from Illinois that out of the crop of 1920, Senators will recall that the market for farm products broke in the fall of 1920 and in the year 1921. Information was given to the country that farm prices broke because of a lack of a market, because of overproduction, and because of a lack of exports. But if Senators will look into the report of the Department of Commerce on agricultural exports they will find that, of the 18 major agricultural products, we exported more out of that crop of 1920 than we had ever done in the history of the United States, even during the war. We never had such a market. The calling of loans forced dumping by farmers of agricultural products on the market, and broke the prices.

If anyone got any benefit out of that, it must have been the taxpayers of Europe, who were able to buy food cheaper than they would have been able to buy it if that action by the Federal Reserve Board and the member banks had not been taken. It has been suggested that that was done in order to give Europe food so cheap that after they had bought food they would have something left to pay the interest on loans which they owed here. Certainly the result of the action was to break the agricultural communities of the United States, a condition from which they never to this day have recovered. Even during the so-called period of paper prosperity, up until 1929, agriculture kept losing its income, until by 1929 it had lost 40 per cent of the income it had in 1920. That is the information given in the reports of the Agricultural Department and of the Department of Commerce.

Mr. FRAZIER. Mr. President, I thank the Senator for his remarks.

The deflation, which started in 1920, brought down the prices of farm products, and at the present time, in fact, during the past couple of years, the farmers have been selling their products, practically every product they produce, at prices below the cost of production. No business can succeed under such a system. It makes no difference whether it is agriculture, the International Harvester Co., or the banking business, or any other industry or business, it can not succeed when selling its products at prices below the cost of production.

That is one trouble with our Post Office Department. The discussion this afternoon brought out the fact that some twenty-five or thirty million dollars has been given to the shipping interests, practically amounting to subsidies, and charged to the deficit of the Post Office Department. Of course, the Post Office Department can not make a fair showing under a situation of that kind. If the United States Congress wants to give a subsidy to the shipping interests, all well and good; let them do it as a subsidy and not pass the buck to the Post Office Department.

Mr. FLETCHER. Mr. President, will the Senator yield?

Mr. FRAZIER. I yield.

Mr. FLETCHER. My understanding is that the Post Office Department keeps that account with reference to foreign mail contracts and subventions separate from the other expenditures of the department. I do not think that item enters into the question of the deficit, because they keep that separate from the ordinary expenditures of the department.

Mr. FRAZIER. Mr. President, does not the amount that is lost in these contracts enter into the deficit?

Mr. FLETCHER. It does not. That is kept entirely separate from the ordinary expenses of the department, I think. Of course, it shows on the books, but it is separate from the other expenditures.

Mr. FRAZIER. I can not see how they can possibly keep it from showing in the deficit of the Post Office Department.

Mr. FLETCHER. I think it should not figure in the deficit charged against the Post Office receipts and expenditures as a Post Office Department. It is shown, it appears, but it does not enter into what they call their deficit, I think.

Mr. McNARY. Mr. President, will the Senator from North Dakota yield so that we may have an executive session?

Mr. FRAZIER. I yield.

EXECUTIVE SESSION

Mr. McNARY. I move that the Senate proceed to the consideration of executive business.

The motion was agreed to; and the Senate proceeded to the consideration of executive business.

EXECUTIVE MESSAGES REFERRED

The PRESIDING OFFICER (Mr. FESS in the chair) laid before the Senate messages from the President of the United States submitting a nomination in the Diplomatic and Foreign Service and an international protocol, which were referred to the Committee on Foreign Relations.

(For nomination this day received, see the end of Senate proceedings.)

REPORT OF THE POST OFFICE COMMITTEE

Mr. ODDIE, from the Committee on Post Offices and Post Roads, reported favorably sundry nominations of postmasters, which were placed on the Executive Calendar.

TREATIES

The Chief Clerk proceeded to read Executive F (72d Cong., 1st sess.), a treaty of establishment and sojourn with Turkey.

Mr. McNARY. Mr. President, the chairman of the Committee on Foreign Relations, the Senator from Idaho [Mr. BORAH], is absent for the moment, and I ask that the treaty may be temporarily passed over.

The PRESIDING OFFICER. The treaty will be passed over.

POSTMASTERS

The Chief Clerk proceeded to read sundry nominations of postmasters.

The PRESIDING OFFICER. Without objection, the nominations of postmasters are confirmed en bloc.

IN THE NAVY

The Chief Clerk proceeded to read sundry nominations in the Navy.

The PRESIDING OFFICER. Without objection, the nominations are confirmed en bloc.

IN THE MARINE CORPS

The Chief Clerk proceeded to read sundry nominations in the Marine Corps.

The PRESIDING OFFICER. Without objection, the nominations in the Marine Corps are confirmed en bloc.

Mr. McNARY. Mr. President, a few days ago when the treaty with Turkey was reached, the junior Senator from Utah [Mr. KING] said he wanted to be present when that matter was acted upon, and the Senator from Idaho agreed that the matter might go over. In the absence of both those Senators, I ask that the Senate resume legislative session.

The Senate resumed legislative session.

INVESTMENTS IN FLORIDA REAL ESTATE

Mr. TRAMMELL. Mr. President, in the issue of April 29 of the Herald, of South Jacksonville, Fla., appears a very interesting editorial by Judge John W. Dodge touching upon the stock-exchange manipulations and suggesting the wisdom of investing in Florida real estate. I ask that the editorial be printed in the RECORD.

There being no objection, the editorial was ordered to be printed in the RECORD, and it is as follows:

THE HITOPADESA

By Judge John W. Dodge

FORTITUDE IN DISASTER

This striking sentence, most needed in our present condition of affairs, I recently read in the Hitopadesa of India, as one of the wisdom words of the book of good counsel:

"In disaster, dismay is a coward's quality; let us rather rely on fortitude, and devise some remedy."

What we need most of all at present is men of fortitude. There are facts which startle and dismay us. Rich we thought we were yesterday; poor we think we are to-day.

America bought listed Wall Street stocks in 1929 at fabulous prices. A recent circular of a reputable stock and bond house of New York recently said:

"The following companies which paid not less than $5 annual rate in 1929 (as indicated in each case) now pay nothing: American Car & Foundry ($6); American Locomotive ($8); Anaconda ($7); Baltimore & Ohio ($7); Bethlehem Steel ($6); J. I. Case ($6); Chicago & North Western ($5); Chicago, Rock Island & Pacific ($7); Chile Copper ($5); Illinois Central ($7); International Silver ($8); Kansas City Southern ($5); Kennecott Copper ($5); National Supply ($7); National Surety ($5); New York Central ($8); New York, Chicago & St. Louis ($6); New York, New Haven & Hartford ($6); Pere Marquette ($8); Porto Rican-American Tobacco "A" ($7); Prairie Pipe ($5); Real Silk Hosiery ($5); St. Louis & San Francisco ($8); Southern Pacific ($6); Southern Railway ($8); Standard Investing ($6); United States Industrial Alcohol ($6); United States Realty & Improvement ($5); Utah Copper ($15); Warren Bros. ($9); and Youngstown Sheet & Tube ($5)."

They further said: "If any moral is to be drawn from these data, it is the wisdom of investing 'close to the property.'"

Disaster has dismayed those who purchased such Wall Street stocks.

A smart man knows when to take a profit, but he is indeed a much smarter man who has the fortitude and bravery to take a loss, to forget it, and to profit by past experience.

The remedy to repair losses is to invest "close to the property"—to know what you are buying; to see the thing bought; to own it yourself. Relying upon others who have proven false in their opinions and judgments of value, who advised Wall Street manipulated stocks and bonds, is inviting further disaster.

Florida real-estate values are now low, sound, and have never declined as have Wall Street stocks and bonds. Put your money where you control it—not where others manipulate your investment. Exercise intelligent fortitude in disaster.

REPORT OF THE FEDERAL FARM LOAN BOARD

The PRESIDING OFFICER laid before the Senate a letter from the Secretary of the Treasury, transmitting the fifteenth annual report of the Federal Farm Loan Board, covering operations during the calendar year 1931, which, with the accompanying report and data, was referred to the Committee on Banking and Currency.

DEPRECIATION OF FOREIGN-CURRENCY VALUES (S. DOC. NO. 90)

The PRESIDING OFFICER laid before the Senate a letter from the Acting Chairman of the United States Tariff Commission, transmitting, in partial response to Senate Resolution 156, certain preliminary data for immediate use of the Senate in relation to depreciated currencies and international trade thereunder, which, with the accompanying papers, was referred to the Committee on Finance and ordered to be printed.

RECESS

Mr. McNARY. I move that the Senate take a recess until to-morrow at 12 o'clock.

The motion was agreed to; and (at 4 o'clock and 57 minutes p. m.) the Senate took a recess until to-morrow, Tuesday, May 3, 1932, at 12 o'clock meridian.

NOMINATION

Executive nomination received by the Senate May 2 (legislative day of April 29), 1932

SECRETARY IN THE DIPLOMATIC SERVICE

Erle R. Dickover, of California, now a Foreign Service officer of class 3 and a consul, to be also a secretary in the Diplomatic Service of the United States of America.

CONFIRMATIONS

Executive nominations confirmed by the Senate May 2 (legislative day of April 29), 1932

PROMOTIONS IN THE NAVY

To be captain

Robert A. White.

To be commanders

Carleton H. Wright.
Herman E. Fischer.
Thomas L. Gatch.

To be lieutenant commanders

Cyril T. Simard.
Henry A. Stuart.

To be lieutenants

Kenneth P. Hartman.
Murr E. Arnold.
Claude F. Sullivan.
Robert R. Buck.
David E. Roth.
William G. Pogue.

To be lieutenants (junior grade)

Robert W. Wood.
William D. Thomas.

To be paymaster

John N. Harriman.

To be passed assistant paymaster

Reed T. Roberts.

MARINE CORPS

To be majors

Leo D. Hermle.
Lemuel C. Shepherd, jr.

To be captains

Harry E. Leland.
William E. Quaster.

To be first lieutenants

Frank P. Pyzick.
Roy M. Gulick.
Charles G. Wadbrook.

POSTMASTERS

ARKANSAS

Ernest R. Wynn, Bald Knob.

UTAH

Boyd J. Barnard, Bingham Canyon.
Mattie S. Larsen, Castle Dale.
Harris B. Simonsen, Helper.
William S. Anderson, Moroni.
Hans P. Ipson, Panguitch.
John O. Anderson, Salina.

WASHINGTON

Roy E. Edwards, Ritzville.

WEST VIRGINIA

George E. Hurd, Richwood.

HOUSE OF REPRESENTATIVES

MONDAY, MAY 2, 1932

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

Almighty God, Thou hast always had witnesses among the children of men and Thou wilt be with them unto the end. We praise Thee that through all the long, weary centuries they have not been left alone. O come in fuller measure into the lives that Thou hast created and make us a greater reflection of Thy reason and wisdom. We need Thy guidance along the road in which Thou art the way, the truth, and the life. Our Father and our God, enable us to more thoroughly realize that the way problems are settled here is the way they will be debated on the stage of the whole world. Guard and direct us in our conclusions. Deliver us from serious misunderstandings and from every limitation that gropes and let us all make room for self-sacrifice and most earnest cooperation. Through Jesus Christ our Lord. Amen.

The Journal of the proceedings of Saturday, April 30, 1932, was read and approved.

MESSAGE FROM THE SENATE

A message from the Senate by Mr. Craven, its principal clerk, announced that the Senate had passed, with amendments in which the concurrence of the House is requested, a bill of the House of the following title:

H. R. 9349. An act making appropriations for the Departments of State and Justice and for the judiciary, and for the Departments of Commerce and Labor, for the fiscal year ending June 30, 1933, and for other purposes.

The message also announced that the Senate had passed a bill of the following title, in which the concurrence of the House is requested:

S. 4313. An act to prevent the successive disagreement of two juries, impaneled to try a criminal case in the Territory of Hawaii, from operating as an acquittal of the accused or from permitting the discharge of the accused from custody.

PART PLAYED BY THE HOUSE OF REPRESENTATIVES IN TREATY MAKING

Mr. LINTHICUM. Mr. Speaker, I ask unanimous consent to extend my remarks by printing a speech I delivered before the American Society of International Law Saturday evening last on the part played by the House in treaty making.

The SPEAKER. Is there objection?

There was no objection.

Mr. LINTHICUM. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include the following speech made by myself at the annual dinner of the American Society of International Law, Saturday, April 30, 1932:

Ladies and gentlemen of the American Society of International Law, in accepting your invitation to address you this evening on the subject of the share of the Committee on Foreign Affairs of the House of Representatives in the treaty-making power of the Government of the United States, I find it necessary at once to go back to fundamental law as the basis for discussion.

You recall, of course, the constitutional[1] provision that the President "shall have power, by and with the advice and consent of the Senate, to make treaties, provided two-thirds of the Senators present concur"; also[2] that the "Constitution, and the laws of the United States which shall be made in pursuance thereof, and all treaties made, or which shall be made, under the authority of the United States, shall be the supreme law of the land."

A cursory reading of the Constitution may seem to indicate that the House of Representatives has no share in the process of making treaties for the United States. The actual working of government, however, is but faintly foreshadowed by the letter of the Constitution, and the ramifications of treaties are many and intricate. The inseparable relation between treaties and constitutionally specified functions of the House of Representatives quickly become evident.

In actual practice, accordingly, the influence of the House of Representatives in the matter of maintaining international relations through treaties has always been one of real significance. It has also been one of increasing significance—doubtless due, in the first place, to the ever-increasing extent and complexity of that part of the law of our land which is comprised of treaties and perhaps, also, not unconnected with the fact that democracy has grown apace in this country and that the House of Representatives is the principal exponent of democracy in the governmental system of the United States.

The Committee on Foreign Affairs is, of course, merely the principal agency of the House of Representatives in dealing with treaty questions. A discussion of its influence upon treaty making is consequently not to be differentiated from a discussion of the influence of the House itself. I should not, however, overlook the fact that this influence of the House actually results in part from functions and activities that it exercises through other committees; though, of course, questions that obviously and patently pertain to treaties are referred to the Committee on Foreign Affairs.

In undertaking to recount some of the more important of the functions of the House of Representatives which affect treaty making, there should be mentioned first the immense importance of absolute good faith on its part in order that the provisions of treaties may be given force and effect. It is common for treaties to provide for the payment of money. Under the practice of our Government,[3] the Secretary of the Treasury pays out money only when authorized to do so by statute law enacted by Congress. Accordingly, in order to give effect to this kind, as to certain other classes of treaties, the Congress, including the House of Representatives, passes acts or joint resolutions.

I am happy to say that, so far as I have ever heard, there has been no instance in which the House of Representatives has failed to take action when such action was necessary in order to fulfill the treaty obligations of the country.

In addition to the positive activity of the House thus exercised in order to give effect to certain treaties, it is essential that the

[1] Art. II, sec. 2, second paragraph.
[2] Art. VI, second paragraph.
[3] In this connection, note Constitution Art. I, sec. 9, seventh paragraph, "No money shall be drawn from the Treasury but in consequence of appropriations made by law."

House refrain from the passage of legislation that may be in conflict with the obligations of treaties. The Constitution, in one of the passages quoted above, lays down the rule that statutes and treaties, duly enacted or entered into, are equally the supreme law of the land. Accordingly, the Supreme Court[4] has held that in the event of conflict the later in date, whether statute or treaty, shall prevail.

I am sorry to say that the record of the House of Representatives in this matter is less perfect than in the case of the passage of necessary legislation, for there have been occasional instances, the result usually, I dare say, of inadvertency, in which the House has joined the Senate in passing legislation which has forced the administrative officers of the Government to violate the solemn obligations, and consequently the honor, of their country.

In both cases the influence of the House of Representatives and its sense of national honor may and do have a very great influence upon the actual practice of making and maintaining the treaties of the United States.

In view of the constitutional provision[5] that revenue legislation shall originate in the House of Representatives, a curious, and I think erroneous, doctrine, but one that is the subject of persistent and tenacious belief on the part of its advocates, exists to the effect that any treaty which may deal with the revenue of the country shall not be operative until it has been confirmed by statute in the passage of which the House of Representatives shall join. Accordingly, when, in 1832, a treaty entered into force with France[6] containing provisions for reciprocal reductions in tariffs, the Congress took action,[7] somewhat belatedly, indeed, in order that statutory law should conform to the treaty provisions. Later reciprocity treaties of 1854 with Canada, of 1875 with Hawaii, and of 1902 with Cuba, specifically provided that they should not be binding until legislation had been enacted by Congress in confirmation of their provisions regulating tariff duties.[8]

Occasionally Congress has passed legislation specifically purporting to terminate treaties or portions of treaties. Thus the House of Representatives has taken part in what amounted, in a negative way, to treaty amendment, which amendment has not been the subject of the advice and consent of the Senate, two-thirds of those present concurring. For instance, in order to pave the way to reduce tariffs and eventually to the free entry of sugar into the United States, the tariff act of 1913 undertook to abrogate a portion of the reciprocity treaty with Cuba.[9]

A more important and interesting practice that has grown up, however, is that of authorizing the President by means of a statute, passed in the ordinary way by the two Houses of Congress, to enter into agreements with other countries, which agreements are not submitted to the Senate as are treaties. Nevertheless these Executive agreements, from the point of view of international law and international obligations, are precisely the same as treaties, though different in name and in the fact that they are usually, though not always, confined to matters of economic or technical relations.

In 1872[10] the Congress passed an act authorizing the Postmaster General, subject to ratification by the President, to enter into agreements for the purpose of maintaining the international postal service. Under this provision of law the United States has, without submission to the Senate, become party not only to numerous bipartite agreements with other countries, but to the successive revisions of the general convention of the Universal Postal Union, which is among the most important of the great multipartite treaties that have enriched international legislation during the last two or three generations. The Universal Postal Union, by the way, is one of the oldest of the numerous leagues of nations now existing in the world, to a dozen or more of which the United States belongs. We entered the postal league of nations by action of the President, authorized by ordinary majorities in Congress, not by a vote of two-thirds of the Senate.

An even more striking instance of international agreement authorized by Congress is the manner of handling the intergovernmental debts which grew out of the World War. The international agreements under which beginnings have been made toward the discharge of these debts have been entered into and confirmed under action by the two Houses of Congress, completely ignoring the rule of treaty making with the consent of two-thirds of the Senate.[11]

The tariff acts of 1890 and 1897 authorized the President to enter into agreements affecting tariff rates, and consequently the revenue. Numerous such agreements were entered into and were put into force without submission to the Senate. The bill[12] introduced into the House of Representatives this year by Representative Collier, which was the basis of the tariff bill eventually passed by the House of Representatives, authorized the President to enter into reciprocal agreements and made no mention of submission to the Senate.

In order to escape the possible question whether a treaty which amends on a large scale statutory enactments is, in constitutional law, self-executing, as well as to avoid the policy of amending statutes by treaty, the practice has developed for the President, if he proposes that the United States shall become party to multipartite or other conventions that are out of accord with existing statutes, to undertake to have the statute law made consistent prior to participation in the treaties.

An excellent case in point is the international convention for the protection of literary and artistic works. The President has transmitted this convention to the Senate, but only subsequent to the passage by the House of Representatives of a bill[13] designed to amend the copyright law so as to make it conform with the treaty. The Committee on Foreign Relations of the Senate, acting under the advice of the Department of State, in favorably reporting the treaty, instructed its chairman not to bring it before the Senate until after the pending legislation had passed.

In these instances the influence and importance of the House of Representatives in treaty making becomes increasingly apparent.

Perhaps, however, the most notable instances of what, to all intents and purposes, was treaty making shared in by the House of Representatives have occurred in cases where results ordinarily accomplished by treaty were done by act or joint resolution in order deliberately to avoid the stipulation of the Constitution that the Senate shall proceed in such matters by a two-thirds vote.

Thus, in 1845, after the Senate had failed to give its assent to a treaty concluded with Texas for its annexation to the United States, Congress adopted joint resolutions declaring that it consented "that the territory properly included within, and rightfully belonging to, the Republic of Texas" might be erected into a new State, and admitting that State into the Union.[14] The Senate majority in favor of annexation was far less than two-thirds.

In 1911 a somewhat similar instance occurred when President Taft arranged with the Canadian authorities for the reciprocal reduction of tariff duties so soon as the legislatures of each country should have passed concurring legislation. The Congress of the United States passed such an act,[15] and what would to all intents and purposes have been a reciprocity treaty failed only because of the adverse attitude of the Canadian Parliament.

After the failure of the treaty of Versailles in the Senate, moreover, the Congress undertook to terminate the state of war between the United States and Germany and Austria by means of a joint resolution,[16] which resolution was afterwards recognized in the treaties of peace[17] entered into with those two countries.

The fact that Congress enacted this legislation suggests pertinently the belief of many that the provisions of the Constitution requiring two-thirds of the Senate to pass affirmatively on a treaty should be abrogated and a provision inserted that treaties may be enacted by a majority vote in the two Houses of Congress in the same way that statutes are enacted.

Moreover, in view of the fact that, regardless of legislation in conflict with treaties or failure to pass legislation necessary to fulfill the obligations of treaties, international law recognizes the treaties as unimpaired, which rule of international law was clearly stated by a former President and later Chief Justice of the United States in a recent arbitration case,[18] it would seem to be desirable to provide in the Constitution that legislation in conflict with the solemn obligations of the United States expressed in treaties should be null and void.

That the two-thirds rule is out of date is persuasively shown by the fact that with the multiplicity and variety of senatorial constituencies it is not only now possible for a very small minority, representing far fewer than one-third of the people of the country, to prevent the ratification of treaties desired by the majority, but also for a minority, representing two-thirds of the States, the smaller ones, to consent to treaties that are opposed by the representives of the majority of the people.

Dissatisfaction with minority rule in the matter of treaty making is, furthermore, doubtless in part the reason back of the growing practice of entering into international engagements by means of Executive agreements, quite regardless of legislative authorization.

In the early days the Executive was exceedingly chary of practices of this sort. President Monroe, indeed, after sanctioning the exchange of notes[19] between his Acting Secretary of State, Benjamin Rush, and Charles Bagot, Minister of Great Britain, by means of which the two countries entered into the famous agreement limiting naval armaments on the Great Lakes, became uncertain as to the propriety of what he had done and submitted the agree-

[4] Whitney *v.* Robertson (1888), 124 U. S. 190, 194.
[5] Art. 1, sec. 7.
[6] Art. VII of treaty signed July 4, 1831; operative, on exchange of ratifications, Feb. 2, 1832.
[7] Act of July 14, 1832, sec. 2, paragraph 23.
[8] Treaty between the United States and Great Britain, signed June 5, 1854, ratifications exchanged Sept. 9, 1854, Articles III, V; act of Aug. 5, 1854. Treaty between the United States and Hawaii, signed Jan. 30, 1895, ratifications exchanged June 3, 1875, especially Article V; act of Aug. 15, 1876. Treaty between the United States and Cuba, signed Dec. 11, 1902, ratifications exchanged Mar. 31, 1903, especially Article XI; act of Dec. 17, 1903.
[9] Act of Oct. 3, 1913, section 4, paragraph B, referring to proviso to Article VIII of treaty. The free-sugar provision of the act was, however, repealed before it became operative. Act of Apr. 27, 1916.
[10] Act of June 8, 1872, sec. 167, see U. S. *v.* Eighteen Packages (1914), 222 Fed. 121.
[11] Act of Feb. 9, 1922, and various joint resolutions confirmatory of individual agreements (act of Feb. 14, 1929).
[12] H. R. 6662, 72d Cong., 1st sess.
[13] H. R. 12549, Seventy-first Congress, third session.
[14] Moore, International Law Digest, V, 778–779. Resolutions of Mar. 1 and Dec. 29, 1845.
[15] Act of July 26, 1911.
[16] Resolution of July 2, 1921.
[17] Treaties of Aug. 25, 1921, and Aug. 24, 1921.
[18] Taft, sole arbiter between Great Britain and Costa Rica, 1923 (American Journal of International Law, January, 1924, p. 160).
[19] Signed April 28–29, 1817.

ment to the Senate[20] for confirmation in the same manner as treaties. Of late years, however, Presidents have, without ever consulting the Senate, entered into numerous arrangements, some of them of the highest political importance, by Executive action merely.

The constitutional status of the executive agreement has never been defined. As the constitutional authority for carrying on international relations, the President doubtless has the power to enter into international contractual arrangements other than those intended to be covered by the word "treaty," a power presumably not unforeseen by the makers of the Constitution. The practice as it exists, however, is a questionable one, and could hardly be justified were it possible for the Executive, acting with ordinary majorities of the two Houses of Congress, to enact international agreements with at least as much certainty and dispatch as in the case of statutes.

Probably no case on record has shown the evils of minority dominance in the matter of treaty making so glaringly as has the handling of the protocol of the Permanent Court of International Justice.

This protocol was first submitted to the Senate by President Harding and Secretary Hughes in 1923. In 1925 the House of Representatives passed a resolution favoring the participation of the United States in the court. In 1926 the Senate approved the protocol, with reservations. Since that time the entire issue has become more and more clouded, and at present it is probably impossible for anyone to understand or define the situation, so far as the United States is concerned, vis-à-vis a treaty which is at once among the most vital for the promotion of peace and least binding in positive obligations that has ever been added to the world's international law.

For many years, there has been every reason to believe that the majority of the people of the United States, who have any opinion in the matter, approve the ratification by this country of the protocol of the World Court. The protocol of 1920, and the two subsequent protocols now also before the Senate, have not been ratified. It is an interesting fact in connection with them, however, that the only affirmative requirement on the part of the United States, should these protocols be ratified, in order to carry out their obligations, would be the annual payment of a small sum of money, certainly less than $60,000.

Since this is the case, and since it is believed that a large majority of both Houses of Congress are in favor of the actual participation of the United States in the World Court, it is interesting to note that, as a practical matter, the United States can do so whenever these majorities are ready to go through the process of appropriating the amount of money involved.

While there appears to be agreement that the amount of the contribution of the United States may be determined by Congress, the appropriation actually made would certainly be not less than the largest contribution now made by a single country. The paralysis of senatorial procedure would seem to call for some action by Congress as a whole without waiting for the two-thirds senatorial majority. The court goes on with its work from year to year, and it has had throughout its life the collaboration of an eminent American as one of the judges. The American members of the Permanent Court of Arbitration now participate in the choice of judges of the World Court by nominating candidates for election. At the present time, without any action whatever by the United States, the court is open to the United States for the decision of any controversies that it may agree with other countries to refer to the court.

The United States has all the benefits of the court's existence, yet the entire expense of the court, even the salary of the American judge, is paid by the taxpayers of other lands. There is no reason whatever why we should not pay our share of the expense of an institution of which we have the benefit. Action to this end could and should be initiated by the House of Representatives. All that is required is that a small sum of money should be appropriated for the expenses of the court each year. We should, by paying it, be doing everything that we should be obliged to do if the protocols were ratified. Many precedents for such action exist in the frequent appropriations by Congress for the American share of the expenses of international institutions and of international conferences held in recent years at Geneva and elsewhere.

The President has undoubted authority, furthermore, to enter into negotiations to the end that, when judges of the court are being chosen, representatives of the United States may be present and vote, thus enabling the United States to exercise the privilege of taking part in the elections.

The final result is that by action of the Congress, apart from agreement by two-thirds of the Senate, the United States may practically—and this is a practical world—give its support just as effectively to the World Court, and, indeed, be essentially as much a part of the court as though the deadlock in the Senate had been broken and advice and consent to the ratification of the protocols without further reservation or amendment, had been granted.

Compared with precedents, this would be a fairly mild adventure in leadership by the House of Representatives in the field of international relations. I am convinced that the matter is one that ought to be considered by the American Society of International Law, just as I hope that it may soon be considered in Congress.

[20] Consent given April 16, 1818.

Constitutional forms and conventions are never fixed and immutable. There has been a progressive development under the Constitution in the handling of interntional affairs by the two Houses of Congress, and the democratic trend in international affairs in the period since the World War makes it inevitable that this development shall continue in the future.

[Applause.]

POSTAGE RATES ON CERTAIN PUBLICATIONS

The SPEAKER. This is consent day and the Clerk will call the first bill on the Consent Calendar.

The first bill on the Consent Calendar was the bill (H. R. 6688) to fix the rates of postage on certain periodicals exceeding 8 ounces in weight.

The SPEAKER. Is there objection?

Mr. LAGUARDIA. Mr. Speaker, I reserve the right to object in order to inquire of any member of the Post Office Committee what kind of publications this bill would cover?

Mr. FOSS. Free-distribution publications having 25 per cent of reading matter.

Mr. LAGUARDIA. I call the attention of the House to the fact that these publications are under free distribution, and yet this provides for 75 per cent of advertising matter.

Mr. FOSS. It is practically all advertising.

Mr. LAGUARDIA. How could it be free distribution?

Mr. FOSS. It is free distribution by the publisher. There are no subscriptions; they are advertising matter; but it calls for 25 per cent of reading matter.

The SPEAKER. Is there objection?

Mr. FOSS. Mr. Speaker, this bill will bring a revenue of about $100,000 a month. It simply provides for the extension of the 1-cent per 2-ounce rate beyond the 8 ounces to 1 pound. That is all there is in this bill.

Mr. LAGUARDIA. And if the periodical would take the lower rate on the fourth class, it can go fourth class?

Mr. FOSS. It can go fourth class now.

Mr. STAFFORD. Mr. Speaker, I reserve the right to object. Will the gentleman inform the House what the rate is on catalogues?

Mr. FOSS. I do not know anything about that. This does not apply to catalogues.

Mr. STAFFORD. I know it does not. Through the courtesy of the gentleman from Massachusetts, I was handed the manuscript copy of the hearings before the Post Office Committee on this bill, which I have examined. I notice one member of the committee has a rather pressing objection to it because it establishes a different rate for these advertising publications as distinguished from catalogues. I am not in sympathy with the amendment of the committee which proposes to prescribe the lower fourth-class rates where applicable. That is a suggestion of the committee. I have serious doubt as to the general policy of allowing these advertising publications to be sent all over the country at noncompensatory rates. I grant that they are compensatory if they are sent within the first few zones; but when you send these advertising sheets into the seventh and eighth zones, the rate is not compensatory. I shall withdraw my objection provided the gentleman withdraws the amendment of the committee, which has not the entire support of the department.

Mr. FOSS. The committee was unanimous in reporting the bill. I ask the chairman of the subcommittee if he has any objection to withdrawing the committee amendment?

Mr. HAINES. No; I have not.

Mr. FOSS. Then I have no objection to it.

Mr. STAFFORD. With that understanding, I withdraw the reservation of objection.

The Clerk read the bill, as follows:

Be it enacted, etc., That publications weighing in excess of 8 ounces issued at regular intervals of twelve or more times a year, 25 per cent or more of whose pages are devoted to text or reading matter and not more than 75 per cent to advertising matter, which are circulated free or mainly free, may, upon authorization by the Post Office Department, under such regulations as the Postmaster General may prescribe, be accepted for mailing at the postage rate of 1 cent for each 2 ounces or fraction thereof, provided the copies of such publications are presented for mailing made up according to States, cities, and routes as directed by the Postmaster General.

With the following committee amendment:

Page 2, line 2, after the word "thereof," insert "except when the postage at the rates prescribed for fourth-class matter is lower, in which case the latter rates shall apply."

The SPEAKER. The question is on agreeing to the committee amendment.

The committee amendment was rejected.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider laid on the table.

AMENDING ACT RELATING TO STATES OF NORTH DAKOTA, SOUTH DAKOTA, MONTANA, AND WASHINGTON

The Clerk called the next bill on the Consent Calendar, S. 2396, to amend section 11 of the act approved February 22, 1889 (25 Stat. 676), relating to the admission into the Union of the States of North Dakota, South Dakota, Montana, and Washington.

The SPEAKER. Is there objection?

Mr. STAFFORD. Mr. Speaker, reserving the right to object, I have examined this bill rather carefully since it was on the calendar two weeks ago. I have no objection to section 1, but I have serious doubts as to the advisability of section 2. I note even the Secretary of the Interior questions the advisability of section 2 as reported by the committee. That is a committee amendment. If the gentleman wishes to have the bill passed as it passed the Senate, without section 2, I shall have no objection.

Mr. EVANS of Montana. Mr. Speaker, I will concede the withdrawal of section 2.

Mr. STAFFORD. With that understanding, I have no objection.

There being no objection, the Clerk read the Senate bill, as follows:

Be it enacted, etc., That section 11 of the act approved February 22, 1889 (25 Stat. 676), be, and the same is hereby, amended to read as follows:

"That all lands granted by this act shall be disposed of only at public sale after advertising—tillable lands capable of producing agricultural crops for not less than $10 per acre and lands principally valuable for grazing purposes for not less than $5 per acre. Any of the said lands may be exchanged for other lands of equal value and as near as may be of equal area in order to consolidate the holdings of the State.

"The said lands may be leased under such regulations as the legislature may prescribe; but leases for grazing and agricultural purposes shall not be for a term longer than 5 years; mineral leases, including leases for exploration for oil and gas and the extraction thereof, for a term not longer than 20 years; and leases for development for hydroelectric power for a term not longer than 50 years.

"The State may also, upon such terms as it may prescribe, grant such easements or rights in any of the lands granted by this act as may be acquired in privately owned lands through proceedings in eminent domain: *Provided, however*, That none of such lands, nor any estate or interest therein, shall ever be disposed of except in pursuance of general laws providing for such disposition, nor unless the full market value of the estate or interest disposed of, to be ascertained in such manner as may be provided by law, has been paid or safely secured to the State.

"With the exception of the lands granted for public buildings, the proceeds from the sale and other permanent disposition of any of the said lands and from every part thereof shall constitute permanent funds for the support and maintenance of the public schools and the various State institutions for which the lands have been granted. Rentals on leased lands, interest on deferred payments on land sold, interest on funds arising from these lands, and all other actual income shall be available for the maintenance and support of such schools and institutions. Any State may, however, in its discretion, add a portion of the annual income to the permanent funds.

"The lands hereby granted shall not be subject to preemption, homestead entry, or any other entry under the land laws of the United States, whether surveyed or unsurveyed, but shall be reserved for the purposes for which they have been granted."

SEC. 2. Anything in the said act approved February 22, 1889, inconsistent with the provisions of this act is hereby repealed.

With the following committee amendment:

Page 2, line 4, strike out "lands of equal value and as near as may be of equal area in order to consolidate the holdings of the State" and insert "lands, public or private, of equal value and as near as may be of equal area in order to consolidate the holdings of the State; but if any of the said lands are exchanged with the United States, such exchange shall be limited to surveyed, nonmineral, unreserved public lands of the United States within the State."

Mr. STAFFORD. Mr. Speaker, I ask recognition in opposition to the committee amendment.

The SPEAKER. The gentleman from Wisconsin.

Mr. STAFFORD. I failed to call the attention of the gentleman having the bill in charge, that in the committee amendment now under consideration the clause on page 2, lines 7 and 8, "in order to consolidate the holdings of the State" might make it rather embarrassing in the actual operation of this amendment. I think that clause should be eliminated. We should not state the purpose of the exchange in this law. We should give the State authority to exchange school lands for public or private lands, but not say "in order to consolidate the holdings of the State."

It might require, in every instance, having that condition impressed upon the exchange. I think it is sufficient if we grant them authority without saying it is for the purpose of consolidating the holdings of the State. If, however, the chairman does not think it will work any hardship in the administration of the law, I do not object.

Mr. EVANS of Montana. I do not think so.

Mr. STAFFORD. Mr. Speaker, I think it would be better to have that qualifying clause stricken out. Accordingly, I offer an amendment to the committee amendment.

The SPEAKER. The Clerk will report the amendment.

The Clerk read as follows:

Amendment offered by Mr. STAFFORD to the committee amendment: In lines 7 and 8, strike out the words "in order to consolidate the holdings of the State."

The amendment to the committee amendment was agreed to.

The committee amendment was agreed to.

The Clerk read as follows:

A further committee amendment: Page 3, line 21, insert a new section, as follows:

"SEC. 2. The Secretary of the Interior shall cause patents to be issued to sections 16 and 36, granted by this act or by the act of January 25, 1927 (44 Stat. L. 1026), that have been surveyed, and to which title has vested in the grantee States, and which have not been reconveyed to the United States or exchanged with the United States for other lands. Such patents shall show the date when title vested in the State and the extent to which the lands are subject to prior conditions, limitations, easements, or rights, if any. In all inquiries as to the character of the land for which patent is sought the fact shall be determined as of the date of the approval by the Commissioner of the General Land Office of the survey of the same or the date of the admission of the State into the Union, if the survey was approved prior thereto."

The SPEAKER. The question is on agreeing to the committee amendment.

The committee amendment was rejected.

The Clerk read as follows:

A further committee amendment: Page 4, line 11, strike out the figure "2" and insert the figure "3."

The committee amendment was rejected.

The bill as amended was ordered to be read a third time, was read the third time, and passed.

A motion to reconsider was laid on the table.

TO AMEND THE ACT AUTHORIZING CONSTRUCTION AND PROCUREMENT OF AIRCRAFT AND AIRCRAFT EQUIPMENT IN NAVY AND MARINE CORPS

The Clerk called the next bill on the Consent Calendar, H. R. 6599, to amend the act entitled "An act to authorize the construction and procurement of aircraft and aircraft equipment in the Navy and Marine Corps, and to adjust and define the status of the operating personnel in connection therewith," approved June 24, 1926, with reference to the number of enlisted pilots in the Navy.

The SPEAKER. Is there objection?

Mr. LAGUARDIA. Mr. Speaker, I ask unanimous consent that this bill go over. I am not quite prepared on it yet.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

TO AMEND ACT TO PROMOTE THE MINING OF POTASH ON THE PUBLIC DOMAIN

The Clerk called the next bill on the Consent Calendar, H. R. 10981, to amend the act approved February 7, 1927,

entitled "An act to promote the mining of potash on the public domain."

The SPEAKER. Is there objection to the present consideration of the bill?

Mr. LAGUARDIA. Mr. Speaker, reserving the right to object, I would suggest in section 7, line 7, page 1, an amendment limiting this to permits issued to individuals, so that it would read: "No prospecting permit issued to an individual under this act may be extended by the Secretary of the Interior," and so forth.

Mr. COLTON. I hope the gentleman will not insist upon that amendment.

Mr. STAFFORD. Will the gentleman yield?

Mr. LAGUARDIA. I yield.

Mr. STAFFORD. Suppose it were issued to a partnership or a number of individuals?

Mr. LAGUARDIA. That would be an individual.

Mr. COLTON. I hope the gentleman will not insist upon that amendment, because it is expensive work to drill and prospect for potash. This industry is in its infancy, and sometimes it is absolutely necessary for men to form associations or corporations, otherwise there could be no development.

Mr. LAGUARDIA. As a matter of fact, most of these permits have been issued to corporations, have they not?

Mr. COLTON. No; I think that is not true. I think most of them have been issued to individuals or associations of individuals.

Mr. STAFFORD. Will the gentleman yield?

Mr. LAGUARDIA. I yield.

Mr. STAFFORD. The attention of members of the Committee on Military Affairs has been brought to the fact, in connection with a study of fertilizer in connection with Muscle Shoals, that in New Mexico there are large deposits of mineral potash that are undergoing development. As the gentleman knows, we are getting a large supply of potash from Germany, and we should encourage in every way possible the development of potash deposits in this country.

Mr. LAGUARDIA. I shall not press the amendment, but we have been hearing about this for the last 14 years. I hope something good will come from it at this time.

The SPEAKER. Is there objection?

There was no objection.

Mr. COLTON. Mr. Speaker, I ask unanimous consent that S. 3953 be substituted for the House bill. It is an identical bill.

The SPEAKER. Without objection, the Clerk will report the Senate bill.

There was no objection.

The Clerk read as follows:

Be it enacted, etc., That the act approved February 7, 1927, entitled "An act to promote the mining of potash on the public domain," is hereby amended by adding thereto a section, to be No. 7, reading as follows:

"SEC. 7. Any prospecting permit issued under this act may be extended by the Secretary of the Interior for a period not exceeding two years, upon a showing of satisfactory cause."

The bill was ordered to be read a third time, was read the third time, and passed.

A motion to reconsider was laid on the table.

A similar House bill was laid on the table.

UNIVERSITY OF ARIZONA

The Clerk called the next bill, S. 2428, to provide for the confirmation of a selection of certain lands by the State of Arizona for the benefit of the University of Arizona.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the selection by the State of Arizona under the grant for university purposes made by the act of June 20, 1910 (36 Stat. 557), filed in the Phoenix (Ariz.) United States land office July 7, 1930 (Phoenix serial No. 068540), for the south half of the northeast quarter, the north half of the southeast quarter, and the west half of section 9, township 14 south, range 16 east of the Gila and Salt River meridian, Arizona, be ratified and confirmed, and the Secretary of the Interior is hereby authorized and directed to approve such selection.

The bill was ordered to be read the third time, was read the third time, and passed.

A motion to reconsider was laid on the table.

TO AMEND SECTION 99 OF THE JUDICIAL CODE

The Clerk called the next bill, H. R. 9306, to amend section 99 of the Judicial Code (U. S. C., title 28, sec. 180), as amended.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That section 99 of the Judicial Code, as amended (U. S. C., title 28, sec. 180), be amended to read as follows:

"SEC. 99. The State of North Dakota shall constitute one judicial district to be known as the district of North Dakota. The territory embraced on the 1st day of January, 1932, in the counties of Adams, Billings, Bowman, Burleigh, Dunn, Emmons, Golden Valley, Grant, Hettinger, Kidder, Logan, McIntosh, McLean, Mercer, Morton, Oliver, Sioux, Slope, and Stark shall constitute the southwestern division of said district; and the territory embraced on the date last mentioned in the counties of Barnes, Cass, Ransom, Richland, Sargent, and Steele shall constitute the southeastern division; and the territory embraced on the date last mentioned in the counties of Benson, Bottineau, Cavalier, Grand Forks, McHenry, Nelson, Pembina, Ramsey, Rolette, Traill, Walsh, Towner, and Pierce shall constitute the northeastern division; and the territory embraced on the date last mentioned in the counties of Burke, Divide, McKenzie, Mountrail, Renville, Ward, and Williams shall constitute the northwestern division; and that the territory embraced on the date last mentioned in the counties of Dickey, Eddy, Foster, Griggs, La Moure, Sheridan, Stutsman, and Wells shall constitute the central division. The several Indian reservations and parts thereof within said State shall constitute a part of the several divisions within which they are respectively situated. Terms of the district court for the southwestern division shall be held at Bismarck on the second Tuesday in March; for the southeastern division, at Fargo on the second Tuesday in December; for the northeastern division, at Devils Lake on the first Tuesday in May, and at Grand Forks on the second Tuesday in November; and for the northwestern division, at Minot on the second Tuesday in April; and for the central division at Jamestown on the second Tuesday in October. The clerk of the court shall maintain an office in charge of himself or a deputy at each place at which court is held in his district."

With the following committee amendment:

Page 2, line 23, strike out the word "first" and insert in lieu thereof the word "second."

The committee amendment was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider laid on the table.

ORDER OF BUSINESS

Mr. SNELL. Mr. Speaker, may I ask if there are going to be any suspensions this afternoon, and at what time the Chair intends to recognize such motions?

The SPEAKER. It is the present purpose of the Chair, although the Chair does not want to be foreclosed, to recognize the gentleman from Alabama [Mr. STEAGALL] to call up what is known as the Goldsborough bill about 2 o'clock, since there is some suggestion of a little more debate than the 40 minutes. When that is concluded the Chair expects to recognize the gentleman from Mississippi [Mr. RANKIN] to call up what is known as the widows and orphans' pension bill, H. R. 8578, for the purpose of moving its passage with an amendment striking out what is known as section (d).

At the moment these are the only recognitions that the Chair has in contemplation.

Mr. SNELL. The Chair has not made up his mind with regard to what is familiarly referred to as the "grasshopper bill"?

The SPEAKER. The Chair will be glad to recognize the gentleman to pass the bill, if he thinks he can get enough votes.

Mr. SNELL. The only way I know of finding out is to try it.

ESTABLISHMENT OF A TERM OF THE DISTRICT COURT OF THE UNITED STATES FOR THE SOUTHERN DISTRICT OF FLORIDA AT ORLANDO, FLA.

The Clerk called the next bill, H. R. 4709, providing for the establishment of a term of the District Court of the United States for the Southern District of Florida at Orlando, Fla.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That a term of the District Court of the United States for the Southern District of Florida shall be held annually at Orlando, Fla., on the first Monday in October: *Provided*, That suitable rooms and accommodations for holding court at Orlando are furnished without expense to the United States.

Mr. DYER. Mr. Speaker, I move to strike out the last word. I would like to ask the gentleman from South Carolina whether it is plain and clear in the hearing had upon this bill that there will be no additional cost whatever to the Government in having this term of court held at Orlando?

Mr. DOMINICK. It is; and the bill so provides.

Mr. DYER. Will it necessitate a deputy clerk and a deputy marshal, other than the force now upon the pay roll?

Mr. DOMINICK. It will not. We are advised that notwithstanding the fact that in a great many districts there are provided a deputy clerk and a deputy marshal, in Florida no such provision is actually put into effect, and there will be no deputy clerk or deputy marshal at this place.

Mr. JOHNSON of Washington. Will the gentleman yield?

Mr. DYER. Yes.

Mr. JOHNSON of Washington. If there is to be no clerk established there permanently and if the judge may hold court anywhere he pleases, why is it necessary to enact a law providing that he shall hold court at Orlando?

Mr. DOMINICK. The reason for it is the distances involved in that district.

Mr. JOHNSON of Washington. Does this make it mandatory upon the judge to hold court there for, say, one day a year?

Mr. DOMINICK. It provides for a term of court to be held at Orlando for the convenience of the people in that district.

Mr. JOHNSON of Washington. The gentleman is positive there will be no extra cost for a deputy clerk or deputy marshal?

Mr. DOMINICK. None at all.

Mr. JOHNSON of Washington. I think there is no need of a law to provide that the court shall hold a term of court at Orlando, because under existing law I believe the court could be held there now.

Mr. DOMINICK. I disagree with the gentleman as to that.

Mr. JOHNSON of Washington. Of course, the gentleman has superior knowledge.

Mr. DOMINICK. Terms of court can only be held at places designated by the statute.

The pro forma amendment was withdrawn.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed.

A motion to reconsider the vote by which the bill was passed was laid on the table.

ADDITIONAL JUSTICE OF THE COURT OF APPEALS OF THE DISTRICT OF COLUMBIA

The Clerk called the next bill, H. R. 11336, providing for an additional justice of the Court of Appeals of the District of Columbia.

Mr. LAGUARDIA. Mr. Speaker, I ask unanimous consent that this bill may be passed over without prejudice.

The SPEAKER. Is there objection?

Mr. DYER. Mr. Speaker, reserving the right to object, will the gentleman yield?

Mr. LAGUARDIA. Yes.

Mr. DYER. I would like to have the gentleman from Tennessee [Mr. BROWNING], if the gentleman from New York will permit, make a brief statement as to the necessity for this legislation.

Mr. LAGUARDIA. I am sure we are always glad to hear from the gentleman from Tennessee.

The SPEAKER. The gentleman from New York [Mr. LAGUARDIA] asks unanimous consent that this bill may be passed over without prejudice. Is there objection?

There was no objection.

MEMORIAL TO THEODORE ROOSEVELT IN THE NATIONAL CAPITAL

The Clerk called the next bill, S. 290, to establish a memorial to Theodore Roosevelt in the National Capital.

The SPEAKER. Is there objection?

Mr. STAFFORD. Mr. Speaker, reserving the right to object, I direct the attention of the gentleman from Massachusetts [Mr. LUCE] to the requirement as found in the proviso in section 1:

That no general plan for the development of the island be adopted without the approval of the Roosevelt Memorial Association.

If we are to take over this island under the provisions of the national park act, why should we grant to any private association any control as to its development?

Mr. FULLER. Will the gentleman yield?

Mr. STAFFORD. Yes.

Mr. FULLER. How much of an appropriation is carried?

Mr. STAFFORD. There is nothing stated in the report as to what appropriation is required.

Mr. FULLER. Will the gentleman from Massachusetts tell us what appropriation will be required?

Mr. LUCE. None whatever. This is a gift on the part of the Roosevelt Association.

Mr. FULLER. It costs the Government nothing?

Mr. LUCE. Nothing.

Mr. STAFFORD. There will be considerable cost to the Government in the development of this island. I am in sympathy with the development of this island, but its improvement will be entirely upon the National Government. There is no question about that.

Mr. LUCE. The care of the island and its landscaping will no doubt cost something, because it will become a part of the park system of the District.

Mr. STAFFORD. Its revetment and other improvements may run into a considerable sum of money.

Mr. LUCE. It becomes a part of the park system of the District.

Mr. FULLER. Where is this island?

Mr. STAFFORD. Analostan Island is immediately southeast of the Key Bridge, opposite Georgetown.

There is a large island there that has been undeveloped for years, and this plan is now proposed by the Roosevelt Memorial Association.

Mr. FULLER. Is it proposed to put up a monument to his memory on this island?

Mr. LUCE. No; not a monument, as I understand.

Mr. STAFFORD. They want to develop it with landscaping in keeping with the surroundings.

Mr. FULLER. Is it to be simply named for him?

Mr. LUCE. I shall explain if the gentleman will permit.

The Roosevelt Association at first contemplated a very large monumental structure on the shores of, and taking part of the surface of, the Tidal Basin, which would put it on an axis with the White House. This plan was abandoned and in place the association decided to buy this island, and so did at an expense of several hundred thousand dollars. As I remember the newspaper report, it was $400,000. They offer it to the Government. They desire to have it kept in its wild state as far as possible. The structures upon it, as far as yet decided, are to be simply those for the caretaker, the gardeners, and so forth, and such simple conveniences for the public as may be necessary. No monumental structure is intended, as far as I am informed.

Mr. GILBERT. Will the gentleman yield to me to make a brief additional statement?

Mr. LUCE. Yes.

Mr. GILBERT. The National Park and Planning Commission had already submitted to the Budget a request that this island be purchased at a price of more than $300,000, approaching $400,000, as necessary for the park system of the District, when the Roosevelt Association came along and gave it to us. So it was contemplated to make it a part of the park system of the Capital, anyhow.

Mr. STAFFORD. My inquiry, however, when I rose was directed to the conscripting provision in the proviso of sec-

tion 1. If the Government is going to take over this property and have jurisdiction under the planning system of the Government, why should we restrict any development of the island by having to receive the approval of the memorial association? Why should there be any strings attached to the plans for the development of this island as to its beautification by having it first visaed by the memorial association, a private association? If they want to give it, let them give it without any strings attached.

Mr. LUCE. The gentleman is well aware that from time to time opinon varies in the District and in Congress.

The SPEAKER. Is there objection?

Mr. STAFFORD. Mr. Speaker, I am reserving the right to object. I have been trying for some time to have the gentleman note my inquiry. The gentleman has just reached that pivotal point.

Mr. LUCE. From time to time opinion varies as to the use to which these public spaces should be put, and I imagine the association is of the belief that it should give thought to some situation which, perhaps, does not now exist and that it would be well that it should be able to control the use of the land for the purposes for which it is given.

Mr. STAFFORD. And they want the National Government to accept the gift and bear the expense of maintenance, but they are to have the right to say that no improvement shall be made unless it is approved by this private association.

Mr. BLANTON. Mr. Speaker, will the gentleman yield?

Mr. STAFFORD. Yes.

Mr. BLANTON. I want to ask the gentleman from Massachusetts if he does not think that just now, in this hour of extreme depression, it would be well to rest on our oars and not take on this proposition?

Mr. LUCE. I imagine the Committee on Appropriations, controlling the appropriations asked for by the National Park and Planning Commission, may be trusted to prevent any expenditure at present if they do not think it wise.

Mr. BLANTON. And I may say to the gentleman, in making this observation, I think I was one of the very first in the United States to make a cash contribution to the Roosevelt memorial fund. So I am a friend to the memorial, but does not the gentleman think this can wait a while rather than to start in on a new enterprise upon which ultimately we would perhaps spend a large sum of money?

Mr. LUCE. This does not require the immediate expenditure of a dollar, and possibly nothing will be spent there for several years.

Mr. BLANTON. I also agree with our friend the gentleman from Wisconsin [Mr. STAFFORD] in his comment that whenever the United States Government takes over a proposition it ought to take it over. It ought to have control of it absolutely. There ought not to be any strings tied to it. The Government should not be compelled to go to some commission to get authority to do this or to do that, and until all strings are removed I shall be forced to object.

The SPEAKER. Is there objection?

Mr. BLANTON. I object, Mr. Speaker.

AMENDMENT TO H. R. 11597

Mr. KETCHAM. Mr. Speaker, I desire to submit a unanimous-consent request. In the consideration of the Economy Committee bill, there have been adopted 14 amendments and through the courtesy of the reading clerks I have them listed under the names of the gentlemen who introduced them, the page of the bill upon which they occur, and the page of the CONGRESSIONAL RECORD upon which they may be found in connection with the discussion on these amendments. I think this would be of interest in connection with further study of the bill; and, especially in view of early record votes to be demanded on several amendments, I ask unanimous consent to extend my remarks by inserting this statement.

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

There was no objection.

The statement referred to follows:

Amendments to H. R. 11597—Economy program

No.		Bill page	Record page
	TITLE I		
1	Britten amendment	2	9090
2	McCormack amendment	4	9095
3	Woodrum amendment	7	9176
	TITLE II		
4	Dickstein amendment	12	9183
	TITLE III		
5	Vinson amendment	14	9257
6	Cannon amendment	15	9234
7	Stevenson amendment	17	9248
8	Buchanan amendment	17	9261
9	Barbour amendment	19	9248
	TITLE IV		
10	Williamson amendment	31	9262
11	do	33	9263
	TITLE V		
12	McDuffie amendment	35	9269
13	Cochran amendment	35	9310
	TITLE VI		
14	Martin (Oregon) amendment	43	9319
	TITLE VIII		
15	Williamson amendment	53	9349

JUSTICE CHARLES H. ROBB

Mr. GIBSON. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD in regard to Justice Charles H. Robb.

The SPEAKER. Is there objection?

There was no objection.

Mr. GIBSON. Mr. Speaker, H. R. 11336, a bill to provide for an additional justice of the Court of Appeals of the District of Columbia, is pending on the Consent Calendar. This legislation is requested by the Department of Justice because of the physical incapacity of Justice Charles H. Robb. Justice Robb's impairment of health is due, no doubt, to overwork in the performance of exacting duties during years of faithful service.

Justice Robb came to Washington after years of practice at the Vermont bar, which has furnished a great number of able and learned judges to the State and the Nation. I know of none in the long list, however, who has shown greater learning, diligence, or ability.

I have known Justice Robb since he first came to the bar. I have watched his advance from a hard-working country lawyer to an exalted position on the bench. He holds the respect, the confidence, and the love of every one who has had occasion to appear before the court of appeals or who has come into contact with him in his daily life.

I would be negligent of my duty if I did not bring before the Members of Congress some of the facts of an outstanding judicial career.

Justice Robb was born November 14, 1867, at Guilford, Vt.; was admitted to the Vermont bar in 1892, and practiced law at Bellows Falls in that State until 1901, during which time he served as State's attorney for two years. In 1901 he was appointed inheritance tax solicitor of the Bureau of Internal Revenue of the Treasury Department, which position he held until 1902, when he was appointed a special assistant in the Department of Justice. In 1903 he was appointed assistant attorney general for the Post Office Department. In this capacity he successfully conducted the investigations and prosecutions in the notorious post-office fraud cases of that period. On the completion of this work in 1904 he was appointed Assistant Attorney General of the United States.

While Assistant Attorney General he was assigned at the special direction of President Roosevelt to conduct the second trial of Joseph R. Burton, of Kansas, a high official of the Government, before the Circuit Court of the United States for the Eastern District of Missouri. Burton had been indicted for accepting compensation, while a Government offi-

cial, for services before the Post Office Department in relation to matters in which the United States was interested. The first trial had been set aside by the Supreme Court of the United States in January, 1905. At the second trial Burton was convicted and on one count sentenced to serve six months in jail and fined $2,000 and on another count sentenced to serve six months in jail and fined $500. The case again reached the Supreme Court in April, 1906, being presented on behalf of the Government by Mr. Robb. On May 21, 1906, the Supreme Court affirmed the judgment of the trial court.

To fill the vacancy caused by the resignation of Associate Justice Charles H. Duell from the Court of Appeals of the District, President Roosevelt on October 5, 1906, during the recess of the Senate, appointed Mr. Robb, then 38 years of age, as associate justice. He took the oath of office on October 8, 1906; later his nomination was confirmed by the Senate and he was recommissioned as associate justice on December 11, 1906, taking the oath of office on December 14, 1906.

The Court of Appeals of the District was created in 1893. Its jurisdiction is greater than that of any appellate court in the country, with the exception of the Supreme Court of the United States. As stated by Mr. Chief Justice Taft in Public Utilities Com. *v.* Potomac Electric Power Co. (261 U. S. 442), the court of appeals "possesses the jurisdiction and power of Federal courts of the several States, with such added jurisdiction as a State may confer on her courts." It has jurisdiction to review decisions of the Supreme Court of the District of Columbia; concurrent jurisdiction with the circuit court of appeals of the United States over the decisions of the United States Board of Tax Appeals; exclusive jurisdiction of appeals from the Federal Radio Commission, subject to review by the Supreme Court of the United States; and until 1929 had jurisdiction of appeals from the United States Patent Office. By writ of error it has jurisdiction to review the judgments of the police court, the municipal court, and the juvenile court of the District. The District of Columbia being the seat of government, probably more mandamus and injunction cases are heard in the court of appeals than in all of the other Federal appellate courts of the country combined.

The first opinion of Justice Robb was rendered on October 19, 1906, 11 days after taking office under his original appointment (No. 1720, District of Columbia *v.* Mattingly, 28 App. D. C. 176). During the period of 26 years since then he has written more than 1,350 opinions, an average of over 51 each year. At the time of his appointment to the bench in 1906, the court (composed of three justices) had written a total of 288 opinions in appeals from the Patent Office. Since that time the court while similarly constituted has written 1,476 opinions in patent appeals, of which Justice Robb has written 544, or nearly 37 per cent. During his tenure on the bench he has in addition considered and acted upon hundreds of petitions for writs of error and motions relating to cases before the court.

The first opinion by Justice Robb to receive review by the Supreme Court of the United States was in the case of Hutchins *v.* Munn (No. 1680, 28 App. D. C. 271), 209 U. S. 246, involving the function of an auditor, and the Supreme Court in affirming the decision observed that the auditor's function "was correctly appreciated by the court below." Since then 116 opinions written by Justice Robb have reached the Supreme Court. Of these cases only 15 have been reversed.

Perhaps one of the most novel constitutional questions raised in recent years was decided by the court of appeals in an opinion by Justice Robb (Blackmer *v.* United States, 49 F. (2d) 523). The court affirmed a contempt decree of the Supreme Court of the District against Harry M. Blackmer, a citizen of the United States, for failure to respond to subpœnas issued out of that court and served on him in France by a United States consul. These subpœnas commanded Blackmer to appear as a witness at the criminal trial of Albert B. Fall and Harry F. Sinclair. The Supreme Court, in an opinion by Mr. Chief Justice Hughes (284 U. S. 421), has during the present term approved in every particular the opinion of the court of appeals on the questions considered on certiorari.

This is an outstanding record.

Justice Robb, after 26 years of service, has not arrived at the age of retirement. The court has an overcrowded docket, and the judges are compelled to work under pressure. It is only fair and just that one who has spent a quarter of a century in the exacting toil necessary, with a bench composed until recently of only three members, should receive consideration. I sincerely hope that this measure will not meet with any objection.

METHOD OF SELLING REAL ESTATE

The Clerk read the next bill on the Consent Calendar, H. R. 6678, amending section 1 of the act of March 3, 1893 (27 Stat. L. 751), providing for the method of selling real estate under an order or decree of any United States court.

Mr. STAFFORD. Mr. Speaker, I ask unanimous consent that this bill go over without prejudice.

There was no objection.

BRIDGE ACROSS THE MISSOURI RIVER AT RANDOLPH, MO.

The Clerk read the next bill on the Consent Calendar, H. R. 8072, a bill to extend the times for commencing and completing the construction of a bridge across the Missouri River at or near Randolph, Mo.

The SPEAKER. Is there objection?

Mr. LAGUARDIA and Mr. BLANTON objected.

The SPEAKER. This requires three objections. If there is no other objection, the Clerk will read the bill.

Mr. MILLIGAN. Mr. Speaker, I ask unanimous consent to substitute Senate 2967 in lieu of the House bill.

Is there objection?

There was no objection.

The Clerk read the Senate bill, as follows:

S. 2967

Be it enacted, etc., That the times for commencing and completing the construction of the bridge across the Missouri River at or near Randolph, Mo., authorized to be built by the Kansas City Southern Railway Co., its successors and assigns, by the act of Congress approved May 24, 1928, heretofore extended by acts of Congress approved March 1, 1929, May 14, 1930, and February 6, 1931, are hereby further extended one and three years, respectively, from May 24, 1932.

SEC. 2. The right to alter, amend, or repeal this act is hereby expressly reserved.

Mr. LAGUARDIA. Mr. Speaker, I move to amend line 4 of the Senate bill, before the word "bridge," strike out the word "the" and insert "a railroad."

The SPEAKER. The Clerk will report the amendment.

The Clerk read as follows:

On line 4 of the Senate bill, before the word "bridge," strike out the word "the" and insert "a railroad."

Mr. LAGUARDIA. Mr. Speaker, this amendment is not acceptable to the gentleman from Missouri. I offered it to him and he declined to accept it. If the House sees fit to consider it, all right. I call the attention of the House to the fact that the bill was first introduced for a railroad bridge and then it was a combined bridge. They have been trying to finance it for several years but have been unable to do so. The Bureau of Roads strongly recommends against it. The Department of Agriculture, in its report, says:

It is the view of the department that a private highway toll bridge should not be constructed at this point. It therefore recommends against enactment of the pending bill unless the authorization is revised to eliminate the portions thereof relating to the construction of a highway bridge or a combined highway and railroad bridge.

I am simply trying to carry out the advice of the road bureau in the Department of Agriculture. This bureau is doing excellent work in the Federal-aid highway system and should have our support. They are doing everything in their power to prevent private enterprise getting control of Federal-aid highways by getting the consent of Congress to build and operate toll bridges on such roads.

Mr. MILLIGAN. Mr. Speaker, the gentleman from New York is mistaken. This bill was introduced for a combination vehicular and railroad bridge. The reason the railroad de-

sires this is that the vehicular part of the bridge is necessary in order that the employees of the railroad may cross the river at that point instead of going down the river 12 or 14 miles or up the river 7 or 8 miles.

Mr. LAGUARDIA. Who is going to finance it?

Mr. MILLIGAN. The railroad company is going to finance it. The only reason that the bridge has not been built is because of some disagreement between the different railroad lines that are interested in this particular bridge.

Mr. BLANTON. My objection was that which has been made by the gentleman from New York. In view of the explanation of the gentleman from Missouri I withdraw my objection.

The SPEAKER. The question is on the amendment of the gentleman from New York.

The amendment was rejected.

The bill was ordered to be read a third time, was read the third time, and passed.

A motion to reconsider was laid on the table.

The House bill was laid on the table.

CARE OF INJURED IN NATIONAL GUARD, ETC.

The next business on the Consent Calendar was the bill (S. 1690) to make provision for the care and treatment of members of the National Guard, Organized Reserves, Reserve Officers' Training Corps, and citizens' military training camps who are injured or contract disease while engaged in military training, and for other purposes.

The SPEAKER. Is there objection?

Mr. LAGUARDIA. I ask unanimous consent that this bill go over without prejudice.

The SPEAKER. Is there objection?

Mr. PARKER of Georgia. Mr. Speaker, I object.

The SPEAKER. Is there objection to the consideration of the bill?

Mr. LAGUARDIA. I object.

PALO VERDE, CALIF.

The next business on the Consent Calendar was the bill (H. R. 11183) for emergency relief of Palo Verde Valley, Calif.

The SPEAKER. Is there objection?

Mr. BLANTON. Mr. Speaker, this bill if passed would authorize $70,000 to be appropriated out of the Treasury for the relief of Palo Verde Valley, Calif. At this particular time, when 7,000,000 heads of families are without jobs and can not find work to do and their wives and children are starving, it behooves us here to stop all spending that is not absolutely necessary. We can not retrench, and will never balance the Budget, as long as we appropriate $70,000 for this purpose and $7,000,000 for that enterprise. We must stop unnecessary expenditures, both small and large, if we save our Government from bankruptcy. It is true that this is only $70,000; but that sum with many others like it aggregates during the fiscal year a tremendous amount. And we must watch these small items as well as the large ones. While I am a friend of the author of this bill, and hate to oppose its passage, I feel constrained to object. For the reasons above, Mr. Speaker, I object.

STATUES OF GEORGE WASHINGTON AND ROBERT E. LEE

The next business on the Consent Calendar was House Concurrent Resolution 24, relative to the statues of George Washington and Robert E. Lee.

The SPEAKER. Is there objection?

There was no objection.

The Clerk read the concurrent resolution, as follows:

Resolved by the House of Representatives (the Senate concurring), That the thanks of this Congress be presented to the governor and through him to the people of the State of Virginia for the statues of George Washington and Robert E. Lee, whose names are so honorably identified with the history of our country; that these works of art are accepted in the name of the Nation and assigned to places in the old Hall of Representatives already set aside by Congress for the statues of eminent citizens; and that a copy of this resolution, signed by the President of the Senate and the Speaker of the House of Representatives, be transmitted to the Governor of Virginia.

The concurrent resolution was agreed to.

NATURALIZATION OF CERTAIN WOMEN BORN IN HAWAII

The next business on the Consent Calendar was the bill (H. R. 10829) relating to the naturalization of certain women born in Hawaii.

The SPEAKER. Is there objection?

Mr. BALDRIGE. Mr. Speaker, I reserve the right to object. Is there any report from the department on this bill?

Mr. JOHNSON of Washington. No; but there was favorable testimony, with a representative of the department present, who helped to perfect the bill as originally introduced. There can not be any possible objection, because this applies to not to exceed a dozen old women who are native-born Hawaiians, born before annexation, and who since the passage of the Cable Act of 1922 have no status for naturalization, to which they were originally entitled at the time of annexation.

Mr. BALDRIGE. Is the department in favor of this?

Mr. JOHNSON of Washington. The bill was drafted by the legislative drafting section after consultation with a representative of the department and after hearings.

Mr. STAFFORD. Reserving the right to object, I assume that these 12 old Hawaiian women can obtain naturalization under the regular laws of the United States?

Mr. HOUSTON of Hawaii. No; they can not, because they are neither white nor African.

Mr. STAFFORD. Where are these women living?

Mr. HOUSTON of Hawaii. They are all living in Hawaii at the present time.

Mr. STAFFORD. And the gentleman is certain that this applies to only 12 women?

Mr. HOUSTON of Hawaii. These are the only ones whose cases have been brought to my attention.

Mr. JOHNSON of Washington. The law was rewritten so that it does not apply to any person outside of the islands.

Mr. STAFFORD. I was under the impression that they would be privileged under existing naturalization laws to be naturalized. I can not see any reason why we should pass a special act granting a special privilege to these people.

Mr. JOHNSON of Washington. It does not do that. They were left out at the time of the organic act passed by the Congress two or three years after annexation. These women are now found, under the Cable Act, never to have had naturalization status. It has not been the policy of the House Committee on Immigration and Naturalization to recognize bills to give individual naturalizations.

Mr. STAFFORD. Is it the purpose also that their husbands may seek to have special privileges granted to them if this act is passed?

Mr. JOHNSON of Washington. No. The scope is limited.

Mr. BLANTON. Mr. Speaker, will the gentleman yield?

Mr. HOUSTON of Hawaii. Yes.

Mr. BLANTON. I have been wondering whether or not steps will be taken to file impeachment proceedings against the Federal judge in the gentleman's city, Honolulu, who coerced a grand jury and forced it to file bills of indictment against people, when the jury after carefully considering the cases had refused to do so? If ever, in my judgment, there were grounds for impeachment of a judge, that should be just grounds. No judge ought ever to coerce a grand jury into finding bills of indictment against anyone.

Mr. HOUSTON of Hawaii. I am not a lawyer and I can not undertake to answer a question of that kind.

Mr. DYER. I think the gentleman from Texas should withhold remarks of that kind at this time.

Mr. BLANTON. They are remarks that ought just now to be made by somebody, and the gentleman from Texas usually makes them when such remarks are necessary.

Mr. JOHNSON of Washington. That question has nothing to do with this bill.

The SPEAKER. Is there objection to the consideration of the bill?

There was no objection, and the Clerk read the bill, as follows:

Be it enacted, etc., That for the purposes of subdivision (b) of section 3 of the act entitled "An act relative to the naturaliza-

tion and citizenship of married women," approved September 22, 1922, as amended, a woman born in Hawaii prior to June 14, 1900, shall, if residing in the United States on the date of enactment of this act, be considered to have been a citizen of the United States at birth.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider laid on the table.

NAVAL ORDNANCE PLANT, SOUTH CHARLESTON, W. VA.

The next business on the Consent Calendar was the bill (H. R. 4657) to authorize the disposition of the naval ordnance plant, South Charleston, W. Va., and for other purposes.

The SPEAKER. Is there objections?

Mr. LAGUARDIA. Mr. Speaker, I reserve the right to object.

Mr. BLANTON. I object, for one.

Mr. BACHMANN. Will the gentleman withhold his objection?

Mr. STAFFORD. Mr. Speaker, will not the reservation of objection hold the original status of objection?

Mr. BLANTON. If the gentleman from Wisconsin, the gentleman from New York, and myself are going to object, why go on?

Mr. BACHMANN. Will the gentleman withhold his objection for a moment?

The SPEAKER. A reservation of objection is in order as long as the regular order is not called for.

Mr. LAGUARDIA. I reserve the right to object.

Mr. BACHMANN. Here is a bill seeking to dispose of a plant that is costing the Government $80,000 a year to maintain, and year after year it is deteriorating into junk.

Mr. BLANTON. Mr. Speaker, will the gentleman yield?

Mr. BACHMANN. Yes.

Mr. BLANTON. Of all times, this is not the time to sell any property, Government or private. It would not bring anything. This property has cost millions of dollars.

Mr. BACHMANN. And it will bring several millions of dollars.

Mr. BLANTON. You could not sell gold just now for anything like its value.

Mr. BACHMANN. If it remains as it is much longer, it will not be worth anything.

Mr. BLANTON. I am not in favor of selling anything in this hour of depression.

Mr. LAGUARDIA. This is not economy. The bill seeks to take this money and place it in a special fund so that it could be spent more readily.

Mr. BLANTON. Certainly.

Mr. LAGUARDIA. And in addition to that, here is a fully equipped plant, and it was put up there as a safeguard——

Mr. BLANTON. Let us be economical and not waste any more time on this bill. I demand the regular order, Mr. Speaker.

The SPEAKER. Is there objection to the present consideration of the bill?

Mr. LAGUARDIA. I object.

Mr. BLANTON. I object.

Mr. STAFFORD. I object.

USE OF UNITED STATES MAILS FOR TRANSMISSION OF MATTER ADVERTISING PUZZLE CONTESTS, ETC.

The Clerk called the next bill on the Consent Calendar, H. R. 10462, to prohibit the use of the United States mails for the transmission of any matter advertising puzzle contests, naming contests, prize offers, or any other form of competition for a prize wherein such offers are made to induce persons to compete in another contest which involves either the purchase or sale of goods as a requisite of winning.

The SPEAKER. Is there objection?

Mr. COCHRAN of Missouri. I object.

Mr. DYER. I object.

Mr. BROWNING. I object.

Mr. BALDRIGE. I object.

Mr. LAGUARDIA. I object.

Mr. BACHMANN. I object.

EXCHANGE FEDERAL BUILDING SITE IN DOVER, N. J.

The Clerk called the next bill on the Consent Calendar, H. R. 11337, authorizing the Secretary of the Treasury to exchange the Federal building site in Dover, N. J., for another site.

The SPEAKER. Is there objection to the present consideration of the bill?

Mr. BALDRIGE. Mr. Speaker, reserving the right to object, I would like to ask one question. Would there be any unexpended balance if the original building was built on the former site?

Mr. LANHAM. This relates merely to the transfer of sites and not to the construction of the building.

Mr. BALDRIGE. But does this mean any more money?

Mr. LANHAM. Not a particle. It is merely an exchange of sites, and certain work is to be done upon this new site by the city of Dover, and also the city will give free rent during the construction of the Federal building. It adds to the attractiveness of the city as well.

Mr. BALDRIGE. If the building was built as formerly planned on the site where formerly planned, would there be any unexpended balance?

Mr. LANHAM. Oh, no. The building would cost the same.

Mr. STAFFORD. Reserving the right to object, I wish to inquire the reason why the committee called upon the Fourth Assistant Postmaster General for his opinion rather than upon the Treasury Department as to the advisability of the exchange of these respective tracts.

Mr. LANHAM. The Fourth Assistant Postmaster General went to Dover and made a personal inspection of these sites. Mr. Heath, Assistant Secretary of the Treasury, was also present at the hearing and concurred in the statement made by the Fourth Assistant Postmaster General.

Mr. STAFFORD. In reading the report I gained the impression that the site that has been bought by the Government for the post office was more valuable than the site suggested by the city of Dover, which they wished to accord in exchange.

Mr. LANHAM. It would have been but for the fact that the city will build a retaining wall, which will make the new site equally advantageous and, with the expense involved, of equal value. We made inquiry of these Government officials as to whether or not there was any loss in value in an exchange of this kind, and they said, in view of the work that the city would do, there would be no loss in value whatever, and that the new site is quite as acceptable for post-office purposes as the present site, and it would add very much to the program of city building that Dover has in mind.

Mr. STAFFORD. Is this an instance of rivalry in the locality as to the merits of respective sites for a post-office building?

Mr. LANHAM. I think not, from the testimony before the committee. The mayor of the city, for instance, made a trip here, as well as the city engineer, in order to testify at these hearings.

Mr. STAFFORD. What is the size of the Dickerson Street site which the Government now owns, and when did it acquire title, and what is the size of the proposed site which the city of Dover wishes to transfer in exchange?

Mr. LANHAM. They are relatively of the same size, and the testimony before us is that each is absolutely adequate for the building which the Government intends to erect.

Mr. STAFFORD. How large is the proposed site?

Mr. LANHAM. I do not recall the figures exactly, but we had a map and a plat of the city before us, and the tracts are approximately of the same size.

Mr. STAFFORD. As I understand, it is the purpose of the city to wall up the site at their expense so as to make it serviceable for the purposes of a post office?

Mr. LANHAM. It is; and the mayor of the city said to us that they already had that authority and were prepared to go ahead and do the work. The exchange will not be made until it is done.

Mr. STAFFORD. With that explanation I will withdraw the reservation of objection.

The SPEAKER. Is there objection?

There was no objection.

The Clerk read the bill, as follows:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and empowered to exchange by the usual quitclaim deed, without expense to the United States (when title becomes vested in the Government) the Federal building site located on the northwest corner of Dickerson and Warren Streets at Dover, N. J., now under contract to be purchased by the United States, for a site offered by the city of Dover, located on Sussex Street and Morris Street extended: *Provided*, That the exchange herein set forth shall be subject to such conditions as to the improvements on the Sussex Street site to be made by the city of Dover as may be required by the Secretary of the Treasury, and free rental to the Government of the present post-office quarters located on the Dickerson Street site until the new post-office building is completed and occupied. These conditions to be assented to by the city of Dover in order to equalize the price of the Sussex Street site. In the event that the exchange as herein set forth is consummated it is further provided that the unexpended balance of the appropriation authorized in the act of Congress approved March 4, 1931, for a site and building at Dover, N. J., is hereby made available for the construction of the new building on said Sussex Street site.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed.

A motion to reconsider was laid on the table.

TO REGULATE THE MANUFACTURE AND SALE OF STAMPED ENVELOPES

The Clerk called the next bill on the Consent Calendar, H. R. 8576, to regulate the manufacture and sale of stamped envelopes.

The SPEAKER. Is there objection to the present consideration of the bill?

Mr. LAGUARDIA. Reserving the right to object, Mr. Speaker, I am not ready for this, and I ask unanimous consent that the bill go over.

Mr. CLARKE of New York. I think it should go over.

Mr. HARLAN. Mr. Speaker, I object.

Mr. BALDRIGE. The gentleman did not object to the consideration of the bill, did he?

Mr. HARLAN. I object to the consideration of the bill, but I will reserve that.

Mr. LAGUARDIA. I asked to have it go over for two weeks.

Mr. CLARKE of New York. I think it had better go over.

The SPEAKER. Is there objection to the request of the gentleman from New York that the bill go over for two weeks?

There was no objection.

CONVEYANCE OF PORTION OF THE LISTON RANGE REAR LIGHTHOUSE RESERVATION FOR HIGHWAY PURPOSES

The Clerk called the next bill, H. R. 79, to provide for conveyance of a portion of the Liston Range Rear Lighthouse Reservation, New Castle County, State of Delaware, for highway purposes.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the Secretary of Commerce is hereby authorized to transfer and convey to the State of Delaware the following-described parcel of land situate in New Castle County and being a part of the Liston Range Rear Lighthouse Reservation:

Beginning at a point on the westerly side of the Liston Range Rear Light Station Reservation, Del., which point is the southwesterly corner of the lighthouse reservation as described in deed dated March 18, 1904, and from which the Liston Range Rear Light Station tower bears north 40 degrees 19 minutes 10 seconds east 331.73 feet, running thence from a point of beginning 74 degrees 9 minutes true 918 feet along the center line of the concrete roadway pavement (which is also the present southerly boundary line of the reservation) to the southeast corner of the lighthouse reservation, thence 288 degrees 24 minutes true 53.05 feet to a stone monument, thence 254 degrees 9 minutes true 678.32 feet along the present fence line approximately parallel to the center line of the concrete roadway pavement to a point, thence along a curved line with radius of approximately 1,116 feet approximately parallel to the center line of the concrete roadway pavement about 168 feet to a stone monument on the westerly lighthouse reservation line, thence 198 degrees 24 minutes true 51.38 feet along the westerly boundary of the lighthouse reservation to the point of beginning, containing sixty-two hundredths acre, more or less, the same to be held and made available permanently by said State as a public highway under such rules and regulations as may be necessary and proper for use thereof by the public.

SEC. 2. The Lighthouse Service shall have an unrestricted right at all times to use the said highway for the purpose of access to and egress from the said lighthouse reservation: *Provided*, That should the State of Delaware fail to keep and hold the said strip of land for roadway purposes or devote it to any use inconsistent with said purposes then title to said land shall revert to and be reinvested in the United States.

Mr. LAGUARDIA. Mr. Speaker, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. LAGUARDIA: Page 3, line 13, after the word "States," insert the following: "and the deed or instrument of conveyance shall recite said reversionary rights herein reserved."

Mr. LAGUARDIA. Mr. Speaker, the purpose of the amendment is to reserve the reversionary rights, if the instrument of conveyance does not include such a reference. I think it should, so that if the State ceases to use it and some one else acquires it, endless litigation as to the title will be avoided. My attention was diverted when the bill was called up or I would have objected by reason of that. It may not seem important, but it will certainly serve to give notice, as a matter of record, of the reservation of such rights.

The amendment was agreed to.

Mr. STAFFORD. Mr. Speaker, I move to strike out the last word.

Mr. Speaker, it is customary in these bills where the Government conveys property to have it done by quitclaim deed; and I would suggest an amendment on page 1, line 4, after the word "Delaware," inserting the words "quitclaim deed."

Mr. HOUSTON of Delaware. Mr. Speaker, I will say, for information, that it is the practice in my State for the State to convey a fee simple title to roads. This road has already been built. The land was under lease by the Government as a part of the State highway system.

Mr. STAFFORD. The Government does not in any instance warrant the title and it should not warrant the title. It should be sufficient to give to the State of Delaware all the title that the Government has, and that is done by quitclaim deed.

Mr. HOUSTON of Delaware. That is all the title they could convey in any case.

Mr. STAFFORD. Mr. Speaker, I withdraw the pro forma amendment and offer a formal amendment.

The Clerk read as follows:

Amendment offered by Mr. STAFFORD: Page 1, line 4, after the word "convey," insert "by quitclaim deed."

The amendment was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider laid on the table.

CONVEYANCE OF A CERTAIN TRACT OF LAND TO THE BOROUGH OF STONINGTON, CONN.

The Clerk called the next bill, H. R. 10683, to provide for the conveyance by the United States of a certain tract of land to the borough of Stonington, in the county of New London, in the State of Connecticut.

Mr. BLANTON. Mr. Speaker, reserving the right to object, there ought to be an amendment on this bill as suggested by the department.

Mr. LONERGAN. What is it?

Mr. BLANTON. They ask that certain changes be made in the bill. Will the gentleman agree to those changes?

Mr. LONERGAN. What are they?

Mr. STAFFORD. Mr. Speaker, this property involves less than an acre in extent.

Mr. BLANTON. Mr. Speaker, I ask that this bill be temporarily passed until we can agree on an amendment. The department wants some reservations placed in the bill.

Mr. LAGUARDIA. Mr. Speaker, let me suggest this for the consideration of the gentleman from Texas. I would suggest as section 3 the following: "The conveyance shall be made on completion of said improvements by said borough of Stonington, and said deed shall recite all the conditions contained in this act."

In other words, instead of conveying the property now subject to the borough making the improvement, why not

authorize the conveyance of the property when the improvement is made?

Mr. BLANTON. That will be all right.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the Secretary of Commerce be, and he is hereby, authorized to convey by quitclaim deed unto the borough of Stonington, in the county of New London, in the State of Connecticut, all of its right, claim, or title to or the possession of that tract of land, less than one acre, known as Stonington Point, situated in the borough of Stonington, county of New London, in the State of Connecticut, for improvement and maintenance as a plaza in commemoration of those valiant men who so nobly defended it during the 3-day bombardment by the British fleet under Commodore Hardy, on August 9, 10, and 11, 1814.

SEC. 2. The Lighthouse Service reserves the right to maintain such lights on the property to be conveyed as the needs of navigation may require, and the right to enter upon the reservation by the most convenient route for the purpose of maintenance of such lights and reserve an easement for beams of light from such lights, and the right to trim any trees that now exist or may hereafter exist that interfere with or obstruct the beams of such lights.

SEC. 3. The conveyance shall be made on condition that the said borough of Stonington shall begin the improvement within one year from the date of this act and that upon failure so to do, or upon failure thereafter to maintain this tract of land for the purpose named in this act, it shall revert to the United States upon due notice from the Secretary of Commerce.

Mr. LAGUARDIA. Mr. Speaker, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. LAGUARDIA: Page 2, line 13, strike out all of section 3 and insert in lieu thereof the following:

"SEC. 3. The conveyance shall be made on completion of said improvement by the said borough of Stonington and said deed shall recite all the conditions contained in this act."

Mr. STAFFORD. Mr. Speaker, I would like to ask the gentleman from New York whether the amendment he suggests carries the provision that upon the failure thereafter to maintain this tract of land for the purposes set out it shall revert to the United States?

Mr. LAGUARDIA. I provide that the deed shall contain all of the reservations set out in this act, so that the deed will have to recite them.

The amendment was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed.

A motion to reconsider the vote by which the bill was passed was laid on the table.

CONVEYANCE OF CERTAIN LAND ON FENWICK ISLAND, SUSSEX COUNTY, DEL., FOR ROADWAY PURPOSES

The Clerk called the next bill, S. 283, to provide for conveyance of a certain strip of land on Fenwick Island, Sussex County, State of Delaware, for roadway purposes.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the Secretary of Commerce is hereby authorized to transfer and convey to the Levy Court of Sussex County, State of Delaware, the following-described parcel of land situate in Sussex County and being a part of the Fenwick Island Lighthouse Reservation: A strip of land 60 feet wide and 660 feet long, extending from the west boundary line of the Fenwick Island Lighthouse Reservation to the east boundary line of the lighthouse reservation with the center line running parallel to and 330 feet northerly from the east and west boundary line between the States of Delaware and Maryland, which boundary line is the southerly boundary of the Fenwick Island Lighthouse Reservation; the same to be held and made available permanently by said Levy Court of Sussex County, State of Delaware, as a roadway under such rules and regulations as may be necessary and proper for the use thereof by the public, and that the Lighthouse Service shall have an unrestricted right at all times to use the said roadway for the purposes of access to and egress from the lighthouse reservation: *Provided*, That should the Levy Court of Sussex County, State of Delaware, fail to keep and hold the said strip of land for roadway purposes or devote it to any use inconsistent with said purposes, then title to said land shall revert to and be reinvested in the United States.

Mr. LAGUARDIA. Mr. Speaker, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. LAGUARDIA: Page 2, line 17, after the word "States," insert the following: "and the deed or instrument of conveyance shall recite the reversionary rights herein reserved."

The amendment was agreed to.

Mr. STAFFORD. Mr. Speaker, I offer the following amendment: On page 1, line 4, after the word "convey," insert the words "by quitclaim deed."

The Clerk read as follows:

Amendment offered by Mr. STAFFORD: On page 1, line 4, after the word "convey," insert the words "by quitclaim deed."

The amendment was agreed to.

The bill was ordered to be read a third time, was read the third time, and passed.

A motion to reconsider the vote by which the bill was passed was laid on the table.

AMENDMENT OF THE UNITED STATES CODE

The Clerk called the next bill, H. R. 11152, to amend section 293, title 39, of the United States Code, Supplement V, to promote Parcel Post Service.

Mr. LAGUARDIA. Mr. Speaker, reserving the right to object, it seems to me if this going to be an experiment we should start with the 5-cent fee, as suggested by the Post Office Department. The 3-cent fee is an experiment, and it seems to me we should go back to the 5-cent charge originally suggested. If the gentleman from Pennsylvania would agree to that, I would like to see the experiment tried out.

Mr. KELLY of Pennsylvania. Mr. Speaker, I believe that 3 cents will fully cover the cost and yield a profit; but there can be no real objection to changing the figure from 3 cents to 5 cents, because the provision is that the rate shall not exceed the fee specified, so that any rate below that fee which is deemed best may be used.

Mr. LAGUARDIA. I will say that, as far as congested traffic conditions in New York City are concerned, we certainly could not do it for 3 cents.

Mr. STAFFORD. It is a question whether in any of the great metropolitan centers you can do it even for 5 cents, with the pay we are according to the letter carriers and to delivery drivers of automobiles.

I can not conceive how at the rates we pay they can even do it for 5 cents, but the department has said, "Let us experiment with it at this 5-cent rate."

I could not conceive the mathematics of the brilliant minds that compose the Committee on the Post Office and see how they could arrive at the conclusion of a 3-cent rate being compensatory.

Mr. KELLY of Pennsylvania. I may say to the gentleman from Wisconsin that a preliminary test in Los Angeles showed that it cost less than 3 cents and there was a considerable profit in 3 cents. However, 5 cents will be satisfactory.

Mr. BALDRIGE. If the gentleman will permit, may I ask whether this would be in competition with the express companies?

Mr. STAFFORD. Oh, yes; that is the purpose of it.

Mr. KELLY of Pennsylvania. This is not in competition with the express companies, because this is simply picking up parcel-post packages that would be taken to the post office in any case.

Mr. BALDRIGE. What effect would this have with respect to putting the Government in business in competition with such companies?

Mr. KELLY of Pennsylvania. This only deals with parcel-post packages that would go into the post office anyhow. At the present time they must be carried to the post office. The service has trucks and men employed now who can well be engaged in picking up these packages.

Mr. BALDRIGE. Is it not true that this class of business now goes through the express companies because of the fact that the Parcel Post Service does not pick up? If we now have the parcel post pick up these packages, will this not injure our express companies and put the Government in competition with private business?

Mr. KELLY of Pennsylvania. No; I think my friend is mistaken, because the large concern has its own trucks and will send these packages to the post office without using this new service. The small concern that has a few parcel-post packages a day will have the post-office truck stop for

these packages, and will pay a proper fee. There will not be direct competition with private industry.

Mr. BLANTON. Carrying out the suggestion made by the gentleman from New York [Mr. LAGUARDIA], which is a good one, the words "not more than" ought to be stricken out when you put in 5 cents instead of 3 cents. Will the gentleman agree to that?

Mr. KELLY of Pennsylvania. I hope the gentleman will not press that suggestion.

Mr. BLANTON. That ought to be done, because we are not going to enact any new laws here by unanimous consent that may cause an extra deficit in the Treasury.

Mr. KELLY of Pennsylvania. This will mean a gain rather than a deficit.

Mr. BLANTON. The gentleman does not know that.

Mr. KELLY of Pennsylvania. Yes; that is the statement of the department.

Mr. BLANTON. It is an experiment; and, if the gentleman will knock out the words "not more than" and insert "five" instead of "three," we will go along with him; and that would also carry out the recommendation of the department.

Mr. LAGUARDIA. That will be all right.

Mr. KELLY of Pennsylvania. If the gentleman means to object otherwise, I am at his mercy, of course.

Mr. BLANTON. Yes; I want to carry out the recommendation of the department. With that understanding, I shall not object.

Mr. KELLY of Pennsylvania. I shall not object to that, if the gentleman insists upon the point.

Mr. EATON of Colorado. Mr. Speaker, reserving the right to object, I would like to inquire further. Do I understand by this bill you are now putting the United States in the business of going to a person's place of business and getting the packages which he has heretofore carried himself to the post office?

Mr. STAFFORD. That is it exactly.

Mr. EATON of Colorado. And you think by charging 5 cents for that service, the United States will make a profit?

Mr. STAFFORD. They claim they can make a profit at 3 cents.

Mr. KELLY of Pennsylvania. If the gentleman will permit, we are endeavoring to carry out the Parcel Post Service. There is nothing frightening about this.

We are simply going to use the trucks and the workers that we now have to carry these packages from the business place to the post office. It is logical and should have been in force from the beginning.

Mr. EATON of Colorado. I may say that neither the gentleman nor any man who has figured on this has ever been in the parcel-post business. I object, and I hope there will be others to object when the bill comes up for further consideration.

Mr. BALDRIGE. Who carries these packages now to the post office?

Mr. KELLY of Pennsylvania. They are carried by the mailer himself.

Mr. BLANTON. Mr. Speaker, will the gentleman yield?

Mr. EATON of Colorado. I withhold my objection.

Mr. BLANTON. Our rural carriers and our urban carriers are every day picking up first-class mail. If they pick up first-class mail, why can they not pick up other kinds of mail?

Mr. EATON of Colorado. Because there is just as much difference between first-class mail and packages as between a sheet of paper and a 5 or 10 pound package. The business is entirely different.

Mr. BLANTON. I do not see any difference. A private company could make money by carrying letters, but we prefer for the United States Government to handle the mails exclusively.

The SPEAKER pro tempore (Mr. BANKHEAD). Is there objection?

Mr. EATON of Colorado. I object, Mr. Speaker.

POSTAL ACT OF MAY 29, 1928

The Clerk called the next bill, S. 621, to repeal section 7 of the postal act approved May 29, 1928.

Mr. STAFFORD. Mr. Speaker, reserving the right to object, what objection can there be to the Post Office Department, the administrative head of the Government, having the right to determine whether the parcel-post charges are reasonable or not? We have had manifestation time and time again that the distinguished members of the Post Office Committee believe their judgment as to administrative costs better than that of the department. Are we to establish the policy here that the Post Office Committee knows more about administrative charges for carrying parcel post than the experts of the department?

Mr. LAGUARDIA. I want to know why the change.

Mr. STAFFORD. That is what I am seeking to get information about.

Mr. BUCKBEE. I will say to my delightful colleague from Milwaukee——

Mr. STAFFORD. I thank the gentleman for that compliment.

Mr. BUCKBEE. This is merely a question between the Post Office Committee, that has handled rate measures for upward of 100 years in an impartial, efficient manner, and the Interstate Commerce Commission. If you are going to let one class of mail be handled by the Interstate Commerce Commission, why would not my delightful friend from Milwaukee be in favor of letting first-class, second-class, and third-class mail be handled in the same manner?

Mr. STAFFORD. I most assuredly would let the Interstate Commerce Commission determine the rates of second-class mail matter, because I know that whenever post-office officials have recommended an increased rate they are marked for slaughter. When Postmaster General Hitchcock recommended increase in second-class mail matter, what was the result? Every progressive magazine in the country opposed it, and when President Taft took up the cause of the Postmaster General he was assaulted by all the uplift magazines in the country. I would certainly approve of the Interstate Commerce Commission fixing the rate, especially parcel post, which refers largely to the cost of transportation on the railroads and other conveyances. Mr. Speaker, I object.

AMENDING SECTION 129 OF THE CRIMINAL CODE

The Clerk read the next bill on the Consent Calendar, H. R. 11057, to amend section 129 of the Criminal Code of the United States.

Mr. STAFFORD. Mr. Speaker, I have no objection to the purpose of the proposed legislation, but I rise merely to ascertain the purpose of the gentleman, whether he seeks to prohibit the sale of matter rightfully taken or information.

Mr. SUMNERS of Texas. The purpose is to prohibit both.

Mr. BLANTON. Mr. Speaker, I ask unanimous consent that the gentleman from Texas may proceed for five minutes to explain the bill. It is a good bill and, if explained, will pass.

The SPEAKER pro tempore. Is there objection?

There was no objection.

Mr. SUMNERS of Texas. Mr. Speaker, I think I can explain the bill to the satisfaction of Members in one minute. The bill provides, and the language is clear, against the sale of documents and their contents of which possession is acquired by employees of the departments of the United States. We have had one or two scandals by employees working in the departments making sale of information, contents of documents, and so forth. This particular bill is suggested by the Department of the Interior. They would like to have this bill passed in order that their documents and information may not be peddled out to persons who want to get special privilege or special advantage over the rest of the people.

Mr. BLANTON. If the gentleman will yield, there is one instance where the department employee made a sale of Government information for $12,000.

Mr. STAFFORD. Mr. Speaker, I have no objection to the bill.

Mr. LAGUARDIA. Reserving the right to object, the gentleman from Texas will, of course, insist on the committee amendments?

Mr. SUMNERS of Texas. Yes. I presume it is understood that we are insisting on the committee amendments.

The SPEAKER. The Clerk will report the bill.

The Clerk read the bill, as follows:

Be it enacted, etc., That section 129 of the Criminal Code (U. S. C., title 18, sec. 235) be, and it is hereby, amended to read as follows:

"SEC. 129. Whoever, by virtue of his employment by the United States, having custody of, or access to, any record, proceeding, map, book, document, paper, or other thing specified in the preceding section, shall willfully and unlawfully conceal, remove, mutilate, obliterate, falsify, destroy, sell, publish, or furnish, or sell, publish, or furnish information contained in, any such record, proceeding, map, book, document, paper, or thing, or a copy or copies thereof, shall be fined not more than $2,000 or imprisoned not more than three years, or both, and moreover shall forfeit his office and be forever afterward disqualified from holding any office under the Government of the United States."

The committee amendments are as follows:

Page 1, line 9, after the word "destroy," followed by a comma, insert the word "or."

Page 1, line 10, after the first word, "sell," strike out the balance of the line, and in line 11, strike out down to and including the word "in."

Page 2, line 1, after the word "thing," followed by a comma, insert the words "or any information contained therein," followed by a comma.

The committee amendments were agreed to.

The bill as amended was ordered to be engrossed and read a third time, was read the third time, and passed.

A motion to reconsider was laid on the table.

EDUCATION AND MEDICAL ATTENTION OF DISTRESSED INDIANS

The next business on the Consent Calendar was the bill (S. 3110) authorizing the Secretary of the Interior to arrange with States for the education, medical attention, and relief of distress of Indians, and for other purposes.

The SPEAKER pro tempore. Is there objection?

Mr. LAGUARDIA. Mr. Speaker, I reserve the right to object.

Mr. STAFFORD. I reserve the right to object.

Mr. KELLY of Pennsylvania. Mr. Speaker, I reserve the right to object. I recognize this as a measure that has been before the Congress for some time. In fact, I introduced a measure like it several years ago, which was intended to establish a more just method of dealing with the Indians generally. I notice the bill is changed from its original form and now applies only to the State of California. Just why was the agreement reached to eliminate this method as to other States and to permit California alone to carry it out?

Mr. LEAVITT. The gentleman will recall that I also introduced a bill of a general character several years ago, but, as is common with legislation, as it developed, it came to light that there are some States in which there is no sentiment for this sort of legislation. The movement originated in California and has been carried forward, and there is a strong sentiment there to try it out. It followed, in view of the position of the Representatives from some States who might by their opposition prevent any trial of legislation of this kind, that the proper step to take was to confine it to the State that desires it now, to try it out, and thus prove whether or not it is for the benefit of the Indians.

Mr. KELLY of Pennsylvania. The gentleman thinks that the successful operation in California will lead to the adoption of a similar method in other States?

Mr. LEAVITT. I think in some States it will come along State by State, but in some other States it will be quite some time before the conditions will bring it into effect.

Mr. BALDRIGE. What was the amount appropriated the other day for the Indians on the Indian Committee day?

Mr. LEAVITT. Nothing was appropriated on the Indian Committee day. There were authorizations that had to do with different tribes of Indians.

Mr. LAGUARDIA. I think the gentleman means the amount appropriated in the Interior Department appropriation bill.

Mr. BALDRIGE. Yes.

Mr. LEAVITT. I do not recall those figures.

Mr. JOHNSON of Washington. Whatever it was, it was considerably cut.

Mr. LEAVITT. It was not any too much.

Mr. LAGUARDIA. This seems to me to establish an intervening and additional barrier to the progress of the Indian. I remember from my old childhood days in Arizona the shameful way in which the Indians were treated at that time. Of course, I am talking about 40 years ago, and now we are trying to improve the condition of our wards. I do not know that you will improve them by removing them one step farther away from the Government control. Where is the responsibility going to rest?

Mr. LEAVITT. In many of the States, as I said, conditions are not such that this could or should be done at this time. In California, where this movement originated, it grew out of a condition quite different from that which exists in many States, in that the Indians are not there on large reservations, where the Government can have hospitals and school facilities and give them the proper supervision.

Mr. LAGUARDIA. Who is going to be responsible for their care?

Mr. LEAVITT. The Government.

Mr. LAGUARDIA. But the Government will delegate it to a State?

Mr. LEAVITT. It is intended to deal in that way in trying this out in California. These Indians are scattered in small bands and throughout the communities, and do not now have access to the same hospital facilities that the Indians in other States have or on reservations and that the white people have in California. The Government will enter into a contract with the State whereby the Indians will secure the use of existing State facilities of help and education. Of course, the gentleman knows that we now educate most of the Indian children in the public schools. This also includes the care of indigent Indians. It is intended to bring these instruments of help closer to the Indians, but the Government does not intend in this bill to let go of any of its own responsibility, but merely seeks to try, without added expense, to determine if it will work to the benefit of the Indian to give him a chance to utilize these local facilities.

Mr. LAGUARDIA. Let us be perfectly frank with each other for a moment. As the Indian is progressing now, he is commingling and is dispersed along with the general population, so that if he requires hospital care or education the State gives it to him. This seems to me to be an attempt on the part of the State of California to turn around and charge the Federal Government for something that California after all is morally and otherwise obligated to give to her citizens.

Mr. LEAVITT. But which is not given to them and which the Federal Government, with its responsibilty for these Indians, believes the Indians should receive.

Mr. LAGUARDIA. I do not think that I am ready to pass on this to-day.

Mr. STAFFORD. Mr. Speaker, will the gentleman yield?

Mr. LEAVITT. Yes.

Mr. STAFFORD. I think the amendment that the Committee on Indian Affairs has recommended is retrogressive. There is nothing obligatory in the bill as presented to us from the Senate that makes it mandatory on the Secretary of the Interior to enter into these contracts with any State. It is entirely in his discretion.

The gentleman is now circumscribing it so that he will not permit the State authorities of Wisconsin to enter into contracts with the Indian authorities there for their hospitalization or for their education and the like. He is so circumscribing this bill that it amounts to nothing. The test to be made, I believe, is whether we shall have a general

law that will uplift the Indians and take the charge of the Indians away from the bureaucratic government which they have been subjected to all of these years and, where conditions are favorable, allow them to enter into contracts with the State authorities for their education, or whether we will allot it to dear old go-getting California.

Mr. PARKS. Mr. Speaker, the regular order.

The SPEAKER pro tempore. Is there objection?

Mr. STAFFORD. Mr. Speaker, I object unless the gentleman will agree to the bill as it came from the Senate.

Mr. LEAVITT. I can not agree to that.

Mr. LAGUARDIA. Mr. Speaker, I object.

INTERNATIONAL PEACE GARDEN (INC.)

The Clerk called the next bill on the Consent Calendar, H. R. 10302, to provide for the transfer of certain school lands in North Dakota to the International Peace Garden (Inc.).

The SPEAKER pro tempore. Is there objection to the present consideration of the bill?

Mr. BLANTON. Reserving the right to object, Mr. Speaker, why should this 640 acres of Government land be transferred to a private corporation?

Mr. HALL of North Dakota. It is for a public purpose.

Mr. BLANTON. What kind of public purpose?

Mr. HALL of North Dakota. The planting of flower gardens, botanical gardens, to be used by the public of the United States and Canada.

Mr. BLANTON. Are we to furnish flower gardens for everybody in the Nation?

Mr. HALL of North Dakota. No, sir.

Mr. BLANTON. We have not furnished any for New York or Texas.

Mr. HALL of North Dakota. No; but this is for the public. It is a public international garden on the boundary to commemorate the peaceful relations existing between the two nations.

Mr. BLANTON. But belonging to a private corporation.

Mr. HALL of North Dakota. Only so long as it is used for that purpose. When it is not so used, the land reverts to the State.

Mr. BLANTON. Mr. Speaker, I believe in flowers. I like to send flowers to the living and not to the dead, and I believe in beautifying the country, and I believe in beautifying this State of North Dakota, but not at Government expense.

Mr. HALL of North Dakota. It is not a commercial enterprise, and a committee representing the people of Manitoba and North Dakota has been appointed whose business it will be to arrange that the area adjacent to the garden will not be available for commercial purposes.

Mr. BLANTON. If we could give 640 acres of land for a flower garden to every district in the United States, I would vote for it in a minute.

Mr. BURTNESS. Will the gentleman yield?

Mr. BLANTON. Certainly.

Mr. BURTNESS. The gentleman suggests that the Federal Government is giving 640 acres of land to a private corporation. The Government is not giving anything which it owns at this time under the terms of this bill. It simply gives consent to the Legislature of the State of North Dakota to determine whether it is willing to turn over 640 acres of so-called school land to this very fine idealistic proposal in which many splendid people of the two Nations affected are interested. All that this bill does is to wipe out certain limitations with reference to the transfer by the State of this one section, a portion of our lands held in trust for the benefit of our schools.

Mr. BLANTON. This Government, for the benefit of the school children, had this land set aside to take care of their school training for the next hundred years. If this bill is passed, it would permit the legislature of the gentleman's State to take 640 acres of land which the Government set aside for the school children of that State and turn it over to this private corporation that is called a flower-garden association.

Mr. BURTNESS. That is correct; but I think the people of North Dakota can be trusted, through their legislature, to safeguard the interests of their school children. These lands will not be wasted. Their use will in this way be for the permanent benefit of coming generations of the children of the whole country, and if the gentleman will simply investigate the splendid work already done by the Peace Garden Association, I believe that he himself will go out among the school children of his own district and in his own State and get them interested in this International Peace Garden, which is to stand there as a living monument for peace and to commemorate the friendly relations that have existed between the United States and the Dominion of Canada for more than a century. This association is not a profit-making association or anything like that. It is not a money-making scheme. It is proposed to raise an endowment fund of four or five million dollars largely by small 5 and 10 cent contributions made by the school children of the countries of the Dominion of Canada and the United States of America, coupled with contributions by people greatly interested.

It will be something unique in the history of the North American Continent, and I know the gentleman, if he will simply look into it, will be tremendously interested in helping this very idealistic and, I think, practical proposition.

The SPEAKER pro tempore. Is there objection?

Mr. BLANTON. Mr. Speaker, I reserve the right to object just in order to ask a question or two. Does the gentleman think he is going to bring about international peace by establishing a 640-acre flower garden in North Dakota?

Mr. BURTNESS. Of course, the question is almost ridiculous.

Mr. BLANTON. What do the warring nations of the world care about a flower garden in North Dakota? That does not deter them from warlike preparations.

Mr. BURTNESS. Of course, the gentleman knows that his question is more or less a simple one. To begin with, this garden is not going to be 640 acres. It will be several times that large, consisting of lands on both sides of the border. It is along the right idea, in any event, to make nations think in terms of peace. Our example may well contribute in a small way to the peace of the world.

Mr. BALDRIGE. Mr. Speaker, regular order.

The SPEAKER pro tempore. Is there objection?

Mr. BLANTON. Mr. Speaker, I object.

DEPARTURE OF CERTAIN ALIENS FROM THE UNITED STATES

The Clerk called the next bill on the Consent Calendar, H. R. 7793, to secure the departure of certain aliens from the United States.

The SPEAKER pro tempore. Is there objection to the present consideration of the bill?

Mr. STAFFORD. Mr. Speaker, reserving the right to object, I would like to inquire whether the character of this legislation has been submitted to the State Department to ascertain whether the Secretary of State would think it would result in any friction in our diplomatic relations, requiring a bond to be given for the return of a consul or any member of his family when the exequatur would be terminated?

Mr. CABLE. The bond does not apply to any member of the diplomatic corps entering the country.

Mr. STAFFORD. It applies to a person who may be named consul.

Mr. CABLE. No. The bond applies only in certain cases of students coming to this country.

Mr. STAFFORD. Oh, there is a twofold purpose.

Mr. PARKS. Mr. Speaker, a point of order.

Mr. STAFFORD. Will the gentleman not let us have a little time for discussion?

Mr. PARKS. Not unless I can hear what the gentleman is saying. This occurs to me to be a very important matter and I can not hear the gentleman.

Mr. BLANTON. Will the gentleman yield?

Mr. CABLE. Certainly.

Mr. STAFFORD. Mr. Speaker, reserving the right to object——

Mr. BLANTON. The main thing that this bill does is to require students who come to the United States to give bond requiring that they will go out when the time comes. Is not that so?

Mr. CABLE. That is a minor part of the bill. The important part of the bill is that it undertakes to plug up certain holes in our immigration dike. Under our present procedure foreign ambassadors or diplomats coming to the United States bring their own servants and employees. In the last seven years they have brought in 14,000 such servants and employees.

Mr. BLANTON. And how many have they ever taken out?

Mr. CABLE. We have no record of that. These servants and employees coming to this country in this way do not pay a head tax and are not subject to examination to see if they are physically or mentally fit. They do not pass any of our immigration tests, and under present law they can quit their jobs the day after they get here and take jobs of Americans.

Mr. BLANTON. And this bill will make them go back when they cease employment?

Mr. CABLE. That is correct.

Mr. BLANTON. It is a good bill and ought to pass.

Mr. STAFFORD. Mr. Speaker, reserving the right to object, why is there no report from the department on this bill?

Mr. CABLE. I am glad the gentleman has asked that question. The Department of State requested that a bill be introduced to take care of the assistants and employees of ambassadors and diplomats, and the chairman of the committee, the gentleman from New York [Mr. DICKSTEIN], did introduce such a measure; but my bill also included the requiring of bond for students in certain cases, and the committee reported out the bill that I introduced in preference to the bill of the chairman of the committee.

Mr. STAFFORD. Is the department in favor of this bill?

Mr. JOHNSON of Washington. Yes; the department is in favor of it.

Mr. STAFFORD. Mr. Speaker, I have the floor; but I have not had an opportunity to get in one word.

Mr. Speaker, reserving the right to object, the gentleman originally stated that this applied only to a certain class of people, and I was certain that it did not, because I have read the report.

Now, my objection is to the student feature. I do not want any law to be passed that will put a penalty upon persons from foreign countries seeking the educational advantages of our country. The report does not show that students who have come over here for an education have abused that privilege. However, the report does show that those connected with the diplomatic service as employees have abused the privilege by continuing to reside here without lawful permission.

I wish to ask the gentleman as to the character of bond that would be required and what would be the premium exacted of these persons seeking the advantages of our educational institutions, who come to imbibe the spirit of our institutions, if we impose this character of legislation.

[Here the gavel fell.]

Mr. BLANTON. Mr. Speaker, I ask unanimous consent that the gentleman may have five minutes more.

Mr. STAFFORD. I only had one minute.

The SPEAKER pro tempore. The gentleman may proceed until the regular order is demanded.

Mr. CABLE. I would like to answer the gentleman's question. In the first place, as I have said before, the main feature of the bill is that which applies to servants and employees coming here in the diplomatic service and remaining here illegally after termination of their status as diplomatic servants or employees.

Mr. STAFFORD. Answer my question, please.

Mr. CABLE. I will. The second provision of the bill applies to certain students. The Department of Labor has discretion to require a bond to be given in certain cases. It is not mandatory. In a large number of cases it would not be required, but if a certain student could not qualify under the present law this would make it mandatory that the Department of Labor admit such student upon the giving of a bond.

Mr. STAFFORD. As I read the gentleman's amendment, it is mandatory upon the department to require every student who comes to this country to give a bond. What will be the cost of the bond?

Should we exclude a student who wishes to come to this country to seek the educational advantages of this country?

Mr. BALDRIGE. Regular order, Mr. Speaker.

The SPEAKER pro tempore. The regular order is, Is there objection?

Mr. STAFFORD. I object.

Mr. CABLE. Mr. Speaker, I ask unanimous consent to extend my remarks on this bill.

The SPEAKER pro tempore. Is there objection?

There was no objection.

Mr. CABLE. Mr. Speaker, illegal entry of aliens into the United States is not the only means of breaking down our restrictive-immigration policy. The more legal restrictions we place upon the inward flow of population, the greater becomes the pressure to enter. Our immigration laws contain exceptions whereby thousands have been lawfully admitted under diplomatic immunity. They quickly terminate their services with foreign diplomats, throw off the cloak of immunity, and because of a loophole in the law, remain in the United States.

I call attention to the fact that a large number of aliens are admitted each year as attendants, servants, and employees of foreign-government officials. For the seven fiscal years that the present quota law has been in effect, 14,047 aliens have been admitted under the last proviso of section 3 of the immigration act of February 5, 1917, which reads as follows:

> That nothing in this act shall be construed to apply to accredited officials of foreign governments, nor to their suites, families, or guests.

The annual admission of these attendants, servants, and employees during the last five fiscal years has been as follows: 1927, 2,454; 1928, 2,608; 1929, 2,873; 1930, 2,671; and 1931, 1,733. These people are admitted without regard to any of the provisions of our restrictive immigration laws. They do not have to pay a head tax; they are not affected by the quota, nor do they even comply with the physical or mental requirements of the immigration act of 1917.

The bill I have introduced, H. R. 7793, and which has been reported favorably, would require that all such attendants, servants, and employees depart from the United States upon the termination or change of their privileged nonimmigrant status; if they fail to depart voluntarily, they would be subject to deportation. To effect such departure or deportation, it is necessary to amend section 15 of the immigration act of 1924, and my bill contains the necessary amendment. It is the opinion of both Department of State and Department of Labor officials that many of these aliens now remain here, compete for positions with Americans and aliens lawfully in the United States, and that such legislation as is provided by this bill should be enacted.

My bill also provides an amendment of section 15 of the 1924 immigration act relative to the status of alien students admitted to the United States for a definite study period. The present law is inadequate to deal with alien students. In his Annual Report for 1931 the Commissioner General of Immigration states, on page 45:

> When either persuasion or instructions have failed, it infrequently becomes necessary to resort to arrest procedure against these students to compel departure, and 410 warrants contemplating deportation have been issued in the past seven years. The bureau is most patient and liberal with these young people and overlooks many departures from the strict interpretation of the laws and regulations, as it wishes to afford the aliens every opportunity to complete their education, providing a reasonable amount of good faith is shown. However, it would be to the distinct advantage of the service if the law could be amended, as has been before recommended, so as to permit in doubtful cases the exaction of bonds guaranteeing maintenance of the student status and departure at the completion of studies. This would be an

added protection and would justify the conditional admission of many applicants who have been excluded at ports in the past years because of grave doubts of the bona fides of their declared intentions and standing as students.

In other words, the absence of authority for the Bureau of Immigration to take or require bonds of foreign students applying for admission to the United States, is a distinct handicap to many such students and to the Government as well. It is a handicap to the Government because it makes extremely difficult the work of keeping track of these students and compelling their departure after the student status is terminated. It is a handicap to foreign students because in many cases they are unable to prove their bona fide status. Whenever there is a doubt along this line under the present law, that doubt must necessarily be resolved in favor of the Government, and student applicants in these cases are excluded. If the bureau were authorized to require bonds in doubtful cases, any such doubt could be resolved in favor of the applicant.

If H. R. 7793 should become law, it would benefit American labor. It would compel nonimmigrant diplomatic attendants, servants, and employees from remaining in the United States unlawfully after termination of their privileged status. It would enable the Bureau of Immigration to require departure bonds of foreign students. Aliens in either of these classes then could be deported, if they do not depart voluntarily. No longer would they be able to remain here to compete with American workmen by taking their jobs.

Vigilance is ever necessary to maintain our policy of restrictive immigration.

RETIRED WARRANT OFFICERS

The Clerk called the next bill, S. 460, to give war-time commissioned rank to retired warrant officers and enlisted men.

Mr. BLANTON. Mr. Speaker, reserving the right to object, I want to ask the gentleman a question. I understand that this bill has been so amended that it will cost the United States Government nothing.

Mr. KVALE. Not one cent, I will say to the gentleman.

Mr. BLANTON. And the gentleman will see to it that when this bill goes to the President that part which has been put in here which protects the Treasury will not be disturbed before it becomes law?

Mr. KVALE. It has already passed the Senate in the form recommended by the Secretary of War.

Mr. PARKS. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. PARKS. Where it requires three objections to defeat the passage of a bill or delay it, can one Member, by reserving an objection, hold up the matter indefinitely?

The SPEAKER. He certainly can, if no Member demands the regular order. Is there objection?

There was no objection.

The Clerk read the bill, as follows:

Be it enacted, etc., That all warrant officers and enlisted men who served in the Army, Navy, Marine Corps, or Coast Guard of the United States during the World War or the Spanish-American War, and whose service during such war was creditable, and who have been or hereafter may be retired according to law, shall on the date of approval of this act or upon retirement in the case of those now on the active lists of the services named herein, be advanced in rank on the retired list to the highest commissioned, warrant, or enlisted grade held by them during such war: *Provided*, That nothing in this act shall entitle any of the personnel described herein, while on active duty, to any other rank than that in which they were serving at the time of retirement: *And provided further*, That no increase in active or retired pay or allowances shall result from the passage of this act.

The bill was ordered to be read a third time, was read the third time, and passed.

A motion to reconsider the vote by which the bill was passed was laid on the table.

LIQUIDATING INDEBTEDNESS OF FARMERS' IRRIGATION DISTRICT, NEBRASKA

The Clerk called the next bill, H. R. 10748, for liquidating bonded and other outstanding indebtedness of the farmers' irrigation district, Nebraska.

Mr. LaGUARDIA. Mr. Speaker, I ask unanimous consent that this bill may be passed over without prejudice.

The SPEAKER. Is there objection?

There was no objection.

AMENDMENT OF THE RADIO ACT OF 1927

The Clerk called the next bill, H. R. 11155, to amend the radio act of February 23, 1927, as amended (U. S. C., Supp. V, title 47, sec. 85), and for other purposes.

Mr. STAFFORD. Mr. Speaker, reserving the right to object, I understand that under existing law licenses to operators of stations can only be granted to citizens of the United States.

Mr. DAVIS. That is true. The present law specifically provides that licenses for radio stations shall only be granted to citizens of the United States. There is not such a requirement with respect to licenses granted to radio operators.

Mr. STAFFORD. If the gentleman will permit at that point, I know in my home city any number of aliens, admitted to this country lawfully, who would like to be American citizens but who can not qualify for citizenship because of the strict educational requirements. This bill shows there are 67 aliens—and I assume they are qualified to become citizens of this country—who are operating on vessels. Why should you deprive those men of a livelihood—men whose hearts are in sympathy with the purposes of this Government—because they can not meet the strict requirements of citizenship?

Mr. DAVIS. On the other hand, there are thousands of American citizens who have radio licenses and who are out of employment. There are 37,000 radio licenses, and there are thousands held by American citizens who are out of employment. We insist their rights are superior to those of aliens.

Mr. STAFFORD. But suppose a man is in this country properly but has not the educational qualifications to meet the acid requirements of the naturalization laws? Why should he be barred from the privilege of having a radio license and deprived of making a living just because he can not meet those strict educational requirements?

Mr. DAVIS. I want to state that if he has not the qualifications necessary to qualify for citizenship in the United States, he can not be an efficient radio operator.

Mr. STAFFORD. He qualifies for admission to the United States, but he can not qualify for citizenship. The qualifications for radio operation are technical, but those for citizenship partake of strict educational requirements.

Mr. BALDRIGE. Mr. Speaker, I demand the regular order.

The SPEAKER. The regular order is: Is there objection?

Mr. STAFFORD. I object.

AMENDMENT OF NAVIGATION RULES FOR THE GREAT LAKES

The Clerk called the next bill, S. 3908, to amend title 33, chapter 4, section 252, paragraph a, of the navigation rules for the Great Lakes and their connecting and tributary waters.

Mr. STAFFORD. Mr. Speaker, reserving the right to object, I am somewhat acquainted with the purpose of this bill and I assume it seeks to lift the present restrictions against the *Englewood* and *Chester*, which were built by the Ford Motor Co., for operation on the New York barge canal. Because I am acquainted with the construction of that character of barge, I am wondering whether the requirements of 20 feet above the hull could be met in going under bridges along that canal.

Mr. DAVIS. I think so. This legislation is recommended by the Bureau of Navigation and it has the approval of the Lake Carriers' Association. The occasion for it is that there are certain bridges so low that the lights must be lowered or they will be operating in violation of the law.

Mr. STAFFORD. If I had not actual acquaintance with the two vessels referred to, I would not controvert the gentleman's position, but I do not believe the 20-foot requirement is adequate to meet the navigation requirements of those two vessels.

Mr. DAVIS. I am sure the Bureau of Navigation thinks so.

The SPEAKER. Is there objection?

There was no objection.

The Clerk read the bill, as follows:

Be it enacted, etc., That title 33, chapter 4, section 252, paragraph (a), of the Navigation Rules for the Great Lakes and Their Connecting and Tributary Waters, approved February 8, 1895, be, and it is hereby, amended as follows:

"SEC. 252. Lights of steam vessels under way:

"Rule 3. Except in the cases hereinafter expressly provided for, a steam vessel when under way shall carry:

"(a) On or in front of the foremast, or if a vessel without a foremast, then in the fore part of the vessel, at a height above the hull of not less than 20 feet, and if the beam of the vessel exceeds 20 feet, then at a height above the hull not less than such beam, so, however, that such height need not exceed 40 feet, a bright white light so constructed as to show an unbroken light over an arc of the horizon of 20 points of the compass, so fixed as to throw the light 10 points on each side of the vessel, namely, from right ahead to two points abaft the beam on either side, and of such character as to be visible at a distance of at least five miles: *Provided, however,* That such vessels built to navigate the New York State Barge Canal or other similar canals where the bridges prevent them from carrying the headlight at the height prescribed herein, shall carry such headlight not less than 20 feet above the hull."

SEC. 2. This act shall take effect April 15, 1932.

With the following committee amendment:

On page 1, strike out all of lines 3, 4, 5, and 6, line 1 on page 2, and insert:

"That the first two paragraphs of rule 3 under the heading 'Lights' in the first section of the act entitled 'An act to regulate navigation on the Great Lakes and their connecting and tributary waters,' approved February 8, 1895 (U. S. C., title 33, sec. 252), are amended to read as follows: "

The committee amendment was agreed to.

The bill was ordered to be read a third time, was read the third time, and passed.

A motion to reconsider the vote by which the bill was passed was laid on the table.

The title was amended.

REMOVAL OF LIMITATION UPON FILLING OF VACANCY OF DISTRICT JUDGE FOR NEW JERSEY

The Clerk called the next bill, H. R. 5342, to provide for the appointment of an additional district judge for the district of New Jersey.

Mr. LAGUARDIA. Mr. Speaker, I ask unanimous consent that this bill may be passed over without prejudice.

The SPEAKER. Is there objection?

There was no objection.

PAYMENT OF $100 TO EACH ENROLLED CHIPPEWA INDIAN OF THE RED LAKE BAND OF MINNESOTA

The Clerk called the next bill, H. R. 8393, providing for payment of $100 to each enrolled Chippewa Indian of the Red Lake Band of Minnesota from the timber funds standing to their credit in the Treasury of the United States.

Mr. GOSS. Mr. Speaker, I reserve the right to object. I want to inquire if the committee would be willing to accept an amendment of $25 in line 7, page 1, as well as in the title of the bill, instead of $35. It seems that the report of the commissioner recommended $25 instead of $35.

Mr. LAGUARDIA. It is their own money, is it not?

Mr. GOSS. Yes; but the fund is being exhausted, and I understand from the report that there is very little more, if anything, to go into the fund. I shall not object if my amendment is accepted.

Mr. LEAVITT. Will the gentleman yield?

Mr. GOSS. I yield.

Mr. LEAVITT. I do not see other members of the Indian Affairs Committee here, and I am not authorized to act for the committee. What I would prefer to have the gentleman do would be not to object, but to offer the amendment, and I can assure the gentleman I shall not interpose any objection. I do not like to take the responsibility of the committee accepting it.

Mr. GOSS. Mr. Speaker, with the understanding the committee will not object to the $35 being reduced to $25, I shall offer such an amendment and withdraw my objection.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the Secretary of the Interior is authorized and directed to withdraw from the Treasury so much as may be necessary of the principal timber fund on deposit to the credit of the Red Lake Band of the Chippewa Indians of the State of Minnesota and to make therefrom payment of $100 to each enrolled Chippewa Indian of the Red Lake Band of Minnesota, under such regulations as such Secretary shall prescribe. No payment shall be made under this act until the Chippewa Indians of the Red Lake Band of Minnesota shall, in such manner as such Secretary shall prescribe, have accepted such payments and ratified the provisions of this act. The money paid to the Indians under this act shall not be subject to any lien or claim of whatever nature against any of said Indians.

With the following committee amendment:

Page 1, line 7, strike out "$100" and insert "$35."

Mr. GOSS. Mr. Speaker, I offer an amendment to the committee amendment, striking out $35 and making it $25.

The Clerk read as follows:

Amendment offered by Mr. Goss: Page 1, line 7, strike out the committee amendment of "$35" and insert "$25."

The amendment to the committee amendment was agreed to.

The committee amendment, as amended, was agreed to.

The bill, as amended, was ordered to be engrossed and read a third time, was read the third time, and passed.

A motion to reconsider was laid on the table.

The title was amended.

ALTERNATE JURORS IN CERTAIN CRIMINAL CASES

The Clerk called the next bill, H. R. 10587, to provide for alternate jurors in certain criminal cases.

Mr. STAFFORD. Mr. Speaker, reserving the right to object, this is a rather important bill. I gave it some consideration and the thought occurred to me during my consideration of the matter, whether it would be a feasible proposal to provide that before the trial the judge might submit for waiver to the counsel for the defense that in case any of the jurors should become invalided or incapacitated during the trial of the case that the trial would go ahead with the remaining number of jurors, not less than 10, rather than to provide for the surplusage of two jurors always being present to meet such a contingency. My thought is to have a double-barreled provision—first, to submit to the attorneys the question whether they will agree that in case any two jurors become incapacitated they will waive their right; and, second, if they will not, then the provision that the gentleman suggests to become operative.

Mr. SUMNERS of Texas. Mr. Speaker, I have just been advised by my colleague from Massachusetts that in some of the States they have arrangements under which, if a juror becomes incapacitated to proceed, they permit the remaining jurors to return a verdict. We did not consider in the committee the matter suggested, but speaking for myself do not believe the House would agree to a provision for a verdict by a jury of less than 12 men.

Mr. STAFFORD. If the gentleman will permit, my suggestion was that if it were approved by the counsel. In Wisconsin we permit in civil actions a verdict of 10 men out of a jury of 12, and my suggestion involved the idea that counsel for the accused and counsel for the prosecution shall agree that if this condition developes then the verdict of the remaining capacitated jurors will be accepted as the verdict of the full jury.

Mr. SUMNERS of Texas. Personally, I would not object, but the matter was not considered by the committee and I would not assume responsibility of speaking for the committee.

Mr. STAFFORD. I am sympathetically inclined to the bill. Would the gentleman have any objection to passing it over for two weeks?

Mr. SUMNERS of Texas. That would be all right.

Mr. STAFFORD. Mr. Speaker, I ask unanimous consent that this bill may be passed over without prejudice.

The SPEAKER. Is there objection to the request of the gentleman from Wisconsin?

There was no objection.

PURCHASING POWER OF THE DOLLAR

Mr. STEAGALL. Mr. Speaker, I move to suspend the rules and pass the bill (H. R. 11499) for restoring and maintaining the purchasing power of the dollar.

Mr. SNELL. Mr. Speaker, I make the point of no quorum. It is an important matter that is coming up now, and we ought to have a quorum here.

The SPEAKER. The Chair will count.

Mr. SNELL. Mr. Speaker, I withdraw the point of no quorum.

The Clerk read the bill, as follows:

Be it enacted, etc., That the Federal reserve act is amended by adding at the end thereof a new section to read as follows:

"SEC. 31. It is hereby declared to be the policy of the United States that the average purchasing power of the dollar as ascertained by the Department of Labor in the wholesale commodity markets for the period covering the years 1921 to 1929, inclusive, shall be restored and maintained by the control of the volume of credit and currency."

SEC. 2. The Federal Reserve Board, the Federal reserve banks, and the Secretary of the Treasury are hereby charged with the duty of making effective this policy.

SEC. 3. Acts and parts of acts inconsistent with the terms of this act are hereby repealed.

Mr. McFADDEN. Mr. Speaker, I demand a second.

Mr. STEAGALL. I ask unanimous consent that a second be considered as ordered.

The SPEAKER. Is there objection?

There was no objection.

Mr. STEAGALL. Mr. Speaker, I ask unanimous consent that the time for debate be extended 20 minutes so as to make the whole time one hour, one-half to be controlled by myself and one-half by the gentleman from Pennsylvania [Mr. McFADDEN].

The SPEAKER. Is there objection?

Mr. McFADDEN. Reserving the right to object, I being opposed to the bill, and the gentleman from Alabama in favor, how will the time be divided? Shall I yield on this side to gentlemen in favor of the bill?

Mr. STEAGALL. I do not apprehend that there will be any difficulty about that, unless the gentleman should desire to use all the time in his own right. I hope the gentleman will be able to accommodate those in favor of the bill on this side.

Mr. McFADDEN. I have requests from three Members, which will take about 20 minutes. I think we can take care of that.

Mr. HUDDLESTON. Reserving the right to object, does the gentleman from Alabama expect to yield time on this side to those opposed to the bill?

Mr. STEAGALL. I have not figured out the details in the allotment of time yet.

Mr. MAPES. Reserving the right to object, it seems to me that inasmuch as general debate on the bill is going to be confined to 1 hour that we ought to have a real discussion of it, and 30 minutes of the time ought to be yielded to those opposed to the legislation.

Mr. STEAGALL. That is the request.

Mr. MAPES. But the gentleman said that he did not think there would be anyone on his side in opposition to the bill.

Mr. McFADDEN. The demands I have on this side are mainly those in favor of the bill.

Mr. STEAGALL. If that is true, if the gentleman will take care of the opposition on his side, I will help him take care of the other.

The SPEAKER. Is there objection to the request of the gentleman from Alabama?

There was no objection.

Mr. STEAGALL. Mr. Speaker, this bill represents years of careful study and mature deliberation, and it is reported as the unanimous judgment of the Banking and Currency Committee of the House. Extended hearings have been held on this legislation during two former sessions of Congress. Extended and thorough hearings were conducted during the present session by a subcommittee of the Banking and Currency Committee, consisting of five of the ablest and most painstaking members of that committee. Then, after having been carefully gone over from day to day, it was finally written as the deliberate conclusion of the entire membership of the Banking and Currency Committee of the House. No legislation since I have served on that committee was ever more fully discussed or more seriously and thoroughly considered.

The proposal is not radical. It is not extreme; it is not dangerous. It is conservative and constructive. It comes before you with a unanimous report of the committee, after hearing discussions by many of the ablest economists of the country, by members of the Federal Reserve Board, and persons in other positions of high authority. It is backed by nation-wide sentiment among farmers and business interests throughout the country.

The original Federal reserve law as reported by the Banking and Currency Committee of the House in 1913, contained a provision in substance the same as that which is now before the House. But, due to the extreme caution and conservatism that characterized the deliberations of Congress in connection with the passage of the Federal reserve law, it was stricken from the bill. The law represented a progressive step of far-reaching import. It encountered severe opposition and, as is always the case, compromises were effected, and in that way the provision was eliminated.

But experience has demonstrated the correctness of the views and the judgment of those who at that time favored the incorporation of such a proposal in the original reserve law.

Mr. Speaker, we are no longer operating our financial machinery under the old system of silver and gold as a basic measure of value in the United States. So long as that was done, the mining of our basic money metals was carried on in a way that maintained a steady supply, keeping pace with our growth and development. Gold and silver circulated freely, and natural laws played a big part in the supply.

But with the Federal reserve system we have departed from that, and we now have in this country, whether we desire it or not, what is called a controlled credit and currency measure of value. We have had that whether we knew it or not, ever since the enactment of the Federal reserve act. All we attempt in this bill is to recognize that power of the Federal Reserve Board to declare the policy of Congress in the use of that power, and to follow up that provision of the law by a direction to the Federal Reserve Board, the Federal reserve banks, and the Secretary of the Treasury to employ that power to promote a normal price level by fixing the value of money as provided by the Constitution and to maintain stability of values in the United States, to establish and promote a stable measure of values, and, so far as in their power lies, to prevent the recurring periods of price falling, with resulting depression and panic, such as have come upon the country on different occasions during the past decade.

We saw this power demonstrated in 1920 and 1921. I am not here to abuse anybody or to recite history, but, Mr. Speaker, we saw credit contraction and currency restriction in the United States during that period in the amount substantially of $2,000,000,000, and prices were cut in half as if by one stroke of a pen and the country plunged into panic. Farmers were thrown into bankruptcy, merchants and bankers had their loans called, and commodity values were crushed. Confusion and distress spread throughout the land as a result of that policy. Later the mistake was discovered, the policy was reversed, and expansion and liberal credit substituted for the practices that had obtained, and prices revived, and under the changed order prices were more or less stable and we had a revival of normal activity and prosperity in the United States for a number of years.

I am not here to fix blame nor to criticize, but in 1929 again there was a horrible contraction of currency and of credit in the United States and a decline in commodity prices that brought depression and panic and a wave of bank failures and bankruptcy to farmers, merchants, and all classes throughout the United States, largely as the result of that policy.

What we attempt to do in this bill is to direct the Federal Reserve Board to use their powers, their rediscount regulations, their open-market operations, by purchasing securities in the open market, so as to release currency and expand credit and thereby ease the strain on the banks, the farmers and merchants, and other business interests in the United States. The record shows that they have the power to do it; the law confers the power; members of the Federal Reserve Board, themselves, acknowledge they have the power. The Secretary of the Treasury stated in an address in New York a night or two ago substantially what I have said to you as to the power which the Federal Reserve Board now possesses through its managed currency, to restore price levels.

I refer to an address delivered by the Secretary of the Treasury at the annual luncheon of the Associated Press in New York on April 25, 1932, in which he said:

> This leads us to the latest feature of the program of financial reconstruction. It must not be forgotten that the events which have taken place have greatly curtailed those funds which constitute reserves and therefore form the basis for credit expansion. We have lost since September approximately $640,000,000 in gold, and in addition currency still hoarded must be well in excess of $1,000,000,000. The Federal reserve program of buying governments, which has been in progress now for some weeks, would thus be fully justified on the grounds of replacing exported gold and hoarded currency.
>
> But I believe that there is more to be said in favor of such a policy. With the collapse of our banking system definitely halted and with our commercial and industrial organization still in a state of extreme strain, what would appear to be required now is the stimulus of credit expansion, supported by a liberal policy of the Federal reserve system, such as it is pursuing at present, and regulated in its development by that system. With a gradual restoration of confidence at home, with greater stability abroad, with a new banking law increasing the amount of disposable gold, the situation is auspicious for carrying through an easy-money policy as long as it remains under control, and does not develop into uncontrolled inflation. The means of control lie in our official banking organization, and the machinery of that organization provides a method of solving such difficulties and dangers as may arise. Controlled credit expansion is only possible through the operation of that system. I emphasize this to bring out the contrast between controlled expansion of this kind and pure inflation, such as is involved in proposals now before the Congress for printing fiat currency, or such as would result ultimately from a long succession of unbalanced budgets.

Why not have Congress indorse and direct a continuance of this policy? Any other course means the continuance of the present downward trend in prices. It means bankruptcy; it means to close out and a start over for the masses of the people throughout the United States. A reasonable amount of expansion of credit and of currency will ease the banks and release the assets of the banks which are now frozen. The Federal Reserve Board can substitute currency for securities now in the banks. When the banks receive such currency, they will buy more securities or make loans and again exchange their securities for currency and get more money from the Federal reserve banks. This will be repeated and carried on until at home and even abroad these transactions will be felt until credit is eased. This will revive trade and business at home, and finally it will be felt by those who purchase in America, and all along the line the prices will be lifted at least toward the level that obtained during the period from 1921 to 1929. Our people can not pay debts in dollars that are worth twice what they were when those debts were contracted. It is not fair to expect it. The creditor class filled the press and the mails with protests at what they termed dishonest dollars in 1926, dollars which they said meant partial repudiation. If it was dishonest to pay debts with cheaper money than contracted for, it is equally dishonest to require payment of debts in an appreciated currency.

If this plan fails as predicted, no harm can result. The power upon which we rely will be in safe and prudent hands. We can not afford to drift on as we are doing now. It is unpardonable that people must lose their homes, their life savings, and be turned out of employment in the midst of abundant harvests and enormous production of our factories. The cry of overproduction is unsound. It is worse, it is ridiculous. Bountiful harvests, industrious labor, fruitful soil, abundant production of the things useful for mankind are not curses. These things should mean more comforts, more happiness, and prosperity. The trouble is in our method of distribution, and this results in part, at least, from an unstable currency. Let us face the problem and solve it as becomes statesmen.

Mr. WOODRUFF. Mr. Speaker, will the gentleman yield?

Mr. STEAGALL. I regret very much that I must decline. I would like very much to yield, but there are several members of the committee who have given much thought to this legislation and I desire to save some of the time for them. I reserve the remainder of my time.

Mr. WOODRUFF. Will the gentleman not include as a part of his remarks the speech of the Secretary of the Treasury delivered in New York, to which he referred?

Mr. STEAGALL. I thank my friend, and I shall be glad to follow his suggestion. [Applause.]

Mr. McFADDEN. Mr. Speaker, I yield five minutes to the gentleman from Colorado [Mr. EATON].

Mr. EATON of Colorado. Mr. Speaker, do you gentlemen know what this bill is? Let me read it to you; it is only three or four lines:

> It is hereby declared to be the policy of the United States that the average purchasing power of the dollar as ascertained by the Department of Labor in the wholesale commodity markets for the period covering the years 1921 to 1929, inclusive, shall be restored and maintained by the control of the volume of credit and currency.

This is the Congress of the United States, and the Congress is hereby declaring that the policy is that the average purchasing power of the dollar shall be restored and maintained. Do you gentlemen honestly believe that the Congress of the United States can maintain the average or any other purchasing power? Why, we have laws that absolutely prohibit that very thing. Every law in relation to monopoly is based on the fundamental right of a man to do business in his own way, and the antimonopoly law prohibits the establishing of a monopolistic purchasing power. It reminds one very much of the nine tailors of Tooley Street who started out a petition, "We, the people of England." That is what is sought to be accomplished here.

In the second paragraph we find the bill provides:

> The Federal Reserve Board, the Federal reserve banks, and the Secretary of the Treasury are hereby charged with the duty of making effective this policy.

What are you doing with the statutory law concerning our coins that requires the Secretary of the Treasury to maintain the parity of our paper money, our silver money, our copper money to and with gold, so that we have full 100 cents in the dollar value? This bill does not question whether there shall be 23.22 grains of pure gold in the dollar.

This does not touch the gold dollar or the question of silver. This is just a lot of words which say only that "the policy of the United States shall be that the Federal Reserve Board and the Secretary of the Treasury shall maintain the average purchasing power of the dollar."

The whole question of money and credit is involved in this one sentence. Our money is not made by the ipse dixit of 8 or 10 words. What about the words which say that the Secretary of the Treasury shall keep and maintain the parity of all our money together? That is what we want. We want our money held as sound money. I have talked about silver at different times. I have suggested that we put some more silver into the money base in this country, so that there will be more solid metal in the money base for all money and all values. The question is being discussed before the Committee on Coinage, Weights, and Measures. I have attended the meetings of that committee. I have attended the meetings of the Committee on Banking and Currency. I have talked with economists and bankers and scientists to get the truth of the situation. The remedy is not what this bill proposes or anything which the United States Government is going to control by this kind of bill. If we have some law that will make the banks use the money that is in the banks, then something might be done in connection with purchasing power and credit; but this bill does not authorize the use of money, continue the use of money,

make paper money or silver money, or do anything except to order the Secretary of the Treasury to control and make the average purchasing power of the dollar.

The last sentence of the bill is section 3, and reads:

Acts and parts of acts inconsistent with the terms of this act are hereby repealed.

What does that mean? How far does it go? I submit that it authorizes the Secretary of the Treasury to set aside the statute which requires our money to be maintained on a parity—gold, silver, and paper always at par. Look at it. Read it over.

If the Federal Reserve Board, charged with making effective the average purchasing power of the dollar, decided to stop gold payment to control the volume of credit and currency by this general repeal, the full power is vested. Never in the history of this country has so drastic and despotic power been vested in any Cabinet officer or bureau of the Government.

The SPEAKER pro tempore. The time of the gentleman from Colorado has expired.

Mr. McFADDEN. Mr. Speaker, I yield five minutes to the gentleman from Wisconsin [Mr. STAFFORD].

Mr. STAFFORD. Mr. Speaker, from the time I was in college until to-day I have always opposed inflationary movements that sought to debase our currency. There is a fundamental principle that I learned years ago that if any government seeks to introduce debased currency, it drives out sound currency. That was the vice of the silver movement of 1890, and the fears of the financiers at that time was that if people went on buying silver ad infinitum when there was no demand for it, it would ultimately drive out the gold dollar and place the country on a silver basis.

This is the worst bill that can be precipitated at this time, when countries abroad and everywhere are looking to the United States to see whether they will maintain the gold standard. Millions and millions of dollars of the earmarked gold of foreign countries are being withdrawn weekly, because foreign governments are fearful that the United States will not maintain the gold standard. What does this mean? Nothing more than instead of having gold back of the currency we will issue a mandate to the Secretary of the Treasury and the Federal Reserve Board to issue fiat money, the consequence of which will only be one, and that to create an additional scare in the financial and banking world to that which already exists.

The administration has been doing everything within its power to try to restore confidence. A few months ago millions upon millions were being withdrawn from banks by skeptical depositors and put into Government bonds and into safe places because they feared the banks would not be able ultimately to meet their obligations. Now we are seeking to establish an artificial basis for prices by having the Government use its printing presses to turn out paper money. For what purpose? To establish prices on a certain inflated basis.

Mr. DISNEY. Will the gentleman yield?

Mr. STAFFORD. I decline to yield at this time.

Mr. RAMSEYER. Will the gentleman yield?

Mr. STAFFORD. I decline to yield.

Mr. RAMSEYER. I want to know where the printing-press provision is.

Mr. STAFFORD. That is its very purpose. By this bill you are seeking to drive the Federal Reserve Board and the Secretary of the Treasury to issue billions of currency which the country can not absorb and for which there is no commercial demand.

By the bye, for the last two weeks, ever since Governor Meyer and Governor Harrison testified before the Committee on Banking and Currency, I have been daily seeking to get copies of their hearings and they are not available. The hearings containing the testimony of Mr. Meyer and Mr. Harrison are not available, but the statements of the inflationists who believe, by artificial means, by increasing the amount of currency, they can raise prices, are available.

Mr. DISNEY. Will the gentleman yield?

Mr. STAFFORD. I decline to yield.

This is a law that seeks to interfere with the natural order and to establish an artificial order, trying to inflate, while everyone concedes that in 1929 there was undue inflation, by reason of brokers' loans and of other rife gambling conditions. The only sound condition to follow after that gambling debauch was to squeeze out the water of prices, and get prices down to represent real and not stimulated inflated prices. Now we are seeking, by artificial means, to stimulate, to inflate, to blow up the financial balloon, and then go to the cotton farmer and the wheat farmer and say, "We passed a law that will bring relief," when they know better that it can not bring relief. That their commodity prices are determined by the world market through the inexorable operation of the law of supply and demand. This is a panacea for our economic ills as ill advised as most of the financial heresies that come out of Kansas and Iowa during periods of economic depression.

Pass this bill and watch the financial barometer become murky with the call for increased withdrawal of gold by foreign governments.

The SPEAKER pro tempore. The time of the gentleman from Wisconsin has expired.

Mr. STEAGALL. Mr. Speaker, I ask unanimous consent that the debate be extended an additional 30 minutes.

The SPEAKER pro tempore. The gentleman from Alabama asks unanimous consent that the general debate be extended 30 minutes, one half to be consumed by himself and the other by the gentleman from Pennsylvania [Mr. McFADDEN].

Is there objection?

There was no objection.

Mr. STEAGALL. Mr. Speaker, I have an arrangement with the gentleman from Pennsylvania whereby I will consume 20 minutes and the gentleman from Pennsylvania will consume 10 minutes.

Mr. STRONG of Kansas. Mr. Speaker, the gentleman has an agreement with the gentleman from Pennsylvania different from the one the Chair announced.

The SPEAKER pro tempore (Mr. McCORMACK). The Chair has submitted the request, and the Chair understands that the additional 30 minutes is to be divided between the gentleman from Pennsylvania and the gentleman from Alabama, the gentleman from Alabama to utilize the additional 15 minutes in favor of the pending bill and the gentleman from Pennsylvania to utilize his 15 minutes in opposition to the bill.

Mr. STEAGALL. Mr. Speaker, the gentleman from Pennsylvania agrees that I am to have 20 minutes of the additional 30 minutes.

The SPEAKER pro tempore. The Chair, of course, is not a party to any private agreement; but the Chair will bear in mind the fact that there is such an agreement and will try to conform with the private agreement of the two gentlemen.

Mr. LaGUARDIA. Mr. Speaker, the time is under the control of the gentleman over here.

The SPEAKER pro tempore. The Chair will put the additional unanimous-consent request with reference to the 30 minutes unanimously agreed upon, that 20 minutes of the 30 minutes be utilized by the gentleman from Alabama. Is there objection?

Mr. McFADDEN. I recognize the understanding that the chairman of the committee has entered into with me, and I understand that he is to yield to those in favor of the bill, while, so far as I am able, I am to take care of those in opposition, and to serve that purpose the gentleman from Alabama is to have 20 minutes of the time and I am to have 10 minutes.

The SPEAKER pro tempore. Is there objection?

There was no objection.

Mr. STEAGALL. Mr. Speaker, I yield five minutes to the gentleman from South Carolina [Mr. STEVENSON].

Mr. STEVENSON. Mr. Speaker, I would like the gentleman from Wisconsin, when he extends his remarks, to tell us what inflationary money this bill provides for and

what fiat money this provides for. The gentleman talked himself hoarse saying that that was the proposition.

Mr. STAFFORD. Will the gentleman yield?

Mr. STEVENSON. I decline to yield for the gentleman to inject another buncombe speech like that.

Mr. STAFFORD. I do not intend to extend my remarks.

Mr. STEVENSON. Mr. Speaker, this bill merely declares a policy—the policy that the price level of commodities should be raised to the average index level furnished by the Department of Labor for the years 1921 to 1929, inclusive. If you will look at that level in the hearings you will see that that is the level which normally the authorities of this country all recognize as being sound and affording commercial prosperity.

Now, the proposition is that the Federal Reserve Board, the Federal reserve banks, and the Secretary of the Treasury be charged with carrying out that policy. That is all there is in this bill. Is that a feasible thing?

A week ago to-day the Secretary of the Treasury made a speech in New York. He is reported as follows:

> The Treasury Chief, addressing the annual luncheon of the Associated Press at the Waldorf Astoria Hotel, said that the wave of fear and the tide of deflation had to be turned back. "The only way that I know to bring adequate relief to the people of the United States is to set in motion forces that will make economic recovery possible." As one of these forces, Mr. Mills outlined controlled credit expansion, amply safeguarded by the Federal reserve system. "Controlled credit expansion," he said, "is only possible through the operation of that system," that is, the Federal reserve system.

I emphasize this to bring out the contrast between controlled expansion of this kind and pure inflation such as is involved in proposals now before Congress for printing fiat money, or such as would result ultimately from a series of unbalanced Budgets.

The language of the bill is:

> It is hereby declared to be the policy of the United States that the average purchasing power of the dollar as ascertained by the Department of Labor in the wholesale commodity markets for the period covering the years 1921 to 1929, inclusive, shall be restored and maintained by the control of the volume of credit and currency.

It further provides that it shall be the duty of the Federal Reserve Board, the Federal reserve banks, and the Secretary of the Treasury to carry out this policy. That is what Mr. Mills himself said was necessary and proper only a week ago to-day.

Therefore I say that we are not at loggerheads with the Treasury, or with the Federal Reserve Board, or with the Federal reserve banks, but the Federal reserve banks are to-day buying a hundred million dollars worth of securities a week in an endeavor to do the very thing which we are declaring is to be the policy of this Congress, and directing them to carry out this policy, and giving them our indorsement in so doing. If you call that inflationary, if you call that fiat money, it is being done to-day by the very authorities who are invoked here against this proposition.

[Here the gavel fell.]

Mr. McFADDEN. Mr. Speaker, I yield one minute to the gentleman from Illinois [Mr. CHINDBLOM].

Mr. CHINDBLOM. Mr. Speaker, the distinguished gentleman who just took his seat undertook to quote the Secretary of the Treasury. I want to say that the Secretary of the Treasury has informed me personally that he was never heard upon this bill, that his views were never requested upon this bill, and that he is opposed to its passage. [Applause.]

Mr. STEVENSON. Does the Secretary of the Treasury deny he made the speech from which I have quoted?

Mr. CHINDBLOM. I did not yield to the gentleman. I am telling the gentleman and the House what the Secretary of the Treasury told me, that he has never been heard upon this bill, that his views have never been requested, and that he is opposed to its passage. [Applause.]

[Here the gavel fell.]

Mr. GOLDSBOROUGH. Mr. Speaker, I yield four minutes to the gentleman from Massachusetts [Mr. LUCE].

Mr. LUCE. Mr. Speaker, such warrant as I have for addressing myself to this subject dates back far behind my membership on the Committee on Banking and Currency. Twenty-two years ago I was the chairman of a commission on the cost of living in my State, created because prices were said to be too high. To-day the complaint is that prices are too low. I came out of that study convinced that the fluctuations in the general price level are the greatest single menace to the prosperity and happiness of the world. [Applause.] In four minutes I can not tell you why. I will confine myself to one phase of this situation.

American testimony has been produced. I want to lay before you the opinion of a commission that reported to Parliament last June, consisting of the chairman, the Right Hon. H. P. MacMillan; the Right Hon. Reginald McKenna, who is the chairman of what I understand to be the largest bank in England, the Midland Bank; Sir Walter Raine, president of the Association of British Chambers of Commerce; Mr. Lennox B. Lee, president of the Federation of British Industries; Mr. J. M. Keynes, secretary of the Royal Economic Society and editor of the Economic Journal; Prof. T. E. Gregory, professor of banking in the University of London; Mr. Cecil Lubbock, a director of the Bank of England; and seven other men prominent in the financial or economic life of Great Britain. Thirteen of these fourteen experts in finance and economics signed what is known as the MacMillan Report, a document of 322 pages treating exhaustively the subject of finance. Therein they discussed the question by reason of which I asked 13 years ago to be put on the Committee on Banking and Currency, the question I think to be the greatest question before the world to-day. [Applause.]

Mr. GOLDSBOROUGH. Mr. Speaker, I yield the gentleman four additional minutes, making his time eight minutes.

Mr. LUCE. I appreciate the additional time allotted to me, but in even eight minutes I can not skim the surface of this subject.

Let me give you the judgments of this commission of eminent British financiers and economists. I dislike very much to read anything to the House on any occasion, but two or three of the statements in their report are so pertinent to the present issue that I crave your attention, even though I do read. First:

> We may well have reached the stage when an era of conscious and deliberate management must succeed the era of undirected natural evolution.

Thus that commission found with almost complete unanimity for the principle of managed currency. This is a principle we have been following without knowing it ever since the Federal Reserve Board has been in existence. Mark you, the board has admitted it is doing this thing which we now want to put in black and white. At the present moment it is buying $100,000,000 worth of securities a week to do the very thing your committee advises. The members of the board have always objected on the ground that it would be unwise to put in black and white a mandate to do the thing they are doing. It may be that the lack of having authority and direction put in black and white has been at times and in some measure responsible for irresolute and tardy action of the board in the exercise of its power. [Applause.]

Now, mind you, this bill is simply a declaration of policy. It says that we believe for the welfare of the country the board ought to be ordered so distinctly to pursue a certain course that it can not evade, so that its members can not quibble, can no longer quarrel among themselves, and no longer leave the country in the dark as to their policy. We provide that they shall be open and frank in the exercise of the powers that they have inferred already to exist with respect to this very thing. Therefore, the question of the moment is this: Shall we say explicitly that we are for what this British commission says is necessary to the prosperity of the British Empire and which a large number of our own economists say is necessary for the prosperity of the United States? I believe the time has come when we should frankly tell the world that we, too, will determine that our currency shall be so managed by the purchase and sale of acceptances and Government securities, and by the raising

and lowering of the discount rates that we shall be in some degree relieved from the cloud always hanging over us by reason of the fluctuations in our price levels [Applause.]

Gentlemen often jump at the conclusion that we have in mind raising or lowering particular prices. This is not a question of a single price. It is a question of the purchasing power of gold. In the last three years we have had a terrible increase in the purchasing power of gold. It is the cause of the greater part of our suffering to-day. The hardships under which so many millions of our people are laboring are chiefly due to the fact that prices have so terribly dropped, and I use the term deliberately, because I know something of the troubles and sorrows and disasters that are being brought about by the great fall in the general price level in the last three years.

We can not achieve by this bill the impossible. We can not permanently regulate with exactness the level of prices. We can say that our Government shall go on doing just what it is doing now, trying to raise the level of prices by increasing the volume of available credit.

There is one other reason why, at last, my mind has crystallized after these years of uncertainty in the committee room. We have had days and days and days of hearings and of study of this problem. I was not sure what was best, but now I am satisfied that the only prudent, safe course is to do this thing in order that it may, perchance, and it may, we hope, put some barrier against the rising tide of demand for fiat money. There comes over our desks every day an ever-increasing volume of propaganda—letters, pamphlets, newspaper articles—urging us to set the printing press agoing to grind out paper money or bonds. In my judgment this is going to be the greatest issue in the coming campaign or, if not, in the next campaign—the issue of the 1896 controversy—with money uppermost in the public mind. Money, the love of it, is at the root of all evil, and the love of it and the desire for it are the chief source of our political strifes. If you do not want to take some precaution against the renewal of this agitation, perchance the rise of a new political party, at any rate an attempt to change the principles of the old parties with a revival of the theory that the way to salvation is through the medium of the printing press, why, then, vote against this resolution, a resolution which attempts to raise a barrier, if possible, against this tide of inflationary sentiment.

We ask here for no more increase of the currency than the Federal Reserve Board is producing from day to day or trying to produce. We ask for no inflation beyond the legitimate needs of commerce and industry. We ask that the agencies of Government shall be put at work to return prices to a certain level. Note the judgment of the MacMillan commission in this matter:

> We are emphatically of the opinion that, even if a further fall of wholesale prices be avoided, their stabilization at approximately the present level would be a serious disaster for all countries of the world alike; and that the avoidance of such an event should be a prime object of international statesmanship.
>
> The losses which are now being incurred by nearly all categories of producers of average efficiency in nearly all countries of the world are an overwhelming proof that the fall of commodity prices has gone far beyond the substantial reduction which might be justified in the case of many important commodities by the increases in productive efficiency which have been achieved in recent years. Consequently even the continuance of the present price level—quite apart from a further fall—must prolong business losses and the unemployment which the attempt to avoid these losses temporarily brings with it until a substantial downward readjustment of money costs has been somehow brought about. * * * Governments and central banks will, justly or unjustly, be blamed for the misfortune. Social unrest will tend to make moderate and rational remedies more difficult the longer they are delayed. * * *
>
> We think it much more likely that attempt may be made to stop the revival prematurely than to allow it to proceed too far. We believe that this would be a great mistake. It is often argued, and it may well be true, that the power of the banking system to hold a business expansion in check is greater than its power to revive business when depression has set in. If, however, we are overprone to check every expansion, yet hesitant in the face of every depression, the net result will be a steady lowering of the price level with all the attendant evils of such a prospect. As soon as business begins to lift its head again, we may be sure that austere voices will be raised declaring that there is an incipient inflation of credit present which must be scotched, when, in fact, the existing deflation of prices will not yet have been redressed. After so severe a depression as the present one, when we have to travel such a long way to reach the most expedient position of equilibrium, it will be most important, in our judgment, to be slow to accept such advice. * * * Our objective should be, so far as it lies within the power of this country to influence the international price level, first of all to raise prices a long way above the present level, and then to maintain them at the level thus reached with as much stability as can be managed.

You ask why we say from 1921 to 1929. Certainly, there must be a goal toward which the Federal Reserve Board shall progress. There must be some point at which they shall stop. The price level from 1921 to 1929 was remarkably steady. To return to it would be fair to both creditor and debtor. It would be a just and reasonable standard. Its maintenance would content agriculture, industry, and commerce. Therein lies prosperity.

Mr. McDUFFIE. Mr. Speaker, I yield one minute to the gentleman from Massachusetts [Mr. ANDREW].

Mr. ANDREW of Massachusetts. Mr. Speaker, I dislike to differ from my friend and very distinguished colleague who has just spoken, but I think this should be said. The gentleman quoted from the testimony of three British bankers that their country should have a managed currency. He did not call attention to the fact that these bankers are in a country which has already passed off of the gold standard and in a country that is forced to have a managed currency.

Mr. LUCE. Will the gentleman yield?

Mr. ANDREW of Massachusetts. Excuse me, I can not yield when I have but one minute.

The gentleman did not quote as in favor of this measure any American bankers or any of the authorities of the agencies which are supposed to administer the provisions of this bill. As I understand, there is no member of the Federal Reserve Board, no official of the Federal reserve banks, or the Secretary of the Treasury who himself is supposed to accomplish the results which are advocated by this measure, who believes it is possible to do so.

[Here the gavel fell.]

Mr. McFADDEN. Mr. Speaker, I yield five minutes to the gentleman from Alabama [Mr. HUDDLESTON].

Mr. HUDDLESTON. Mr. Speaker, as I contemplate this measure I can not forebear to exclaim, "Shades of Gen. J. B. Weaver and the Greenback Party."

In its fundamental aspect, it is, indeed, the most important measure that has come or will come before the House during the present session. Yet we find it taken up under a motion to suspend the rules, without any fair opportunity for debate, without notice to the Members, without anyone's having read the hearings or made any preparation or any study of the measure. To pass a measure of this importance under these circumstances is nothing short of a parliamentary atrocity. [Applause.]

There is no lack of money in circulation. We have above $1,000,000,000 in circulation more than we had at the peak in 1929. The trouble with the present situation is not so much the lack of money in circulation as the failure of money to circulate. It is the lack of "velocity" in circulation—the money does not move. This is due to the lack of confidence. Even if we had five times as much money in circulation, if we had no confidence we would still have the depression with the downward march of commodity prices.

Our trouble is not so much deflation in prices as it is the inequality of the deflation which has taken place. Prices of agricultural products now stand at an index of 45 while the price of manufactured commodities stands at 66. The sufferings of the farmer are due not so much to the low prices for his products as to the fact that the prices of his supplies, the things he must buy, are not equally low. Prices for farm products are fixed in the open markets of the world, while prices for manufactures are affected by the protective system, by monopolies, and various other factors which have helped to resist deflation.

Let me say to the "friends of the farmer," to those who champion his cause, that the inevitable consequence of a measure such as this will be to still further increase the

disparity between the farmer's index and the manufacturer's index.

This is a measure of inflation to increase money in circulation; its advocates admit it; they boast of it. How are you to affect the prices of one set of commodities without affecting the price of other commodities. If you pump a greater amount of money into circulation, how can you do it without still further increasing the index of manufactured commodities, the price of which can be controlled, yet lowering the index of farm products, which can not be controlled?

There is not reasonable time in which to debate this measure. It is an affront to every Member that it should be presented in such fashion. If we submit to it and accept the measure, knowing nothing about it, having thought nothing about it, we will ourselves confess what the country has lately said of us—that we are lacking in the capacity to legislate.

This measure commands that something be done which can not be done. It commands that something be done which ought not to be done. Yet there is no time given even to catalogue the sound objections that should be entertained by every thoughtful man against it.

This measure is aimed direct at the heart of public confidence in our financial system, confidence without which there can be no recovery. It repeals every economic law, including the law of supply and demand. It confers powers on the Federal Reserve Board which no eastern despot ever dared to exercise. [Applause.]

[Here the gavel fell.]

Mr. McFADDEN. I yield one minute to the gentleman from Massachusetts [Mr. DALLINGER].

Mr. DALLINGER. Mr. Speaker, I have long looked forward to the time when I would have an opportunity to vote for a measure of this kind. For a number of years I introduced a bill in the Congress of the United States looking toward this same general object.

There is no question whatever but what the fluctuation in the purchasing power of our currency has been the cause of more misery, hardship, and suffering than anything else that has ever occurred in the history of the United States. [Applause.]

Something has been said about trying to do the impossible. We are simply declaring as a policy that the Congress is in favor of the stabilization of the American dollar. We are directing the responsible financial officials of the Government to exercise the powers which they already possess to this end. This is a step in the right direction, and I trust that the bill will be passed by an overwhelming vote. [Applause.]

[Here the gavel fell.]

Mr. McFADDEN. Mr. Speaker, I yield three minutes to the gentleman from Pennsylvania [Mr. STOKES].

Mr. STOKES. Mr. Speaker, I have just called up on the long-distance telephone two of the governors of the Federal reserve system and asked their opinion on this bill. Both of them are strongly opposed to it. They say it is an uneconomic and unwise measure, and will not meet with any success.

These men understand what they are talking about. One has given me a copy of a letter he wrote to me, and gives a statement of the Merchants' Association of New York City. Let me read it to you:

> The Merchants' Association of New York shares the view universally held that the interest of the country is best served by the greatest possible stability of price levels, and believes that in fashioning their discount in open-market investment policy the Federal Reserve Board and the Federal reserve banks should ever be mindful of this aim. It would be dangerous however, to permit this salacious impression to assert itself in the minds of the people, that the Federal reserve system, no matter how much the officers might bend their efforts in the direction of obtaining price stability, could be held responsible for failure in attaining this ideal, which, as already stated, could only be reached by the cooperation under a common plan of forces entirely outside the Federal reserve system control, not only in the United States but all the world over.

Mr. BRAND of Georgia. Will the gentleman give us the name of those governors?

Mr. STOKES. The Labor Department has told us that there are over 200 commodity values in this country, 200 different kinds of commodities in this country. These commodities are controlled in world markets, not in the United States. If we started to put up the price of wheat, as we tried to do with the Farm Board some years ago, Russia would start dumping in this country, Argentina would start dumping in this country, and so on all the way through, and instead of having as we have now too many commodities, we would have far more than we have at the present time, a great overproduction, and the whole situation would be far more serious than it is now. I seriously beg of you not to pass this bill.

The SPEAKER pro tempore. The time of the gentleman from Pennsylvania has expired.

Mr. GOLDSBOROUGH. Mr. Speaker, I yield five minutes to the gentleman from Mississippi [Mr. BUSBY].

Mr. BUSBY. Mr. Speaker, I am amazed at the complacency with which some gentlemen in this House, who have nothing whatever to offer as a remedy for our very deplorable condition, oppose this legislation. It does nothing more than two things: First, it fixes as the policy of the United States the levels to which the purchasing power of money should be carried, which is the average during the period of 1921 to 1929, inclusive. In other words, we express what we believe to be desirable. The next thing is a direction to the Federal Reserve Board, the Federal reserve banks, and the Secretary of the Treasury to use the present legal powers now upon the statute books to carry out that policy. The opponents of this bill talk about "inflation." They talk about all of these other imaginary things which are calculated to prejudice the Members against this bill. There is nothing like that involved in this bill, and such assertions are rather an indictment of the understanding of the one who makes them than they are an explanation of the measure before the Congress.

Mr. WIGGLESWORTH. Mr. Speaker, will the gentleman yield?

Mr. BUSBY. Yes.

Mr. WIGGLESWORTH. I call the gentleman's attention to the wording of the language in section 2 of the bill:

> The Federal Reserve Board, the Federal reserve banks, and the Secretary of the Treasury are hereby charged with the duty of making effective this policy.

Mr. ALDRICH. Mr. Speaker, will the gentleman yield?

Mr. BUSBY. Yes.

Mr. ALDRICH. What is the purpose of section 3, if this is simply a declaration of policy?

Mr. BUSBY. It has very little purpose, and it is more form than anything else. When we passed the Glass-Steagall bill, we did it in order to supply an added supply of eligible paper on which currency could be issued, but the Federal Reserve Board is in disagreement among themselves as to a proper policy, and they have refused to put into effect the Glass-Steagall bill. This measure before you now is for the purpose of declaring a policy and directing the governmental servants named to put into effect the provisions of the Glass-Steagall bill.

Conditions in this country are anything but desirable, and I fear that gentlemen who are most strongly opposed to the bill are opposed to it for some other reason than to help the people. One of the witnesses who appeared before our subcommittee suggested that if we should receive manna from heaven somebody would object to its coming that way because it would interfere with the bakers. Gentlemen should not believe that we are ever going to get a measure here upon which all are agreed. I do not question the motive of anyone who opposes, but I can not see, with the distressing conditions among the people, how anybody can oppose trying to use the laws on the statute books at the present time to bring relief to these people.

Mr. LANKFORD of Virginia. Mr. Speaker, will the gentleman yield?

Mr. BUSBY. Yes.

Mr. LANKFORD of Virginia. I am for the bill and want to support it. Can the gentleman tell me what the effect

of this will be on foreign trade and upon the value of our dollar abroad?

Mr. BUSBY. It will not have any more effect on foreign trade than Germany's money fiasco in 1921 to 1923 had on the American money market. We are connected with foreign trade and with foreign money through the weight of gold and the weight of gold only, and when one brings all the foreign trade and all the foreign currencies into question, it just indicates that he has not studied the proposition, and as Germany's money fiasco of 1921, 1922, and 1923 did not affect our country, so what we do will not affect the trade in other countries or the money in other countries.

Mr. MORTON D. HULL. The whole value of this depends to some extent upon the reliability of the statistics of the Department of Labor. Will the gentleman tell us something about that?

Mr. BUSBY. The hearings disclose on page 267 and 358 and 359 that the Bureau of Labor Statistics is absolutely dependable, and it is vouched for by the Standard Statistics Co. and by Mr. Sloan and by Doctor Fisher, whom you all know.

The SPEAKER pro tempore. The time of the gentleman from Mississippi has expired.

Mr. McFADDEN. Mr. Speaker, I yield five minutes to the gentleman from New York [Mr. SNELL].

Mr. SNELL. Mr. Speaker, primarily I am bitterly opposed to bringing a matter of such importance as this before the House under suspension of the rules, without any notice whatever. It seems to me this is one of the most important measures that has been before the House during this entire session. This changes the entire policy of the Government in certain ways. Just how we are going to raise commodity prices in this country without changing the commodity prices of the entire world I am at a loss to understand at the present time.

Here is a proposition directing the Secretary of the Treasury to do what every man knows it is impossible for him to do. Neither the Secretary of the Treasury nor any representative of his department, as I understand, was ever called before this committee to be consulted in regard to the task.

Mr. RAMSEYER. Will the gentleman yield?

Mr. SNELL. Yes; I yield.

Mr. RAMSEYER. I think the gentleman should be corrected.

Mr. SNELL. Certainly.

Mr. RAMSEYER. The chairman of the Federal Reserve Board was before the committee, and the invitation was open to anybody to come there who was opposed to this.

Mr. SNELL. The Secretary of the Treasury told me that he never was invited to come before the committee, and that he was very bitterly opposed to this measure.

Mr. RAMSEYER. Well, I do not know how he talked to the gentleman from New York, but from his talk with me, the word "bitterly" is overemphasized.

Mr. SNELL. Well, eliminating the word "bitterly," he is opposed to it.

Mr. RAMSEYER. The gentleman knows that the farm organizations and the whole population are in favor of it.

Mr. SNELL. Will the gentleman tell me how this is to be done?

Mr. RAMSEYER. Oh, I could not do it in a minute.

Mr. SNELL. No; I do not think so. I would like to have some one tell me what acts will be repealed. Section 3 allows you to repeal the entire Federal reserve act.

Mr. RAMSEYER. Oh, no. That is one of those blanket provisions, provided there might be something in there that should be repealed.

Mr. SNELL. It reads "Parts of the act inconsistent with this act are repealed."

Mr. RAMSEYER. And that is a provision that is carried in nearly every bill.

Mr. SNELL. Anything connected with the Federal reserve act can be repealed under the language of this bill. The amount of reserve that is required under this law can be changed and the act repealed entirely.

Mr. RAMSEYER. No.

Mr. SNELL. I think it can. I do not know how it is expected to accomplish anything. As a matter of fact, it is just a gesture, and everybody knows it. It is attempted to change the whole policy and you do not know what you are going to do. We should have time enough so that the gentleman could explain it to the House.

Mr. RAMSEYER. I have made two reports on this, and if the gentleman would read those he would understand it.

Mr. SNELL. I would like to hear the gentleman explain it to the House. It has not been explained, and very few Members understand what you are trying to do, and that is one reason why I am opposing it.

Mr. STRONG of Kansas. If the gentleman will get us some time, we will explain it.

The SPEAKER pro tempore. The time of the gentleman from New York has expired.

Mr. GOLDSBOROUGH. Mr. Speaker, I yield two minutes to the gentleman from New York [Mr. LAGUARDIA].

Mr. LAGUARDIA. Mr. Speaker, in reply to the suggestion of my colleague from New York that the great authorities on money and banking have not been consulted, I simply have to say that they have had all of their say up to date and the country could not be in a worse condition than it is right now. [Applause.] So we have not lost anything. They have not contributed a single suggestion.

This bill is a heroic attempt to increase commodity price. It is a drastic remedy for a sick and critical condition. I only have one word of warning. That is, if commodity prices are to be increased, then the wages and salaries of the working people must be correspondingly increased. [Applause.] If wages are increased when currency is inflated and commodity price raised, then that velocity of circulation, suggested by the gentleman from Alabama, is created immediately and maintained. With this bill passing to-day, there will be no necessity of passing the wage reduction bill to-morrow. So when the wage reduction bill comes up to-morrow the thing to do is to vote against it. I am sure that labor will be on guard to protect itself. And I serve notice now that we will demand compensatory increases for skilled and unskilled labor as well as the white-collar class to meet these increased commodity prices.

If wages do not increase with increased commodity prices this bill and any inflation that may be created will be of no use to the farmers and the working producers. If wages are not increased it will mean that the working people and wage earners will be compelled to pay the entire cost of the depression. That, I know, is not the intention of the sponsors of this bill. Such a condition would defeat the very purpose of the bill. [Applause.]

A number of references by economists and statisticians and may I say also Members of this House have been made as to the relation between employment and wholesale prices. Real economists—and of course by that I exclude the high-pressure propagandists who are working for selfish interests—have assumed this relationship a priori. In addition to that it may be of interest for the House to know that the Bureau of Labor Statistics of the Department of Labor, under the very able management and direction of Mr. Ethelbert Stewart, United States Commissioner of Labor Statistics, has had the wholesale price index and the volume of employment in manufacturing index charted side by side for years from 1923 to 1931 and by months from 1929 to March, 1932.

These charts demonstrate absolutely that employment, at least in manufacturing industries, follows, and follows practically immediately, the changes in the wholesale-price index. It follows, therefore, that anyone who admits the quantitative theory of money and that the volume of money in active circulation will and does determine the trend of wholesale prices must admit that any increase in money circulation that lifts the level of wholesale prices will be reflected at once in the volume of employment and pay roll. Another thing that makes this money more valuable than money shot shrough other channels is the fact that money has two sources of power—one, volume and the other, velocity. The power that money gets from rapid turnover, which is

simply another name for velocity of circulation, is greater in the hands of workers than from any other source or direction. This is true not only because of the larger number of workers but from the fact that the worker does spend practically all of his money on necessaries of life for the support of himself and his family, as soon as he gets it. The result is that a dollar in the hands of a workman is worth more socially, I mean to the public as a whole, than is a dollar anywhere else in the world. This, of course, is also true of and applicable, with equal force, to those of our community who have become known as the white-collar class. It changes hands more rapidly and is in the final count really more dollars than the dollar issued to any other group of people. [Applause.]

The SPEAKER pro tempore. The time of the gentleman from New York has expired.

Mr. McFADDEN. Mr. Speaker, I yield the 10 minutes to the gentleman from Alabama which I agreed to yield.

The SPEAKER pro tempore. That has already been taken out of the gentleman's time. The gentleman from Alabama has 16 minutes remaining, which includes the 10 minutes agreed upon between the gentleman from Pennsylvania and the gentleman from Alabama. The gentleman from Pennsylvania has 15 minutes remaining.

Mr. STEAGALL. Mr. Speaker, we do not understand that we have used or that we have been allotted the 10 minutes which the gentleman from Pennsylvania was to yield to me.

The SPEAKER pro tempore. The Chair will state that the original agreement was for debate for the period of one hour, to be divided equally. Later that was extended by unanimous consent an additional half hour. Later by unanimous consent that additional half hour was divided between the gentleman from Alabama and the gentleman from Pennsylvania, the gentleman from Alabama having 20 minutes and the gentleman from Pennsylvania 10 minutes. That gave the gentleman from Alabama 50 minutes. It gave the gentleman from Pennsylvania 40 minutes. Of the 50 minutes under the control of the gentleman from Alabama the gentleman has already consumed 34 minutes. The gentleman from Pennsylvania has consumed 25 minutes.

Mr. STEAGALL. I am sure the Chair is right.

Mr. GOLDSBOROUGH. Mr. Speaker, I yield one minute to the gentleman from Michigan [Mr. HOOPER].

Mr. HOOPER. I intend to vote for this bill, but without either the enthusiasm or optimism of its advocates. I will vote for it as an experiment earnestly urged, and which may be of benefit under existing conditions. If I could see any threatened harm, I would vote against it; but to my mind, if it does not accomplish good, it will at least do no active harm. The subject is too broad to have been passed on a suspension of the rules. There is a wide diversity of opinion as to whether any financial agency can elevate or lower price levels in the way intended by the bill.

The bill seems to me to be merely a declaration of national policy coupled with a mandate, without sanction or penalty, to a board which already claims that it is exercising its power to accomplish the purpose aimed at by the bill. I question its efficacy, but will vote for it in the hope that my doubts may be groundless.

Mr. McFADDEN. Mr. Speaker, I regret exceedingly that a measure of this importance is being crowded through here in this manner. The first notice I had that this bill was to come up came to me about 1 o'clock this afternoon.

This is a matter which has been pending before the Committee on Banking and Currency for six to eight years. It has had very grave consideration. I must say in the few minutes I have to discuss this measure that I am unalterably opposed to its passage. [Applause.] It is clearly an attempt through financial juggling to raise price levels artificially. It affects international price levels, regardless of what has been said; and in proof of that, while I shall not attempt to give an exact quotation, the late Benjamin Strong, head of the Federal Reserve Bank of New York, in discussing this matter, always made the reservation that if anything was done it should be done in the direction of stabilization of international price levels, that anything that was done here would affect international price levels.

You are attempting to do here that which the Federal Reserve Board is opposed to, and the Congress is assuming the responsibility of the burden of directing a technical, financial, and economic operation. No one knows to what extent this order will be carried out. Section 2 of the bill has been referred to. It provides:

> The Federal Reserve Board, the Federal reserve banks, and the Secretary of the Treasury are hereby charged with the duty of making effective this policy.

Mr. MAPES. Will the gentleman yield there for a brief question?

Mr. McFADDEN. Yes.

Mr. MAPES. Does the gentleman see any similarity between the mandate placed upon the Federal Reserve Board in the section which he has just read and the mandate which was placed upon the Federal Farm Board to stabilize agricultural prices?

Mr. McFADDEN. I do not recall just what that was; but here is a direct mandate to the Federal Reserve Board.

Mr. MAPES. Some question has been raised as to the wisdom of that action of Congress as far as the Federal Farm Board is concerned.

Mr. McFADDEN. Yes.

Here is a direct authority to the Federal Reserve Board and the Secretary of the Treasury to carry out this proposal, under existing conditions, to raise prices by inflation of money and credit.

The third section provides:

> Acts and parts of acts inconsistent with the terms of this act are hereby repealed.

Now, that means everything that is in contravention of the Federal reserve act can at the option of the Federal Reserve Board be repealed.

Let me call your attention to one item in this report, where, speaking of the Federal reserve system, it states on page 2:

> The Federal reserve system has been accumulating gold at the average rate of $200,000,000 a year for about six years, and is now in a much stronger position than it was at the time of the open-market operations just referred to.

Gentlemen, need I call your attention to anything further than the recent acts of Congress which have been passed—the Glass-Steagall bill and the Reconstruction Finance Corporation bill—where we were attempting to protect our gold against shipment abroad? We were recently told that there was danger of withdrawal of $1,800,000,000 of gold from this country.

The next paragraph in this report says:

> It is in a position to put into the market $4,000,000,000 in Federal reserve notes and still maintain its 40 per cent reserve requirements. By utilizing its power to lower reserve requirements of the Federal reserve banks the system could put into the market nearly $9,000,000,000 of Federal reserve notes.

Where is there authority in the Federal reserve act for the Federal Reserve Board to lower the legal-reserve requirements of 40 and 35 per cent on Federal reserve notes and deposits unless it is embodied in the third paragraph of this bill? Which, of course, gives the board this authority to use at their option.

Gentlemen, you are giving power here that was never intended to be given and never should be given to any board. Congress should retain this authority.

Mr. HOWARD. Mr. Speaker, will the gentleman yield?

Mr. McFADDEN. I yield.

Mr. HOWARD. Mr. Speaker, if I understand the gentleman, the gentleman is taking the position that this Congress has no power to give orders to the Federal Reserve Board.

Mr. McFADDEN. Oh, no; I am not taking that position. I am simply saying what you are now doing.

Mr. HOWARD. My own judgment is that it is about time to give some orders to America's master criminals.

Mr. MANLOVE. Mr. Speaker, aside from the opinions of other people, I believe this House would like to hear the very worthwhile remarks of the gentleman from Pennsylvania continued without interruption.

Mr. McFADDEN. Just suppose this law is passed and price levels are below the average, as we know they are at the present time, what agency are they going to put to work? There is indicated in what I have just read that they will increase if they see fit the circulating medium in this country from $4,000,000,000 to $9,000,000,000, to say nothing about possible increase of credits. Now, Federal reserve notes are redeemable in gold. We do not know how many Federal reserve notes are outside of this country to-day. We do not know how soon they may be presented, and when and if they are presented they may drain all of the gold that we now have.

We have recently passed a law here which permits the substitution of United States bonds in lieu of gold as 40 per cent reserve of Federal reserve notes for the purpose of protecting our gold. Now you are going to create the greatest scheme of inflation ever proposed in any country. They admit in this report that $4,000,000,000 or $9,000,000,000 worth of circulating medium may be brought out in this country in order to bring the price levels up. They do not say anything about how much they are going to increase credit in addition to this, if it is necessary. These are all items to which some consideration should be given in the passage of this bill.

I do not think we should increase the power of the Federal Reserve Board. We have suffered because of the fact that they have already too much power, the fact that there has been maladministration, but despite that fact you are now going to give them a vehicle here by which they will be given unlimited power.

Mr. RICH. Will the gentleman yield?

Mr. McFADDEN. Yes.

Mr. RICH. The gentleman from Mississippi made the statement that this was to carry out the mandates of the Glass-Steagall bill. In that case, why was it not necessary for us to make some legislation in order to do that? Why does not the Federal Reserve Board carry out the provisions of that bill?

Mr. McFADDEN. I can not speak for the Federal Reserve Board. I do not understand that they have been carrying out the terms of the Steagall-Glass bill.

Mr. BUSBY. Will the gentleman yield?

Mr. McFADDEN. Yes.

Mr. BUSBY. Of course, the gentleman understands very thoroughly that they have not put into operation the power to use bonds instead of eligible paper but have been waiting for a further deflation in real estate, which, I think, has gone far enough.

Mr. McFADDEN. I ask the gentleman what will happen when they start, under this direction, to carry out this plan?

Mr. BUSBY. If the gentleman will yield further, I would like to say that we give no direction except to use the law. We do not even tell them to use the law unduly in regard to the law we are proposing in this bill.

Mr. McFADDEN. But we are giving very definite instructions in this bill. There has been some reference here to what England has decided. Reference was made to the fact that the MacMillan report recommended certain things. It is true the MacMillan report was made prior to England going off the gold basis, but the men who signed that report knew the situation that existed. However, I want to say to you that the United States is still on the gold basis. We are supposed to be running an American banking system without regard to the systems they have in Europe. One of the greatest troubles we have had in the Federal reserve operations has been that we have listened altogether too much, as regards the dictation of foreigners, in the management of our banking system, which is largely responsible for the situation we are in at the present time. It is time that we adopted an American policy without regard to the foreigners. This kind of legislation is playing into the hands of the internationalists for the stabilization of price levels. [Applause.]

Mr. Speaker, I reserve the balance of my time.

Mr. GOLDSBOROUGH. Mr. Speaker, I yield five minutes to the gentleman from Kansas [Mr. STRONG]. [Applause.]

THE NEED AND THE PLAN TO STABILIZE THE PURCHASING POWER OF THE AMERICAN DOLLAR

Mr. STRONG of Kansas. Mr. Speaker, the stabilization of the purchasing power of money is favored by those who use it as a measure of value, and opposed by those who use the fluctuating purchasing power of money for profit.

When a Government establishes a monetary system its first duty should be to stabilize the monetary unit of value of that system.

The fathers who established our Government attempted to do this when they provided in the Constitution that "Congress shall coin money—and regulate the value thereof."

Congress provided for the coinage of money, and as our Government grew and our financial system developed it sought to regulate the value of our money by declaring that 25.8 grains of gold, nine-tenths fine, should constitute a dollar, or unit of value, accepting the universal theory that the stability of the price of gold would stabilize the dollar's value. But the price of gold has not remained stable, and consequently the purchasing power of our money fluctuated.

In what is termed "good times" commodity prices rise as money becomes plentiful and cheap. Speculation follows and we have inflated prices, always to be followed by deflation, or falling prices, and we have "hard times," as the purchasing power of the dollar rises.

These periods of inflation or deflation, meaning rising commodity prices when money is plentiful and cheap, or deflation when money becomes scarce and costly, result in great financial losses to the people of the Nation.

The Black Friday of 1873 was the high mark of a disastrous inflation when banks crashed, business men failed, manufacturing plants closed, millions of men were thrown out of work, and farmers had no market for their products. My own father, with thousands of others, lost his all during this crisis and went West to establish a new home, and I became a citizen of Kansas. Coming to Congress in 1919, I became a member of the Banking and Currency Committee of the House and watched the inflation of prices as the result of an abundance of cheap money until the peak was reached in May, 1920. Then followed the deflation of the prices of commodities. The purchasing power of the dollar rose and commodity prices fell until the low point was reached in 1921.

Dr. Wilford King, professor of economics of New York University and a recognized authority on the wealth of the Nation and national incomes, estimated that this inflation and deflation brought about a confiscation of wealth from its rightful owners amounting to $40,000,000,000, or an amount equal to that expended by the Nation during the World War.

The present deflation of commodity prices, as the purchasing power of the dollar again rose, reached its lowest point this year, and it has been estimated that the confiscation of wealth has resulted in the loss of over $100,000,000,000.

But the loss of wealth is not all. The suicides, the wreckage of homes, the destruction of happiness, and the general discontent and unrest created disaster to the Nation that can not be estimated.

Between these two latter deflations we had a fairly stable value of money and commodities between 1921 and 1929, which did not come about by accident. There was a master mind in the Federal reserve system. The late Benjamin Strong, governor of the Federal Reserve Bank of New York City, had influenced the use of the powers of the Federal reserve system for stabilizing the purchasing power of the dollar, or the commodity price level, which are one and the same. He realized that when the Federal reserve system was created Congress gave to it the powers to regulate the volume of money of the Nation and to greatly influence the cost of the same.

What are these powers? Under the Federal reserve act of 1913 that established our Federal reserve system, 12 great Federal reserve banks were established, and all of the na-

tional banks of the Nation, and the State banks that might become members of the Federal reserve system, were required to create a great reservoir of credit by depositing with these Federal reserve banks 3 per cent of all their time deposits and 7 per cent of their commercial or open-account deposits, amounting to over three thousand millions of dollars; and under the law these funds could be invested in Government securities which the banks had the right to buy and sell. The Federal reserve system was also given the right to regulate the rate of discount that should be charged the member banks for discounting their eligible paper. Thus when they took the money from their vaults to purchase Government securities they increased the volume of money that could be used as a basis for credit, and when they sold Government securities, which returned the money to their vaults, they decreased the volume of money that could be so used.

When the Federal reserve act first passed the Senate it contained the clause that the discount rate should be used to stabilize the price level. But this clause was stricken out in conference.

Gov. Benjamin Strong successfully used these powers for stabilization. When the commodity price level started to fall and the dollar to rise he, as chairman of the board for the purchase and sale of Government securities, purchased bonds and influenced the reduction of the discount rate, thus increasing the volume of money and reducing its cost. When prices started to rise and the purchasing power of the dollar to fall he sold bonds and influenced the increasing of the discount rate, thus reducing the volume of money and increasing its cost—a simple process of regulating the supply and demand and cost of money, to the end that the value of money, as measured by what money will buy, would be stable in its purchasing value.

Governor Strong was so engaged in trying to develop and improve the Federal reserve system, to which he sacrificed his life, and realizing the jealousies among the principal officers of the Federal reserve system, that while he used its power for stabilization he made practically no announcement of such policy.

During the sessions of Congress of 1922 to 1926 Prof. Irving Fisher, of Yale University, the author of the Money Illusion and many other valuable books on the money question, advocated the stabilization of the purchasing power of money through regulating the quantity of gold that should represent the dollar. This is called the quality theory of money stabilization. Congressman T. ALAN GOLDSBOROUGH introduced a bill in Congress in 1922 having this theory as a basis and hearings were held upon the same by the Banking Currency Committee.

In 1926 George H. Shibley, an economist of Washington, D. C., learning that I was studying a remedy for the disaster of inflation and deflation, directed my attention to the fact that in the original draft of the Federal reserve act the powers of the Federal reserve system were directed to be used for promoting stability in the price level and urged me to introduce a bill for this purpose. While I was unable to agree with him as to the form of the bill, I did introduce H. R. 7895 in the first session of the Sixty-ninth Congress, a bill in which I used the words "all the powers of the Federal reserve system shall be used for promoting stability in the price level." Hearings were held upon this bill by the Banking and Currency Committee at which some of the most prominent economists in the United States appeared and discussed the question.

Finding that groups who profit by the fluctuating price of money were opposing the same by the use of the untrue statement that I was seeking to regulate prices, I changed the form of the bill in the next Congress to a direction that all the powers of the Federal reserve system should be used for stabilizing the purchasing power of money.

Among the witnesses appearing before our committee was Gov. Benjamin Strong, who admitted that he had been using the powers of the Federal reserve system with success in stabilizing the purchasing power of the dollar, but took the position that Congress ought not by law to so direct the Federal reserve system, because he feared that if in administering the law the officers of the Federal reserve system should fail to secure all that the people might require and demand, that it would bring complaint, criticism, and injury to the Federal reserve system. I made it plain to him that I was a firm believer in and friend of the Federal reserve system, but was convinced that Congress, which had given these great powers to the Federal reserve system, should direct their use in the stabilization of the purchasing power of the dollar, and urged him to lend his great ability to the preparation of such a bill.

Dr. J. R. Commons, professor of economics in the University of Wisconsin, whose great interest in the stabilization of the purchasing power of money had led him to generously employ his leave of absence to visit Washington and assist me in the study of this question, was also a witness in these hearings. Finally Governor Strong agreed that while because of his position as governor of the Federal Reserve Bank of New York he did not want to be known as taking an active part in the preparation of such a bill, yet in the interest of having such a bill drawn that would not injure the Federal reserve system, that he was willing to lend such assistance. Dr. J. R. Commons and I then visited New York and had an all-day conference with Governor Strong, with the result that it was agreed a temporary draft of a bill might be prepared by W. R. Burgess, then assistant Federal reserve agent of the New York bank, and Doctor Commons, to be then submitted to Governor Strong and myself for agreement.

This resulted in my introduction on March 6, 1928, of House bill 11806, which after directing that "the Federal reserve system shall use all the powers and authority now or hereafter possessed by it to maintain a stable gold standard; to promote the stability of commerce, industry, agriculture and employment; and a more stable purchasing power of the dollar, so far as such purposes may be accomplished by monetary and credit policy," directed that the Federal Reserve Board and Federal reserve banks were authorized and directed to make and to continue investigation and study for the guidance of the system's policies with regard to the purposes of the bill. Extensive hearings were also held upon this bill in March, April, and May, 1928.

I set forth these facts that it may be known that while Gov. Benjamin Strong refrained for the reasons I have stated in openly taking any part in having Congress direct the Federal reserve system in the use of the powers it gave to the same, he felt and nevertheless believed in the use of such powers for the stabilization of the purchasing power of the dollar, and even went so far as to arrange a meeting between the Federal Reserve Board and myself, at which he was present on March 17, 1928, in the hope that they might be induced to take a more sympathetic attitude toward such a policy.

Those who have not studied this subject may raise the question as to what measure of value shall be used in determining when the purchasing power of money increases or lessens with regard to the prices of commodities. The statistical bureau of the Department of Labor issues weekly what is called an Index Number of Commodity Prices, obtained by taking the average wholesale prices of over 700 commodities. When this average of commodities for which money is exchanged sinks week after week, the purchasing power of money rises, and when this index of commodities prices rises the purchasing power of money sinks. So by using the Index of Commodity Prices, as published by the Department of Labor of our Government, the purchasing power of the dollar may be adequately measured.

Realizing that the failure of the use of the powers to regulate the supply and demand of money and the regulation of the discount rate for the stabilization of the purchasing power of our dollar had so depressed prices, at the opening of this session of Congress I introduced House bill 49, carrying in addition to provisions of my former bills the

direction that the wholesale commodity price level of 1926 should be regained and maintained.

The present bill, recently reported out of the Banking and Currency Committee by Congressman GOLDSBOROUGH, who was chairman of the subcommittee that prepared the same, contains the same principles of my original bill and those that I have introduced since. It simply directs that the powers of the Federal reserve system, which the Government has given to it, shall be used to stabilize the purchasing power of money. When the commodity prices steadily decrease in value, as they have from July, 1929, to the present time, as shown by the price-index level issued by the Department of Labor, the officers of the Federal reserve system and the Secretary of the Treasury are directed to purchase Government securities and reduce the rate of discount, thus increasing the volume of money and reducing the cost of the same and vice versa.

Because the greater part of the present indebtedness of the people of this Government was created from 1921 to 1929, we directed that this policy of increasing the volume of money and reducing the discount rate shall be followed until the purchasing power of money shall be restored to the average of such purchasing power as existed from 1921 to 1929, which will be that of 1926, and to be there maintained.

This is the only hope that the Nation has of restoring prices of commodities to where they may be exchanged for money at the average level of prices that existed when the greater amount of debts of the people were created. It is the only hope for a return to the prosperity that existed from 1921 to 1929. It is not inflation; it is reflation or deflation of the present high value of money. The principal officers of the Federal reserve system have stated before our committee that they are using the powers of the Federal reserve system to this purpose now. The bill our committee is asking you to pass simply directs that they shall so continue until the purchasing power of the dollar shall be established at its purchasing power from 1921 to 1929. Had the bills that I introduced in 1926, 1927, and 1928 been passed, the present depression would not exist. The officers of the Federal reserve system then said, "We are pursuing the policy you urge, but should not be directed by Congress to do so." Then the dollar was on speaking terms with all of us and could be secured at a fair price in exchange for our labor, the fruits of our labor, and the property we own. And as the need for the passage of this bill did not then seem so great, the people could not be aroused to demand its passage. Now that the value of the dollar has reached so high a price that it takes long hours and more days to earn the same dollar and two or three times the amount of the products produced in the factory and on the farm to secure the same, people are aroused and are demanding that the purchasing power of the dollar be reduced, which can only happen by advancing the prices of labor and commodities and property that the dollar will buy, and this can only result from increasing the supply of money and reducing its cost, which the powers we have given to the Federal reserve system make possible.

It is just a question of whether we are big enough to say to the board that we have created, "You shall use these powers we have given you for the benefit of all the people of the United States and not for those who deal and profit in the fluctuating purchasing power of our dollar." [Applause.]

Mr. McFADDEN. Mr. Speaker, I yield three minutes to the gentleman from Iowa [Mr. RAMSEYER].

Mr. RAMSEYER. Mr. Speaker, I wish to thank the gentleman from Pennsylvania for yielding me a few minutes of the time he controls in opposition to this bill.

I am for this bill. [Applause.] There is absolutely nothing to the scare that the minority leader [Mr. SNELL] tried to throw into this House. This bill has been thoroughly considered. It has received more public discussion in the last year than any other bill that has been before this House. I have been on two different committees studying this problem, one with the Iowa Bar Association and the other with the American Farm Bureau Federation. Two reports which I helped to prepare have been filed, and they have been circulated among the Members of the House.

The first speech I made on the policy and purpose of the pending bill was last September, and at the time the newspapers in the Middle West treated it as a sensation. Lately the press in the East has taken the position, without referring to the bill, that what this bill seeks to accomplish is the only way out of the distressful economic situation.

Why, the gentleman from Pennsylvania [Mr. MCFADDEN] gets alarmed that there might be an upward trend in commodity prices and that there might be some inflation. We have to restore the average of commodity prices to where they were a few years ago in order to save this country. If you keep on this way for another six months, the whole financial structure will collapse and everything will go to pieces.

To show you that the eastern press has come to its senses, even though some Members of Congress have not, I call your attention to the May number of the Review of Reviews, a conservative periodical. On page 10, Mr. Albert Shaw, in discussing what we have already done in the way of extending credit, says:

> This, of course, is good as far as it goes. The local banks do not desire to be loaded up with unsalable farms; while, in turn, the farmers' families shudder at the thought of losing their homes and their familiar possessions. They all work desperately to pay the mortgage interest, but all the "farm relief" that we are reading about does not emancipate the farmer from any part of his burden of indebtedness. It does not reduce his obligations, in proportion to his ability to pay. Nothing can relieve him except higher prices for what he has to sell.

[Applause.]

Gentlemen opposed to this bill have quoted a few officers of Federal reserve banks as disapproving the passage of this bill. In answer to the attitude of those bank officials opposing this bill, I am going to quote you from as high an authority as we have in this country on financial matters, to wit, Mr. Owen D. Young, who said:

> The proper handling of price stability is one of the most important matters facing the capitalistic system. In it will be found the roots of those maladjustments which result in unequal and unfair distribution of wealth, in unemployment, and other serious problems.

This bill points the way. In fact, it is the first step to avoid the evils that Mr. Young points out. We must first have an elevation in the general level of commodity prices and thereafter stability in commodity prices. This bill, if enacted into law, will direct the Federal Reserve Board, the Federal reserve banks, and the Secretary of the Treasury by their control over the volume of credit and currency to restore the average commodity price level to the same level that existed when the farmers and other producers contracted their debts. [Applause.]

[Here the gavel fell.]

Mr. McFADDEN. Mr. Speaker, I yield two minutes to the gentleman from North Dakota [Mr. BURTNESS].

Mr. STEAGALL. Mr. Speaker, I ask unanimous consent that all Members may have five legislative days within which to extend their remarks in the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from Alabama?

There was no objection.

Mr. BURTNESS. Mr. Speaker, I believe at least four-fifths of the time consumed by the present Congress has been in connection with issues that have arisen out of the fact that we have had during the past three years constantly declining commodity price levels, or, putting it another way, that we have not had a dollar stable in buying power.

If it had not been for this decline, we would not have had to spend weeks here in connection with legislation such as the Glass-Steagall bill, the Reconstruction Finance Corporation bill, additional appropriations for the land-bank system, unemployment relief, and would not have had the diffi-

cult problems that have arisen in connection with every annual department appropriation bill or the controversial and delicate problems that we have tried to solve here within the last few days with respect to what should be done as to wages of Federal employees and balancing the Budget. All are directly connected with fluctuating price levels and the declining level of the past three years.

So, certainly every person ought to agree, as has been emphasized here, that one of the main issues before the country under present conditions is how we can elevate the commodity price level to the stage on which existing indebtedness was contracted, as nearly as possible, and then arrange to stabilize that price level hereafter on such a stage. If that can be accomplished, we will fast recover from the effects of the present depression and will probably prevent recurring depressions in the future.

This bill, unfortunately, from my viewpoint, does not provide the weapon or the complete remedy that I think should be given to the country. It does not proceed in the scientific way that I had hoped the committee would recommend, and, as proposed by the bills I have sponsored, but nevertheless I do feel that it is not only a step in the right direction but that it has some substantial relief in it, and for the life of me I can not see any valid objection to it when you do not change one word of the present law, when you do not change one power of or one limitation upon the reserve board, but simply give it the mandate embodied in this measure intended for the public good. [Applause.]

By way of extension I will simply say that my views were given in detail in my speech on April 14, when I addressed the House with the use of charts prepared by the Bureau of Labor Statistics.

In brief, I adhere pretty much to the qualitative theory of money and therefore believe it essential in order to bring about true stabilization that power be given to change the amount of gold in the dollar from time to time so as to conform with the changing value of the metal itself. This bill, in my judgment, too much assumes that the value of the dollar depends solely upon the amount of currency in circulation or the amount of credit available.

In my opinion, price levels can be changed through expansion and contraction of currency; but only temporarily. So long as our monetary unit is anchored to a specific amount of gold the purchasing power of each unit will eventually be drawn back to the exchange value of the amount of gold in which such dollar is redeemable. There should be a synchronization between currency or credit and the price of gold—amount thereof in the dollar—as provided in my bills, H. R. 20 and H. R. 21.

I am anxious that this bill be enacted. It gives a specific mandate to the reserve board. If those who believe that our price level can be stabilized solely through currency and credit control are right, then this bill will do the business, assuming, of course, that it is honestly and efficiently administered. If this happens, no one will be happier than I.

On the other hand, for the protection of my position and my earnest views resulting from several years of study, I must indicate my firm conviction that it will not accomplish everything that its sponsors expect. The job will be too big for the reserve board under present legal authority. I prophesy that it will be unable to increase the price level to the stage suggested in this bill and unable to give us a stable buying power of the dollar thereafter.

If this prophecy proves correct, those of us in this House and throughout the country who believe in a modified gold standard, varying the amount of gold in which the dollar is redeemable, if need be, to obtain absolute stability in its purchasing power, will have a stronger case than ever before, and we will be back asking for such legislation. I know that there are several members on the Banking and Currency Committee who believe that ultimate solution rests in that sort of a remedy.

I have been greatly pleased with the many favorable comments made on my speech of some days ago, not only by thinking Members of this House, but also by professional men, business men, economists, and other students who have written me from many States. The following extract from a letter from Mr. W. A. Overholser, attorney at law, Libertyville, Ill., is rather flattering but typical:

> I have read with a great deal of interest and admiration the very able and scholarly address delivered by you in the House of Representatives on Thursday, April 14, 1932. I believe that it contains one of the sanest suggestions that has been made yet as a solution for relieving us of our present horrible economic disaster and preventing similar occurrences in the future. It is a relief during the existence of the present economy hysteria to find some one who has an intelligent plan to offer which would appear to go to the root of the trouble and to know that we have some men in Congress who are working on the problem coolly and intelligently.

I thoroughly believe our bills go to "the root of the trouble." The pending legislation is a start, but we must finish the job later. I hope I may be here when Congress assumes its constitutional duty and enacts legislation which will automatically and effectually "regulate the value of money."

Mr. STEAGALL. Mr. Speaker, I yield the balance of my time to the gentleman from Maryland [Mr. GOLDSBOROUGH].

Mr. GOLDSBOROUGH. Mr. Speaker and Members of the House, the bill which the House is discussing to-day (H. R. 11499), a bill for restoring and maintaining the purchasing power of the dollar, is very short, and is as follows:

> *Be it enacted, etc.*, That the Federal reserve act is amended by adding at the end thereof a new section to read as follows:
>
> "SEC. 3. It is hereby declared to be the policy of the United States that the average purchasing power of the dollar, as ascertained by the Department of Labor in the wholesale commodity markets for the period covering the years 1921 to 1929, inclusive, shall be restored and maintained by the control of the volume of credit and currency."
>
> "SEC. 2. The Federal Reserve Board, the Federal reserve banks, and the Secretary of the Treasury are hereby charged with the duty of making effective this policy.
>
> "SEC. 3. Acts and parts of acts inconsistent with the terms of this act are hereby repealed."

You will notice that the bill has two purposes: First, the general purpose of raising the wholesale commodity price level to its predeflation point and, second, of maintaining that price level and avoiding periods of inflation and deflation.

All authorities agree that unless the price level is raised there is no way for the debts of the country to be paid, because the values of the things which when sold are used to pay debts have fallen on an average of more than 50 per cent below their prices when the debts were contracted, whereas the debts do not fluctuate as prices fluctuate but remain fixed. Therefore we find that for the first time in history both the creditor class and the debtor class are anxious for price levels to be raised to a point which will be fair as between debtor and creditor. The debtor wants the price level raised so that he can pay his debts with money which is no higher, or at least not much higher, than it was at the time he contracted his debt, and the creditor wants the price level raised in order that the one who owes him may not be forced into bankruptcy, which would prevent the creditor from collecting his obligation.

To illustrate: The case of a farmer who paid $5,000 for his farm at price levels which preceded this depression, and who gave a mortgage of $3,000 on his farm, paying in cash $2,000. Now, since the depression, the products with which the farmer can pay his debts and fixed obligations have fallen more than one-half, and the selling price of his farm has fallen to around $2,000. At present price levels the farmer can not pay the interest on his mortgage, the taxes on his farm, the insurance on his buildings, his fertilizer bills, and other fixed charges. If the mortgagee was to sell the farm in order to have his mortgage debt paid, he would only receive $2,000, less the expenses of sale, or around $1,800, and would lose $1,200; insurance premiums and fertilizer bills would not be paid at all and the payment of the farmer's taxes would be delayed, so that a rise in the price of farm commodities not only protects the farmer who is the debtor but protects the mortgagee, the fertilizer company, the insurance company, and the treasury of the State and county, who are all creditors.

This bill is not intended to help one class any more than another class. It is intended simply and solely to restore

justice as between producer and consumer, debtor, and creditor, as only by and in so far as you can achieve justice between all classes of the people can you have a productive people, a contented people, a happy people, and a people who do not feel that they are being unjustly treated.

The other day I was asked how this bill would help a man to get a job. In other words, how it would help the unemployment situation. I answered that the unemployment situation was the condition that the bill was designed to cure more than any other condition. I said that I would be perfectly content for the bill, instead of providing for the price level of 1921 to 1929, to provide that the price level should be raised until unemployment was reduced to what may be called its irreducible minimum. In other words, to a point when practically everyone who wanted employment could obtain employment. I was asked to explain further my statement. I said that the Subcommittee of the Committee on Banking and Currency of the House, of which I was chairman, had made a very careful study as to the price level which would be fair to producer and consumer, debtor and creditor, and would thus cause the least possible economic disturbance, and that we found the general price level existing between 1921 and 1929, inclusive, to be substantially fair to all classes; fair treatment for each class would mean, in general, employment for those who desired employment; so that if the law provided for a rise in prices until the unemployment problem was solved, it would mean practically a rise in the price level existing from 1921 to 1929, inclusive. Probably the first thing which will occur to you will be, how can the price level be raised; and, second, how can it reasonably be maintained after it is raised? These are both fair questions, and I am going to answer them as well as I can within the few minutes I have to speak.

The Federal reserve system is now in a position to put into the market $4,000,000,000 in Federal reserve notes, and still maintain its 40 per cent gold-reserve requirements. By utilizing its power to lower the reserve requirements of the Federal reserve banks, the system could put into the market nearly $9,000,000,000 of Federal reserve notes. Either sum, if the country knew that because of a congressional mandate the Federal reserve system was to raise the price level to the point indicated, would be much more than sufficient to raise it, because as soon as the country understood that the policy of the Federal reserve system was directed by law to a given point, confidence among banks and business men would be restored, bank loans would expand, the retailer would buy from the wholesaler, the wholesaler would buy from the manufacturer, the manufacturer from the producer of raw materials, and the masses of the people would find employment, so that through buying of securities by the Federal reserve banks and through the restoration of confidence as above indicated, the normal business activity of the country would very speedily be reestablished. You will then say, "Well, we see by the papers that the Federal reserve system is now buying about $100,000,000 a week of securities, so why pass a law to carry out and compel them to do exactly what they are now doing."

The answer is this: The Federal reserve system for more than a year before they went into the market for Government securities were, to my knowledge, entreated to do that very thing. The Federal Reserve Board was told that with the immense amount of gold we had here in this country and with about $17,000,000,000 of Government securities in the market they could safely buy Government bonds to an almost unlimited degree, and thus place money into circulation, raise the price level, and restore confidence. To my knowledge, the Federal Reserve Board was told that unless they did that very thing we would have the business depression, the collapse, and the unemployment that we now have. If this legislation is passed and becomes a law, and is administered enthusiastically and sympathetically by the Federal Reserve Board, it can by its open-market operations and its control of the rediscount rates speedily raise the price level to the indicated point. Should this bill become a law, they may have to take very little affirmative action, because the knowledge that they are directed to do it will so reassure the people that business expansion, which means credit expansion and rising price levels, will take place very quickly.

The next question you will probably ask will be: "How can the general commodity price level be maintained by the operation of the Federal reserve system?" In the Bureau of Labor Statistics in Washington is what is known as an index number, which index number contains 784 commodities and indicates whether the general price level is rising or falling. In other words, it indicates whether the relation of money and credit to business is remaining reasonably stable or is getting out of its proper relationship. The standard index figure, 100, is about the average of the 1921 to 1929 price level. If the price level rises much above that point, we know that the producing and debtor classes are being favored, and that the creditor class and all those with a fixed income, such as salaried people and wage earners, are being discriminated against. On the other hand, if the price level falls much below that point we know that the creditor class is being favored and that the debtor and producing classes are being discriminated against. We also know that if the decline in prices continues, unemployment will ensue, because it is the producing classes which employ labor; and as production is not profitable in a falling market, as prices decline the wheels of industry run slower and slower and more and more people are turned out of employment, which is exactly the condition we have now.

Now, speaking roughly, it would be the duty of the Federal reserve system under this bill to watch the index number of the Bureau of Labor Statistics. When the index number began to fall the Federal reserve system should put money into circulation by buying Government securities and by this means raise the price level approximately to the indicated point; and then, if the price level moves above the indicated point, the Federal reserve system would withdraw money from circulation by selling Government securities and thus send the price level down approximately to the given point as indicated above. The Federal reserve system would also use its power to raise and lower rediscount rates.

The whole thing is very simple. It has absolutely no purpose except justice for everybody. The Congress knows perfectly well that the Federal reserve system would not be able to attain absolute perfection in carrying out the law, but beyond any doubt the system could carry out the purposes of the law in a practical way and thus avoid periods of undue business expansion, price inflation, and speculation, which invariably lead to collapse such as society is now in, and which has resulted in untold hardship and despair.

You hear a great deal in this country about overproduction, a word that in its broad sense should never be used, because, if the people have the buying power they will consume the normal production of the country. With our labor-saving devices and our mass production we can produce enough in the country for every man, woman, and child to live in comfort and reasonable luxury. The problem of production in this country has been solved and the problem of statesmanship now is to solve the problem of distribution. This problem must be solved in a manner which is right and fair to everybody, and has no object but justice. I am one of those who have been studying the principle involved in this bill for many years. The principle involved in this bill has been discussed and analyzed in congressional hearings before the Banking and Currency Committee for the last 11 years. In my judgment, the bill, if sympathetically administered, will be a profound factor in the solution of this great problem of distribution which I have just mentioned.

In order to illustrate just how the Federal reserve system can control the price level, I will offer one or two illustrations.

In the winter of 1920 the system decided to deflate price levels and to begin on May 20. The method pursued at that time was to raise rediscount rates in a very drastic manner, especially among country banks. This fact is now

well known, is not disputed, and, as you will remember, not only caused the failure of a great many country banks but absolutely destroyed agriculture as a profitable occupation throughout the country. Later, under the sympathetic leadership of Benjamin Strong, governor of the Federal Reserve Bank of New York, an open-market committee was formed, which for several years and until Mr. Strong's death, stabilized the purchasing power of the dollar with great success. I ascertained this definitely from Mr. Strong in 1926, but sensed it earlier, and said in the course of a speech I made before the Maryland State Bankers' Association at Atlantic City in April, 1924:

Not so generally understood is the fact that the open-market operations of the Federal reserve banks in the first half of 1923 tended to curb the involuntary movement and in the second half of the year tended to sustain business on its new level. Early in January the Federal reserve banks held open-market acceptances and United States securities to the value of $734,000,000. These they reduced steadily throughout the period of incipient business boom.

By July the total holdings were less than $300,000,000. Between October 17 and the end of the year, however, the holdings increased from about three hundred million to four hundred and seventy-three million dollars. Thus the open-market operations took money out of general circulation at a time when, according to our indices, money in circulation was increasing faster than the volume of trade, and later in the year when these same guides began to point in the other direction the open-market operations put more money into circulation. We were cautious in 1923 because we had had a recent lesson. We will be less cautious as time goes by, and in a very short time, when credit begins to be demanded all over the country for developments of all sorts, the Federal Reserve Board, without express legislative authority, will not be able to restrain a period of inflation greater, probably, than any we have ever known.

If a law such as is provided for by this bill had been in operation at the time I made the speech of 1924, the period of frenzied speculation of 1927, 1928, and 1929 would not have taken place, nor would the country now be in its present condition of extreme economic depression. In the various discussions of this measure and of the principle involved in it which have taken place in the Committee on Banking and Currency in the last 11 years, no reason has ever been advanced by anyone as to why such legislation was not sound.

It is true that officials of the Federal reserve system did advance arguments against the bill, such as you will see from day to day in a certain part of the metropolitan press, but in every instance when pressed by informed cross-examination, they agreed that their objections are mere vague possibilities and not substantial probabilities.

No one has ever attacked the bill on the ground that its purposes were not to achieve justice, and as nearly as the subcommittee could sift what little objection there was advanced to the proposed bill, it was the objection which is always raised to anything with which one is not entirely familiar.

In order to indicate definitely and clearly that the principle embodied in this bill has been thoroughly considered for many years in the American Congress, may I here insert a letter received by me from the Hon. Thomas R. Marshall, ex-Vice President of the United States, dated August 9, 1922:

FRANKFORT, IND., *August 9, 1922.*

Hon. T. ALAN GOLDSBOROUGH,
Washington, D. C.

MY DEAR MR. GOLDSBOROUGH: I am so glad that you have introduced a bill to stabilize the purchasing power of money. I wish I could be present at the hearing, but it will be impossible for me to do so. Don't let this matter drop or stop with a perfunctory hearing, because this is a thing that is going to come to pass, and you will be a very proud man to know that you had the honor of taking the initial step in the House of Representatives.

Cordially yours,

THOS. R. MARSHALL.

We have a wondrous country, with actual producing power beyond the dreams of Midas. We have a magnificent citizenship, which is capable of absorbing to advantage every contribution which can be made to their comfort and welfare. We have a remarkably patient people who are wondering just why it is there is poverty in the midst of plenty; want, when there is more than enough to go around for all of us. Sometimes I have thought that our economic system, which so poorly distributes the great production of the Republic, has grown up through the natural human selfishness of a tremendously energetic people, but we can not philosophize when 8,000,000 of our people are in need of the necessities of life, nor can we expect them to philosophize. They have already been tremendously patient. For how much longer we can expect them to be patient, no one can say; but if, while there is yet time, we turn to justice and obey her, if we trust liberty and follow her, the dangers that now threaten will disappear, the forces that now menace will turn to agencies of elevation. Think of the powers now wasted, of the infinite fields of knowledge yet to be explored, of the possibilities of which the wondrous inventions of this century give us but a hint. With want destroyed, with greed changed to noble passions, with the fraternity born of equality taking the place of the envy and fear that now array men against each other, with mental powers loosed by conditions that give to the humblest comfort and leisure, and who can measure the heights to which our civilization may soar? Words fail the thought. It is the golden age of which poets have sung and high-raised seers have told in metaphor. It is the glorious vision that has always haunted men with gleams of fitful splendor. It is what he saw, whose eyes at Patmos were closed in a trance. It is the culmination of Christianity. It is the city of God on earth, with its walls of jasper and its gates of pearl. It is the reign of the Prince of Peace.

For the information of the Congress and the country as to the length of time during which the principle involved in this bill has been considered by the American Congress, I am including at the end of this speech, as an extension of my remarks, a speech made by me in the House of Representatives on Tuesday, May 23, 1922, entitled "Stabilizing the Purchasing Power of Money"; a speech made by me on August 16, 1922; a speech made by me in the House of Representatives on February 17, 1923, entitled "Fortifying the Federal Reserve System Against Inflation and Deflation"; and a speech made by me before the Maryland State Banking Association, entitled "Stabilization of Money," and printed in the CONGRESSIONAL RECORD by the request of Hon. Eugene Black, of Texas, on Monday, June 22, 1924.

STABILIZING THE PURCHASING POWER OF MONEY

[Speech of Hon. T. ALAN GOLDSBOROUGH, of Maryland, in the House of Representatives, Tuesday, May 23, 1922]

Mr. GOLDSBOROUGH. Mr. Chairman and gentlemen of the committee, I am taking advantage of the opportunity presented by the general debate on this bill to talk for a few minutes very briefly and very generally about a matter upon which long consideration induced me to introduce a bill in this House this morning. For a great many years, in fact ever since I have been old enough to think very much, I have wondered about the gradual expansion and contraction of general price levels through long periods of years, but never until I became a Member of Congress did it seem that I had time enough to even attempt any sort of a real analysis. Last summer on the occasion of a dinner, at which former Vice President Marshall and I were guests, I brought up the subject and found that he had given the matter a great deal of consideration, and he made several luminous suggestions based upon his study and supported by his splendid common sense. I am profoundly convinced that the problem of stabilizing the purchasing power of money is soluble. I believe it is the second problem of economic importance confronting the people of the world at this time, and I believe this to be the psychological time to bring the matter up for serious consideration.

For the purpose of this discussion I have not in mind stabilization outside of this country. World-wide stabilization will come only when the Allies realize that Germany can pay her war indemnity only in goods directly or indirectly, and when we come to recognize that the allied debt to us can be paid only in the goods of the Allies and the goods of Germany which will indirectly pay it. With an indemnity due by Germany of around $33,000,000,000 and only about $9,000,000,000 of gold coinage in the world, all the gold coin in the world, if it were held by Germany, would pay but one-fourth of the reparations, and if perchance through some inconceivable and baleful natural force or artificial process Germany should acquire the gold with which to pay her indemnity and should pay it, the human mind can not conceive of the world-wide hell of inflation, worse than that of Austria or of Russia, which would come about, resulting in riot, revolution, and destruction of values until the sanity left in the world should have an opportunity to reassert itself and establish a new monetary basis. World-wide stabilization can never come about, and the German indemnity and the allied debt can never be paid while the tariff walls are being raised

higher and higher and our markets cut off from the commerce of the world. [Applause.]

My friends, our people are staggering under a burden of a war debt of about $25,000,000,000. That means that the backs of our people are to be burdened with a load of taxation such as has never been known before in the history of this country. A large part of that burden must ultimately be borne by the consumer, which term has come to mean that part of our people who from necessity live from hand to mouth and to whom the price of commodities means so much. When we speak of the consumer we have in mind the long, long line of men and women and little children for whom the beautiful things of life, the things which so largely make up the sum of human happiness in this world of ours, are obscured by gaunt necessity. Half of this burden can be lifted if we make it possible for the allied debt to be paid. If the present tariff bill becomes a law, it can never be paid. I am forced to think that its framers know it can never be paid. Already the same influences which culminated in this tariff bill have been feeling out the American people on the question of canceling the allied debt. This seemed the thinly veiled theme of several of the addresses made at the meetings of the United States Chamber of Commerce held last week in this city, the Capital of the Nation. We will find out in the next congressional election whether the American people will permit this monstrous thing to be done. If this country had gone into the League of Nations in 1920, world-wide economic conditions would be largely stabilized now. Thousands of little children who have perished on the steppes of Russia from starvation and exposure would have been saved. Four million men and women would not now be walking the streets of this country begging for means with which to earn their daily bread, and the allied debt would now be in process of liquidation and payment.

I am in no sense a pessimist. I have an abiding faith in the good sense and clear vision of the American people; and I prophesy here and now, without the slightest hesitation, that within 10 years we will have a league of nations composed of the nations of the world and based substantially on the treaty which we failed to ratify; and I prophesy that as a reaction from that league of nations will come world-wide economic stability. Will anyone say that we are not interested in world-wide conditions? When a country or a people does not produce normally for itself because of faulty economic conditions, that country or that people will inevitably be fed and clothed to a greater or less extent by other countries and other peoples; and therefore our poorest people, our people who are most needy, together with every other element of the country, will enjoy the greatest degree of prosperity when the people of every nation are able to feed and clothe and house themselves and when the blessed sun of reasonable plenty shines most brightly everywhere.

Now, I have digressed a great deal in a way, have gone outside of the limits of the matter I started out to discuss; but the things I have been speaking of are correlated matters about which I feel very deeply and which may serve to emphasize the subject matter of this speech. My bill was drafted more particularly with reference to conditions affecting gradual rises and falls in general commodity prices which are not within the control of the Federal Reserve Board. In other words, now that we have this splendid banking system, it seems to me that the next step should be an attempt to prevent gradual rises or falls in general commodity prices through long periods of years, causing all concerned misery, misunderstanding, and bad feeling, and culminating in makeshift legislation, radicalism, and sometimes even in revolution and war.

In the Bureau of Labor Statistics in Washington there is what is known as an index number, which, as a rough explanation, I will say is computed by averaging the price levels of various commodities. These commodities are in nine groups—farm products; food, etc.; clothes and clothing; fuel and lighting; metals and metal products; lumber and building materials; drugs and chemicals; house-furnishing goods; and miscellaneous. There are, I think, 243 commodities listed in the nine groups, the wholesale price of each being accurately kept for the purpose of ascertaining the tendency of prices to rise or fall. A chart is kept which by means of a curved line graphically indicates the trend of prices. As your finger traverses this line from 1873 to 1896 you find prices constantly falling; from 1896 to 1914 prices constantly rising, with a sharp upward trend through the period of the war. As I looked at this chart the other day memories of the hard-worked and poorly paid farmer of my boyhood flooded back to me. It used to seem to me that this man who did so much for everyone else was able to do very little for himself. I remembered how almost impossible it was for him to pay his loans and mortgages. I remembered how the money lender flourished, and I began to see as clearly as we see the sun at noonday that during this period of constantly falling prices, which means ever higher money, the man who had commodities to sell suffered and the man who had money to sell flourished as the green bay tree; and as my finger traveled up the curve of high prices from 1896 I remembered how the man with the fixed income began to suffer, the complaints of the wage earner; that the school-teacher, the clerk, the office man, the salaried person of every type began to feel the pinch and eventually to actually suffer from this condition; and I saw pictured in letters of fire that the "wayfaring man, though he were a fool," might read and understand, the fixed income of these people becoming cheap and the commodities that they had to buy for their support and the support of their families correspondingly high.

Some may say, What of it? Where one person is injured another is benefited, but this is not the case. From about 1879 until 1896 populism rose from small beginnings, chiefly in the great agricultural areas of the Middle West; the money lender and the bondholder were held up to every reproach and contumely; the names of Russell Sage and Hetty Green were thought of as the name of Shylock. Discontent, bad feeling, and difficult financing reduced very much economic output and culminated in the free-silver campaign of 1896.

Shortly after the beginning of the rise of 1896—that is, at about the beginning of this century—the rise in prices began to spread the seeds of socialism among the worker and the man with the fixed income; industrial unrest began, labor unions were formed and became powerful, strikes common, and many of the seeds of the Great War were sown.

Nowhere throughout that part of the world using our monetary standard was the rise in prices felt with any more cruelty than among the middle classes and the toilers of Germany, and this discontent among the great bulk of the people went a long way toward creating the opportunity and, in the minds of some possibly, the national necessity for war.

A great teacher once said to his students: "Divide the study of any social situation into four questions: What is it? Why is it? What of it? What are you going to do about it?" I have talked about the first three questions. I fully realize that the study of the problem of stabilizing the purchasing power of money is in its period of early conception, and that the agony of birth and the gamut of the diseases of infancy and childhood must be run before we can hope to see the thing in the wondrous beauty of its maturity.

But some basis of discussion should be established, some concrete plan should be made the target of constructive criticism, and to that end I have introduced a bill, referred to the Committee on Banking and Currency, which attempts to stabilize average commodity wholesale prices by controlling the quantity of money and credits in relation to the volume of trade by increasing or diminishing that quantity as the average price level goes down or up.

It is probably as well not to undertake a detailed discussion of the bill here and now, but to let the matter finally develop from the committee if it should deem my views worthy of consideration as a framework for legislation.

Years of reflection convince me that equality of economic opportunity is probably the most serious concern of statesmanship. Class legislation lessens the creative enthusiasm of the group favored by it and restrains the economic development of the group outside the favored class.

All of us here to-day must in a few short years and in the fullness of time be gathered to our fathers; the eyes of none of us will shine with the light of those who see the blessed brotherhood that one day will come, when the lion and the lamb shall lie down together; but I firmly believe it lies within the power of Congress during the next few years to solve this problem of stabilizing the purchasing power of money, which will add so much to human happiness and help so largely in solving the gravest political questions.

Right here, as a matter demanding immediate consideration, I feel that it should be suggested to the Federal Reserve Board and to the bankers of the country and to the great thinking public, whose sentiment will so largely control the financial policy at this period of reaction from war inflation, that billions of dollars of war bonds of the Government were paid for in inflated—that is, cheap—money; that to double the price of the money with which these bonds will have to be paid, as is being seriously discussed as a part of a policy of deflation, will change the burden on the taxpayers of this country from twenty-five billions to the equivalent of fifty billions of dollars—that is, will double the burden—that numberless private contracts were entered into at or near the peak, and that practically the actual contract price would be thus doubled; that millions of dollars worth of farm lands were bought and farm mortgages given during the area of high prices, and that such a policy would probably cut the price of these farms in two and double the burden of the mortgage.

I firmly believe that the purchasing power of money can be stabilized. I believe that the solution, when we have it, will be found to be simple; and I trust that that solution will soon be embodied in legislation. I never want to see agriculture and industrial enterprise struggling in the agony of a long period of falling prices or to see the young, active, bright business man, naturally uninformed as to financial science and portents, feel that he is rising to prosperity on the tide of rising prices only to find his business bankrupt and his hope blasted in the inevitable crisis just beyond the peak.

I spoke a while ago of class legislation. It is mighty hard to control the class spirit which fosters such legislation. We all have the class tendency. With some it is social, with some economic, with some religious, with some sectional, with some a combination of two or more; but in whatever guise it appears, the result is antisocial and detrimental to the people as a whole.

The spectacle we have now in the Senate, and had in the House last summer, of the representatives of powerful interests parceling out among themselves the resources of the country through the tariff bill with a reckless abandon, the same in principle with that of the buccaneers of the West Indies as they dvided the loot from the captured trader, is simply a manifestation of the class spirit of powerful economic units, in utter disregard of the interests of the average man, woman, and child, of

the person with a comparatively small or fixed income, of the farmer, the small business man, and the laboring man.

Stabilizing the purchasing power of money, if it can be done, strikes at the very root of class advantage and tends to prevent the inception of movements of special privilege. It is mighty easy to get in the habit of losing sight of the under dog, mighty easy to garb with the cloak of conservatism the golden calf of indifference to the common weal.

We all want to be conservatives in protecting the people from the doctrinaire, the political adventurer, or the dealer in the same quack remedies and short-cut treatments which through the ages have gone along with the disintegration and downfall of peoples, but "Where this is no vision, the people perish," and the lessons of the war and postwar period have prepared the minds of the people for two great strides in government of the people, by the people, and for the people—a league of the nations of the world, providing for mutual reciprocal disarmament and legislation stabilizing the purchasing power of money.

In the consideration of this legislation the question of necessary cooperation with other nations need not be controlling, as we are dealing now with a much more uncertain exchange situation than any which independent stabilization by this country could possibly create.

On May 12, at Philadelphia, before the American Academy of Political and Social Science, Mr. Edmund Platt, vice governor of the Federal Reserve Board, speaking on America and the Debts of Europe, had this to say in connection with foreign exchange:

"It seems probable that the major depressions of exchange mark periods when our people were seeking to convert foreign balances into dollars, and that exchange recovered when most of the conversion had been made and losses wiped out. Some very large American exporters are known to have taken considerable losses in this way. They sold in terms of foreign currencies and found them when payments became due considerably depressed, but when recovery was delayed beyond their expectations they finally bought dollars and took their losses. Very large losses are also known to have been charged off by some of our bankers."

Again:

"No longer ago than April 1 the editor of the Economic World, whose articles are always worth reading and usually sound, predicted that 'no person now living will ever see the value of the present French franc of actual currency normally and regularly equal to one-half of that of the gold franc established by law as the monetary unit of France.' At the time that was published the French franc was quoted at about 9 cents in our currency. It had been as low as 5.79 in 1921 but had recovered to 8.13 at the end of December. Within a little more than two weeks after Mr. March made this prediction French francs sold at 9.375, and had little more than a quarter of a cent to go to reach half par. They have since fallen back somewhat, but I see no reason why they should not continue to advance if France makes progress toward balancing her budget. They are not lower now than our Civil War greenbacks were at one time, and complete restoration does not appear impossible, though it may take a considerable number of years."

We involuntarily shrink from the serious study of economic questions with which we are comparatively unfamiliar. It is irksome and subjects us to criticism of various kinds. Personally, in my own periods of complaisance with things as they are, I have gotten inspiration from the following lines of the American poet, James Russell Lowell:

Said Christ our Lord, "I will go and see
How the men, my brethren, believe in me."
He passed not again through the gate of birth,
But made Himself known to the children of earth.

Then said the chief priests, and rulers, and kings,
"Behold, now, the Giver of all good things;
Go to, let us welcome with pomp and state
Him who alone is mighty and great."

With carpets of gold the ground they spread
Wherever the Son of Man should tread,
And in palace chambers lofty and rare
They lodged Him, and served Him with kingly fare.

Great organs surged through arches dim
Their jubilant floods in praise of Him;
And in church and palace and judgment hall,
He saw His own image high over all.

But still, wherever His steps they led,
The Lord in sorrow bent down His head,
And from under the heavy foundation stones
The Son of Mary heard bitter groans.

And in church, and palace, and judgment hall,
He marked great fissures that rent the wall,
And opened wider and yet more wide
As the living foundation heaved and sighed.

"Have ye founded your thrones and altars, then,
On the bodies and souls of living men?
And think ye that building shall endure
Which shelters the noble and crushes the poor?

"With gates of silver and bars of gold,
Ye have fenced my sheep from their Father's fold.
I have heard the dropping of their tears
In heaven these eighteen hundred years."

"O Lord and Master, not ours the guilt;
We build but as our fathers built;
Behold Thine images, how they stand,
Sovereign and sole, through all our land.

"Our task is hard—with sword and flame
To hold Thine earth forever the same,
And with sharp crooks of steel to keep
Still, as Thou leftest them, Thy sheep."

Then Christ sought out an artisan,
A low-browed, stunted, haggard man,
And a motherless girl, whose fingers thin
Pushed from her faintly want and sin.

These set He in the midst of them,
And as they drew back their garment hem,
For fear of defilement, "Lo, here," said He,
"The images ye have made of Me!"

The Anglo-Saxon peoples have gone a long way since those words were written, but, my friends, the next time you watch the glory of the winter storm, in warmth and comfort, consider to what percentage of the people that storm means only misery and hardship. That thought has often made me feel with terrible distinctness the long, long hill humanity has to climb to relieve the agony of the world.

I am confident the subject of these remarks is entitled to our most painstaking consideration. I am not so confident that the suggestions embodied in my bill even approximate a solution. I have an abiding conviction that this great body will at the proper time approach the matter with the caution which it demands, but with courage, with resolution, with vision, and with hope. [Applause.]

[Speech of Hon. T. ALAN GOLDSBOROUGH, of Maryland, in the House of Representatives, August 16, 1922]

Mr. GOLDSBOROUGH. Mr. Speaker, since May 23 last, when I addressed the House on stabilizing the purchasing power of money, in which address I attempted to emphasize the incalculable value of stabilization to the farmer, the salaried man, and the wage earner, as well as to every other class in our complex and highly organized civilization, and on which date I introduced a bill for which the hope was expressed that it would serve as a basis for constructive legislation in the matter of this all-important subject, this body will be interested to know that the effort has been approved by farmers' organizations, labor organizations, and professional men, and also by the very highest authorities on national and world-wide finance, economics, and legislation. Without burdening the RECORD with the great mass of material which I have accumulated, I feel that this House will be glad to have inserted as a part of my remarks a letter from ex-Vice President of the United States Thomas R. Marshall; a letter from the Hon. Claude Kitchin, for long years a great national figure, chairman of the Ways and Means Committee of the House of Representatives during the Wilson administration, now the minority leader of this House, highly esteemed and much loved as he is by Democrats and Republicans alike; a letter from Roger W. Babson, president of Babson's Statistical Organization, Wellesley Hills, Mass., whose statistical work in the field of economics and whose analyses of business cycles are so well known and so important as to be found in most of the great business houses, banks, trust companies, and financial organizations throughout the country and also in the smaller ones which can afford them; a letter from the American Chamber of Commerce in Berlin, Germany; and a letter from William T. Foster, director of the Pollak Foundation for Economic Research, who sends with his letter his carefully worked out views on the subject, which I will incorporate in these remarks immediately following his letter. The communications mentioned follow in their order:

FRANKFORT, IND., *August 9, 1922.*

Hon. T. ALAN GOLDSBOROUGH,
Washington, D. C.

MY DEAR MR. GOLDSBOROUGH: I am so glad that you have introduced a bill to stabilize the purchasing power of money. I wish I could be present at the hearing, but it will be impossible for me to do so. Don't let this matter drop or stop with a perfunctory hearing, because this is a thing that is going to come to pass, and you will be a very proud man to know that you had the honor of taking the initial step in the House of Representatives.

Cordially yours,

THOS. R. MARSHALL.

OFFICE OF MINORITY LEADER,
HOUSE OF REPRESENTATIVES,
Washington, D. C., August 4, 1922.

MY DEAR GOLDSBOROUGH: I thank you for sending me your excellent speech, which I read with unusual interest. It was admirably conceived and logically and clearly put. I congratulate you. I made no mistake when I championed your candidacy for membership on the Banking and Currency Committee and am glad I withdrew in your favor our North Carolina candidate. I want you to be as watchful and diligent as possible on that committee. On every measure from the committee I suggest that you make a speech, however short, explaining and analyzing the bill. When the Democrats get control of the House we will have much important legislation before that committee. I want you to go right

to the front with respect to the bills before it. Your power of analysis and clearness of expression, together with your practical experience, will justify your taking a leading part and becoming a most valuable and useful member.

Trust you have had a most restful and pleasant vacation and that no opposition in the primaries has or will arise. Your splendid record in Congress, together with the esteem and confidence of the membership of the House in you, should certainly prevent any such opposition.

With warm esteem, your friend,

CLAUDE KITCHIN.

P. S.: Am thankful to say that I will soon be back to my "old self" in good shape.

C. K.

REPORTS OF FUNDAMENTAL BUSINESS CONDITIONS FOR MERCHANTS, BANKERS, AND INVESTORS

WELLESLEY HILLS, MASS., *August 4, 1922.*

Hon. T. ALAN GOLDSBOROUGH,
House Office Building, Washington, D. C.

MY DEAR MR. GOLDSBOROUGH: I understand from our correspondence that a hearing is to be held on your bill for stabilizing the dollar toward the end of August. I hope to be present and to make a statement in person, but whether I shall be able or not I want to tell you how glad I am that you have brought forward this proposal. If you can convince Congress of the grave need of this legislation at this time, you will have accomplished one of the greatest tasks ever set before statesmen. If you do not succeed in your first attempt, I hope you will keep everlastingly at it. Depend upon it, some day the dollar will be stabilized.

It is the growing consciousness of the need of stabilization which has led not only to Professor Fisher's plan, which your bill embodies, but to the less-worked-out plans of Edison, Ford, Senator Ladd, etc.

Business men and bankers have expressed alarm over some of these proposals on the ground that they may produce inflation. Any proposal, the effect of which would be inflationistic, ought to be nipped in the bud. What we want is something to prevent both, and that is the object and effect of the bill which you have introduced. The common idea that we must on principle oppose any plan to change our currency system is simply sitting on the safety valve. If something is not done to give us a scientific and stable currency, some unscientific and unstable currency will be enacted. The only way to head off instability is to make greater stability. The conservative man who is afraid of a change ought to support your bill, because our present system changes our monetary standard every year. This constant change in the purchasing power of our dollar is the greatest foe of conservative business. It makes a speculation of everything. For years I have been studying the business cycle and trying to help the business man by foresight to struggle through the cycle. But I have repeatedly said in my speeches and writings on this subject that until we had the Fisher plan or some equivalent for stabilizing the dollar the business man would always be suffering from the business cycle. The trolley companies, which were at one time so prosperous, were literally ruined by the depreciation of our dollar. I have made a special investigation of this. I could give instance after instance of the evils which come from a changing yardstick in commerce.

As ex-Vice President Marshall has said, next to the peace problem the problem of stabilizing the dollar is of the greatest importance.

I have studied Professor Fisher's plan from time to time with great care, and the objections which have been alleged against it. As I have often said, only those who do not understand it oppose it.

Let me add that my audiences of business men all over the country, when they have had the idea explained to them, like it immensely.

The Congress which stabilizes the dollar will deserve and receive the everlasting gratitude of the business world.

With the most earnest wishes for your success, I am,

Very sincerely yours,

ROGER W. BABSON.

AMERICAN CHAMBER OF COMMERCE IN GERMANY,
Berlin, July 19, 1922.

To the Hon. T. ALAN GOLDSBOROUGH,
House of Representatives, Washington, D. C.

DEAR SIR: I thank you for sending me a copy of your speech on the stabilizing of the purchasing power of money. I read it through with great interest and found many ideas in it that were entirely novel, and I find many of my friends appreciate them as keenly as I.

Under separate cover I have taken the liberty to send you our publication. If at any time we can be of service to you will you please feel at liberty to call on us.

Thanking you again, I remain,

Very truly yours,

THE AMERICAN CHAMBER OF COMMERCE IN GERMANY,
ARTHUR E. DUNNING, *Executive Secretary.*

NEWTON 58, MASS., *July 31, 1922.*

Hon. T. ALAN GOLDSBOROUGH,
Member of Congress, Washington, D. C.

MY DEAR SIR: I have been greatly interested in your speech of May 23 on the problem of stable money. I am glad to note that there is to be a hearing on your bill. At the request of Prof. Irving Fisher, I send you the inclosed statement of my views on this problem.

With best wishes, faithfully,

WILLIAM T. FOSTER,
Director, Pollak Foundation for Economic Research.

THE DOMINANT NEED OF BUSINESS: A STANDARD OF VALUE

(By William T. Foster, director of the Pollak Foundation for Economic Research)

Before the World War, a carpenter in Vienna loaned 3,000 Austrian gold crowns, the savings of a lifetime, the equivalent of a full year's wages. After the war the debtor returned to the carpenter in full legal settlement 3,000 depreciated paper crowns, the wages of three days' labor. Still further to illustrate the mockery of money as "a standard of value," Joseph Szebenyei tells of a traveler in a second-class restaurant in Vienna who offered the waiter a $20 gold piece in payment for a dinner bill of 300 kronen. The bewildered waiter, after examining the treasure with curiosity and delight, went to the proprietor and said:

"Here is a gentleman, sir, who wants to pay with a $20 gold piece. How much am I to give for it?"

Having received instructions from the landlord concerning current rates of exchange, the waiter returned to the guest and said, seriously, "I am to give you as much change, sir, as you desire."

This story illustrates how far short money can come of being a standard of value or a standard of deferred payments. No matter how much value the monetary "standard" may measure at any one time, it may soon measure no value at all. On the other hand, we have not heard of a customer, even in Austria, asking how many yards of silk he could buy for a gold coin and receiving the answer, "I am to give you, sir, as many yards as you desire." The yardstick is a standard—that is to say, a virtually invariable unit—money is not. So zealously is the yardstick guarded against fluctuation in length that the visitor in Washington who wishes to observe the standard yard of alloy in the glass case in which it is kept at uniform temperature must view it through a telescope lest the heat of his body might change the length of the bar one ten-thousandth part of an inch. How ridiculous it would seem to substitute for this standard yard the waist measurement of the President of the United States. How the unit would have shrunk, as Professor Fisher, remarks, upon the inauguration of Mr. Wilson. Yet at one time the "yard" actually did vary with the girths of the chieftains, and the monetary "standards" of the world still do vary far beyond the physiological ranges even of the fat lady and the living skeleton at the circus. That is why, since 1914, the use of index numbers of prices to measure the shifting values of monetary units has spread rapidly, though nobody has needed an index number to keep track of the length of the yardstick. It is a true standard; money is not.

For one purpose only is money a standard. As long as the gold basis is adequate the power of money to purchase gold does not change; and this is an advantage to dentists and goldsmiths. They know precisely what weight and fineness of gold their dollars will buy year in and year out. The rest of us are equally protected; we have reason to feel complete confidence that our "good United States dollars" in any form will continue to be a standard of purchasing power in terms of gold, but not in terms of anything else. Unfortunately for us, it is almost always something else that we want to purchase.

It is often said that the chief difference between a money economy and a barter economy is due to the introduction of something whose value varies but little. "Money," says Prof. Alfred Marshall, "tends to steady the market." With the statement that money introduces into the processes of exchange a commodity whose value might be made virtually constant, many would agree; others would not agree. The fact is, however, that monetary units never have measured purchasing power with a constancy approaching that of our units for measuring space or temperature or force. Since the World War began money "standards" have been chaotic rather than constant. Whatever money might have done, if otherwise administered, it has in fact frequently unsteadied the markets of the world. The folly of thinking of money as a standard should be widely proclaimed until we succeed in making it a standard.

Paper money, when it is not actually and freely convertible into something which is regarded as valuable, is ridiculously far from being a standard of value. The history of every country teaches this lesson with painful iteration. During the war of the American colonies for independence the irredeemable continental issues fell off in purchasing power until the phrase "not worth a continental" passed current as the money would not. Early in the nineteenth century Spain issued paper pesetos until they had depreciated 96 per cent, although the Government still declared them to be legal tender. During the same period Austria printed so many florins that eight of them would not buy a single silver florin. In the Argentine, in 1840, fiat money was issued in such

quantities that it took thirty-two times as many paper pesos as formerly to buy an ounce of silver. During the Civil War in the United States irredeemable "greenbacks" were issued until, in 1865, according to the index number of wholesale prices, it took $219 to buy what $100 would buy in 1860. In Uruguay, in 1875, paper money increased in volume until the premium on gold ran as high as 875 per cent. Following the Satsuma insurrection, Japan issued inconvertible government notes until the total circulation was more than 100,000,000 yen, and the premium on silver was 79 per cent. In spite of these lessons of history many European countries during the World War and after plunged into veritable debauches of irredeemable paper money.

In England money fell to about one-third of its pre-war purchasing power. In France it fell further; in Italy, still further; while in Germany the mark fell below one-seventieth of its pre-war exchange value. In Austria, where paper money poured forth from the printing presses until it cost more to print a krone than a krone would buy, the thrifty proprietor of Kronen Bier used paper money for labels in order to reduce his printing bill. It remained for Russia to say the last word concerning irredeemable paper money as a standard of value. Lenin and Trotski pursued the policy of fiat money to its logical conclusion. As a result, a Russian 1-ruble note, which was worth about 33 cents on the pre-war gold basis, is not worth a peasant's notice on no basis at all. It takes more of these notes than his pockets will hold to buy a copper cent's worth of bread.

Ridiculous as it is to call money a standard which is based on nothing but the fiat of a government, it is equally ridiculous to call money a standard merely because it is based on land or public credit. A ship is not held in place when it is made fast to another ship, which is itself drifting. If land or public credit were the basis of money, the value of the basis in terms of dollars would itself increase with the depreciation of the dollar and thus provide eventually for issues of paper money as boundless as Russian rubles. Equally futile is the attempt to stabilize the purchasing power of monetary units by having them "represent" energy units, or labor hours, or production capacity, or merely anticipated output of wheat, or fertilizers, or anything else. Unless by "represent" we mean actual and free convertibility into a commodity having the characteristics of gold, representative money is inevitably unstable money.

All this now appears obvious to most people. Not so obvious is the fact that money is not necessarily a standard even when it is convertible into gold. Yet the recent experience of the United States, to cite none of the other numerous examples, proves that the "gold standard" itself is not a standard; that paper money may be on a genuine gold basis—that is to say, actually and freely convertible into gold at a fixed parity up to the limits of the demand for conversion—and yet be unstable in purchasing power. So far does the gold basis fail to make money a standard of value or a standard for deferred payments that the United States dollar of 1920 was worth not more than 38 per cent of the dollar of 1913. In other words, the wholesale price level increased during those years about 165 per cent. Even in time of peace the fact that paper money is convertible into gold does not make it a standard. Before the war various commodities were freer than dollars from fluctuation in exchange value. A depositor who wished to protect his savings against any variation whatever in exchange value could have achieved this purpose most nearly, it appears, by taking his dollars out of the savings bank and investing them in carpets. Carpets came nearer than dollars to being a standard for measuring purchasing power in the sense in which the yardstick is a standard for measuring carpets. From 1873 to 1896 money appreciated in gold-standard countries about one-quarter; from 1896 to 1914, on the other hand, money depreciated about one-third. In short, whether in time of war or in time of peace, the so-called gold dollar has proved unreliable in exactly the same way, though not to the same extent, as the inconvertible paper dollar.

A gold basis evidently does not necessarily stabilize the purchasing power of the superstructure of paper certificates and bank credit. But is not gold itself stable in value? Would it not be possible, therefore, to have a stable dollar if all money were either actual gold coins or paper certificates backed by 100 per cent of gold reserves? Far from it, for gold itself is unstable. In point of fact, as Jevons long ago demonstrated by means of index numbers of prices, the value of gold has varied greatly from time to time. During the 20 years preceding 1809 gold prices doubled, which is the same as saying that the value of gold was reduced 50 per cent. During the next 40 years the situation was reversed; the value of gold doubled and prices were cut in two. Then followed a period of rising prices up to 1873, during which the purchasing power of gold was reduced one-third. Since 1873 these up-and-down movements have continued.

Nevertheless in gold-standard countries at the present time gold is often regarded as the standard of value. The generally accepted idea is that the value of gold determines the purchasing power of the paper money that is based on gold reserves. On the contrary, the purchasing power of the gold is determined by the value of the paper money and all the other money, of which the gold is a small part. If it were not for the use in the United States of paper money and bank credit based on gold reserve, the gold dollar might now be 5,000 per cent higher in purchasing power. In that case $1 would buy a bicycle, but it would take a laborer more than two weeks to earn the dollar. In short, although the value of gold has always varied widely, its value in gold-standard countries has not fluctuated as widely during the past few decades as it would have fluctuated had gold been the only medium of exchange. Some of our present-day critics of the Federal reserve system and of the bank credit and paper money that it supports quite overlook the fact that our dollar comes very much nearer to stability than would have been possible had every dollar been made of a fixed quantity of gold.

The value of gold, like that of any other commodity, is affected by changes in supply and demand. The supply of gold may be increased suddenly by the discovery of new mines or new processes; it may be increased a thousand fold by the invention of methods of making gold out of baser metals or extracting it from the sea—achievements that are no more chimerical than the phonograph. The demand for gold, on the other hand, even if gold were the only medium of exchange, might be changed at any time by changes in the amount hoarded, in population, in fashions, in the use of substitutes for gold in the arts, and above all by changes in the volume of commercial transactions. In short, even if gold were the only medium for exchange, neither the demand for gold nor the supply of gold would naturally fluctuate in any known or predictable relation to fluctuations in the work which money is called upon to perform. Therefore, gold itself would fluctuate in purchasing power.

We must conclude that everyday thinking concerning economics would be relieved of one of its many confusions if our unstable monetary units were not again referred to as standards of value. In connection with our personal affairs—investments, insurance, family budgets, and daily purchases—even those who regard these remarks as commonplace do not consistently take into account shifting price levels. In business enterprises as well, men who are perfectly aware that prices are changing nevertheless frequently fall into economic error because they disregard the full effects of changing prices. Looking upon their book profits as though dollars were standards of value and prices were stable, they joyously expand their operations, and they commit themselves to future payments in money, merely to find to their dismay that their profits are only in depreciated goods, while their debts are legally payable only in appreciated dollars. Optimistically relying on money as a standard measure of foreign trade, a leading financial journal assured us early in 1921 that "exports from the United States to Germany in the fiscal year which ends with June, 1921, will be of greater value, measured in good American dollars, than in any year in the history of our trade relations." "Good American dollars" are good for what? When we answer that question correctly we find that exports to Germany in the year in question were really less than they had been for 20 years. The false conception of money as a standard of value has obscured its actual effects on the economic order.

INFLATION AND DEFLATION

Much current controversy is due not to conflicting ideas but to conflicting uses of the same word. This is true of the monetary term inflation. When a nation has too much money it is said to have inflation. That is about as near as we can come to an accepted definition of the term. As to what constitutes having too much money there is no agreement. Most commonly, however, inflation is defined as a quantity of currency or bank credit, or both, in excess of "the legitimate requirements of business." So far so good, but what are the legitimate requirements of business? The answers to this question are many and varied; they agree for the most part only in being hazy.

Such phrases as "the requirements of commerce," "trade needs," "the financial demands of industry," and "enough money to do business with," while appearing to be quantitatively exact, are in reality far from it. As they are used in everyday discussions of monetary problems these phrases merely add confusion to subjects that are already confusing. Prices and volume of money are definite factors, subject to approximately exact measurement; but what is the measure of "trade needs"? No definite measure whatever is used in connection with most of our current discussions of money. Yet it is possible to define inflation and the financial needs of business with quantitative precision.

If we are right in the contention that the chief monetary need of business is a stable price level, our interest in the volume of money centers around its effect on the price level. After all, most people care nothing about fluctuations in the supply of money until something startling happens to prices. If the world had experienced extraordinary expansions of currency only in connection with equally extraordinary trade revivals, accompanied by no extraordinary rise in prices, it is safe to say that monetary discussions would have found no use for the term "inflation." It seems best, therefore, to define inflation with reference to changing price levels.

If we use the term "inflation" to denote any condition of money that permits a rise in the general price level, we confine ourselves to a definite and logical use of the term and one which directs attention at once to the practical problem with which business is chiefly concerned. Similarly, we may well define deflation as any condition of money which permits a fall in the general price level. Fruitless controversies are thus avoided over the question what is normal and the question whether, with a given volume of money at a given time, we have inflation or deflation, or neither. We do not now speak of normal and abnormal degrees of fever. Any rise at all in the temperature of the human body above 98⅗° is fever. On this point we do not argue or even ask the opinions of doctors; we read the thermometer. If we adopted an equally definite use of the term "inflation," we should not consult economic doctors concerning the condition of money; we should read the index numbers of prices. If we found that the price level was rising—in

other words, that the value of the monetary unit was falling—we should know that the currency had been inflated.

THE VICIOUS SPIRAL OF INFLATION

Inflation leads naturally to further inflation. Once the upward movement of prices has started, there are at present no forces in the ordinary operations of business and finance sufficient to correct the fault. If the volume of money is freely "responsive to the needs of business," it is responsive to the needs of inflation. When prices are rising, no matter what the causes may be, prices tend to rise still higher. Higher prices lead to higher wages; higher wages lead to still higher prices. Higher dollar valuations of products are used as bases for larger bank loans; larger bank loans put more money into circulation and thus provide buyers with the means of further bidding up prices. In Germany, for example, following the World War the danger of continued inflation decreased the value of the mark in foreign trade; this increased the real burden of the reparation payments; this, in turn, led the Government to call upon the Reichsbank for new loans, which caused still further depreciation of the mark. All this stimulated further speculation, which decreased the amount of money available for other uses, and thus led to new demands for new issues of currency, which led to higher prices, which incited the people to demand larger doles, which increased the Government budgets and forced upon those in power the recurrent alternative of printing more marks or being thrown out of office. Thus, wherever the volume of money is not regulated in the interests of a stable price level, the vicious spiral of inflation carries a nation on to a crisis.

Furthermore, inflation of the currency thrusts the financial burdens of a nation most disastrously upon people who are least able to bear them, on those with fixed incomes—clerks, teachers, some groups of wage earners, and all people with small salaries, and on widows and orphans dependent on pensions or insurance annuities or savings-bank accounts. Meantime some holders of goods and some speculators in the exchanges make vast fortunes out of the sufferings of others. In a remarkably sound and penetrating series of papers published in 1791, Peiatiah Webster describes the results of the contemporary inflation: "If it saved the State," he says, "it also polluted the equity of our laws; turned them into engines of oppression and wrong; corrupted the justice of our public administration; destroyed the fortunes of thousands who had most confidence in it; enervated the trade, husbandry, and manufactures of the country; and went far to destroy the morality of our people." In short, governments, by means of excessive issues of paper money or forced loans from the banks, destroy the standards which they themselves have set up, and thus deliberately repudiate large parts of their own debts. Inflation of the currency is, in fact, national, official repudiation of fundamental principles of justice.

DISASTROUS EFFECTS OF UNSTABLE MONEY

Shifting price levels are disastrous morally, socially, economically.

Unstable monetary units are morally injurious, because they are unjust. As a matter of justice, the dollars returned in payment for a loan should be the same as the dollars borrowed—the same in the only quality that matters, their purchasing power. Dollars are not standards of deferred payments unless their command over the general range of commodities remains virtually the same, year in and year out. When their purchasing power changes, either the debtor or the creditor loses more than justice demands. Our Austrian carpenter loaned his full year's wages and received in full payment the wages of three days. Thus does unstable money make a mockery of thrift. In gold-standard countries the injustice differs in degree, but not in kind.

Because shifting price levels provide these opportunities to get something for nothing, inflation does the moral damage of encouraging extravagance and wild speculation while it discourages thrift and honest labor. In describing the degenerating influences of one period of inflation, Andrew D. White says: "In city centers came a quick growth of stock jobbers and speculators, and these set a debasing fashion in business which spread to the remotest parts of the country. Then, too, as values became more and more uncertain there was no longer any more motive for care or economy, but every motive for immediate expenditure and present enjoyment. So came upon the Nation the obliteration of the idea of thrift. Luxury, senseless and extravagant, set in, and this, too, spread as a fashion. To feed it, there came cheating in the Nation at large and corruption among officials and persons holding trusts; and while the men set such fashions in business, private and official, women set fashions of extravagance in dress and living that added to the incentives to corruption. Faith in moral considerations, or even in good impulses, yielded to general distrust. National honor was thought a fiction cherished only by enthusiasts. Patriotism was eaten out by cynicism." It is impossible to tell, merely from reading this account, whether it was written to describe the condition of France during the "Mississippi bubble" orgy of speculation in the early eighteenth century, or the similar troubles of Austria in the early nineteenth century, or the reckless expansion of the continental currency in the United States during the Revolution, or conditions in central Europe in 1922, or—what the passage was written to describe—the experience of France during the revolution with the infamous paper assignats.

Travelers on the Continent now find business men, professional men, and even laboring men, "exchange mad"; gambling seems to be their main occupation. This moral breakdown is only in small part, if at all, the necessary aftermath of war; it is, however, the inevitable result of vast inflation. It is sure to come, to some extent, with any degree of inflation. On the other hand, the alternative of financing a nation by depreciating the currency is the rigorous moral exercise of abstinence, economy, and hard work. There have been many futile attempts to make people moral by government regulation, but no government has had the courage to make full use of the most effective methods at its disposal. Nothing within the power of the State would do so much for public morality as stable money.

INFLATION AND SOCIAL UNREST

Inflation leads to social unrest, for whatever is morally wrong is socially intolerable. Whenever certain groups, through no virtue of their own, are prospering, while other groups, through no fault of their own, are suffering there is cause for protest against the established economic order. The protests are directed anywhere except in the right directions, for few people understand where their troubles begin. Meantime, their troubles are real and their resentment is righteous.

Following inflation profits inevitably rise faster than wages and rising profits inevitably incite a rising spirit of revolt. Workers everywhere are more likely to be content with low wages when business is bad than with high wages when business is good. No wages whatever, no matter how far above the amount carefully figured by labor leaders or by economists as required "to keep a typical family of five in health and comfort," will be satisfactory as long as workers believe that the conditions of the business warrant higher wages. As the profits of war industries increased in England laborers demanded "a fair share of the increase." They had no means of knowing what a fair share would be, nor did they much care. It seemed to them that employers were making all they could make; there seemed nothing to do but follow the example And as money profits were really piling up, employers put up wages rather than run any risk of strikes. The increased pay roll was promptly provided by the increased prices of the products. The consumers of these products paid the bill. Wherever the employers had war contracts on a cost-plus commission basis they had no objection to higher wages; the higher the wages the higher the profits. In such cases the consumers were all the people, and all the people paid in taxes, direct and indirect, both the wages and the profits. Thus inflation led to the high cost of living and to widespread discontent. Says the French proverb, "After the printing press, the guillotine."

As wages rose in the United States during the war, wage earners went into the markets with the expectation of buying more goods than they had been accustomed to buy with their old wages, for they were still more or less attached to the idea of money as a standard of value. They thought that, with more dollars than they had ever dreamed of getting, they ought somehow to be better off than ever before; yet they felt that they were not as well off. And they were not. They said that the level of the river does not and can not change; it seems useless to seek their aid in the adoption of flood-prevention measures. Meantime, their refusal to face the facts and their failure to devise safe and practicable remedial measures make it easy for Mr. Ford and Mr. Edison, and innumerable other equally misguided though less distinguished reformers, to arouse popular enthusiasm for measures that would merely lead us from monetary confusion to monetary chaos.

INFLATION IS ECONOMICALLY DISASTROUS

In the stress of a nation's need, inflation deceives the people generally, and often the government itself, by making it seem easier than it really is to obtain the sinews of war—or the after-war sinews of bonus payments. On a boundless expanse of paper currency any loan whatever can be floated to-day and a larger one to-morrow. It is "easy money." The trouble does not begin until the Government tries to exchange the money for something useful—and the trouble does not end until the easy money is offset by hard work. If the process of raising a war loan doubles prices, the Government finds when it spends the money that it can obtain only half the needed cannons and shells. The dollars themselves do not go to the front. Meantime, no pressure has been brought to bear upon the people to produce more and to consume less. On the contrary, as we have already seen, inflation promotes extravagance in consumption, and, as we shall now see, it also promotes inefficiency in production.

Inflation, it is true, increases profits, and profits stimulate industry; but the stimulus falls like the gentle rain from heaven on the just and the unjust—the producers who hinder as well as those who aid the winning of the war and the winning of the peace that follows. Furthermore, the stimulus is only temporary. Although rising profits at first increase production, they also increase a kind of social unrest that soon interferes with production. The object of Government financing during the war was necessarily to obtain more goods, and more goods were obtained as long as increased bank credit enabled employers to put idle people and idle machinery to work. The country soon reached the point, however, where it was employing virtually every man and every woman who was able and willing to work. After that, employees could add to their own staffs only by taking laborers away from other employers. At this point competition among employers for workers inevitably resulted in higher wages and, consequently, in new demands on the banks for increased working capital. But bank credit created for the purpose of enabling somebody to take workers or orders away from somebody else did not increase production. There was no gain in the efficiency of the workers; on

the contrary, the workers, already incensed over "war profiteering," had less incentive to efficiency than ever, since they knew that if they lost one job they had only to go across the street to find another job. Moreover, the unusually high profits led to careless business methods; and excess-profits taxes led to further extravagance, prompted by the thought that a large part of what might be saved would be taken by the Government in taxes. The net results of inflation—of thus placing new purchasing power on the markets without a corresponding increase in production—were a further rise in prices, followed by further inflation, followed by further economic inefficiency.

Morally, socially, and economically the dominant monetary need is a unit of exchange that is a true standard of value.

In the face of all these facts, obvious as they seem, we find leaders in the world of commerce and finance still insisting that the American gold dollar is a satisfactory standard, stable in purchasing power. In the editorial columns of the Commercial and Financial Chronicle appears this eulogy: "To-day this dollar, in the confusion of finances, the disorder of so-called 'exchanges,' the debasement of foreign currencies, stands alone, unchanged, and unchanging. Because it exemplifies the gold standard in itself it is stable. Why or how has its 'purchasing power' diminished? This is a supreme fallacy; it has not. It stands out above the carping critics who would make it a shifting thing. Around it whirled a fateful war, and it stood fast. But only because back of the American dollar is the gold dollar and back of the gold dollar is the gold standard—and that though 'tried' is not found wanting." In another editorial we read that "the gold standard as a standard does not change at all" and the American dollar is the "sole and chief representative of stability in the monetary world of to-day." Thus is expressed that unreasoned faith in the stability of the gold standard which has become a cardinal point in the creed of many business men and which prompts them hastily to reject without due consideration all proposals for stabilizing price levels, the worthy along with the unworthy. Such men obstruct economic progress. If people who are being carried away by a flood still insist again and again that they should be glad to return to their pre-war wages and pre-war prices. They believed that somehow they were being fooled. They condemned employers, shareholders, "profiteers," "Wall Street," the Federal reserve system; in short, they condemned everybody who seemed to be profiteering by the war, while they themselves seemed to be losing.

As wages were put up in "essential" war industries, they had to go up eventually in virtually all other industries. The substantial increases in the pay of munition makers in England, like the increases in the pay of metal workers, shipbuilders, and railroad men in the United States, unsettled the economic order. Ordinary and accepted relations between the wages of various groups of workers were upset. Unrest followed. As soon as the increased wages of munition workers were charged up to other workers in higher prices and higher taxes the other workers demanded the wherewithal to pay the higher bills. But before they received their new wages the bills were higher still. So they demanded further increases. These increases promptly went into costs, and prices continued to rise. For wages as a whole it was an uphill struggle to overtake prices, which had started up the hill first and seemed to keep the lead without even a struggle. Thus the vicious spiral of inflation is always a vicious cause of injustice, and so of industrial unrest.

Fortifying the Federal Reserve System Against Inflation and Deflation

[Speech of Hon. T. Alan Goldsborough, of Maryland, in the House of Representatives, Saturday, February 17, 1923. The House in Committee of the Whole House on the state of the Union had under consideration the bill (H. R. 14270) to amend sections 3, 4, 9, 12, 15, 21, 22, and 25 of the act of Congress approved July 17, 1916, known as the Federal farm loan act]

Mr. Goldsborough. Mr. Chairman, the bill before the committee is the result of extended hearings and careful analysis on the part of the Committee on Banking and Currency, and while the bill as presented to the House with committee amendments is the result of much mutual concession within the committee, we believe it is a bill covering the subject which will receive substantially the widest approval of the American people, both in numbers and scope of territory. While the bill changes administrative features of the law, we believe that these are matters which can be adjusted from time to time as public policy dictates. The modifications of the loan limit is a matter which, in my opinion, demands from the House the most serious consideration. Feeling as I do that the committee did as well as it could under all the circumstances, I am in favor of the bill as reported with committee amendments and will now ask the attention of the Committee of the Whole House to a somewhat collateral consideration, which seems to me most important and can well demand the closest consideration by every Member of the National Congress.

On February 1, addressing the Committee of the Whole on the bill from the Banking and Currency Committee limiting expenditures in the construction of Federal reserve bank buildings, the distinguished gentleman from Illinois [Mr. Madden] in referring to the Federal reserve banks, spoke as follows:

"Every time the banks show an excess amount of earnings they should be compelled to reduce the rediscount rate so as to keep their earnings in reason and thereby give to the borrowing public of the country an opportunity to get money at cheaper rates than they have been able to get it."

As a matter of fact, Federal reserve banks are only allowed to retain 6 per cent of their earnings for themselves, the remainder going back to the people through the Federal Treasury; but the point I wish to make is that the immoderate use of the rediscount facilities of the Federal reserve system is the thing which has caused the speculation, the inflation, the deflation, the economic unrest, the drop in the price of farm products, and the general suffering of the last few years.

Due to the increase in the gold supply from the gold discovered in Alaska, in the Klondike, and South Africa our bulk of money and available credit expanded from 1896 until 1914, and the primary purpose of the Federal reserve act was not to make available more credit but to prevent the contraction of credit and the artificial causing of depression and panics by large financial interests. The Federal reserve act legislation was passed, of course, at exactly the right time, because without its machinery we could never have financed the war, and the public and private burden of debt is, of course, too great to justify our going back to the old system, even if it were desirable for any reason, but there is grave danger of the primary function of the Federal reserve system being lost sight of and of its being made the means of a most unwholesome credit situation.

There are inserted in this speech as a part of it certain figures which can easily be verified and which I believe can be profitably studied by every Member of Congress and which are as follows:

Summary table

[In thousands of dollars on June 30. Annual index numbers, 1913=100]

Years	Money in circulation	Individual deposits in all commercial banks	Physical production	Wholesale prices
1917	$3,873,997,000	$21,867,219,000	120.7	177
1918	4,367,045,000	23,386,377,000	118.0	194
1920	5,380,853,000	32,496,718,000	118.7	226
1922	4,375,556,000	31,414,812,000	112.3	149

Total stock of money and gold in the United States, total money and gold in circulation

[In thousands of dollars]

	Total stock of money	Gold stock	Total money in circulation	Gold in circulation [1]
June 30—				
1914	$3,738,599,000	$1,890,657,000	[2]	[2]
1917	5,408,549,000	3,019,147,000	$3,873,997,000	$1,615,413,000
1918	6,741,532,000	3,075,789,000	4,367,045,000	990,718,000
1920	7,887,182,000	2,687,513,000	5,380,853,000	675,545,000
1922	8,178,602,000	3,785,521,000	4,375,556,000	590,468,000

[1] Amounts held outside the U. S. Treasury and the Federal reserve banks.
[2] Comparable data not available.

Loans and discounts, investments, and individual deposits of all reporting banks in the United States, except mutual savings banks

[In thousands of dollars]

	Number of banks	Loans and discounts	Bonds, stocks, and other securities	Individual deposits
June—				
1914	26,131	$13,164,435,000	$3,729,448,000	$14,602,107,000
1917	27,301	18,225,827,000	5,872,132,000	21,867,219,000
1918	28,255	20,199,859,000	7,567,831,000	23,386,377,000
1920	29,519	28,664,668,000	8,671,243,000	32,496,718,000
1922 [1]	29,770	24,859,018,000	9,540,274,000	31,414,812,000

[1] Preliminary figures.

Total cash reserves and excess reserves ("free gold") of the Federal reserve banks and ratio of cash reserves of Federal reserve banks to individual deposits of all commercial banks in the United States

[In thousands of dollars]

Period	Cash reserves of Federal reserve banks	Free gold of Federal reserve banks [1]	Reserve percentage	Per cent of cash reserves of Federal reserve banks to individual deposits of all commercial banks
June—				
1917	$1,334,352,000	$689,221,000	75.4	6.1
1918	2,006,199,000	781,876,000	61.7	8.6
1920	2,103,284,000	250,965,000	43.4	6.47
1922	3,144,542,000	1,624,192,000	77.9	10.0

[1] Amount held by Federal reserve banks in excess of required reserves.

Prices and production

Period	Annual average prices	Physical volume of production		
		Industrial	Agricultural	Combined
1913	100	100	100	100
1917	177	121.2	120.0	120.7
1918	194	117.8	118.3	118.0
1920	226	114.0	124.4	118.7
1922 (year)	149	106.5	119.4	112.3
Fourth quarter	155	121.8	[1] 119.4	120.7

[1] Figure for year 1922.

I am only going to refer to a very few of them at this time. In 1914 the reporting banks of this country had loans and discounts aggregating $13,164,435,000. They owned bonds, stocks, and other securities amounting to $3,729,448,000. In 1922 the figures were: Loans and discounts, $24,859,018,000; stocks, bonds, and other securities, $9,540,274,000; whereas the physical volume of production was only 12.3 per cent greater in 1922 than in 1914. We find the wholesale price index for 1922, 49 per cent higher than in 1914, and it has since gone up about 13 per cent. We find Federal reserve notes in circulation as of February 14 amounting to $2,243,603,000 and the reserve at 75 per cent.

There are various bills in the process of enactment through the Congress, the merit of any one of which I am not here and now discussing either favorably or unfavorably, which, if enacted into legislation, frankly contemplate immense additional credit structures, all to be ultimately supported by the Federal reserve system. If the present resources of the reserve system are allowed to be fully extended with our present immense supply of gold, the general price level of 1920, 126 per cent higher than the price level of 1914, will be exceeded, and this is exactly what will happen within the next four years unless there is some Federal legislation to stabilize the purchasing power of money. The Federal Reserve Board can not control the situation. The power of the Federal Reserve Board is defined by subsection D of section 14 of the Federal reserve act, which subsection gives to the Federal Reserve Board the final authority over rediscount rates to be charged by the Federal reserve banks—

"which shall be fixed with a view of accommodating commerce and business and which, subject to the approval, review, and determination of the Federal Reserve Board, may be graduated or progressed on the basis of the amount of the advances and discount accommodations extended by the Federal reserve bank to the borrowing bank."

Under this section no board would have the hardihood nor, in my judgment, the legal right to interpret this section so as to regulate rediscount rates with a view to perpetuating substantial stability in the general price level, and the very least, it seems to me, that the Congress should do would be to amend subsection D by placing the word "agriculture" before the word "commerce," and, after the word "business," add the words "with a view of moderating fluctuations in the general price level." If some affirmative authority of this kind is not given the board it must ultimately give way to clamor for credit, first from one source and then another, and culminate in a situation worse than the collapse of 1921 and 1922.

My friends, few of us realize the awful possibilities for good or evil of a colossal credit structure like the Federal reserve system. Credit beyond the legitimate needs of business expansion breeds inflation in general price levels; inflation in general price levels appears to justify another margin for credit; when further credit is extended the inflation in general price levels which follows furnishes a new basis for credit until the whole structure falls in on itself.

This system must be supported by some sort of legislation to stabilize the purchasing power of money. The House Committee on Banking and Currency have just completed some very interesting hearings on a bill introduced for the purpose of securing this very stability. It is not my purpose here and now to discuss the merits of that bill, but I believe that every Member of Congress upon a reading of the hearings will be convinced of the necessity of prompt legislation which will place our immense credit structure under such measure of control as to prevent inflation and its consequent following period of speculation, deflation, and collapse, so that we will have a democracy indeed in finance, where every man, be he farmer, business man, banker, or laboring man, can have the credit he needs in order to carry on and to extend the scope of his usefulness in a conservative and wise manner as well for himself as for the public at large; but where, also, the machinery of credit will be so adjusted as to sound its own warning when a period of healthy expansion is being passed and a period of overproduction and speculation being reached.

What the farmer buys is costing him now around 76 per cent more than it did in 1914, whereas the price of what he had to sell during his selling period in 1922 was less than in 1914, although now the price level of farm products has risen to about 25 per cent more than it was in 1914. Stabilization of the general price level will very rapidly bring the price of farm products up to a point of yielding a wholesome and satisfactory profit, but another period of inflation and collapse will only increase the burden of debt under which the farmer is struggling. As for the man or woman with the average income, and the wage earner, a period of inflation, during which the dollars they receive will constantly buy less and less, is a period of acute suffering and a grave type of economic and social evil. Let us act now before the lessons of the last three years are entirely forgotten.

Stabilization of Money

[Speech of Hon. T. Alan Goldsborough, of Maryland, delivered before the Maryland State Banking Association (printed in the Congressional Record by the request of Hon. Eugene Black, of Texas, Monday, June 2, 1924)]

Mr. Chairman and gentlemen of the Maryland State Bankers' Association, in the course of these remarks I hope you will not be forced to feel about me as a woman felt who met a friend she had not seen for several years and who said to her:

"Your husband does not knock you about as he used to, eh?"

"No, sir," the woman answered.

"I am mighty glad to hear it. After all, his heart is in the right place."

"Oh, yes, sir; his heart's in the right place, and the rest of his body, too. He is in jail."

I trust also you will not be as careful to show this feeling as was Mrs. Maloney when she was brought before the magistrate for an assault on Policeman Casey. She had been unusually attentive throughout the proceedings, and now the judge was summing up the evidence.

"The evidence shows, Mrs. Maloney," he began, "that you threw a stone at Policeman Casey."

"It shows more than that, your honor," interrupted Mrs. Maloney, "it shows that Oi hit him."

When I was asked to address this distinguished body of representative Marylanders the question naturally arose as to what I could say which would be of interest and possibly of some service. Years ago in Caroline County, when I was a boy, we had only one bank, and the offering of a promissory note to that institution for discount was done with the humility proper in the asking of a great favor, while the board of directors in discounting that note, which, by the way, had to be protected by indorsements representing many times the amount asked for, deported themselves as if they were a charitable organization bestowing from their own individual resources largess to the benighted multitude. This is no longer the condition. With 10 banks in the county, each bidding for business, the danger now, in so far as there is danger, is toward too great laxity in loaning the funds of these banks. What has happened in Caroline County is typical of what has happened in the other counties of Maryland and in Baltimore City, is typical of what has happened in all the older communities through the length and breadth of the United States, and is typical of that spirit of democracy which is the result of a vastly increased average intelligence, enlightenment, and education, and which, in its spread not only throughout our own great people but the people of the world, is so great a part of the hope of the future.

It is extremely difficult to segregate basic human necessities and single out any given one or two as of paramount importance, but, based not only upon preconceived notion but upon what I believe has been a patient investigation, I have reached the conclusion that there are at least two fundamental human problems that our people are now prepared to consider and solve—the abolition of war and the stabilization of money. It is of this last I would speak.

My grandfather was a country doctor, and in 1885, as a very small boy, I began to drive with him constantly, except when I was in school. In those days the farmer had no hours; the farmer's wife had no hours. They worked from the time they could see in the morning until daylight down at night, and as a class they were always poor. This fact was driven home to me, because time and again when it was necessary for the family doctor to make some sort of a collection in order to live he found that after the interest and bonus on the bill of sale had been paid and the interest and part of the principal on the fertilizer note and the taxes and insurance attended to there was nothing left for the doctor; and a great many times, instead of making a collection, he "lightened his wallet" to him who was less well off than he. I wondered about this condition. I tried to think why it was that these people whose work was never done were always poor. Afterwards, with a broadening view, I wondered why it was that the average of those with things to sell were at such a great disadvantage relatively with those who had money to sell. About the time I graduated from college in 1899 I noticed a change. Those with things to sell had gradually begun to prosper and those with money to sell gradually began to do not so well, and finally I reached the conclusion that from my earliest recollection until near the beginning of the century the investor and the man with a fixed income appeared to be always in a gradually better position, while the small business man, and especially the producer—having in mind the farmer—was constantly going back; and that since the beginning of the century and up to 1914 the position was exactly reversed, although the farmer, for other reasons, has always occupied a relatively unfavorable position. Finally, it appeared to me that various social phenomena had resulted and were resulting from these varying conditions. The gradual fall in prices from 1873 to 1896 culminated in the Bryan free-silver campaign, which, if successful, would have resulted and was intended to result in the paying of

debts with cheap money; that is, in the partial repudiation of obligations.

In the period from 1896 to 1914 we heard no more about free silver, but a wave of unrest began to spread among those with a fixed income; the clerk, the school-teacher, the salaried man of every class began to feel with ever-increasing pressure the gradual rise in the cost of living. Labor unions were formed, strikes became common, radical legislation of all sorts was offered in Congress; some of it was passed. We began to hear of capital as distinguished from labor and labor as distinguished from capital, as if our people occupied two armed camps, each battling against the other. And then the World War came on. Providentially, just prior to that time the Federal reserve act was passed, which increased potential credit many times. We have seen the period of inflation in 1919 and 1920 with general commodity prices rising to about two and one-fourth times what they were in 1914; and then the collapse of the latter part of 1921 and 1922, and the conservative, careful period of 1923.

What does it all mean, and is there any solution after we find out what it all means? When I went to Congress in 1921 with some opportunity to investigate these things which I had been wondering about for so long, I began to mull around, and one day in the Bureau of Labor Statistics I was shown a curve of prices based on the bureau's index number, and as I ran my finger along the line of falling prices from 1873 to 1896 and of rising prices from 1896 to 1914 I began to see why it was that the first period was one of prosperity for the man of fixed income, the mortgagee, and the bondholder, and why the last period was one of relative prosperity for the producer, the business man, and the stockholder, each period causing social misunderstanding, unrest, and misery to that part of our people not on the right side of the price trend. Now, there was a reason, of course, for these long periods of rising and falling prices, and remembering that we were on a gold basis it then occurred to me that gold began to be produced in South Africa and the Klondike just about 1896. By this time it seemed there was a little light just ahead and that the foundation of our changing economic conditions had been either a scarcity or a plentitude of gold. And now, what is the answer?

Careful economists tell us that there is a constant equation between the volume of production and its turnover and the volume of money and credits and their turnover (of course, I am speaking roughly), so that in order to preserve their relative positions of debtor and creditor, mortgagor and mortgagee, bondholder and stockholder, seller of goods and seller of money a means should be devised to preserve this ratio so that the volume of money and credit will expand only in the same proportion as production and turnover expands and contracts as production and turnover subsides. In the March number of Harper's Magazine there is an article entitled "Stabilizing the Dollar," which analyzes this subject in every satisfactory way and which, incidentally, speaks favorably of certain legislation now pending in Congress and introduced by me. I mention this fact as indicating two things: First, that the stabilization of purchasing power is becoming a matter of public interest; and second, that I am discussing a question in the solution of which I am attempting to assist in a practical way. In the Bureau of Labor Statistics in Washington there is kept an index number of wholesale price levels made up of a composite of something over 400 commodities, each weighed in accordance with what experience has shown to be its relative market importance. The standard from which conclusions are now drawn is the average price level of 1914. The present price level relative to 1914 is about 161. The legislation referred to and now pending in Congress contemplates starting with the general price level at the time when the proposed legislation becomes law and afterwards maintain approximately that price level by means which I will indicate in a few moments. In the meantime I want to make it perfectly clear, of course, that there is no attempt in this legislation to control the price level of individual commodities. They will move in accordance with the law of supply and demand, but the purpose is to keep the average the same, so that the value of money in an aggregate of the general commodities which it will buy will not appreciably change. In other words, while flour and eggs and butter and chickens and meat and sugar and coffee will individually vary in price, the filled market basket made up of these different commodities can always be purchased with the same amount of money. And right here let me say that when the general price level is kept constant, when there is an automatic restraint against inflation and its consequent deflation and collapse, the tendency of individual prices to change will be immeasurably reduced, because the unhealthy economic conditions, the result of these abnormal periods, is the chief cause of the sudden rise and collapse of the price of any given commodity.

How can we keep this index number constant? How can we prevent periods of inflation succeeding periods of business expansion, culminating in periods of speculation and ending in periods of collapse? The quantity theory of money has been recognized as essentially sound by practically all economists for more than a century. Illustrating by reducing the theory to its simplest form, if the total volume of commodities consists of 20 bushels of wheat and wheat is only traded in by the use of money, and the total volume of money is $20, as long as all that wheat is being traded in and all that money is in circulation wheat will be worth $1 a bushel. If, under the same conditions, there are $40 in circulation, wheat will be worth $2 a bushel; if, with 20 bushels of wheat and $20 in money $10 of that money is withheld from circulation and all other conditions are as stated in the first previous illustration, wheat will be worth 50 cents a bushel; if, on the other hand, one-half of that wheat is being withheld from the market and there is only a turnover in 10 bushels of the wheat, other conditions remaining, as in the first illustration, wheat will be worth $2 a bushel. Or expressed in the generalization mentioned heretofore in these remarks, there is a constant ratio between the volume of production and turnover and the volume of money and credits and their circulation. So that if your index number of general price levels remains constant, you are assured that your volume of money and credits are expanding only in proportion as production and turnover expands—that is, only in proportion to the legitimate needs of business—and you can be assured that when you restrain the rise of the index number you are restraining credits beyond the legitimate necessities of business, you are restraining unhealthy and abnormal production, and you are restraining business expansion within wholesome limits and stopping in its inception overproduction, waste, speculation, and collapse.

The basis of our monetary system is gold; our entire credit structure is based on gold. Now, let's assume that all the gold is withdrawn from circulation, gold certificates being substituted; and let's assume that we start with a reserve of $1,000,000 in gold at the present number of grains of pure gold in the dollar, and that the index number goes up 1 per cent, indicating that our money and credit structure is expanding more rapidly than our production and turnover. If we then increase the theoretical gold content in a dollar by 1 per cent, we have reduced our gold reserve from $1,000,000 to $990,000 and the possibilities of our credit structure by 1 per cent, which in turn tends to reestablish the normal ratio between production and turnover on one side and money and credit in circulation on the other.

Without going into the details of the proposed legislation, the above illustrations will serve to indicate its theory. Now, the question arises, is such legislation possible at this time? The law requires us to maintain our gold reserves at 40 per cent. We now have about 82 per cent, and in order to make this plan feasible without unduly weighting the dollar it will be necessary to legislate for a required gold reserve of about 70. It is, therefore, difficult to have passed such legislation at this time, but in the various discussions concerning stabilization caused by this proposed legislation various alternatives have been suggested, such as a legislative direction by Congress to the Federal Reserve Board to have raised rediscount rates in the Federal reserve banks when the index number is rising and reduce them when the index number is falling and in that way tend on the one hand to discourage unhealthy expansion and on the other hand to make money easy when business is not so good and thus tend to stimulate it. Another proposal is legislation requiring the Federal Reserve Board to have the reserve banks put securities on the market and thus tend to draw money from active circulation when the index number is rising and to buy them up and thus put money in circulation for business when the idex number is falling.

In considering the necessity of legislation let us go over for a minute what happened in 1923. At that time the mental attitude of the country regarding economic conditions was the attitude of a people who had just been through a period of unhealthy inflation and drastic and stupefying deflation and corresponded to the way people feel about a war just after the war is over. We would never have wars if people kept in the same frame of mind they are in just after one is over. In 1923 we were cautious, not because we are habitually wise enough to be cautious, but because and only because we had just had our lesson. Various banks in their monthly letters during 1923 gave reminders of the disasters of 1920; the monthly letters of the National City Bank of New York, for example, one of the most widely read of economic bulletins, in January advised business men to operate with caution. In February it remarked that business men "are following conservative policies and showing little inclination to become extended, which is the part of wisdom in present conditions." In March it warned its readers that every upward movement is in danger of running away. In April it again called attention to the danger of inflation. "The industries of the country," it declared, "are already working practically at capacity or to the limit of the labor supply. Under this condition they can not use more credit to advantage."

These warnings are typical of the state of mind of bankers in the early months of 1923. In February and March, 1923, the reserve banks of New York, Boston, and San Francisco raised their rediscount rates. Due in part to this action interest rates of commercial banks rose in February and again in March, rates on call loans on 60 to 90 day paper and on 4 to 6 month paper being all higher in March than in any month of the previous year. Raising of money rates was followed promptly by curbing of the upward movement of prices and overproduction. Not so generally understood is the fact that the open-market operations of the Federal reserve banks in the first half of 1923 tended to curb the involuntary movement, and in the second half of the year tended to sustain business on its new level. Early in January the Federal reserve banks held open-market acceptances and United States securities to the value of $734,000,000. These they reduced steadily throughout the period of incipient business boom. By July the total holdings were less than $300,000,000. Between October 17 and the end of the year, however, the holdings increased from about three hundred million to four hundred and seventy-three million dollars.

Thus the open-market operations took money out of general circulation at a time when, according to our indices, money in

circulation was increasing faster than the volume of trade, and later in the year, when these same guides began to point in the other direction, the open-market operations put more money into circulation. We were cautious in 1923, because we had had a recent lesson. We will be less cautious as time goes by, and in a very short time when credit begins to be demanded all over the country for developments of all sorts the Federal Reserve Board, without express legislative authority, will not be able to restrain a period of inflation greater, probably, than any we have ever known. In 1920, with our gold reserve down to 43.4 per cent, the index number was 226, or two and one-fourth times higher than in 1914. In 1922, with a reserve percentage of 77.9, the index number fell to 149. With the present reserve percentage of 82 per cent, the index number of wholesale prices is about 160, so that a determined demand for credit based on our gold reserve could pull our reserve percentage down to 45, probably, before it could be stopped. The index number would rise to around 300, which would mean prices higher than this country has ever seen and which would result in an economic collapse greater than that of 1921 and 1922. This problem, my friends, is on the very verge of being solved, but we can't wait too long. As I said before, human memory is short. Unless our obligations as a world power and a leader of civilization are fulfilled shortly, the gradual abolition of war never can be achieved until the lessons of the next war direct the human mind to the solution of the problem, and unless we have promptly some legislation looking to real scientific monetary stability, it will be too late until the next so-called business cycle has left in its wake its dreadful toll of economic waste, misery, and human despair.

I, personally, am an optimist. When I compare conditions now with what they were 30 years ago, I see tillage where there was swamp; I find sewers taking the place of unhealthy, insanitary conditions; I find the people willing to spend thousands of dollars a year to build roads to lighten the human burden and to draw the city, the town, and the country ever closer together; I find the body of the child taken care of in a manner undreamed of 30 years ago, and I see a public endeavor to surround with the beneficence of education every class from the highest to the lowest; and if you and I live out the normal span of our lives I have no doubt whatever that we will look back and wonder why we were ever short-sighted enough to allow a condition of constantly changing money value to exist without making the necessary changes in our system. A problem like the one we are discussing to-day is a problem of democracy, a democracy which is one in fact and not one in name only; a democracy which demands that that which one has accumulated by his industry and his endeavor shall not be taken away from him because of a fall in the value of the medium of exchange, and that the results of human toil shall not be dissipated and the toiler left in his despair because of an increase in the value of the medium of exchange.

In the course of some litigation several years ago a certain prominent manufacturer said during his cross-examination that he knew nothing of history and didn't recognize the value of such knowledge. This was either an ill-considered statement or else was the result of the kind of practical success along a given line which creates in some minds the obsession that they are blessed with all wisdom, an obsession which interferes with the process of reflection.

In an address delivered at the University of Michigan in April, 1911, on the study of ancient literature, the Hon. James Bryce, then ambassador to this country from Great Britain, had this to say concerning the study of history:

"We can conjecture the future only from what we know of the past; that is to say, from what we know of human nature and the processes by which it and human institutions change. One who knows only his own country and people does not really know them because it is only by knowing something of other countries and their peoples that he can tell which characteristics of his own people are normal, generally present in all peoples, and which are peculiar to his own. So likewise he who knows only his own time does not really know it, for he can not distinguish between characteristics that are transient and those that are permanent. This is the main use of history besides, of course, the pleasure which all knowledge gives. To know what we are, we must know how we came to be what we are, and must realize that we shall before long pass into something different."

The lessons of history teach of the cycle, inevitable under our present monetary system—expansion, inflation, speculation, collapse, slow recovery. Stabilization, restraining expansion at the point of overproduction and consequent inflation, is not only an economic problem the solution of which people are ready to undertake but is clearly a direct problem of civilization involving self-restraint and mental and spiritual elevation.

The great body of bankers, representing as they do much of the best thought of our communities, are bound to be conservative in the sense that they shrink from political nostrums and fundamentally unsound economic proposals, but pure conservatism is alike offensive to them, as it means stagnation and a refusal to note the march of civilization.

In the language of Edward G. Ryan, the great Wisconsin lawyer and judge:

"Pure conservatism is always wrong; civilization is never fixed. No Joshua has power to stay the course of the human mind. Change is the necessity of human history, progress the duty of the human race. Pure conservatism has no place in the annals of mankind. It concedes the past, but denies the future. It worships the actual, but anathematizes the possible. Its creed is the present because it is the present. It is the bigot of the present, without sympathy with the past or prophecy of the future. Content where it finds itself, pure conservatism sits down by the wayside, while the march of civilization passes by and presses on to the promised land of the future, guided on its dark way by faith in the destiny of man as by a pillar of fire."

The SPEAKER. The time of the gentleman from Maryland has expired. All time has expired. The question is on suspending the rules and passing the bill.

Mr. STEAGALL. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas, 289, nays 60, not voting 82, as follows:

[Roll No. 60]

YEAS—289

Adkins	Dies	Kennedy	Rayburn
Allen	Disney	Kerr	Reid, Ill.
Allgood	Dominick	Ketcham	Reilly
Almon	Doughton	Kinzer	Rich
Amlie	Dowell	Kniffin	Robinson
Andresen	Doxey	Kopp	Rogers, N. H.
Andrews, N. Y.	Driver	Kunz	Romjue
Arentz	Elizey	Kvale	Sanders, N. Y.
Arnold	Englebright	LaGuardia	Sanders, Tex.
Auf der Heide	Erk	Lambertson	Sandlin
Ayres	Eslick	Lambeth	Schafer
Bachmann	Evans, Mont.	Lamneck	Schneider
Baldrige	Fernandez	Lanham	Schuetz
Bankhead	Finley	Lankford, Ga.	Selvig
Barbour	Fish	Lankford, Va.	Shallenberger
Barton	Fishburne	Larsen	Shannon
Beam	Fitzpatrick	Leavitt	Shott
Beedy	Flannagan	Lewis	Shreve
Bland	Foss	Lichtenwalner	Simmons
Blanton	Frear	Linthicum	Sinclair
Bloom	French	Lonergan	Smith, Idaho
Boehne	Fulbright	Loofbourow	Smith, Va.
Bohn	Fuller	Lovette	Smith, W. Va.
Boileau	Fulmer	Lozier	Snow
Boland	Garrett	Luce	Somers, N. Y.
Bowman	Gasque	McClintock, Ohio	Sparks
Brand, Ga.	Gifford	McCormack	Spence
Briggs	Gilbert	McGugin	Steagall
Browning	Gilchrist	McKeown	Stevenson
Brumm	Glover	McLeod	Stewart
Buchanan	Goldsborough	McMillan	Strong, Kans.
Buckbee	Granfield	McReynolds	Strong, Pa.
Bulwinkle	Green	McSwain	Summers, Wash.
Burch	Greenwood	Maas	Sumners, Tex.
Burtness	Gregory	Major	Sutphin
Busby	Griffin	Maloney	Swank
Butler	Guyer	Manlove	Swanson
Byrns	Haines	Mansfield	Sweeney
Cable	Hall, Miss.	Martin, Oreg.	Swick
Campbell, Iowa	Hall, N. Dak.	May	Swing
Campbell, Pa.	Hancock, N. Y.	Mead	Tarver
Cannon	Hardy	Michener	Taylor, Colo.
Carden	Hare	Miller	Taylor, Tenn.
Carter, Calif.	Harlan	Milligan	Temple
Carter, Wyo.	Hart	Mitchell	Thomason
Cartwright	Hartley	Mobley	Thurston
Cary	Hastings	Montague	Tierney
Cavicchia	Haugen	Montet	Timberlake
Chavez	Hawley	Moore, Ky.	Turpin
Chiperfield	Hill, Ala.	Morehead	Underwood
Christgau	Hill, Wash.	Mouser	Vinson, Ga.
Christopherson	Hoch	Nelson, Mo.	Vinson, Ky.
Clague	Hogg, W. Va.	Niedringhaus	Warren
Cochran, Mo.	Holaday	Nolan	Weaver
Cole, Iowa	Hooper	Norton, Nebr.	Welch, Calif.
Collins	Hope	Norton, N. J.	West
Colton	Hopkins	O'Connor	Whitley
Condon	Horr	Oliver, Ala.	Whittington
Connery	Houston, Del.	Overton	Williams, Mo.
Cooper, Ohio	Howard	Parker, Ga.	Williamson
Cooper, Tenn.	Hull, Morton D.	Parks	Wilson
Cox	Jacobsen	Parsons	Wingo
Crail	James	Patman	Withrow
Crisp	Johnson, Mo.	Peavey	Wolcott
Cross	Johnson, Okla.	Person	Wolverton
Crosser	Johnson, S. Dak.	Pettengill	Wood, Ga.
Crump	Johnson, Tex.	Polk	Woodruff
Dallinger	Jones	Pou	Woodrum
Davis	Kading	Ragon	Wright
Delaney	Karch	Rainey	Yon
De Priest	Keller	Ramseyer	
DeRouen	Kelly, Ill.	Ramspeck	
Dickinson	Kemp	Rankin	

NAYS—60

Aldrich	Chindblom	Davenport	Hadley
Andrew, Mass.	Clancy	Douglas, Ariz.	Hess
Bacharach	Clarke, N. Y.	Dyer	Huddleston
Beck	Coyle	Eaton, Colo.	Johnson, Wash.
Bolton	Crowther	Free	Kahn
Britten	Culkin	Gibson	Kendall
Burdick	Darrow	Goss	Kurtz

Lehlbach	Partridge	Stalker	Watson
McFadden	Pittenger	Stokes	Weeks
McLaughlin	Pratt, Harcourt J.	Taber	Welsh, Pa.
Magrady	Ransley	Thatcher	White
Mapes	Reed, N. Y.	Tilson	Wigglesworth
Martin, Mass.	Seger	Tinkham	Williams, Tex.
Nelson, Me.	Snell	Treadway	Wyant
Parker, N. Y.	Stafford	Wason	Yates

NOT VOTING—82

Abernethy	Dickstein	Hollister	Oliver, N. Y.
Bacon	Dieterich	Holmes	Owen
Black	Douglass, Mass.	Hornor	Palmisano
Boylan	Doutrich	Hull, William E.	Patterson
Brand, Ohio	Drane	Igoe	Perkins
Brunner	Drewry	Jeffers	Prall
Canfield	Eaton, N. J.	Jenkins	Pratt, Ruth
Carley	Estep	Johnson, Ill.	Purnell
Celler	Evans, Calif.	Kelly, Pa.	Rogers, Mass.
Chapman	Fiesinger	Kleberg	Rudd
Chase	Freeman	Knutson	Sabath
Clark, N. C.	Gambrill	Larrabee	Seiberling
Cochran, Pa.	Garber	Lea	Sirovich
Cole, Md.	Gavagan	Lindsay	Sullivan, N. Y.
Collier	Gillen	Ludlow	Sullivan, Pa.
Connolly	Golder	McClintic, Okla.	Tucker
Cooke	Goodwin	McDuffie	Underhill
Corning	Griswold	Millard	Wolfenden
Crowe	Hall, Ill.	Moore, Ohio	Wood, Ind.
Cullen	Hancock, N. C.	Murphy	
Curry	Hogg, Ind.	Nelson, Wis.	

So two-thirds having voted in favor thereof, the rules were suspended, and the bill was passed.

The Clerk announced the following pairs:

General pairs until further notice:

Mr. Gillen with Mr. Purnell.
Mr. Gavagan with Mr. Wood of Indiana.
Mr. Drewry with Mr. Connolly.
Mr. Griswold with Mr. Rogers.
Mrs. Owen with Mr. Estep.
Mr. Cullen with Mr. Hogg of Indiana.
Mr. Canfield with Mr. Millard.
Mr. Black with Mr. Hollister.
Mr. Larrabee with Mr. Perkins.
Mr. Corning with Mr. Underhill.
Mr. Dieterich with Mrs. Ruth Pratt.
Mr. Prall with Mr. Bacon.
Mr. Tucker with Mr. Wolfenden.
Mr. Rudd with Mr. Evans of California.
Mr. Drane with Mr. Goodwin.
Mr. Hornor with Mr. Jenkins.
Mr. Jeffers with Mr. Golder.
Mr. Patterson with Mr. Murphy.
Mr. Sullivan of New York with Mr. Sullivan of Pennsylvania.
Mr. Lindsay with Mr. Eaton of New Jersey.
Mr. Lea with Mr. Holmes.
Mr. Brunner with Mr. Sieberling.
Mr. Kleberg with Mr. Cochran of Pennsylvania.
Mr. Boylan with Mr. Freeman.
Mr. McDuffie with Mr. Chase.
Mr. Clark of North Carolina with Mr. Curry.
Mr. Oliver of New York with Mr. Knutson.
Mr. Celler with Mr. Moore of Ohio.
Mr. Gambrill with Mr. Doutrich.
Mr. Fiesinger with Mr. Brand of Ohio.
Mr. Sabath with Mr. William E. Hull.
Mr. Dickstein with Mr. Nelson of Wisconsin.
Mr. McClintic of Oklahoma with Mr. Johnson of Illinois.
Mr. Chapman with Mr. Cooke.
Mr. Crowe with Mr. Hall of Illinois.
Mr. Douglass of Massachusetts with Mr. Garber.
Mr. Ludlow with Mr. Palmisano.
Mr. Abernethy with Mr. Sirovich.
Mr. Hancock of North Carolina with Mr Carley.
Mr. Cole of Maryland with Mr. Collier.

Mr. EATON of New Jersey. Mr. Speaker, I was called from the Chamber. If I had been present I would have voted "no."

The SPEAKER. The gentleman does not qualify.

Mr. KELLY of Pennsylvania. Mr. Speaker, I desire to vote "aye," but I was not present when my name was called.

The SPEAKER. The gentleman from Pennsylvania does not qualify.

The result of the vote was announced as above recorded.

EXTENSION OF REMARKS—STABILIZING THE PURCHASING POWER OF THE DOLLAR

Mr. WILLIAMSON. Mr. Speaker, for a long time I have been an advocate of the stabilization of money so as to prevent the disastrous fluctuations in commodity values. The present lack of stabilization has been particularly disastrous to agriculture. The great bulk of the indebtedness of the farm community was incurred at a time when commodity values were twice or three times as high as they are now. That means that for every dollar of indebtedness the farmer has to pay twice or three times as much of what he produces as the money represented at the time it was borrowed.

The bill before the House (H. R. 11499) reads as follows:

"SEC. 31. It is hereby declared to be the policy of the United States that the average purchasing power of the dollar as ascertained by the Department of Labor in the wholesale commodity markets for the period covering the years 1921 to 1929, inclusive, shall be restored and maintained by the control of the volume of credit and currency."

SEC. 2. The Federal Reserve Board, the Federal reserve banks, and the Secretary of the Treasury are hereby charged with the duty of making effective this policy.

SEC. 3. Acts and parts of acts inconsistent with the terms of this act are hereby repealed.

The only trouble with this resolution from my point of view is that it does not go far enough. I believe that the value of the dollar should be definitely fixed upon the average value of commodity prices as found by the index number of the Bureau of Labor statistics during the period of 1921 to 1929, inclusive. Our best economists are agreed that this can be done without in any way destroying either the gold standard or the stability of our currency. Such a policy enacted into law would not only stabilize the debt-paying and purchasing value of commodities but would go a long way in stabilizing the earning power of labor and would prevent the shocking fluctuations in security values that have characterized this market in the last two years.

In my judgment, it is the one great step that must eventually be taken if we are to prevent recurring periods of inflation and succeeding periods of deflation. Such stabilization of the value of money would also have the additional merit of practically putting an end to speculation and gambling upon boards of trade and would in large measure prevent the huge losses that have brought poverty and distress to thousands of people throughout the country.

Mr. HALL. Mr. Speaker, I believe the bill (H. R. 11499) for restoring and maintaining the purchasing power of the dollar is one of the most important pieces of legislation that has hitherto come up for consideration in the House during the present session of Congress.

I concede that we felt the same way about the Reconstruction Finance Corporation and Glass-Steagall Credit Expansion Acts. While the Reconstruction Finance Corporation has failed to measure up to expectations, it has undoubtedly proved beneficial. It has greatly curtailed bank closures and enabled the railroads to continue in operation. But it has not afforded ample credit facilities for constructive purposes generally.

In consequence, the Reconstruction Finance Corporation has neither put our vast army of unemployed to work nor set the wheels of industry and commerce in motion. Instead of percolating down to agriculture and labor, as they were intended to do, the benefits have percolated down to the banks and stopped, and are now revolving around in a fixed circle.

Notwithstanding the speed with which the Glass-Steagall credit expansion bill was hustled through Congress, the Federal reserve system has not yet invoked its provisions. As a consequence, credit is more constricted and money is scarcer and dearer than when this bill was passed. Besides, commodity price levels are at an exceedingly low ebb. To offset this condition, the enactment of supplemental legislation was imperative. This is embraced in the bill for stabilizing the purchasing power of the dollar, which bears the indorsement of some of our foremost economists and agricultural and industrial leaders throughout the country.

Let us analyze this measure briefly.

It is a simple declaration of policy, namely, that the purchasing power of the dollar during the period of 1921–1929, as indicated by the commodity index of the Department of Labor, be restored and maintained through control of the volume of credit and currency. That is all there is to it. There is nothing radical about it.

Administration of this act is delegated to the Federal Reserve Board, the Federal reserve bank, and the Secretary of the Treasury. Under the provisions of the act the Federal reserve system is not only empowered to stabilize the purchasing power of the dollar, but to maintain its stability. In

my judgment, there is no question but that this can be done without endangering the financial structure of the Nation, because the Federal reserve system has the requisite machinery for controlling credit and currency expansion. Nor is there any question in my mind but that the restoration and maintenance of commodity price levels as directed by this measure would improve the economic situation. On the other hand, if the Federal reserve system fails to administer the provisions of this act, as requested by Congress, and the economic situation is not remedied, then the onus will be placed on our financial leaders; and besides, it will be necessary for Congress to bring about stabilization of the purchasing power of the dollar by means of mandatory legislation.

It is absolutely essential to the economic well-being of the country that our monetary system should serve all the people instead of a favored few. We must have an honest and a stable dollar, not an elastic dollar that periodically fluctuates to the extent that it imposes financial ruin on a great majority of the people, as is the case under the present system. During the last 50 years the United States has gone through more than half a dozen major depressions. We hardly pull ourselves out of one panic until we find ourselves gripped in the clutches of another. Our rubber dollar is primarily responsible for the occurrence and recurrence of those vicious economic disturbances.

It is my opinion that we have done a fairly good job of passing remedial legislation thus far, and that our constituents appreciate what we have done; but it yet remains for us to enact the bill H. R. 11499, so as to restore commodity prices to the average level of the period of 1921–1929. Then private debts can be paid with dollars of the same value as when these debts were created. Otherwise wholesale repudiation of these debts is inevitable.

According to an old saying, "You can't get blood out of a turnip." By the same token, you can not collect debts out of people without the requisite wherewithal.

During the last 15 years virtually all debts, both public and private, have practically doubled because of the increased value of money. According to L. J. Taber, master of the National Grange, it requires $177 worth of farm commodities to pay a $100 debt contracted in 1930; or $202 worth to pay a $100 debt created in 1929 and $217 worth to liquidate a $100 debt assumed in 1925. Moreover, the rate of interest has increased proportionately.

The fellow who is in debt and whose debt was contracted when commodity values were considerably higher than now has only three ways to get out, namely, repudiation of his debts, availability of cheaper money with which to pay them, or a boost in the commodity price that will restore it to the level prevailing when the debts were contracted.

It must be admitted that farmers can not pay debts with commodities at the ratio of 5 to 1. Yet this is exactly what the cotton farmer who assumed a debt when cotton was selling at 25 cents a pound is doing now, because five bales of cotton are worth only as much as one bale was worth then.

Consequently, our farmers are in this predicament: Instead of reducing the principal of a debt when they make a payment on it the obligation grows all the while. This condition must be remedied before the farmer can meet his obligations. Of all groups that are suffering from the effects of the prevailing depression, the farmer is suffering most. Unlike the manufacturer, he can not shut up shop and stop production; he must keep on producing in normal volume, while his prices become lower and lower because of surpluses piling up in the face of a vanishing market.

Better times, when they do come, must start on the farm and gradually work up through industry and commerce. And better times can not prevail on the farm until the average commodity price level of the period of 1921–1929 is restored in accordance with the provisions of this measure. Nor is it enough just to patch up our financial machinery sufficiently to meet the present emergency. The dollar should have a stable measure of purchasing power—a real and permanent yardstick of value.

Suppose, for instance, that our measuring yardstick should be 18 inches long one day, 36 inches long the next day, and 72 inches long the next day. Confusion would be rife. Yet that is exactly the kind of dollar we have—a topsy-turvy dollar that is thwarting the best-laid plans of economic recovery.

For the last decade Congress has been considering legislation designed to stabilize the purchasing power of the dollar. Most of the opposition has come from our financial leaders and captains of industry, and that leads me to believe this legislation would benefit the rank and file.

I do not believe the United States is on the very verge of bankruptcy when the material worth of the country is estimated at $400,000,000,000. Many a time in the past has the country pulled itself out of the morass of an economic panic, and it will pull itself out of the prevailing depression. But let us stabilize the purchasing power of the dollar, not only to pave the way out of wilderness now but to forestall economic disruptions in the future. I believe the proper administration of bill H. R. 11499 will supplant our rubber dollar with an honest dollar of standard value.

Mr. YON. Mr. Speaker, ladies, and gentlemen, under leave to extend my remarks, will say that I am of the opinion that this Goldsborough stabilization bill to restore and maintain commodity prices, if properly administered, will do more to relieve the present conditions than any legislation that has been passed in many years. The great trouble with the farmers at the present time is that there is not enough to buy their products, and the cotton, cane, turpentine, and other farmers are unable to get production cost for their products. The dollar buys too much of commodities and is too hard to get.

The working people are unable to buy the products because they have no jobs, and the same thing applies to every industry. While in a sense this bill is to meet an emergency—that is needed—it is also the opinion of the author, the Hon. T. ALAN GOLDSBOROUGH, that it also contains permanent features. I am sure that we all agree that something needs to be done to relieve the present conditions, and I know of no better plan than this bill, as reported by the Banking and Currency Committee, if put in effect. There is no need of describing the conditions of the country, as every man and woman in this country is acquainted with the depression and the effects that it has brought about. However, I may say that if anyone doubts that something needs to be done to help the people, just go down some night on Pennsylvania Avenue and B Street, this city, and watch the people down there lying on the ground around fires and on the bunks and beds that are furnished by the charitable institutions of this city, and watch them as they march up for something to eat, and you can get an idea of what the people are up against in the great industrial centers of this country. These people previously had good positions and lived happily and were able to buy from the farmers, who in turn could and would buy materials and other much-needed things for the farm.

We on this side of the House are not responsible for the present conditions of this country. We were told in 1928 that the country would continue to have prosperity under the Republican rule, as all of the prosperity that the country had enjoyed was under the leadership of that party. And this is one of the reasons that I was opposed to their plan of turning out thousands of Federal employees and cutting off their salaries to such an extent that they would not be able to live and educate their children, and further serving greedy private interests that want to take advantage of the situation to cut the wages of their employees, and also admitting that this depression is permanent. This I do not believe, and I do not want the Congress of the United States by its action to destroy the hopes of the millions of people. This is false economy and not real economy. There are many ways that the National Government can relieve the people of tax burdens. For instance, the building program of Washington could be stopped at this time, and many other things that could be mentioned, but unnecessary here.

However, on the Democratic side we should be anxious to do something that will restore confidence and bring back that prosperity that we have heard so much talk about. With

the many bills that we have passed and this bill to stabilize commodity prices, then I believe that we are on the right track at last with the cooperation of the people of this Nation for that new day that will find all of our people employed and doing business as they did prior to 1928.

ALLOWANCES FOR WIDOWS AND CHILDREN AND DEPENDENT PARENTS OF WORLD WAR VETERANS

Mr. RANKIN. Mr. Speaker, I move to suspend the rules and pass the bill (H. R. 8578) to amend the World War veterans' act, 1924, as amended, by providing allowances for widows and children and dependent parents of veterans of the World War, with an amendment striking out subsection (d) on page 2, lines 16 to 20, inclusive.

The Clerk read the bill, as follows:

Be it enacted, etc., That section 201 of the World War veterans' act, 1924, as amended (U. S. C., title 38, sec. 472), be hereby amended by adding at the end thereof a new subdivision to read as follows:

"(8) Where any honorably discharged ex-service man who entered the service prior to November 11, 1918, and served 90 days or more during the World War dies of a disability not acquired in the service the following monthly allowances shall be paid:

"(a) If the deceased leaves a widow without means of support other than her daily labor and actual net income not exceeding $250 per year who was his wife and living with him not less than five years next before his death or who married him prior to January 1, 1925, $20;

"(b) If the deceased leaves a widow and one child without means of support other than her daily labor and actual net income not exceeding $400 per year, $26, with $6 for each additional child;

"(c) If the deceased leaves no widow but one child, $20, with $6 for each additional child: *Provided*, That no child shall be permitted to draw this allowance who has an actual net income exceeding $400 per year;

"(d) The payment of allowance for a widow shall continue until her death or remarriage;

"(e) The payment of allowance to or for a child shall continue until such child reaches the age of 16 years or marries, or if such child be permanently incapable of self-support by reason of mental or physical defect, then during such incapacity.

"(f) Whenever the allowance payable to or for the benefit of any person under the provisions of this subdivision is terminated by the happening of the contingency upon which it is limited, the allowance thereafter for the remaining beneficiary or beneficiaries, if any, shall be the amount which would have been payable to them if they had been the sole original beneficiaries;

"(g) As between the widow and the children not in her custody and as between children, the amount of allowance shall be apportioned as may be prescribed by regulations;

"(h) No allowance under this subdivision shall commence prior to the date of the passage of this amendatory act, or the date of application therefor, and such application shall be in such form as the Administrator of Veterans' Affairs may prescribe."

The SPEAKER. Is a second demanded?

Mr. JOHNSON of South Dakota. Mr. Speaker, I demand a second.

Mr. RANKIN. Mr. Speaker, I ask unanimous consent that a second be considered as ordered.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

The SPEAKER. The gentleman from Mississippi is recognized for 20 minutes and the gentleman from South Dakota for 20 minutes.

Mr. RANKIN. Mr. Speaker, I yield myself five minutes.

Mr. Speaker, the amendment which was offered was to strike from the bill the dependent parents. That is very much against my wishes and against my views, but we found it necessary to do that in order to secure the passage of any bill at all.

Mr. JOHNSON of South Dakota. Will the gentleman yield?

Mr. RANKIN. I do not yield. The gentleman has plenty of time.

Mr. JOHNSON of South Dakota. I just wanted to ask the gentleman why that was necessary?

Mr. RANKIN. It was necessary because we were unable to get the bill from the Rules Committee or to get it to the floor of the House at all.

There are some other provisions in the bill for which I am not responsible. They are what are called the "needs clauses." They were not put in by me or by those who agree with me on the committee, but they are there. Therefore the bill, if it is passed at all, will be passed with those provisions in it.

In 1930, when we were considering what was finally designated as the Rankin bill, it provided for an extension of the presumptive period for men suffering from chronic constitutional diseases, up to 1930. If that bill had not been vetoed, the widows, orphans, and dependent parents would all have been taken care of, but in order to defeat that bill they brought in what they called the disability allowance bill, and passed it under suspension of the rules, providing a small compensation for the disabled men, but leaving out the widows, orphans, and dependent parents. It is the only bill of its kind I have ever known to pass a parliamentary body, which took care of disabled veterans and denied one particle of relief to their dependent widows and children, after the veterans passed away.

I introduced the next week a resolution in our State convention of the American Legion and fought it through the national convention of the American Legion to take care of those dependents.

This bill is indorsed by the American Legion, by the Veterans of Foreign Wars, and by the Disabled Veterans of the World War. They do not agree with some of the minor provisions, such as the needs clauses, but on the whole they are in favor of this bill and have indorsed it at their national convention.

I do not know what opposition has developed, but I do say that a great many of those men died from service-connected disabilities in my State and in your States, and their widows and orphans should have been taken care of long ago. They are entitled to it. I trust when it comes to a vote there will not be one dissenting voice.

I know it will be said that this will cost a little money, and I know that will be harped on, but is that any reason why we should turn out without a penny the widows and orphans of those men who were called to the service in 1917 and who rendered services from which, invariably, they ultimately lost their lives and left their wives and children without a penny on which to live during these trying days of the worst panic America has ever seen? [Applause.]

The SPEAKER pro tempore (Mr. BLANTON). The time of the gentleman from Mississippi has expired.

Mr. JOHNSON of South Dakota. Mr. Speaker, I have listened with great interest to the argument of the gentleman from Mississippi, especially his statement that it was necessary to bring this measure before the House under suspension of the rules. I can so well recall as the years have gone by since 1924 when, as chairman of the Veterans' Committee, I brought many bills before the House under suspension of the rules, and I can hear the gentleman from Mississippi rear and rant and race up and down this aisle because of the iniquitous procedure; and as late as June 26, 1930, when I brought in the bill to which he refers, the disability allowance law, with one of his arms working in one direction and one in the other, and hair flying, he said:

Your action in bringing this bill in here and forcing it through in this manner, without giving us any opportunity to amend it, is one of the most outrageous abuses of legislative prerogatives ever indulged in by the party in power in the history of the American Congress.

We shall not oppose it. We expect to let it go through in order that when it gets over to the Senate, where the gag rules do not apply, they will amend it by inserting provisions which will take care of these unfortunate men who served their country in times of war and are now unable to defend themselves in times of peace. [Applause.]

To that statement on June 26, 1930, he received great applause from the same people who to-day have swallowed this gag.

Mr. JOHNSON of Oklahoma. Will the gentleman yield?

Mr. JOHNSON of South Dakota. I decline to yield, because I have only 20 minutes. That is not very much time, and I can not commence to express myself as to what I think about this gag rule. I know that it is the only manner in which we can pass a great deal of this legislation. Of course it is, and I know it is—this bill would not have

been passed without it—but I get everlastingly tired of the demagogues who get up on the floor of this House and protest against it all the time, day after day, year after year, and then come in and invoke it. This business about reforming the rules by the Democrats is bunk, and nothing else but bunk. Here now is a gag rule.

Why, the distinguished gentleman who is presiding as Speaker pro tempore said, when I brought the disability allowance law up at that time:

> All other relief measures coming before this House since the Committee on World War Veterans' Legislation was created have been called up under a suspension of the rules, where only 20 minutes to the side was allowed for debate, and where none of the voluminous and important provisions could be changed in the slightest particular. These former bills thus passed have been machine made. They have been mostly prepared by hard-boiled bureau chiefs. Not even ranking members of the committee, much less any of the other 434 Members of the House, could change one word of the bills.

The gentleman who is taking the place of the Speaker to-day and is invoking this gag rule made that statement. I say that this House has almost degenerated into what a very, very eminent Democrat said the other day, a Democrat who is one of the great men of this country. He said the trouble with the Democrats is that they have the opposition complex, and they have it so bad they can not be constructive. Of course, I knew that that was true. Then he said:

> Another thing—having that opposition complex, they indulge in political demagogy, and that degenerates into political hypocrisy.

And I knew that that was true.

Mr. MAY. Will the gentleman yield?

Mr. JOHNSON of South Dakota. No. The gentleman can get time from his own leader, if you have any leaders on that side.

I have not seen one for some little time, and I doubt if any will develop. [Laughter.] But, coming to this bill, it ought not to have been brought up at this time, because ultimately we must decide all the need of veterans and their wives. This bill provides that a perfectly sound, healthy woman of 20 or 23 years old, without children, perfectly able to work, will get a pension when people are going to be discharged from Government employment, including service men who have suffered and bled, service men with families, and service wives. It is absurd and ridiculous to pick out one bill at this particular time and settle that measure, when to-morrow you must vote on the future of the service men themselves. Somewhere there is some political colored man in a woodpile in bringing it up at this time or it would not have been brought up. Again, the bonus question is not settled. I say there is no person who can justify this legislation at this time, when the whole service question must be settled and when it is necessary to practice economy; and if I am the last man that votes for it I will be the last one that does.

You did not take care of widows of Civil War veterans until 25 years after that war. You did not take care of Spanish War widows until 16 years after that war. But you are taking the youngest widows of any war, without children, and paying them $20 a month when the Government is bankrupt. In five years it will take $161,000,000, and you can not laugh that off.

I knew perfectly well it was never the intention of the Democratic majority of this House to work any economy. The only economy they want is what they can not secure. It might be an economy of words, because they do not like to hear the words I am speaking now.

Mr. PARKS. May I ask the gentleman how long his party was in power before it bankrupted the Government?

Mr. JOHNSON of South Dakota. I do not yield. Mr. Speaker, how much time have I taken?

The SPEAKER pro tempore (Mr. BLANTON). The gentleman has used seven minutes.

Mr. JOHNSON of South Dakota. Mr. Speaker, I ask unanimous consent to extend my remarks by inserting official documents.

Mr. PARKS. Mr. Speaker, what is the gentleman's request?

The SPEAKER pro tempore. The gentleman asks unanimous consent to extend his remarks by inserting official documents and records.

Mr. PARKS. I would like to know what the documents are. If they are Republican propaganda, I am going to object.

Mr. JOHNSON of South Dakota. They are bills and reports of a Democratic committee of this House.

Mr. PARKS. When?

Mr. JOHNSON of South Dakota. This session.

Mr. PARKS. It must be good if it is a Democratic report, and I shall not object.

The SPEAKER pro tempore. Is there objection?

There was no objection.

The bill and report are as follows:

H. R. 7230

A bill granting uniform pensions to widows and children of certain persons who served the United States in time of war, and for other purposes

Be it enacted, etc., That from and after the passage of this act if any person who served 90 days or more in the Army, Navy, or Marine Corps of the United States during the World War or war with Spain, the Philippine insurrection, or the China relief expedition, or the Civil War, in which the United States was engaged and who has been honorably discharged therefrom or who, having served less than 90 days, died of or was discharged for disability incurred in the service in line of duty, has died or shall hereafter die leaving a widow or a minor child or children under the age of 16 years, such widow upon due proof of her husband's death, without proving his death to be the result of his Army, Navy, or Marine Corps service, and upon proving that she had married such veteran person and had lived continuously with him, except for temporary absences which were not the fault of said widow, for five years prior to his death, or if a child is or was born as the issue of said marriage, regardless of date of marriage, such widow shall be placed upon the pension roll at the rate of $20 per month during her widowhood; if and when she becomes 40 years of age, she shall be placed upon the pension roll at the rate of $30 per month during her widowhood; if and when she becomes 50 years of age, she shall be placed upon the pension roll at the rate of $40 per month during her widowhood; if and when she becomes 70 years of age, she shall be placed upon the pension roll at the rate of $50 per month during her widowhood; and any widow mentioned in this act shall also be paid $6 per month for each and every child of such veteran under 16 years of age, and in case there be no widow or one not entitled to pension under any law granting additional pensions to minor children, the minor child or children under 16 years of age of such veteran person shall be entitled to the pension herein provided for the widow, and in the event of the death or remarriage of the widow or forfeiture of the widow entitled to pension, under the provisions applying to pension laws, the pension shall continue from the date of such death, remarriage, or forfeiture to such child or children of such officer or enlisted man until 16 years of age: *Provided*, That in case a minor child as herein defined is insane, idiotic, or otherwise mentally or physically helpless, the pension shall continue during the life of such child, or during the period of such disability; and this proviso shall apply to all pensions heretofore granted or hereafter to be granted under this or any former statute.

SEC. 2. That the pension or increase at the rate of pension herein provided for, as to all persons whose names are now on the pension roll, or who are now in receipt of a pension under existing law, shall commence at the rates herein provided on the 4th day of the next month after the approval of this act, except where otherwise herein provided; and as to persons whose names are not now on the pension roll, or who are not now in receipt of a pension under existing law, but who may be entitled to a pension under the provisions of this act, such pensions shall commence from the date of filing application therefor in the Veterans' Administration after the approval of this act in such form as may be prescribed by the Administrator of Veterans' Affairs; and the issue of a check in payment of a pension for which the execution and submission of a voucher was not required shall constitute payment in the event of the death of the pensioner on or after the last day of the period covered by such check, and it shall not be canceled but shall become an asset of the estate of the deceased pensioner.

SEC. 3. No claim agent, attorney, or other person shall contract for, demand, receive, or retain a fee for service in preparing, presenting, or prosecuting claims for pensions or the increase of pension provided for in this act; and any person who shall, directly or indirectly, otherwise contract for, demand, receive, or retain a fee for service in preparing, presenting, or prosecuting any claim under this act, or shall wrongfully withhold from the pensioner or claimant the whole or any part of the pension allowed or due to such pensioner or claimant under this act, shall be deemed guilty of a misdemeanor and, upon conviction thereof, shall, for each and every offense, be fined not exceeding $500 or be impris-

oned not exceeding one year, or both, in the discretion of the court.

SEC. 4. That nothing contained in the provisions of this act shall be construed to reduce any pension heretofore granted under existing law.

SEC. 5. That all acts or parts of acts in conflict with or inconsistent with the provisions of this act are hereby modified and amended only so far and to the extent as herein specifically provided and stated.

[House Report No. 492, 72d Cong., 1st sess.]

GRANTING UNIFORM PENSIONS TO WIDOWS AND CHILDREN OF CERTAIN PERSONS WHO SERVED THE UNITED STATES IN TIME OF WAR, AND FOR OTHER PURPOSES

Mr. GASQUE, from the Committee on Pensions, submitted the following report (to accompany H. R. 7230):

The Committee on Pensions, to whom was referred the bill (H. R. 7230) proposing to grant uniform pensions to widows and children of certain persons who served the United States in time of war, having had the bill under consideration and having heard Gen. Frank T. Hines, Administrator of Veterans' Affairs, and the representatives of the various veterans' organizations, the national officers of the various woman's auxiliaries, and many other persons representing those who would become beneficiaries thereunder, respectfully submit the following report, with the recommendation that the bill H. R. 7230 (star print) do pass.

This bill has many new features and should immediately provide relief for over 290,000 dependent widows and children of veterans of all the wars, including the World War, Spanish War, and the Civil War.

The outstanding new feature of this bill is the fact that it establishes uniformity of pensions paid to widows and children of veterans of all wars.

It treats the widows of all war veterans alike. They will all file their claims under the provisions of the same law and on the same application blank, under the same conditions, and no favoritism will be shown toward any war-time widow. Under the provisions of the bill, as reported by the committee, the widow of the World War veteran and widows of other wars will be entitled to pensions by proving that the veteran is dead, without proving that death was due to service or in any manner connected with service. These pensions will continue to the widow or minor child during widowhood and will be stopped upon remarriage, death, or forfeiture of title for immoral conduct.

If the veteran rendered 90 days' service in any of the wars and was honorably discharged or rendered less than 90 days' service and was discharged for disability due to service in line of duty, this act grants the widow a pension at the rate of $20, $30, $40, and $50 per month. If the widow lived continuously with the veteran, except for a temporary absence of five years prior to veteran's death, or if a child is or was born as the issue of this marriage, regardless of the date of marriage, the widow will receive a pension of $20 per month. When such widow becomes 40 years of age, the rate of pension will be increased to $30 per month, and when such widow becomes 50 years of age, the rate of the pension will be increased to $40 per month, and should she become 70 years of age she will receive $50 per month during her widowhood. This bill further provides for the minor children under 16 years of age.

The widow will receive $6 per month additional for all minor children under 16 years of age, and the widow entitled to pension under this act will receive the $20, $30, $40, or $50 rate plus the $6 per month until such child or children attain the age of 16 years, respectively.

This bill also provides that the pension shall continue during the period of helplessness of such child.

The date of commencement of pension for those already on the pension roll will be on the 4th day of the next month after the approval of this act. All those persons not receiving pensions under the law who are entitled to pensions under this act shall commence upon the date of the filing of application.

Section 3 of this bill provides that no attorney fee for original or increase of pensions will be allowed under the provisions of this act.

Section 4 provides that nothing contained under this act shall be construed to reduce any pensions heretofore granted under the existing law.

Section 5 of the bill provides that all acts or parts of acts in conflict with or inconsistent with the provisions of this act are hereby modified and amended only so far and to the extent as is herein specifically provided and stated.

The number of beneficiaries under the provisions of this act and the cost of this bill are fully explained by the following chart, which shows the exact number affected and the total cost of the bill for the first year:

	Costs
Civil War dependents (124,781)	$573,917
Spanish War dependents (28,789)	3,586,822
World War dependents (136,558)	19,406,852
Grand total (290,128)	38,567,591

The following chart shows the total number affected each year for a period of five years together with the total cost per year for a period of five years:

World War

Calendar year	Widows		Children		Estimated cost
	Service connected	Nonservice connected	Service connected	Nonservice connected	
1932	410	52,466	9,311	74,371	$19,406,852
1933	487	69,043	9,816	97,868	31,642,074
1934	583	87,666	10,056	124,267	40,313,435
1935	700	104,099	10,255	147,561	48,445,042
1936	835	116,807	10,416	165,575	54,981,449
Total to end of 5-year period	835	116,807	10,416	165,575	194,788,852

Widows

Calendar year	Civil War		Spanish War		Total	
	Number on roll	Annual increased cost	Number on roll	Annual increased cost	Number on roll	Annual increased cost
1932	124,781	$15,573,917	28,789	$3,586,822	153,570	$19,160,739
1933	114,799	14,328,063	31,668	3,945,516	146,467	18,273,579
1934	105,615	13,181,808	34,835	4,340,093	140,450	17,521,901
1935	97,166	12,127,288	38,319	4,774,164	135,485	16,901,452
1936	89,393	11,157,140	42,151	5,251,593	131,544	16,408,733
Total for 5 years	----------	66,368,216	----------	21,898,188	----------	88,266,404

Grand total

Calendar year—	Widows	Children	Estimated cost
1932	206,446	83,682	$38,567,591
1933	215,997	107,684	49,915,653
1934	228,699	134,323	57,835,336
1935	240,284	157,816	65,346,494
1936	249,186	175,991	71,390,182
Total to end of 5-year period	249,186	175,991	283,055,256

The committee feels that this measure will not only equalize war-time widows' pensions but will save in the administrative costs of adjudicating each claim. Further, it will eliminate piecemeal legislation in the future and will provide a vast saving in many ways.

The Director of the Bureau of the Budget has reported that the proposed legislation is not in accordance with the financial program of the President.

Mr. JOHNSON of South Dakota. Now I want to call attention to the fact that there is a bill before this House, the Gasque bill, providing for the treatment of all veterans and all widows alike, something that should have been done since the World War, but has not been done.

I can readily see that some provisions of this bill make it necessary for the leadership of this House apparently to bring it in at this time instead of one of the others, because the Gasque bill would take care of Civil War widows, at the same time taking care of World War widows. I would not support the Gasque bill in its entirety, but if some of the rates contained in it were reduced I would. It comes from the Committee on Pensions. It is a bill that has been well worked out, taking into consideration the history of the wars in which the United States was engaged, taking into consideration the fact that men who served in any war and their widows should be treated exactly alike; and if some of its rates were reduced to an extent that it would be possible to enact it, and it would be possible to raise the money for it I would like to support that particular measure. It is a bill where pension is based on age. It would provide that a 72-year-old widow would receive a large pension, but it would not provide what this bill provides, that a 22-year-old widow, who has been married a few years, has no children, and is perfectly sound, would receive a pension.

I am satisfied this bill ought to be killed; that this legislation should be referred back to a combination of the Pension Committee and the Veterans' Committee, or some committee, and a bill reported under which the Government can survive. No legislation should be passed until you act upon the veterans' provision in the economy bill to-morrow.

You should wait and see whether you are going to strike out Title IX; whether you intend to allow men who enlisted in 1921, after the war was over, toreceiveas much as a man who lost his life or his arms at Chateau-Thierry. Tomorrow you are going to determine whether you are going to vote out Title IX, which has that particular provision in it. Thanks to the rule, I will be able to get a record vote on it.

In spite of the talk I am making today I know this bill is going to pass, because this House does not have digestive apparatus enough to stand up against this kind of legislation. It does not have it. There are certain reasons for it. Propaganda has never been as thorough and has never been as strong as it is to-day. I know the pressure is such that we are bound to secure legislation we should not secure. Personally I have voted "no" in the House many times since the days I voted against the war, though the time I voted against the Adamson law and until to-day on this law I have rather enjoyed it, because the question is not whether you vote "yes" or "no" on a bill. The folks back home want to know whether or not you are honest in your vote; all except those individuals who have a direct, selfish, and personal interest in legislation, and they eventually wash themselves out.

I would like to have more time to talk on this bill. I am going to extend my remarks by inserting the Gasque bill and report. I will conclude by calling your attention to the fact that the Democrats who talk about this rule-reform wave have to-day choked down the necks of the Members of the House the same sort of gag rule previously used. I wish to say I am not objecting to it, but I do object to people demagoguing when they do it. [Applause.]

Mr. Speaker, I reserve the balance of my time.

Mr. RANKIN. Mr. Speaker, I yield four minutes to the gentleman from Arkansas [Mr. FULLER].

Mr. FULLER. Mr. Speaker and Members of the House, I am rather surprised that the gentleman from South Dakota [Mr. JOHNSON] would be opposed to this bill in view of the fact that during the Republican administration he was chairman of the Veterans' Committee. I am more surprised that he would try to make a political issue out of the matter. We all know that he and the gentleman from Mississippi [Mr. RANKIN], who is now chairman of the Veterans' Committee, have not agreed on many matters of veterans' legislation, but the gentleman from Mississippi has always been found mighty liberal in supporting measures for the World War veterans. It may be, as the gentleman from South Dakota states, that this is a "gag rule," but it is the only way we can get this measure considered at this late hour of the session, and then, too, the Republicans are so used to "gag rules" that we thought there would be no opposition to this procedure. Since I attempted and thought I had succeeded in acting as a go-between, I am amused at the gesture of opposition from the gentleman from South Dakota.

It is true this bill is not just what it should be, as it is a compromise measure. The gentleman from South Dakota [Mr. JOHNSON] was the one who inserted the "needs clause" in this measure, and I went along with him with other members of the committee in order to eliminate the dependent parents' clause insisted upon by the gentleman from Mississippi. Since the gentleman from Mississippi, for the good of the cause, has eliminated the dependent parents' clause, there is no reason why we should not all support this measure.

As a matter of fact, under the economic conditions confronting Congress and the Nation, I am certain that the veterans will not seriously object to this compromise measure containing the "needs clause," as it is only a question of time until there will be a uniform widows' pension bill passed through Congress, such as the Gasque bill for which I am committed. At this time its passage is impossible.

The first pension granted to widows and orphans for those of the Civil War was in 1890, 25 years after the war; this law gave $8 a month to widows and $2 a month to minor children; a similar bill was passed for the Spanish-American War widows 16 years after that war. This needed relief is coming much earlier, being only about 12 years since the actual close of the World War.

I realize that a widow who is entitled to a pension because of the death of her husband, as well as the children, should not be required to file an inventory of her wealth or income, but in these trying times when it is necessary that we should economize, and when it is necessary to take care of the poor widows and orphans in this country, I feel that a compromise measure is in order and that no veteran should have any cause to complain.

All over my district, as well as all over this Nation, there are widows and orphans of deserving World War veterans required to live from hand to mouth, and it is nothing more than justice for this poorer class to be taken care of at this time, even though we are in the midst of a financial panic.

Under the terms of this bill a widow who has more than a net income of $250 a year, besides her labor, is not entitled to this pension. If she has not lived with her husband for five years before his death she is not entitled to a pension; but if the widow had lived with the soldier five years before his death and she does not have a net income of $250 a year other than her daily labor she is entitled to $20 per month and each child is entitled to $6 per month. If the widow married the veteran prior to January 1, 1925, the same benefits are awarded. Under the existing laws all widows and children, and even the dependent fathers and mothers, are entitled to pensions if the veteran died from service-connected disabilities. This law is for the purpose of taking care of the more needy widows and orphans where the veteran died from non-service-connected disabilities.

In my opinion, where a man left his home at a time when he could make much money and entered the service of his country, where he could not and did not make any money and when he gave many months in defense of his country, it is nothing more than right and just that his widow and children should be taken care of rather than they should become a public charge or that they should be required to live upon the most meager sustenance. Certainly any widow who has a net income of less than $250 is in dire need of the necessities of life. It is unpatriotic and poor citizenship, especially in a land of wealth, that would not grant relief in such instances. I would that it were possible for us to eliminate the "needs clause," but expediency and good judgment dictate that we should accept and take the best that we can obtain for these deserving people at this trying time in our Nation's history.

Mr. BURTNESS. Will the gentleman yield?

Mr. FULLER. Yes.

Mr. BURTNESS. I am not interested in any political row, but I am interested in the wording of this bill and what the ambiguous language means. Subdivision (a), for instance, states——

Mr. FULLER. I have not the time to answer the gentleman's question.

Mr. BURTNESS. I should think some member of the committee would answer it.

Mr. FULLER. The language of the bill is so plain that any wayfaring man can read it as he runs. If the gentleman can not understand this language, I can not explain it to him in the time allotted me. The language of the bill is just as plain as the letters on a box car, and the language of the report and the bill is not susceptible to any controversy. [Applause.]

[Here the gavel fell.]

Mr. RANKIN. Mr. Speaker, I yield three minutes to the gentleman from Massachusetts [Mr. CONNERY].

Mr. CONNERY. Mr. Speaker, in the three minutes all I may say is that there are some things in the bill which I do not like. I do not like the amendment taking out the dependent parents, because I have had practical cases, as you must have had in your own districts, that illustrate the need of this provision.

I remember a case within the last three months of a widow who is an old lady 65 years of age and whose boy died in a hospital in Idaho. I do not know whether the doctor made a mistake or not in injecting something into this boy's arm, but anyway the boy died within two or three

weeks. I want to just picture to you in a moment the heroism of this mother who is taken out of this bill to-day. I called this matter to the attention of General Hines, and an investigation was made. I think the doctor who had injected whatever he did inject into this man's arm did so with the best of intentions, but at any rate the boy died, and the mother said to me, "I have no desire to have that doctor thrown out of the service. I understand he is to be pensioned in a short time." Even when she knew her boy was dead she said this to me. The boy is dead to-day, and this old mother must go to the welfare department of the city of Lynn and get whatever aid she can from the city, because when we took out the dependent parents provision we removed her from any possibility of aid from the United States Government.

Mr. RANKIN. Will the gentleman yield?

Mr. CONNERY. I yield.

Mr. RANKIN. We are going to try to have that amendment put back in the bill in the Senate.

Mr. CONNERY. I hope it will go back in the bill when it reaches the other body, because I think you will find that justice demands that the aged parents of these boys who die in hospitals—I would not say that the parents of any veterans who died without an injury connected with the service should be taken care of—but surely the man who dies as a result of an injury that came from direct connection with his service should have his dependent parents taken care of.

Mr. HARE. Will the gentleman yield?

Mr. CONNERY. Yes.

Mr. HARE. Do they not draw compensation under existing law under such conditions?

Mr. CONNERY. Not unless the man died in action, as I understand, under the present law.

Mr. HARE. No; the gentleman is mistaken. If he dies of a service-connection disability——

Mr. BROWNING. They do not receive it unless he died from a service-connected disability.

Mr. CONNERY. Yes; exactly.

Mr. WHITE. Will the gentleman yield?

Mr. CONNERY. Yes.

Mr. WHITE. In section (a) what is net income as used there?

Mr. CONNERY. I hope the Hous will pass this bill for the widows and orphans of the World War veterans.

[Here the gavel fell.]

Mr. JOHNSON of South Dakota. Mr. Speaker, I yield two minutes to the gentleman from Ohio [Mr. MOUSER].

Mr. MOUSER. Mr. Speaker, I appreciate very much the courtesy of the gentleman from South Dakota in extending to me this time, when I am in favor of the bill.

Under the law at the present the widow of a soldier of the World War gets nothing, unless it is proved that the soldier died directly as the result of service-connected disability. We know that thousands of these men who were married and fathers of children died in their early thirties as a result of their experiences and suffering in the World War.

I am sorry that we are not voting for the Gasque bill, which would equalize the pensions of widows of all wars. But this bill is the only opportunity presented for giving the widows of World War veterans justice. I hope it will pass; I hope that party lines will not be taken into consideration in its adoption. It is only common justice. Let us pass this bill to-day, and later on adopt the Gasque bill. It is only in the interest of fairness, and so let no selfish individual on the ground of economy tell you that you ought not to do right by the widows of these World War veterans who went to war to give their lives, if necessary, for their country. I regret that the committee permitted a pauper clause in this measure since in the last Congress we overwhelmingly defeated by our votes such a declaration of policy on the grounds of decency and principle, but am compelled to vote for the bill since it is the best we are permitted to consider. [Applause.]

Mr. RANKIN. Mr. Speaker, I yield three minutes to the gentleman from South Carolina [Mr. GASQUE].

Mr. GASQUE. Mr. Speaker and Members of the House, I shall vote for this bill for the reason that I do not have an opportunity to vote for anything better. If this bill was to come before the House in this form we should have had an opportunity to offer amendments. I am unalterably opposed to inserting in any pension bill the "pauper clause." I think it is outrageous to require the widow of a man who served his country in any war to be required to take a "pauper oath" before her Government will give her a pension. This bill is especially unfair to the widows of the World War veterans. The widows of no other wars are required to take this "pauper's oath." Why should these widows have to take such an oath? As I have stated, however, I shall vote for it, because it will at least give to some widows, who have long been denied what they are entitled to, a little relief. There is a bill on the House calendar, for which I have been trying to get a special rule before the Rules Committee, which would give to the widows and orphans of all wars the same treatment, which was introduced by me and reported unanimously from the Committee on Pensions. This bill gives to the widows and orphans of all wars the same pension, based on their age, without requiring them to take a "pauper's oath."

I am disappointed that we are not able to get a rule for this bill from the leadership of the House, due largely, we are told, to the fact it carries an expenditure of five or six million dollars more a year than this bill. I am convinced, however, that this would be saved in the administration of the law had we been able to pass the uniform pension bill reported from the Committee on Pensions. This inequality of pensions for widows of various wars has been a very expensive policy for the Government to follow, due to the fact that every time the widows of one war are given an increase the widows of all other wars demand the same treatment. In supporting this bill I want to state that I have not given up the fight for a uniform widows and orphans pension bill, but I shall vote for this as the best I can get now, due to its being brought up under the suspension of the rule, and I sincerely hope that it will not be long before we can get a real pension bill which is uniform in its treatment to the widows and orphans of all wars. [Applause.]

Mr. JOHNSON of South Dakota. Mr. Speaker I yield one minute to the gentleman from Colorado [Mr. EATON].

Mr. EATON of Colorado. Mr. Speaker, I have asked for this time in order to get some information from the gentleman from Mississippi. I want to ask him if he will not ask to substitute the Gasque bill, H. R. 7230, for this bill, H. R. 8578?

Mr. RANKIN. I can not do that under the unanimous-consent agreement.

Mr. EATON of Colorado. I think we can do it by unanimous consent. Mr. Speaker, I ask unanimous consent that the bill H. R. 7230 be substituted for H. R. 8578.

The SPEAKER pro tempore (Mr. BLANTON). That is not in order under suspension of the rules. The Chair can not recognize the gentleman for that purpose.

Mr. JOHNSON of South Dakota. Mr. Speaker, I ask unanimous consent that all Members of the House may have five legislative days in which to extend their own remarks on this bill.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from South Dakota?

There was no objection.

Mr. JOHNSON of South Dakota. Mr. Speaker, I yield one minute to the gentleman from New York [Mr. LAGUARDIA].

Mr. LAGUARDIA. Mr. Speaker, I want to ask the gentleman from Mississippi or some member of the committee to explain the meaning of paragraph (a) on page 2. There seems to be some confusion as to whether that means in regard to the income of the widow.

Mr. RANKIN. Mr. Speaker, the gentleman from South Dakota [Mr. JOHNSON] is the author of that provision, and I suggest that the gentleman direct his inquiry to him.

Mr. JOHNSON of South Dakota. Mr. Speaker, when I was chairman of the committee I usually did the explaining.

Mr. RANKIN. Then I shall answer the question if the gentleman can not. My understanding is that that is $250 over and above their own earned wages, and so forth. Of course, I was not in favor of that provision in the bill.

The SPEAKER. The time of the gentleman from New York has expired.

Mr. RANKIN. Mr. Speaker, I yield one minute to the gentleman from Oklahoma [Mr. JOHNSON].

Mr. JOHNSON of Oklahoma. In the brief time given me to discuss the pending bill proposing a small pension to dependent widows and orphans of deceased World War veterans, let me say that while all of the provisions of this measure may not meet with our approval, it is a compromise and is undoubtedly the best bill we are going to have a chance to vote on during the present session of Congress.

There has been only one voice raised thus far against this bill. I refer, of course, to the genial and able gentleman from South Dakota, Mr. ROYAL JOHNSON, former chairman of the Veterans' Committee, who freely admits that he is a devoted friend of the disabled veterans and their dependents, but who in recent years usually has managed to find an excuse to vote against legislation looking to their relief.

When I came to Congress, more than five years ago, I was laboring under the impression, or, rather I should say the hallucination, that the distinguished gentleman from South Dakota was a tried and true friend of the disabled veterans and their dependents. I had, of course, heard of his splendid war record, for which I still honor him. I had imagined him a safe man to follow, or at least work with, on all legislation for the relief of our veterans and their dependent widows and orphans. I soon discovered, however, that he usually voted with the crowd in this House that is opposed to any kind of real relief for our war veterans. We all know he can usually be relied upon to vote with the "standpats." I want to say in his presence that I have been amazed, surprised, and chagrined at his attitude in recent years on veterans' legislation.

Mr. Speaker, what surprised me most about the gentleman's speech a few minutes ago, in opposition to this legislation, what surprised me more than anything he has said during his many speeches in recent years in opposition to other important veteran legislation on this floor was his cheap, disgusting, and demagogic appeal to partisan politics. No one on this floor knows better than does the gentleman from South Dakota that partisan politics has no place in this debate, and yet he saw fit to take up most of his time lecturing those of us on the Democratic side of this aisle, in a clever and cunning effort to prejudice some real friends of veterans against the pending bill. I just want to tell him that the roll is going to be called on this measure granting belated recognition to the dependent widows and orphans of World War veterans, and that he is going to feel mighty lonesome when he reads the list of his handful of followers. [Applause.]

[Here the gavel fell.]

Mr. JOHNSON of South Dakota. Mr. Speaker, I yield one minute to the gentleman from North Dakota [Mr. BURTNESS], who desires to have some explanation in respect to some section of the bill.

Mr. BURTNESS. Mr. Speaker, the gentleman from New York [Mr. LAGUARDIA] brought up one of the questions that I had in mind and which another speaker refused to answer. The chairman of the committee clarified that by his construction, which I think was necessary. I rise now to ask another question with reference to the word "or" at the end of line 6, on page 2, subdivision (a) with reference to time. The language is—

Who [the widow] was his wife and living with him not less than five years next before his death or who married him prior to January 1, 1925.

Does that qualification as to five years apply in all cases?

Mr. RANKIN. Certainly. It means that she must have lived with him for five years next preceding his death, or must have married him prior to January 1, 1925.

Mr. BURTNESS. That is the point. If they were married prior to January 1, 1925, then the 5-year provision does not apply?

The SPEAKER. The time of the gentleman from North Dakota has expired.

Mr. RANKIN. Mr. Speaker, I yield two minutes to the gentleman from New York [Mr. O'CONNOR].

Mr. O'CONNOR. Mr. Speaker, the only reason I take the floor is to keep the record straight. The members of the Committee on Rules are used to having the "buck" passed to them. They stand the pressure from all over the country. This is one instance, however, where I do not want the RECORD to fail to show the truth. This bill has been in the Committee on Rules for several months. I feel sure that if the amendment offered here to-day had been offered and accepted before the Committee on Rules, the bill would have been reported out on the floor long ago. I never heard any opposition to the bill, not even from the gentleman from South Dakota [Mr. JOHNSON], except to that clause relating to parents. As I recall, there was unanimous opposition to including parents.

To my surprise a suggestion has been made here to-day that if we pass the bill now with that provision out of the bill, an attempt will be made to put it back in the Senate by the proponents of the bill, who are now content to accept the bill with the amendment. I submit the question to the House as to whether that is entirely fair with the House which now proposes to pass the bill upon the theory that the widows and orphans of the World War veterans are the only ones to be taken care of.

I am very glad to see the bill come out here on the floor and to see the proponents of the bill finally accept the constant suggestion of the Committee on Rules that this new departure in respect to parents be eliminated. The elimination of that motion is undoubtedly what made it possible to bring the bill on the floor to-day, and no attempt should be made to break faith with the House.

Mr. RANKIN. Mr. Speaker, I have only one more speaker and I shall expect him to close the debate.

Mr. JOHNSON of South Dakota. Mr. Speaker, I yield two minutes to the gentleman from Missouri [Mr. DYER].

Mr. DYER. Mr. Speaker, this Government of ours almost from the beginning of its history has been liberal to veterans of wars and their dependents. We are doing in this bill in a measure only what we have done for the veterans and dependents of other wars. We must realize, and the people of the country must realize, that when they vote for war and throw the Nation into war and send our young men to fight and die and be disabled, there will be enacted by the American Congress liberal pension laws for dependents. [Applause.] If the American people do not want this policy continued, then they ought to be slow in throwing our country into war, especially into a war like the World War, where the suffering was so intense, and where we lost so many of our splendid youths upon the fields of battle, which brought such sorrow to the homes of thousands of our American fathers and mothers.

The World War was a great mistake so far as we of the United States were concerned. We should not have permitted ourselves to become entangled in the conflicting ambitions of the monarchies of the Old World. The reelection of President Wilson in 1916 on the platform "He kept us out of war" was the sober judgment of the American people as to whether we should enter that war. However, the pressure of the profiteer and the international banker who were solely concerned about the security of their European loans, together with the sensational exaggerations of a partially subsidized press, swept the President and Congress off their feet, and we became engulfed in a conflict that cost

the lives of 10,000,000 human beings, representing the very flower of the world's young manhood.

The mobilized forces of the United States in the World War reached the enormous total of 4,355,000 men. Of this number, 126,000 made the supreme sacrifice and now sleep the sleep of eternity. The wounded American casualties amounted to 235,000, many of whom died of their wounds or were either partially or wholly incapacitated. Aside from these frightful fatalities, our late European allies still owe us to-day, after a most liberal policy of refunding, the staggering sum of $11,280,000,000 and from present indications the repayment of this loan, the major portion of which was made for rehabilitation purposes after the signing of the armistice, is exceedingly doubtful. Under the selfish leadership of France the United States seems to be anathema in all the countries of Europe. Our contribution to the World War in men and money is forgotten, and we are looked upon as a sort of international Shylock.

As the direct aftermath of the war the whole world is now suffering from one of the greatest depressions in history. The very foundations of our industrial civilization seem to be crumbling. The cost of government is mounting, taxes and unemployment are increasing, and everything seems to be topsy-turvy. Prohibition, which was surreptitiously forced on the public during the war, has given us the bootlegger, kidnaper, gangster, and racketeer. It has added materially to unemployment, filled our jails, enriched Capone and his gang, corrupted many public officials, undermined respect for law, and deprived the Federal Treasury of an annual revenue approximating $1,000,000,000.

If we had not foolishly entered this World War, the United States would still be riding the crest of prosperity. There would be no necessity for balancing the Budget, as we would have had a surplus instead of a deficit in the Treasury, and we would not now be confronted either with the distressing problem of unemployment or the evils of a prohibitory law that is incapable of enforcement. But above all, there would be no pain to-day in the hearts of millions of mothers whose precious boys now sleep under the poppies on the hillsides of France, cruelly deprived of their God-given right to live their own lives of happiness and contentment.

The SPEAKER. The time of the gentleman from Missouri has expired.

Mr. JOHNSON of South Dakota. Mr. Speaker, I had not intended to speak further upon this subject and would not have done so, had it not been for the remarks of the gentleman from Oklahoma [Mr. JOHNSON], who apparently finds great fault with my attitude toward the service men. Of course, that gentleman has not been present during all of the years since the World War, and he is not familiar, perhaps, with all of the record. Had he been familiar with it, he would not have been so apt to make the statement he did. It happens that most of the bills affecting service men that have been enacted, until a very recent time, I have drawn and supported, but 25 per cent of the income of the United States is now paid out for service men, and there comes a time when there is a limit. I know when the limit is reached, though others may not know when it is reached. There comes a time when the people of the country can raise only a certain amount of money through taxation. Laws have been passed, when we had plenty of money in the Treasury, which should to-day be repealed. Some of them are in the economy measure which will come before the House to-morrow.

I have every sentiment for the service man. I ought to have, because I am perhaps better acquainted with the real service man of the World War than many of those who shed so many tears for him, but I know that the laws ought to be revised by some commission, so that equal justice is done to the veterans of all wars.

The provision in the economy measure ought to be retained, and this bill ought to be held up until it can be drafted so as to treat fairly the widows of all wars, and until we know where the money will come from.

The SPEAKER. The time of the gentleman from South Dakota has expired.

Mr. RANKIN. Mr. Speaker, I yield the balance of my time to the gentleman from Tennessee [Mr. COOPER].

Mr. COOPER of Tennessee. Mr. Speaker, it shall not be my purpose to engage in the controversies back and forth relative to the method employed for the consideration of this legislation.

It occurs to me that this is a matter of such far-reaching consequence and such great importance to the widows and orphans of the veterans of the World War that we should consider it without engaging in any matters of that kind.

The history of pension legislation goes back to the beginning of this Government. Legislation heretofore passed which granted benefits to the veterans of all wars in which our Nation has engaged has made provision for the widows and orphans of the men of all prior wars, and to-day we simply ask, in a measure, the same degree of consideration for the widows and orphans of our comrades of the World War as has been accorded to the veterans of other wars.

Mr. ALLGOOD. Will the gentleman yield?

Mr. COOPER of Tennessee. I yield.

Mr. ALLGOOD. Is there not as much justice in passing this measure for the widows and orphans as there was in passing the disability allowance for the soldiers themselves?

Mr. COOPER of Tennessee. Absolutely. It is true this measure does not provide the same degree of allowance for widows and orphans of World War veterans as is now provided by law for the widows and orphans of the veterans of other wars, yet we do take into consideration the fact that this is the beginning of this type of legislation and it should be equalized so that the beneficiaries may all receive the same degree of consideration.

I am glad that the provision which is eliminated by way of amendment has been taken out. I yield to no man in interest or in sympathy for the parents of my comrades of the World War, but we should remind ourselves of the fact that neither this nor any other country in the world has ever embarked upon a pension policy providing a pension for the parents of veterans of a war who did not die of a service-connected disability. The parents are now provided with dependency compensation when their son died of a service-connected disability.

I do not favor the so-called needs clause in this bill and opposed it in the committee and hope it will be eliminated before the final passage of the bill in the Senate. Experience has shown that the inclusion of such a provision does not result in any saving to the Government in the cost of the legislation. Such provisions have been included in this type of legislation in the past and have later been eliminated upon the recommendation of the Government officials charged with the responsibility of administering the act.

While this bill is not exactly what I would prefer, I am so anxious to secure the passage of legislation providing for these widows and orphans of the World War veterans that I am willing to accept the bill as offered for passage with the hope that some changes may be made later.

The bill provides an allowance of $20 per month for the widow of a World War veteran. It provides in the case where a veteran leaves a widow and one child the sum of $26 per month, with $6 for each additional child. If the veteran leaves no widow but one child, $20 per month, with $6 for each additional child.

I am happy to have the privilege of raising my voice in support of the passage of this legislation. To-day the pale faces of the widows and orphans of the World War veterans are turned in anxious anticipation to the Congress of their Nation, and I sincerely hope their appeal will be granted and this legislation passed.

The SPEAKER. The time of the gentleman from Tennessee has expired. All time has expired.

The question is on suspending the rules and passing the bill.

Mr. RANKIN. Mr. Speaker, I ask for the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 316, nays 16, not voting 99, as follows:

[Roll No. 61]

YEAS—316

Adkins	Dowell	Kinzer	Reed, N. Y.
Allen	Doxey	Kniffin	Reid, Ill.
Allgood	Driver	Kopp	Reilly
Almon	Dyer	Kunz	Rich
Amlie	Eaton, Colo.	Kurtz	Robinson
Andresen	Eaton, N. J.	Kvale	Rogers, N. H.
Andrew, Mass.	Ellzey	LaGuardia	Romjue
Andrews, N. Y.	Englebright	Lambertson	Sanders, N. Y.
Arentz	Erk	Lambeth	Sanders, Tex.
Arnold	Eslick	Lamneck	Sandlin
Auf der Heide	Fernandez	Lankford, Ga.	Schafer
Ayres	Finley	Lankford, Va.	Schuetz
Bacharach	Fish	Larsen	Seger
Bachmann	Fishburne	Leavitt	Selvig
Baldrige	Fitzpatrick	Lehlbach	Shallenberger
Bankhead	Flannagan	Lewis	Shannon
Barbour	Foss	Lichtenwalner	Shott
Barton	Frear	Lonergan	Shreve
Beam	French	Loofbourow	Simmons
Bland	Fulbright	Lovette	Sinclair
Blanton	Fuller	Lozier	Smith, Idaho
Bloom	Fulmer	McClintic, Okla.	Smith, W. Va.
Bohn	Garrett	McClintock, Ohio	Snow
Boileau	Gasque	McCormack	Somers, N. Y.
Boland	Gibson	McDuffie	Sparks
Bowman	Gifford	McFadden	Spence
Brand, Ga.	Gilbert	McGugin	Stafford
Briggs	Gilchrist	McKeown	Stalker
Britten	Glover	McLaughlin	Steagall
Browning	Goldsborough	McLeod	Stevenson
Brumm	Goss	McReynolds	Stewart
Buchanan	Granfield	McSwain	Stokes
Buckbee	Green	Maas	Strong, Kans.
Bulwinkle	Greenwood	Magrady	Strong, Pa.
Burdick	Gregory	Major	Sumners, Tex.
Burtness	Griffin	Maloney	Sutphin
Busby	Guyer	Manlove	Swank
Butler	Hadley	Mansfield	Swanson
Byrns	Haines	Mapes	Sweeney
Cable	Hall, Miss.	Martin, Mass.	Swick
Campbell, Iowa	Hall, N. Dak.	Martin, Oreg.	Swing
Cannon	Hancock, N. Y.	May	Taber
Carden	Hardy	Mead	Tarver
Carter, Wyo.	Hare	Michener	Taylor, Colo.
Cary	Harlan	Miller	Taylor, Tenn.
Cavicchia	Hart	Mitchell	Temple
Chavez	Hartley	Mobley	Thomason
Chiperfield	Hastings	Montet	Thurston
Christgau	Haugen	Moore, Ky.	Tierney
Christopherson	Hawley	Morehead	Tilson
Clancy	Hess	Mouser	Timberlake
Cochran, Mo.	Hill, Ala.	Nelson, Me.	Turpin
Collier	Hill, Wash.	Nelson, Mo.	Underwood
Collins	Hoch	Niedringhaus	Vinson, Ga.
Colton	Hogg, Ind.	Nolan	Vinson, Ky.
Condon	Hogg, W. Va.	Norton, Nebr.	Warren
Connery	Holaday	Norton, N. J.	Wason
Connolly	Hooper	O'Connor	Watson
Cooper, Ohio	Hope	Oliver, Ala.	Weaver
Cooper, Tenn.	Hopkins	Overton	Welch, Calif.
Cox	Horr	Parker, Ga.	Welsh, Pa.
Coyle	Howard	Parker, N. Y.	West
Crail	Huddleston	Parks	White
Crisp	Jacobsen	Parsons	Whitley
Cross	James	Partridge	Whittington
Crosser	Johnson, Mo.	Patman	Wigglesworth
Crowe	Johnson, Okla.	Peavey	Williams, Mo.
Crowther	Johnson, Tex.	Person	Williams, Tex.
Crump	Johnson, Wash.	Pettengill	Wilson
Culkin	Jones	Pittenger	Wingo
Darrow	Kading	Polk	Withrow
Davis	Kahn	Pratt, Harcourt J.	Wolcott
Delaney	Karch	Ragon	Wolverton
De Priest	Keller	Rainey	Wood, Ga.
DeRouen	Kelly, Ill.	Ramseyer	Woodruff
Dickinson	Kelly, Pa.	Ramspeck	Wright
Dies	Kemp	Rankin	Wyant
Dominick	Kennedy	Ransley	Yates
Doughton	Ketcham	Rayburn	Yon

NAYS—16

Aldrich	Davenport	Houston, Del.	Montague
Beck	Douglas, Ariz.	Hull, Morton D.	Snell
Carter, Calif.	Evans, Calif.	Johnson, S. Dak.	Thatcher
Clarke, N. Y.	Free	Luce	Woodrum

NOT VOTING—99

Abernethy	Canfield	Cole, Md.	Drane
Bacon	Carley	Cooke	Drewry
Beedy	Cartwright	Corning	Estep
Black	Celler	Cullen	Evans, Mont.
Boehne	Chapman	Curry	Fiesinger
Bolton	Chase	Dallinger	Freeman
Boylan	Chindblom	Dickstein	Gambrill
Brand, Ohio	Clague	Dieterich	Garber
Brunner	Clark, N. C.	Disney	Gavagan
Burch	Cochran, Pa.	Douglass, Mass.	Gillen
Campbell, Pa.	Cole, Iowa	Doutrich	Golder
Goodwin	Kleberg	Oliver, N. Y.	Sirovich
Griswold	Knutson	Owen	Smith, Va.
Hall, Ill.	Lanham	Palmisano	Sullivan, N. Y.
Hancock, N. C.	Larrabee	Perkins	Sullivan, Pa.
Hollister	Lea	Patterson	Summers, Wash.
Holmes	Lindsay	Pou	Tinkham
Hornor	Linthicum	Prall	Treadway
Hull, William E.	Ludlow	Pratt, Ruth	Tucker
Igoe	McMillan	Purnell	Underhill
Jeffers	Millard	Rogers, Mass.	Weeks
Jenkins	Milligan	Rudd	Williamson
Johnson, Ill.	Moore, Ohio	Sabath	Wolfenden
Kendall	Murphy	Schneider	Wood, Ind.
Kerr	Nelson, Wis.	Seiberling	

So (two-thirds having voted in favor thereof) the rules were suspended and the bill was passed.

The Clerk announced the following pairs:

Until further notice:

Mr. Gillen with Mr. Purnell.
Mr. Gavagan with Mr. Wood of Indiana.
Mr. Griswold with Mrs. Rogers.
Mrs. Owen with Mr. Estep.
Mr. Canfield with Mr. Millard.
Mr. Black with Mr. Hollister.
Mr. Larrabee with Mr. Perkins.
Mr. Corning with Mr. Underhill.
Mr. Dietrich with Mrs. Pratt.
Mr. Prall with Mr. Bacon.
Mr. Tucker with Mr. Wolfenden.
Mr. Drane with Mr. Goodwin.
Mr. Hornor with Mr. Jenkins.
Mr. Jeffers with Mr. Golder.
Mr. Sullivan of New York with Mr. Sullivan of Pennsylvania.
Mr. Lea with Mr. Holmes.
Mr. Brunner with Mr. Seiberling.
Mr. Kleberg with Mr. Cochran of Pennsylvania.
Mr. Boylan with Mr. Freeman.
Mr. Clark of North Carolina with Mr. Curry.
Mr. Oliver of New York with Mr. Knutson.
Mr. Celler with Mr. Moore of Ohio.
Mr. Gambrill with Mr. Doutrich.
Mr. Fiesinger with Mr. Brand of Ohio.
Mr. Sabath with Mr. William E. Hull.
Mr. Dickstein with Mr. Nelson of Wisconsin.
Mr. Chapman with Mr. Cooke.
Mr. Douglass of Massachusetts with Mr. Garber.
Mr. Linthicum with Mr. Beedy.
Mr. Milligan with Mr. Chindblom.
Mr. Cullen with Mr. Cole of Iowa.
Mr. Pou with Mr. Kendall.
Mr. Lindsay with Mr. Treadway.
Mr. Kerr with Mr. Dallinger.
Mr. Rudd with Mr. Johnson of Illinois.
Mr. Burch with Mr. Williamson.
Mr. Lanham with Mr. Hawley.
Mr. Disney with Mr. Murphy.
Mr. McMillan with Mr. Hall of Illinois.
Mr. Smith of West Virginia with Mr. Weeks.
Mr. Drewry with Mr. Summers of Washington.
Mr. Boehne with Mr. Clague.
Mr. Cole of Maryland with Mr. Campbell of Pennsylvania.
Mr. Hancock of North Carolina with Mr. Schneider.
Mr. Ludlow with Mr. Chase.
Mr. Carley with Mr. Bolton.
Mr. Sirovich with Mr. Palmisano.
Mr. Abernethy with Mr. Igoe.

Mr. COOPER of Tennessee. Mr. Speaker, I am requested to state that the gentleman from Massachusetts, Mr. DOUGLASS, is unavoidably detained. If he were permitted to be present, he would vote "yea."

Mr. MARTIN of Massachusetts. Mr. Speaker, my colleague, Mrs. ROGERS, is absent on Government business. If she were present, she would vote "yea."

Mr. COOPER of Ohio. Mr. Speaker, my colleague, Mr. MOORE of Ohio, is unavoidably absent on account of illness. Had he been present, he would have voted "yea."

Mr. VINSON of Kentucky. Mr. Speaker, I would like to make a similar announcement in behalf of my colleague, Mr. CHAPMAN.

Mr. RANKIN. Mr. Speaker, I desire to state that the gentleman from North Carolina, Mr. HANCOCK, is unavoidably absent. If he were present, he would have voted "yea."

Mr. CARTWRIGHT. Mr. Speaker, I listened to the debate on this bill, but stepped out of the Chamber during the roll call.

The SPEAKER. The gentleman does not qualify.

Mr. CARTWRIGHT. If permitted to vote, I would vote "yea."

Mr. WHITE. Mr. Speaker, my colleague, Mr. JENKINS, is unavoidably absent on account of illness. If present, he would vote "yea."

Mr. SUMMERS of Washington. Mr. Speaker, I was called out of the Chamber. If permitted to vote, I would vote "yea."

The result of the vote was announced as above recorded.

EXTENSION OF REMARKS—PENSIONS FOR WORLD WAR WIDOWS

Mr. GUYER. Mr. Speaker, this one measure, even in the desperate situation of the Federal Treasury, I can heartily approve. If there is any one class of persons more worthy of a pension than the widows and orphans of World War veterans, I do not know of it. It is true that it was a quarter of a century before widows of Civil War soldiers were granted pensions and 16 years before widows of Spanish War veterans were so favored. In each of these cases the pensions were small, but at that time were deemed adequate.

It has been 12 years now since the World War was terminated, but in these days of lack of employment thousands of World War widows with children are suffering privation, and the children undernourishment, which does not speak well for the chivalry of a Nation which has provided so lavishly for both service-connected disabilities of veterans and those disabled not in the line of duty.

Personally, I would have preferred the Gasque bill, which makes provision for all war widows of all wars alike and for dependent children. This bill is safeguarded by the provision that where a widow has a net income of $250 besides her labor, she is not entitled to the benefits under it. It also provides that she is not entitled to a pension unless she lived with her soldier husband for five years prior to his death, or was married to him prior to January 1, 1925. The reasons for these provisions are obvious and are the results of compromises between those who differed in the committee as to the details of the law.

I regret the provision for dependent parents was eliminated, for no doubt every Member, as I have, has had brought to his attention cases where a mother has been left helpless by the death of her son who was her only hope for support in old age. It is my contention that when that mother has sacrificed her son on the altar of her country, thereby losing not only his companionship and comfort but also her support, which every boy worthy of the name of son is glad to lavish upon his mother, her country should of right, as far as it can, repay her for her overwhelming loss, to reward her devotion and sacrifice by the only means in its power to lighten the burden her son would have considered it a high privilege to bear. Again I express my regret at this omission which at some more propitious time may be included.

But this bill makes an honest effort to do justice to those whom this great Government owes a debt of everlasting gratitude. No one in this Congress is more anxious for economy legislation than I nor more chagrined at the evident failure to enact speedily a real economy program, yet I do not want to see injustice meted out to these deserving and more or less helpliess widows and children in the name of economy. They deserve the protection of this Government if anyone does.

For of all who suffer in time of war and in the lonely years that follow it, none, it seems to me, bear such a heavy burden as the women whose lives fall within the shadow of its dread desolation. To them there is no beat of battle drum that stirs the heart where the hell of battle plunges. Only the dull dread of what must always befall some of those who fight for their country. Long ago we used to read in our old school readers a poem by Thomas Buchanan Read, which so aptly and beautifully expresses this thought, that I quote it not only to impress the truth to which I have referred but also to revive the memories that cluster around the light of other years:

THE BRAVE AT HOME

The maid who binds her warrior's sash,
  With smile that well her pain dissembles,
The while beneath her drooping lash
  One starry teardrop hangs and trembles,
Though heaven alone records the tear,
  And fame shall never know her story,
Her heart has shed a drop as dear
  As e'er bedewed the field of glory!

The wife who girds her husband's sword
  'Mid little ones who weep or wonder,
And bravely speaks the cheering word,
  What though her heart be rent asunder,
Doomed nightly in her dreams to hear
  The bolts of death around him rattle,
Hath shed as sacred blood as e'er
  Was poured upon the field of battle!

The mother who conceals her grief,
  While to her breast her son she presses,
Then breathes a few brave words and brief,
  Kissing the patriot brow she blesses,
With no one but her secret God
  To know the pain that weighs upon her,
Sheds holy blood as e'er the sod
  Received on freedom's field of honor!

Mr. HALL of Mississippi. Mr. Speaker, I am glad to indorse legislation granting pensions to the dependent widows and children of our World War veterans, because I feel that it is the duty of the Federal Government to help take care of them. It is said that dancers must pay the fiddler. We knew when we sent our soldiers off to war that sooner or later we would have to grant allowances to their dependent widows and orphans; therefore it behooves Congress to accept this responsibility without quibbling over it. Since Congress has granted liberal pensions to the widows and orphans of veterans of all former wars involving this country, there is no good reason why the widows and orphans of our World War veterans should be denied similar benefits.

Under the provisions of the present law only the widows and orphans of World War veterans dying from service-connected disabilities are entitled to pensions. This amendment eliminates that inequality. Whether or not death results from service-connected disabilities, the dependent widows and orphans of those valiant soldiers who left their homes and families and jobs and crossed the Atlantic to fight on foreign soil are entitled to allowances. I am glad this measure places all widows and orphans of World War veterans on an equal footing.

I can not imagine anything more pitiful than the plight of the widow or children of a World War veteran who have become public charges or who must eke out a mere existence with insufficient means for obtaining the bare necessities of life. Nor is there any justification for the Government leaving them to such a fate.

There is opposition to passing this measure at the present time because of unfavorable economic conditions. Neither the veterans nor their widows and orphans are responsible for the prevalence of the worst financial panic in the annals of this country. I am for strict economy in government; but when this country becomes so broke it can not afford a small pension for the widows and orphans of our war veterans, it might as well declare itself bankrupt and have it over with.

There is opposition to this bill because its administration will cost some money. But there was no opposition to our entrance into the World War on that ground. As a matter of fact, the entire resources of the country were pledged for financing our participation in that conflict. To oppose the granting of these allowances because of the cost involved is nothing more or less than beggaring patriotism.

The real truth is the pensions allowed, under the terms of this bill, are the least that the richest and most powerful nation under the sun could provide without losing face completely. I am quite sure its administration will not break the Treasury. It grants an allowance of $20 a month to the dependent widow of a veteran who served at least 90 days during the period of the World War and $6 a month to each child under 16 years of age. One orphan is allowed $20 a month and each additional orphan $6 a month. A widow whose net income exceeds $250 a year is ineligible to participate in the benefits, and so is an orphan whose annual net income exceeds $400. I regret that this so-called "needs clause" is incorporated in this amendment. It is a travesty on justice to require the widows of our World War veterans to take the "pauper's oath" in applying for a pension. This is not required of the widows of veterans of any previous war. I am confident, however, that this objectionable

"needs clause" subsequently will be stricken out by amendment.

I can not understand why the administration should object so strenuously to this legislation. For that matter, I can not fathom the administration's attitude toward veterans' relief legislation generally. Practically every measure granting World War veterans a semblance of relief has had to hurdle a presidential veto. Not only does the Executive oppose such legislation, but he vetoes it in advance. I contend that it is anomalous for him to oppose the granting of relief to the distressed widows and orphans of our own World War veterans when he asked for and received from the Federal Treasury $100,000,000 for relieving distressed widows and orphans in Europe after the World War—distress thrust upon them by that dreadful holocaust.

Moreover, scores of Americans remained at home and piled up millions of dollars of excess war profits while our soldiers were fighting in France. During the last decade the administration has refunded excess war-profits taxes approximating a billion dollars. Regardless of the merits or demerits of these refunds, I contend that the dependent widows and orphans of the soldiers who did the actual fighting are more worthy to receive the allowances granted them under this measure. In my judgment, it is the height of ingratitude for those who have received excess war-profits tax refunds to voice opposition to the enactment of this law.

I repeat that I advocate this measure because I feel that the allowances granted to the dependent widows and orphans of our World War veterans are justifiable and meritorious. They should have been provided shortly after the end of the war. They will not bankrupt the Treasury; but they will enable the widows and orphans of World War veterans to keep soul and body together. No really patriotic American should object to the inconsequential appropriation required to administer the act. I am glad of the opportunity to cast my ballot in favor of the measure.

ARMY-NAVY FOOTBALL GAME

Mr. BANKHEAD. Mr. Speaker, I ask unanimous consent for the present consideration of a resolution, which I have sent to the Clerk's desk.

The SPEAKER. The gentleman from Alabama asks unanimous consent for the present consideration of a resolution, which the Clerk will report.

The Clerk read as follows:

House Resolution 210

Resolved, That it is the sense of the House of Representatives that in the event the football teams of the United States Military Academy and the United States Naval Academy engage in a contest this George Washington bicentennial year, the authorities in charge of the matter are hereby respectfully requested to use their good offices in having such contest in the city of Washington.

The SPEAKER. Is there objection to the present consideration of the resolution?

Mr. SNELL. Mr. Speaker, reserving the right to object, I would like to have the gentleman explain what he means by this resolution?

Mr. BANKHEAD. I spoke to the gentleman from New York about it. I realize this is a somewhat irregular procedure, but if the gentleman was present on the floor of the House a few days ago when I called attention to this matter, he would know that it seemed to meet with the universal approval of the Members who heard the suggestion I made. At that time I stated the reasons which actuated a request of this sort upon the part of those who were in charge of the bicentennial athletic contests in the city of Washington during the period of the bicentennial.

Mr. SNELL. This request is rather unusual.

Mr. BANKHEAD. I very frankly admit it is and I even admit it may trespass somewhat on the proprieties, but there was such a universal interest manifested in it that I felt I was warranted in offering the resolution.

Mr. TILSON. Will the gentleman yield?

Mr. BANKHEAD. Yes.

Mr. TILSON. Where does the gentleman think such a game could be held in the city of Washington?

Mr. BANKHEAD. I would be very glad to have the gentleman from New York [Mr. BLOOM], who is officially and personally interested, answer the inquiry of the gentleman from Connecticut.

Mr. BLOOM. At the baseball park.

Mr. TILSON. How many can be accommodated at the baseball park?

Mr. BLOOM. From thirty to thirty-five thousand people.

Mr. TILSON. That is a very small capacity for such a game.

Mr. BLOOM. I am informed they can accommodate 40,000 people by using the field.

Mr. SCHAFER. Will the gentleman yield?

Mr. BANKHEAD. Yes.

Mr. SCHAFER. I would like to ask if the resolution has the approval of the Economy Committee? From the standpoint of economy it would be better for the Treasury if they played this game at a stadium which will seat 80,000 or 90,000 people.

Mr. BANKHEAD. I will state to the gentleman that the Bicentennial Commission does not expect to ask any further appropriation out of the Federal Treasury. The matter of appropriations is behind us.

Mr. BLOOM. And this will not cost the Government a cent.

Mr. SCHAFER. Mr. Speaker, I shall have to object until the Economy Committee passes on this matter.

Mr. BANKHEAD. I hope my friend will not do that. This is merely a suggestion.

Mr. SCHAFER. The gentleman from New York [Mr. BLOOM] has indicated that this will not cost the Government of the United States directly or indirectly.

Mr. BLOOM. Not a cent.

Mr. LAGUARDIA. I will say to the gentleman it is better to have the game in the city of Washington in this ball park than to have it where the ticket speculators can make money out of it.

Mr. SCHAFER. In view of the statements of the two distinguished gentlemen from New York I shall withdraw my objection.

The SPEAKER. Is there objection to the request of the gentleman from Alabama?

Mr. GOSS. I object, Mr. Speaker.

GOVERNMENT EXPENDITURES

Mr. SWING. Mr. Speaker, on Saturday I put in the RECORD a letter from Du Pont Co. containing figures comparing the expenditures of the Government for 1927 and 1932. At that time I had hoped to ask leave to put in the RECORD a statement by the Budget analyzing these figures and showing that they presented an unfair and unjust picture. I now have that statement, and I ask unanimous consent to insert the statement in connection with my remarks and ask that it may go in the permanent RECORD following the Du Pont letter.

Mr. LAGUARDIA. Mr. Speaker, reserving the right to object, will the gentleman add that the Du Pont letter has been copied by many corporations throughout the country? There is an article in the Review of Reviews by a gentleman who is supposed to be informed, and corporations and banks and chambers of commerce have copied this letter, which is full of misinformation, purposely misleading on conditions with respect to the Budget, and they are circulating such misrepresentations throughout the country.

Mr. SWING. The gentleman's statement goes in the RECORD along with this request.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

CALENDAR WEDNESDAY BUSINESS

Mr. RAINEY. Mr. Speaker, it is very evident that if we are to adjourn before the conventions we must speed up the work of the House, and I therefore ask unanimous consent that Calendar Wednesday business this week be dispensed with.

Mr. JOHNSON of Washington. Mr. Speaker, reserving the right to object, I am not going to object, but I want to make a note that this thing has happened in every Congress for years and years, until Calendar Wednesday is almost worthless. The Committee on Immigration has not had a Calendar Wednesday call since 1922. I agree it is necessary to speed up, and I want to say to the Democratic leaders that I know they have the work to do, but, as a matter of fact, they are throwing these great big national problems across the plate a little too fast. With this statement, I shall not object.

The SPEAKER. Is there objection to the request of the gentleman from Illinois?

There was no objection.

ARMY-NAVY FOOTBALL GAME

Mr. BANKHEAD. Mr. Speaker, I understand the gentleman from Connecticut [Mr. Goss] is willing to withdraw his objection, and I therefore renew my request for the present consideration of the resolution which was read a little while ago.

The SPEAKER. Is there objection to the request of the gentleman from Alabama?

There was no objection.

The resolution was agreed to.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to Mr. GAVAGAN, at the request of Mr. KENNEDY, on account of illness.

CIVIL SERVICE RETIREMENT LEGISLATION

Mr. McCORMACK. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD on the subject of civil-service retirement.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

Mr. McCORMACK. Mr. Speaker, on May 22, 1920, after many years of discussion and agitation, the original retirement act for Federal employees of the Civil Service of the United States, known as Public, No. 215, Sixty-sixth Congress, was approved by President Wilson. This act became effective for retirement purposes 90 days subsequent to its approval, namely, August 21, 1920, and embraced within its provisions all employees of the Civil Service of the United States, together with certain other small groups of employees, specifically mentioned therein, who were actually in the service on its effective date or who subsequently established a civil-service status. It was not retroactive in any of its provisions and did not include employees who became absolutely separated from the service prior to August 21, 1920.

Briefly stated, all employees to whom the act applied, who had rendered an allowable service to the Government of at least 15 years and had attained the statutory retirement age of 70, were retired on annuities ranging in amount from $180 or less to the maximum of $720 per annum, the computation of the annuity being based upon a certain percentage of the average annual basic salary received by the employee for the last 10 years of active service and the number of years of service rendered. Under the terms of this act, when an employee reached 70 years of age and had not served a total period of 15 years, he, nevertheless, was automatically separated from the service. Letter carriers, postal clerks, and mechanics retired at 65 years of age, and railway mail clerks at 62.

The total number of annuitants on the retirement roll at the expiration of the first fiscal year, June 30, 1921, was 6,471, the average annual annuity rate amounting to $568.44. The disbursements covering this period for the payment of refunds, annuities, and allowances amounted to $2,913,000. The total receipts by transfer on the books of the Treasury Department to the credit of the civil-service retirement and disability fund for the year ended June 30, 1921, together with interest, and so forth, amounted to over $12,500,000.

Deductions from the salaries of employees under the purview of the act, numbering approximately 300,000, began on August 1, 1920, at the rate of 2½ per cent of the basic salary, pay, or compensation. At the end of the first fiscal year, or a period of 11 months, under the operation of the retirement system, after paying out of the fund refunds of deductions, annuities, and allowances, there was a balance in excess of $9,000,000 in the civil-service retirement and disability fund, invested by the Secretary of the Treasury under specific authority of the retirement act.

The scope of the original retirement act was broadened and liberalized by an Executive order issued June 7, 1922, extending retirement benefits to certain groups of unclassified laborers whose basic salaries exceeded $600 per annum.

An amendment approved June 17, 1922, included in the act charwomen, laborers, and other employees, whether classified or unclassified, employed on a regular basis, whose basic salary was at a rate less than $600 per annum.

An amendment to the retirement act, approved September 22, 1922, was designed primarily to provide an annuity under restricted conditions for those employees who, after long years of service, become involuntarily separated from the service, through no fault or delinquency on their part, before reaching the prescribed retirement age.

Annuities granted under the terms of this amendment are computed on a percentage basis; that is, allowances are made on a percentage of the amount the employee otherwise would be entitled to receive had he reached the statutory retirement age of the position occupied.

The act of July 3, 1926, otherwise known as Public, No. 522, Sixty-ninth Congress, became effective July 1, 1926. This act amended and replaced the act of May 22, 1920, and amendments thereof and at the same time continued the retirement system, but under several changed conditions. Eligibility for superannuation retirement was fixed at 62, 65, and 70 as theretofore. Laborers formerly eligible at 70 years of age became eligible at 65 and employees engaged in hazardous occupations or in occupations which required great physical effort or which necessitated exposure to extreme heat or cold became eligible at 62. Employees who had rendered 15 years of service in the Tropics likewise became eligible at 62, sea post clerks and village letter carriers at 65 years.

A new feature in connection with applications for continuance in the service was incorporated in this act to the effect that it did not contemplate automatic separation upon reaching retirement age unless the employee had rendered at least 15 years of service.

Several groups of employees formerly not within the purview of the act were included in this new act, one particular group being postmasters of the first, second, and third classes who had been promoted, appointed, or transferred from the classified civil service.

The act of July, 1926, established an entirely new method of computing annuities, the formula prescribed being the multiplication of the average annual basic salary received by the employee, not exceeding $1,500 per annum, during the last 10 years of allowable service by the number of years of service, not exceeding 30, and dividing the result by 45, the annuity being fixed at the nearest multiple of 12 and in no case to exceed $1,000 per annum.

The method of computing accredited service provided that "in determining the aggregate period of service upon which the annuity is to be based the fractional part of a month, if any, in the total service shall be eliminated." This method was a radical change from the one theretofore provided which, under the act of May 22, 1920, divided service rendered into 3-year periods.

For instance, if an employee had rendered in the aggregate 29 years 11 months and 20 days' service, he would, under the terms of the original law, be credited with 27 years only, as class A, under the old law, included employees who had served the United States for a total period of 30 years or more; class B, included employees serving 27 years or more, but less than 30 years; class C, 24 years or more, but less than 27; class D, 21 years or more, but less than 24;

class E, 18 years or more, but less than 21 years; and class F, 15 years or more, but less than 18 years.

Another new provision in this act, and which established a new practice, dealt with credit for leaves of absence, as follows:

So much of any leaves of absence as may exceed six months in the aggregate in any calendar year shall be excluded, and in the case of substitutes in the Postal Service credit shall be given from date of original appointment as substitute.

Section 10 of the new act provided an increase in the contributions of the employees from 2½ to 3½ per cent of the basic salary, pay, or compensation beginning July 1, 1926.

A new feature concerning retirement on account of total disability required the applicant to execute the application prior to separation from the service or within six months thereafter.

Under the former law, the maximum amount of accumulated deductions and so forth which could be paid, in the event of the death of the employee or annuitant, without administration was $300, and when no executor or administrator was appointed, it was necessary for the claimant to wait 90 days from date of death before settlement of the claim could be made. Under the terms of the July act, such limitation was increased to $1,000 and when no executor or administrator was appointed, authority was given to settle such claim at the expiration of 30 days from date of death.

The amount transferred to the civil-service retirement and disability fund for the fiscal year 1926 (under the operation of the original act), was over $20,000,000, including interest. Disbursements totaled over $10,000,000 for this particular year and there was a balance in the retirement fund amounting to over $54,600,000, June 30, 1926. Thus, after approximately six years of operation of the retirement system, there were over 12,500 annuitants on the roll receiving an average annual annuity rate of $545, more than 10,200 on account of age, and over 2,200 on account of total disability.

It became necessary to readjudicate and recompute over 12,500 cases of annuitants on the roll under the terms of the act of July, 1926, as that law provided that the benefits thereof should be extended to those already retired. As a result, a large proportion of the annuitants received a substantial increase in their annuities. It is significant to point out that the average annuity on June 30, 1926, under the original act of May 22, 1920, was $545.57, whereas the average on June 30, 1927, under the act of July 3, 1926, was $721.39, an increase of a little more than 32 per cent. At the close of the fiscal year 1927 it was developed that of the total number of annuitants on the roll a little more than 19 per cent were receiving the maximum provided under the act of July, 1926. More retirement claims were filed during the first year of the July act than during any other preceding fiscal year with the exception of 1921. No doubt the higher rate of annuities provided thereunder had a marked influence on the result. More claims for retirement on account of total disability were filed in 1927 than in any of the years immediately preceding.

On May 29, 1930, an act amending the act of July 3, 1926, providing for the retirement of employees in the classified civil service was approved by the President. This act became effective July 1, 1930, and retains many provisions of prior laws, but there are several changes of vital importance. It reduces the age of superannuation retirement of certain groups of employees, and also provides optional retirement two years earlier in all cases where the employee has rendered at least 30 years' service. Section 2 of the act relates to automatic separation from the service upon reaching retirement age unless the employee is certified for extension. Prior laws provided that no one should be continued in the service for more than four years beyond retirement age after August 20, 1930. The new law makes possible still further extension in cases where the services of the employee are needed by reason of expert knowledge and special qualifications. This new act provides an entirely new method for the computation of annuities, and is the most important departure from the prior law.

A new feature regarding disability retirement is the extension of retirement benefits to employees otherwise entitled who shall have rendered a service to the Government of not less than five years, and retains the provision of the act of July 3, 1926, that the claim for total disability must be executed prior to the applicant's separation from the service or within six months thereafter.

The act of April 23, 1930, Public, No. 165, Seventy-first Congress, provides for a uniform date of retirement. In other words, all retirement of Federal personnel of whatever class—civil, military, naval, judicial, legislative, or otherwise—shall take effect on the 1st day of the month following the date of eligibility for retirement.

There were 22,650 annuitants on the roll at the end of the fiscal year June 30, 1931—15,357 on account of age, 4,947 on account of total disability, 1,374 by reason of involuntary separation, and 972 optional after 30 years of service—and the average annuity paid under the act of May, 1930, was $952 per annum, as compared with $759 for the last year under the July act; 33.7 per cent were receiving $1,200 per annum and 66.3 per cent less than that amount. It is significant to mention that under the act of May 29, 1930, there is really no maximum annuity and that as time goes on the rate will increase until it will be possible to receive as much as $2,500 per annum or more.

Section 4 of this new act, which prescribes the method of computing annuities, provides that a sum equal to $30 for each year of service, not exceeding 30, shall be allowed, to which shall be added the amount of annuity purchasable with the sum to the credit of the employee's individual account, together with interest at 4 per cent compounded annually on June 30 of each year, but it is further provided that in no case shall the annuity paid be less than an amount equal to the average annual basic salary, pay, or compensation, not to exceed $1,600 per annum, received by the employee during any five consecutive years of allowable service at the option of the employee, multiplied by the number of years of service, not exceeding 30 years, and divided by 40.

This new act of May 29, 1930, likewise provided that the benefits thereof be extended to all employees heretofore retired, which resulted in giving an increase in annuity to over 17,000 retired former employees.

The maximum life annuity to which an employee is entitled retiring at the present time, after 30 years of allowable service and an average annual basic salary of $1,600 per year or more for the best five consecutive years of allowable service, is $1,200.

There are now approximately 450,000 employees under the purview of the civil service retirement act, and the contributions by these employees to the civil-service retirement and disability fund for the fiscal year ended June 30, 1931, amounted to over $29,600,000.

During the operation of the civil-service retirement system the employees of the Government have contributed to the civil-service retirement and disability fund an amount in excess of $228,700,000 up to June 30, 1931. Interest and profits on the investments have exceeded $30,800,000. Miscellaneous receipts reached a sum amounting to over $1,000,000, and the appropriations by Congress have totaled over $61,000,000, thus showing total receipts to be in excess of $322,000,000. Out of that has been paid in annuities to retired employees an amount in excess of $96,000,000, refunds to employees separated from the service an amount of more than $35,000,000, and direct settlements by the General Accounting Office equaled over half a million dollars. Total disbursements to June 30, 1931, amounted to over $131,000,000, and the balance in the fund on June 30, 1931, was over $191,000,000 as compared with over $156,000,000 at the end of the fiscal year 1930.

THOMAS JEFFERSON AND RELIGIOUS FREEDOM

Mr. JOHNSON of Oklahoma. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD by printing an address recently delivered in the city of Washington by the present Governor of Virginia, Hon. John Garland Pollard, on Thomas Jefferson and Religious Liberty.

The SPEAKER. Is there objection to the request of the gentleman from Oklahoma?

There was no objection.

Mr. JOHNSON of Oklahoma. Mr. Speaker, recently in this city I had the pleasure of hearing Hon. John Garland Pollard, Governor of Virginia, deliver a very splendid address on Thomas Jefferson and Religious Freedom. Because of the historical information set forth in this unusual address, and because Governor Pollard is recognized as one of America's outstanding authorities on this subject, I requested the governor to furnish me a copy, which he was kind enough to do. Under the leave granted me I include the eloquent and informative address to be printed in the RECORD, as follows:

ADDRESS OF HON JOHN GARLAND POLLARD, GOVERNOR OF VIRGINIA, AT FIRST BAPTIST CHURCH, WASHINGTON, D. C., FEBRUARY 21, 1932

Thomas Jefferson and our Baptist forefathers were friends. With the early Baptists religious liberty was a part of their religion; with Jefferson it was a part of his political philosophy.

Thomas Jefferson was born into an intolerant world. Men were not allowed to worship God according to the dictates of their consciences; they could not attend a church of their own choosing but were compelled to attend the church established by law and were taxed to support that church. Ministers of other churches were fined, beaten, and imprisoned for no other offense than the preaching of the gospel.

Heresy was punishable by law, a Virginia statute specifically providing that if a person brought up in the Christian religion denies the being of God, or the Trinity, or asserts that there are more Gods than one, or denies the Christian religion to be true, or the Scripture to be of divine authority, he must be punished for the first offense with incapacity to hold office—on the second offense he was punished by three years' imprisonment without bail.

With the coming of the American Revolution and the adoption of the first constitution of Virginia, it was declared in the famous bill of rights that "all men are equally entitled to the free exercise of religion according to the dictates of conscience," but the Episcopal Church was left established by law and it was not until nine years later that Jefferson's Statute of Religious Liberty was passed, after a struggle which he described as being the severest in which he was ever engaged. This statute of which Jefferson was so justly proud is one of the world's great liberty documents, and belongs beside the Magna Charta, the Virginia Bill of Rights, and the Declaration of Independence. It is unique in that it carries upon its face the arguments upon which it was based and gives a faithful picture of the evils it was intended to correct. I ask your closest attention while I reverently read its immortal words:

"Whereas Almighty God hath created the mind free; that all attempts to influence it by temporal punishment or burthens or by civil incapacitations tend only to beget habits of hypocrisy and meanness and are a departure from the plan of the Holy Author of our religion, who being Lord both of body and mind yet chose not to propagate it by coercions on either, as was His almighty power to do.

"That the impious presumption of legislators and rulers, civil as well as ecclesiastical, who being themselves but fallible and uninspired men have assumed dominion over the faith of others, setting up their own opinions and modes of thinking as the only true and infallible, and as such endeavoring to impose them on others, have established and maintained false religions over the greatest part of the world and through all time.

"That to compel a man to furnish contributions of money for the propagation of opinions which he disbelieves is sinful and tyrannical, and even forcing him to support this or that teacher of his own religious persuasion is depriving him of the comfortable liberty of giving his contributions to the particular pastor whose morals he would make his pattern and whose powers he feels most persuasive to righteousness, and is withdrawing from the ministry those temporal rewards which, proceeding from an approbation of their personal conduct, are an additional incitement to earnest and unremitting labors for the instruction of mankind.

"That our civil rights have no dependence on our religious opinions any more than our opinions in physics or geometry.

"That therefore the proscribing any citizen as unworthy the public confidence by laying upon him an incapacity of being called to offices of trust and emolument, unless he profess or renounce this or that religious opinion, is depriving him injuriously of those privileges and advantages to which, in common with his fellow citizens, he has a natural right.

"That it tends only to corrupt the principles of that religion it is meant to encourage, by bringing, with a monopoly of worldly honors and emoluments, those who will externally profess and conform to it.

"That though those are criminal who do not withstand such temptation, yet neither are those innocent who lay the bait in their way.

"That to suffer the civil magistrate to intrude his powers into the field of opinion, and to restrain the profession or propagation of principles on supposition of their ill tendency, is a dangerous fallacy, which at once destroys all religious liberty, because he, being of course judge of that tendency, will make his opinions the rule of judgment and approve or condemn the sentiments of others only as they shall square with or differ from his own.

"That it is time enough for the rightful purposes of civil government for its officers to interfere when principles break into overt acts against peace and good order.

"And, finally, that truth is great and will prevail, if left to herself; that she is the proper and sufficient antagonist of error, and has nothing to fear from the conflict unless by human interposition disarmed of her natural weapons, free argument and debate; errors ceasing to be dangerous when it is permitted freely to contradict them.

"Be it enacted by the general assembly:

"That no man shall be compelled to frequent or support any religious worship, place, or ministry whatsoever.

"Nor shall be enforced, restrained, molested, or burthened, in his body or goods, nor shall otherwise suffer on account of his religious opinions or belief.

"But that all men shall be free to profess, and by argument to maintain, their opinions in matters of religion, and that the same shall in no wise diminish, enlarge, or affect their civil capacities.

"And though we well know that this assembly, elected by the people for the ordinary purposes of legislation only, have no power to restrain the acts of succeeding assemblies constituted with powers equal to our own, and that, therefore, to declare this act to be irrevocable would be of no effect in law, yet we are free to declare, and do declare, that the rights hereby asserted are the natural rights of mankind, and that if any act shall be hereafter passed to repeal the present or to narrow its operation such act will be an infringement of natural rights."

This statute, unchanged, is to-day a part of our Virginia Code, and its principles have been carried into our present constitution. When the statute was under discussion in the general assembly an incident occurred which clearly showed that the law was not intended for the protection of Christians only but for all mankind. An amendment was offered inserting the words "Jesus Christ" before the words "Holy Author of our religion," and the amendment was overwhelmingly defeated, and as our supreme court afterwards declared, "all religions were put on a footing of perfect equality; protecting all, imposing neither burdens or civil incapacities upon any; conferring privileges upon none, placing the Christian religion where it stood in the days of its purity before its alliance with the civil magistrate, and when its votaries employed for its advancement no methods but such as are congenial to its nature, proclaiming to all of our citizens that henceforth their religious thoughts and conversation shall be as free as the air they breathe, that the law is of no sect in religion, has no high priest but justice. Declaring to the Christian and the Mohammedan, the Jew and the Gentile, the Epicurean and the Platonist (if any there be among us) that so long as they keep within its pale all are equal objects of its protection."

To the minds of many, even to-day, religious liberty means liberty to Christian denominations only and to other religions simply toleration; but the word "toleration" has no place in our political vocabulary, for it carries with it an implication that we by our grace may extend to others the privilege of worshiping God as they may please, while as a matter of fact men do not worship God according to the dictates of their consciences by virtue of any man-given right. The gift is direct from God and is born with us. The state which undertakes to withhold that liberty is despotic and a state that assumes to grant it is presuming to dispense one of Heaven's gifts and has the seeds of despotism in its bosom.

Nor is this liberty of which we speak confined to religionists, for a man not only has the right to worship God in his own way, but he has an equal legal right not to worship Him at all. For as Jefferson asked, Why punish him in this life because you suppose he will be miserable in that life to come?

In the years immediately preceding the passage of the statute of religious liberty it had become conceded that the Episcopal Church should be entirely disestablished, and the opposition to Jefferson's proposal took the form of what was known as the general assessment bill, which provided for a tax to support all the churches but allowed each taxpayer to designate the particular church to which his taxes should be applied. The proposition seemed very plausible, and it looked as if it would be adopted, but here Jefferson's keen comprehension of the true meaning of religious liberty shone out above other statesmen of the day who had hitherto actively or passively supported his plan of disestablishment, and over the opposition of Washington, Henry, Pendleton, and Marshall, but with the earnest support of Madison, Jefferson saved his State from marring a great principle, for the general assessment bill compelled religious contributions. It would have reintroduced law and with it, force, its necessary concomitant, into the realm of religion. It would have denied the great truth that the state has no religious function, that religion is a matter between a man and his God, that religion is voluntary, while law rests on force, that error may need the support of government, that truth can stand by itself.

Like all men who think ahead of their times, Jefferson was misunderstood and grossly abused. His position on religious liberty was assailed with unrelenting bitterness by the pulpit and the press. When Jefferson was a candidate for President, Timothy Dwight, then president of Yale University, prophesied the most terrible consequences if the ungodly Virginian should rise to power. The extent of his bitterness may be seen in the picture he drew of the conditions which would follow Jefferson's election: "Bibles would be cast into bonfires, the vessels of the sacramental supper would be borne by an ass in public procession followed by our children chanting mockeries against God, our wives and daughters victims of legal prostitution, speciously de-

luded, outcasts of delicacy, united in the loathing of God and man." This was but illustrative of the abuse to which Jefferson was subjected on account of his fight for soul liberty, and this abuse took such lodgment in misguided minds that pious women in New England, when they heard that Jefferson was elected, buried their Bibles to keep Jefferson from burning them.

How woefully the great philosopher was misunderstood! No statesman ever made a greater contribution to the cause of true religion, the real essence of which he comprehended much more clearly than his detractors. They charged him with lack of reverence for religion, but, as Bryan once said, "He is irreverent who thinks that religion needs support of government, not he who thinks that religion can defend itself."

I wonder if any of those who so cruelly misrepresented Jefferson have ever invented a better method of judging others than that disclosed by the great man when he said, "I have ever judged the religion of others by their lives, for it is in our lives, not in our words, that our religion must be read." And again, "It is a fair inference that if a life has been honest and dutiful to society, the religion which regulated it can not be a bad one." And further, "To produce the fruits of piety is far more important than to explain them."

All religions are beneficiaries of Jefferson's great struggle, for history has proven that religion flourishes most under those governments which as such seek to help it least. And yet there are some to-day still unconvinced and are trying to invoke the strong arm of the law in aid of religion. These good people forget the truth so well stated by another, "Nothing is worse done than that which is ill done for religion; that must not be done in defense of religion which is contrary to religion." And here let me repeat that religion is voluntary—law rests on force. Enforced religion is no religion at all.

Of all the wonderful sentiments which came from the heart and mind of Jefferson, there is one that grips my soul as none other. Said he, "I have sworn on the altar of God eternal hostility against every form of tyranny over the mind of man." Note that his hostility was against every form of tyranny over the mind. There was a tyranny of law, now happily passed away, but there remains in all its cruelty a tyranny which proscribes, ostracizes, denounces, and condemns those who dare think for themselves. The spirit of religious liberty will never be completely enthroned until men have a more decent regard for the opinions of others.

True, all now concede the rights of conscience; but often it is a reluctant concession, a reluctance which seemingly says, "Yes; true you have the right to make a fool of yourself; but as you do not agree with me, you are abusing your privilege." Such an attitude was well illustrated by a remark made in 1785 by a Member of the General Assembly who was appealed to by a committee of humble Baptists to vote for Jefferson's statute of religious liberty. His condescending reply was, "I am clear for giving all a fair chance. There are many roads to Heaven, and I am in favor of letting every man take his own way; but one thing I am sure—no gentleman would ever choose any but the Episcopal road."

It was ever a source of sorrow to Jefferson's great soul that so many were not liberal enough to distinguish between religious and social opposition and who transferred at once to his person the hatred they bore to his religious opinions. He declared "that the opinions and beliefs of men depend not on their own will but follow involuntarily the evidence proposed to their minds." One of his biographers remarks that opinions are determined by the general sum of experience and knowledge and there is a childish failure in dignity in permitting them to act as a divisive force between individuals. Jefferson "never permitted himself to bear this mark of immaturity" and always gave his bitterest opponents all possible evidence of personal esteem.

And right here let me say that at the risk of being called provincial I give you my definition of a Virginia gentleman. He is one who can disagree without being disagreeable. Such a gentleman was Jefferson.

Why is it that those who so freely concede my rights of property and my rights of person condemn me when I come to exercise my right to freedom of opinion?

Those who sympathize with the man who would take our property or attack our persons we class as bad men, but those who through ostracism and denunciation seek to limit our freedom of opinion are often otherwise good men and not infrequently they are religious leaders. Indeed, this may be called a vice of the virtuous.

Those who deny my rights of property are partners of thieves and scoundrels—those who deny my rights of person are partners of thugs and assassins, but strange to say those who deny my rights of conscience claim partnership with God. Rights of property, rights of person, rights of conscience, these three, but the greatest of these are rights of conscience. Truly this is a blood-bought blessing, but it can not be long enjoyed except by those who love it and are willing to defend it. To fight the slightest encroachment upon it is resistance to tyranny, which is obedience to God.

In conclusion, Baptists were pioneers in the field of absolute religious liberty, just and true liberty, equal and impartial liberty. It is the greatest service Baptists have rendered to the world. Jefferson was the political genius who took up the fight and caused the principle to be recognized by government, making his greatest contribution to political science. Thus Jefferson and the Baptists became colaborers in a great cause. When the Baptists began to fight they were weak and obscure. Now, under the providence of God, they have become great and powerful. Let it not be said of us that our love of right was for ourselves only. Let us resist with vigor every effort to mar this sacred principle for which we have stood. Let us fight every encroachment, however slight, on the right of minority sects.

"Woodman, spare that tree!
Touch not a single bough!
In youth it sheltered me,
And I'll protect it now."

Resting under the protecting shade of this mighty oak planted by the hands of our Baptist forefathers, let us say to those who lift the axe against it, "Woodman, spare that tree; touch not a single bough. In our days of weakness it sheltered us, and we'll protect it now."

AT THE TOMB OF GEORGE WASHINGTON, MOUNT VERNON, VA.

Mr. BLOOM. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD by inserting an address which I delivered at Mount Vernon to-day.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. BLOOM. Mr. Speaker, under leave to extend my remarks in the RECORD, I include the following address at Mount Vernon, Va., under the auspices of the American Conference on Institutions for the Establishment of International Justice, May 2, 1932:

This is a place of dreams; a place of reverie; a place of solemn memories. Standing beneath the glory of these majestic trees, before the tomb of him who lies within this ancient vault, we come as humble pilgrims, as children, seeking comfort, inspiration, and courage from the great life which ended here.

About us is the quiet, brooding spirit of George Washington. It is the calm spirit, the beautiful spirit, the courageous spirit of the man who gave so much to us. Here we feel in our most sensitive natures the soul of America—the America that George Washington brought into being and which he did all that was humanly possible to preserve after his time by leaving us his precepts and his advice.

I believe that if that long-silent voice could issue from the shadows of this shrine to us, his countrymen, he would bid us have courage, have faith, and be strong. I believe that if we attuned ourselves to that infinite spiritual message we would go from this place with new loyalty and new confidence in our future.

These are dark days for America, but no darker than the days which he experienced, and our situation is not so desperate as was his. We must take heart of his courage, faith of his steadfastness, and live with his immortal example as a light to our faltering feet.

We are apt to think in these gloomy days that our troubles are mountainous. We are afraid and uncertain. These are qualities which George Washington knew not. For at every point in his life he demonstrated exactly those qualities of mind and heart which we of to-day should strive to acquire.

The great man who lies within this silent tomb left us more than riches, more than material heritage, more even than the Nation which he created, for he left us those guiding principles to answer every national question and to form every national policy within his field of vision. And we are now only beginning to discover how far his vision extended into the future.

His rich and fruitful years brought him a harvest of wisdom which he, in his greatness, has left to us. Alert to every important political force and movement of his own time, he traced with unerring instinct the course these forces were to follow in later years and what would be their effect and consequences.

His was not only a great life rounded with the wisdom and the character of a perfect career but his also was a mind so strongly developed that he looked far into the future and left for us those standards of policy and of life that to-day, if we acknowledged and followed them, would surely lead us on out of the valley of discouragement and doubt to the shining heights of success and prosperity.

We who have been organizing the great world-wide ceremonies that mark the two hundredth anniversary of George Washington's birth have been examining his life, his deeds, and especially his opinions with a new interest, and the result has been to discover in him the most powerful intellect that America has yet produced. But intellect without unselfishness is barren; wisdom without charity is empty.

George Washington left us a heritage greater than wealth, greater than station, greater than all the vanities of the world. He left us all of the knowledge and wisdom which he had acquired and which could be applied to the problems of a future America.

These priceless possessions belong to us. They came from the heart and the mind of the man who lived in this beautiful spot and whose bodily remains rest so close to us. Here we come into intimate communion with his life and also with the soul which passed beyond. Here we must feel our dependence upon his wisdom to guide us in our social and political lives as we feel dependent upon the God of mercy to lead us in our moral lives.

There is not a problem confronting us to-day, there is not a danger threatening us, that was not in some manner embodied in the vision of this greatest of our people. In so far as our country has remained true to its ideals and safely progressing toward its

appointed destiny, it has accomplished this by leaning upon the teachings left to us by this man.

What if George Washington could not foresee the progress in transportation, communication, and science that has given this country a different aspect from that which he knew? What if George Washington did not hear the scream of a locomotive, or see airplanes flying over his beloved estate? These are not fundamental influences upon the human heart. They do not in themselves affect the souls of men and women.

The human instincts which George Washington knew so well have remained unchanged amid all this superficial miracle of development, and it is to the hearts of men of his day and for all future days that George Washington made his appeal.

He knew that men's hearts would never change. Men are of restless minds, and for this reason George Washington deemed it fit that he should work through the hearts of men to give them a sound, kindly conception of their duties to God, their country, and to themselves.

As nearly as it was humanly possible George Washington and his compatriots gave us an unchanging form of government, and we must acknowledge the transcendent wisdom which created that form of government when we remember that in principle it is exactly the same to-day as it was when promulgated by the Constitutional Convention over which George Washington presided.

It is because these fundamentals do remain unchanged and, please God, ever will remain unchanged that we continue to be a nation with unlimited ages of progress before us. But if our future as a nation is to remain secure we need always to rely on the affectionate and fatherly advice left to us by George Washington and the other great men of his time.

If this celebration in honor of the two hundredth anniversary of the birth of George Washington has accomplished nothing else than to direct our minds to a more serious consideration of his rich store of political wisdom, it would have been justified. For in that wisdom lies safety. For in that wisdom lies every national attribute that makes for stability and the happiness of our people.

As a youthful colonel on his first diplomatic and military errands against hostile forces on American soil, George Washington had impressed upon his mind the need of bringing the scattered Colonies together. He saw their need of a new sense of nationalism if they were to live in peace for the future.

As Commander in Chief of the Revolutionary Armies he began his twin labors as military leader and as statesman. While saving the Colonies themselves, he began that colossal work of welding them into one Nation and one people which is to-day our proud America.

As counselor, advisor, and conciliator, he kept a watchful eye upon the progress of the framing of the Constitution upon which he pinned his hopes and desires.

As President, he began the work of creating out of these principles and policies a fabric of government which has outlasted time itself.

We can not read the record of George Washington's life without realizing that it was a life of continuous struggle. At no time, save in the few brief years of his retirement here upon this lovely estate, was George Washington free from care or the burdens of responsibility. These cares and responsibilities were not for himself but always for his country and his countrymen, always for others; and in his great heart he thought of us to-day. Sacrifice, suffering, danger—these were with him during his days and nights.

With devout and yearning hearts we stand here in reverence beside his tomb to catch the fleeting breath of his presence. His message comes to us through that mysterious transmission of spirit that is breathed in the hush of this moment and this place. The infinite peace of God is his. Here his love and his care sustain us in the sure knowledge that he is with us and is pointing the way. He is ever pointing the way. The commander and the comrade rides ahead.

If Washington were alive to-day, would he bow his head in discouragement before the problems which we face? If that inanimate clay which lies in this sacred place should breathe again, would George Washington say to us that all is lost? Would he who brought the Nation into being fear for its safety after all the years of its glorious history?

I say no!

George Washington, with that steady, inflexible purpose, that judgment and knowledge which he possessed, would calm the turbulent waters of our present unrest and bid us go on to a greater destiny.

That is the spirit of George Washington. That is the soul which we acknowledge here in this quiet spot. No greater tribute could we pay to him who lies within this tomb than to rededicate ourselves to him and to his purposes.

No greater thing could we do for ourselves than to stand here at this solemn hour and say we will go forward with George Washington, and under God's guidance we will achieve, we will succeed, we will preserve that which he gave us.

The benediction of our Creator is here. The peace of God is upon us. We should go forth armed with new courage, new wisdom, and new determination. Thus armed we will preserve our country, and we will keep faith with Washington.

SENATE BILL REFERRED

A bill of the Senate of the following title was taken from the Speaker's table and, under the rule, referred as follows:

S. 4313. An act to prevent the successive disagreement of two juries, impaneled to try a criminal case in the Territory of Hawaii, from operating as an acquittal of the accused or from permitting the discharge of the accused from custody; to the Committee on the Judiciary.

BILL PRESENTED TO THE PRESIDENT

Mr. PARSONS, from the Committee on Enrolled Bills, reported that that committee did on this day present to the President, for his approval, a bill of the House of the following title:

H. R. 7119. An act to authorize the modification of the boundary line between the Panama Canal Zone and the Republic of Panama, and for other purposes.

ADJOURNMENT

Mr. RAINEY. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 5 o'clock and 26 minutes p. m.) the House adjourned until to-morrow, Tuesday, May 3, 1932, at 12 o'clock noon.

COMMITTEE HEARINGS

Tentative list of committee hearings scheduled for Tuesday, May 3, 1932, as reported to the floor leader by clerks of the several committees:

COMMITTEE ON WAYS AND MEANS

(10 a. m.)

Continue hearings on soldiers' bonus.

COMMITTEE ON AGRICULTURE

(10 a. m.)

Wild-life conservation (S. 263).

COMMITTEE ON LABOR

(10 a. m.)

Metcalf prevailing wage bill.

COMMITTEE ON RULES

(10.30 a. m.)

Steagall banking bill.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of Rule XIII,

Mr. ANDREW of Massachusetts: Committee on Naval Affairs. H. R. 9840. A bill providing a nautical school at the port of New London, Conn.; without amendment (Rept. No. 1191). Referred to the Committee of the Whole House on the state of the Union.

Mr. VINSON of Georgia: Committee on Naval Affairs. H. R. 11332. A bill to abolish the office of the Assistant Secretary of the Navy for Aeronautics; without amendment (Rept. No. 1192). Referred to the Committee of the Whole House on the state of the Union.

REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS

Under clause 2 of Rule XIII,

Mr. HOLMES: Committee on the District of Columbia: H. R. 10138. A bill to exempt from taxation certain property of the National Society of the Sons of the American Revolution in Washington, D. C.; without amendment (Rept. No. 1176). Referred to the Committee of the Whole House.

Mr. HOLMES: Committee on the District of Columbia. S. 570. An act to exempt from taxation certain property used by the National Society of the Colonial Dames of America, in the District of Columbia; without amendment (Rept. No. 1177). Referred to the Committee of the Whole House.

Mr. HOLMES: Committee on the District of Columbia. S. 1203. An act to exempt from taxation certain property of the National Society United States Daughters of 1812 in the District of Columbia; without amendment (Rept. No. 1178). Referred to the Committee of the Whole House.

Mr. SMITH of Virginia: Committee on Claims. H. R. 1938. A bill for the relief of Katherine G. Taylor; without

amendment (Rept. No. 1179). Referred to the Committee of the Whole House.

Mr. SMITH of Virginia: Committee on Claims. H. R. 2188. A bill for the relief of Arthur K. Finney; with amendment (Rept. No. 1180). Referred to the Committee of the Whole House.

Mr. MILLER: Committee on Claims. H. R. 3848. A bill for the relief of Ed Symes and wife, Elizabeth Symes, and certain other citizens of the State of Texas; with amendment (Rept. No. 1181). Referred to the Committee of the Whole House.

Mr. SMITH of Virginia: Committee on Claims. H. R. 4064. A bill for the relief of Sarah Maddocks Ferguson; without amendment (Rept. No. 1182). Referred to the Committee of the Whole House.

Mr. CLARK of North Carolina: Committee on Claims. H. R. 6774. A bill to authorize amendment of the act of February 25, 1927, for the payment of damages caused by reason of the overflow of the Rio Grande on August 17, 1921; with amendment (Rept. No. 1183). Referred to the Committee of the Whole House.

Mr. SCHAFER: Committee on Claims. H. R. 6785. A bill for the relief of Jose Ramon Cordova; with amendment (Rept. No. 1184). Referred to the Committee of the Whole House.

Mr. CLARK of North Carolina: Committee on Claims. H. R. 6975. A bill for the relief of Rufus Hunter Blackwell, jr.; with amendment (Rept. No. 1185). Referred to the Committee of the Whole House.

Mr. DICKSTEIN: Committee on Claims. H. R. 7649. A bill for the relief of Charles A. Brown; with amendment (Rept. No. 1186). Referred to the Committee of the Whole House.

Mr. SMITH of Virginia: Committee on Claims. H. R. 7654. A bill for the relief of Vincent J. Conrad; without amendment (Rept. No. 1187). Referred to the Committee of the Whole House.

Mr. SCHAFER: Committee on Claims. H. R. 10104. A bill for the relief of the heirs of Burton S. Adams, deceased; without amendment (Rept. No. 1188). Referred to the Committee of the Whole House.

Mr. MILLER: Committee on Claims. H. R. 10891. A bill to provide for the reimbursement of Guillermo Medina, hydrographic surveyor, for the value of personal effects lost in the capsizing of a Navy whaleboat off Galera Island, Gulf of Panama; without amendment (Rept. No. 1189). Referred to the Committee of the Whole House.

Mr. SCHAFER: Committee on Claims. S. 1586. An act for the relief of the estate of Peter Paul Franzel, deceased; without amendment (Rept. No. 1190). Referred to the Committee of the Whole House.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of Rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. GLOVER: A bill (H. R. 11750) for the relief of the widows of Spanish-American War veterans; to the Committee on Pensions.

Also, a bill (H. R. 11751) to regulate interstate commerce; to the Committee on Interstate and Foreign Commerce.

By Mr. CRISP: A bill (H. R. 11752) granting a pardon to Lieut. Thomas S. Massie, Mrs. Granville Fortescue, Albert O. Jones, and E. J. Lord; to the Committee on the Judiciary.

By Mr. LOOFBOUROW: A bill (H. R. 11753) to provide for additional water supply for the Utah National Guard training camp on the Jordan Narrows Military Reservation; to the Committee on Military Affairs.

By Mr. JOHNSON of South Dakota: A bill (H. R. 11754) to grant compensation, disability allowance, or pension to enlisted men retired from the Army, Navy, Marine Corps, Coast Guard, and transferred members of the Fleet Naval and Marine Corps Reserves; to the Committee on Military Affairs.

By Mr. DELANEY: Resolution (H. Res. 209) to pardon Lieut. Thomas H. Massie, Edward John Lord, Albert Orrin Jones, and Mr. Granville R. Fortescue; to the Committee on the Judiciary.

By Mr. LINTHICUM: Joint resolution (H. J. Res. 378) authorizing an appropriation as the contribution of the United States to the expenses of the Permanent Court of International Justice for the calendar year 1932; to the Committee on Foreign Affairs.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of Rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. BACHARACH: A bill (H. R. 11755) for the relief of Delaware Bay Shipbuilding Co.; to the Committee on Claims.

By Mr. BOLTON: A bill (H. R. 11756) for the relief of Edward D. Wilson; to the Committee on Military Affairs.

By Mr. CARDEN: A bill (H. R. 11757) granting a pension to Frances Vaughn; to the Committee on Invalid Pensions.

By Mr. CARTWRIGHT: A bill (H. R. 11758) to renew and extend certain letters patent to James B. Coffey; to the Committee on Patents.

By Mr. CRAIL: A bill (H. R. 11759) for the relief of Jeremiah T. Sullivan; to the Committee on Naval Affairs.

By Mr. CROWE: A bill (H. R. 11760) for the relief of Oscar L. McCallen; to the Committee on Claims.

By Mr. CONNERY: A bill (H. R. 11761) granting a pension to Jennie R. Dix; to the Committee on Pensions.

Also, a bill (H. R. 11762) granting a pension to Mary F. O'Brien; to the Committee on Pensions.

Also, a bill (H. R. 11763) granting a pension to Helen E. Trefethen; to the Committee on Pensions.

Also, a bill (H. R. 11764) granting a pension to Sarah Linnehan; to the Committee on Pensions.

Also, a bill (H. R. 11765) granting a pension to Myra A. Pennington; to the Committee on Pensions.

Also, a bill (H. R. 11766) granting an increase of pension to Jennie Smith; to the Committee on Pensions.

Also, a bill (H. R. 11767) granting an increase of pension to Melissa E. Bemis; to the Committee on Pensions.

Also, a bill (H. R. 11768) granting an increase of pension to John Albert Fritz; to the Committee on Invalid Pensions.

Also, a bill (H. R. 11769) for the relief of Joseph O'Toole; to the Committee on Naval Affairs.

Also, a bill (H. R. 11770) for the relief of Daniel Joseph Hartie; to the Committee on Naval Affairs.

Also, a bill (H. R. 11771) for the relief of Joseph H. Higgins; to the Committee on Naval Affairs.

Also, a bill (H. R. 11772) for the relief of Frank Hansen; to the Committee on Naval Affairs.

Also, a bill (H. R. 11773) for the relief of Joseph Warren Roach; to the Committee on Naval Affairs.

Also, a bill (H. R. 11774) for the relief of Philip F. Haley; to the Committee on Naval Affairs.

Also, a bill (H. R. 11775) for the relief of Harold F. Jones; to the Committee on Naval Affairs.

Also, a bill (H. R. 11776) for the relief of Franklin R. Kelley; to the Committee on Naval Affairs.

Also, a bill (H. R. 11777) for the relief of Ellen A. Farrelly; to the Committee on Naval Affairs.

Also, a bill (H. R. 11778) for the relief of William J. B. Hughes; to the Committee on Naval Affairs.

Also, a bill (H. R. 11779) for the relief of Andrew V. Donovan; to the Committee on Naval Affairs.

Also, a bill (H. R. 11780) for the relief of Harry Melville Rollins; to the Committee on Naval Affairs.

Also, a bill (H. R. 11781) for the relief of Arthur Jannelle; to the Committee on Naval Affairs.

Also, a bill (H. R. 11782) for the relief of Joseph W. Christ; to the Committee on Naval Affairs.

Also, a bill (H. R. 11783) for the relief of Herbert F. Williams; to the Committee on Military Affairs.

Also, a bill (H. R. 11784) for the relief of Harrison F. Morton; to the Committee on Military Affairs.

Also, a bill (H. R. 11785) for the relief of Henry J. McCann; to the Committee on Military Affairs.

Also, a bill (H. R. 11786) for the relief of Edward F. Maney; to the Committee on Military Affairs.

Also, a bill (H. R. 11787) for the relief of Frank H. Vose; to the Committee on Military Affairs.

Also, a bill (H. R. 11788) for the relief of Charles A. Worth; to the Committee on Military Affairs.

Also, a bill (H. R. 11789) for the relief of Herbert E. Robbins; to the Committee on Military Affairs.

By Mr. DELANEY: A bill (H. R. 11790) granting a pension to Mildred M. Tracy; to the Committee on Pensions.

By Mr. DRANE: A bill (H. R. 11791) for the relief of James S. Johnson; to the Committee on Military Affairs.

Also, a bill (H. R. 11792) for the relief of Charles R. Reagin; to the Committee on Military Affairs.

By Mr. FINLEY: A bill (H. R. 11793) for the relief of T. R. Flinchum; to the Committee on Claims.

By Mr. GREENWOOD: A bill (H. R. 11794) granting an increase of pension to Clementine Young; to the Committee on Invalid Pensions.

Also, a bill (H. R. 11795) granting an increase of pension to Mary Agnes Dunlap; to the Committee on Invalid Pensions.

By Mr. HAINES: A bill (H. R. 11796) for the relief of Raymond A. Wolf; to the Committee on Military Affairs.

By Mr. HART: A bill (H. R. 11797) granting an increase of pension to Sarah F. Carpenter; to the Committee on Invalid Pensions.

By Mr. HOWARD: A bill (H. R. 11798) to authorize the addition of certain names to the final roll of the Sac and Fox Indians; to the Committee on Indian Affairs.

By Mr. JENKINS: A bill (H. R. 11799) granting a pension to Lucy C. Montgomery; to the Committee on Invalid Pensions.

Also, a bill (H. R. 11800) granting an increase of pension to Eliza Laird; to the Committee on Invalid Pensions.

By Mr. KELLY of Illinois: A bill (H. R. 11801) for the relief of Matt Andriasevich; to the Committee on Claims.

Also, a bill (H. R. 11802) for the relief of Nick Bernath; to the Committee on Claims.

By Mr. LUDLOW: A bill (H. R. 11803) granting a pension to Peter Straub; to the Committee on Invalid Pensions.

Also, a bill (H. R. 11804) granting a pension to Carrie J. Dahn; to the Committee on Invalid Pensions.

By Mr. MILLER: A bill (H. R. 11805) granting a pension to Sarah B. King; to the Committee on Invalid Pensions.

By Mr. POLK: A bill (H. R. 11806) granting a pension to Cecil Mason; to the Committee on Pensions.

By Mr. RAMSEYER: A bill (H. R. 11807) granting an increase of pension to Mary A. Robison; to the Committee on Invalid Pensions.

By Mr. SMITH of West Virginia: A bill (H. R. 11808) granting a pension to Mary Sullivan; to the Committee on Invalid Pensions.

PETITIONS, ETC.

Under clause 1 of Rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

7342. By Mr. BOHN: Petition of Ira D. MacLachlan Post, No. 3, the American Legion of Sault Ste Marie, Mich., favoring the maintenance of the national defense; to the Committee on Military Affairs.

7343. By Mr. CHRISTOPHERSON: Petition of Yankton Chamber of Commerce, Yankton, S. Dak., requesting the passage of the Frazier bill, S. 1; to the Committee on Agriculture.

7344. By Mr. DRANE: Petition of 4,500 citizens of Florida, supporting House bill 1; to the Committee on Ways and Means.

7345. Also, petition of citizens of Florida, protesting against compulsory Sunday observance; to the Committee on the District of Columbia.

7346. By Mr. FITZPATRICK: Petition signed by the members of engine company No. 7 of the fire department of Yonkers, N. Y., opposing the curtailment of privileges and the reduction of salaries of Federal employees; to the Committee on Economy.

7347. By Mr. FRENCH: Petition signed by 17 citizens of Weiser, Idaho, protesting against compulsory Sunday observance; to the Committee on the Judiciary.

7348. By Mr. HESS: Resolution of the North-West Building & Loan Co. of Cincinnati, Ohio, opposing Federal pay cuts for employees receiving $2,500 per year or less; to the Committee on Appropriations.

7349. Also, resolution adopted by the City Council of Cincinnati, Ohio, protesting against the contemplated abolition of the United States customs office in Cincinnati; to the Committee on Appropriations.

7350. By Mr. JENKINS: Petition signed by about 150 citizens of Jackson County, Ohio, petitioning Congress not to pass House bills 8092 or 8759, or any other compulsory Sunday observance bill; to the Committee on the District of Columbia.

7351. By Mr. LINDSAY: Petition of the New York Tow Boat Exchange, New York City, favoring the coordination and consolidation of the Bureau of Navigation and the Steamboat Inspection Service in a new bureau to be known as the Bureau of Navigation and Steamboat Inspection, as provided for in House bill 11207; to the Committee on Merchant Marine, Radio, and Fisheries.

7352. Also, petition of the National Grange, favoring the Goldsborough bill, H. R. 11499; to the Committee on Banking and Currency.

7353. By Mr. PARKER of Georgia: Petition of H. G. Hinley and seven other citizens of Herndon, Ga., urging the enactment of legislation regulating busses and trucks engaged in hauling passengers and freight; to the Committee on Interstate and Foreign Commerce.

7354. Also, petition of J. T. Aranda, of Savannah, Ga., and 23 other citizens of Georgia, urging the passage of railroad pension bill, H. R. 9891, and voicing opposition to Senate bill 3892 and House bill 10023; to the Committee on Interstate and Foreign Commerce.

7355. By Mr. RUDD: Petition of C. Ludwig Bauman & Co., Brooklyn, N. Y., opposing the elimination of the deduction of net losses sustained in a previous year; to the Committee on Ways and Means.

7356. Also, petition of the National Grange, favoring the passage of the Goldsborough bill, H. R. 11499; to the Committee on Banking and Currency.

7357. By Mr. SANDERS of New York: Petition of the directors of the Monroe County Farm Bureau, urging that House bill 10517, a bill for increasing and stabilizing the price level of commodities, be promptly reported to the House; to the Committee on Banking and Currency.

7358. Also, petition of the directors of the Monroe County (N. Y.) Farm Bureau, favoring the Norbeck-Steagall bill; to the Committee on Banking and Currency.

7359. By Mr. SHOTT: Resolution adopted by the Imperial Colliery Co. Safety Club, of Burnwell, W. Va., with a membership of 331, opposing as detrimental to the bituminous-coal industry the passage of the legislation known as the Davis-Kelly coal control bill; to the Committee on Interstate and Foreign Commerce.

7360. Also, petition of the Scarbro Safety Club, of 225 members, Scarbro, W. Va., opposing passage of the Davis-Kelly coal bill; to the Committee on Interstate and Foreign Commerce.

7361. Also, resolution adopted by the Summerlee Safety Club, of Summerlee, W. Va., representing a membership of 275, opposing the passage of the Davis-Kelly coal control bill; to the Committee on Interstate and Foreign Commerce.

7362. Also, resolution adopted by the Lochgelly Safety Club, Lochgelly, W. Va., with a membership of 205, opposing the passage of the legislation known as the Davis-Kelly coal control bill; to the Committee on Interstate and Foreign Commerce.

7363. Also, resolution adopted by the Alpha Poca Coal Co. Safety Club, Alpoca, W. Va., with a membership of 175,

opposing passage of the Davis-Kelly coal control bill; to the Committee on Interstate and Foreign Commerce.

7364. Also, resolution of the Kiwanis Club of Charleston, opposing the passage of the bill known as the Evans bill, H. R. 5840; to the Committee on the Public Lands.

7365. Also, resolution adopted by the American Legion, Wyoming County Post, No. 106, Mullens, W. Va., requesting that Congress pay the adjusted-service certificates in full at once without deduction of any interest due on loans already made on such certificates; to the Committee on Ways and Means.

7366. Also, resolutions adopted by Groups 3 and 4 of the West Virginia Bankers Association, opposing the Davis-Kelly bill; to the Committee on Interstate and Foreign Commerce.

7367. Also, letter of the Emmons Hawkins Hardware Co., of Huntington, W. Va., and signed by J. L. Hawkins, vice president and treasurer, opposing as disastrous to the bituminous-coal industry the passage of the Davis-Kelly coal control bill; to the Committee on Interstate and Foreign Commerce.

7368. Also, resolution passed by the Norton Safety Club, Norton, W. Va., opposing the passage of the Davis-Kelly coal bill; to the Committee on Interstate and Foreign Commerce.

7369. Also, resolution of the Winding Gulf Safety Club, with a membership of 600, Winding Gulf, W. Va., opposing the bill known as the Davis-Kelly coal bill as detrimental to the bituminous-coal industry; to the Committee on Interstate and Foreign Commerce.

7370. Also, resolution of the Covel Safety Club, Covel, W. Va., representing a membership of 150, opposing the passage of the Davis-Kelly coal control bill; to the Committee on Interstate and Foreign Commerce.

7371. Also, letter signed by R. E. L. Quesenberry, of Kimball, W. Va., representing 21 shop employees on the Norfolk & Western, opposing as harmful and dangerous to the bituminous-coal industry the passage of the Davis-Kelly coal control bill; to the Committee on Interstate and Foreign Commerce.

7372. Also, letter signed by M. M. Harris, H. F. Brooks, and Grat Rose, of Willcoe, and representing 33 shop employees on the Norfolk & Western, opposing passage of the Davis-Kelly coal control bill; to the Committee on Interstate and Foreign Commerce.

7373. Also, resolution adopted by the Whipple Safety Club, Whipple, W. Va., composed of a membership of 300, opposing as detrimental to the bituminous-coal industry the passage of the Davis-Kelly coal bill; to the Committee on Interstate and Foreign Commerce.

7374. Also, resolution passed by the Prudence and Harvey Safety Club, of Harvey, W. Va., with a membership of 330, opposing the passage of the Davis-Kelly coal bill; to the Committee on Interstate and Foreign Commerce.

7375. Also, resolution adopted by the Oakwood Safety Club, of Carlisle, W. Va., with a membership of 350, opposing the passage of the Davis-Kelly coal control bill; to the Committee on Interstate and Foreign Commerce.

7376. Also, resolution passed by the Southwestern Virginia (Inc.), of Wytheville, Va., a regional chamber of commerce, opposing the Davis-Kelly coal control bill as interference to a free and competitive selection of suitable coals to meet the requirements of various sections of the country serving that entire section; to the Committee on Interstate and Foreign Commerce.

7377. Also, letter signed by C. H. Woods, H. W. Gillette, R. B. Muncy, J. M. Plymale, and J. C. Brown, all of Kenova, W. Va., and representing 33 shop employees of the Norfolk & Western Railroad, opposing, as interfering with the production and development of the coal industry in the territory served by that railroad, the passage of the Davis-Kelly coal bill; to the Committee on Interstate and Foreign Commerce.

7378. By Mr. SMITH of West Virginia: Resolution of the Mallory Safety Club, Mallory, W. Va., opposing the Davis-Kelly coal bill; to the Committee on Interstate and Foreign Commerce.

7379. Also, resolution of the Landville Safety Club, Landville, W. Va., opposing the Davis-Kelly coal bill; to the Committee on Interstate and Foreign Commerce.

7380. Also, resolution of the Accoville Safety Club, Accoville, W. Va., opposing the Davis-Kelly coal bill; to the Committee on Interstate and Foreign Commerce.

7381. Also, resolution of the Youngstown Mines Safety Club, of Dehue, W. Va., opposing the Davis-Kelly coal bill; to the Committee on Interstate and Foreign Commerce.

7382. Also, resolution of the Jodie Safety Club, of Jodie, W. Va., opposing the Davis-Kelly coal bill; to the Committee on Interstate and Foreign Commerce.

7383. Also, resolution of the Marfrance Safety Club, of Marfrance, W. Va., opposing the Davis-Kelly coal bill; to the Committee on Interstate and Foreign Commerce.

7384. By Mr. WHITE: Petition of citizens of the city of Toledo, Ohio, protesting against legislation before this House to compel Sunday observance; to the Committee on Merchant Marine, and Fisheries.

SENATE

TUESDAY, MAY 3, 1932

(Legislative day of Friday, April 29, 1932)

The Senate met at 12 o'clock meridian, on the expiration of the recess.

The VICE PRESIDENT. The Senate will receive a message from the House of Representatives.

MESSAGE FROM THE HOUSE

A message from the House of Representatives by Mr. Chaffee, one of its clerks, announced that the House had passed without amendment the following bills of the Senate:

S. 460. An act to give war-time commissioned rank to retired warrant officers and enlisted men;

S. 2428. An act to provide for the confirmation of a selection of certain lands by the State of Arizona for the benefit of the University of Arizona;

S. 2967. An act to extend the times for commencing and completing the construction of a bridge across the Missouri River at or near Randolph, Mo.; and

S. 3953. An act to amend the act approved February 7, 1927, entitled "An act to promote the mining of potash on the public domain."

The message also announced that the House had passed the following bills of the Senate, each with amendments, in which it requested the concurrence of the Senate:

S. 283. An act to provide for conveyance of a certain strip of land on Fenwick Island, Sussex County, State of Delaware, for roadway purposes; and

S. 3908. An act to amend title 33, chapter 4, section 252, paragraph (a), of the Navigation Rules for the Great Lakes and their connecting and tributary waters.

The message further announced that the House had passed the bill (S. 2396) to amend section 11 of the act approved February 22, 1889 (25 Stat. 676), relating to the admission into the Union of the States of North Dakota, South Dakota, Montana, and Washington, with an amendment, in which it requested the concurrence of the Senate.

The message also announced that the House had agreed to a concurrent resolution (H. Con. Res. 24) thanking the Governor of the State of Virginia for the statues of George Washington and Robert E. Lee, in which it requested the concurrence of the Senate.

The message further announced that the House had passed the following bills, in which it requested the concurrence of the Senate:

H. R. 79. An act to provide for conveyance of a portion of the Liston Range Rear Lighthouse Reservation, New Castle County, State of Delaware, for highway purposes;

H. R. 4709. An act providing for the establishment of a term of the District Court of the United States for the Southern District of Florida at Orlando, Fla.;

H. R. 6688. An act to fix the rates of postage on certain periodicals exceeding 8 ounces in weight;

H. R. 8393. An act providing for payment of $25 to each enrolled Chippewa Indian of the Red Lake Band of Minnesota from the timber funds standing to their credit in the Treasury of the United States;

H. R. 8578. An act to amend the World War veterans' act, 1924, as amended, by providing allowances for widows and children and dependent parents of veterans of the World War;

H. R. 9306. An act to amend section 99 of the Judicial Code (U. S. C., title 28, sec. 180), as amended;

H. R. 10683. An act to provide for the conveyance by the United States of a certain tract of land to the borough of Stonington, in the county of New London, in the State of Connecticut;

H. R. 10829. An act relating to the naturalization of certain women born in Hawaii;

H. R. 11057. An act to amend section 129 of the Criminal Code of the United States;

H. R. 11337. An act authorizing the Secretary of the Treasury to exchange the Federal building site in Dover, N. J., for another site; and

H. R. 11499. An act for restoring and maintaining the purchasing power of the dollar.

CALL OF THE ROLL

The VICE PRESIDENT. The Senator from North Dakota [Mr. FRAZIER] has the floor.

Mr. FESS. Mr. President, will the Senator from North Dakota yield to enable me to suggest the absence of a quorum?

Mr. FRAZIER. I yield.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Ashurst	Dale	Kean	Schall
Austin	Davis	Kendrick	Sheppard
Bankhead	Dickinson	Keyes	Shipstead
Barbour	Dill	King	Shortridge
Bingham	Fess	La Follette	Smith
Blaine	Fletcher	Lewis	Smoot
Borah	Frazier	Logan	Steiwer
Bratton	George	Long	Stephens
Broussard	Glass	McGill	Thomas, Idaho
Bulkley	Glenn	McKellar	Thomas, Okla.
Bulow	Goldsborough	McNary	Townsend
Byrnes	Gore	Metcalf	Trammell
Capper	Hale	Moses	Tydings
Caraway	Harrison	Neely	Vandenberg
Carey	Hastings	Norris	Wagner
Cohen	Hatfield	Nye	Walcott
Connally	Hawes	Oddie	Walsh, Mass.
Coolidge	Hayden	Patterson	Walsh, Mont.
Copeland	Howell	Pittman	Waterman
Costigan	Hull	Reed	Watson
Couzens	Johnson	Robinson, Ark.	White
Cutting	Jones	Robinson, Ind.	

The VICE PRESIDENT. Eighty-seven Senators have answered to their names. A quorum is present.

COMMITTEE SERVICE

Mr. ROBINSON of Arkansas. Mr. President, I ask that the resignation of the Senator from Louisiana [Mr. LONG] from the following committees be accepted: Commerce, Naval Affairs, Manufactures, and Interoceanic Canals.

The VICE PRESIDENT. Without objection, the Senator from Louisiana will be excused from further attendance upon the committees named.

On request of Mr. ROBINSON of Arkansas, and by unanimous consent, it was

Ordered, That the junior Senator from Arkansas [Mrs. CARAWAY] be assigned to service upon the Committee on Commerce; that the senior Senator from North Carolina [Mr. MORRISON] be assigned to service upon the Committee on Naval Affairs; that the junior Senator from Georgia [Mr. COHEN] be assigned to service upon the Committee on Manufactures; that the senior Senator from Missouri [Mr. HAWES] be assigned to service upon the Committee on Interoceanic Canals; and that the junior Senator from North Carolina [Mr. BAILEY] be assigned to service upon the Committee on Military Affairs.

THE PRESIDENT'S 5-DAY WEEK PROPOSAL—PERSONAL EXPLANATION

Mr. ODDIE. Mr. President, this morning the Washington Herald on the first page had the following statement:

Senator ODDIE and Representatives SNELL and TILSON told President Hoover they still hope to put through his 5-day week and payless furlough plan for reducing the Federal pay roll.

An error has occurred in the making of the statement. I did not visit the White House yesterday, and, furthermore, I do not approve of the 5-day week and the payless furlough. I have repeatedly stated my objections to it on the floor of the Senate. I believe it would be disheartening and damaging to the industry of the country, and I believe we can get along better without it.

DEPARTMENT OF COMMERCE CORRESPONDENCE

Mr. McKELLAR. Mr. President, I ask to have placed in the RECORD a letter from the Secretary of Commerce, Hon. R. P. Lamont, in reference to messages concerning his department.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

THE SECRETARY OF COMMERCE,
Washington, May 3, 1932.

Hon. KENNETH MCKELLAR,
United States Senate, Washington, D. C.

MY DEAR MR. SENATOR: During a debate in the Senate last Saturday you asked how many letters or telegrams had been sent out by the Department of Commerce similar to the one you read into the RECORD. The question was not answered.

A search of our files shows a total of 30 in all, divided between eight States, as follows:

State	Telegram	Letter	Total
Tennessee	1		1
Louisiana	6		6
South Carolina	1	5	6
Indiana	2	4	6
North Carolina		6	6
Texas	2		2
Iowa		1	1
Wisconsin		2	2
Total	12	18	30

I can assure you that each one sent out was in reply to a message received.

Sincerely yours,

R. P. LAMONT,
Secretary of Commerce.

DUTY ON SUGAR

Mr. COPELAND. Mr. President, we have a critical condition in my State due to the trouble over the differential between raw and refined sugar. I ask that in the body of the RECORD at this point may be included the short statement which I send to the desk.

There being no objection, the statement was referred to the Committee on Finance and ordered to be printed in the RECORD, as follows:

STATEMENT BY THE SUGAR INSTITUTE AS OF MAY 2, 1932

If imports of sugar refined in Cuba continue to increase at their present rate the sugar industries of the United States will be destroyed in 10 years. This is the contention of the domestic industries in a brief filed with the United States Tariff Commission for an increase in the duty on refined sugar. The brief emphatically states an increase in duty would not raise sugar prices to the consumer.

Exports to the United States of sugar refined in Cuba have grown from only 1,182 tons in 1925 to 320,987 tons in 1931. Exports from January 1 to March 26, 1932, were 53 per cent greater than exports during the corresponding period of 1931. "If the average rate of increase in the imports of Cuban refined sugar since 1925 is continued," the brief says, "it will take the new Cuban industry only 10 years entirely to supplant the domestic-sugar industries of the United States." These are the beet and cane producers and cane refiners.

In explaining why a higher duty would not raise the price paid for sugar by the United States consumer, the brief directs attention to the competition between the various units of each industry and the competition between the cane-refining industry and the beet-sugar industry.

Any artificial increase in price, it is held, even if such an increase were possible, would nullify by just so much the additional protection afforded by a higher duty. "What the industry asks for," the brief says, "is not a higher price for its product, but a restoration of its lost volume."

In pointing out the serious nature of the Cuban threat to United States labor and investors, the brief states that the domestic-sugar industries operate 173 mills or refineries in 24 States, pay $37,330,769 annually in salaries and wages, and purchase annually $521,582,617 worth of materials, fuel, and electric power.

Cuba's ability to supplant the product of the domestic industries, the brief states, is due partly to the fact that the present tariff, instead of affording protection to the domestic-cane refiners actually enables the Cuban refiner to bring his refined sugar into this country upon the payment of less duty than the

domestic-cane refiner must pay on the amount of Cuban raw sugar he requires to produce an equivalent amount of refined.

The brief asserts that the Cuban refiner also has the advantage of lower labor costs, lower taxes, lower land values, transportation rates to markets in this country that in many cases are lower than the domestic refiner must pay to carry his product from the refinery to those same markets.

"Since 1925," the brief says, "Cuba has built seven refineries. In all she now has nine. Eleven more are planned, awaiting only the outcome of the present petition. By employing cheap labor at one-fourth the wages of American labor, Cuban refineries," says the brief, "can entirely supplant the American industries in a few years."

PETITIONS AND MEMORIALS

The VICE PRESIDENT laid before the Senate resolutions adopted by the Lafayette Clubs of San Francisco, San Rafael, and Santa Rosa, Calif., favoring the passage of legislation legalizing the manufacture and sale of light wines and beer, which were referred to the Committee on Manufactures.

He also laid before the Senate a letter from Charles P. Green, of Hot Springs, S. Dak., urging an investigation of certain charges against the Administrator of Veterans' Affairs and the personnel of the Veterans' Administration, which, with the accompanying papers, was referred to the Committee on Finance.

He also laid before the Senate a resolution adopted by the Atascadero Woman's Club, of Atascadero, Calif., favoring the prompt ratification of the World Court protocols, which was referred to the Committee on Foreign Relations.

He also laid before the Senate a resolution adopted by the national executive committee of the American Turnerbund, of Pittsburgh, Pa., favoring the adoption of the 6-hour day and the 5-day week so as to diminish unemployment, and also submitting recommendations relative to unemployment relief and other matters, which was referred to the Committee on Education and Labor.

He also laid before the Senate a letter from Frank G. Cunningham, of St. Louis, Mo., in regard to relief in certain cases of life-insurance policies and the investigation of short selling in the stock market, which was referred to the Committee on the Judiciary.

He also laid before the Senate a resolution adopted by the Philanthropy and Civics Club, of Los Angeles, Calif., favoring the passage of legislation making it a crime to advocate or promote the overthrow or destruction of the Government by force or violence, which was referred to the Committee on the Judiciary.

He also laid before the Senate a resolution adopted by the Philanthropy and Civics Club, of Los Angeles, Calif., favoring the passage of legislation strengthening the immigration laws, which was referred to the Committee on Immigration.

He also laid before the Senate a resolution adopted by Veterans of the Revolution Pro-Independist of the Philippines, favoring the independence of the Philippine Islands, which was ordered to lie on the table.

He also laid before the Senate a resolution adopted at Washington, D. C., by the Baltimore Archdiocesan Union of Holy Name Societies, recording their support of the President of the United States and the Congress in the efforts made to stimulate confidence in business institutions and to bring about a renewal of financial and industrial conditions that make for happiness and comfort, which was ordered to lie on the table.

Mr. CAPPER presented a memorial of sundry citizens of Graham County, Kans., remonstrating against the passage of legislation providing for the closing of barber shops on Sunday in the District of Columbia or other restrictive religious measures, which was referred to the Committee on the District of Columbia.

Mr. BARBOUR presented communications in the nature of memorials from Glendora Grange, No. 168, of Como; Milltown Grange, No. 151, of Milltown; Lincoln Grange, No. 136, of Westwood; Sidney Progressive Grange, No. 215, of Sidney; Fenwick Grange, No. 20, of Harmersville; Hamilton Grange, No. 79, of Hamilton Square; Rancocas Grange, No. 131, of Burlington; Swedesboro Grange, of Swedesboro; Monmouth Grange, No. 92, of Freehold; Mickleton Grange, No. 111, of Mickleton; Saddle River Grange, No. 144, of Saddle River; Cape May Grange, No. 128, of Dias Creek; Olive Branch Grange, No. 142, of Matawan; Mount Bethel Grange, No. 201, of Mount Bethel; Lawrenceville Grange, No. 170, of Lawrenceville; Harrisonville Grange, No. 26, of Woodstown; Aura Grange, No. 122, of Aura; Adelphia Grange, No. 196, of Adelphia; Wayne Township Grange, No. 145, of Preakness; Acquackanonk Grange, No. 183, of Clifton; Columbus Grange, No. 58, of Columbus; Blue Anchor Grange, No. 166, of Blue Anchor; Mount View Grange, No. 137, of Mount View; Allenwood Grange, No. 193, of Allenwood; Centre Grove Grange, No. 57, of Millville; Williamstown Grange, No. 85, of Williamstown; New Market Grange, No. 152, of New Market; Cedarville Grange, No. 34, of Cedarville; Vernon Valley Grange, No. 134, of Vernon; Franklin Grange, of Wyckoff; and Washington Grange, No. 117, of Washington, all in the State of New Jersey, remonstrating against the imposition of additional taxes upon the automobile industry, which were referred to the Committee on Finance.

Mr. COPELAND presented a resolution of members of the North River Presbyterial Society of the State of New York, praying for action looking to protection of the reindeer in Alaska for the Esquimos, which was referred to the Committee on Territories and Insular Affairs.

He also presented a resolution of the Aeries of Southwestern Washington, Fraternal Order of Eagles, favoring the enactment of legislation providing for the establishment of Federal home loan banks, which was referred to the Committee on Banking and Currency.

He also presented a resolution adopted by the Ca-Choo Club, of Sault Ste. Marie, Mich., requesting an investigation of the cause and prevention of hay fever, which was referred to the Committee on Commerce.

He also presented a resolution adopted by the board of directors of the Manufacturers' Association of Syracuse, and a petition of citizens of Cazenovia, in the State of New York, praying for the modification of the national prohibition law, which was referred to the Committee on the Judiciary.

He also presented a resolution of the Central Supply Association, of Chicago, Ill., favoring retrenchment in governmental expenditures, which was referred to the Committee on Appropriations.

He also presented a memorial of sundry citizens of Yonkers, N. Y., remonstrating against reductions in salaries or curtailment of privileges of Federal employees, which was referred to the Committee on Appropriations.

He also presented a resolution of the Dryden Aggies, Chapter No. 37, Dryden High School, of Dryden, N. Y., favoring moderate reductions in appropriations and opposing curtailment of the appropriations for agricultural extension and vocational education, which was referred to the Committee on Appropriations.

He also presented a petition in the form of a resolution adopted by Fleet Reserve Association, Branch No. 26, of New York City, N. Y., and a petition of citizens of the State of New York, praying for the enactment of legislation providing for the cash payment of World War veterans' adjusted-compensation certificates, which were referred to the Committee on Finance.

He also presented a resolution adopted by Ithaca Post, No. 221, the American Legion, of Ithaca, N. Y., remonstrating against the enactment of the so-called Patman soldiers' bonus bill, which was referred to the Committee on Finance.

He also presented resolutions adopted by Canandaigua Post, No. 256, and Ralph Baldwin Post, No. 845, the American Legion, of Canandaigua and Frankfort, N. Y., respectively, remonstrating against the passage of legislation curtailing the benefits accorded to World War veterans, which were referred to the Committee on Finance.

He also presented a memorial of sundry citizens of the State of New York remonstrating against the imposition of taxes on automobiles, motor trucks, parts, accessories, gasoline, and lubricating oil, which was referred to the Committee on Finance.

He also presented resolutions adopted by the Mercer Club, of Buffalo, N. Y., remonstrating against the imposition of taxes on the automotive industry and allied industries and favoring the manufacturers' sales tax in lieu thereof, which were referred to the Committee on Finance.

TAXES ON GRAPE JUICE AND CONCENTRATES

Mr. WAGNER presented a telegram from C. D. Champlin, of Hammondsport, N. Y., which was referred to the Committee on Finance and ordered to be printed in the RECORD, as follows:

HAMMONDSPORT, N. Y., *April 29, 1932.*

Hon. ROBERT F. WAGNER,
Senate Office Building, Washington, D. C.:

In considering the taxation of grape juice and concentrates may we call your attention to fact that the grape industry is practically bankrupt, and that any extreme taxation will restrict present markets. The forced use of benzoate of soda as a preservative will further curtail markets by preventing the use of grape products in the baking and allied industries. We are in a bad way and, while desirous of assuming our just share, ask that the committee give regard to our present state.

C. D. CHAMPLIN.

AMENDMENT OF THE BANKRUPTCY ACT

Mr. FLETCHER presented minutes of a special meeting of the Dade County (Fla.) Bar Association, which were referred to the Committee on the Judiciary and ordered to be printed in the RECORD, as follows:

A special meeting of the bar association was held in the circuit court room, Miami, Fla., Thursday, April 28, 1932, at 4 p. m., in pursuance of a regular call.

M. L. Mershon, president, presided, and declared that a quorum existed. He announced that the purpose of the meeting was to consider the proposed amendment to the national bankruptcy act, Senate bill No. 3866, House bill No. 9968, and called upon Herbert U. Feibelman, chairman of the bankruptcy committee, to submit a report which it had. Mr. Feibelman thereupon read the report, as follows:

"We, your standing committee on bankruptcy, beg leave to report as follows:

"There is pending before Congress an amendment to the national bankruptcy act, being Senate bill No. 3866, House bill No. 9968, known as the administration bill. Your committee has carefully read the measure; and while all of its features have not been thoroughly digested, your committee is prepared to say that such an innovation in the practice, not only in this country but elsewhere, should not be undertaken without the most thorough consideration and study.

"Many of the features of the proposed measure appear to your committee to be charged with possible difficulties and are of doubtful worth. Your committee is not prepared to approve the creation of a special bankruptcy bureau, with numerous high-priced officials answerable only to a bureau in Washington, resulting, it would seem, in a division of responsibility, which would tend to open the gateway to fraud, rather than centralize responsibility and prevent fraud.

"Your committee believes that the features of suspending the discharge of a bankrupt subject to the surveillance of nonresident officials of the new bankruptcy bureau would tend in great measure to prevent the economic recovery of failing merchants and not promote the morale of the citizenship. Your committee believes it to be the purpose of the bankruptcy act to rehabilitate the weak and strengthen those who, through circumstances beyond their control, have unfortunately failed in business. The proposed act, in its effort to apprehend the fraudulent merchant, necessarily would prevent many good citizens from starting life anew after an unfortunate failure.

"Your committee believes that the greatly increased costs through fees allowed officials of the bankruptcy court are hardly justified by the experience in this jurisdiction, where the compensation allowed such officials has been considered ample, and your committee believes that these additional burdens upon bankruptcy administration would deter rather than encourage the use of the act, and would defeat one of its main purposes—the prompt, orderly, and economic liquidation of insolvent estates. Your committee expresses full confidence in the Federal courts to administer insolvent estates under the existing bankruptcy act, as last amended, and believes that the proposed amendment was patterned more nearly in the light of the peculiar and abhorrent conditions that did obtain in certain eastern bankruptcy courts than in the light of conditions throughout the country, particularly in south Florida.

"We do not believe that the bench and bar of the Federal court, generally, has become so abject as to require the denial of responsibility under the proposed amendment; and we, therefore, recommend to the bar association the adoption of the following resolution:

"*Be it resolved by the Dade County Bar Association, in meeting regularly assembled,* That it is the sense of this organization that the proposed amendment to the national bankruptcy act, being Senate bill No. 3866 and House bill No. 9968, provides such a drastic innovation in bankruptcy administration as warrants the careful and extended study of Congress and interested persons before its adoption as law; that the added expenses of administration provided by the law, as well as other features, tend to discourage rather than encourage the use of the act, and would not only increase the cost of administration but would diminish the returns to creditors and promote fraud; that this association considers the creation of a bankruptcy bureau without assurance of added efficiency in bankruptcy administration, but with a division of responsibility rather than a centralization thereof, and with full confidence in the integrity and ability of the Federal bench and bar, this association urges that Congress permit the present law to remain until, after careful study and investigation, actual improvements in the methods of bankruptcy administration have been devised and demonstrated.

"Respectfully yours,

"HERBERT U. FEIBELMAN, *Chairman.*
"RUDOLPH ISOM.
"HOWARD W. MCCAY.
"H. H. TAYLOR.
"L. EARL CURRY."

Mr. Feibelman thereupon explained some of the major innovations in the proposed amendment, and was followed by L. Earl Curry, referee in bankruptcy, who spoke in disapproval of the pending legislation, condemned the bill as increasing the costs of bankruptcy administration and adding to the power of central government, without promise of added efficiency in bankruptcy administration. He predicted that if the bill were enacted into law the cost of administration would be increased from 30 to 50 per cent, and liquidation of insolvent estates would be greatly delayed. He stated that he knew of no referee or Federal judge who favored the plan, but all who, to his knowledge, have expressed themselves, were strongly opposed to it.

Thereupon it was regularly moved and carried that the report of the bankruptcy committee be approved, that the resolution be adopted, and that copies thereof be supplied to the press, to each member of the committees from the House and Senate having before them the pending administration bankruptcy bill, and to each Member of the House and Senate of the Florida delegation. Mr. Feibelman having announced his presence in Washington May 3, 1932, to testify before these congressional committees, it was regularly moved and carried that he be authorized to represent the Dade County Bar Association in submitting to these committees a transcript of the proceedings of this meeting, with a copy of the resolution adopted.

There being no further business, the meeting was, on motion duly made and carried, adjourned.

CHAS. A. MOREHEAD, *Secretary.*

We, M. L. Mershon, president, and Charles A. Morehead, secretary, of the Dade County Bar Association, do hereby certify that the foregoing pages numbered 1 to 3, both inclusive, constitute a true and correct transcript of the minutes of the Dade County Bar Association held in Miami, Fla., April 28, 1932, at 4 p. m.

In witness whereof we have hereunto set our hands and the official seal of this organization at Miami, Dade County, Fla., this 29th day of April, A. D. 1932.

M. L. MERSHON, *President.*

Attest:

CHAS. A. MOREHEAD, *Secretary.*

REPORTS OF COMMITTEES

Mr. WATERMAN, from the Committee on the Judiciary, to which were referred the following bills, reported them severally without amendment and submitted reports thereon:

S. 931. An act to amend a part of section 1 of the act of May 27, 1908, chapter 200, as amended (U. S. C., title 28, sec. 592) (Rept. No. 631);

S. 933. An act to amend section 1025 of the Revised Statutes of the United States (Rept. No. 632); and

S. 940. An act to provide against misuse of official badges, identification cards, and other insignia designed for the use of public officers (Rept. No. 633).

Mr. WAGNER, from the Committee on Foreign Relations, to which was referred the bill (S. 3375) for the relief of Wiener Bank Verein, reported it without amendment and submitted a report (No. 634) thereon.

Mr. METCALF, from the Committee on Education and Labor, to which was referred the resolution (S. Res. 186) favoring an expression on Mother's Day of our love and reverence for motherhood, reported it without amendment.

AMENDMENT OF THE NATIONAL PROHIBITION ACT—ALCOHOLIC LIQUORS

Mr. HATFIELD, from the Committee on Manufactures, to which were referred the following bills, reported them adversely and submitted an adverse report (No. 635) thereon:

S. 436. An act to amend the national prohibition act, as amended and supplemented, in respect to the definition of intoxicating liquor; and

S. 2473. An act to provide for increasing the permissible alcoholic content of beer, ale, or porter to 3.2 per cent by

weight, and to provide means by which all such beer, ale, or porter shall be made of products of American farms.

Mr. METCALF submitted the views of the minority of the Committee on Manufactures to accompany the bill (S. 436) to amend the national prohibition act, as amended and supplemented, in respect to the definition of intoxicating liquor, reported adversely from that committee, which were ordered to be printed as part 2 of Report No. 635.

BILLS AND JOINT RESOLUTION INTRODUCED

Bills and a joint resolution were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. WAGNER:

A bill (S. 4553) for the relief of Elizabeth Millicent Trammell; to the Committee on Foreign Relations.

By Mr. SHEPPARD:

A bill (S. 4554) authorizing the Fort Hancock-Porvenir Bridge Co., its successors and assigns, to construct, maintain, and operate a bridge across the Rio Grande at Fort Hancock, Tex.; to the Committee on Commerce.

By Mr. NORRIS:

A bill (S. 4555) for the relief of Edwin Horton; to the Committee on Military Affairs.

By Mr. TYDINGS:

A bill (S. 4556) granting an increase of pension to Anna M. Sipple (with accompanying papers); to the Committee on Pensions.

By Mr. FRAZIER (by request):

A bill (S. 4557) to authorize the addition of certain names to the final roll of the Sac and Fox Indians of Oklahoma; to the Committee on Indian Affairs.

By Mr. ROBINSON of Indiana:

A bill (S. 4558) granting an increase of pension to Nancy Jane Albright (with accompanying papers); to the Committee on Pensions.

A bill (S. 4559) to amend sections 10 (b) and 16 of the Federal reserve act, as amended; to the Committee on Banking and Currency.

By Mr. COHEN:

A bill (S. 4560) granting an increase of pension to Paul O. Brownlee; to the Committee on Pensions.

By Mr. McKELLAR:

A bill (S. 4561) granting a pardon to Lieut. Thomas S. Massie, Mrs. Granville Fortescue, Albert O. Jones, and E. J. Lord; to the Committee on the Judiciary.

A bill (S. 4562) for the relief of Frank J. Miller (with an accompanying paper); to the Committee on Claims.

By Mr. GLENN:

A bill (S. 4563) for the relief of Roy Beavers; to the Committee on Claims.

By Mr. FLETCHER:

A bill (S. 4564) to authorize the transfer to the Department of Florida, United Spanish-American War Veterans (Inc.), of certain Federal funds now on deposit in the name of Cary A. Hardee, Governor of the State of Florida, in the Lewis State Bank, of Tallahassee, Fla., and providing for the distribution and use of such funds; to the Committee on Military Affairs.

By Mr. SMOOT:

A joint resolution (S. J. Res. 153) providing for the suspension of annual assessment work on mining claims held by location in the United States and Alaska; to the Committee on Mines and Mining.

REVENUE AND TAXATION—AMENDMENT

Mr. CAREY submitted an amendment intended to be proposed by him to House bill 10236, the revenue and taxation bill, which was referred to the Committee on Finance and ordered to be printed, as follows:

On page 31, after line 3, insert the following:

"(w) Real estate acquired by State banks as security for loans: So much of the cost of real estate owned by a State bank or a domestic building and loan association not exempt from taxation under this title, as is charged off within the taxable year in obedience to the specific orders or general policy of the officers of the State having supervision over such bank or association. In determining gain or loss from the subsequent sale or other disposition of such real estate the adjusted basis provided in section 113 (b) shall be reduced by the amounts so charged off."

HOUSE BILLS REFERRED

The following bills were severally read twice by their titles and referred as indicated below:

H. R. 4709. An act providing for the establishment of a term of the District Court of the United States for the Southern District of Florida at Orlando, Fla.;

H. R. 9306. An act to amend section 99 of the Judicial Code (U. S. C., title 28, sec. 180), as amended; and

H. R. 11057. An act to amend section 129 of the Criminal Code of the United States; to the Committee on the Judiciary.

H. R. 6688. An act to fix the rates of postage on certain periodicals exceeding 8 ounces in weight; to the Committee on Post Offices and Post Roads.

H. R. 8393. An act providing for payment of $25 to each enrolled Chippewa Indian of the Red Lake Band of Minnesota from the timber funds standing to their credit in the Treasury of the United States; to the Committee on Indian Affairs.

H. R. 8578. An act to amend the World War veterans' act, 1924, as amended, by providing allowances for widows and children and dependent parents of veterans of the World War; to the Committee on Finance.

H. R. 79. An act to provide for conveyance of a portion of the Liston Range Rear Lighthouse Reservation, New Castle County, State of Delaware, for highway purposes; and

H. R. 10683. An act to provide for the conveyance by the United States of a certain tract of land to the borough of Stonington, in the county of New London, in the State of Connecticut; to the Committee on Commerce.

H. R. 10829. An act relating to the naturalization of certain women born in Hawaii; to the Committee on Immigration.

H. R. 11337. An act authorizing the Secretary of the Treasury to exchange the Federal building site in Dover, N. J., for another site; to the Committee on Public Buildings and Grounds.

H. R. 11499. An act for restoring and maintaining the purchasing power of the dollar; to the Committee on Banking and Currency.

CONSERVATION—ADDRESS BY SENATOR WAGNER

Mr. COPELAND. Mr. President, I ask that there may be inserted in the RECORD a radio address delivered by my colleague the junior Senator from New York [Mr. WAGNER] on April 23, 1932, on the subject of conservation.

The VICE PRESIDENT. Without objection, it is so ordered.

The address is as follows:

On the 14th of March the United States Senate passed a resolution I had submitted, which reads as follows:

"Whereas under the inspiring leadership of President Cleveland it became the settled policy of this Nation to conserve its natural resources; and

"Whereas the establishment of an American conservation week will have the desired effect of bringing the American people to realize in the words of that great conservationist, President Roosevelt, that 'the conservation of our natural resources and their proper use constitute the fundamental problem which underlies almost every other problem of our national life': Therefore be it

"*Resolved by the Senate (the House of Representative concurring)*, That the President of the United States is requested to issue each year a proclamation designating the first week in April as American conservation week, and inviting the people of the United States to observe that week in schools, churches, museums, parks, and other suitable places, with ceremonies appropriate to the occasion."

That resolution is now pending in the House of Representatives. I hope it will secure the approval of the House before the end of the present session.

What prompted me to submit this resolution was the realization that we had permitted the policy of conservation to become the specialized science of the expert and the hobby of the sportsman. Conservation was losing contact with the great body of our citizens at the very time that it needed intelligent support and vigorous assistance.

Only a few months ago a committee of the United States Senate, after extensive investigation, sounded this sharp warning:

"Your committee finds convincing evidence of a rapid disappearance of wild life. The evidence supporting this conclusion

comes from every source. It is not disputed. * * * The alarm of the conservationist, sportsman, fisherman, recreationist, and hunter has never been greater than at the present period."

That report of the Senate committee does not exaggerate the gravity of the risk we are running.

Should we permit the various forms of wild life upon this continent to disappear, we shall be guilty of destroying one of the greatest gifts of this bountiful continent. Nothing man has yet invented compares with the power of wild nature to refresh our souls, widen our vision, restore our strength, and calm our nerves when they are shattered and frayed by the fast pace of modern business activity.

There was a time not so long ago when our cities were but tiny islands of civilization sprinkled across a continent rich in natural and untamed life. At that time we had to protect ourselves against the jungle. All that has now changed. The time has come when we must preserve a portion of the jungle and the wilderness and protect the plant and animal life that can thrive only in the wilderness, so that we may have the means of satisfying the deep-seated yearning of mankind for contact with the great out of doors.

This aspect of conservation—namely, the need of providing for ourselves and for those who come after us free and easy access to opportunities to re-create their energies—is, in my judgment, by far the most important phase of wild-life conservation. But it is by no means the only one.

There is a business aspect to conservation It is estimated that there are in the United States about 13,000,000 sportsmen who resort to the great outdoors for their recreational activities. Their expenditures for that purpose exceed $650,000,000 a year. Their purchases finance a major industry, an important branch of our national economy, which deserves to be cultivated like any other branch of the Nation's economic effort.

Furthermore, the direct contribution of the various forms of wild life by way of food and clothing exceeds $150,000,000 in value.

We know only too well that many forms of bird life and animal life have entirely or practically disappeared from the continent because conservation was only a word—not a practice. Our present problem is therefore not merely to preserve what has remained but in many cases to replenish the wastage that has occurred in the past. Our duty is to make certain that not only we but those who follow us may enjoy a fair share of the natural riches of this continent.

The scope of conservation is wide enough to embrace every natural asset, such as oil, coal, and water power, and the wild life of the forest and prairie. Conservation implies a governmental policy with respect to each of them.

The first practical expression of the policy of conservation with respect to wild life was the action of the State of Maine in 1843 in appointing a number of official game protectors. To-day every State of the Union except Mississippi has a bureau charged with the duty of conserving its fish and game resources for the benefit of the people of the State.

The Federal Government began its conservation activities by establishing the Bureau of Fisheries in 1871. To-day we have, in addition to that bureau, three more actively engaged with the practical problems of conserving wild life. They are the Bureau of Biological Survey, the National Forest Service, and the National Park Service.

For the special protection of the migratory birds we have entered into a treaty with Canada. That problem has not, however, as yet been solved. All admit that there has been a diminishing supply of migratory waterfowl. Last year the situation had to be met by the drastic curtailment of the duck season. The controversy as to cause of the shrinkage in the number of these fine birds has not yet subsided. We have a great and valuable natural asset in these migratory birds, which should be preserved. I believe we should inaugurate a thoroughgoing study of the conditions surrounding their entire circuit from the breeding areas in Alaska down to Central America. Only by the use of facts can we properly solve the problem of the migratory waterfowl.

Another conservation problem that calls for the attention of the Federal Government is that of water pollution. Many of our inland and coastal waterways have been reduced to such a condition as practically to make impossible the continuance of any forms of aquatic life within them. The problem calls for further study and for stringent regulation, to the end that commerce may be accommodated and that the natural resources of the water systems of the United States may be preserved.

All of the objectives of conservation would be furthered by a closer coordination of the activities of the principal bureaus of the Federal Government engaged in fish and game preservation. The national forests and the national parks can be more intensively utilized than they have been for game replacement. It would also be well if the State conservation offices and the Federal bureaus engaged in conservation activities were more frequently brought into contact and into cooperation. One of the immediate essentials both for the States and the Federal Government is the provision of a larger personnel for the enforcement of the many salutary laws and regulations which have already been placed upon the statute books for the protection of wild life in America.

It is apparent that conservation is not only a policy of government—not only a specialized art and science—but that it must also become a habit of citizenship. The policy of conservation will not prevail unless it finds favor and support with the great body of American sportsmen and with the citizens generally.

It is for that reason that I hail the conservationists of America who are devoted to the cause of educating the public to the ideals and purposes of conservation, namely, the perpetuity of our wild life and the most economical use of our natural resources so that it may be reasonably certain that future generations will share with us in their enjoyment. I thank you.

DEBTS AND TAXES

Mr. LOGAN. Mr. President, I ask that there may be printed in the RECORD an article by Mr. C. T. Revere appearing in the Review of Reviews for May, 1932, entitled "Our Taxes: The Bills We Pay for Politics."

The VICE PRESIDENT. Without objection, it is so ordered.

The article is as follows:

OUR TAXES: THE BILLS WE PAY FOR POLITICS

By C. T. Revere

After the country begins to recover from the shock of seeing the United States Treasury faced by the threat of an unbalanced Budget, with its implication of a cloud upon national credit, it will be interesting to observe the public reactions, as well as the effect of those reactions upon our future policies.

In former fiscal crises the plight of an oppressed citizenry was portrayed in this burning epigram: "The power to tax is the power to destroy."

We have gone far since then, and our experience has taught us something. If we were to try to outline the present impasse, we would say: "The power to spend is the power to consume"—like a devastating fire. For in many respects the toll exacted from an energetic and resourceful people has found its vent in waste. It has gone up the economic smokestack in the form of outlays on farm relief, Shipping Board futilities, bonus payments to ex-service men, prohibition enforcement, and for other purposes, leaving no more trace upon our national landscape than a melting April snow.

Former President Coolidge, in his recent Saturday Evening Post article, Debts and Taxes, places the Nation still further under obligation to him by his exposition of this vexed problem. Surveying our flounderings from "the loopholes of retreat," his penetrating discussions and wise counsel give him the stature and dignity of the Marcus Aurelius of the American Republic.

Mr. Coolidge evidently regards some aspects of this question as rating higher in importance, if possible, than the balancing of our Budget by increased taxation. Chief among these is the mounting cost of government. The figures quoted by Mr. Coolidge are largely those prepared by the National Industrial Conference Board. It was pointed out that in 1903 the approximate total cost of government—including National, State, and local expenditures—was $1,570,000,000. That was one year less than 30 years ago.

In 1930 our governmental indebtedness—national, State, and municipal—had climbed to more than $30,000,000,000. Our taxes had mounted to $10,251,000,000. But even those levies, the most stupendous that ever faced any nation in history, fell short of what we spent, as total expenditures reached $13,058,000,000, thus implying an increased indebtedness to the extent by which expenditures exceeded taxes.

These figures are terrifying enough, but they do not tell the story as it stands to-day. As Mr. Coolidge pointed out, our tax bill of 1930, amounting to $10,251,000,000, consumed 14.4 per cent of our national income. It was about 3 per cent of our total national wealth, and as such it approached dangerously near to the proportions of a capital tax—a levy that points to the broad highway leading to progressive national collapse.

But what about 1932? Total national, State, and local taxes will far exceed the levies of two years ago. When the returns are all in, the combined tax bill—not tax collections—probably will exceed $12,000,000,000. On the other hand, our national income, all of us will agree, has shown a distressing shrinkage since the days of 1930. We are likely to find out that our tax bill of 1932 will approach 30 per cent of the Nation's income. What percentage of our diminished national wealth is represented by such a toll? It is perhaps just as well that we do not know. The mere conjecture is appalling.

These exhibits should show us that we have in the offing certain problems transcending in importance even the urgent necessity of balancing our Budget by unearthing new sources of governmental revenue. Supreme among these is the necessity for a reduction in expenditures. No nation, however energetic and resourceful, no matter how bountifully favored by natural conditions, can permanently stand such a burden.

The debt charges alone call for an impost that is staggering. One glance at the cost of State and municipal government will convince us of this. These expenses in 1930 had climbed to $9,116,000,000. Interest took $1,481,000,000, and debt reduction absorbed another $1,126,000,000. Here we have a total in excess of $2,600,000,000. In other words, in 1930 the charges for interest and debt reduction, merely overhead items, cost our States and cities over a billion more than it took to run Federal, State, and municipal Governments in 1903. This is a change that has taken place in 27 years.

All of us admit the need of meeting an emergency, and the imperative necessity of balancing the Budget when the Nation's credit is at stake. However, if one is to judge from the character of protests now coming from all sections of the country, the clear—though perhaps subconscious—conviction of the business community is that the supreme fiscal calamity would not be our failure to balance the Budget, but our success in balancing it by the levy of high taxes while sustaining the present scale of public expenditure. We might collect such taxes for one year, possibly two; but we would not carry the burden for any extended period of time.

Before we get through with problems involving revenues, outlays, appropriations, expenditures, excise duties, direct taxes, indirect taxes, sales taxes, etc., we are likely to be confronted by queries to which we never before have given practical attention.

Among the misgivings that will express themselves in interrogative form one might enumerate the following which will have to be developed into settled fiscal policies before we are through with our troubles:

1. Is not a large part of our present distress due to the tendency of our political leaders to formulate taxing policies that will lead to social and economic equalization? Inheritance and estate taxes, levies of a more onerous nature in the higher brackets of income-tax administration, may be given as examples.

2. When we look at the items that have thrown our fiscal system out of gear, do we not find that these huge outlays were made to placate politically powerful elements, and that our political leaders, in yielding to high-pressure propaganda, virtually have dipped their own hands into the Public Treasury to maintain their political existence and prestige?

3. In the last 20 years or so we have added enormously to the number of Government bureaus, many of which perform overlapping functions; and salaries have been advanced in keeping with the rising cost of living. Does the failure to dispense with superfluous agencies or to reduce the salaries of governmental employees in keeping with the lowered cost of living, mean that the country is now saddled with a bureaucracy that can scoff at the distress of the American taxpayer?

4. When we come to consider the sources of revenue, are we not likely to find that the Federal tax structure has marked elements of fundamental weakness, and that we have been relying too much upon sources of income that were uncertain and subject to dangerous and troublesome variations? The present form of administration of our income tax furnishes a case in point. Two years and more of depression have shown that we can not safely depend upon a levy obtained from such a relatively small group whose individual fortunes are subject to such appalling fluctuations.

5. If we broaden the base of our income-tax levy, will we not find at least three most salutary results ensuing therefrom: (a) A more stable source of revenue, subject to less sweeping variations; (b) a keener sense of responsibility among our citizens toward public expenditures; and (c) a consequent and most wholesome restraint upon Congress in respect to appropriations from the Public Treasury?

Undoubtedly there are many other queries that will arise in the public mind, and all should work eventually toward the development of a sounder fiscal program, less extravagance on the part of Nation, State, and city, and the formulation of taxation policies that will be more equitable and produce the minimum of unfavorable reactions upon our capital structure.

At the moment the interest of the Nation is concentrated upon the position of the United States Treasury. The formula setting forth both the misgivings and the amazement of the American people may be expressed largely as follows: What created the deficit? The answer is simple. Revenue sources broke down at a time when expenditures were exceeding all peace-time precedents.

Revenue proved to be disappointing because of the fluctuating character of its source. Only a year ago the official Treasury forecast saw a deficit in 1931 of approximately $180,000,000. It estimated that for 1932 there would be a surplus of $30,000,000, with no apprehension expressed that for 1933 the Treasury position would be anything but comfortable.

In order to show the unforeseen difficulties confronting the Treasury officials, it might be stated that the deficit for 1931 was nearly a billion dollars and that for 1932 it will be in the neighborhood of $2,150,000,000. It now appears that the estimate made a year ago of revenue from income taxes for the current fiscal year was about $1,140,000,000 more than will be obtained. This experience alone should demonstrate the fallacy of placing major reliance on a source of revenue that can dwindle with such disconcerting rapidity.

The items causing the deficit can be picked out of the second and third pages of the report of the House Ways and Means Committee on the revenue bill of 1932. Since the fiscal year 1930, when we last had a balanced Budget, there is an estimated decline in corporate and individual income taxes alone from approximately $2,200,000,000 to $850,000,000. This is a loss of $1,350,000,000. Total revenue from all sources shows a drop from $4,178,000,000 to $2,242,000,000, a decline of almost $2,000,000,000. The item of "miscellaneous receipts" shows a drop from $552,000,000 in 1930 to $265,000,000 in 1932. Most of this is explained by the current year's moratorium on foreign-debt payments.

If one is looking for extraordinary items of expense for 1932, he can find them in an extra appropriation of $200,000,000 for loans to veterans, $155,000,000 actual advances by the Federal Farm Board, a postal deficit of $195,000,000, and an item of $784,000,000 for the Veterans' Administration. This latter is in addition to the extra $200,000,000 in loans.

In connection with the allocation of the Veterans' Administration some interesting testimony was given by General Hines in the hearings on the independent offices appropriation bill.

Up to the beginning of 1932, $1,284,000,000 actually had been loaned. Only a comparatively small portion of this shows up in the budgetary estimates, for the reason that since the adjusted-service certificate act was passed, in 1924, approximately $112,000,000 had been appropriated each year to this fund. The fiscal effect has been to retire the outstanding public debt by that amount and place it in the fund in the form of Government bonds bearing interest. When the loan legislation went through, these bonds (or, rather, marketable bonds as substitutes) were sold. Thus, while this $1,200,000,000 figure did not show up either in the public debt statement or in the Budget, except as already indicated, the Treasury had to borrow that much money.

In the official statement of the Ways and Means Committee report and elsewhere, on expenses for the current fiscal year, no mention is made of withdrawals from the Treasury by the Reconstruction Finance Corporation or by the Farm Loan Board on the new $125,000,000 appropriation. The first quarterly report of the Reconstruction Finance Corporation shows that $238,000,000 of loans had been authorized up to March 31, of which $192,000,000 actually have been withdrawn from the Treasury.

Among the expenditures it is just as well to bear in mind the donation of the United States Government to the various States for road construction, included in the expenditures of the Department of Agriculture. The actual money available for this purpose during the fiscal year 1932 is around $160,000,000. The system employed in making these disbursements is interesting. It also may be confusing to the uninformed American taxpayer. For several years Congress appropriated $75,000,000 a year, and two years ago they raised the figure to $125,000,000. For the past two years the expedient has been adopted of "edging up" on future appropriations, granting in advance the money that the States might expect in future years. The actual expenditures for the current fiscal year thus approximate $160,000,000.

No business enterprise in a period of declining earnings and with an unfavorable outlook would think of following any other program than that of drastic retrenchment. There is little indication that such a course will be followed in respect to Government expenditures. Governmental economy presents our most baffling problem. There are plenty of protests against specific taxes, but there are few specific recommendations when it comes to instituting economies. The President has made a general appeal for the practice of economy, and this was met by a challenge by Congress to show where curtailment could be put into effect. The latest development has been a joint proposal for a slash amounting to $160,000,000 as a result of conferences between the Executive and House leaders.

Just why the salaries of Federal employees should be considered immune from downward revision, when practically every other element in the community has suffered radical curtailment of income, is one of the unsolved mysteries of politics. Another enigma that passes understanding is the immortality of bureaus that long since have outlived their stage of usefulness and still show no signs of disintegration.

Government could learn something from business in the matter of devising economies. Individual business would compare present with past expenses and endeavor to ferret out the items responsible for the increased outlay. The pruning knife would be applied to such increases unless it could be shown that they were productive or otherwise imperatively essential to the conduct of operations.

No better illustration of how well-managed private concerns would proceed can be furnished than to present a portion of the letter issued on April 8 by Lammot du Pont, president of E. I. du Pont de Nemours & Co. In this letter Mr. du Pont gave a tabulation, reproduced on next page, prepared from the latest annual report of the Secretary of the Treasury, comparing governmental expenditures by main subdivisions for the fiscal years 1927 and 1932.

In offering this formidable exhibit President du Pont made the following comment:

"To finance these ever-increasing disbursements, Congress is now planning huge additional taxes to be paid for out of the already shrunken income of prostrate industry and individuals.

"Taxes levied upon corporations and other producers increase the cost of their products. Higher costs lessen sales, slow down industry, increase unemployment and want; all of which drive costs still higher and further increase distress. Taxes upon individuals have a similar effect by curtailing their capacity to purchase the products of industry.

"It is lower costs and higher purchasing power which we need to-day, perhaps more than ever in our history. Why are industries and individuals, which must reduce their expenditures to meet the depressed conditions, saddled with ever-mounting taxes to cover the ever-increasing expenditures of the National Government? Why should the confidence in the financial security of the Government itself be jeopardized by extravagance? Why does not Congress balance the Budget by reduction of expenditures through efficient operation and the curtailment of non-essential services and functions?"

Washington opinion, which perhaps is too close to the scene, is decidedly cynical on the subject of Government economies. In its April issue, the National Sphere (Washington) said: "The

most pathetic thing in Washington at the moment is the movement to reduce Government expenditures. It is pathetic because it is making a loud noise and no progress. Were the matter not such an extremely serious one for the welfare of the American people, the situation would be little short of ridiculous. As it is, there is a lesson: The reduction of expenditures on projects and agencies once started is an impossibility. There is also a moral: Don't start new governmental projects or agencies."

Such cynicism is too tragic. If it has even a modicum of verity, it questions the fundamental validity of democracy. It makes a farce of Lincoln's noble panegyric at Gettysburg, and warns of our vanishing birthright—that this Republic is fast becoming a Government of the politicians, by the politicians, and for the politicians.

	1927	1932	Increase	Increase
				Per cent
Total expenditures	$3,493,600,000	$4,482,200,000	$988,600,000	28
Less interest and sinking-fund payments (statutory)	1,120,500,000	1,016,800,000	[1] 103,700,000	[1] 9
Less miscellaneous, not included in major departments	409,100,000	270,300,000	[1] 138,800,000	[1] 34
Balance which was expended by major departments, commissions, etc., as follows	1,964,000,000	3,195,100,000	1,231,100,000	63
Department of Agriculture	156,300,000	333,500,000	177,200,000	113
Agricultural marketing fund—not (Farm Board)		155,000,000	155,000,000	
Post office deficit	27,300,000	195,000,000	167,700,000	614
Treasury Department	151,600,000	312,900,000	161,300,000	106
War Department	360,800,000	483,700,000	122,900,000	34
Navy Department	318,900,000	378,900,000	60,000,000	19
Shipping Board	19,000,000	60,800,000	41,800,000	220
Department of Justice	24,800,000	53,900,000	29,000,000	117
Department of Commerce	30,900,000	54,700,000	23,800,000	77
Other independent offices and commissions	35,400,000	57,600,000	22,200,000	63
Legislative establishment	19,700,000	32,400,000	12,700,000	64
Department of Labor	9,900,000	14,100,000	4,200,000	42
Adjusted-service certificate fund	115,200,000	200,000,000	84,800,000	74
Veterans' Bureau (Veterans' Administration since 1930)	391,500,000	784,400,000	[2] 392,900,000	100
Interior Department	302,700,000	78,300,000	[1][2] 224,400,000	[1] 74
Total of major departments, commissions, etc	1,964,000,000	3,195,100,000	1,231,100,000	63

[1] Indicates decrease.

[2] Since the Bureau of Pensions was transferred from the Interior Department to the Veterans' Bureau in 1931, in order to make a fair comparison with 1927 it is necessary to combine the expenditures of the Interior Department and the Veterans' Bureau for each period, which results in an increase in expenditures in those two divisions of $168,500,000 for 1932 as compared with 1927.

TAXES AND GOVERNMENTAL EXPENDITURES

Mr. LOGAN. Mr. President, I ask permission to have printed in the RECORD an article by Isaac F. Marcosson entitled "Bills for Billions," which appeared in the Saturday Evening Post of April 30, 1932.

The VICE PRESIDENT. Without objection, it is so ordered.

The article is as follows:

BILLS FOR BILLIONS

By Isaac F. Marcosson

Here are three statements of significance for every American citizen, whether he pays taxes or not. The first was made by the then Secretary of the Treasury Mellon before the congressional Ways and Means Committee on January 13 last, when he said:

"As pointed out in my annual report to the Congress, we closed the fiscal year with a deficit of $903,000,000. Without making allowance for increased revenues through recommended legislation, we are confronted this year with a prospective deficit of $2,123,000,000, and it is estimated that expenditures will exceed receipts by no less than $1,417,000,000 in the fiscal year 1933. This situation is due, on the one hand, to increased expenditures, and, on the other, to a precipitous decline in receipts from taxation."

The second is an extract from the report of the committee on Federal expenditures of the Chamber of Commerce of the United States, which reads:

"Governmental expenditures in the United States are now estimated to be between thirteen and fourteen billion dollars annually. Compared with the pre-war year of 1913, these expenditures have increased 330 per cent. Those of the Federal Government increased about 475 per cent, of the States about 376 per cent, and of the local units about 270 per cent. Per capita expenditures have increased about 360 per cent for the Federal Government, 285 per cent for the States, and about 200 per cent for local units."

The third is part of a pronouncement by President Hoover at the biweekly press conference at the White House on January 8. It stated:

"I wish to emphasize to the fullest extent of my ability the necessity, as a fundamental to the country, for the utmost economy of Government expenditure of all kinds. Our people must realize that Government can not live in a depression upon the scale that was possible in times of great prosperity. * * * Our first duty as a Nation is to put our Government house in order—National, State, and local. With the return of prosperity the Government can undertake constructive projects both of social character and in public improvement. We can not squander ourselves into prosperity."

In the face of the fiscal conditions just enumerated, which so vitally affect the credit of the country, the new Congress plunged at once into the business of appropriation. Between the time that the gavel fell for the first session on December 7 and the adjournment for the holidays on December 22, hundreds of measures had poured into the hopper, carrying with them recommendations for expenditures that aggregated $32,230,700,000.

This compilation, based on an estimate made by the Washington Post and incorporated into the CONGRESSIONAL RECORD, only included bills carrying more than $1,000,000 each. These recommended expenditures, which are eight times the pared-to-the-bone Budget estimates of $4,000,000,000, represent just so much money which the authors of the various bills would like to spend over and above what the Government believes is necessary to spend in these parlous times.

The procedure has naturally provoked widespread protest among business men. Its inconsistency is shown by this episode: A certain Congressman, hotfoot for a slash in the pay of all Federal employees, is earnestly advocating the construction of a fish hatchery in his district.

Before we strike the stride of this serial of spending, however, it is important to make two statements which bear directly upon the appropriation situation. The first is by a high-placed Washingtonian, intimately familiar with the state of the Nation's finances. In discussing the glut of congressional money measures with me he said:

"For nearly 10 years there was little idea of the relation between taxation and appropriation in the mind of Congress. Apparently the sky was the limit. We boomed with prosperity. The fiscal and other resources of the United States appeared to be inexhaustible. Expansion was the watchword, and economy in public expenditures a lost art. Our national legislators could proceed with a free hand. There was no comeback at home because of drastic increase in taxation. We had a surplus of $184,000,000 in 1930; one of $185,000,000 in 1929; and one of $399,000,000 in 1928.

"Now we face a gross deficit for the 3-year period 1931–1933 of approximately $4,533,000,000. The relation between taxation and appropriation becomes a very vital matter. The spread widens as excessive outlay piles up. Increased taxation becomes the only way out. It means that the gap between Government revenue and expenditures must be closed."

DIMINISHING RETURNS FROM INCOMES

The second deals with the decline in national tax revenue. Due to the economic depression, both individual and corporate incomes have greatly shrunk. Current corporation income taxes declined from $1,118,000,000 in the fiscal year 1930 to $892,000,000 in 1931, and are estimated at $550,000,000 for the current fiscal year. Individual income-tax collections fell from $1,061,000,000 in 1930 to $730,000,000 in the fiscal year 1931, and at the time I write are estimated at $370,000,000 for 1932. Miscellaneous internal-revenue collections decreased from $628,000,000 in 1930 to $569,000,000 in 1931 and to an estimated $544,000,000 in 1932. Furthermore, customs receipts dropped from $587,000,000 in the fiscal year 1930 to an estimated $419,000,000 for 1932. The new $1,096,000,000 Federal tax bill, carrying a big increase in income levy, presented on March 5, is the answer.

Let us first look at the larger suggested appropriation picture. The purposes and the well-nigh staggering sums sought for them are: General welfare, $8,201,000,000; public roads, $8,525,000,000; public works, buildings, and parks, $7,933,000,000; aids to agriculture, $1,931,000,000; all veterans, $3,685,000,000; unemployment relief, $702,000,000; increased expenditures upon Federal employees, $514,000,000; Navy, $411,200,000; irrigation and reclamation, $275,000,000; Army, $25,500,000; and aids to Indians, $28,000,000. The grand total is $32,230,700,000. Remember that these sums are in bills carrying more than $1,000,000 each. Additional measures involving expenditures increase the total by not less than $5,000,000,000 and possibly more.

We can now analyze the bills in detail, beginning with the $7,933,000,000 total for public works, buildings, and parks. No feature of congressional expenditure lends itself more readily to criticism, because it involves the problem of the advisability of immense works projects as a form of relief in times of depression.

Heading the list of bills is that of Senator LA FOLLETTE for the flotation of a $5,500,000,000 prosperity bond issue for the construction of public Federal buildings, highways, bridges, grade-crossing elimination, water supply and sewage systems, flying fields, parks and playgrounds, and schools and housing. Under the terms of the bill loans to State and local authorities are made available up to $3,750,000,000.

The three next largest appropriation bills and the sums involved are: Representative CAMPBELL'S to conserve the run-off of flood waters, $750,000,000; Senator SHIPSTEAD'S for the early completion of river and harbor projects—it carries a 4 per cent bond issue—$500,000,000; and the Crisp-McKellar bill authorizing construction of post-office buildings on the basis of postal receipts, $300,000,000. Other public works bills include Representative

GARBER'S for the maintenance and stabilization of channels of navigable streams and the control of flood waters, $225,000,000; Senator MCKELLAR'S for the construction of the Nicaragua Canal, $150,000,000; Senator NORRIS'S for the operation of Muscle Shoals, $126,000,000; Representative ALLGOOD'S for the construction of post-office buildings in all county seats, $60,000,000; Representative KELLY'S for the purchase or construction of post-office buildings, branches, and garages, $45,000,000; and Representative LOVETTE'S for flood control at Cove Creek Dam, Clinch River, Tennessee, $40,000,000. Fifteen other public-works measures for projects ranging from State parks to the erection of Spanish War memorials carry appropriations ranging from $1,000,000 to $25,000,000 each.

Linked with these proposed appropriations is another onslaught involving the same economic issue. I refer to the bills framed for irrigation and reclamation schemes which call for an aggregate of $275,000,000. Chief among them are Representative BURTNESS'S measure for loans to drainage and other districts, totaling $100,000,000; Representative BUCHANAN'S to establish a national reclamation policy, $100,000,000; and Representative SMITH'S for storage in public-land States, $50,000,000.

A THEORY THAT WORKS IN REVERSE

These measures are projected, in the main, on the familiar theory that vast expenditures for public works will offset the adverse swings of the business cycles.

In other words, as economists put it, "spend on a far greater scale when business is depressed than when business is flourishing." On paper this reads well. In practical operation the reverse obtains. No one doubts the advisability of spending when business morale is low, but the fact to be emphasized is that the spending, or rather the objectives of the spending, must be reproductive—in other words, revenue producing.

The launching of such a huge bond issue as is contemplated in the La Follette measure when the Treasury is hard put to raise revenue could easily have grave consequences on the national financial status. The President touched on this phase in a message to Congress on January 4, in which he said:

"The country must have confidence that the credit and stability of the Federal Government will be maintained by drastic economy in expenditure, by adequate increase in taxes, and by restriction of issues of Federal securities. The recent depreciation in prices of Government securities is a serious warning which reflects the fear of further large and unnecessary issues of such securities."

In the Budget estimates we have reached the limit of appropriation for public works. The amount spent by the Federal Government for this purpose in 1931 was nearly $437,000,000, while the authorized appropriation for the current fiscal year is $620,000,000. Expenditures for public construction in 1931 were more than $165,000,000 in excess of those of the preceding year.

PUTTING THE DOLE IN INDOLENCE

Let us next have a look at the bills involving funds for Federal aid to public roads. Six measures introduced seek a total of $8,525,000,000. Heading them is Representative HOLADAY'S bill for rural post roads, other than Federal aid to highway systems, $5,000,000,000. Second comes Senator NORRIS'S bill, which would set aside $3,000,000,000 for highway construction with Government money and without proportionate grants by the States. The other four are: Representative ALMON'S for a Federal highway system, $300,000,000; Representative OWEN'S measure to acquire toll bridges, $200,000,000; Representative LEAVITT'S for roads and trails in national parks, $15,000,000; and Senator WALSH'S for road building on the basis of drought conditions, $10,000,000.

For some years Washington has allocated considerable sums to the States for road construction under varying conditions, the chief of which was that the States should contribute a certain sum to the undertaking. The actual expenditure for highway purposes last year approximated $168,000,000, while the estimated expenditures for 1932 are $239,000,000. Many of the States paid their share. Under the proposed measures practically the entire new burden falls upon the Government.

Linked in purpose with all these works projects are the measures for out-and-out relief. They are: The La Follette-Costigan bill for cooperation with States to relieve unemployment, which asks for $375,000,000; Representative CELLER'S special Army reserve act to relieve unemployment, demanding $227,000,000; and Representative HUDDLESTON'S for the relief of the destitute, $100,000,000, making a total of $702,000,000.

The Celler bill represents a departure in relief measures. It provides that: "Immediately after the passage of this act, or as soon thereafter as the Secretary of War shall designate, men of good character, between the ages of 18 and 45 years, who are physically qualified for the duties of a soldier, but who in the present unemployment crisis are not gainfully employed, and who are not skilled in any trade or occupation, shall be permitted to enlist in the special Army reserve for active duty for a period of not to exceed one year."

The moment you touch the subject of Federal aid for the unemployed you pass the frontier between private, State, and community assistance, and the dole. Britain's costly experience with the dole has proved that national government aid to the idle fosters, in time, what becomes subsidized indolence. The dole is a drug that deadens the will to work.

In his testimony before the subcommittee of the Committee on Manufactures, of which Senator LA FOLLETTE is chairman, Walter S. Gifford, director of the President's organization on unemployment relief, stated the case against the intrusion of Federal aid in this all-important matter. Among other things, he said:

"Widespread acceptance of responsibility, community by community, county by county, and State by State, has not only worked for providing relief funds but likewise for their discriminating and effective expenditure. The principle underlying the relief activities throughout the country has been that first, if possible, the individual community would look after its own. Next, if necessary, the county would help, and then, if the county were unable to meet the needs, the State would help. It would seem that the combined efforts of communities, counties, and States can take care of the situation. Should such community and State responsibilities be lessened by Federal aid, the sincere and whole-hearted efforts of the hundreds of thousands of volunteers engaged both in raising and administering relief funds would doubtless be materially lessened. The effect of Federal aid on Federal Government credit should also be considered. If this were adversely affected, the real cure for unemployment, which is obviously the the restoration of normal business, would be retarded."

We now come to the group of bills massed under the head of general welfare. The total amount of appropriation asked in 21 measures is $8,201,500,000.

PROMOTING GENERAL WELFARE

The largest sum involved in a single measure is $5,000,000,000, which Representative LANKFORD fixes as necessary for the establishment of a department of general welfare to be headed by a secretary of welfare. As set forth in the bill, the purpose of the new department is to "aid, encourage, and promote" practically every organization in the country, whether school, lodge, farm, church, or veteran, "to secure better mental, physical, spiritual, moral, and patriotic development of the people and in order that the general welfare may be promoted and provided."

In many respects the Lankford bill is what seasoned legislators are accustomed to call a freak measure. One of its stipulations is to provide free motion-picture and radio service "in all schools, colleges, universities, churches, missions, lodges, clubs, unions, federations, public hospitals, orphans' homes, charitable organizations, community centers, patriotic organizations, and other organized gatherings." The United States Government is to pay for apparatus, service, and operation. Admission to all the shows is to be free. In addition to creating an unnecessary branch of the Government, the Lankford bill savors strongly of a paternalism hardly consistent with the American tradition.

Next in extent of appropriation is Representative CONNERY'S $3,000,000,000 measure to provide old-age pensions for citizens of the United States. The minimum assistance is to be $1 a day. Here again you have an instance of the intrusion of Federal aid in the functions of a State, because many of our States make old-age provision under what is called an old age security act. It is typical of a dozen more or less kindred measures calling for unwarranted institutions ranging from the establishment of commodity quantity units to a university of the United States.

THE BONUS LOOMS LARGER

With the additional aid asked for veterans of the World War, we reach the first group of measures influenced by organization pressure. Once more the bonus looms large, this time in bigger terms than ever before.

As most people know, the so-called adjusted-service certificate issued to veterans is practically a 20-year endowment-insurance policy. The total face value of certificates was $3,426,000,000, held by 3,397,000 veterans, or an average of about $1,000 each, when the bonus agitation broke out afresh in 1931.

At that time loans on the certificates were available up to 22½ per cent of the face value. The last Congress increased the loan rate to 50 per cent. President Hoover vetoed the measure, but it was passed over his objection. It increased the immediate gross-borrowing power of certificates to $1,711,500,000.

The first of the new veterans' bills is Representative PATMAN'S "to provide for the immediate payment to veterans of the face value of their adjusted certificates." It is estimated by the Veterans' Administration that the first year's outlay under this legislation would be $2,444,000,000.

A bill offered by Representative GARBER to provide dependency allowances—they would really amount to pensions—involves a cost of $269,500,000. Other World War veteran measures call for an additional expenditure of $366,000,000.

Organization pressure is also evident in the bills affecting postal employees which would add $422,000,000 to governmental expenditures. They amend pay, increase leave periods, provide for study periods in work hours, and reduce night work.

In analyzing the bills for me a Washington spokesman, peculiarly equipped to speak, made the following statement:

"Without deprecating the service or loyalty of the army of postal employees, these facts must be considered: Clerks and carriers receive $1,700 a year at the beginning, and advance at the rate of $100 per annum until they reach $2,100. Night work carries a 10 per cent increase in pay. One out of every six clerks is a special clerk receiving $2,200. They have 15 working days' vacation annually and 10 days' sick leave, which is cumulative up to six months. Postal employees have suffered no lay-off and no reduction in pay, whereas millions of Americans are out of work or receiving reduced compensation. Living costs are down 20 per cent. Moreover, the volume of postal business has fallen off one-third during the past two years. The total postal deficit for the year ending June 30, 1930, was $98,215,987; for 1931, $146,066,189; while the estimated deficit for 1932 is $200,000,000."

No legislative program is complete without farm-relief measures. The bills for assistance to agriculture mount up a total of $1,931,000,000. The largest proposed expense is in Senator BROOKHART'S measure, the purpose of which is to give the American farmer a price for his product that will equal cost of production plus a 4 per cent profit. It appropriates $1,000,000,000 to be added to the revolving fund of the Federal Farm Board and imposes authority to handle agricultural products so as to bring about this result.

WHEN THE BUDGET IS UNBALANCED

The Federal Farm Board specified in its message to Congress that it was not making recommendations for any legislation. In a statement to me James C. Stone, chairman of the board, emphasized this point, saying:

"On a number of occasions I have said that the Farm Board had not contemplated asking Congress for an increase in the $500,000,000 revolving fund created in the agricultural marketing act. We do not now contemplate asking for more money. Unless Congress should impose new obligations on it, the present revolving fund is sufficient to take care of the supplemental financing needed by cooperatives in the expansion and development of their marketing program."

You need no diagram to point out that the welfare of the country and the return of a sound prosperity demand the strictest economy. The proposed appropriations, even if approved only in part, constitute a definite menace to national fiscal stability at this time. While the bills, save in a few isolated instances, are not legislative freaks, they can only be regarded as financial follies.

The final commentary on the congressional spirit of spending is made by the man best qualified to make it. In a speech before the Economic Club of New York in December last, Ogden L. Mills, then Under Secretary and now Secretary of the Treasury, said:

"If we are called upon to finance, through borrowing, another huge deficit in 1933, and all manner of unwise and uneconomic expenditures in the meanwhile, leaving aside for the moment the general effect on the credit of the Government, our difficulties become very serious indeed.

"I do not mean to suggest that the addition of $3,000,000,000 or even $4,000,000,000 to our national debt could conceivably impair the national credit. But I do say, with all the force at my command, that any temporizing with this situation, any failure to take the steps necessary to bring our Budget into balance within a reasonable time, any misuse of the public credit would furnish evidence of lack of sound financial principles as might well result in shaken confidence and in apprehension lest these conditions prevail long enough to result in real damage. In this period of deep uncertainty the unimpaired credit of the Federal Government is the most priceless possession of the people of the United States. We assume its existence as we assume the continuance of unlimited supplies of air and sunlight. It has been established through the pursuance of sound fiscal policy in the past, and so must it now be preserved."

THE ECONOMIC AND POLITICAL SITUATION

Mr. COPELAND. Mr. President, I ask permission to have inserted in the RECORD an editorial appearing in the Advertiser, of East Aurora, N. Y., on April 28 last, written by B. J. Hatmaker, entitled "Hysteria—A Liability."

The VICE PRESIDENT. Without objection, it is so ordered.

The editorial is as follows:

HYSTERIA—A LIABILITY

By B. J. Hatmaker

The unfolding of the drama of democracy fighting for its life against the forces inherent in the evolution in its own economic system based upon the development of the machine age is far more exciting than any imitation drama of the stage, more thrilling than any mystery story, with the dénouement of the plot still unrevealed but of vital personal significance to each of us, whatever it may be. Comedy, tragedy, pathos, and absurdity are blended in the play and an impending presidential election adds zest to the acting.

As we look back over the roaring twenties, comedy dominates. Greed, riches to be picked out of the air, something for nothing, all economic laws suspended, prosperity forever, in constantly accelerating ratio, a nation mad with the hysteria of optimism.

The curtain dropped in the autumn of 1929, and was raised upon the second act. Capital found itself deflated in the sum of some $60,000,000,000. Labor found itself losing a billion dollars a month through unemployment, wage reductions, and short-time jobs. The hysteria of tragedy swept over the country. The cold, black fog of deflation permeated every nook and corner of the country, causing the failure of banks by the hundreds, tying up available cash. The depths of this condition were reached about eight months ago.

The curtain rose on the third act with the scene in Washington. Congress was in session with no more partisan fighting proclivities than are shown by the wild denizens of the woods fleeing from a forest fire. Bill after bill, recommended by the administration, was passed with practical unanimity. There was a lull in popular hysteria.

Unemployment was not relieved, prices continued to sag, but bank failures ceased. Hoarded currency reappeared in circulation. Frozen bank credits were thawed by the financial remedies applied. Credit is now freely available for any legitimate business purpose. The famous corner has in fact been turned. The logical theory of beginning at the top to restore prosperity is beginning to show results. It has reached down to the ultimate small farmer with no credit except a crop he hopes to raise, and on that slender reed he may borrow of his Uncle Samuel for seed and fertilizer.

And unexpectedly and illogically, the country flares again with hysteria, this time expressing itself in a hundred thousand letters and telegrams a day, flooding into the offices of the Senators in Washington demanding elimination from any tax proposals affecting the writers and urging drastic reductions in governmental expenses.

Not many months ago the country hailed with approval appropriations for public works, designed to give work to idle men and aid in the restoration of prosperity. The newest attack of hysteria was induced by the realization that all these things had to be paid for, which meant new taxes. It sweeps through the Halls of Congress and over the departments and into the White House. Sane plans are in the making for effecting proper economies in public business, and a reasonably scientific tax system is being evolved in spite of the ravings which make life a burden to those in responsible places.

If the country would adjourn, Congress would be able to give it intelligent legislation!

THE TAX PROBLEM—ADDRESS BY SENATOR DAVID I. WALSH

Mr. COOLIDGE. Mr. President, I request that a speech delivered by my colleague the senior Senator from Massachusetts [Mr. WALSH], on the 2d instant, over the National Radio Forum, upon "The Tax Dilemma" be printed in the CONGRESSIONAL RECORD.

There being no objection, the address was ordered to be printed in the RECORD, and it is as follows:

The present Congress has been called upon to deal with many questions, but none more vital and of greater urgency than the questions involved in the pending tax bill already passed by the House and soon to be reported by the Senate Finance Committee to the Senate.

The world-wide economic depression, the extent of which our modern world has never known, has had manifold repercussions. In our own land we have widespread unemployment, wage reductions; a fearful decline in security prices, commodity prices, and property values; stagnation of business, bankruptcies, and bank failures.

Social problems arising from unemployment, want, and suffering are exceedingly pressing, and economic and business problems, relating to trade, the banks, and the railroads, we have sought and are seeking to alleviate and to remedy. It ought to be obvious that with respect to the social and economic questions the aid which the Federal Government may extend is circumscribed. In many cases the remedies lie not with the Government but with society or with circumstances beyond the control of either.

The phase of the present situation, however, with which we treat to-night is wholly within the purview and control of the Federal Government. It is the question of governmental finances and what we popularly describe as "balancing the Budget."

At no point have the consequences of our vanished prosperity been so quickly reflected and so graphically shown as in the swift decline of the Federal tax revenues. Our Federal revenues in the main are dependent on the incomes of our citizens, the profits of our corporations, and the volume of our foreign trade, particularly the volume of our imports. Imports have steadily declined, profits vanished, and incomes slumped; hence our tax receipts have dwindled, until to-day they are approximately half what they were in normal times. Furthermore, they are still pointing downward, while governmental expenditures continue as large as ever. As with private enterprise, so with the governmental agencies, extravagance and luxuries were indulged during the recent era of prosperity.

To-day the Treasury is paying out $2 for every dollar received. That condition can not long continue. It is the road to national bankruptcy. The merchant on Main Street, who day after day paid out $2 for every dollar that came over the counter would soon be in the hands of the sheriff. Many of them are. Why is there a widespread fallacy that Government finances are immune in the matter of matching receipts and expenditures and that, unlike private business, governments may go ahead indefinitely paying their bills in I O U notes? There never was a more mistaken belief.

We do not have to accept this proposition on faith. We have only to look to Europe and see what has happened to prosperous nations whose expenditures continued to outrun their income.

When the Treasury balanced its books on June 30, 1930, it discovered a deficit for the preceding 12 months of approximately $1,000,000,000. The deficit was represented by notes, Uncle Sam's I O U's given to banks and individuals in exchange for cash, with which the Treasury paid its bills.

The Treasury started a new account at the beginning of the new fiscal year last July, just as a private merchant each year starts a new page in his ledger. We are now dealing with this new deficit. It is the largest ever incurred by any nation in peace time in the history of the world. At the moment this year's deficit stands at about two and one-half billion dollars. That means that twenty-five hundred million dollars of additional notes have

been issued by the Treasury in the past 10 months to raise cash to meet Government bills. While the expenses of the Federal Government have continued to run along at the annual rate of $4,000,000,000, the Government's revenues have now declined below $2,000,000,000, and are still declining.

This state of the Federal finances must be corrected and remedied at once if the financial integrity of the Government is to be maintained. The solvency and financial security of the Federal Government is the very foundation stone upon which the recovery of private business rests.

As yet there has been no essential loss of national credit, not because the accumulating Treasury deficit is not serious but simply because the world has been given explicit assurances from both the executive and legislative branches of the Government that steps were to be taken in the present Congress—heroic measures, if need be—to balance the Budget, to curtail Government expenses wherever possible, and to levy new taxes to raise new revenue. This is the task to which the President and Congress are giving their attention. As I said at the outset, it is the most vital, the most urgent problem before the Congress.

Leaders in both the House and Senate have been cooperating with the administration in working out a nonpartisan program. Unfortunately, the nonpartisan program of the leaders in the House was rejected, and practically a new bill was enacted on the floor of the House.

What course the Senate will take in following a nonpartisan program remains to be seen. There is apparently no rivalry between the political party leaders as to which shall receive credit or which shall be blamed for the tax bill. There is, however, a wide difference of personal opinion as to where the burdens of taxation should be placed; also, as to the particular rates which are to be levied in the taxing of incomes, inheritances, luxuries, theater and athletic game admissions, stamps, etc. Naturally, too, sectional influences and environment are a factor in the shaping of a tax bill. It is my view that Congress should approach its task in the nonpartisan and patriotic spirit with which it approached the problem of levying taxes during the World War. This does not mean that Congress should be frightened by the resentment of clamorous and selfish groups that have been selected to bear some of the substantial burdens of the increased taxes. The public, however, has the right to expect Members of Congress, regardless of differences of opinion, to proceed promptly and with determination to remove the spirit of uncertainty and apply that degree of justice and equality that a public servant is expected to apply, especially in this period of distress and emergency.

Let me now state what, in my judgment, should be the primary considerations in balancing the Government Budget. Time and the subject allotted me do not permit of the discussion of the economy side of the question of balancing the Budget in my address to-night. Suffice to say there should be almost a unanimous agreement in principle, first, that we should retrench wherever possible without jeopardy to essential Government activities and without interposing new obstacles in the pathway of business recovery; second, that the fixed charges and the fixed obligations of the Government comprise so large a proportion of our total expenditures that economies, however drastic, can not save the Treasury more than two or three hundred million dollars at most of its two to three billion dollar deficit.

Hence we must solve the question of finding ways and means of raising new revenues, which involves a revision of present taxes and the imposition of new taxes. We have no choice in the matter. There is no alternative.

In my judgment, taxes should be spread as widely and applied as lightly as possible. In framing a tax bill we should recognize and apply the principle of ability to pay, which means taxing at a higher proportionate rate those who claim the larger portion of the income and wealth of the country, yet avoiding as far as possible the placing of barriers and impediments that will discourage capital from contributing to the resuscitation of business by employing itself in business enterprise. This principle is not an easy one to apply and do exact justice to all concerned.

All are agreed that in the new bill the bulk of revenues should come from taxes on the incomes of individuals and upon the profits of corporations, as it has in the past. Under the present law single persons pay a tax upon individual incomes in excess of $1,500 per year and married persons upon incomes in excess of $3,500, subject to some additional exemptions for minor dependent children. The Treasury recommended and the House adopted a provision lowering these exemptions to $1,000 and $2,500, respectively. The Senate Finance Committee has voted to retain this lowered exemption. This is what is usually referred to as broadening the base of the income tax. This will increase tremendously the number of taxpayers, but no married person will pay a Federal tax until he has a net income of $3,000, and his tax will then be $3.25; if $4,000 net income, $30; and thereafter rapidly increasing. The net income of $10,000 will pay $295.

But in recognition of the proposition that an income tax ought to be graduated in accordance with capacity to pay and that persons of large income may justly be called upon to contribute a larger percentage of their income in the support of their Government, we have long had a surtax imposed on the large incomes. Under existing law the surtax, starting at 1 per cent and stepping upward to 20 per cent, applies to all net taxable income above $10,000. In the House tax bill the surtax starts at $6,000 and steps up to 47 per cent. The Senate committee will recommend increasing this rate on incomes above $100,000 up to 54 per cent. Even these high rates are below the war-time rates of 1918. A strenuous effort, however, is to be made on the floor of the Senate to apply these war-time rates that begin with a normal tax rate of 6 per cent, instead of 1½ as now and 3 per cent as proposed by the Senate committee, and reach a maximum of 65 per cent surtax on the highest incomes plus the normal tax of 12 per cent, making the maximum 77 per cent on the highest incomes.

Even with the sharp increase in income-tax rates, both normal and surtax, over the present law, made by the House, and still further slightly increased by the Senate, the lot of the American taxpayer of moderate means will be a happy one as compared with that of the citizen of Great Britain. Under this bill and the Senate committee proposal a married person drawing $2,000 would pay no tax, whereas a citizen of Great Britain would pay $106.25 in English money, or $80.75 if paid in American dollars. One example will suffice: On a net income of $5,000, under the House bill an American citizen would pay $37.50. Under the Senate committee proposal, $56.25. If he were a British citizen with this income his tax would be $703.33. On a $10,000 a year income the American citizen would pay $610 or $295, depending on whether the House or the Senate committee rate is adopted. A British citizen pays on this income $1,628.33. Americans with very large incomes would pay a tax much more nearly approaching the level required of the British citizen in commensurate circumstances. This is because of the high surtax rates on large incomes in both the House and Senate proposals.

Corporations at present are required to pay a Federal income tax on their net profits at the rate of 12 per cent. The Treasury recommended that this rate be increased to 13 per cent. The House bill fixed the rate at 13½ per cent. The Senate Finance Committee has voted to recommend a rate of 14 per cent, but in doing this it removes the tax on the dividends of corporations which are exempt now because the corporations pay a tax on this income before it is distributed in dividends. The House, however, has voted to tax these dividends.

The taxes levied by the Federal Government on gifts (many of them made to escape inheritance taxes) and upon estates over $50,000, passing by inheritance, have been sharply increased. They are the largest ever imposed. The question of the rates to be levied on inheritances is complicated by the fact that so many of the States have their own inheritance laws and derive varying but substantial revenues from that source. That there is an increasing sentiment that the unequal distribution of wealth can be in part relieved by heavy taxes on large inheritances is becoming generally recognized and accepted. There is another defense, more convincing and meritorious, to these big taxes on inheritances than other taxes proposed, namely, the necessities from which the Government can not escape.

Despite the sharp increases in individual income tax rates, especially on the large incomes, and despite the increases in the tax on corporate profits, and upon estates and inheritances, it has been perfectly obvious and universally conceded that the maximum which these taxes will yield will still fall far short of providing for the revenue needs of the Government. That is because incomes, large and small, have so shrunk, and corporate profits so declined that the revenue yield, even at the high rates, is correspondingly reduced. During the war profits were huge and incomes swollen and the revenue yield correspondingly large. It is a very different situation to-day.

It was to meet this gap in the revenues of the Government, which the income and profits taxes could not be made to fill, that brought the proposal of a manufacturers' excise tax, popularly and inaccurately labeled the sales tax.

A real sales tax is a tax levied on the retail price paid by the purchaser, in addition to the regular purchase price of the article. The manufacturers' excise tax is a tax (percentage of the value) levied on the producer against the wholesale value of the product. It is proposed by all who advocate this tax to exempt food and clothing from the manufacturers' excise tax, but to levy it universally against all other goods at a low rate, between 1 and 2 per cent. It admittedly would have yielded large revenues. It would have avoided the imposition of the luxury and nuisance taxes on a few industries, at relatively high rates, which seemed to be the only alternative to raise the revenue. It would have rested lightly and equitably upon all manufacturers in all lines alike.

In the present emergency, and faced with the stern necessity of finding revenues, it has seemed to me that the manufacturers' excise tax was the lesser of the evils and was greatly preferable to the special nuisance taxes to which we are now obliged to resort because of the House rejection of the manufacturers' sales tax.

The inequalities that luxury and nuisance taxes provoke also lead me to prefer a small manufacturers' sales tax spread over a large field. Let me illustrate: The candy industry claims that pastry and cake manufacturers sell large quantities of goods which compete with candy and go untaxed though candy is taxed. The chewing-gum manufacturers say that they compete with candy and that if candy goes untaxed gum should be untaxed. These various contentions, which have more or less merit, arise whenever attempts are made to pick out certain industries for a so-called luxury tax and omit other industries.

Furthermore, if footballs, baseballs, and other athletic goods are to be taxed as a luxury, why not tax expensive office furniture, tables and chairs made of expensive woods used in the homes of the well-to-do? Why not tax rugs, carpets, expensive wood paneling, hardwood floors, statuary, paintings, if we are to tax the 5-cent candy bar, the 10-cent jewelry pin, and admission to movie theaters or baseball parks? Yet none of these "luxuries" is taxed in the pending tax bill.

You will doubtless recall that the manufacturers' excise tax was recommended by the House Ways and Means Committee and supported by Democratic and Republican leaders alike but was rejected by the House after acrimonious debate in a roll call in which party lines were entirely obliterated.

I have little hope that the Senate can be induced to vote the manufacturers' excise tax back into the bill unless it receives assurances that the House will change its position.

Before leaving the subject of a choice between the manufacturers' sales tax and the nuisance and luxury taxes, let me call attention to this striking fact: Industry and business, in addition to an increased tax on their net earnings, in the pending tax bill, are to be burdened with an increased tax of 50 per cent on their postage, a new tax of over 10 per cent on their telegrams and telephones, and a new tax on their checks. The imposition of these many business nuisance taxes is, to my mind, far from being the essential prelude that business vitally needs for its recovery. The adoption of a manufacturers' sales tax of 1 per cent or 2 per cent would eliminate all these so-called nuisance taxes.

To make up for the rejection of the manufacturers' sales tax, the House hastily resorted to heavy nuisance and luxury taxes. Among these, the House bill provided for increasing the rate of letter postage from 2 cents to 3 cents. Whether the Senate will approve this proposition is an open question.

The House bill carried a considerable list of so-called and frequently miscalled luxury taxes, taxes on furs and jewelry, on motor boats and radios, sporting goods, fire arms, toilet articles, candy, chewing gum, soft drinks, and many other articles, which had proved sources of revenue in the war days. The Senate Finance Committee has proposed some changes in these items with a view to more equitable application of these taxes.

It seems certain that the new tax bill will carry high taxes on some of the popular products of our prohibition era: Brewers' wort and malt syrup, from which comes home brew; on grape concentrates and on the bottled waters so frequently called for in hotels and restaurants, accompanied by a tall glass and some ice.

An effort will probably be made on the floor of the Senate to raise as much as $350,000,000—the amount required by the authorization of the manufacture and sale of 2.75 per cent beer, with a tax upon it.

I am in sympathy with this proposal. I believe it would help to remove many of the iniquities of prohibition and lessen the untaxed income of the bootlegging profession. Unfortunately, there is little probability that this movement will succeed, because more than two-thirds of the membership of the Senate and House is still opposed to any modification of prohibition. In addition to the evils which prohibition is inflicting upon us, it is depriving us also of an enormous revenue. If the American people insist upon keeping prohibition, they must be prepared to pay the price.

The Treasury proposed, and the House and Senate committees approved, the reimposition of the war-time tax on automobiles, trucks, and auto accessories. It proposed rates of 5, 3, and 2½ per cent, respectively. The House bill carried these taxes at rates of 3, 2, and 1 per cent, and these rates have been approved by the Senate Finance Committee.

The Treasury proposed a tax of 2 cents on bank checks, estimated to produce $95,000,000 in revenue. This tax was not in the House bill. The Senate Finance Committee has recommended this tax, exempting, however, all checks under $5, thereby reducing the income to $40,000,000. This tax is substituted in the Senate bill to replace the revenues lost by the exemption of dividends from normal tax.

The Treasury proposed a tax of 1 per cent on all theater admissions over 10 cents. The House and Senate committee raised the exemption to 45 cents, which means a 5-cent tax on a 50-cent admission ticket.

There is one political issue involved in connection with the tax problem. It is the tariff issue. Democratic leaders, with few exceptions, are opposed to tariff duties. Most Republicans in the Senate favor including tariff duties.

Considerable agitation prevails throughout the country also in favor of incorporating certain tariff duties in the pending measure. Personally, I am opposed to incorporating tariff legislation in a bill designedly planned to raise internal revenue. Whatever the merits or demerits of the case for a tariff on oil, coal, copper, and lumber may be, the injection of these things into the tax bill are delaying the measure, jeopardizing it, and are opening the door to the vicious logrolling and trading which are ever accompaniment of tariff legislation.

Furthermore, foreign governments, not any too friendly at the present time because of the Hawley-Smoot tariff bill, will consider our action in levying these particular tariff duties decidedly unfriendly.

That some steps may have to be taken in the near future to adjust our tariff to the new conditions throughout the world, caused by the depreciation of the currencies in many foreign countries, may become necessary. This subject is now being studied by the Tariff Commission. If action to this end is attempted at this time, it will delay for months, if not a year or more, the passage of the tax bill. Furthermore, the net effect of the proposed tariff taxes on coal, lumber, copper, and oil would be to place further burdens on the consumers—not at all commensurate with the limited revenue which the Government might receive.

The object of the pending tax bill is to raise revenue. The object of the tariff tax proposal is to prevent imports. Those who are proposing a tax on oil, coal, copper, and lumber insist that the tax apply only to the importation of such articles. Should they agree, which, of course, they do not, that the same tax be applied to the domestic production of oil, coal, copper, and lumber, we would need to look nowhere else for revenue. The taxes that the revenue bill proposes to lay on toilet preparations, furs, candy, gum jewelry, automobiles, is a tax on the domestic producer as well as the importer.

Take the case of oil, for instance. The domestic producers have 93 per cent of the domestic market. What they are proposing to do, therefore, is to try and corral the remaining 7 per cent that is imported and consumed in this country. In 1931, we exported petroleum products of three times as great a value as our imports. The position of those advocating the oil tax, therefore, is one of seeking to monopolize the American market and to hold their own in the world markets as well. This, of course, is an impossible undertaking.

Many of the Members of the Senate who favor a tariff on copper and lumber appear to have made common cause with Senators who are fighting for the oil and coal tariffs disguised as excise taxes.

We are in the midst of that fight at the moment. The final outcome is still uncertain. In a series of roll calls within the Senate committee a week ago, the oil and coal taxes in the House bill were sustained by a narrow margin and a motion was carried to include in the bill a tax of indeterminate amount on imported copper. Motions to include tariff taxes on lumber and other wood products were rejected. In a second series of roll calls, later in the week, the coal and oil tax items were eliminated from the bill and a copper tariff tax proposal rejected by equally close votes.

This fight will be renewed when the bill comes before the Senate itself. Either in or out of the bill so determined are the proponents to use the tax bill as a vehicle for their tariff demands, that other considerations seem to be subordinate to that single objective.

In conclusion let me urge that in dealing with the tax bill Congress confine its efforts and direct its energies to raising revenues, to the revision of our tax laws, to the enactment of a new tax law as promptly as possible, instead of being drawn into a tariff battle.

To all the other adverse business factors the very pendency of the tax bill adds a still further paralyzing hand on business recovery. Our duty to the Treasury and the public is to get the revenues from the new taxes started as soon as possible. It is estimated that it makes a difference of $100,000,000 a month, every month we delay. Our duty to the country is to get the tax question settled, so that industry may know where it stands with respect to tax levies just as speedily as possible.

LEGALIZATION OF BEER

Mr. BINGHAM. Mr. President——

The VICE PRESIDENT. Does the Senator from North Dakota yield to the Senator from Connecticut?

Mr. FRAZIER. I yield.

Mr. BINGHAM. Mr. President, I understand that to-day there will be submitted from the Committee on Manufactures of the Senate a majority report and the views of the minority in regard to the so-called beer bill, and in this connection I ask unanimous consent that there may be read at the desk a brief poem which ought to furnish great relief to those who are struggling over the tax bill and dreading its arrival.

The VICE PRESIDENT. Does the Senator from North Dakota yield for that purpose?

Mr. FRAZIER. Mr. President, I have no objection to the poem being read, although I did not know what kind of a poem it was when I yielded.

The VICE PRESIDENT. Does the Senator yield for that purpose?

Mr. FRAZIER. Yes; let it be read.

The VICE PRESIDENT. The Secretary will read.

The Chief Clerk read as follows:

TO CONGRESS

Beer will balance the Budget;
Beer will bring bacon and bread;
Beer will brighten the beggar;
Beer will bring him a bed;
Beer will banish the bigot;
Bereft of balance and blind;
Beer will benefit body;
Beer ever befriended mankind.

Beer will balance the Budget;
Beer will boost our best bond;
Beer will bedevil the broker
"Bear" ing us into despond;
Beer will be balm to the banker
By bringing big balances back;
Beer will belch smoke from our buildings;
Beer will mean billions in "jack."

Beer will balance the Budget;
Beer will be welcomed with glee;
Beer will help millions now idle—
Beer with a tax of cents three.
So why wait, O Congress! O Senate!
The Nation sits helpless and numb;
Tax beer and rout the bootlegger,
The bandit, kidnaper, and bum!

Better have bread for the babies;
Beef to stem misery's flood;
Better face facts than a theory;
Better have work than have blood!

—Forrest Rutherford.

Mr. ROBINSON of Arkansas. Mr. President——

The VICE PRESIDENT. Does the Senator from North Dakota yield to the Senator from Arkansas?

Mr. FRAZIER. I yield.

Mr. ROBINSON of Arkansas. I merely wish to inquire who called what has just been read poetry? [Laughter.]

Mr. FRAZIER. Mr. President, in regard to the so-called poem which was just read from the desk, I desire to say that I think undoubtedly there are a great many people throughout the United States who would like to drown their troubles, but I am afraid that under a proposition such as is suggested in this poem the remedy might be worse than the disease, although the disease is bad enough, causing unemployment and many to go broke; but it is not because of the prohibition question.

NAVAL BUILDING PROGRAM

The Senate resumed the consideration of the motion submitted by the Senator from Maine [Mr. HALE] to proceed to consider the bill (S. 51) to authorize the building up of the United States Navy to the strength permitted by the Washington and London naval treaties.

Mr. FRAZIER. Mr. President, last night before the recess was taken I was trying to depict the present situation of the farmers throughout the Nation, who are in the hardest condition in which they have ever been. Last week before the Committee on Agriculture and Forestry of the Senate hearings were held for three consecutive days. At those hearings the leaders of the great farm organizations of this country—the Farmers' Union, the Grange, and the Farm Bureau—appeared and testified. Those great farm organizations recommended an amendment to the farm marketing act. That amendment in the form of a bill has been introduced by the chairman of the Committee on Agriculture and Forestry, the Senator from Oregon [Mr. MCNARY], and I am assured by him that this measure and other agriculture measures will be taken up at the first opportunity, just as soon as the hearings shall be printed, which I hope will be within the next few days.

Mr. President, in view of the present situation of the farmers throughout the Nation it seems to me it is absolutely necessary that this session of Congress shall not adjourn until some worth-while action shall be taken to relieve the agricultural emergency in which we find ourselves. The amendment to the farm marketing act embodied in the bill that has been introduced by the Senator from Oregon, at the request of the farm organizations, designed to stabilize the prices of farm products, will be a long step in the right direction. I also have a bill pending, which is known as Senate bill 1197, providing for refinancing the farmer. These two measures are, in my opinion—and I believe that opinion is shared by those interested in agriculture and, I am sure, by the farmers themselves—would put agriculture on a paying basis, on a business basis, and that is what is necessary at the present time.

Mr. President, I am not going to take more time. I merely wish to say in conclusion that it seems to me that Senate bill 51, a motion to take up which is pending, would be entirely out of place at this time, authorizing, as the bill does, a program for the building up of our already great Navy. The program would involve an expenditure, as was admitted by the chairman of the Committee on Naval Affairs, of from $700,000,000 to $2,000,000,000, according to the period of time within which it would be consummated. In view of the fact that the disarmament conference is in session at Geneva and that all the nations of the world have gone on record in the Kellogg peace pact to refrain from war, I believe it would be a mistake at this time to pass a measure of this kind, and I hope the motion to proceed to its consideration will be voted down.

AGRICULTURAL RELIEF

Mr. HOWELL. Mr. President, at least one lesson is to be learned from the devastating depression which has swept over the land with such blighting effect, and that is that industry in this country can not continue prosperous without a prosperous agriculture.

A few years ago, when industry was reveling in its heyday of prosperity and agriculture was wallowing in the slough of despond, there were many of our business leaders who fell into the delusion that industry in this country could continue to be prosperous regardless of whether agriculture prospered or not. Some were even so blinded that they said there was no farm problem; that agriculture was as prosperous as it deserved to be; that we had too many farmers anyway, and all that was necessary was to let things alone and they would work out all right.

But there were some of us who were unwilling to accept this counsel of despair, this do-nothing policy for agriculture. We warned the country of the folly of allowing agriculture to become decadent and we insisted that the welfare of industry and city workers was involved in the prosperity or decadence of agriculture as our basic industry. Congress came to recognize this situation and twice passed the McNary-Haugen bill, which sought to put agriculture within the protective system and restore it to a parity with industry; but, unfortunately, the measure was vetoed on both occasions by the President, and not enough Members of Congress sufficiently realized the gravity of the situation or the importance of that measure to pass it over the President's veto.

What happened? How did things work? Did they cure themselves as predicted by the false prophets of big business? Though deferred for a time, the day of reckoning finally came, the day when industry paid its penalty for allowing agriculture, the basic industry of this country, to become decadent. In 1929, explosion of the bubble came with stunning, paralyzing suddenness and with devastating, demoralizing effect. The stock-market debacle merely ignited the train. Prices crashed; factories closed; banks failed; investments were wiped out; farms and businesses were sold under the hammer; millions of unemployed walked the streets searching vainly for work while they and their families were hungry, ragged, destitute, and in many cases, homeless. Despair and fear were everywhere.

What had happened? The buying power of the Nation had collapsed. For 10 years the buying power of agriculture had been drying up, due to continued depression. Slowly this undermined the stability of industry. Its effects were largely concealed by the building boom which followed the war and by the speculation orgy of 1928 and 1929, which gave the country a false sense of security and prosperity. When the building boom and the speculation spree collapsed by the contraction of credits in 1929, industry took the cumulative effects of a decade of shriveling buying power with unabated force.

Mr. President, the factories are idle because the people have lost their buying power. When the ruralists of the country, constituting 44 per cent of our population, lose their buying power, it destroys the markets for the products of industry, and this in turn destroys another large block of buying power by throwing out of employment the workers in the factories which are producing commodities sold to farmers. So, when agriculture stops buying it throws millions out of work in the cities, and this in turn stops more factories and throws more people out of work, and again the buying power of the public is further reduced.

Some of our industrial and financial leaders have seen the light and are pleading that something be done to restore prosperity to agriculture. Charles E. Hearst, vice president of the American Farm Bureau Federation and president of

the Iowa Farm Bureau Federation, testifying before the Senate Agricultural Committee last week, stated that he had been asked by representatives of some of the great insurance companies to speak for them also in urging Congress to act swiftly in enacting legislation to raise the prices of farm products and restore prosperity to agriculture. They have loaned vast sums of money on the security of farm lands. The terrific slump in farm prices has forced the farmers operating these farms to the point of giving them up because of inability to pay even the interest and taxes. The insurance companies for a while took over the farms; they now have found out that it is a losing proposition to try to operate these farms under present prices. It is useless to try to sell them, because even if buyers can be found, the values of farm land have sunk so low that the properties in a great many cases would not bring enough to pay the mortgages against them. Unless relief is afforded to agriculture, the superstructure of finance and industry resting upon our agriculture is in danger of crashing to ruin.

If something is not done to relieve the situation, we have not yet seen the worst of the depression. Industry has not yet felt the full cumulative effects of the deflation. It has not yet reached the level of agriculture. Labor has not yet touched the depths of suffering from the deflation. While industry and labor have suffered severely, they have not suffered as severely as agriculture.

Agriculture thus far has suffered more from the depression than any other of our great industries. A recent study by Frederick C. Mills, published in the New Bulletin of the National Bureau of Economic Research, December 23, 1931, showed that the purchasing power of the raw products of American farms declined 24.8 per cent between July, 1929, and October, 1931, whereas the purchasing power of all other products, including processed farm products, actually increased 6 per cent during the same period. In other words, so far as prices are concerned, the purchasing power of industrial products really profited during this period at the expense of agriculture. I wish to insert in the RECORD a table from this publication showing how agriculture has been hit harder than any other great industry in the Nation.

The PRESIDING OFFICER (Mr. PATTERSON in the chair). Without objection, it is so ordered.

The matter referred to is as follows:

Changes in purchasing power, per unit, between July, 1929, and October, 1931, selected commodity groups [1]

Number of price quotations	Commodity group	Degree of change in purchasing power—decrease (−), or increase (+)
		Per cent
140	Raw materials	−13.4
338	Manufactured goods	+6.1
163	Foods	−12.9
315	Nonfoods	+7.3
81	Products of American farms, raw	−24.8
397	All other products (including processed farm products)	+6.0
285	Producers' goods	−1.9
193	Consumers' goods	+2.8

[1] These measurements are based upon index numbers constructed by the National Bureau of Economic Research, from price quotations compiled by the U. S. Bureau of Labor Statistics. The index numbers are unweighted geometric means of relative prices.

Mr. HOWELL. Unless the buying power of agriculture is restored and the deflation halted other industries surely will be dragged down to the low estate to which agriculture has fallen. Edward A. O'Neal, president of the American Farm Bureau Federation, in a recent statement to the special subcommittee on money stabilization of the House Banking and Currency Committee, called attention to this fact and cited estimates to the effect that if other income groups have to come down to the level of agriculture it will mean reductions of 40 per cent in transporting, processing, and distributing costs; 25 to 50 per cent in doctors' and nurses' fees; 60 to 65 per cent in the dollar capitalization of industrial concerns; one-third in school-teachers' salaries; 50 per cent in wages of union labor; and so on all along the line.

Mr. President, this, indeed, is a gloomy picture that confronts us unless something is done and done quickly.

What shall be our policy? Shall we allow industry, labor, banking, and all other groups to sink to the low economic level at which agriculture now stands, or shall we raise agriculture to its proper level of equality with industry and thus raise them all to the level of prosperity which this great Nation of ours with its abundance of resources should enjoy?

Organized agriculture has already answered this question so far as it is concerned. It is not taking a selfish attitude, so far at least. It is not demanding now that all other industries be deflated to the level of agriculture. It takes a much sounder course; namely, that agriculture be brought up to the level of the others, and that all be advanced in prosperity. By way of illustration of the stand of organized agriculture, I cite a recent statement made by Edward A. O'Neal, president of the American Farm Bureau Federation, before the special subcommittee on money stabilization of the House Banking and Currency Committee.

That is part of the picture of what will happen if the rest of this country is brought down to a level with agriculture. It is much more important that agriculture be brought up and the general level raised.

This shows the broad, constructive viewpoint of organized agriculture. It does not want to destroy its market for its produce in the cities and towns. It wants a prosperous industry, a sound banking system, and employment for labor; but unless agriculture can be brought up to equality with industry, then all other industries in this Nation ultimately must sink to the level with agriculture. Agriculture can not longer endure the existing inequality, whereby its products are worth only 50 cents on the dollar in exchange for products of industry.

Mr. President, agriculture must have equality with industry. Either we must raise agriculture to the level of industry, or we must bring industry down to the level of agriculture by erasing from the statute books the special tariff privileges of industry, the special immigration laws for labor, the price-fixing mechanism for railroads and for banks in the Federal reserve act, and all other special privileges whereby industry, commerce, and labor are given special advantages. I do not think we want that to happen. Far better to bring agriculture up to a prosperous level.

Remedy this inequality between agriculture and industry by raising farm prices and you immediately start the wheels of industry in motion and put the unemployed back to work. Restore the farm purchasing power, and you will thereby provide an enormous market here for the products of industry—paint, lumber, nails, cement, and other materials for those long-neglected farm buildings; fencing materials, trucks, tractors, silos, binders, plows, and other farm machinery to replace worn or inefficient equipment; new dresses, shoes, hats, and clothing for more than 50,000,000 people in our rural areas; radios, electric irons, new stoves, and other household conveniences which large numbers of farm women are now denied through lack of income to purchase them; and a host of luxury articles which farmers, by reason of their low incomes, are now unable to buy. The reopening of factories and the expansion of industrial production that will be made possible by this restoration of farm purchasing power will add still further purchasing power through the large number of laborers who will resume employment and become purchasers both of industrial goods and farm products. This in turn will help agriculture by increasing the demand for its products, and this again will be reflected in a further expansion of industrial activity. In other words, instead of continuing on the downward course of deflation, destruction, and despair we will start upward on the path of prosperity.

Shall we do this? If so, there is not a day we can afford to lose. Not more than 40 days of this session remain. The eyes of farmers are turned toward Congress as never before.

It is urged that effort is useless because the President will veto any measure of the character which agriculture is demanding. I do not believe this; but even so, Congress is not excused from action. Moreover, it has the power to render its policies effective notwithstanding a veto.

If we do not send to the President a constructive measure for the farmer, what are we to say to our constituents when we return home? There will be but one thing to say—"Congress has not the will to act for agriculture."

Mr. President, it is an unfortunate fact that there is no bill upon the calendar of the Senate providing constructive relief for the farmer, and yet we have been in session here more than five months. True, we have loaned him some money; we have given him some wheat; but he does not want to borrow money. He is not asking for charity. What he wants is the equality to which he is entitled. Is Congress going to act, or are we going to adjourn without doing anything for the farmer? As I have asked, are we to go home and tell him that Congress has not the will to act; that his case is hopeless; that he must look to other remedies? If so, to what can the farmer turn?

As I have stated before upon this floor, we have varied the distribution of wealth for different industries in this country through the tariff, through the price fixing of the Interstate Commerce Commission, through the price fixing of the public-service commissions throughout the country; and there are two bills now pending in Congress that propose further price fixing—price fixing for vessels in intercoastal commerce; price fixing in connection with busses; and there are those who would fix prices for trucks upon the highways. But, Mr. President, when we talk about price fixing for the farmer, directly or indirectly, we are told that it is impossible; that nothing can be done; and we are not even willing to make an experiment.

It is pointed out that we did experiment with the Farm Board. Yes; and the results are already evident. We provided $500,000,000 as a loan fund for that experiment.

But, Mr. President, in the last 10 years the postal deficit, which constitutes nothing more nor less than a subsidy, and largely to business, has amounted to more than $600,000,000. No loan about that; it is gone. What we have done for the farmer is but a drop in the bucket. As I have pointed out before on the floor of the Senate, the Farm Board did not have a chance to bring back equality for the farmer. The Farm Board was nothing but a finance corporation for the agricultural industry. We gave the Farm Board no power that an ordinary corporation that might have been provided by the farmers could not have exercised. All we did was to provide for the payment of its expenses and to afford it $500,000,000 to loan to the agricultural industry; for what purpose? For the purpose of returning equality to agriculture.

Mr. President, at that time it would have required an increase of $4,000,000,000 a year in agriculture's annual income to have brought back equality. Therefore, what we actually proposed was that the farmer should be loaned $500,000,000, and that he himself, with his training and his experience, should bring back equality to himself. What would he have accomplished had equality been reestablished? On that borrowed money he would have had to make 800 per cent annually for his industry. It was hopeless from the outset. It was not what the farmer asked. It was not what the representatives of the farmers asked. It was not what the Congress initially proposed.

Within the next 40 days are we going to consider what the farmer wants, what he needs, what is demanded to meet the situation; or are we going to adjourn about the 10th of June and go home and tell the farmer, "Congress has not the will to aid you, has not the will even to make an experiment for your benefit; it has not passed one constructive measure during the recent session that might enable you, if possible, to achieve equality with other industries"?

GIFT OF SILVER SERVICE TO MONTANA HISTORICAL SOCIETY

The PRESIDING OFFICER (Mr. VANDENBERG in the chair) laid before the Senate the amendments of the House of Representatives to the bill (S. 1047) authorizing the Secretary of the Navy, in his discretion, to deliver to the custody of the Historical Society of Montana, for preservation and exhibition, the silver service which was in use on the gunboat, No. 9, *Helena*, which were, on page 1, line 4, to strike out "deliver to the custody of" and insert "loan to," and on the same page, line 7, after "*Helena*," to insert a comma and "until such time as he may order its return to the Navy."

Mr. WALSH of Montana. I move that the Senate concur in the amendments of the House.

The motion was agreed to.

TRANSFER OF PUBLIC LANDS

The PRESIDING OFFICER laid before the Senate the amendment of the House of Representatives to the bill (S. 2396) to amend section 11 of the act approved February 22, 1889 (25 Stat. 676), relating to the admission into the Union of the States of North Dakota, South Dakota, Montana, and Washington, which was, on page 2, line 2, to strike out all after "other" down to and including "State" in line 4 and insert "lands, public or private, of equal value and as near as may be of equal area, but if any of the said lands are exchanged with the United States such exchange shall be limited to surveyed, nonmineral, unreserved public lands of the United States within the State."

Mr. WALSH of Montana. I move that the Senate concur in the amendment of the House.

The motion was agreed to.

STATUES OF GEORGE WASHINGTON AND ROBERT E. LEE

The PRESIDING OFFICER laid before the Senate the following concurrent resolution (H. Con. Res. 24) of the House of Representatives, which was read:

Resolved by the House of Representatives (the Senate concurring), That the thanks of this Congress be presented to the governor and through him to the people of the State of Virginia for the statues of George Washington and Robert E. Lee, whose names are so honorably identified with the history of our country; that these works of art are accepted in the name of the Nation and assigned to places in the old Hall of Representatives already set aside by Congress for the statues of eminent citizens; and that a copy of this resolution, signed by the President of the Senate and the Speaker of the House of Representatives, be transmitted to the Governor of Virginia.

Mr. GLASS. I ask that the Senate concur in the House resolution.

The concurrent resolution was considered by unanimous consent and agreed to.

NAVAL BUILDING PROGRAM

The Senate resumed the consideration of the motion proposed by the Senator from Maine [Mr. HALE] that the Senate proceed to consider the bill (S. 51) to authorize the building up of the United States Navy to the strength permitted by the Washington and London naval treaties.

The PRESIDING OFFICER. The question is on the motion submitted by the Senator from Maine [Mr. HALE].

Mr. ROBINSON of Arkansas. Mr. President, I desire the attention of the Senator from Maine, but he does not appear to be in the Chamber at this moment.

Mr. BORAH. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Ashurst	Dale	Kean	Schall
Austin	Davis	Kendrick	Sheppard
Bankhead	Dickinson	Keyes	Shipstead
Barbour	Dill	King	Shortridge
Bingham	Fess	La Follette	Smith
Blaine	Fletcher	Lewis	Smoot
Borah	Frazier	Logan	Steiwer
Bratton	George	Long	Stephens
Broussard	Glass	McGill	Thomas, Idaho
Bulkley	Glenn	McKellar	Thomas, Okla.
Bulow	Goldsborough	McNary	Townsend
Byrnes	Gore	Metcalf	Trammell
Capper	Hale	Moses	Tydings
Caraway	Harrison	Neely	Vandenberg
Carey	Hastings	Norris	Wagner
Cohen	Hatfield	Nye	Walcott
Connally	Hawes	Oddie	Walsh, Mass.
Coolidge	Hayden	Patterson	Walsh, Mont.
Copeland	Howell	Pittman	Waterman
Costigan	Hull	Reed	Watson
Couzens	Johnson	Robinson, Ark.	White
Cutting	Jones	Robinson, Ind.	

The PRESIDING OFFICER. Eighty-seven Senators having answered to their names, there is a quorum present.

Mr. ROBINSON of Arkansas. Mr. President, the debate on the motion of the Senator from Maine has developed a state of mind on the part of Senators which I think may well be taken into consideration by the Senator submitting the motion.

Unless the Geneva conference shall reach an agreement which will make unnecessary that course I shall favor building our Navy to the standard contemplated by the London treaty. But it is the thought of many Senators that the present is an inopportune time to make the authorization carried in the bill of the Senator from Maine.

In the first place, the Geneva conference is attempting to provide for the reduction of both land and naval armaments. Events have transpired which disclose that the task of the conference is exceedingly difficult, and its efforts may not result in signal success. Whether it is prudent to anticipate the conclusions of the Geneva conference and proceed at once with the authorization of the construction program, considered apart from other related questions, will, of course, be determined by each Senator.

Early in the present year what is called an armament truce was entered into by the leading nations participating in the Geneva conference. I do not assert that to proceed now with construction as contemplated by the bill would constitute a violation of the letter of that truce; it certainly might be construed as interfering with the spirit of the arrangement.

If it were proposed to proceed promptly with the execution of the program I would not make the suggestion about to be submitted to the Senator from Maine, namely, that action on the subject be postponed for, say, a period of 30 days. Everyone here would wish to see the very heavy expense which this bill will finally entail lightened, if it is possible and practicable to do so.

The Senator from Maine has announced that there is no intention of proceeding at an early date with construction. It is entirely true that plans might be in preparation. A delay pending further developments of the Geneva conference could not impair in any sense the national defense as contemplated by the program.

What I am thinking is that the Senate may vote to proceed to the consideration of this bill, debate it indefinitely, and then reach the conclusion that the time is inopportune for the recognition of the financial obligations in the bill. This thought is given some emphasis by the financial condition of the country, as well as the prevailing business condition.

I do not see that any harm will result to the United States from a postponement of this issue for a reasonable period. I can see how it is possible that other nations who have entered into the truce referred to and who are participating in the conference mentioned might question the good faith of our proceeding now to authorize a program which shall not be immediately begun and which in any event is not expected to be carried out within a few years.

So I am suggesting to the Senator from Maine that the motion and the subject be deferred for a period of, say, 30 days.

Mr. HALE. Mr. President, the Senator from Arkansas has suggested that my motion be deferred for a period of 30 days. If the motion is deferred, would the result be that we would get a vote on the motion and on the bill before the adjournment of this session of Congress? If I were sure that could be done, I should be entirely willing to accept the suggestion of the learned Senator from Arkansas; but I do not want to lose the position that my bill now has in the Senate.

The bill has been on the calendar for nearly two months. It is a bill which is very vital to the national defense of the country. I have been trying my best during the whole of these two months to bring up the bill. The steering committee has awarded me a preferred place on its program and we have come now to the time when the bill has a chance of consideration. Unless I can have some assurance that my bill will be acted upon at this session of Congress, I do not think I should be called upon to give way now. Of course, if the Senator from Arkansas takes this attitude against bringing it up now and if Members of the Senate on his side of the Chamber follow him, as they may, in all likelihood the bill will not be taken up; but I would rather have the Senate vote on it than withdraw it now unless I may have some assurance that I will get action on it at this session of Congress.

Mr. ROBINSON of Arkansas rose.

Mr. HALE. Will the Senator wait just a moment?

Mr. ROBINSON of Arkansas. Certainly.

Mr. HALE. The Senator spoke about the Geneva conference and what may or may not be done at that conference. No one knows what will be done. In any event this bill does not in any way interfere with what may be done at the conference. There is a special clause in the bill which reads:

> In the event of an international agreement for the further limitation of naval armament to which the United States is signatory, the President is hereby authorized and empowered to suspend, in whole or in part, the naval construction authorized by this act in order to bring the naval armament of the United States within the limitations so agreed upon.

The Senator from Arkansas has also spoken of the effect of the passage of the bill on other nations, and has said it might in some way be construed as not being in accord with the spirit of the armistice truce. This question was brought up yesterday in the Senate, and I read to the Senate a letter from the Secretary of State in which he stated in so many words that we have a perfect right under the terms of the truce to replace any of the existing vessels in our Navy. Furthermore, he stated that there was nothing in the bill that would contravene the truce in any way.

Therefore, Mr. President, much as I regret to do so, I shall have to go ahead with my motion. If the Senate votes it down, very well; but if the Senator from Arkansas can give me the assurance that I will get action on my bill, which is absolutely necessary if we are going to keep up our Navy, I am willing to accept his suggestion.

I think that on yesterday I showed the imperative need for its passage, which is that unless we pass the bill or the Vinson bill, which is before the House of Representatives, we will find ourselves next year in the same situation in which we find ourselves now. The Budget will not be able to make any recommendations for appropriations, and until it does so, and until authority for building has been granted by Congress, no appropriations can be made.

The very determined opposition which has been made to bringing up my motion, which is most unusual in the Senate—I do not recall having seen anything of the sort happen during this session of Congress—indicates that whenever we try to bring up any motion or measure to build up and keep up our Navy we are going to meet with determined opposition on the floor of the Senate.

Mr. SHIPSTEAD. Mr. President——

The PRESIDING OFFICER. Does the Senator from Maine yield to the Senator from Minnesota?

Mr. HALE. I yield.

Mr. SHIPSTEAD. I would like to ask the Senator from Maine, in view of the fact that we are taxing the taxpayers of the United States $750,000,000 this year for foreign governments, and in view of present economic conditions in the United States, if he thinks we can afford to build a navy involving such an enormous expenditure this year?

Mr. HALE. I will reply to the Senator by asking him if, in view of the world situation, he thinks we can afford to give up our Navy? This bill is not principally for the purpose of adding to our Navy by building new ships that do not replace ships which we have now. It is principally to replace ships which we now have and which are wearing out and becoming obsolete.

Mr. SHIPSTEAD. It is principally to carry out the program outlined by the naval conference at London, and

will, as I understand it, involve an expenditure of over $1,000,000,000.

Mr. HALE. Yes; but there were no definite figures given.

Mr. SHIPSTEAD. The figures that were given out at the time by the Navy Department were in excess of $1,000,000,000, as I understood them. I voted against that treaty myself because of the fact that it put the blessing of the Congress of the United States upon a large naval program for every country in the world.

Mr. HALE. But in the treaty of London and in the treaty of Washington a ratio was agreed upon among the various nations which took part. The understanding of the Congress and of the people of the United States when that ratio was determined upon was that we were going to live up to it. We have not lived up to it. While we have let our Navy drift behind other countries have kept theirs up, so we find ourselves now far below the ratio figures that were adopted in the treaty. I maintain that is not a proper situation into which we should permit the United States to drift.

Mr. SHIPSTEAD. In view of the fact that we ratified that treaty, the logical step is for the Government of the United States, if we can afford it, to build up our Navy to the naval strength which the Treaty of London agreed was a proper limitation.

Mr. HALE. I quite agree with the Senator, and that is what I am trying to bring about.

Mr. SHIPSTEAD. If I had voted for the treaty I would vote for this bill.

Mr. HALE. Mr. President, can the Senator from Arkansas give me any assurance that I will get action on my bill at this session of Congress?

Mr. ROBINSON of Arkansas. Mr. President, I was trying to assist the Senator from Maine. I am not able to give him assurance that the Senate would vote on the bill. I am pointing out to the Senator the fact that I am in sympathy with building up to the standard of the London Treaty unless that standard is reduced by a subsequent treaty; that I think if he forces the issue now he is going to lose, and that there is no such emergency with respect to this program as makes it imperative that the bill be voted on immediately.

Of course I could not bind the Senate to vote on either the motion or the bill itself. The Senator well understands that. My thought is that during the course of the next 30 days events may transpire which will reflect further light on the necessity of proceeding with the program.

The Senator has said it is necessary to pass the bill right now or during this session in order to secure recognition in the Budget for next year. The Senator well knows that there is another session of Congress to be held this fall. The Senator well knows that a deficiency appropriation may be estimated for and sent to the Congress at any time after an authorization is made. Many Senators who sympathize with the purpose to maintain a Navy in due and fair proportions to other navies feel that no wholesome end will be accomplished by passing the bill at this juncture, and they do not care to be committed to opposing the program of construction which the bill contemplates, provided that program is not modified.

It has been said by others that owing to the state of the Treasury and to the demand for emergency appropriations, only some of which have been authorized and others of which probably will be authorized, the Congress might very well defer action until it knows whether the Geneva conference is going to accomplish anything substantial in the way of reducing armament.

Mr. HALE. Mr. President——

The PRESIDING OFFICER. Does the Senator from Arkansas yield to the Senator from Maine?

Mr. ROBINSON of Arkansas. Certainly.

Mr. HALE. I take it whatever the Geneva conference accomplishes, the Senator would not want to have this country tie itself up to any weakening of the ratios already established with Great Britain, Japan, France, and Italy in the Washington treaty. Am I not correct?

Mr. ROBINSON of Arkansas. Certainly; but it does not follow that adherence to the ratio implies or makes unavoidable the execution of the plan in the treaty heretofore agreed to. If there is anything in the suggestion that world conditions will prompt other nations to coordinate their efforts with a view to reducing the burdens of militarism, I do not care to take a course which might embarrass those efforts. I do not express an opinion as to prospects for the success of the Geneva conference.

If I thought the question of national defense were really involved here, I would waive the consideration which I am urging upon the Senator from Maine. He has referred to what we may do on this side. I was prompted to make this suggestion by a number of Senators who feel about it as I do. I hope the Senate will not take up the bill, debate it for a week, and then reject it, as I must say to the Senator I think is probable, from the discussion that has proceeded here, and the considerations that will prompt its rejection, in the main, are not related to questions of national defense or the adequacy of the Navy. They are related to the subject pertaining to the conference at Geneva and the efforts there to reduce the standard of armament and to the truce into which this Government entered.

I said in the beginning that there was no intention to assert that to go forward with this program would be a violation of that truce; but, after all, I am wondering what an armament truce means if it implies that this Government is entirely free to observe the truce and at the same time commit itself to appropriations approximating $1,000,000,000 for naval construction.

Mr. HALE. Mr. President, under the terms of the truce to which the Senator from Arkansas refers any country party to the truce has the right of replacement. This was not our original idea; it was not the original Italian idea; but the other countries in their acceptance of the truce made that express reservation. It was acting on that reservation that the Secretary of State took the matter up with the Army and the Navy and got their approval of the truce before it was finally agreed to by this Government. Furthermore——

Mr. BORAH. Mr. President——

Mr. HALE. The Senator will excuse me for a moment. Furthermore, Mr. President, as I pointed out yesterday, two of the countries parties to the truce have already started building replacements.

Mr. BORAH. Mr. President——

The PRESIDING OFFICER. Does the Senator from Maine yield to the Senator from Idaho?

Mr. HALE. Yes; I yield.

Mr. BORAH. Mr. President, I think, under all the circumstances, the Senator from Maine is entitled sometime during this session to test his bill on its merits. So far as I am concerned, whatever my views might be as to the merits of the bill I should not stand in opposition to the Senator having a right to be heard upon it and having a vote upon it.

Mr. ROBINSON of Arkansas. Mr. President, will the Senator from Idaho yield to me?

Mr. BORAH. I will yield to the Senator from Arkansas in just a moment. However, I would prefer to debate this bill after the Geneva conference is through. So far as any doubts that I have to express are concerned, I would prefer to express them after the Geneva conference is through.

Mr. HALE. Does the Senator from Idaho have any idea when the Geneva conference will get through?

Mr. BORAH. I have an idea; but, of course, I do not know.

Mr. HALE. Will it be this year, or this decade, or when will it be?

Mr. BORAH. The Geneva conference is about through now, in my opinion; but I would prefer to discuss the bill after it is realized that the Geneva conference, whether through or not, is not going to accomplish anything along the lines in which I am interested. For that reason, I should prefer that the consideration of the bill be deferred, and although I am opposed to taking it up at this time, I shall not interpose any objection to the Senator from Maine having his bill taken up at the end of 30 days.

Mr. HALE. Mr. President, I am impressed, of course, by the attitude taken by these older and more distinguished Senators in this body, and if I could act with them I should like to do so. I am wondering, however, if it would not be possible to enter into an agreement by unanimous consent to take up the bill at a later period, possibly after 30 days, and agree to have a vote within a certain time thereafter?

Mr. ROBINSON of Arkansas. Mr. President, I thought I made clear in suggesting the postponement of the motion that while no assurance could be given the Senator from Maine on my part that a vote would be had, for reasons that are perfectly clear—having no authority to bind the Senate—I have no objection to proceeding to the consideration of the bill. I did not myself propose a time for a vote, because it was clear to my own mind that such an agreement could not be secured at this time.

Mr. McNARY. Mr. President, I do not want to take the able Senator off his feet.

Mr. ROBINSON of Arkansas. I have concluded what I had to say.

Mr. McNARY. I listened to the Senator's proposal. Of course, in order to make this bill a special order for some time during the session of Congress, would require a unanimous-consent agreement. I think we all agree that Congress will probably be in session on the 3d day of June, but that we shall adjourn by the 12th of June.

Mr. ROBINSON of Arkansas. In the language of the Senator from Maine, if the Senator from Oregon can give me some assurance to that effect I shall be both astonished and gratified.

Mr. McNARY. I was merely suggesting to the Senator from Arkansas whether it would be possible to come to an agreement to vote on the bill or to make it a special order for June 2.

Mr. BORAH. We should have to have an agreement to take the bill up at some time.

Mr. McNARY. I was suggesting the possibility at this time of entering into an agreement—and I am assuming that June 2 might be agreeable all around—to make the bill a special order for that day.

Mr. BORAH. So far as I am concerned, I would agree that the bill be taken up on a certain day.

Mr. HALE. Mr. President, the Senator from Idaho has said that he thought I was entitled to a vote on my measure.

Mr. BORAH. The Senator knows that I do not filibuster.

Mr. HALE. I know that.

Mr. BORAH. But if we take the bill up on a certain day, I should like to have a reasonable time in which to discuss it; that is all. I do not know that I should want 10 minutes; possibly I should not, I do not know, but I might. The trouble is that if we consent to vote upon a certain day we do not know whether or not the bill will be laid before the Senate prior to that time.

Mr. HALE. Mr. President, what I should like to do would be to secure unanimous consent to make the bill a special order for a certain date and then agree that so much time shall be taken for its consideration before a final vote.

Mr. LEWIS. Mr. President——

The VICE PRESIDENT. Does the Senator from Maine yield to the Senator from Illinois?

Mr. HALE. I yield.

Mr. LEWIS. Mr. President, I do not desire my silence to imply that I agree to the theory of disposing of this bill either by avoiding its consideration now or defeating it by a vote in the future. I do not agree with many of my colleagues on this side, able and eminent as I know them to be, nor eminent Senators on the other side as to the question particularly at stake, that is, in assuming that the conference at Geneva will reach any conclusion that should divert the United States of America from taking whatever course its natural sense of defense and preservation would indicate to the agents of the people sitting as Members of Congress.

I wish to say that if the Geneva conference is hoped for to work out any solution or conclusion which would gratify the desire of those who look for disarmament or limitation of armaments, nothing would bring that action more quickly than the observation that the United States has proceeded to consider its part of the treaty at once and proceeded to meet the displacement of ships so far as it is privileged to do and has given indication that, if it is not duly provided in the Geneva conference that protection inures to this Government along the lines of a convention consistent with the interests of America, the United States will proceed for itself.

The very action here in considering the bill, based on the theory that it is in compliance with the conventions of the past, will do much to bring to a focus the present convention, that seems to be playing with the fate of politics, as it ejects and rejects the propositions of the distinguished Secretary of State, if the public press be correct. In such an atmosphere nothing would more stimulate it to a sincere action and to a definite end as the entry now of the Senate upon the consideration of this bill, provided that we are complying with the convention and neither play with its purpose nor postpone its consideration.

Therefore for myself I heartily favor either course, the entering upon the consideration of the bill now that we may prove what its object is, or, second, the reaching of some agreement that will give us opportunity to present to the country the views of the Senate upon its national defense and its righteous position in the international relations of the world——

Mr. THOMAS of Oklahoma. Mr. President——

The VICE PRESIDENT. Does the Senator from Maine yield to the Senator from Oklahoma?

Mr. HALE. I yield.

Mr. THOMAS of Oklahoma. I desire the floor in my own right as soon as I can get it.

Mr. HALE. Mr. President, I should like to put a request for unanimous consent. I ask unanimous consent that the Senate set this bill as a special order for June 3, and that thereafter the bill shall come to a vote within two days' time.

The VICE PRESIDENT. Is there objection?

Mr. KING. Mr. President, if the Senator from Maine, who is so ardently pressing the consideration of the bill, which I think ought not to be taken up at this time because of the reaction and the repercussions, which would be disastrous, I think, to the proper consideration of the problems of the Geneva conference, would separate his proposition, I am not so sure but I would not assent to it.

If, however, he intends to couple with the request that the Senate take up the bill on a certain day the further request that the discussion shall be limited to one or two days, I am opposed to that. If the Senator will ask unanimous consent to proceed to the consideration of the bill or to make it a special order at some date early in June, speaking for myself only I shall not object.

Mr. HALE. Mr. President, I am afraid if we simply agree to take up the bill on June 3, that date being so near the possible end of the session, the same tactics would be adopted at that time that are now being employed against my motion to take up the bill, and it would be a very easy matter to carry the bill over and take no action whatever.

Mr. BORAH. Mr. President——

The VICE PRESIDENT. Does the Senator from Maine yield to the Senator from Idaho?

Mr. HALE. I yield.

Mr. BORAH. Would it be agreeable to the Senator to take the bill up at a certain day and agree that there shall be a vote on it before adjournment?

Mr. HALE. Yes; I would agree to that.

Mr. McNARY. Mr. President, in view of the statement made by the Senator from Idaho [Mr. BORAH], I should like to suggest a unanimous-consent agreement that the bill now under consideration be made a special order of the Senate for June 2 and be kept before the Senate thereafter until a final vote is reached. Such an agreement will impose no limitation of time in the consideration of the measure but will assure a vote after a full hearing.

Mr. DILL. Mr. President, I would not want to agree to that proposal, because the date would be so near the prob-

able end of the session that other legislation of extreme importance that should be enacted might be crowded out.

The VICE PRESIDENT. The Senator from Washington objects to the request of the Senator from Oregon. Is there objection to the request of the Senator from Maine?

Mr. HALE. Mr. President, it seems to me that the suggestion of the Senator from Idaho would be entirely fair, that the bill be made a special order for June 3, and that final action be taken on the bill before the close of the session. I should be entirely willing to accept that. The bill then would not have to be before the Senate between those dates unless the Senate saw fit to consider it.

Mr. DILL. Do I understand that the Senator proposes to have a vote on the bill on that day?

Mr. HALE. Oh, no!

Mr. DILL. Then, it might keep us in session all summer.

Mr. BORAH. Mr. President, the Senator from Washington knows perfectly well that it would be impossible to keep a concurrent resolution for adjournment from being passed this summer. This seems to me to be a fair proposition, because it does not necessarily keep the bill before the Senate continuously. Other matters may be taken up. It is simply an agreement that we shall have a vote before the Senate adjourns.

Mr. ROBINSON of Arkansas. I think that should be satisfactory to everyone.

The VICE PRESIDENT. Is there objection?

Mr. McNARY. Mr. President, may the proposed agreement be stated specifically again?

The VICE PRESIDENT. The proposed unanimous-consent agreement will be stated.

The legislative clerk read as follows:

Ordered by unanimous consent, That the bill (S. 51) be made a special order for Friday, June 3, 1932, and that final action be taken on the bill before the adjournment of the present session of Congress.

The VICE PRESIDENT. Is there objection?

Mr. DILL. Mr. President, would not that require a quorum?

Mr. JONES. Mr. President, do I understand that that would not interfere with the consideration of appropriation bills?

The VICE PRESIDENT. The Chair does not think a request of this kind requires a quorum, because it does not fix a specific day for a vote.

Mr. DILL. It seems to me it is a matter for which there ought to be a quorum here. Senators who have been very much interested in this matter did not know it was coming up. I think there ought to be a quorum; and I make the point of no quorum.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Ashurst	Dale	Kean	Schall
Austin	Davis	Kendrick	Sheppard
Bankhead	Dickinson	Keyes	Shipstead
Barbour	Dill	King	Shortridge
Bingham	Fess	La Follette	Smith
Blaine	Fletcher	Lewis	Smoot
Borah	Frazier	Logan	Steiwer
Bratton	George	Long	Stephens
Broussard	Glass	McGill	Thomas, Idaho
Bulkley	Glenn	McKellar	Thomas, Okla.
Bulow	Goldsborough	McNary	Townsend
Byrnes	Gore	Metcalf	Trammell
Capper	Hale	Moses	Tydings
Caraway	Harrison	Neely	Vandenberg
Carey	Hastings	Norris	Wagner
Cohen	Hatfield	Nye	Walcott
Connally	Hawes	Oddie	Walsh, Mass.
Coolidge	Hayden	Patterson	Walsh, Mont.
Copeland	Howell	Pittman	Waterman
Costigan	Hull	Reed	Watson
Couzens	Johnson	Robinson, Ark.	White
Cutting	Jones	Robinson, Ind.	

The VICE PRESIDENT. Eighty-seven Senators have answered to their names. A quorum is present.

Mr. JONES. Mr. President, I desire to make a parliamentary inquiry. If this agreement should be entered into, but we should desire to take up an appropriation bill, and it should be necessary to take it up by motion, would such a motion be out of order?

The VICE PRESIDENT. The motion would not be out of order, inasmuch as the agreement does not provide that the bill shall be kept continuously before the Senate, and the appropriation bill could be taken up by a majority vote.

Mr. JONES. This agreement would not interfere with it?

The VICE PRESIDENT. It would not interfere with it if a majority of the Senate should vote to take up the other measure.

Mr. McNARY. Mr. President, after the proposition is stated, I desire to propound a parliamentary inquiry.

The VICE PRESIDENT. The proposed unanimous-consent agreement will be stated.

The legislative clerk read as follows:

Ordered by unanimous consent, That the bill (S. 51) be made a special order for Friday, June 3, 1932, and that final action be taken on the bill before the adjournment of the present session of Congress.

The VICE PRESIDENT. Is there objection?

Mr. McNARY. Mr. President, a parliamentary inquiry.

The VICE PRESIDENT. The Senator will state it.

Mr. McNARY. Should the Senate accept the unanimous-consent agreement, would unanimous consent be required to adjourn the session of the Senate?

The VICE PRESIDENT. The Senate, by a majority vote, could agree to a concurrent resolution for a final adjournment of the two Houses; but, under the agreement, the Chair believes that Senate bill 51 would have to be submitted to a vote before the adjournment of the Senate was had.

Mr. COUZENS. Mr. President, I do not see why the unanimous-consent agreement can not be agreed to without the last section, with respect to passing the bill before the adjournment of this session of Congress.

Mr. ROBINSON of Arkansas. There is no agreement to pass it. There is an agreement to vote on it.

Mr. COUZENS. I should like to have the last section of the proposed unanimous-consent agreement read.

The VICE PRESIDENT. Let it be read.

The legislative clerk read as follows:

And that final action be taken on the bill before the adjournment of the present session of Congress.

Mr. COUZENS. If that means what it says, we are going to stay here until we take final action on the bill, and that is what I object to.

Mr. McNARY. Mr. President, the question I propounded was this: Suppose it was the desire of Congress to adjourn, seeing the futility of attempting to reach a final vote. Would it require unanimous consent, or can the Congress at any time adjourn by two-thirds vote, irrespective of the language of the unanimous-consent agreement?

The VICE PRESIDENT. In the judgment of the Chair, an adjournment of the two Houses can be brought about by a majority vote of the Senate and a majority vote of the House.

Mr. COUZENS. The agreement is misleading, then.

Mr. NORRIS. Mr. President, I have great respect for the opinion of the Chair; but it seems to me perfectly plain that if we agree to this unanimous-consent proposal we must finally dispose of this bill, unless we change the agreement by unanimous consent, before we adjourn without day, and that it would be impossible for the Senate to adjourn except by unanimous consent.

Mr. ROBINSON of Arkansas. Mr. President, may I interrupt the Senator?

The VICE PRESIDENT. Does the Senator from Nebraska yield to the Senator from Arkansas?

Mr. NORRIS. Yes.

Mr. ROBINSON of Arkansas. If the agreement should be entered into, clearly, to my mind, the two Houses could adopt a concurrent resolution, say, to adjourn on the 12th of June. The effect of this agreement is to require a vote on the bill prior to adjournment.

The VICE PRESIDENT. That is what the Chair stated.

Mr. ROBINSON of Arkansas. But the adjournment would be brought about by exactly the same process that is customary. In other words, if we voted to adjourn on the 4th

of June we would have to vote on this bill either on the 3d after it was taken up or on the 4th before adjourning. Of course, that is just by way of illustration.

Mr. COUZENS. Mr. President, if the Senator will yield, I should like to ask how a vote would be forced if some Senator had the floor and would not surrender it before the time of adjournment.

Mr. ROBINSON of Arkansas. The Chair would hold, before declaring the Senate adjourned, that the Senate had obligated itself to vote; and before putting the adjournment resolution into execution he would put the question.

Mr. COUZENS. How would he take off the floor a Senator who was occupying it up to the time of adjournment?

Mr. ROBINSON of Arkansas. He would hold that further discussion was out of order; that the unanimous-consent agreement precluded further discussion.

Mr. FESS. Mr. President, a parliamentary inquiry.

The VICE PRESIDENT. The Senator will state it.

Mr. FESS. If this unanimous-consent agreement is entered into, and the House passes a concurrent resolution saying that the House will adjourn on the 10th of June, for example, at 12 o'clock, and the concurrent resolution comes over here and we pass it, and we have not yet voted on this bill, and I get the floor just before 12 o'clock and hold it, and the hour of 12 o'clock arrives—the time fixed for adjournment under the concurrent resolution—what would be the decision of the Chair?

The VICE PRESIDENT. The Chair would hold that the Senator could be taken from the floor by the point being made, and a vote taken on the bill.

Mr. ROBINSON of Arkansas. That is right.

Mr. FESS. And adjournment would be enforced by virtue of the preceding vote on the concurrent resolution? I think that is correct.

Mr. NORRIS. Mr. President, in the case the Senator puts, suppose we had agreed with the House to a concurrent resolution that we would adjourn at 3 o'clock p. m. on a certain day, and the Senator had the floor at that time. At 3 o'clock the Chair, if it was in order for him to do so, would announce that the Senate was adjourned without date; and if the Senator had the floor he could keep it until 3 o'clock.

What the Chair would have to do, if he complied with this unanimous-consent agreement, would be, at some time before 3 o'clock that he judged would be long enough, to call for a vote on the bill; and there might be a dozen amendments offered, and roll calls held. I do not see how it could be determined.

Mr. PITTMAN. Mr. President——

The VICE PRESIDENT. Does the Senator from Nebraska yield to the Senator from Nevada?

Mr. NORRIS. I do.

Mr. PITTMAN. I am inclined to agree with the Senator from Nebraska that a Senator can not be taken off the floor by an agreement to vote on something at an indefinite hour. But would it not meet the proposition if we should agree that if this matter had not been voted on prior thereto, one hour before the time set for adjournment we should vote on it?

Mr. NORRIS. Even that might get us into a predicament where it would be physically impossible to carry out the agreement, it seems to me.

I do not understand why Senators who are in favor of this bill want to compel the Senate to vote on it before a certain time if the Senate does not want to. If there were to be no proposition for adjournment, we could carry this agreement out, of course; at a certain time we could commence to vote, and keep on until we got through. But why fix any time?

Mr. HALE. Mr. President——

Mr. NORRIS. We have not had a vote in the Senate as to whether we want to take the bill up or not. Suppose a majority of the Senate does not want to take it up; under this we might have to do it any way. It would give to the bill a preferential status, it seems to me, to which it has not been shown to be entitled.

Mr. HALE. Mr. President, will the Senator yield?

Mr. NORRIS. I yield.

Mr. HALE. The Senator was not in the Chamber, I believe, when the Senator from Arkansas asked me to postpone my motion for a period of 30 days.

Mr. NORRIS. I was here, and heard what was said. Suppose the Senator did want to lay it aside for 30 days; why not do so?

Mr. HALE. I replied to the Senator from Arkansas that I would be very glad to do so, if I knew I could get action on the bill at this session of the Congress.

Mr. NORRIS. I do not understand why the Senator has to know in advance that he is to have action on it at this session of Congress. There may be enough Senators to prevent that.

Mr. HALE. I was trying to comply with the wishes of Senators.

Mr. NORRIS. I realize that. Personally, I am opposed to taking any action on the bill at this session of Congress, and I dislike to bind myself so that I will have to. If I agree to this unanimous consent, I will have foreclosed myself, and can not help myself.

Mr. President, unless the unanimous-consent proposal is modified by striking out the last clause, I shall have to object to it.

The VICE PRESIDENT. Is there objection?

Mr. HALE. Mr. President, I can not agree to that.

The VICE PRESIDENT. Objection is made, and the question is on the motion of the Senator from Maine.

Mr. NORRIS. I am willing, if the Senator will change his unanimous-consent request, to agree to take the bill up at the time suggested. I will not go any farther than that.

Mr. HALE. I do not think I can agree to that.

Mr. THOMAS of Oklahoma. A parliamentary inquiry.

The VICE PRESIDENT. The Senator will state it.

Mr. THOMAS of Oklahoma. What is the matter pending before the Senate?

The VICE PRESIDENT. The question is on the motion of the Senator from Maine to proceed to the consideration of Senate bill 51.

Mr. THOMAS of Oklahoma. Mr. President, I note that this bill—Senate bill 51—has preference, as the same is contained in a letter from the chairman of the committee on order of business of date April 25. I note in the first paragraph of the letter the following:

> At a meeting to-day of the committee on order of business it was decided, in response to numerous requests, that S. 4412 should be given early consideration because of its emergency nature. The committee therefore respectfully amends its recommendations of April 2 in this one particular and suggests that the following bills be made the unfinished business in the following order:
>
> Calendar No. 298. S. 51. A bill to authorize the building up of the United States Navy to the strength permitted by the Washington and London naval treaties.

Mr. President, I have before me Senate bill 51, and I want to ask the distinguished chairman of the Committee on Naval Affairs just what this bill proposes to do, if anything, or to have done?

Mr. HALE. Senate bill 51?

Mr. THOMAS of Oklahoma. Yes.

Mr. HALE. I think I have explained that. The purpose of the bill is to authorize the President to build the Navy up to the limits of the Washington and London treaties.

Mr. THOMAS of Oklahoma. I will ask the question again: How many ships does the bill propose to authorize to be constructed?

Mr. HALE. Enough ships to bring the Navy up to the limits of the Washington and London treaties.

Mr. THOMAS of Oklahoma. How many would that be?

Mr. HALE. That would depend entirely upon when action should be taken. If we were going to build up to the limits of the treaty in four years, a certain number of ships would have to be built. If we were going to build the Navy up within 10 years, after a lot of other ships have become over age, it would mean more ships.

Mr. THOMAS of Oklahoma. What does the Senator hope to accomplish under this bill, if the bill shall be enacted?

Mr. HALE. I hope to get the authorization to build up so that when our ships become over age they can be replaced.

Mr. THOMAS of Oklahoma. I am trying to find out how many ships the Senator thinks would have to be built.

Mr. HALE. I say it depends on when we reach the limits defined by the treaty.

Mr. THOMAS of Oklahoma. How much money would it take to build this indefinite number of ships the Senator hopes to have built under this bill?

Mr. HALE. Mr. President, I have already explained these matters to the Senate. It would depend entirely on when it was done. If we built up to the limits of the treaties by the close of the year 1936, it would cost about $786,000,000. If we did not build up to the limits of the treaties until 1942, it would cost about $980,000,000. If we did not build up for 20 years, by which time the whole Navy would have to be replaced, and it would cost just under $2,000,000,000.

Mr. THOMAS of Oklahoma. Mr. President, in the committee report I find this significant paragraph:

> We believe it is imperative that the United States authorize a building program at this time and thus give notice to the world that we intend to maintain the ratios established by the Washington and London treaties.

We have now spent two days debating whether or not we will take up this bill, and yet do not know how many ships it will be necessary to build.

Mr. HALE. I can give the Senator the exact number of ships we will have to build.

Mr. THOMAS of Oklahoma. I have asked that question two or three times, and I will be very glad to yield for an answer.

Mr. HALE. If we do not build up for 20 years, we will have to build 200 ships, which would mean the whole Navy. If we build up by the end of 1936, we will have to build 118 ships. If we do not build up until 1942, it would mean 140 ships.

Mr. THOMAS of Oklahoma. Then we have spent two days in deciding, or trying to decide, whether or not we will enact legislation authorizing the construction of 150 to 180 ships, at a cost of something like $750,000,000 to $1,000,000,000. Is that a fair statement of the proposition?

Mr. HALE. The Senator does not take into consideration the fact that to replace our present Navy, whether we add the few ships to bring us up to treaty strength or not, will cost very nearly $2,000,000,000. If we do not build ships, the Navy will simply go on the rocks. There is very little under the provisions of this bill that we would not have to do just to keep up the Navy that we have now.

Mr. THOMAS of Oklahoma. Mr. President, I have no desire to delay the suggested legislation. I did not object to the unanimous-consent agreement being made for its future consideration.

Mr. HALE. That is all I ask.

Mr. THOMAS of Oklahoma. But apparently the Senate is not willing at this time to take up this bill for further consideration; and until those who are managing the affairs of the Senate can get together and come to some agreement I make this motion: That the Senate proceed to consider Order of Business 604, the same being Senate bill 4412, introduced by the junior Senator from Virginia [Mr. GLASS], a bill to provide for the safer and more effective use of the assets of Federal reserve banks and of national banking associations, to regulate interbank control, to prevent the undue diversion of funds into speculative operations, and for other purposes.

The VICE PRESIDENT. That motion is not in order while another motion is pending.

Mr. THOMAS of Oklahoma. Mr. President, I offer my motion as a substitute for the pending motion.

The VICE PRESIDENT. The pending motion is not amendable. The question is on the motion of the Senator from Maine. Does the Senator from Oklahoma want to debate that?

Mr. THOMAS of Oklahoma. Mr. President, the question before the Senate is a proposal to consider S. 51, a bill relating to the construction of ships. I do not agree with the committee which arranged this order of business. There is a situation in this country that is unprecedented. Our banking system has collapsed. Not only has the country banking system collapsed, but the Federal reserve system has likewise collapsed. I am not blaming either the national or the several State banking systems for such collapse. The banks are being condemned for the condition before us, and the charge is made that they are not cooperating because they will not lend money. I do not join in this criticism of the banks. The banks have money, but I ask, Mr. President, what is there in the country on which the banks could safely lend their money? There is no longer much security that is good for loans, save Liberty bonds and gold. Liberty bonds are selling at a premium. There is no reason why anybody should borrow money on Liberty bonds. Farm lands, city property, livestock, commodities, and even corporate and industrial properties have ceased to have loan values. With the present conditions confronting the country, with eight or nine million unemployed, with cities in need of money to pay the salaries of their officials, with the teachers and policemen and State and county officials without money, here we are spending two days debating whether or not we will take up a bill to authorize the construction of 150 to 180 ships to cost $750,000,000 to a billion dollars.

Mr. President, a few days ago the papers carried the statement that the barometer of national business, the stock market, has already taken its ninth downward swing. We have had panics before, we have had depressions before, but this is the first panic or depression in this country when the downward swings have numbered more than five. Already there have been four downward swings in excess of any panic this Nation has ever experienced.

There is pending upon the calendar and next in order the bill which was the subject of my motion, which motion was just held out of order, and that bill has to do with the banking situation. I make the statement again that the banking system as it was intended to operate has failed, not because of what the banks are not doing but because of conditions in the country. The people who need money can not get it; those who can get it do not want it.

I am not blaming the national banks; I am not blaming the State banks. It is not their money they have in their vaults. Perhaps some of it is theirs, but only a meager, small portion. The capital stock is the property of the stockholders; the surplus is theirs, but the balance of the moneys the banks have on deposit is not theirs. It belongs to their depositors. The banks are nothing more than the trustees for those depositors. Those of our fellow countrymen who are condemning and criticizing the country banks for not making loans are doing them an injustice. The country banks are not in control of the economic policy of the Republic. The Federal reserve system is, and I am coming to that system in a moment.

I want to differentiate between the State and the national banks on the one side and the Federal reserve system on the other. I am not condemning the national banks, neither am I condemning the State banks of the Nation. They are not to blame for the laws that are passed or for the laws that are not passed. They are not to blame for the economic conditions which confront the country. The Federal reserve system may be blamed for those things, but certainly not the national banks and not the State banks of the Nation. The country banks are being blamed for not loaning money.

The statement is made in the public press and upon the floor of the Senate that the banks' vaults are full and running over with money, and then some people can not understand why it is that the banks with these large sums of money—deposited money though it is—are unwilling to make loans to the people who need and who want loans. The people who need and want the money have no way to get it. They have no collateral that is acceptable as a basis of safe loaning. I am not blaming the banks, the trustees of the people's money, for not making loans upon collateral that has no loanable value.

What have we to-day in this Nation that has value? Farm lands have no loanable value. They have not sufficient

value to pay the taxes, much less the interest. City property has no loanable value. Manufacturing plants have no such value. Railroads have no such value. But two things have acknowledged value, one of which is gold and the other Government bonds. Those who have gold do not need to borrow. Those who have Government bonds do not need to borrow. They can sell most of their Government bonds to-day at above par. Until something is done to place value back of the commodities and back of the property, the banks can not make safe loans.

Mr. President, the Constitution of the United States, in section 7 of Article I, provides that the Congress shall have the power "to coin money" and to "regulate the value thereof." There is no power that can coin money save the Congress. The responsibility rests upon the Congress and the Congress can not escape the responsibility and the duty of coining money and of regulating the value of money.

Yesterday the House of Representatives passed a bill in an effort to exercise this power of regulating the value of money. At this time I invite attention to H. R. 11499. It is very short. It is now before the Senate. I send a copy of the bill to the desk and ask that it be read in my time.

The VICE PRESIDENT. Without objection, the clerk will read, as requested.

The legislative clerk read the bill (H. R. 11499) for restoring and maintaining the purchasing power of the dollar, as follows:

Be it enacted, etc., That the Federal reserve act is amended by adding at the end thereof a new section to read as follows:

"SEC. 31. It is hereby declared to be the policy of the United States that the average purchasing power of the dollar as ascertained by the Department of Labor in the wholesale commodity markets for the period covering the years 1921 to 1929, inclusive, shall be restored and maintained by the control of the volume of credit and currency."

SEC. 2. The Federal Reserve Board, the Federal reserve banks, and the Secretary of the Treasury are hereby charged with the duty of making effective this policy.

SEC. 3. Acts and parts of acts inconsistent with the terms of this act are hereby repealed.

Mr. THOMAS of Oklahoma. Mr. President, that bill was passed by the House of Representatives on yesterday by a vote of almost 5 to 1, there being 289 votes for it and 60 votes against it; so a bill directing the Federal reserve system to regulate the value of money was passed by one branch of the Congress on yesterday and the bill is now pending before this body, having been referred to the Banking and Currency Committee.

During the past few weeks the question of the value or the buying power of the dollar has been discussed not only in Washington but in every part of the country. The American dollar has become the standard of value not only in the United States but in all parts of the world. Gold alone is not the standard. It is the American dollar that is the standard. It is the standard here. It is the standard in Europe. It is the standard every place where values are measured. During the past few weeks the country has come to a general conviction that the buying power of the dollar is too high. When the dollar buys 3 bushels of wheat, it buys too much wheat. The dollar, when it buys 5 bushels of corn, buys too much corn. When the dollar buys 15 to 18 pounds of cotton, it buys too much cotton. The country has realized that the buying power of the dollar is too high. I think now I am safe in saying that the demand of the country is to have the buying power of the dollar brought down, and to the extent that the buying power of the dollar is brought down the selling price of commodities will be raised.

That was the purpose of the bill passed by the House on yesterday to direct the Federal Reserve Board to take steps to bring down the high buying power of the dollar, thereby raising the value of agricultural commodities, thereby raising the value of land, thereby raising the value of city property, and thereby reinvesting the public of the country with some buying power. Inasmuch as this bill will be the subject of much discussion, I ask unanimous consent to have printed in connection with my remarks the committee report submitted by Mr. GOLDSBOROUGH in support of his bill.

The VICE PRESIDENT. Without objection, it is so ordered.

The report is as follows:

[House Report No. 1103, Seventy-second Congress, first session]

RESTORING AND MAINTAINING THE PURCHASING POWER OF THE DOLLAR

Mr. GOLDSBOROUGH, from the Committee on Banking and Currency, submitted the following report (to accompany H. R. 11499):

The Committee on Banking and Currency, to whom was referred the bill (H. R. 11499) to amend the Federal reserve act by adding at the end thereof a new section, and for other purposes, having considered the same, report favorably thereon with recommendation that the bill do pass without amendment.

Within the scope of a committee report it is not possible to discuss in detail the technical economic principles involved in H. R. 11499, but it is possible to determine the anticipated workings of the action of the principle if it is crystalized into legislation.

The bill has two features—an emergency feature and a permanent feature. The emergency feature contemplates a rise in the general commodity price level to the average existing between 1921 and 1929, inclusive, and the substantial maintenance of that price level.

As to the emergency feature, all authorities agree, first, that is is impossible for the debts of the country to be paid at the present price level, and that unless the price level is raised the business of the country is headed for inevitable bankruptcy; and, second, that the present price level is unjust to debtors.

Speaking roughly, but with substantial accuracy, the dollar will purchase about $1.60 more of commodities than in the 1921–1929 period, and about $1.56 more of commodities than it would purchase between the period of 1918–1931 and the first quarter of 1932, inclusive. It would purchase now what it would have taken $1.25 to purchase about a year ago, which means that the producer—that is, the debtor—is being confronted with an ever-increasing burden. His debts, principal and interest, remain fixed. The commodities he sells and which would have purchased a given number of dollars when he borrowed them have decreased in their purchasing power.

To go one step farther, unemployment is constantly increasing, because on a constantly declining market business can't go on. It is impossible to produce below the cost of production.

The Committee on Banking and Currency, after a most painstaking and careful investigation by a subcommittee, reached two conclusions: First, that the average price level from 1921 to 1929 would reestablish substantial justice, between debtor and creditor; and, second, that a rise to the price level of 1921–1929 would make lower standards of living unnecessary, would justify salaries and wages at the predepression level; in short, would make unnecessary the process of painful economic readjustment which will have to be consummated if the price level is not raised.

The committee also reached the conclusion that unless the price level were raised substantially to the point above indicated the burden of debt would not only seriously hamper production and destroy the producing class as now constituted but that the creditor class, being unable to collect their fixed obligations, would also go down in the crash.

Then the question arose as to what could be done.

The Federal reserve system under the leadership of Benjamin Strong, former governor of the Federal Reserve Bank of New York, measurably stabilized for several years the price level by open-market operations and by adjustment of the rediscount rates of the Federal reserve banks. The Federal reserve system has been accumulating gold at the average rate of $200,000,000 a year for about six years and is now in a much stronger position than it was at the time of the open-market operations just referred to.

It is in a position to put into the market $4,000,000,000 in Federal reserve notes and still maintain its 40 per cent reserve requirements. By utilizing its power to lower reserve requirements of the Federal reserve banks the system could put into the market nearly $9,000,000,000 of Federal reserve notes. Either sum, if the country knew that because of a congressional mandate the Federal reserve system was going to raise the price level to the point indicated, would be much more than sufficient to raise it, because as soon as the country understood what the policy of the Federal reserve system, as provided by law, was, confidence among banks and business men would be restored, bank loans would expand, the retailer would buy from the wholesaler, the wholesaler would buy from the manufacturer, the manufacturer from the producer of raw materials, and the masses of the people would find employment, so that through buying of securities by the Federal reserve banks and through the restoration of confidence as above indicated the normal business activity of the country would very speedily be reestablished.

Even more important than its emergency feature the committee deems the stabilizing feature of the bill. It would be the duty of the Federal reserve system under the bill, if enacted into legislation, to control the credit and currency of the country in a manner to satisfy the legitimate needs of business, and prevent unwholesome and unjustified expansion. If unjustified and unwholesome expansion were controlled, periods of inflation and depression would also be controlled, because periods of deflation and depression always follow periods of unwholesome overexpansion and speculation.

In conformity with section 2a of Rule XIII of the House, there is herewith printed the proposed new section (sec. 31) to be added as an amendment to the Federal reserve act:

"'SEC. 31. It is hereby declared to be the policy of the United States that the average purchasing power of the dollar as ascertained by the Department of Labor in the wholesale commodity markets for the period covering the years 1921 to 1929, inclusive, shall be restored and maintained by the control of the volume of credit and currency.'

"SEC. 2. The Federal Reserve Board, the Federal reserve banks, and the Secretary of the Treasury are hereby charged with the duty of making effective this policy.

"SEC. 3. Acts and parts of acts inconsistent with the terms of this act are hereby repealed."

Mr. THOMAS of Oklahoma. Mr. President, this morning's Washington Herald on the front page contained a news story, under the name of Arthur Hachten, which gives a very definite, concise, and illuminating interpretation of the purposes of the Goldsborough bill and what is intended to be accomplished by it. I ask unanimous consent that the article may be printed in the RECORD at this point in connection with my remarks.

The VICE PRESIDENT. Is there objection? The Chair hears none, and it is so ordered.

The article is as follows:

[From the Washington Herald, Tuesday, May 3, 1932]

HOUSE VOTES TO STABILIZE BUYING POWER OF THE DOLLAR—GOLDSBOROUGH "REFLATION" BILL PASSED BY 229 TO 59 VOTE; AIMED TO INCREASE PRICES—G. O. P. SPLIT BY MEASURE—PLAN IS MANDATE TO FEDERAL RESERVE TO USE FORCES FOR RESTORING 1921–1929 LEVEL

By Arthur Hachten

Designed to raise commodity prices and restore prosperity, the House yesterday passed the so-called Goldsborough "reflation" bill by a roll-call vote of 289 to 59. It now goes to the Senate.

Moving for speedy action, Speaker GARNER permitted the bill to come up under suspension of the usual procedure. Debate was limited to an hour and a half on the bill, which has been before Congress in varying form for 10 years.

MANDATE TO RESERVE

Congress lays down a mandate in the bill to the Federal Reserve Board to use its board powers to stabilize the purchasing power of the dollar and restore commodities to the average price level for the years 1921 to 1929.

The policy of the United States is declared to be that the board and Secretary of the Treasury shall restore the price level and maintain it through control of the volume of credit and currency.

Democrats voted almost solidly for the bill, but the Republican ranks were split with most of the old guard Republicans voting "no."

In adopting the bill the House was believed to have embarked upon a policy of credit control likely to be far-reaching in its consequences, should the Federal Reserve Board press to the limit the powers it has to carry it out.

During debate on the measure several speakers contended the board already had embarked on a "reflation" policy, having started buying Government bonds in the open market, with a view to increasing the credit resources of banks and thereby encourage them to be more liberal in their loans to business.

DOUBLE PURPOSE

Representative T. ALAN GOLDSBOROUGH, Democrat, of Maryland, sponsor of the bill, said it has the double purpose of restoring commodity prices and to maintain that normal price level once it is attained.

Devices at command of the board to stabilize the purchasing power of the dollar and lift commodity prices were said to include the authority to buy Government bonds in the open market and through adjustment of the Federal reserve rediscount rate.

These same devices can be used to maintain a general price level. Bonds would be sold and the rediscount rate increased when normality has been attained, it was explained by GOLDSBOROUGH and other Banking and Currency Committee members.

Mr. COPELAND. Mr. President——

The VICE PRESIDENT. Does the Senator from Oklahoma yield to the Senator from New York?

Mr. THOMAS of Oklahoma. I yield.

Mr. COPELAND. I observed in the press this morning that there was criticism passed upon the bill because it was not given consideration by the Treasury and that the Secretary of the Treasury was not invited before the committee to present his views. Can the Senator tell us whether the Treasury did pass upon the bill?

Mr. THOMAS of Oklahoma. The bill has not been considered by this body. It has been considered only by the other House of the Congress.

Mr. COPELAND. I referred to that other body.

Mr. THOMAS of Oklahoma. As to whether the Secretary of the Treasury was invited to testify in relation to the merits of the bill, I am not advised.

Mr. COPELAND. The criticism which I saw was that he was not invited to be heard and the intimation of the argument was that he was in disapproval of the bill. I was hopeful that the Senator might perhaps pass judgment upon the attitude of the Secretary of the Treasury.

Mr. THOMAS of Oklahoma. That brings up the question and causes me to advert to another proposition, and it is an answer to the question submitted by the distinguished Senator from New York.

The Federal Reserve Board made reply to the bill in this way. They said, "We are now doing the exact thing that the Goldsborough bill seeks to direct us to do." The Goldsborough bill seeks to direct the Federal Reserve Board to stabilize the buying power of the dollar at a lower level. The Federal Reserve Board answers, "We are now doing that identical thing." Therefore the Federal Reserve Board said, and I presume it was the opinion of Mr. Mills, though I can not speak for him, that inasmuch as the Federal Reserve Board is now busy in the program of doing the same thing that the Goldsborough bill seeks to direct to have done, there is no occasion for the passage of the Goldsborough bill.

It is an accepted principle of economics that when a commodity is plentiful it is cheap. When a commodity is scarce it is high. That applies to wheat. When wheat is plentiful it is cheap. It is plentiful now. Wheat is selling for 30 cents a bushel to the farmer. When corn is plentiful it is cheap. When cotton is scarce it is high. When cotton is plentiful cotton is cheap. Now, we have millions of bales of surplus cotton, and cotton is selling at 5 cents a pound. The purpose of the Goldsborough bill is to direct the Federal reserve system as the agent of the Congress, the Congress having the power to coin money and regulate its value, to do the thing suggested in the bill, and that is to reduce the value of the dollar and to regulate the value by bringing its value down.

The Federal Reserve Board suggest and try to tell the country that they are now engaged in that identical program, that they are bringing down the buying power of the dollar. What is the result of their program? In the first place, how is their program operating? How do they propose to make money scarce or how do they propose to make money dear? When money is scarce it is dear. When it is plentiful it is cheap. I have only to remind the Senate that in 1920, when we had the largest amount of circulation this Nation ever saw—$6,500,000,000—dollars were plentiful, dollars were cheap. At that time when there was this great volume of money in circulation wheat was selling at $2.50 a bushel, livestock in proportion, cotton at 38 to 40 cents a pound. When money was plentiful, commodity prices were high; but now, when money is scarce, money is high and commodities are cheap.

The Federal Reserve Board, following that economic principle of making money plentiful to make it cheap and making it scarce to make it high, are now proposing to make money more plentiful. They tell the country "If we make money plentiful and put more dollars into circulation, money will be cheaper." Every week the Federal Reserve Board issues a statement advising the country of its operations, but apparently the country does not understand that statement. The country thinks, evidently, that the Federal Reserve Board is now engaged in a program of making money more plentiful, actually placing money in circulation.

But that is not the case. It is true that the Federal Reserve Board is buying bonds and paying for those bonds with Federal reserve money. They started out about three or four weeks ago buying bonds at the rate of $25,000,000 per week, buying Liberty bonds and Treasury issues of Government bonds. When the Federal Reserve Board buys a bond, say, for $1,000 and pays for it with Federal reserve money, thereby a thousand dollars of new money goes into circulation. For two or three weeks the Federal Reserve Board pursued this policy of buying bonds at the rate of $25,000,000 a week, but it was found that that was not fast enough. Although they were placing $25,000,000 in circulation each week, as soon as the banks got the money thus

placed in circulation—and it all goes to the banks—the banks were bundling the money up and sending it back to the Federal reserve system and paying off their loans.

During the month of March the Federal reserve banks bought a very large amount of bonds, and during this month the total amount of money in circulation decreased $147,000,000. At the identical time the Federal reserve system was boasting to the world that it was engaged in a program of the expansion of the currency and credit, it was taking out of circulation $147,000,000. The rule is that when a dollar of money is taken out of circulation, there are taken out $10 of credit. So, when they took out of circulation in the month of March $147,000,000 of money, they also destroyed during that same month $1,500,000,000 of credit, the credit being based upon the money at the ratio of 10 to 1.

Week before last the Federal reserve banks bought $93,000,000 of bonds. The Federal reserve banks under the direction of the Federal Reserve Board took $93,000,000 worth of new crisp Federal reserve notes from their vaults and purchased $93,000,000 of bonds. During that same week the member banks which sold the bonds took the money which they received from the Federal reserve banks and sent it back to the Federal reserve banks to apply upon their indebtedness. Week before last the member banks paid back $91,000,000.

I want to repeat that statement. Week before last the Federal reserve banks bought $93,000,000 of bonds, paying $93,000,000 in money for them, and the member banks that received the money sent it right back to the Federal reserve banks to the extent of $91,000,000. So the net result of that week's transaction was $2,000,000 added to the circulation. In March they had taken out $147,000,000; and two weeks ago, in one week, they put $2,000,000 into circulation.

During the week, which closed on the 27th of April, the Federal reserve banks bought $113,000,000 of bonds, paying for those bonds $113,000,000 of new crisp Federal reserve notes. One would naturally think that this money would go into circulation. Did it go into circulation? No. Their records show that last week the banks paid back to the Federal reserve system on their loans $27,000,000 more than had been paid out for the purchase of bonds.

Mr. President, at this rate how long will we have to go until we will have our currency sufficiently expanded to help the country?

Mr. COPELAND. Mr. President——

The VICE PRESIDENT. Does the Senator from Oklahoma yield to the Senator from New York?

Mr. THOMAS of Oklahoma. I yield.

Mr. COPELAND. Then, the contention of the Senator is founded on the fact he has stated to us that the claim that the Federal reserve system is doing exactly what the bill under discussion is intended to bring about is not true?

Mr. THOMAS of Oklahoma. It is absolutely not true. At this point I submit my proof of the statement just made. I hold in my hand a statement from the Treasury Department, dated December 31, 1931. It is Form No. 10283, Department Public Debt Service. On this sheet I find that on December 31, 1931, there was in circulation $5,646,772,888. On the 27th of April—just last week—the Federal Reserve Board issued a statement showing that at that time they had in circulation $5,398,000,000. Subtract the amount of money in circulation last Thursday from the amount of money in circulation on the first day of this year, and we find a difference of $248,000,000. In other words, during the time the Federal Reserve Board has been advertising to the country that it has been taking steps to expand the currency and to expand credit, it has actually taken out of circulation $248,000,000.

Mr. COPELAND. Mr. President——

The VICE PRESIDENT. Does the Senator from Oklahoma yield further to the Senator from New York?

Mr. THOMAS of Oklahoma. I yield.

Mr. COPELAND. Could they take refuge in the claim that the banks have not cooperated with their efforts? The Senator has stated that the banks when they receive this currency from the Federal reserve system take it back to the Federal reserve banks in order to redeem their notes.

Mr. THOMAS of Oklahoma. Mr. President, that charge has been made upon this floor. The distinguished junior Senator from Virginia [Mr. GLASS], in the discussion of the Glass-Steagall bill, made the statement that the banks were not cooperating with the administration and with the Federal reserve system in making money available to the people of the country; but, Mr. President, I opened my remarks with the statement that the banks could not pass this money on to the public for this reason: The folk who have security to pledge for loans do not want and do not need loans, while the millions who need and want money have no security to pledge in order to get money, and this money not being the property of banks—they are merely trustees for the sums on deposit—the banks are not justified, in my judgment, in making loans, for the reason that there is little property left, save gold and Government bonds, that has admitted value.

Mr. COPELAND. Mr. President, if the Senator will permit me further, does it not go back, however, to the question of what is the function of a bank? I am told—and I see the criticism very frequently in print as well as in my correspondence—that even legitimate business concerns are not permitted at this time to get any money from the banks. The banks are priding themselves that they are 85 per cent liquid. If that is the case, and there are actually legitimate requests for loans, it seems as if the criticism were well founded that the banks are not cooperating. I speak of this merely to throw out the suggestion to the Senator, because I am anxious to have his reaction to it and an answer to it if there is one.

Mr. THOMAS of Oklahoma. Of course, I am not prepared to say that the banks are making no loans. The banks are making some loans, but they are not performing the functions which they were organized and are presumed to perform. They are not refusing loans because of any fault of theirs. The conditions are not such as to justify the banks in making loans. If the banks were making loans, what excuse would there have been for this Congress to have created a supernational bank and to have given that supernational bank $2,000,000,000 and set it up in business down on Pennsylvania Avenue to make loans to banks themselves?

Mr. COPELAND. Mr. President——

The VICE PRESIDENT. Does the Senator from Oklahoma yield further to the Senator from New York?

Mr. THOMAS of Oklahoma. I yield.

Mr. COPELAND. If the Senator will permit me, suppose there were a lot more money made available, what would be its fate? Would it not find its way back into the Federal reserve bank unless there were some definite means of putting it into circulation?

Mr. THOMAS of Oklahoma. I will answer that question, Mr. President, by following through a suggestion I made a moment ago. At the present time the Federal reserve system is authorizing and having the Federal reserve banks buy around $100,000,000 of bonds a week. The records show that these bonds are largely held by the banks or by corporations which own banks, or by individuals which own the banks, so that when the Federal reserve system buys bonds, the money is not scattered broadcast, but such money goes immediately into the vaults of the banks. When the member bank gets this money, what does it do with it? It immediately sends this money back to the Federal reserve system and liquidates its notes. That is what the banks are doing now.

How much more will have to be put into circulation in order to bring the banks to the point where they will have no more loans to liquidate? The national banks and other member banks of the Federal reserve system at this time owe the Federal reserve system about $600,000,000. So if this procedure is followed, the Federal reserve system must buy at least $600,000,000 more of Government bonds before the banks will stop sending money back in liquidation of

their loans. So if the Federal reserve system goes ahead with its program for six more weeks, and buys a hundred million dollars of bonds each week, and the banks which receive this money send it back to pay off their loans, at the end of six weeks' time the various national banks of the country will have liquidated their loans with the Federal reserve system. However, that is not all the banks owe.

Many of the banks of the West do not borrow from the Federal reserve system; many of the banks when they need money do not send to the Federal reserve bank and ask for loans; but they send to a correspondent bank in some large city and borrow from the correspondent bank. So they must first pay off their loans to the Federal reserve system, and then, secondly, perhaps, they will pay off their loans to their corresponding banks. How much the banks of the Nation owe their correspondent banks I do not know; the Comptroller of the Currency knows, but I have not that information.

So the present plan of the Federal reserve system in making money plentiful through the purchase of bonds is not working, Mr. President, and it can not work within any reasonable length of time.

If there is any question about the statements I am making, as I proceed I will be very glad to yield. I may not be able to answer them, but perhaps I can.

I make the statement that our banking system has failed us; I make the further statement that the Federal reserve system has failed us. I call attention to how many banking systems there are right here in the city of Washington loaning money to-day. We have first the Federal reserve system; that is a congressional system; that is No. 1. Then we have the superbank, the Reconstruction Finance Corporation, with $2,000,000,000 of capital, which is making loans. So there are two Government banks in the city to-day making loans. Then we have the Farm Board. The Farm Board has $500,000,000 for making loans to cooperatives. So there are now three national banking organizations making loans in this city. Then we have the Department of Agriculture making loans from Government funds to the farmers of the country. We have the Federal land bank in this city making loans. We just recently gave that institution $125,000,000 of additional capital. Then we have the Shipping Board making loans to the shipping interests. So there are six national or Federal banking systems in this city controlled—or they should be controlled—by the Government, and created assuredly by Congress, making loans. The banks would not lend the people money, which fact made it necessary to create these several institutions.

The report from my State shows that 28 loans have been made by the Reconstruction Finance Corporation to banks. The banks are not making loans, although many of them have ample funds. Why are they not making loans? As stated there is nothing safe for them to loan money on.

There was a time when individuals could go to the banks and sign notes, and their standing and ability for repayment and stability in the community were such that they could get loans. They can not do that to-day. There may be exceptions, but that is the rule. There was a time when you could take property and pledge it as collateral and get money. That is not being done to-day, and the reason is there is no property that is making money, and when property is not making money it is not a good risk as collateral, and it makes no difference what the intrinsic value of the property is.

Take the Pennsylvania Railroad, or the Santa Fe, or the Frisco, or the Rock Island; if they are not making money, their obligations are not considered absolutely safe. Banks would not loan them money; and they had to come to Washington, to a specially created bank, the Reconstruction Finance Corporation, to borrow money to pay their obligations to the banks.

Mr. COPELAND. Mr. President, will the Senator yield?

Mr. THOMAS of Oklahoma. I yield.

Mr. COPELAND. It seems to me there must be a further step. After the banks have paid their obligations to the Federal reserve system, and then have money to pay their loans from their correspondent banks through the country, the Senator has not yet shown us how the money is to be put in circulation after it gets back to the local banks. That is the thing that troubles me. We can have all the money in the world, but it does not do us any good, because we can not eat it. How are we going to get it into the hands of the people?

Mr. THOMAS of Oklahoma. Mr. President, that brings me to another phase of this question.

When this Congress convened in December I took occasion in my feeble way to try to express some convictions upon this identical question. Before the holidays I made the statement that we had a stringency of money in circulation, too little money in circulation, that the dollar was too high, that commodity prices were too low, and that the only way the dollar could be brought down in its buying power and the only way commodity prices could be increased was to make the dollar more plentiful, thereby making it cheaper. I took occasion more than once to try to express these convictions, but I found that when I undertook to discuss the money question, the Chamber immediately was vacated. I knew I was making no progress. I gained a very decided impression that financial legislation was not written in the Congress, with all deference to my distinguished friend from Virginia [Mr. GLASS]. I gained a conviction that financial legislation and financial policies were not formulated in Washington, but that they were formulated somewhere else.

Acting upon that conviction, I sought out the place from whence such legislation originates. I went to New York City, the great city so well represented in this body by the two distinguished Senators from that great State.

I had often heard of Wall Street. In the west, Wall Street is very largely a myth. We have heard about Wall Street. We have heard about its control of New York City and the State of New York. We have likewise heard of its control of the Federal Government here at Washington. Having heard so much of this short, crooked street that starts at the river and ends at the graveyard, I went down in the caverns of that area. I had heard that there were some individuals on that street who knew a lot about money. I fortunately had facilities to meet those gentlemen. I will not mention the names of the private parties, but I will mention the names of the public officials.

I went first to the Federal reserve bank in Wall Street. The highest-paid official in the Federal reserve system is the governor of the Federal reserve bank in New York City, Governor Harrison. Governor Harrison receives a salary of $50,000 per year. He has a banking institution which is the last word in banking architecture. The vault of the Federal reserve bank in New York, so I was advised, extends 80 feet into the solid rock. In that vault underneath the Federal reserve bank they now have something like $3,000,000,000 of gold impounded. There is nothing to be suggested in the way of improvement of that gigantic, expensive banking structure known as the Federal reserve bank in New York City.

I conferred with Governor Harrison. I conferred with the agent of the Federal reserve bank, Mr. Case. I was glad to confer with the economist of the Federal reserve bank in New York, Doctor Burgess.

From that point I went to the two largest banking institutions of New York City, each of them a $2,000,000,000 concern. I met the men who manage and run those banks. I met their attorneys and I met their economists. I have no complaint regarding my reception there. The men who dominate and control and manage the financial affairs of America conceded that the dollar was too high. They agreed that the dollar must be reduced in buying power. They agreed that the country can not continue to live on 5-cent cotton, 30-cent wheat, 17-cent corn, livestock in proportion, with 8,000,000 people unemployed, taxes not being paid, interest in default, and bonds in default. They agreed to those policies, and agreed that the dollar would have to be reduced in buying power.

Then the question was, What means can be taken to accomplish and effectuate this desirable end?

These bankers in New York understand the situation. They know that the dollar must be decreased in buying power, and they know that the only way to increase commodity prices is to bring down the buying power of the dollar. They claim they have a plan by which that can be done. They said their plan was to have the Federal reserve system begin buying bonds, taking new money from the vaults of the Federal reserve system, exchanging it with the holders of bonds, letting the money get out in the hands of the folks who now hold bonds, and bringing the bonds in from the country and placing them in the Federal reserve vaults.

At that time they were putting out only $25,000,000 a week. They admitted that that was not fast enough. They were making no progress with their program; and about that time the hearings started to be held in the House of Representatives, before the Ways and Means Committee, in favor of the so-called bonus bill.

When the hearings started on that bill it was laid down as a condition precedent that unless the proponents of the so-called bonus bill could convince the Ways and Means Committee and the Congress that the payment of this money would be of as much benefit to the people of the country who are not soldiers as to the soldiers themselves the bill should fail. Those hearings have progressed now for three weeks. They were closed at 12.30 to-day. In this three weeks' time the Federal Reserve Board, realizing the demand that is being made for a cheaper dollar and a higher price for commodities, have increased the number of bonds they are buying per week from $25,000,000 to $113,000,000, as I said, last week. But last week, while they bought $113,000,000 of bonds, that $113,000,000 and $27,000,000 more was paid back to the system and canceled. So, as a result of the policy of the banking system of New York, as a result of the policy of the Federal Reserve Bank of New York, and as a result of the policy of the Federal Reserve Board in Washington of buying bonds, money in circulation is actually becoming scarcer rather than more plentiful.

Mr. FLETCHER. Mr. President, will the Senator yield?

Mr. THOMAS of Oklahoma. I yield.

Mr. FLETCHER. I should like to ask the Senator if the process that he mentions of banks using the proceeds of bonds to pay off their obligations has not a limit to it. Is not the time coming when the banks will settle their obligations, and there will be money which can not be used in that way?

Mr. THOMAS of Oklahoma. I stated a moment ago that if the Federal Reserve Board will keep on buying bonds for six more weeks at the present rate, and pay out six hundred millions more of Federal reserve notes, and buy that many more bonds, the banks will have enough money to liquidate their loans to the Federal reserve system, but it will take $600,000,000 to do it. When that time comes, however, if conditions are no better, and the board still keeps on buying bonds and paying for them with money, the banks will take the money and pay their private obligations to their correspondents. I am advised that the banks have a very large amount of money borrowed from correspondent banks, not Federal reserve banks themselves. So, under the present plan, it will take at least six weeks; and if they follow out the policy of paying their correspondents' loans, no one knows how long it is going to take to liquidate the banks' indebtedness to other banks.

But I began my statement, Mr. President, with the assertion that the Federal reserve's plan and policy of making money more plentiful, and thereby making it cheaper, has failed. Last week they did not put out enough money to meet the money coming back by $27,000,000. I do not know how many bonds they are going to buy this week, but I will venture the assertion that whatever they buy this week, perhaps $100,000,000, the banks in turn will pay back to the system $100,000,000 of their loans. The banks are paying back now more than the bond sales amount to, because the Reconstruction Finance Corporation is loaning the banks money, and when a bank borrows from the Reconstruction Finance Corporation it turns right around and sends the money to the Federal reserve bank to liquidate its loans.

Mr. President, this whole thing came up, as I said a moment ago, over the so-called bonus bill for the payment of the balance due on the adjusted-service certificates. Many of the bankers contend that the soldier should not be paid any more. Many bankers contend that a great mistake was made when the bill was passed to pay the soldiers anything, that they had not earned anything, that they did not deserve anything, and that they should not be paid anything. With that view I most emphatically disagree. But I was surprised to find some banks taking that attitude, and not alone is that attitude confined to the banks, it is entertained by others of our citizens, who contend that Congress made a mistake in passing the first so-called bonus bill, that they made a mistake last year in proposing to authorize loans to the extent of one-half of the amount of the certificates, and they cite, to prove that a mistake was made, the fact that the billion dollars that was loaned by the Government last year to the soldiers did not help business conditions.

Mr. President, in some sections of the country that billion dollars did some good. I know of sections where the money loaned to the soldiers was the means of saving the economic lives of communities, and saving banks and other institutions of the country. But last year, when we loaned the veterans money, we loaned them credit money. Not a single dollar of real money from the Federal reserve system was loaned a single soldier in the Nation. There is just as much difference between money—gold, silver, and paper, the kind with which we pay for a railroad ticket—and this credit money as there is between day and night.

The banks of New York do not object to the Government issuing bonds and selling those bonds to the people, and then taking the money received from the sale of the bonds and spending it. They do not object to that policy. They favor that policy. Such a policy puts no extra money into circulation. The United States Government could issue $10,000,000,000 worth of bonds to-day, sell those bonds to-morrow to the people, and that process would not increase the circulation a single red copper. It would increase the number of bonds. It would give the Government more money. But the circulation of gold, silver, and paper, the thing that controls, would not thereby be increased a single penny.

Mr. COPELAND. Mr. President——

The PRESIDING OFFICER (Mr. HATFIELD in the chair). Does the Senator from Oklahoma yield to the Senator from New York?

Mr. THOMAS of Oklahoma. I yield.

Mr. COPELAND. Suppose the bonus were paid and the money given to the soldiers; would not that money very speedily return to the banks, then be absorbed there with the rest of the useless money which is now on deposit? I am asking the question, as the Senator will know, because I want to know the answer.

Mr. THOMAS of Oklahoma. One of the bills pending in the House, and upon which hearings have been held for three weeks and more, provides for the payment of the balance due on these certificates, and one of the bills proposes that the Government print Treasury notes, exactly as was done during the Civil War to finance the war on behalf of the North.

Another bill proposes that the Government issue 2 per cent bonds, but instead of selling those bonds to the people, have the Treasury Department deposit those bonds directly with the Federal reserve banks; then direct the Federal reserve banks to transfer the bonds to the Federal reserve agents as the agents of the Government; then further direct the Federal reserve agents to pay for those bonds with Federal reserve money, either Federal reserve notes or Federal reserve bank notes. When that is done we have not sold the bonds; the public does not own the bonds. The bonds have been issued, but they have been placed directly in the hands of the Federal reserve bank, and thereby those bonds become the basis of money.

Mr. LONG. Mr. President, will the Senator yield?

Mr. THOMAS of Oklahoma. I yield.

Mr. LONG. I have not been here the last few minutes during the delivery of the Senator's address. As a matter of fact, what is the objection to issuing legal tender direct? Why is it necessary to have any bonds if the Government will issue legal tender?

Mr. THOMAS of Oklahoma. Mr. President, I have no objection to that system. The system worked so well that in the sixties the Government authorized the issuance of $40,000,000 or $50,000,000 of greenbacks. They worked so well and did such a good service that the Congress authorized the issuance of more of the greenbacks, and the first thing the country knew there were four or five hundred million dollars of Treasury notes in circulation, greenbacks, with no bonds back of them, with no gold back of them, with no silver back of them, nothing back of them but the credit of the United States of America, at that time threatened with division. No wonder that in the early days of the life of those greenbacks they did sink below the value of gold. They got down to 30 or 40 cents, based upon gold. But when the war was over, when the two great sections of this country came back together, those greenbacks began to climb, and it was not long before the greenback was just as good as the gold itself.

Mr. LONG. Have we not in the United States, still, the same legal tender?

Mr. THOMAS of Oklahoma. Mr. President, those greenbacks are so good that although they were issued back in the sixties we have them with us still. They are so good that we have in circulation to-day more than $356,000,000 of greenbacks, and I have never heard of anyone who objected to taking the greenback in payment of any obligation due him.

What is back of those greenbacks to-day? There is gold to the amount of $156,000,000 back of the $350,000,000 worth of greenbacks. But that gold, in addition to being back of the greenbacks, is likewise back of the 1890 Treasury notes. They have dollar-for-dollar silver back of them and they have part of this $156,000,000 of gold back of them. So, Mr. President, the greenbacks issued back in the sixties have been kept in circulation until to-day, and there is no plan to-day to retire a single dollar of circulating greenbacks.

There is objection now to the policy of issuing additional greenbacks. Every time somebody suggests that we issue additional greenbacks, exactly as we did back in the sixties, the objection is raised, "That kind of money is fiat money."

When those greenbacks were issued we had little gold, were almost a divided country; but now, with half the gold in the world, and being the strongest and richest and most powerful country on earth, the contention is still made that if we issue some greenbacks those greenbacks will be fiat money.

Mr. President, I am not one of those who are urging the issuance of more greenbacks. The bill I am standing sponsor for proposes to follow the plan of existing law. When we wanted to resume specie payment, in the seventies, Congress passed a law providing for the issuance of 2 per cent consols. A consol is a United States bond drawing 2 per cent interest and given the circulation privilege. National banks can get possession of such bonds and send same to the Treasury and have issued against them national-bank notes to the full amount of the bond, less 5 per cent, and that 5 per cent is held in the Treasury as a redemption fund. So the national-bank notes Senators have in their pockets, issued by their banks back home, are not based upon gold. The national-bank money is based upon United States 2 per cent bonds, and there may not be a single penny's worth of gold back of the $700,000,000 worth of national-bank notes. Under the law they are backed by only 2 per cent bonds and 5 per cent redemption funds, which can be in lawful money. It can be in greenbacks.

Mr. COPELAND. Mr. President, will the Senator yield?

Mr. THOMAS of Oklahoma. I yield.

Mr. COPELAND. I think the Senator had not quite answered my question before he turned to reply to the Senator from Louisiana.

Mr. THOMAS of Oklahoma. I was about to follow that up.

Mr. COPELAND. So that the RECORD may have the question clearly, may I repeat it?

Mr. THOMAS of Oklahoma. Certainly.

Mr. COPELAND. My question was, What assurance have we that the two billion paid to the veterans would not suffer the same fate, and perhaps speedily, that has been suffered by other money, that the money would find its way quickly into the banks through the merchants who might sell goods to the veterans, in the many ways that money would be spent, and ultimately go back to the banks? Then would it not be absorbed by the banks and lost in the same way that the funds of the banks are now more or less useless to the country?

Mr. THOMAS of Oklahoma. I was trying to explain, just before I came to that portion of the answer, how it was proposed to raise the money, through the issuance of 2 per cent bonds, depositing those bonds in the Federal reserve banks, issuing against those bonds Federal reserve bank notes, as can now be done, under existing law, and it takes no amendment whatever to accomplish the purpose, except an authorization and a determination so to do.

After the bonds are issued and the money is made available, then the Veterans' Administration is directed, under all the proposed bills, to take the money thus secured, adjusting with the several veterans of the Nation, 4,000,000 of them, scattered in every State, in every city, and in every county.

The Veterans' Administration may take applications from these soldier boys, receive their certificates, and adjust with them. Some have borrowed 50 per cent upon their certificates, and are obligated to pay some interest. The Veterans' Administration would adjust those matters, and find, for instance, that John Doe, of New York City, is entitled to $350. The boys who have not made loans on the certificates would submit their certificates and be entitled to receive the full amount. But, of course, that is a detail.

When the money is paid to the soldiers it is new money; it is real money, not credit. It is in no sense credit, because it has been issued by some Federal reserve bank. When a Federal reserve bank issues this new money that much new money goes immediately into circulation. It is not deposit money. It is not credit money, and that is why the banks object. If we should issue bonds and sell them to the people and get the money from the people to pay the soldiers, the banks would not object so much. But when we propose to put a few extra dollars into circulation, to increase the circulation, to bring down the buying power of the dollar—and all admit that the proposed action would do that—then the banks rebel and say we are tinkering with the currency.

Mr. President, if the bill passes the House of Representatives and comes to this body, it will be before the Senate for consideration. I am referring to the so-called bonus bill, which proposes to pay the veterans of the United States the amount due them on the face of their certificates. If that is done under the plan proposed, new money to the extent of the payments will be issued, and to that extent the circulation will be thereby increased. The veterans will secure the money and will either spend the money or deposit it. If they invest it that is spending it. They may buy something that they want. It is their money. I shall not criticize them in any way as to the method in which they expend their money. The record shows they did not squander the money they received last year. I think the record is 3 per cent of the money Congress loaned the veterans last year was spent for what was held to be nonessentials; in other words, by some claimed to be wasted.

But the veterans will take the money and spend it. They will invest it or they will deposit it. If they spend it they will pay their grocery bills. Some of them will have a square meal for the first time, perhaps, in months. Some, perhaps,

will have a decent suit of clothes or garments for the first time in months, though, perhaps, limited to a pair of overalls. It is true they will spend the money. They will make a payment on a home, perhaps, or, perchance, they will deposit the money like others might do who have occupations at this time. But all the time the money is in circulation. It is outside of the Treasury.

The distinguished Senator from New York suggests that the local banks may take this money and send it back to the Federal reserve system in payment of their obligations. Perhaps that would happen, but that would only take $600,000,000 of the more than $2,000,000,000. If that should happen and the banks should continue that policy, there would still be more than $1,500,000,000 of that money remaining in circulation. The banks would not send it to the Federal reserve system, because they would not owe it. They might send it there for deposit, but it would still be in circulation. They could get it at any time they needed it.

Those who oppose the payment make the statement that if the money is placed in circulation the dollar will be driven down and destroyed, and commodity prices will be raised out of all proportion to value. Well, Mr. President, would that policy be abhorrent to the millions of people of the United States if it enabled them to get double the present price for their wheat? They would then only be getting 60 cents a bushel for their wheat. If we doubled the price of corn, they would then be getting only 40 cents a bushel for their corn. If we doubled the price of cotton, they would then only be getting 10 cents a pound for their cotton. Would that be abhorrent to the 30,000,000 farmers of the Nation?

It is claimed that such a plan would break down the buying power of the dollar and raise commodity prices. That is the purpose of the legislation. That was the announced purpose of the Federal Reserve Board in buying $100,000,000 of bonds each week, but their policy to date has failed.

Mr. COPELAND. Mr. President——

The PRESIDING OFFICER. Does the Senator from Oklahoma yield to the Senator from New York?

Mr. THOMAS of Oklahoma. I yield.

Mr. COPELAND. I am sure I speak the truth when I say that if the Senate were convinced that the things would happen which the Senator says would follow the payment of the bonus, I believe every Member would vote for the bill. Certainly, for my part, I should be happy to do so. In 1924 I submitted an amendment to the then pending bill proposing to pay the bonus in full and to make full adjustment. I think I succeeded in getting 35 or 36 votes for it in the Senate. Of course, conditions were different then. We had then prosperity in the country instead of the depression of the moment. On that account, because of changed economic conditions, those of us who have this kindly feeling toward the veterans must be able to produce all the proof possible that the benefits suggested by the Senator would actually follow the payment.

This is my fear, and I voice it in order that it may be swept aside. I fear that if we were to issue the money—that is, issue the bonds and pay the bonus according to the plan which the Senator proposes—we would put into circulation $2,000,000,000, which would be used as the Senator suggests, but without a recovery of activity, of business generally. The fate of those $2,000,000,000 would be merely to return to the banks. Even if they have paid their notes at the Federal reserve bank, and perhaps paid their obligations to correspondent banks, they would still be in possession of the money. There would be no demand for its use for manufacturing purposes, for the operation of factories, and for other purposes of industry, and consequently it would go back into the banks and would be a dead thing, all without any recovery of business generally and without having served as anything more—and I say this not in any spirit of comparison but simply to bring out the answer—than a dole for the time being. This would happen unless, by some magic, which I hope the Senator may summon, there would be, through the circulation of $2,000,000,000, a recovery of business, a restoration of agriculture and of the prosperity which the Senator mentions. But it is upon the shoulders of the Senator that the responsibility rests to tell us how the mere circulation for a short period of time of $2,000,000,000 of new money would start us on our way toward recovery. Have I made the question clear?

Mr. THOMAS of Oklahoma. Entirely so. The Senator places the responsibility upon my shoulders.

Mr. COPELAND. That was not fair.

Mr. THOMAS of Oklahoma. My shoulders are not broader than the shoulders of the distinguished Senator from New York.

Mr. COPELAND. I should have said upon our shoulders. I want to join in this movement, but I want all the argument possible in order that I may go back to New York and answer these questions which come from Oklahoma and Missouri and other parts of the country.

Mr. THOMAS of Oklahoma. Mr. President, if the money were issued and paid out to the veterans we can all vision what would happen. They will begin to buy clothing. They will begin to buy shoes. They will begin to buy meat. They will begin to buy flour. They will begin to buy the things that they do not have and have not had perhaps for months. When they begin to buy shoes and clothing they will soon deplete the stocks on the shelves of the stores in their communities. As the orders come in for shoes and clothing and the shelves begin to look rather bare, the merchants will immediately place orders to restock those shelves. Those orders go to the wholesale houses. Such orders will come from stores all over the United States. Every wholesale house in the country will immediately be flooded with orders for more shoes, more hats, more overalls, and all over the country the shelves of the wholesale houses will become depleted, and the wholesale houses will begin to telephone and wire orders to the factories, "Make us some shoes. Make us some hats. Make us some clothing."

The demand will finally reach the factory that produces meats, which is the farmer. The demand will finally reach the factories which produce bread, and that is the farmer. The demand will finally reach the factories which produce things the veterans want. That will stimulate the business of the local merchant. It will stimulate the business of the wholesaler. It will stimulate the business of the factory. It will make business for the railroads. The railroads have no chance to revive until and unless they get more tonnage to haul and more passengers to carry. If the time does not soon come when the tonnage of the railroads has increased, their hard times will continue and very shortly the United States will find on its hands these webs of railroad lines covering the entire country.

Mr. COPELAND. Mr. President, will the Senator yield further?

The PRESIDING OFFICER. Does the Senator from Oklahoma yield further to the Senator from New York?

Mr. THOMAS of Oklahoma. I yield.

Mr. COPELAND. I see that, of course, but exactly the same thing would happen, would it not——

Mr. THOMAS of Oklahoma. Let me go ahead with my answer, and then the Senator perhaps can ask another question.

Mr. COPELAND. Very well.

Mr. THOMAS of Oklahoma. Mr. President, what plan is now before the Congress or the country submitted by the administration, by the banks, or by the best brains of the Nation to help out in this situation save the one which the veterans have suggested? The bond-buying plan was submitted, and I have shown that the bond-buying plan has failed. Since the bond-buying plan has been initiated the Federal Reserve Board has bought $400,000,000 of bonds, and now we have $248,000,000 less money in circulation than we had when they started to buy the bonds. The plan being followed by the Federal reserve system to make money more plentiful is actually making money scarcer. Since the first of the year a quarter of a billion of dollars of money has

been withdrawn from circulation and canceled. The bankers' plan failed and there is no other plan proposed.

The distinguished Senator from New York suggests that the plan of placing $2,000,000,000 in circulation among 4,000,000 people will not work, because the boys will let the money get back into the banks.

Mr. COPELAND. O Mr. President, I am sure the Senator does not wish to misquote me.

Mr. THOMAS of Oklahoma. I will withdraw the statement, because it is not accurate. He suggests a doubt that the plan will work.

Mr. COPELAND. A doubt held by many that the plan might not work.

Mr. THOMAS of Oklahoma. The two plans are identical in purpose. The plan of the veterans of putting $2,000,000,000 in circulation to increase the money supply and the plan of the Federal reserve system to put money in circulation through the buying of bonds are identical. The end to be attained is identical. More money, plentiful money, cheap money means high commodity prices. That is the plan of the veterans. The plan of the Federal reserve system has failed. It has not worked. It will not work.

I submit a question to the distinguished Senator from New York: Under the plan of buying bonds, how long will we have to wait until we will have more money in circulation?

Mr. COPELAND. Mr. President, I think the soldiers are entitled to have this adjustment at the earliest possible moment. I have held to that view for years. But if we are going to use the economic argument it is incumbent upon us to show how the plan of paying the soldiers' bonus would help the country, any more than to issue $2,000,000,000 of money to give to people who are now in distress and starving throughout the country, to the 8,000,000 people who are out of work. If we are going to accomplish all these things by the payment of the soldiers' bonus, why might we not accomplish twice as much by paying it to them and also taking care of those who are in hunger and distress in the cities and on the farms throughout the country? That is the thing I have in mind.

Mr. THOMAS of Oklahoma. I shall not argue against the latter suggestion of the distinguished Senator from New York. It may come to that, Mr. President. At this point, in answer to the Senator's suggested if not actual question, I ask unanimous consent to have printed in the RECORD a news story appearing in the Washington Herald of May 1—last Sunday. The news story is entitled—

Hoover agrees United States must aid cities, States—but President can't determine whether to admit it now or after election, advisers say.

This news story is by Carlisle Bargeron, copyright 1932, by the Washington Herald. I ask unanimous consent to have it appear in the RECORD in my remarks at this time.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

The matter referred to is as follows:

HOOVER AGREES UNITED STATES MUST AID CITIES, STATES—BUT PRESIDENT CAN'T DETERMINE WHETHER TO ADMIT IT NOW OR AFTER ELECTION, ADVISERS SAY

By Carlisle Bargeron

President Hoover has been virtually convinced there must be some form of Federal unemployment relief, but he can't determine whether he should wait until after the elections.

Some of his closest advisers have told him it is foolhardy to expect that municipalities and States can continue to take care of their distressed situations without Federal assistance. These governmental units, he has been convinced, have come to the limit of their endurance.

The President is understood to accept the representations made to him and reluctantly to agree that sooner or later it will be necessary for some such system as the issuance of bonds by the States and municipalities guaranteed by the Federal Government, and probably floated through the medium of the Federal reserve banks. It would, it is agreed, be a form of inflation more direct than the present operations under the Reconstruction Corporation and Glass-Steagall Acts.

INFLATION DELAYED

The inflation under these latter measures is yet to have its effect, because the banks have used it to pay off their obligations to the reserve banks instead of easing credit.

Unemployed relief as proposed, it is agreed, would be a more direct inflation in that the beginning would be at the bottom of the economic structure instead of at the top, thus differing from previous relief measures.

While it is understood the President fully believes Federal unemployment relief is inevitable, the understanding is that he is reluctant to sponsor it because of the feared political effect. He took a determined stand against the dole at the outset of these troublesome times, and there are those of his advisers now who say that were he to countenance Federal assistance to the unemployed he would be criticised for back-tracking and giving ground on his professed principles.

MUST DO SOMETHING

Yet there is the conviction among some of his advisers that something must be done, that the municipalities and States have come to the end of their rope and that, principles or no principles, people can not be permitted to starve. The issuance by these municipalities and States of bonds guaranteed by the Federal Government, it is contended, would be far different from the original dole proposal.

Strangely enough, there is no indication that in this dilemma Mr. Hoover has given any consideration to the proposed $5,000,000,000 building program, to be taken care of by a Federal bond issue. Such a bond issue would, of course, be no different from municipal or State issues guaranteed by the Federal Government. Both would have the Federal Government behind them, and would ultimately, if not immediately, find their way into the Federal reserve system and form the basis of new currency.

Those who have found Mr. Hoover reluctant to take what is considered the inevitable step until after the elections are insisting that politically he had better admit that he originally was wrong and act now.

Mr. THOMAS of Oklahoma. Mr. President, if, under the veterans' plan, money is issued and placed in circulation it will do the identical thing which the Federal reserve system is now apparently trying to accomplish. It says it is trying to bring about an expansion of the currency by placing money in circulation. Everyone who opposes the issuance of this $2,000,000,000 makes the statement, as an argument against it, that if we issue $2,000,000,000 in new money it will drive us from the gold standard. What does that mean? It means that money will become so plentiful, will become so cheap—and when money becomes plentiful and cheap that means that commodity prices will go up in proportion—that paper money will leave the gold; there will be a difference between the value of gold and the value of paper. That is what it means to leave the gold standard. As long as paper money circulates on a parity with gold we are still on the gold standard if we want to be. We can voluntarily leave the gold standard by legislation, but if we do not care to do that, we will still be on the gold standard until such time as the paper dollar is not worth a gold dollar. When they separate, then paper is at a discount; it is at a disparity with gold.

Mr. President, the bankers who oppose this plan charge it will drive us off the gold standard and that it will make money so plentiful and so cheap that the paper dollar will not be worth as much as the gold dollar. Well, admit for the sake of the argument that that might happen, that destroys the argument of the Senator from New York.

Mr. President, if the bankers' plan of bringing back prosperity will bring results, no one can foretell how long we must wait. We must assuredly wait until the Federal reserve banks buy $600,000,000 more of bonds, and then wait still further until the member banks that get the money see fit to loan it. When will that be, Mr. President? It will not be soon, because the bankers' plan does not put a single dollar in circulation among the millions of the people of the country; and until the millions of our people have some money with which to buy the things they need, the necessities of life—food, clothing, shoes, and articles of that character—times can not improve.

There is no time possible in the near future when the bankers' plan can put money into the hands of the millions of people of the country. The soldiers' plan will do that very quickly. It will distribute $2,400,000,000 immediately among 4,000,000 veterans located throughout the United States. If the bankers' plan is good, if it will make money more plentiful eventually, then why is not the veterans' plan much better, because it will do the same thing immediately.

Mr. COPELAND. Mr. President, will the Senator yield to me for a moment?

The PRESIDING OFFICER. Does the Senator from Oklahoma yield to the Senator from New York?

Mr. THOMAS of Oklahoma. I yield.

Mr. COPELAND. I am with the Senator 100 per cent when he talks about the bankers. I think he has been entirely too considerate of them. I am not referring now to the ordinary bankers, those at the head of small banks or those who operate the banks with which we ordinarily come in contact, but I do think that the oligarchy of bankers, the invisible government back of the banks, the men I call the "banksters," will never solve the problem. In my opinion, everything they do makes the situation worse. So I am with the Senator when he says we can not wait for them to solve the problem. They are well enough off as they are; and because of the policies which they impose upon the country and their unwillingness to lend funds to individuals and to States and municipalities, in order to enable them to carry on works of mercy, if we wait for them to solve the problem it never will be solved. That is my judgment.

Mr. THOMAS of Oklahoma. Mr. President, I will not take issue with the statement made by the distinguished Senator from New York. His statement was that if we wait for the "banksters"—that is a newly coined word, "banksters"—to solve this problem, it will never be solved. I join in the opinion just expressed by my distinguished colleague from New York.

Mr. President, I could suggest, I think, a more appropriate term than "bankster." I think I should suggest "banketeer" as being a more appropriate designation of the identical people that the distinguished Senator from New York has in mind.

Mr. President, we hear much in these days about international banks and international bankers. I do not know of any international bankers that we have in this country, although I hear the term mentioned frequently. We do have a great number of international bond salesmen who parade under the pretense of being international bankers; and the sooner the people of the country understand that these international bankers are nothing more than international bond salesmen and the sooner they understand that these "banksters" or "banketeers" that are now in control of this Government are not going to solve the problem in behalf of the one hundred and twenty-odd million people of this Republic, perhaps the quicker the Congress will give some time to consideration of the effect of the control of money upon the business of the country.

The bankers' plan will not work; the "banksters" have no plan to suggest; the "banketeers" have no plan, and neither have the international bond salesmen a plan to submit save the cancellation of the debts due this country by foreign nations.

The only plan that is before the Congress is the veterans' plan. It is admitted that it will do the work. The money can be provided under existing law. It does not require a single amendment to existing law in order to get the money. Bonds can be issued under the old law authorizing consols. The law says the Federal reserve banks may now buy the outstanding consols; they can buy the consols and deposit them in the Federal reserve bank, and issue currency against them. They can do it to-day. Then, if Congress authorizes the creation of more consols and directs the Federal reserve system to acquire and assimilate the consols and issue money against them, we will have the same kind of money that we now have, namely, Federal reserve bank notes backed up by 2 per cent bonds; and they, in turn, backed by the credit of the richest and the strongest Government of the earth. There is no other available plan.

Mr. President, we have heard much about the bonus in connection with this bill. These "banksters" or these "banketeers" are complaining that the veterans are to be given a bonus. Well, Mr. President, since this discussion commenced only two or three months ago the bankers of the country have already received a bonus. The discussions in the Congress have made it possible for the banks of the country, the corporations of the country, the wealthy individuals of the country who hold Liberty bonds and Treasury bonds to receive a bonus as the direct result of this suggested legislation. When the "banksters" saw that the veterans had some chance to pass their bill, they immediately got up a competing plan. Their competing plan was to place money in circulation through the buying of outstanding Liberty bonds. When that plan was inaugurated Liberty bonds were not worth par. I have here a clipping from the New York Times of Sunday, which shows that since the first of the year Liberty bonds and Treasury notes have been as low as the figures I will now read: One issue, 94.2; another issue, 97.22; another issue, 98.8; another issue, 98.30; another issue, 100.1; another issue, 94; another issue, 89.16; another issue, 87.20; another issue, 87.24; another issue, 88.1; another issue, 83; another issue, 83.3.

When the Federal reserve system decided to put into existence the competing plan to make money more plentiful—and their plan was to buy bonds and pay money for those bonds—these bonds were being discounted as low as 82. Then when the Federal reserve system decided to use the powers that they had, to use the money that they had in their vaults to buy these bonds, the bonds began to rise; and, Mr. President, these bonds in the hands of the wealthy people of the United States, in the hands of corporations, in the hands of banks, and in the hands of whomsoever may have held them, have gone up as a result of the demand for such bonds by the Federal reserve system, until to-day these bonds are selling at par, and some are above par.

The bond that was as low as 94.2 has gone up 7 points, the bond that was as low as 97 has gone up 5 points, the bond that was 98 has gone up 4 points, the bond that was 100 has gone up 6 points, the bond that was 94 has gone up 9 points, the bond that was 89 has gone up 12 points, the bond that was 87 has gone up 12 points, another bond that was 87 has gone up 12 points, the bond that was 83 has gone up 13 points, the bond that was 82 has gone up 13 points. So the policy adopted by the Federal reserve system has already produced a bonus to those who hold Government bonds of from 3 to 13 per cent—$3 to $13 on every $100 worth of bonds these fortunate people may have held. So, Mr. President, instead of this bill being a bonus bill to pay the soldiers, it has already been a bonus bill to pay the men, the corporations, and the banks that happen to be so fortunate as to hold Liberty bonds and Treasury bonds.

Mr. LEWIS. Mr. President——

The PRESIDING OFFICER. Does the Senator from Oklahoma yield to the Senator from Illinois?

Mr. THOMAS of Oklahoma. I yield.

Mr. LEWIS. Will the Senator from Oklahoma allow me to suggest to him what occurs to me to be a very great dilemma, which I think explains why there is not more money for the ordinary citizen as the result of the purchase of bonds by the Federal reserve banks? When the Federal reserve proceeds to buy bonds it must buy them from those who have been able to purchase them and possess them. The money obtained from those who have sold their bonds is not distributed among those who may have need for a dollar or two; but probably more Liberty bonds are bought, because as they begin rising in the market the suggestion comes that they are a good investment. So, unless I am in error, far from the buying of these bonds adding to the circulation, it merely gives another opportunity for speculation upon the part of those who hold Liberty bonds.

Mr. THOMAS of Oklahoma. I thank the Senator for his suggestion. It is very illuminating in connection with the remarks I myself was trying to make.

Mr. LEWIS. I am delighted that the view of the Senator conforms with mine.

Mr. THOMAS of Oklahoma. Mr. President, when the Federal Reserve Board stops buying Liberty bonds and other Government issues what will happen? They will go down in price again. Here they are, with one issue selling for 106.4, another issue selling for 106.13, another issue selling for 102.26. When the Federal reserve system gets the bonds that it wants, and stops buying bonds, there will be no

market for bonds then, or virtually none. There will be practically no one to purchase bonds under the present system. Then these bonds will fall; and the Federal reserve banking system, now having more than a billion dollars of bonds in its vaults, will perhaps have $2,000,000,000 of bonds in its vaults purchased above par. When they start to sell these bonds they must sell them to the public. They must take what they can get for them. The market will control. So the Federal reserve system is in for a gigantic loss through the purchase of bonds above their value, and then, later on, being forced to sell them for what it can get for them.

So, Mr. President, instead of this matter being a bonus bill for 4,000,000 veterans, it has already been a bonus bill for holders of bonds. Perhaps that is not to be wondered at, however. Every financial bill that has been passed by this Congress has been a bondholder's bill. I have reference to the moratorium. I have reference to the Reconstruction Finance Corporation act. I have reference to the $125,000,000 voted to the Federal land banks. I have reference to the Glass-Steagall bill. Every one of those measures was dictated and passed for the interest of the fortunate few who have their wealth in fixed investments.

Mr. President, I do not care at this time to take more of the time of the Senate. The Goldsborough stabilization bill is now before the Banking and Currency Committee. I trust that it will be reported promptly by that committee and considered by the Senate. But even if that bill should pass, it is nothing more than an instruction. It would have no more effect than a concurrent resolution. While it may direct the Federal reserve system to cheapen the dollar, yet there is no power we can exercise that can make them cheapen the dollar. They claim that they are cheapening the dollar now; but while they claim that they are cheapening the dollar, the stocks upon the exchanges are going lower and lower, and the commodities on the commodity exchanges are going lower and lower, until yesterday—I can not speak about to-day—the stocks upon the markets and the commodities upon the exchanges were the lowest ever. That is easily explained, because the Federal reserve system has taken out of circulation a quarter of a billion dollars since the first of the year, when they are trying to have the country believe that they are placing money in circulation.

Mr. President, if the House of Representatives passes the so-called bonus bill and sends it to this body, that bill, if it follows precedent, will go to the Finance Committee. I am hopeful that the House will pass the bill and send it to this body, and give the veterans a chance to have a hearing before the Finance Committee before this session adjourns.

Mr. President, the opponents of this legislation admit all that the proponents claim. When the proponents of the bonus bill claim that it will cheapen money, they admit, it, but they say it will cheapen it too much. When those who support the legislation claim that it will reduce debts, the opponents say, "Yes; it will reduce them too much." When the proponents of the legislation claim that it will make money more plentiful, easier to get, the opponents say, "Yes; it will make money so cheap and so plentiful that it will be worthless."

Mr. President, in my section of the country, where one-half the farms are now under foreclosure, where city property is not having its taxes paid, where thousands and tens of thousands of unemployed have no jobs because no one who has work to do has money with which to hire the labor, where bonds are in default, when taxes are not being paid, our citizens are not being scared or alarmed at the threat of too much money, or too much Federal reserve money, or too much national-bank money, or too much greenback money being placed in circulation.

AMENDMENT OF ACT TO REGULATE NAVIGATION ON THE GREAT LAKES

The PRESIDING OFFICER (Mr. HATFIELD in the chair) laid before the Senate the amendments of the House of Representatives to the bill (S. 3908) to amend title 33, chapter 4, section 252, paragraph (a), of the Navigation Rules for the Great Lakes and Their Connecting and Tributary Waters, which were, on page 1, to strike out lines 3 to 7, inclusive, and insert "That the first two paragraphs of rule 3 under the heading 'Lights' in the first section of the act entitled 'An act to regulate navigation on the Great Lakes and their connecting and tributary waters,' approved February 8, 1895 (U. S. C., title 33, sec. 252), are amended to read as follows"; and to amend the title so as to read: "An act to amend the act entitled 'An act to regulate navigation on the Great Lakes and their connecting and tributary waters,' approved February 8, 1895."

Mr. JOHNSON. I move that the amendments be acceded to by the Senate.

The motion was agreed to.

CALL OF THE ROLL

Mr. LONG. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Austin	Dale	Kean	Schall
Bankhead	Davis	Kendrick	Sheppard
Barbour	Dickinson	Keyes	Shipstead
Bingham	Dill	King	Shortridge
Blaine	Fess	La Follette	Smith
Borah	Fletcher	Lewis	Smoot
Bratton	Frazier	Logan	Steiwer
Broussard	Glass	Long	Stephens
Bulkley	Glenn	McGill	Thomas, Okla.
Bulow	Goldsborough	McKellar	Tydings
Byrnes	Gore	McNary	Vandenberg
Capper	Hale	Metcalf	Wagner
Caraway	Hastings	Moses	Walsh, Mass.
Cohen	Hatfield	Neely	Walsh, Mont.
Connally	Hawes	Norris	Watson
Copeland	Hayden	Oddie	White
Costigan	Howell	Pittman	
Couzens	Johnson	Reed	
Cutting	Jones	Robinson, Ind.	

The VICE PRESIDENT. Seventy-three Senators having answered to their names, there is a quorum present.

COMMITTEE SERVICE—PERSONAL EXPLANATION

Mr. LONG. Mr. President, I shall take but a moment or two of the time of the Senate.

Following the convening of the Senate to-day the committees which had been assigned to me, and from which I resigned some days ago, were reassigned, and I think it well for me to state that I shall expect the Democratic caucus at the proper time to make proper assignments on committees of the Senate, with the caucus understanding exactly my position as I have expressed it.

I undertook to secure the attendance of the senior Senator from Arkansas [Mr. ROBINSON], but he could not be reached. I tried to get the floor this morning, and I hesitate to say anything now about the Senator from Arkansas in his absence. However, I feel that I owe it to the Senator from Arkansas to reciprocate the very kind compliments he paid my sundry qualifications the other day by stating that I know him to be a man of great standing in our section of the country, in proof of which I send to the desk and ask the clerk to read an extract from Martindale's Legal Directory, so that it will appear in the RECORD.

The VICE PRESIDENT. Is there objection? The Chair hears none, and the clerk will read.

The Chief Clerk read as follows:

[Extracts from Martindale's Legal Directory, 1930]

ROBINSON, HOUSE & MOSES

J. T. R., '72 '94 a v l g U. S. Sen.; J. W. H., jr., '86 '11 a v l g; C. H. M., '87 '10 a v l g.

Associates: Harry E. Meek, W. H. Holmes, J. F. McClerkin, Raymond Roddy, Frank Bird.

Attorneys for Arkansas Power & Light Co.; Louisiana Power & Light Co.; Mississippi Power & Light Co.; Southern Power & Light Co.; Southern Ice & Utilities Co.; Little Rock Gas & Fuel Co.; Southwest Dairies Products Co.; Southwest Ice & Cold Storage Co.; Southwest Joint Stock Land Bank; Pioneer Reserve Life Insurance Co.; Southwest Telephone; Graysonia, Nashville & Ashdown Railway; Louisiana & Arkansas Railway Co.; Hollenberg Music Co.; Arkansas Portland Cement Co.; Terminal Warehouse Co.; the Texas Co.; Twin City Bank; Guaranty Savings & Loan Co.; the Gus Blass Co.; Kempner Realty Co.; American Building & Loan Association; Boyle-Farrell Land Co.; Cox Cash Stores Co.; Equitable Surety Co.; Associated Employers Liability Co.; Columbian

Mutual Life; Southern Surety Co.; Marion Hotel; Lafayette Hotel; Capital Hotel; Merchants Transfer & Storage Co.; Arkansas Transfer Co.; Union Bond & Mortgage Co.; Southern Securities Co.; Southern Mutual Savings Co.; Southern Investors (Inc.); Smith Arkansas Traveller Co.; City Delivery Co.; H. L. Doherty & Co.; Chas. E. Gibson & Sons (Inc.); American Surety Co.; Ocean Insurance Co.

NAVAL BUILDING PROGRAM

The VICE PRESIDENT. The question is on agreeing to the motion of the senior Senator from Maine [Mr. HALE], that the Senate proceed to the consideration of Senate bill 51.

Mr. NORRIS. On that motion I ask for the yeas and nays.

The yeas and nays were ordered, and the Chief Clerk proceeded to call the roll.

Mr. DICKINSON (when his name was called). I have a general pair with the senior Senator from Kentucky [Mr. BARKLEY], and in his absence, not knowing how he would vote, I withhold my vote.

Mr. HATFIELD (when his name was called). I have a general pair with the senior Senator from North Carolina [Mr. MORRISON]. I am informed that that Senator would vote as I intend to vote, and therefore I am at liberty to vote. I vote "yea."

Mr. JONES (when his name was called). I have a general pair with the senior Senator from Virginia [Mr. SWANSON]. I do not know how he would vote on the pending motion, and therefore withhold my vote. If at liberty to vote, I would vote "yea."

Mr. FRAZIER (when Mr. NYE's name was called). My colleague the senior Senator from North Dakota [Mr. NYE] is necessarily absent. On this question he is paired with the junior Senator from Connecticut [Mr. WALCOTT]. If my colleague [Mr. NYE] were present, he would vote "nay." I understand the junior Senator from Connecticut [Mr. WALCOTT] would vote "yea."

Mr. REED (when his name was called). I have a general pair with the Senator from Arkansas [Mr. ROBINSON]. I transfer that pair to the Senator from Missouri [Mr. PATTERSON], and vote "yea."

The roll call was concluded.

Mr. McKELLAR (after having voted in the negative). I have already voted, but I understand that my pair, the Senator from Delaware [Mr. TOWNSEND], is not present and has not voted. Therefore I transfer my pair with that Senator to the junior Senator from Tennessee [Mr. HULL] and allow my vote to stand.

Mr. JONES. I have a general pair with the Senator from Virginia [Mr. SWANSON]. I transfer that pair to the junior Senator from Wyoming [Mr. CAREY] and vote "yea."

Mr. NORRIS. The senior Senator from Iowa [Mr. BROOKHART] is paired with the senior Senator from Mississippi [Mr. HARRISON]. If the senior Senator from Iowa were present, he would vote "nay." I understand the senior Senator from Mississippi would vote "yea."

Mr. HAYDEN. My colleague, the senior Senator from Arizona [Mr. ASHURST], is necessarily absent on official business. If present, he would vote "yea."

Mr. FESS. I wish to announce the following general pairs:

The Senator from Idaho [Mr. THOMAS] with the Senator from Montana [Mr. WHEELER];

The Senator from Rhode Island [Mr. HEBERT] with the Senator from North Carolina [Mr. BAILEY]; and

The Senator from Colorado [Mr. WATERMAN] with the Senator from Alabama [Mr. BLACK].

Mr. SHEPPARD. I desire to announce that the following Senators are necessarily detained from the Senate on official business: The Senator from Arizona [Mr. ASHURST], the Senator from Oklahoma [Mr. THOMAS], the Senator from Massachusetts [Mr. COOLIDGE], the Senator from Tennessee [Mr. HULL], and the Senator from Florida [Mr. TRAMMELL].

The result was announced—yeas 46, nays 25, as follows:

YEAS—46

Austin	Bulkley	Copeland	Fletcher
Barbour	Byrnes	Dale	Glass
Bingham	Caraway	Davis	Glenn
Broussard	Cohen	Fess	Goldsborough
Hale	Kendrick	Reed	Tydings
Hastings	Keyes	Robinson, Ind.	Vandenberg
Hatfield	Lewis	Schall	Wagner
Hawes	Long	Sheppard	Walsh, Mass.
Hayden	McNary	Shortridge	Watson
Johnson	Metcalf	Smith	White
Jones	Moses	Smoot	
Kean	Oddie	Steiwer	

NAYS—25

Bankhead	Costigan	King	Pittman
Blaine	Couzens	La Follette	Shipstead
Borah	Cutting	Logan	Stephens
Bratton	Dill	McGill	Walsh, Mont.
Bulow	Frazier	McKellar	
Capper	Gore	Neely	
Connally	Howell	Norris	

NOT VOTING—25

Ashurst	Dickinson	Nye	Trammell
Bailey	George	Patterson	Walcott
Barkley	Harrison	Robinson, Ark.	Waterman
Black	Hebert	Swanson	Wheeler
Brookhart	Hull	Thomas, Idaho	
Carey	Morrison	Thomas, Okla.	
Coolidge	Norbeck	Townsend	

So Mr. HALE's motion was agreed to; and the Senate proceeded to consider the bill (S. 51) to authorize the building up of the United States Navy to the strength permitted by the Washington and London naval treaty, which had been reported from the Committee on Naval Affairs with an amendment.

APPROPRIATIONS FOR TREASURY AND POST OFFICE DEPARTMENTS

Mr. BINGHAM. Mr. President, the other day I voted in favor of Senate Resolution 197 directing the Committee on Appropriations to make a 10 per cent reduction in the Treasury and Post Office Departments appropriation bill. Evidence has accumulated to the effect that there is danger in that move if carried out as directed by the Senate, that there may be serious disruption in both departments and the dismissal of many mail carriers and many customhouse and revenue employees. Therefore I ask unanimous consent at this time to introduce a resolution, that it may be read at the desk and lie over under the rule.

The VICE PRESIDENT. Without objection, the resolution will be read for the information of the Senate.

The resolution (S. Res. 206) was read, as follows:

Resolved, That it is the sense of the Senate that the Committee on Appropriations, in its consideration of the bill (H. R. 9699) making appropriations for the Treasury and Post Office Departments for the fiscal year ending June 30, 1933, and for other purposes, with a view to making the 10 per cent reductions referred to in Senate Resolution 197, should not reduce the appropriations for the Postal and Customs Services to a point where such services would be seriously disrupted.

The VICE PRESIDENT. Is there objection to the request of the Senator from Connecticut?

Mr. McKELLAR. Mr. President, I suppose the Senator has a right to introduce the resolution.

The VICE PRESIDENT. Not at this time without unanimous consent.

Mr. McKELLAR. I have no objection to its introduction, but I have very serious objection to its consideration.

The VICE PRESIDENT. Without objection the resolution will be received, printed, and lie on the table.

EXECUTIVE SESSION

Mr. McNARY. Mr. President, the Senator from Idaho [Mr. BORAH] has expressed a desire for an executive session at this time. I move that the Senate proceed to the consideration of executive business.

The motion was agreed to; and the Senate proceeded to the consideration of executive business.

REPORTS FROM COMMITTEE ON POST OFFICES

The VICE PRESIDENT. Reports of committees are in order.

Mr. ODDIE, from the Committee on Post Offices and Post Roads, reported favorably sundry nominations of postmasters.

The VICE PRESIDENT. The nominations will be placed on the calendar. If there are no further reports of committees, the calendar is in order.

TREATY WITH TURKEY

The Senate as in Committee of the Whole proceeded to consider Executive F (72d Cong., 1st sess.), a treaty of establishment and sojourn signed by the plenipotentiaries of the United States and the Republic of Turkey at Ankara on October 28, 1931, which was read as follows:

To the Senate of the United States:

To the end that I may receive the advice and consent of the Senate to ratification, I transmit herewith a treaty of establishment and sojourn signed by the plenipotentiaries of the United States and the Republic of Turkey at Ankara on October 28, 1931.

HERBERT HOOVER.

THE WHITE HOUSE, *February 25, 1932.*

The PRESIDENT:

The undersigned, the Secretary of State, has the honor to lay before the President with a view to its transmission to the Senate to receive the advice and consent of that body to ratification, if his judgment approve thereof, a treaty of establishment and sojourn between the United States and the Republic of Turkey, signed at Ankara on October 28, 1931.

Respectfully submitted.

HENRY L. STIMSON.

DEPARTMENT OF STATE,
Washington, February 24, 1932.

The United States of America and the Republic of Turkey, being desirous of prescribing, in accordance with modern international law, the conditions under which the nationals and corporations of each of the High Contracting Parties may settle and carry on business in the territory of the other Party, and with a view to regulating accordingly questions relating to jurisdiction and fiscal charges, have decided to conclude a treaty for that purpose and have appointed their plenipotentiaries:

THE PRESIDENT OF THE UNITED STATES OF AMERICA:

Joseph C. Grew, Ambassador Extraordinary and Plenipotentiary of the United States of America to the Turkish Republic; and

THE PRESIDENT OF THE TURKISH REPUBLIC:

Zekâi Bey, Minister for National Defence

who, having communicated to each other their respective full powers, found to be in good and due form, have agreed upon the following provisions:

ARTICLE 1

With reference to the conditions of establishment and sojourn which shall be applicable to the nationals and corporations of either country in the territories of the other, as well as to fiscal charges and judicial competence, the United States of America will accord to Turkey and Turkey will accord to the United States of America the same treatment in all cases as that which is accorded or shall be accorded to the most favored third country.

Nothing contained in this treaty shall be construed to affect existing statutes and regulations of either country in relation to the immigration of aliens or the right of either country to enact such statutes.

ARTICLE 2

The present Treaty shall be ratified and the ratifications thereof shall be exchanged at Washington as soon as possible.

It shall take effect at the instant of the exchange of ratifications and shall remain in effect for three years. After this date it shall remain in effect until the expiration of twelve months from the date on which notice of its termination shall have been given by either High Constracting Party to the other.

IN WITNESS WHEREOF the plenipotentiaries have signed the present Treaty and have affixed their seals thereto.

Done in duplicate in the English and Turkish languages at Ankara this 28the day of October nineteen hundred and thirty one.

JOSEPH C. GREW
ZEKÂI

Mr. BORAH. Mr. President, this is a treaty with Turkey, to which reference was made during the last executive session, and to which the Senator from Utah [Mr. KING] called attention and asked to have passed over. I understand at the present time the Senator from Utah has no further objection to offer in regard to the treaty.

Mr. KING. I have no objection to its consideration.

The VICE PRESIDENT. If there be no amendment to be proposed, the treaty will be reported to the Senate.

The treaty was reported to the Senate without amendment.

The VICE PRESIDENT. The question is on the resolution of ratification, which will be read.

The resolution of ratification was read, as follows:

Resolved (two-thirds of the Senators present concurring therein), That the Senate advise and consent to the ratification of Executive F, Seventy-second Congress, first session, a treaty of establishment and sojourn with Turkey, signed at Ankara on October 28, 1931.

The resolution was agreed to, two-thirds of the Senators present voting in the affirmative.

POSTMASTERS

The Chief Clerk proceeded to read sundry nominations of postmasters.

Mr. McNARY. I ask that the nominations of postmasters be confirmed en bloc.

Mr. NORRIS. Mr. President, there is one nomination which I ask may be passed over. I have reference to Order of Business No. 4197, the nomination of Earnest E. Correll to be postmaster at Hebron, Nebr.

The VICE PRESIDENT. That nomination will be passed over, and, without objection, the other nominations of postmasters are confirmed en bloc. That completes the calendar.

The Senate resumed legislative session.

ADJOURNMENT

Mr. McNARY. I move that the Senate adjourn, the adjournment being until 12 o'clock noon to-morrow.

The motion was agreed to; and the Senate (at 4 o'clock and 15 minutes p. m.) adjourned until to-morrow, Wednesday, May 4, 1932, at 12 o'clock meridian.

CONFIRMATIONS

Executive nominations confirmed by the Senate May 3 (legislative day of April 29), 1932

POSTMASTERS

IDAHO

Amanda O. Holmes, Plummer.

INDIANA

Samuel I. Parker, Howe.
Paul R. Reece, Spiceland.
James C. Stott, Westport.

LOUISIANA

John A. Moody, Cotton Valley.
Lillian P. Gross, Lake Providence.

MARYLAND

Fred W. Kubler, Cordova.
Richard M. Canady, Fort Washington.

NORTH DAKOTA

Jessie L. Kinsey, Beach.
Marie Siverts, Dodge.

OHIO

Jerome H. C. Goodhart, Brewster.
Hugh M. Hay, Coshocton.
Edwin H. Garver, Navarre.
Henrietta Bennett, Tippecanoe City.

OKLAHOMA

Roy Patton, Ames.
Albert B. Deselms, Edmond.

Hubbard Ross, Fort Gibson.
Chester P. Keil, Fort Towson.
Thomas H. Gillentine, Hollis.
Isaac W. Linton, Jones.
William H. Jones, Kiefer.
John H. Durnil, Picher.
Leslie C. Mendenhall, Seiling.
Louis G. Scott, Stroud.
Howard E. Sowle, Vici.
Fred Godard, Wellston.

PENNSYLVANIA

Bennett H. Light, Avon.
John M. Kotch, Beaver Meadows.
Laura M. Peacock, Houston.
Isaiah M. Stauffer, Millersville.
Abram M. Lichty, Paradise.
Cleo W. Callaway, Shawnee on Delaware.
William A. Bailey, Southwest.

WISCONSIN

Henry F. Roehrig, Arpin.
John C. Chapple, Ashland.
George Ketz, Clayton.
Beatrice Ring, Osseo.
Charles E. Sage, Wild Rose.

WYOMING

Frank Breitenstein, Parco.

HOUSE OF REPRESENTATIVES

TUESDAY, MAY 3, 1932

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

Almighty God, in this sacred quietness dedicated to Thee as our Heavenly Father we would say: "Holy, holy, holy." Thou alone hath the first and lasting claim to our deepest reverence. Thou canst inspire us with the existence of moral power in our breasts. It does not inhere in things external but in the eternal truth that comes from Thee and has to do with our divine natures. Permit nothing, blessed Father, to weaken this quality of soul which belongs to our immortal beings, but make it forever fresh in whom it dwells. Above all things, quicken with an ambition that reaches to the highest pinnacle of statesmanship. Such an exaltation will lead us to remember things for the sake of our country, which we love. O make us really great with nobleness by enduing us with a great affection that shall be sovereign, expelling all pride, all sensitiveness, and all of self. Amen.

The Journal of the proceedings of yesterday was read and approved.

PRESENTATION OF BUST OF WASHINGTON

Mr. NELSON of Wisconsin. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD.

The SPEAKER. Is there objection?

There was no objection.

Mr. NELSON of Wisconsin. Mr. Speaker, under leave to extend my remarks in the RECORD, I insert an address which I delivered at Madison, Wis., on July 17, 1931, at the presentation of a bust of George Washington to the State of Wisconsin; also the speech of acceptance on behalf of the State of Wisconsin by His Excellency Gov. Philip F. La Follette:

ADDRESS OF HON. JOHN M. NELSON, OF WISCONSIN, AT THE PRESENTATION OF A BUST OF GEORGE WASHINGTON TO THE STATE OF WISCONSIN

Governor La Follette, for the purpose of directing your attention to the coming George Washington bicenntenial celebration, I have the honor of presenting to you a bust of the man and statesman whom it is the Nation's will to commemorate. This memorial gift is presented to you by the national commission composed of the President and representative men and women of our country as a token of the confident expectation that at the proper time you will lead the citizenship of this great Commonwealth in the patriotic appreciation of the life and character of the Father of our Country.

It was the hope of the Congress of the United States that by pointing out and inculcating the essential principles that molded and formed his splendid life and noble character, imperishable standards of conduct, this commemoration of the two hundredth anniversary of his birth might be productive of inestimable public good.

During the coming year, from the 22d day of February to our Thanksgiving Day, the limits of the festivities set by Congress, many pilgrimages will be made to his earthly shrine on the beautiful banks of the Potomac. The celebration, however, is not to be localized; it is to be nation-wide. From the great cities to the smallest hamlets the American people will extol the life and services of one whose name symbolizes that which is noblest in our national history.

This celebration is not only fitting and timely, it is also necessary. Were Washington with us to-day, what deplorable and disheartening national evils he would witness, to his great grief—evils that disrupt our homes, deteriorate our schools, destroy our faith in God, disturb our national prosperity, and endanger our peace at home while entangling us in wars abroad. Washington knew that history consists of a chain of causes and effects, and therefore would have realized that the problems that vex and perplex us to-day are the inevitable results of the violation of the principles which he made the guiding forces of his own life and which he commended earnestly to his countrymen in his Farewell Address.

While Washington was in every way a human being with all the inherent infirmities of our race of mankind, he nevertheless became a standard or pattern that we would do well to point out for the emulation of his fellow men. We may very profitably urge the study of the material and spiritual factors that united to make him the man he was. The abstract study of principles calls for the highest type of the trained mind. Only very few can attain to such high degree of mental efficiency. But we can all study with profit the principles of George Washington as we find them exemplified in his long career and illustrious character.

No matter in what institution we study him, be it in his home, at school, as a member of his church, in his business, or as a citizen and statesman of his country, we find him steadily adhering to principles which he clothed with deeds and words that speak eloquently to the world for all time.

May I first remind you of his beautiful home life, the primary institution for development of human character? Here we see him carefully fostered by human factors in an atmosphere of love. His father was the first of these human agencies. He laid the foundation of the code of rightful living for the boy, but died when George was only 11 years old. Becoming thus early the head of the family brought him to realize his individuality and responsibility.

But it was chiefly his mother, Mary Ball Washington, and later his wife, Martha Custis Washington, who laid the foundation in love for his successful career. His mother from the shelves of her own library took books of wise maxims and precepts and read them to her child, explaining the deep principles they expressed with illustrations from nature, history, and Holy Writ until he had grasped the essence of their rich and profound truths. At her knee and by her side in the atmosphere of a mother's love were thus sown as seeds or implanted the eternal principles that mold life and condition success. To his mother's influence he testified in these words, "All I am I owe to my mother."

His wife's influence began when he was 27 and continued to his death. No visitor at Mount Vernon can fail to be impressed with an atmosphere filled with the fragrance of love between Washington, the husband; Martha, his wife; and his adopted children—it still seems to linger there. In this long and happy home life was thus instilled the principle that made him the human criterion he was of a lover par excellence of country and mankind. What is patriotism but love of country? What is love of country but love of fellow men? Can there be love of country unless there first appears in the human heart this spiritual essence called love, and where can it come into being better than in the homes of America, at a mother's knee, subsequently to be nourished and cherished in the family life and companionship with wife and children?

It may be most pertinent to this celebration to inquire, Can we feel that our country is our homeland where there is no true feeling of home life? Can a tree blossom and bear fruit without roots? And is it not true that before there can be genuine citizenship there must first be true manhood and womanhood? Therefore, before we consider Washington, the statesman, let us point out Washington, the man, the model son, and exemplary husband. Let us drive home the truth that if we are to save our country we must first preserve our homes.

Let me next point out to you another institution that helped form our first President—that of his schooling or educational development. Here his mind was brought into contact with truth. A teacher, we know, is the usual human factor, and a process called education—the mental operation, the drawing out and discipling of the mental faculties of the human soul by direct contact with science or knowledge—the sum total of developed, organized, and systematized truth.

It must be remembered that Washington lived when Harvard and Yale were in their infancy and State universities like Wisconsin not yet established. In his day men of means sent their sons to European schools of higher learning. Because of his father's death his mother could not afford this, so he was denied the advantages given to his older stepbrothers. He did, however,

for a time have a private tutor, an "indentured" servant, who was a man of education.

Before he was 15 he attended Williams School, where he became familiar with elementary mathematics and surveying. It is clearly evident that he did not have the advantages of university training under learned leaders, but was chiefly self-educated. Nevertheless, Washington became one of the best-educated men of his day because he was educated in many ways by study, experience, travel, and associations with cultivated and educated persons of the old and the new world.

Greatly interested was he in learning for others. Besides providing education for his own kindred, he paid for the tuition of other boys. Washington believed in education, advised it, and practiced it. He was a patron of schools. He instituted the first free schooling in Alexandria, Va., and, by his will, left funds for an American university.

Country and school, like country and home, are interdependent. This is a fact well brought out by Washington himself in these words:

"I have greatly wished to see a plan adopted by which the arts, sciences, and belles lettres could be taught in their fullest extent, thereby embracing all the advantages of European tuition, with the means of acquiring the liberal knowledge, which is necessary to qualify our citizens for the exigencies of public as well as private life.

"The best means of forming a manly, virtuous, and happy people will be found in the right education of youth—without this foundation, every other means, in my opinion, must fail."

And

"Promote, then, as an object of primary importance, institutions for the general diffusion of knowledge. In proportion as the structure of a government gives force to public opinion, it is essential that public opinion should be enlightened."

Washington may well be an educational standard for the youth of America. His life illustrates the fact that while universities are very useful, they are not absolutely necessary for high mental training and attainments of solid and practical learning.

If love of country is dependent upon the cultivation of this sentiment in the human soul in our homes, and if our country is dependent upon the light of truth illuminating the minds of men, much more, I affirm, is it dependent upon that faith in the truth of God that has revealed to mankind the eternal spiritual principles, and set before us a code of laws of the whole moral order together with the eternal sanctions that enforce them.

No land can long enjoy the fruits of prosperity, peace, liberty, and happiness when committed to the rule of Godless government.

Indeed, the life of the Nation varies directly with the spiritual life of its people. Contrast the blessings of liberty that we enjoy under a Government that acknowledges the existence of God in many ways, by opening its legislative and congressional sessions with prayer, by setting aside a day of thanksgiving and by freely permitting all men to worship according to the dictates of conscience, with the oppressions of the people in the lands of Italy under Mussolini, and of Russia under Stalin, dictators who neither reverence God nor respect the rights of man.

What a contrast with these rulers was our God-fearing Washington, born of Christian parents, and baptized as a member of the Episcopalian Church. From infancy his training was deeply spiritual. When his father died he took his place at the head of the table and said grace at meals. He always established a church home wherever he lived—first, the old Popes Creek Church, where he was baptized; later, in Fredericksburg; old Pohick Church in the earlier days at Mount Vernon; St. Paul's Chapel, which afterwards became Trinity Church, New York City; Christ Church, in Philadelphia; and, in his later years at Mount Vernon, Christ Church, at Alexandria. Although his church was the Episcopal, he worshiped in churches of other denominations when away from home.

Washington was without bigotry and without intolerance. On religious freedom he expressed himself thus:

"Of all the animosities which have existed among mankind, those that are caused by difference of sentiment in religion appear to be most inveterate and distressing and ought most to be deprecated."

And—

"While we are contending for our own liberty, we should be very cautious of violating the rights of conscience in others, ever considering God alone is the judge of the hearts of men."

His diaries and letters contain many expressions of his reverence for God and his respect for religion. Through these writings, he has revealed his abiding faith in the divine power, giving grateful thanks for his victories and for his deliverances from danger. Listen to the following:

"I shall always strive to prove a faithful and impartial patron of genuine, vital religion.

"It is impossible to reason without arriving at a Supreme Being.

"True religion affords government its surest support.

"Of all the dispositions and habits which lead to political prosperity, religion and morality are indispensable supports."

And—

"When I contemplate the interposition of Providence, as it was manifested in guiding us through the Revolution, in preparing us for the reception of a general government, and in conciliating the good will of the people of America toward one another after its adoption, I feel myself oppressed and almost overwhelmed with a sense of divine munificence."

And at the close his life ebbed out with these words:

"I am going. 'Tis well. Father of Mercies, take me to Thyself."

Country and faith in God, as inculcated by the church, are interdependent. With the evidence of the French Revolution before him, he declared in solemn words in his Farewell Address this sentiment:

"Morality is the necessary spring of popular government" * * * "reason and experience both forbid us to expect that the national morality can prevail in exclusion of religious principle."

Let us next behold Washington the business man. Here, too, he is a standard that we may well copy. In this institution he does not seem to have had any special leader; he was essentially self-made. He was guided by the highest business principle, industry, knowledge, and integrity. He was always at work; he studied everything scientifically. Quoting from memory from one of his account books now in the Treasury Department, I once read this simple statement in his own handwriting:

"I desire neither to wrong nor to be wronged."

Adhering strictly to these business principles, he became one of the wealthiest men of his time. He was a farmer, a surveyor, and a landowner. Washington started his profession as a surveyor at the age of 16. He pursued this calling for four years. It was also at the age of 16 when he bought his first land, consisting of 550 acres of wild land in Virginia, that he began laying the foundation for a career which was his greatest ambition and pleasure—a successful farmer. Before he was 21, out of his earnings as a surveyor he had purchased 1,558 acres of land and had previously, through the death of his brother Lawrence, came into possession of the estate at Mount Vernon.

Through his marriage with the wealthy widow, Martha Custis, considerable property came under his management. To farming and the ownership of land and property Washington gave what we would say of any other man, his "whole-souled" interest. He acquired more land—8,000 acres in all—in this "bustling village," 150 "slaves and white servants besides weavers, brickmakers, * * * shoemakers, blacksmiths"; 3,200 acres of his estate was under cultivation at one time. He rode over his property, advised with his overseers, and as diligently studied to perfect his methods of agriculture, shipping, and livestock breeding as previously he had concentrated on efforts to master school books, surveying, or warfare.

Although a scientific farmer, it required business acumen to control 63,000 acres of land, much of it scattered in far sections of the country. He traveled to these distant points, and as he traveled he thought. He saw with his keen surveyor's vision this West united with the East by roads serving as arteries of communication; he saw new waterways serving as market channels to bring the rich produce of the West to Atlantic ports.

He managed his property in a systematic manner; he kept carefully a set of account books; required his men to make regular, detailed reports of crops planted and harvested and of the labor employed.

Washington's standard of conduct as a business man, if applied to-day, would solve most of the industrial and business problems now before Congress pressing for solution. No country can prosper without industry on the part of its citizenship. Agriculture can not be successful that is not scientific; and farmers must neither do wrong themselves nor suffer themselves to be wronged; and if "Keeping government out of business" is a good slogan, no less excellent would be "Keeping business out of government." In the simple statement from his account book, above quoted, that he wished neither to wrong nor to be wronged, he gave us the criterion of all good government—equal and exact justice to all alike.

As the Father of our Country, soldier, and statesman he is best known to us and to the world. He followed no leader, and from the beginning he summed up in himself the views of all sections of the country and of all patriots of the day. He was more of a counselor than agitator or orator. Throughout his entire life as a citizen and as a statesman he stood for the principles of righteousness and liberty. He was in himself the exponent and standards of these ideals.

Washington's military career began at the age of 19 years, when he was appointed adjutant general of the Virginia Militia. His missions to the French, his frontier commands, as volunteer on the disastrous expedition with General Braddock, in which he was the only officer to return safely, and the important part played by him in the expedition that captured Fort Duquesne were but steps which brought out the qualities necessary to a successful commander. These difficult tasks he executed with "efficiency, dependability, and high courage," and thus he prepared himself for a larger military field.

The American soldiers who had rallied to the cause of England at Fort Necessity, which in the hands of the French became Fort Duquesne, had been promised bounty land out in the great West, but these promises were not kept. Who but Washington, whose inherent principles demanded that not alone the letter but the spirit of the contract should be amply met, who but Washington, with his sense of right and justice, would assume the burden of crossing at his own expense into the far-away country of Ohio that he might gain these lands by way of compensation for those who had risked everything for the protection of their fellow men; and who but Washington, sitting as a burgess for Frederick County, Va., would have so vigorously opposed the rising tide of oppression by England. He was a wealthy man, and could easily afford the taxes levied upon colonists. But the stamp act, the Townshend Act, and other similar acts were aimed at their rights,

liberty, and freedom. Finally, when news reached the House of Burgesses that the Boston port was closed, in accordance with their resolution, Washington spent the day in fasting and prayer to prepare himself against that time when he might be called to action. Later he volunteered to raise and maintain at his own expense an army of 1,000 men, and to lead them to the relief of Boston.

It was but natural that with his firm, fearless, and loyal background, though but 43 years of age, his countrymen at the beginning of the Revolutionary War united to elect him commander in chief of the American forces. John Adams's proposal that he be made the head of the Army was set forth with these words:

"A gentleman whose skill and experience as an officer, whose independent fortune, great talents, and universal character would command the approbation of all America, and unite the cordial exertions of all Colonies better than any other person in the Union."

As a solemn duty and with diffidence and humility he accepted this trust, saying "I do not think myself equal to the command I am honored with."

From the siege of Boston, through the hard winter at Valley Forge, the trials of Newburgh, to the fall of Yorktown and the final treaty of peace in 1783, he carried on the struggle for independence under extraordinary circumstances—cold, hunger, bloody battles, lack of funds, discontent among the officers, discouragement on the part of his men, and virulent attacks outside the Army, besides the conspiracies and intrigues in Congress. These were bitter years of the Revolution. For Washington, on whom rested most heavily the responsibility, they were years of heartaches that a "brother's sword has been sheathed in a brother's breast"; years of disappointment that the policies of the mother country had so far digressed from the conscience of fundamental rights; years torn by sympathy for those who, through loyalty to their country, lay dead or bleeding, and for their families who were in want.

But, too, these were years of hope, of faith, on his knees at Valley Forge, that a divine Providence led the way; of submersion of self to a great duty, sacrificing his business, bearing separation from his home, enduring untold hardships; but ever with the keen foresight, the cautious strategy of a commander of men.

When peace was consummated and his duty was done, he submitted his resignation and returned to private life at Mount Vernon, refusing all recompense for his services beyond personal expenses.

In his political life he was equally as firm, sincere, courageous, and loyal. This career started at the age of 23 when he became a candidate for election as burgess of Frederick County. He was defeated. Three years later he again became a candidate and won. Again his fearless and able championship of right and justice as burgess and delegate to the First and Second Continental Congresses were but stepping-stones to a larger political field.

Through the First Continental Congress Washington sat as a delegate, not active so much as contemplative. He was not a ready speaker; rather he weighed the debates, and reasoning out his own conclusions, mingled informally with his fellow citizens, driving his convictions home. Patrick Henry said of him that for "solid information and sound judgment" he was "the greatest man on the floor." The Second Continental Congress met. Washington was active on committees for raising money and making military plans. Keen insight, deliberation, charity—never hasty conclusion; never the blow struck in wrath—such was Washington's method of procedure.

After the Revolutionary War it was Washington's desire to see a union of the States. He had fought for freedom, now he sought for unity. Once more we find him at the helm in times of stress. Not by chance was Washington selected as President of the Constitutional Convention. His had been the mind back of those principles 12 years before incorporated in the Fairfax County resolves, which became themselves the incipient Constitution. His had been the leaven, in the form of his correspondence, that had worked throughout the Colonies in preparation for the convention and had molded public opinion.

With the Constitution accepted it was in the natural order of event that Washington should be our first President. During his administration of two terms he unflinchingly stood for justice and equal opportunity for all, and no force could swerve him from the path of duty. He selected men for his Cabinet who were personally known to him for their worth and capability. It was he who organized the Supreme Court of the United States, the first tribunal in the world to pass upon the constitutionality of legislative enactments. He was the center of all great legislation, and it was during his Presidency that he laid down sound principles on such vital questions as public revenue, public debt, the civil and criminal law of the Federal Government, the admission of new States, the treatment of the Indians, the system of taxation, and the protection of life and property upon which the freedom and prosperity of our country is based. It may be said that on domestic policies he followed the avowed objects of the Constitution itself and sought to administer that Constitution so as to form a "more perfect Union, establish justice, insure domestic tranquillity, provide for the common defense, promote the general welfare, and secure the blessings of liberty."

His fundamental maxims on foreign policy are to me a most important legacy so pertinent to our day. Some of these are:

"Observe good faith and justice toward all nations; cultivate peace and harmony with all."

"The great rule of conduct for us in regard to foreign nations is, in extending our commercial relations, to have with them as little political connection as possible."

"The duty of holding a neutral conduct may be inferred, without anything more, from the obligation which justice and humanity impose on every nation, in cases in which it is free to act, to maintain inviolate the relations of peace and amity toward other nations."

It was with these foreign policies that he guided our ship of state safely through the excitement of the French Revolution and the difficulties between England and France. Much pressure was brought to bear on him to have us become involved in these turmoils, but he stood firm and steadfast for what he knew was for his country's highest good. May God grant that our statesmen and leaders of to-day and of the future may be guided by these sound rules of conduct in dealing with our foreign friends and foes. What a nation needs above every earthly consideration is courageous, wise, and righteous leadership.

After dedicating 45 years of life to the service of his country, Washington refused to be considered for a third term as President, and at the age of 65 returned to his beautiful Mount Vernon to enjoy the freedom and comforts of private life which for so many years he had denied himself. But it was not long before the Swift Reaper laid him low in the very spot he loved so well.

This is Washington—not a mythically heroic figure but human as are we ourselves; a noble and inspiring character, a farmer, patriot, statesman, a man of vision who could dream dreams, yet keep his feet on the immortal principles of right and justice.

All honor and gratitude is due to the God of our fathers for the gift of him to his country. His descent from an ancestry that for generations were men of the highest character, his impressionable natural and spiritual environment in the new world and fellowship with the best minds of the old; and finally, the world events into which he was born at the time when a nation was to come into being to stand for the eternal rights of man made him a child of destiny. There was, there is, and there can be but one George Washington.

It is a replica of the bust of this great man, by the famous sculptor, Joseph Nollekens, that, by request of the national commission, I now present to you.

Is it too much to hope that the statesmanship and the citizenship of our country may be united in a common bond of pure patriotism in the commemoration of this great personality who was himself the very embodiment of love of country? Is it too much to hope that we may take account of our deviation from the guiding principles that applied first to his own life, and sought to express in the life of the Nation of which he was the first President? And may it be too much to hope that as a people we may find in this review of our early national history once more the ideals that lead us to the heights of greatness, ideals of righteousness, truth, and liberty, upon the altars of which George Washington voluntarily placed the most precious possessions that attract the aspirations of man, property, life, and freedom that he might serve his country, his fellow men, and the world? For, surely, as we look about us and consider the evils that have come upon us, we must realize that only by a rededication of our national life to these great principles can there be any real and lasting solution of our pressing national problems.

ADDRESS OF GOV. PHILIP LA FOLLETTE IN ACCEPTING ON BEHALF OF THE STATE OF WISCONSIN THE BUST OF GEORGE WASHINGTON

We enjoyed listening to this splendid paper of yours, which is far more than a mere formal presentation of this bust. During the time you talked to us this morning you gathered together and presented to us this man's life most beautifully. So much has been written and so much has been said about Washington that I know of no more difficult task than to attempt to address oneself on this subject.

I congratulate you on the manner and method which was used in the presentation of your address. The statue is, of course, a valuable thing to have here in the capitol. I am sure that nothing pleases me more than to have it here in the capitol where the people who come may have an opportunity to see it. We have no bust of Washington. I know that the people who come into this room, as they do by the hundreds, will get pleasure and happiness in seeing this replica of the Father of our Country.

Mr. Congressman, I express again my appreciation to you personally for the beautiful manner in which you have performed this ceremony. I request that you convey to the commission at Washington my deepest appreciation and thanks of myself and all the people who come to see it.

VETO MESSAGE OF A PENSION BILL

The SPEAKER. The first business in order to-day is the veto message of the President of the bill H. R. 9575.

Mr. GASQUE. Mr. Speaker, I ask unanimous consent that the message and the bill H. R. 9575 be referred to the Committee on Pensions.

The SPEAKER. Is there objection to the request of the gentleman from South Carolina?

There was no objection.

LEGISLATIVE APPROPRIATION BILL

Mr. McDUFFIE. Mr. Speaker, I am sure the House wishes to complete the economy program at the earliest

possible moment, and I hope that we may complete it this evening. In an effort to expedite matters before moving to go into the Committee of the Whole House on the state of the Union, I wish to present a unanimous-consent request. It is that we have general debate on Title IX of the bill for a period of two hours, half of it to be controlled by the proponents and half to be controlled by those opposed to the bill, and that the title be considered by sections rather than one whole proposition, under the 5-minute rule.

Mr. BULWINKLE. Reserving the right to object, I would like to know who is to control the time of those opposed.

Mr. RAMSEYER. I suggest that the gentleman from Alabama control half of the time in favor of the title and yield the other half to some one else.

Mr. JOHNSON of South Dakota. Reserving the right to object, that would make it necessary if I desired time to go to the gentleman from Alabama for time. I understand the debate will revolve around the motion of the gentleman from North Carolina to strike out the proposed title, and in lieu thereof insert a provision providing for a committee on investigation.

Mr. SNELL. Why not let the gentleman from Alabama control half of the time and the gentleman from South Dakota half of the time, and divide it up?

Mr. BULWINKLE. I want to know where I will come in.

Mr. SNELL. How much time does the gentleman want?

Mr. BULWINKLE. About 10 minutes.

Mr. McDUFFIE. Under the general practice, time is equally divided between those in favor and those opposed, and I think the time in opposition should be yielded to some one opposed to the title. Therefore I suggest that half of the time be controlled by myself and half by the gentleman from North Carolina [Mr. BULWINKLE].

The SPEAKER. Is there objection?

Mr. BROWNING. Reserving the right to object, I do not object to the arrangement for general debate, but it is my intention to offer an amendment to strike out the entire title and not substitute anything. I think the rule we are working under for orderly procedure ought to be proceeded with. I am willing for general debate to run along as long as desired, and then close it on the title and all amendments thereto, and then read it under the rules of the House.

Mr. LAGUARDIA. Mr. Speaker, will the gentleman yield?

Mr. McDUFFIE. Yes.

Mr. LAGUARDIA. Under the gentleman's unanimous-consent request to read Title IX by sections, would that preclude a motion to strike out the entire section?

Mr. McDUFFIE. I think if we are proceeding section by section, the motion would apply to the section rather than to the entire title.

Mr. LAGUARDIA. Then it would preclude a motion to strike out the entire title?

Mr. McDUFFIE. Yes.

Mr. BROWNING. It would eliminate that privilege.

Mr. SWING. But a person who desired to bring about that result could make his motion on the first section, and if the motion prevailed, announce that he would make the same motion to strike down through the rest of the title.

Mr. CONNERY. Did I understand the gentleman from Tennessee [Mr. BROWNING] to say that he would like the opportunity to move to strike out the title?

Mr. BROWNING. Yes.

Mr. CONNERY. Unless the gentleman gets that opportunity, I am going to object.

The SPEAKER. If objection is heard on condition, it is useless to discuss the matter further.

Mr. McDUFFIE. May I present another unanimous-consent request in an effort to meet that objection? I ask unanimous consent that we have general debate on Title IX for two hours, half the time to be controlled by myself and half by the gentleman from South Dakota [Mr. WILLIAMSON], with the understanding that half of that time shall be yielded to those who are opposed to the bill, that then we consider the title section by section, under the rules of the House.

Mr. BROWNING. That is exactly the request that the gentleman made before.

The SPEAKER. Objection to that has been made by the gentleman from Massachusetts [Mr. CONNERY].

Mr. McDUFFIE. Then, that a motion be in order to strike out the title.

Mr. RANKIN. Mr. Speaker, reserving the right to object, I understand that the gentleman from North Carolina [Mr. BULWINKLE] is going to move to strike out the title.

Mr. BULWINKLE. Yes; with one exception.

Mr. RANKIN. I went to the chairman of the committee, and he agreed to recognize me to move to strike out the title, and then informed me that he had formerly agreed to recognize the gentleman from North Carolina for the same purpose. If his motion is not to strike out the entire title, I have agreed with the members of the Veterans' Committee to move to strike out the entire title.

Mr. O'CONNOR. Mr. Speaker, I demand the regular order.

The SPEAKER. The gentleman from New York demands the regular order. The Chair will state the unanimous-consent request, as he understands it. The gentleman from Alabama asks unanimous consent that there be two hours of general debate on Title IX, the title already having been read, in Committee of the Whole, that one half of that time should be controlled by himself and the other half by the gentleman from South Dakota [Mr. WILLIAMSON], to be equally divided between those for and those against the title, that at the end of two hours' debate a motion be in order to strike out the title, and then that it be considered section by section. Is there objection?

Mr. BROWNING. Mr. Speaker, reserving the right to object, does that mean if the gentleman from North Carolina [Mr. BULWINKLE] makes a motion to strike out, with one exception, I may make my motion to strike out?

Mr. BULWINKLE. I am making the motion to strike out the entire section, and to insert in lieu thereof the present section 910, with some modifications, but my motion will be to strike out the entire section and insert.

Mr. LAGUARDIA. A substitute to that would be in order to strike out the entire title.

Mr. MAPES. Mr. Speaker, reserving the right to object, I take it from the unanimous-consent request, even though the title has already been read, that it is to be read after the general debate under the 5-minute rule section by section. Is that correct?

The SPEAKER. No; it would not be. The title has already been read.

Mr. MAPES. Then what significance has that part of the unanimous-consent request which provides that it shall be read section by section?

The SPEAKER. It seems to the Chair that the gentleman's request does not mean anything except two hours of general debate, and that then amendments may be offered to Title IX under the rule under which we are considering the bill.

Mr. MAPES. And be voted on without further debate?

The SPEAKER. Certainly; and all amendments to it, because the only request is to move to strike it out.

Mr. SNELL. Mr. Speaker, I don't understand there is any provision against general debate under the 5-minute rule, and after the two hours of general debate it will be read section by section, and there will be debate under the 5-minute rule.

The SPEAKER. Not at all. The title has been read and the gentleman's request is this, and the Chair will state it again so that there may be no misunderstanding. The gentleman requests that there be two hours of general debate, to be controlled one-half by himself and one-half by the gentleman from South Dakota, with the understanding that they shall yield one-half to those for and those against; that at the end of that time Title IX shall be considered under the rule governing the consideration of the bill. That

means that one may offer an amendment to strike out the title, and to strike out any section or anything else, but that the debate has ceased.

Mr. SNELL. That is not the way I understood it, Mr. Speaker.

Mr. McDUFFIE. We are to consider it under the 5-minute rule.

The SPEAKER. The gentleman did not state it, but if that is what the gentleman asks, the Chair will put it that way.

Mr. McDUFFIE. I think the Chair probably misunderstood me.

The SPEAKER. Perhaps the Chair did. The Chair will put the request once more.

The gentleman from Alabama asks unanimous consent that there be two hours' general debate on Title IX, one-half the time to be controlled by himself and one-half by the gentleman from South Dakota [Mr. WILLIAMSON], with the understanding that that be divided equally amongst those for and against. At the end of that time Title IX will be considered under the rules governing the consideration of this bill.

Is there objection?

Mr. MAPES. Mr. Speaker, reserving the right to object, I still think there is a great deal of confusion as to just what this unanimous-consent request means. The Chair says that Title IX will be considered after the close of the two hours' general debate under the rule governing this bill. I would like to ask the Chair if that means that all debate on separate amendments will be cut off, and that we must vote upon the amendments without debate?

The SPEAKER. Let the Chair state to the gentleman from Michigan and to the Members of the House, if the House resolves itself into the Committee of the Whole House at this moment and the gentleman from Alabama made a motion or some other Member made a motion to strike out Title IX, there would be five minutes' debate on each side, and then the gentleman could move to close debate on that title. That would be the same as the rules provide, under the 5-minute rule. The only thing, as the Chair sees it, is that there will be two hours' general debate on this.

Mr. MAPES. Mr. Speaker, further reserving the right to object, I would like to ask the Speaker to answer my question definitely. Under the Chair's interpretation of the rule, would the Committee of the Whole House on the state of the Union have the privilege of debating separate amendments under the 5-minute rule?

The SPEAKER. Under the 5-minute rule; yes.

Mr. TILSON. Mr. Speaker, is not the essence of the request that we shall have two hours' general debate before beginning amendments?

The SPEAKER. That is all. It does not mean anything else.

Mr. TILSON. As I understand it, that is all it means.

The SPEAKER. Is there objection to the request of the gentleman from Alabama that there be two hours' general debate on Title IX, one-half to be controlled by himself and the other half by the gentleman from South Dakota [Mr. WILLIAMSON], with the understanding that the time be divided for and against?

There was no objection.

Mr. McDUFFIE. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill H. R. 11267, the legislative appropriation bill.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill H. R. 11267, with Mr. WARREN in the chair.

The Clerk read the title of the bill.

The CHAIRMAN (Mr. WARREN). Under the unanimous-consent agreement just had in the House, the Chair has nothing whatever to do with the allotment of time. The gentleman from Alabama [Mr. McDUFFIE] will be recognized in control of one hour, and the gentleman from South Dakota [Mr. WILLIAMSON] will be recognized to control one hour.

Mr. McDUFFIE. Mr. Chairman, I yield 30 minutes to the gentleman from North Carolina [Mr. BULWINKLE].

Mr. BULWINKLE. Mr. Chairman, I yield myself 10 minutes.

Mr. Chairman, it is a little difficult for me to speak on any matter against what might be termed economy. Several weeks ago I spoke in the House, showing what the Federal Government had paid for the soldiers of the World War and also soldiers of all wars. It amounted to almost $7,000,000,000. I contend that the provisions of Title IX regarding the veterans is not real economy, and that the subject matter of this title was evidently not seriously considered by the committee.

In the committee report this expression was used: "It is a drain upon the country."

Is it possible that Members of this House would think that anything which could be for those disabled men who have suffered on account of the war and who are dying day by day on account of it, would be a drain upon the country?

Mr. DOUGLAS of Arizona. Will the gentleman yield?

Mr. BULWINKLE. I yield.

Mr. DOUGLAS of Arizona. Is there one word in Title IX which affects in any way whatsoever the totally and permanently disabled or totally and temporarily disabled?

Mr. BULWINKLE. Very well. I will get to that in a minute. I am speaking of the report which the committee made, when the committee said this expenditure was a drain upon the country, that expenditure took in all. The gentleman can not get away from that.

Referring to the first section of this bill, what is it made for? What is it presented to the House for? On the one hand, they say it does not affect these service-connected cases which draw compensation. Who, then, does it affect?

Mr. DOUGLAS of Arizona. Will the gentleman yield?

Mr. BULWINKLE. I only have 10 minutes. I can not yield.

It affects only one class of men, and that is the Spanish-American War veteran, because under the present disability allowance law a man can not receive disability allowance who pays a Federal income tax.

It is said that that section alone will affect 28,000 persons, to the amount of $13,315,000.

Mr. DOUGLAS of Arizona. Will the gentleman yield?

Mr. BULWINKLE. If the gentleman would grant me some more time, I would be glad to yield, but I can not yield now.

However, let me say, if the Veterans' Bureau had gone into each case carefully immediately after and during the years after the war, possibly those men who are drawing disability allowance, if they are to be considered in this connection, would have been drawing compensation for service-connected disabilities. There were many parts of this country where those men, back in the mountains, back away from towns, did not see a single man belonging to the Veterans' Bureau or anybody connected with it; did not know they were entitled to nor how to get compensation or hospitalization. Let us be just about this. I have seen many dying and too much suffering, not only by the men on the fields of battle but I have seen too much suffering in the hospitals in America to permit me to say to these men that the little pittance that the Government has given them because of their disability shayy be taken away.

Mr. McDUFFIE. Will the gentleman yield?

Mr. BULWINKLE. The gentleman will have to get me some more time.

Now we get to these veterans in institutions. They say that class includes 9,920 persons and that the saving will be $5,370,000. How did that section get in there? I will tell you. Back in 1924 General Hines, the Director of the Veterans' Bureau, came before the committee and he himself asked that it be put in there. He did it because it affected these men who were in the hospitals for just a short time, who worried about their financial condition,

and this provision in their behalf relieved them of this worry and improved their condition. I shall move to strike out that section.

Then we come to the emergency officers' retired pay. That affects 3,200 officers and amounts to $3,386,000, so they say. It is possible that that number should be cut down, but the law was passed by this Congress. They gave to the disabled emergency officers of the United States Army, Navy, and Marine Corps this pay. The Attorney General's decision made more entitled to it than the director thought; but remember this, gentlemen, that every man who is drawing compensation from this Government in any way, shape, or form has been passed upon by Government doctors, not one time but many times.

I think later on the section as to emergency officers should be carefully considered by a committee and possibly some reduction should be made, but I do not think it is just to those men at this time to keep this provision in the bill, and this as to emergency officers is being considered by the Military Affairs Committee at this time.

Then we come to the limitation for retroactive benefits. This amounts to $3,000,000 and affects 35,000 people, they say. How do they estimate that there are 35,000 people entitled to retroactive pay who have never received compensation or disability allowance? The claims have not been filed. Are they doing it upon a percentage basis? Time after time each and every Member of Congress has found that he had a just and meritorious case, but it took him years to get it through. Is not that true? You knew the man when he came back from service, and yet for some reason or other, or some technicality, the bureau failed to pass favorably upon his claim. Under the present law he gets six months retroactive pay.

I am moving to strike out that section.

Now we come to the insurance suits. They say that because a man has been a soldier, forsooth, because he was permanently and totally disabled, the rules of evidence in the United States courts shall be changed as to him; that anybody else with a complaint or claim can come in under the provisions of the statutes, but this man can not introduce any evidence save that evidence that he filed with the bureau. The bureau, my friends, does not ask him for evidence. I have had experience with a number of these cases. Over a year ago a guardian brought his ward to see me, a man who was discharged totally and permanently insane and continuing so from the date of his discharge from the service, and the bureau never said one word to him about insurance. I suggested to the guardian that he write to the bureau and tell them about this man's condition. He never heard from them. I suggested to him that he get a lawyer and let the lawyer write a letter, and a letter was written, and although that was 14 months ago, yet he has not heard a word from the bureau. They should be fair and just to these men.

If the men have meritorious claims, they stand on the same footing as anyone else, and there is not in this bill a word as to how much can be saved except they say that it may save millions.

The amendment that I shall introduce—I have not the time to run over the other provisions—takes care of section 910. I modify it by providing for the appointment of a committee of seven Members from the Senate and seven Members from the House, to be selected by the President of the Senate and the Speaker of the House. On the House committee, if the Speaker wishes, there could be two members from the Veterans' Committee, two members from the Committee on Pensions, two members from the Committee on Invalid Pensions, and one member from the Appropriations Committee. They should give thorough and careful study to this matter. In addition to that I provide that in their report the committee shall recommend such economies as will lessen the cost to the United States Government of the Veterans' Administration, but they should only do this after careful deliberation, after careful study to insure that these comrades of many of us will be fairly and justly treated by the Congress of the United States.

[Here the gavel fell.]

Mr. SWING. Mr. Chairman, I absolve the members of the Economy Committee of the responsibility for the language that is found in Title IX. This was not their work. It was written out and brought up and handed to them. I credit them with at least being shocked by some of the things that were proposed and refusing to stand for all of it. The language is apparently drafted for the express purpose of hiding what the real purpose is. In other words, the section usually tells who are going to be left on the pay roll, but leaves in doubt the persons who are going to be cut off. Apparently the committee itself was so uncertain of its work that when it had concluded nine sections it provided that a joint committee should be set up to make a post mortem inquest and determine what this bill really does and what ought to be done with reference to these pension and compensation laws. Well, if there is occasion to have a board of doctors diagnose the patient, then it ought to be done before all his digestive organs are cut and not after the operation.

Mr. McDUFFIE. Will the gentleman yield?

Mr. SWING. Yes.

Mr. McDUFFIE. Does not the gentleman know that the Government has been imposed upon in many instances under the emergency officers' act?

Mr. SWING. Of course, it is possible that there are some such instances. Under any general law affecting a large number there is likely to be some imposition, but I call the attention of the distinguished chairman of this committee to the instruction which courts of justice frequently give to juries that it is better that nine guilty men escape than that one innocent man should be wrongly convicted. So here it is better that some undeserving men get on the pay roll than that one honest veteran injured in the service of his country should go uncompensated.

Mr. McDUFFIE. Will the gentleman permit another interruption?

Mr. SWING. Yes.

Mr. McDUFFIE. Can the gentleman point out in this bill where any man who was injured in line of duty and who is permanently or temporarily disabled is denied anything he should have?

Mr. SWING. Yes. This title repeals the presumptive connection of service origin in certain classes of cases and the man who can not produce two witnesses who know when and where he contracted T. B. is simply out of luck.

On this floor Doctor Kindred, an eminent doctor and then a distinguished Member of this body, said that it would be seven or eight years after the war before all the N. P., mental, and nervous cases would develop, cases where men were shell shocked during the World War, cases where the human body and the human nervous system had been subjected to a greater strain than ever before in all history. The same thing is true of T. B., where lungs were injured by the many kinds of gases used during the war, resulting in subsequent pulmonary disabilities. And that is why Congress gave them this presumptive connection down to January 1, 1925.

Mr. DOUGLAS of Arizona. Will the gentleman yield?

Mr. SWING. Yes.

Mr. DOUGLAS of Arizona. Is there any language in this title which affects a presumptive case in the event that a man has less than the income prescribed or is there any language in this title which affects a presumptive case which is totally and permanently or totally and temporarily disabled?

Mr. SWING. The answer is: There is, in a half a dozen different places.

Mr. DOUGLAS of Arizona. Where? Point it out.

[Here the gavel fell.]

Mr. WILLIAMSON. Mr. Chairman, I yield three minutes to the gentlewoman from Massachusetts [Mrs. ROGERS]. [Applause.]

Mrs. ROGERS. Mr. Chairman, it seems to me this is a most cruel way of economizing. I do not favor the cash payment of the bonus at this time. It is unfair to the veterans as well as to the other taxpayers. It is not fair, however, to enact the provisions of Title IX into law. I feel the committee did not make a thorough study of existing law and conditions, although I know they meant to be fair. But the time was short, and, frankly, it seems as if the savings claimed by the committee in section 1 are just double what, as a matter of fact, would be effected. Apparently the figures used are based upon the percentage of these wage earners who are paying income taxes, and obviously they will not find as relatively high a percentage of disabled men paying income taxes; take total and permanently disabled cases, only a very few of such cases would be found paying income taxes. In these troubled times, also, a man may pay an income tax to-day; next week his income is wiped out. How can this section be fairly adjudicated?

And these are clear injustices in the whole title. Why, for instance, should you penalize a man because he did not get to France? Or if he did get to France, why should he be penalized because he was not engaged in actual defensive or offensive combat with the enemy or because he was not in the zone of active hostilities? You know a good soldier goes where he is sent. Many a man wanted to go to France, but did not get there. The men who went to France are exempted and get all the benefits——

Mr. DOUGLAS of Arizona. Will the gentlewoman yield? That is hardly a fair statement.

Mrs. ROGERS. I would like to yield, but I have only three minutes.

I saw, I suppose, 35,000 men and women in different hospitals this last spring while making an inspection of hospitals where our sick and disabled are cared for. Not a single one of these veterans complained because he or she had served during the war and had made sacrifices for us, and I saw many terribly disabled veterans. Many veterans, as you know, can not secure service connection, perhaps, due to the fact that they were not able to get the evidence from doctors who treated them and who had died without leaving a record of such treatments, and in some instances their service records were destroyed.

You know it is very difficult for the able-bodied to get work at this time. It is almost impossible for the disabled to secure employment. If you are running a business to make it pay, you want your business to be run in the most efficient way possible. You are not going to employ disabled men who can not do a full day's work, especially at this time, if you want to make money. So our disabled have an especial handicap in finding employment. You surely do not want to punish them further. If a man is disabled and needs hospitalization, if he happens to be a neuropsychiatric case, even if he pays an income tax, he very probably can not be cared for in a civil hospital. A survey of State and county hospitals has shown every year, practically, not a vacant bed even for civilian neuropsychiatric cases, and terrible overcrowding, with patients sleeping in corridors in some institutions. There is a long waiting list in most of the States. Private neuropsychiatric hospitals are few and very expensive. So even if our neuropsychiatric veterans pay income taxes, they will find they can not be hospitalized anywhere if they are turned out of our veterans' neuropsychiatric hospitals.

The same is true to a great extent of the T. B. cases. There is a shortage of beds also in many T. B. State and county hospitals. The curve of veterans' T. B. cases is on the upgrade as well as the N. P. cases.

The Veterans' Committee has tried so hard to give the veterans a chance for life and health. And prompt and adequate care means so much in these two types of cases. I beg you not to vote to turn them out into the street. Do as Major BULWINKLE suggests and have a survey made of the whole problem.

Take your emergency officers. Perhaps it may be unfair for some of them to draw their retirement pay and large salaries, but certainly those who are receiving small salaries should have the benefit of their retirement pay in order that they may save up for the time when they can do nothing. [Applause.] I will extend my remarks later.

[Here the gavel fell.]

Mr. WILLIAMSON. Mr. Chairman, I yield three minutes to the gentleman from California [Mr. CRAIL].

Mr. CRAIL. Mr. Chairman and my colleagues, I take the floor at this time to voice a protest against section 901 of the bill which is now before us. Section 901 contains the necessity or destitution provision, often referred to in veterans' welfare legislation as the pauper's oath clause. The words "pauper's oath" are not used in the bill. It is dressed up and sugar-coated so it does not look so bad and does not taste so bitter. It merely denies compensation, pension, hospitalization, rehabilitation, and insurance benefits, regardless of how their disabilities may have been received, to disabled veterans who are required to file income-tax returns.

The gentleman from Arizona says that section 901 does not deny benefits to any disabled veteran who needs them. That is the very objection to it. It puts the payment of veterans' welfare benefits on the basis of necessity or destitution. It changes the whole legislative policy of the United States in regard to veterans' welfare and makes such payments a matter of charity instead of a matter of compensation for disabilities incurred and services rendered.

I shall vote to strike out the entire Title IX, because I believe it is poorly considered. We have legislative committees who have devoted years to the consideration of veterans' welfare legislation. This proposed legislation did not arise in any such committee. If I am correctly informed, no member of the Veterans' Welfare Committee, or of either of the Pension Committees or of the Military Affairs Committee or of the Naval Affairs Committee was invited to participate in the consideration of this bill. No open hearings were had. If reports are true, the measure, so far as it affects veterans, was handed to the committee by a gentleman who was not a member of the committee and who was not even a Member of Congress; and, with only an ex parte hearing, it was favorably reported by the Committee on Economy with only minor changes. This is not the way to legislate properly.

The so-called pauper's oath provision will save comparatively little to the Government and, in a financial way, it would not greatly affect those war veterans, their widows, and orphans to whom it denies benefits. The ones who would be adversely and most cruelly affected by it are the disabled veterans, their widows and orphans, who actually need these benefits, because the destitution provision would brand them as paupers, beggars, wards of the Government, and objects of charity. If destitution is fixed as the basis of our country's gratitude and generosity to those who fought for it in time of war, then our disabled war veterans will no longer be our Nation's heroes but will be looked upon as our Nation's failures and mendicants.

Such a policy would be especially brutal and unjust to the women and children of disabled war veterans.

The pernicious pauper's oath provision would upset the long-established policy of our Government with regard to disabled veterans' welfare. It should not be done in this improper and ill-considered way. A few years ago a President vetoed the Spanish War veterans' pension bill on the expressed ground that it did not have a necessity provision in it, and Congress promptly overrode the President's veto by a vote of 298 to 14.

At the proper time, if I am recognized by the Chairman for that purpose, I shall introduce an amendment to strike section 901 from this bill.

My colleagues, I plead with you, do not do such a great injustice, such a cruel and inhuman thing to the disabled veterans of our country's wars, their loved ones, their widows, and their orphans. I plead with you to strike from this bill section 901, which contains this iniquitous and so-called pauper's oath provision. [Applause.]

The CHAIRMAN. The time of the gentleman has expired.

[Here the gavel fell.]

Mr. BULWINKLE. Mr. Chairman, I yield three minutes to the gentleman from Massachusetts [Mr. CONNERY].

Mr. WILLIAMSON. Mr. Chairman, I yield five additional minutes to the gentleman from Massachusetts.

Mr. CONNERY. Mr. Chairman, I propose to vote for the amendment offered by the gentleman from North Carolina [Mr. BULWINKLE], which is to strike out the title and substitute a provision providing for a committee of seven from the House and seven from the Senate, to report back by December, 1932, after investigating all veterans' legislation, including the veterans of all wars.

I am not one of those who believe that the Veterans' Bureau or that veteran legislation is perfect by any means; but, nevertheless, I do not believe that this is the time, in all this hurry and scurry about economy, to bring in a proposition to cut down the compensation of a disabled man in the interest of economy, when the Economy Committee has so many other things to consider; and before I proceed further, I would like to make this observation:

The gentleman from Arizona [Mr. DOUGLAS], in a conversation with me the other day, said that he figured he was doing a very unpopular thing with the veterans of his State in offering this legislation. I want to say right here that I believe the gentleman from Arizona is absolutely sincere in his desire to bring about economy. I believe he, a veteran himself, is absolutely sincere in this legislation which he has brought in with reference to the veterans, and for one, knowing the standing of the gentleman from Arizona, knowing his high character, his high purpose, I sincerely hope that he will be returned to the Congress and that the veterans in his State will realize that, despite this legislation, he is a real friend of the veterans of the United States. [Applause.]

I am in favor of this investigation of conditions, and I am going to tell you why. Down in the Veterans' Bureau the other day, I was there in reference to a disabled emergency officer case, and when I went before the board I said, "You fellows down here are killing the goose that laid the golden egg; in other words, if a few Senators or a few Congressmen come down here on a disabled emergency officer case you do not care anything about the merits of the case; it goes through. But in the case of some poor devil who has not gone to any Congressman, who has not gone to any Senator, but just comes in on his own, with an absolutely good case, whether he is a disabled emergency officer or an enlisted man, you drag his case along and let it drag, drag, and drag, and then oftentimes you tell him that he is less than 10 per cent disabled." This, of course, does not apply to all boards of the bureau, nor to the great majority of employees of the bureau, but it certainly does apply to a minority, and I want to see these conditions rectified.

I do not believe that this House or this Congress wants any veteran to be forced to go to a Representative or a Senator to get justice under the provisions of the law for veterans. I would like to see a commission of seven Members of the House and seven Members of the Senate appointed, and I hope that they will not all be veterans. I hope it will be equally divided between those who are veterans and those who are not, and let them go into the matter dispassionately in order to investigate the conditions of the Veterans' Bureau. I have referred to changes which should be made, economies which can be made, and then report back to Congress and let us have veterans' legislation to cure injustices such as I have mentioned.

I had a case of an emergency officer who served in the company with me. He was in a platoon of Company B, One hundred and first Infantry. The Germans put up a box barrage on A Company's fourth platoon and killed and captured some men, and this officer came over from B Company with his men to help the fourth platoon of A Company when he was picked up by shell concussion and hurled from the trench. I talked with him a few hours after this occurred. From an able-bodied man of fine physique and clear mentality, from that moment he has been a changed man, all shot, as the veterans say. He is all worn down, and certainly, to my mind, is at least 75 per cent permanently disabled. That man's case has been going on for two years; he can not get relief, he can not get retired.

It is such conditions as that that I want rectified. But, gentlemen, I do not believe the way to rectify them is to pass any half-baked proposition like this before us to-day that could not be fully considered by the committee.

Mr. McDUFFIE. Will the gentleman yield?

Mr. CONNERY. I yield.

Mr. McDUFFIE. The gentleman recognizes that with a bureau as large as the Veterans' Bureau it can not work all the time like a well-oiled piece of machinery. The gentleman from Massachusetts has brought a severe indictment against the Veterans' Bureau.

Mr. CONNERY. I intended to.

Mr. McDUFFIE. Of course, there are cases where they do not have the influence of Senators or Congressmen, and the gentleman is going far afield when he says that cases that are not sponsored by Senators and Representatives can not go through.

Mr. CONNERY. The gentleman is in error. I did not say that only those cases went through. I intended to indict certain employees of the Veterans' Bureau. There are veterans who will not go to the bureau, because they believe that unless they have congressional or other influence they can not get justice. I want these things cleared up. I want to see the veteran get all he is entitled to, no more no less.

I am going to vote for the Bulwinkle proposition and for the committee of investigation. [Applause.]

[Here the gavel fell.]

Mr. WILLIAMSON. Mr. Chairman, I yield three minutes to the gentleman from Illinois [Mr. WILLIAM E. HULL].

Mr. WILLIAM E. HULL. Mr. Chairman, I am taking the position that we ought to strike out the entire Title IX, and for this reason: I do not believe this Government can afford to select men to go to war and then not take care of them after the war is over. I do not believe that you can draw any differential between the man who went across the sea and the man who stayed on this side, because we all know that the man who stayed on this side was disappointed and would have willingly gone to the other side. If he became sick on this side, and became incapacitated so that he could not make a living, then he is entitled to the same consideration as the soldier who went to the other side. They are all soldiers. I take the position that if this Government is going to carry on for all time, it will be necessary for it to protect its soldiers after a war is over. My father went to war, and he received at the start $8 a month pension, and I regard that as an acknowledgment of the Government to him that he was entitled to just consideration.

Mr. BALDRIGE. Mr. Chairman, will the gentleman yield?

Mr. WILLIAM E. HULL. Yes.

Mr. BALDRIGE. Does the gentleman believe that the man who has an income of $1,500 a year or more, who breaks his leg to-morrow and becomes temporarily disabled, without any connection with the World War whatsoever, should receive disability allowance?

Mr. BROWNING. He does not get it.

Mr. BALDRIGE. Yes; he does.

Mr. WILLIAM E. HULL. I believe that if a man is worth $100,000 or $500,000 and goes to war and is injured, he is entitled to the same benefit as the soldier who does not own a dollar who goes to war and is injured. He goes to war, and why should he be discriminated against simply because he has some money. Everybody in the country who went to war is a soldier, no matter whether he is worth $100,000 or a dollar. I believe all soldiers should be taken care of, and if our laws are not sufficient, we should make sufficient laws. Why take it out of the soldier who is in need? There is not a Member on this floor of the House who does not know that in his district there are hundreds of them still in need, and

so far as I am concerned, I am going to vote to strike out the whole thing. [Applause.]

Mr. BULWINKLE. Mr. Chairman, I yield five minutes to the gentleman from Mississippi [Mr. RANKIN].

Mr. RANKIN. Mr. Chairman, I call attention to the fact that no member of the Veterans' Committee was consulted about this legislation. We have a committee of 21 members, and, if you will except your humble servant, I think there is not a committee in the House whose membership ranks higher than does the membership of the Committee on World War Veterans' Affairs. I hear the gentleman from New York [Mr. SNELL] say "Ah," which encourages me to stand by my statement and to add to it, if necessary. I say it advisedly.

We were not called on. Not a member of the committee, so far as I know, was ever called in or questioned about this legislation, nor were the representatives of the various service organizations, not a single one of them. This Economy Committee sometimes reminds me of an oriental emperor who was presented with a set of classic English books by the English minister to his country. He immediately called in his royal architect and told him to make him some book shelves. After they were made it was discovered that he had made a mistake. The shelves were too short and the books would not go in them. So the emperor had the architect take the books out and saw the ends off.

That reminds me somewhat of the work that has been done by this committee. If they were going to interfere with veterans' legislation, why did they not call in some member at least who had been on the Veterans' Committee and who was familiar with this legislation? Why is it they put in so little time on the question of salaries in the Veterans' Bureau? The salaried pay roll of the Veterans' Bureau is more than $43,000,000 a year; at least it was the last time I investigated it. Why take this sort of a step and not go into it in a systematic way and cut down some of the overhead? I know that some of this legislation ought to pass. I am willing to investigate, but I am not willing to subscribe to the doctrine that the few members of the Economy Committee have all of the information, all of the wisdom, and all of the ability in Congress.

Mr. McDUFFIE. Mr. Chairman, will the gentleman yield?

Mr. RANKIN. Yes.

Mr. McDUFFIE. Speaking for the Economy Committee, we regret exceedingly that we overlooked calling on the great genius of the distinguished soldier from Mississippi.

Mr. RANKIN. I do not yield for any more of this mock comedy. I put my record against the record of the gentleman from Alabama. Who ever shot at him for an economic genius; who ever heard of his being a superstatesman? No, Mr. Chairman; any member of the Veterans' Committee knows as much if not more than does the gentleman from Alabama about this particular question.

Mr. DOUGLAS of Arizona. Mr. Chairman, will the gentleman yield?

Mr. RANKIN. Yes.

Mr. DOUGLAS of Arizona. Was the gentleman from Mississippi ever shot at by anybody?

Mr. RANKIN. Not yet. I understand the gentleman from Arizona is responsible for this whole provision.

Mr. DOUGLAS of Arizona. Yes; and the gentleman from Arizona admits it, and is proud of it.

Mr. RANKIN. Why did not the gentleman call in either the members of the Veterans' Committee or the representatives of the various service organizations and get some information on this subject before he undertook to force this bill through the House?

Mr. DOUGLAS of Arizona. Mr. Chairman, will the gentleman yield?

Mr. RANKIN. Yes.

Mr. DOUGLAS of Arizona. If the gentleman will wait for a few minutes, he will be informed in respect to that.

Mr. RANKIN. Why did not the Economy Committee publish some hearings, so that we could read them? Let me tell you something. We have a few men in this House who are trying to arrogate to themselves the prerogative of running the Congress. They have just about blown up, and this economy bill, I think, is going to put the finishing touch on them. [Applause and laughter.]

The CHAIRMAN. The time of the gentleman from Mississippi has expired.

Mr. WILLIAMSON. Mr. Chairman, I yield five minutes to the gentleman from Wisconsin [Mr. SCHAFER].

Mr. SCHAFER. Mr. Chairman, the gentleman from Massachusetts [Mr. CONNERY] called this veterans' title of the economy bill half-baked. I disagree with the gentleman. It is not baked 2.75 per cent, or even one-half of 1 per cent. [Laughter and applause.]

After considering the fruit of the labors of the Economy Committee, particularly with reference to the title under consideration, I know there are many Members of this House who wish that they had joined with me in opposition to creating this fake Economy Committee in the first instance. When the Democratic majority created this Economy Committee you admitted that the regular standing committees of the House of Representatives were incapable of functioning on legislation which was within their jurisdiction. You admitted that those standing committees, controlled by a majority of Democratic Members, were incapable of functioning on these legislative matters. [Applause.]

Now this economy bill is brought in without proper consideration of the Economy Committee of the many problems which it covers. This economy god of the economy peddlers must have blood, and to-day the disabled veterans of the Nation's wars are to be thrown upon the altar as a sacrifice in the name of economy, to save $48,714,000 for the Treasury. After studying the provisions of this title, you must necessarily reach a conclusion that almost the entire amount of the estimated savings in payments to the veterans will be used in administering the law and reviewing several million claims now on file in the Veterans' Administration. This title with its pauper provision puts a premium on gold bricking and not working, and you say to the man with a service-connected disability, "Work 30 days a year and loaf the balance of the year and your income will not be sufficiently high to prevent you from obtaining compensation benefits."

Another vicious provision of this bill which has not been called to the attention of the Members of the House is that provision in section 902 which reduces compensation and pension rates while in a Government hospital or national home. You claim you want to put the disabled men upon an equality while in hospitals and national homes. What do you do under this section of the bill? You give to single veterans in hospitals and national homes not more than $20 a month.

Let us take an example of how this section operates. I have in mind one case, a man who was in actual combat service, lying in a hospital in my district. He was shot through the chest. He contracted pleurisy with effusion, which turned into active pulmonary tuberculosis, which is service connected. He is hospitalized in a Government institution; and after this bill becomes law, because he is a single man, while he is remaining in that institution he will only be able to draw $20 a month compensation. Then when he becomes an arrested case of tuberculosis and is discharged he is thrown out into the cold world and has to fight the battles of the world without having had an opportunity to accumulate a few funds by reason of the reduction of his disability compensation to $20 a month while hospitalized.

In the same hospital there is a man who, 25 years after the war, if you please, gets flat feet; he becomes obese. He happens to have a fat stomach, in plain street language. He has three fingers cut off by a street car, and he is hospitalized as a member of that institution and he will also receive $20 a month during hospitalization, the same as the man who was injured in line of duty, to whom I just called attention. That is how section 902 applies.

In the five minutes allotted I can not discuss many of the other objectionable features. I shall vote for the motion of Major BULWINKLE and his substitute. I hope we can have a roll call on this motion to show the members of the Econ-

omy Committee that it is about time for them to resign and the Democratic Party to dissolve said committee. [Applause.]

The CHAIRMAN. The time of the gentleman from Wisconsin has expired.

Mr. BULWINKLE. Mr. Chairman, I yield three minutes to the gentleman from Tennessee [Mr. BROWNING].

Mr. BROWNING. Mr. Chairman, my feeling over this bill is not directed at the Economy Committee, but with the utmost deference to them, I disagree with the provisions which they have brought in with regard to disabled men.

I feel that the Veterans' Committee and other committees of this House are capable of handling this kind of legislation. It is technical; and if revision is to be made, I think that those who have had experience over a long period of years are in a better position to say what those provisions should be than anyone else.

When we were called upon to vote for this Reconstruction Finance Corporation and other measures calling for heavy outlays from the Treasury, we were not advised that we were to take a portion of that which we provided for sick industries away from sick soldiers.

For instance, there is this situation. Several of us worked for years on the provision about presumptive connections, tuberculosis, and mental patients. Under this provision, if a single man has an income of $1,500, if he has presumptive connection, he not only can not draw compensation but he can not get the benefit of hospitalization. I think that is wrong. There are not many private institutions in this country where a $1,500 income could pay a man's expenses for treatment. The presumption was worked out after strong medical opinion that every presumption written into the law was justified. If a man is single and is sent to a hospital and he has no dependents, he is not only cut down to $20 but it is provided that an uncle or a brother who has great affection for him and who would like to take him home, may take him home; but if he is taken out of that institution while the Veterans' Bureau says he needs hospitalization, he only gets $20 on the outside.

Mr. DOUGLAS of Arizona. Will the gentleman yield?

The CHAIRMAN. The time of the gentleman from Tennessee has expired.

Mr. DOUGLAS of Arizona. That applies only to neuropsychiatric cases.

Mr. BROWNING. It applies to every presumptive case. The gentleman should write the bill over again if that is his construction, because I know something about veterans' legislation from experience on that committee.

The CHAIRMAN. The time of the gentleman from Tennessee has expired.

Mr. LANKFORD of Virginia. Mr. Chairman, I am going to support the committee if certain amendments are accepted, but I want to call your attention to just one thing that was referred to by the gentleman from Missouri [Mr. DYER] several days ago. In times like these any matter in which millions of men are involved is an expensive proposition. It is an extremely expensive proposition, and you can not be as generous, you can not be as kind to the veterans as you would like to be. In times like these when a veteran has a position at the Veterans' Bureau, for instance, as many of them do, paying $3,000, $4,000, $5,000, or $6,000, as little as they could do would be to give up this compensation while they are receiving such a salary in a Government position, or any other position.

There are two amendments that I want to call to your attention; and if they are adopted, I am going to support this bill. One of the amendments to which I wish to call your attention is on page 67. The language on page 67 absolutely changes the rules of evidence and makes it impossible for a veteran who has submitted his testimony to the Veterans' Bureau to introduce new evidence before a court. That is entirely contrary to judicial procedure; it takes away rights that other individuals have, and I think it is entirely unfair. I think that provision should be stricken out.

Then on page 70 is another provision I hope you will carefully consider. I am not favoring it although I happen to be a lawyer myself, but I know many of these veterans are dependent upon the services of lawyers to recover from the Veterans' Bureau. You find from the language on page 70, line 14, that a lawyer can not receive a greater fee than 10 per cent of the amount due. A man may have a policy that has run only a few months, but to recover what is due needs the services of a lawyer. The lawyer can receive but 10 per cent of the amount due. It is not fair to ask any attorney to take a case like that for such small compensation, and they will not give the veteran the necessary aid.

Mr. DOUGLAS of Arizona. Mr. Chairman, will the gentleman yield?

Mr. LANKFORD of Virginia. I yield.

Mr. DOUGLAS of Arizona. Mr. Chairman, one of the functions of the service men's organization is to take care of cases for veterans. It may be that the service organization either can not or will not take them up. They ought to provide the necessary personnel to do it properly.

Mr. LANKFORD of Virginia. A fee of 10 per cent of the first few installments is not enough to enlist their aid. I will offer an amendment in connection with that when the proper time comes.

Mr. Chairman, in conclusion I simply want to say that I do not think this whole economy program has been satisfactory to the House. I do not think it has been satisfactory to the country. I would like to see this Congress go on record as establishing and setting the principle of the 5-day week. Whatever happens to this economy bill, if they adopt that principle and increase the employment of labor in this country, I believe this Congress will have been a success. I sincerely hope that we eventually adopt the 5-day week, which will increase employment rather than reduce it as it will be reduced under this bill.

[Here the gavel fell.]

Mr. BULWINKLE. Mr. Chairman, I yield 3 minutes to the gentleman from Kentucky [Mr. VINSON].

Mr. VINSON of Kentucky. It is my purpose to state my position upon the main features of the McDuffie bill, which is offered as an amendment to the legislative appropriation bill now under discussion. There is no doubt but that the country demands a reduction of governmental expenditures. It is amazing to me that the press and the country place the whole blame on Congress for the extravagance in Government. Since the Budget act of 1922 Congress has cut the Budget estimates—the presidential recommendations—by more than $500,000,000. The only $5,000,000,000 Budget we ever had was the time that Mr. Coolidge was talking about economy in paper clips and paper cups. It will only be possible for me to refer to the main items in the bill with my position thereon.

COMPENSATION REDUCTIONS OF FEDERAL EMPLOYEES

There are two plans for reducing salaries. One carried in the bill—the McDuffie plan—with an exemption of $1,000, and an 11 per cent cut on all amounts in excess of the exemption. This cut is applicable to all officers, including Members of Congress, that do not have constitutional immunity. The term of this pay reduction is one year from July 1, 1932.

Heretofore an amendment was adopted increasing the exemption to $2,500. I opposed this amendment for the reason that its adoption will take $55,000,000 out of the bill. I might also add that in the years of my service here, when times were either normal or prosperous, I supported all measures looking toward the increases in salaries, retirement benefits, and the betterment of the wage conditions of Federal employees. It does not make me happy to oppose the higher exemption, but I feel that the exigencies of the occasion justify the larger exemption for a temporary period.

However, there is a second plan that is known as the Hoover furlough plan—some call it the "staggering plan"—which would make a very much larger cut in the salaries of the Federal employees. The same cut in the McDuffie plan is provided for the larger salaries, including Members of Congress. Practically all of the complaints I have received against the salary cut has been in connection with the Hoover furlough plan. Most all of the employees, who be-

come acquainted with the McDuffie plan, are willing to take the cut for the 1-year period, and prefer it very much to the plan of the President.

During the consideration of this measure I supported the McReynolds amendment, which provided for a smaller cut for the small wage earner, with a graduated scale as the salaries grew larger, up to a maximum of 20 per cent for salaries of Members of Congress and those drawing similar amounts. In this connection I might say that the bill carries a reduction in mileage allowance of 25 per cent and stationery allowance of 33⅓ per cent. These cuts, together with the general salary cut, makes Members of Congress suffer the largest salary reduction under this bill.

Referring to the Hoover plan, I am at a loss to understand how, by the lessening of the time for the employees to work, there could be any effectual saving when substitutes would be used in their places. It is very apparent that there would be several more employees on the roll, but if the substitutes filled in the time when the regular employees were cut off, I do not see how there could be such a material saving as there is claimed.

As stated before, this salary cut reaches every Federal employee—executive, judicial, and legislative, except those protected by the Constitution; and they may, if they choose, voluntarily reduce salaries in conformity herewith.

TRANSFER OF APPROPRIATIONS

Under section 301 power would be given to transfer not to exceed 15 per cent of any appropriation from one department or independent agency to another. I oppose this section on the ground of economy. It ought to be the purpose of Congress to appropriate to meet the needs of any department or any independent agency. The amount should be sufficient to meet their needs. If the appropriation be in excess of the need, it should be turned back into the Treasury. It seems to me that that is the only way economy can be effectuated.

There is a further angle to this, and that is Congress should maintain control over appropriations and not grant its power to the executive branch of the Government for control of the expenditures not used.

VOCATIONAL EDUCATION

Section 303 of the bill was stricken out. It was a pleasure for me to have a part in this action of the committee.

The amount involved per annum is very small indeed from the viewpoint of the Treasury, yet the benefits accruing to the boys and girls of school age throughout the whole country is of real consequence. I can say with assurance I received more protests and objections to the discontinuance of this Federal aid than upon any other subject since I have been in Congress.

WEST POTOMAC PARK HEATING PLANT

This is a saving of $750,000 in the construction of a heating plant in the District of Columbia.

TRANSPORTATION SERVICES

Here is sought to discontinue the Army Transport Service, the naval transportation service, and Panama Railroad Steamship Line. It was sought to sell the vessels and to discontinue operation of the Panama Railway in the name of economy.

This matter has been before Congress for many years. Extensive hearings have been held before at least two committees of Congress—Interstate and Foreign Commerce Committee and the Committee on Merchant Marine, Radio, and Fisheries. In every instance it is shown positively that the Government would lose money if these services were discontinued. There seems to be an effort upon the part of private interests to bring about the discontinuance of these services so that they may get the business of transporting personnel and matériel for the United States Government. In the first place, I think this is an indispensable adjunct to our defense system, and, secondly, we have no doubt but that real economy will be effected by continuance of the services. According to the best information I can obtain upon this subject, at least $3,000,000 a year would be saved by continuing the services.

REORGANIZATION OF THE SHIPPING BOARD

We were very glad to effect the saving as proposed in section 314 of the bill in the reorganization of the Shipping Board. The total savings hereunder are approximately $2,500,000.

INCREASES IN CERTAIN CHARGES AND FEES

Sections 315, 316, and 317 carry increased fees to be charged by the Patent Office.

Section 318 provides for charges to be made for certain statistical, periodical services, and so forth, in the Department of Commerce.

Section 319 provides for certain charges to be rendered by the Bureau of Mines. Section 320 likewise sets up charges for services by the National Bureau of Standards. All told increased revenues from these sections total $725,000 per year.

REORGANIZATION OF EXECUTIVE DEPARTMENTS

This is a very forward-looking feature in which eliminations, coordination, and consolidation of the executive and administrative branch of the Government is placed in the hands of the President, who will report his action to the Congress for its approval or disapproval.

I feel that it is fundamentally unsound to permit legislation through the failure of Congress to act within 60 calendar days after the Executive order of the Chief Executive is transmitted to it. I feel that Congress should never abdicate its constitutional power in this matter; that Congress should act by affirmation rather than by negation. The hope for correction of this oversight on the part of the committee must await the action of another body.

There should be untold millions saved by the proper action upon this subject with a real purpose to effectuate the savings by the elimination of useless offices, consolidation of many performing the same function, and coordinating the activities of our Government.

PUBLIC WORKS ADMINISTRATION

This is a new governmental activity in which are coordinated the architectural, engineering, surveying, designing, drafting, construction, and purchasing activities relating to public works.

The engineers of the Army and the Navy are to be utilized in the capacities for which they are suited.

SINGLE DEPARTMENT OF NATIONAL DEFENSE

In short, this title would create a new department, with the activities of the Department of War and Department of Navy transferred to it.

In no respects would there be any abolishing of the Army or Navy. There would be one Secretary of National Defense, a member of the President's Cabinet, and three Assistant Secretaries—one for War, one for the Navy, and one for aviation.

My service upon the Military Affairs Committee fully acquaints me with the failure of the Army and Navy to coordinate in their functioning for national defense. In time of war it is said that they get together, but in time of peace the love of power, jealousies, and animosities engender and cause them to diverge. However, during the war the Army and Navy were in competition for the purchase of the same steel. They wrangled over priority of shipment. For many years they have been haggling over the jurisdiction of the defense of a coast line, arguing whether the Air Corps of the Army or the Navy had the duty of coastal defense.

Theoretically we have a single head of the national defense in the President of the United States, but his duties are so multitudinous that he can not give it the personal attention, and with men of equal rank in his Cabinet, the national policy is not determined when these departments become involved. In fact, we see a very vivid picture of this inability to get together in the quarrel between the United States Military and United States Naval Academies. We have no football game between these governmental institutions because of this condition.

We are inclined to believe the report of the committee that fifty million to one hundred million dollars per annum could be saved by the merger of these two departments in

the lessening of administrative expenses and saving in purchases.

We are also constrained to believe that there would be a material increase in the efficiency of the national defense service if there was a single driver at the wheel.

This section was stricken in the Committee of the Whole—to our surprise. This is permanent legislation—that is, it would be a permanent annual saving of fifty to one hundred million dollars—but we see the desires of President Hoover effectuated through his political emissary, his private secretary, Hon. Walter Newton, former Member of this body, who was on the floor of the House during the consideration of this item in conversation with many of its Members. Our Republican friends voted almost en bloc to strike the splendid economy from the bill.

VETERANS' PROVISIONS

Mr. Chairman, in addressing my remarks to veterans' legislation in the bill, I would say that I do it without heat and without feeling toward the members of the committee who have presented this amendment. Theirs has been a very arduous task, and I have been glad to follow them in every effort to save money for the Treasury up to this point.

There are many reasons why I can not subscribe to their advocacy of Title IX, which deals with veterans' legislation. It is an admitted fact that the consideration of this veterans' legislation was an ex parte proceeding. The members of the committee called in the Director of the Veterans' Administration, Gen. Frank T. Hines, and what happened in their collaboration with him does not appear in any printed hearing. My information upon these points was procured from the gentleman from Arizona [Mr. DOUGLAS]. If I wanted to be harsh, I might say that these proceedings were in the nature of star chamber session.

Certainly veterans' legislation, or legislation of any character, ought not to be brought to the House under such circumstances. It is an American principle that a party in interest should have his day in court. The veterans did not have theirs in this proceeding. There was no opportunity to question even General Hines with reference to the meaning of certain well-chosen language affecting the veteran group.

Incidentally I was informed that several of the most important sections under this title had been rejected by the committee in calmer moments, but being brought up near midnight in the last session of the committee, when, perhaps, they were tired and worn to a "frazzle," they were written into the bill.

The gentleman from Wisconsin [Mr. SCHAFER] referred to the provision of this title as being a "half-baked proposition." Mr. Chairman, that notion, in my judgment, is far from accurate. I have had several years of close scrutiny of veterans' legislation, their construction and interpretation by the Veterans' Bureau and the Veterans' Administration. And I say to you that the choice of language used in the title is that which is best calculated to put into effect the theories and the purposes of General Hines and the administration with reference to veterans' legislation. There are numbers of clauses and phrases contained in this title which have been interpreted and construed only as the Veterans' Administration and the Comptroller General can construe. The language used is legislatively technical. It has meanings all its own. I pause to inquire whether or not the language in Title IX did not come from the experts in the Veterans' Administration?

Mr. DOUGLAS of Arizona. The gentleman asks about the language in Title IX?

Mr. VINSON of Kentucky. Yes.

Mr. DOUGLAS of Arizona. Not entirely by any manner of means.

Mr. VINSON of Kentucky. What about section 901?

Mr. DOUGLAS of Arizona. Section 901 was very considerably liberalized as a result of certain activities in which I myself engaged.

Mr. VINSON of Kentucky. I wonder what its condition was before this liberalization. Gentlemen of the committee, this section 901 and the other sections in Title IX of this bill are the written embodiments of the theory and philosophy which the gentleman who heads the Veterans' Administration, and the Presidents of the United States under whom he serves, have endeavored for several years next last past to cause to be written into law by the Congress of the United States. Again and again have the views been presented to the proper committee of Congress, but not until this special committee, without public hearings and all which that implies, brought this language to the attention of the House could it get so close to enactment into law.

Might I remind the gentlemen and leaders of this body that World War veterans' legislation has been under construction in Congress for a period of more than 13 years. The structure has been erected under the protests and veto of gentlemen who opposed it every step of the way. Now, in one stroke, they would destroy the structure.

The gentleman says that certain groups of veterans are excluded from the operation of section 901; that certain groups of veterans are excluded from the operation of the "need" clause, or as some would say "the pauper's clause." My friend, there is a principle of law that is particularly applicable to legislative construction, and that is when there are exceptions specifically set forth, all those not therein named are included in the provision of the bill.

If Congress desires to inaugurate the principle of financial worth before pension, compensation, disability allowance, or retirement pay be received, that policy should be adopted after orderly procedure with public hearings. I am unable to believe that this Government will depart upon a policy that if a single man makes $1,500 per year he can not receive governmental aid for compensable injuries. My friends, it might be that if such injuries had not been received in service to country the veteran would have been able to make several times that amount per annum.

I am inclined to the notion that the gentlemen who have opposed disabilities that are connected with the service within the presumptive period are endeavoring to change the congressional policy in respect of such disabilities. It is well known that General Hines opposed the arrested-tubercular amendment, and anyone who has had contact with the bureau in the administration of the tubercular act knows that there are hundreds of cases—probably running into the thousands—of veterans who have been adjudged by the bureau to be afflicted with active tuberculosis in years gone by who now, under regulations of to-day, are said never to have had active tuberculosis in the meaning of the law.

I have no apology to make for my defense of the presumptive diseases. Congress recognized that it was impossible for one to know when the tubercular bacilli touched the body of the veteran. No living man could tell when the strain of the war days caused something to snap in the nervous and mental system of the veteran that made the veteran mentally unwell. The N. P. cases—the neuropsychiatric cases—are progressive in their development.

It would be impossible in thousands of cases, tubercular in nature, and thousands of cases with nervous systems disturbed and mentality impaired, to trace that disability to service prior to the discharge of the soldier. And yet all of us who come in contact with cases of this kind know that they are just as much war casualties as men who suffer a patent physical disability.

It is a pleasure for me to support the Bulwinkle amendment, which strikes title 9 and then substitutes the section calling for a joint committee to make investigations of the operation of the laws and regulations relating to all veterans, with a view toward determining a national policy with respect to them. I trust that this motion of the distinguished veteran from North Carolina [Mr. BULWINKLE] will prevail.

I can not believe that this House will place their approval upon legislation such as is contained in title 9—legislation that comes with good intention upon the part of many gentlemen of this committee, but proposed legislation nevertheless that has not been considered in accordance with the rules and procedure of this great parliamentary body. This is permanent legislation, changing the repeated

announced policy of Congress without opportunity of any veteran or any organization of veterans or any Member of this body other than members of the special committee to inquire into the meanings of the splendidly chiseled phrases contained therein and its effect upon the disabled soldiery of the World War.

Mr. WILLIAMSON. Mr. Chairman, I yield five minutes to the gentleman from Nebraska [Mr. SIMMONS].

Mr. SIMMONS. Mr. Chairman, the country is not interested in quarrels that may be on in this House between the jurisdiction of various committees. The committee of which I am a member has had some of its jurisdiction taken from it. The Committee on Veterans' Legislation has had some of its jurisdiction taken from it. Practically every standing committee of this House has had its jurisdiction either directly or indirectly affected by the Economy Committee that the House set up. The thing in which the country is interested is not disputes of that character that may be going on here, but the country is interested in this Congress doing something looking toward concrete savings of money to the Treasury at once. [Applause.]

As I have listened to the debate on this bill for almost two weeks I have come to the conclusion that there are Members of this House who feel that when they go back to their constituency they can say, "I am for economy up to that point where it keeps money in the Treasury and then I am against it."

We have listened to the debate on this veterans' matter, where Members have found different excuses whereby they hope to go back and attempt to justify to their people their position in opposition to these savings. The country is not going to be concerned when we go back next summer with any rabble-raising appeal that may be registered against the Veterans' Administration in the handling of specific cases. The great mass of the veterans of this country know that the Veterans' Administration has been generous in its interpretation of laws and in the treatment of cases.

There is not a Member of this House but knows of cases where in all probability men have been given compensation that under the law it was very, very doubtful if they were entitled to it. So let us not confuse this issue by appealing to those people who may be opposed to the Veterans' Administration, by appealing to those who may be opposed to this particular method of procedure, and by appealing to those who may say, "We do not like the paupers' clause in this bill," when every man knows there is no paupers' clause in this bill. This should no more be called a paupers' clause than the clause granting exemptions in income taxes should be called a paupers' clause.

This proposal corrects inequalities. It removes, in large part, the damnable injustices the Congress has foisted upon the Veterans' Administration and the veterans' cause, and that is the emergency officers' law.

I say to the Members of this House who voted for that law—doing it at the behest of veterans' organizations—that in my judgment that law has done more to bring on this situation than everything else combined, because of the inequalities and the outrageous payments that have been made under it.

I want to talk to you as one who believes in veterans' legislation and in the fair treatment of veterans. Unless the men who are friendly to the veterans stop their constant demands for more money from the Treasury, there is going to be a reaction in the country against veterans' legislation that will make the thing that the Economy Committee proposed to do here look like a peanut stand.

We can not go on forever in demanding continued and enlarged payments out of the Federal Treasury in the name of veterans without justification and without end. [Applause.] It has followed every war, beginning with the Revolutionary War and following all the rest of them. The country has finally revolted against the veterans' insistent demand that the Treasury be opened. The backwash of that thing affects the veterans far worse than anything else does.

[Here the gavel fell.]

Mr. WILLIAMSON. Mr. Chairman, I yield the gentleman three additional minutes.

Mr. SIMMONS. I appeal to the membership of the House to take this measure and study it in all fairness. There are certain parts of this proposal that I personally do not like. Had I been a member of the committee, there are certain things concerning veterans which probably I would have refused to report. However, they are matters of detail. The fundamental thing involved in this is the question of calling a halt and removing a part of the unjustifiable legislative provisions which the Congress has enacted at times for the veterans, removing in part some of the unjustifiable interpretations that have been put on acts of Congress, and bringing veterans' legislation back somewhere more nearly to what, in all conscience and good faith, all of us can defend.

I know how easy it is going to be for men to go home and say to their veterans, "Yes; I voted against that," and I know how easy it is going to be in this country for the time to come when men will be candidates for office and appeal for votes against those who have stood for veterans' legislation and appeal against the veterans and the veterans' cause.

When that time comes there will be need for the friends of the veterans to take heed lest we have all of the important things we have enacted over a series of years swept away. That is the greatest legislative danger the veterans now face.

I am appealing now to the membership of the House as one who during these last 10 years has voted for a number of veterans' proposals. I fought against some of them. I have been bitterly criticized here and condemned elsewhere for that which I have done, but I think the record justifies the course I have followed.

The veterans are entitled to fair treatment from the Government, and the veterans will get fair treatment from the Government if every bit of this proposal is put into law; but it will remove those things that irritate, arouse, and prejudice a community against the veterans.

I understand there are those in the House who hope to vote to eliminate all of this title except that clause which sets up a joint committee of the House and the Senate to study veterans' legislation. Mr. Chairman, that is one of the things with which I am largely in disagreement with the committee. In my judgment that proposal of the Economy Committee, to use a slang expression, is pure boloney. There is not a Member of the House but knows that under the parliamentary procedure a joint committee set up in the House and the Senate now will not begin to function until after the election, and they will report the 1st of February. If we can not in these times of stress put through a reasonable reduction in veterans' expenditures, this House will not pass any recommendation which that committee may report next February.

[Here the gavel fell.]

Mr. WILLIAMSON. Mr. Chairman, I yield the gentleman one additional minute.

Mr. SIMMONS. Then every Member who knows anything about the Senate of the United States knows that no matter what this House would do in February of next year with veterans' proposals coming from such a joint committee, that any one Senator can block the passage of that sort of a bill in that one month.

So you will get nothing. You will throw a bunch of sop out to your people. The American people have knowledge enough of Congress to know that that is all it will be.

While there are some of these things that in detail I do not like, if we are going to remove any of the discriminations, any of the unjustifiable provisions in veterans' legislation, we are going to have to do it in this bill now as provided by this Economy Committee report or this Congress will do nothing with it and we will save no money. In my judgment the overwhelming mass of thinking veterans of the country will support the Congress in removing these provisions and in supporting the Economy Committee's proposal. [Applause.]

Mr. BULWINKLE. Mr. Chairman, I yield two minutes to the gentleman from Georgia [Mr. PARKER.]

Mr. PARKER of Georgia. Mr. Chairman, I consider it a privilege to raise my voice for two minutes in the interest of my former comrades in arms.

I have previously announced that I can not vote for a direct appropriation at this time to pay the balance due on adjusted-service certificates, and I want to announce now just as vehemently that I shall not vote to take from veterans the benefits that they now have under existing laws. [Applause.]

I am going to vote for the Bulwinkle amendment to strike this title from the bill, and that is just half of it. If this title remains in the bill, I am going to vote against the bill on its final passage.

I am also in favor of the Bulwinkle recommendation that a congressional committee be appointed to investigate and to make recommendations with reference to amending and rewriting all our laws with reference to veterans. The provisions of the Bulwinkle amendment require, if I understand them correctly, that this congressional committee of seven Senators and seven Congressmen shall report its findings and the result of its investigations to the Congress on the first Monday in December next. If this is done, the Congress will have three months to consider these recommendations and to pass laws or amend laws that have already been passed that will take care of our veterans. It is not fair to repeal in two hours the laws that the American Legion and other organizations of veterans have labored diligently for 13 years to have created and placed on the statute books. [Applause.]

Mr. WILLIAMSON. Mr. Chairman, I yield 20 minutes to the gentleman from South Dakota [Mr. JOHNSON].

Mr. JOHNSON of South Dakota. Mr. Chairman, I ask unanimous consent to extend my remarks by inserting the provisions of the report made on the bill under discussion in connection with my remarks.

The CHAIRMAN. Is there objection to the request of the gentleman from South Dakota?

There was no objection.

Mr. JOHNSON of South Dakota. Mr. Chairman, a great many times during the last decade or since the World War I have addressed this House on the matter of legislation affecting veterans and their dependents, and the thought occurred to me as I was sitting here before making these few remarks that this could easily be the last time I would ever discuss this sort of legislation before the House, because I am voluntarily leaving, and I want to pay a rather high tribute to some of the men who have worked with me on this legislation.

I have no personal feeling in any matter of legislation. It is ridiculous that any individual should have it. I have listened to the gentleman from North Carolina, Major BULWINKLE; the gentleman from Massachusetts, Mr. CONNERY; the gentleman from Tennessee, Mr. BROWNING, men with wonderful service records, who have worked on the Veterans' Committee with me for years in the past, but most of whom have voluntarily left the committee for some reason or other. We can not all agree on any matter of legislation, and I can not always agree with them. I would want to call their attention to what I think would be unintentional inaccuracies in their statements, and I do this that the record may be kept straight in my last remarks on this sort of a bill.

There is no man, whether he comes from the mountains of North Carolina or any other place, who can not file his claim with the Veterans' Bureau to-day and secure his service connection if he has a service connection, and this through a bill which bears my name.

I can not agree with my distinguished colleague from Massachusetts that the Veterans' Bureau is entirely bad. There are just the same sort of folks there that there are in this House. Most of those attorneys and most of those doctors are the same sort of individuals that we are, and they have done a pretty good job of it by and large in carrying out the laws that have been enacted by the Congress. I think of Larry Lawler, of Massachusetts, when I see my distinguished friend from Massachusetts attacking the bureau. He is one of the great lawyers, and others of you who have people from your own States in the bureau, and most of you have, ought to recall the fact that they are a pretty decent set of people trying to do the best they can for their Government. They are like every other department of the Government. I am not here to defend the Veterans' Bureau or any other bureau, but when the gentleman from Mississippi [Mr. RANKIN] says there is a pay roll of $43,000,000 I can not help but call to his attention the fact that nearly all of that pay roll is paid to the doctors, the nurses, the orderlies, and other of the people in the hospitals where you have 30,000 patients to-day. It is not a personnel pay roll, it is a hospital pay roll voted by the Congress, and this is not the sort of argument that ought to be brought here to prejudice this case.

Mr. DOUGLAS of Arizona. Will the gentleman yield?

Mr. JOHNSON of South Dakota. Yes.

Mr. DOUGLAS of Arizona. The gentleman stated there are 30,000 in the hospitals. The gentleman would not mind a correction?

Mr. JOHNSON of South Dakota. Never.

Mr. DOUGLAS of Arizona. There are 43,949.

Mr. JOHNSON of South Dakota. That shows how much it has grown.

Mr. DOUGLAS of Arizona. That is the total annual load.

Mr. JOHNSON of South Dakota. It happens that this year we have had practically no meetings of the Veterans' Committee, in spite of the protests made in the past, and I have not kept up with the figures.

In these remarks I will at this point insert the veterans' provisions of report No. 1126 of H. R. 11597, and I want to call attention to them. There is not one provision in the Economy Committee measures that ought not to be enacted into law, and fairly and justifiably so.

TITLE IX

PROVISIONS APPLICABLE TO VETERANS

The following was submitted by the Veterans' Administration, and incorporated in this report.

The subject of benefits provided for veterans of all wars and military expeditions has been investigated by your committee, and it has been found that as of March 31, 1932, the disbursement for all purposes, including loans made to veterans of the World War secured by their adjusted-compensation certificates, approximated $16,512,000,000. It has also been estimated that these disbursements as of the close of the fiscal year 1942 will approximate $28,389,599,000, which increase would indicate an average disbursement of $1,200,000,000 yearly during the next 10 years.

The following itemization indicates the approximated disbursements as of March 31, 1932, for direct monetary benefits paid to the veteran or his dependents, subdivided by wars:

War of the Revolution	$70,000,000
War of 1812	46,569,000
War with Mexico	60,525,000
Indian wars	52,871,000
Civil War	7,585,201,000
War with Spain	661,646,000
Regular establishments	102,160,000
World War	5,390,039,000

The disbursements shown under the caption of World War do not include $953,942,000 paid from premiums on insurance and allotments made by veterans, but do include loans outstanding secured by adjusted-service certificates.

In view of the amounts included and the inequalities noted in the laws regulating the benefits of the several wars, your committee felt that the following amendments explained herein should be immediately adopted and a joint committee of the Senate and House of Representatives should be appointed to go further into the question of veterans' relief and report back to the next Congress a definite national program, having in mind as far as possible equal treatment to all veterans and their dependents consistent with the financial ability of the Government to bear the expense.

Section 901 of the bill, subject to certain exceptions enumerated below, prohibits the payment or granting of allowance, compensation, retired pay under the emergency officers' retirement act of May 24, 1928, pension, hospitalization, or domiciliary care administered by the Veterans' Administration to any person whose net income, as defined by the Administrator of Veterans' Affairs, is $1,500 or more if single or $3,500 or more if married, with $400 additional for each dependent, for the year preceding the date of enactment of this act or the filing of application for benefits, whichever is later. This section also provides that annually a person must show to the satisfaction of the administrator that his net income was below the amount specified in order to be

entitled to continue to receive benefits which may have been awarded. Further, it is provided that if a person's income status changes during the year upon submission of proof showing reduction of income below the specified figures when prorated monthly the administrator may as of the date of administrative determination allow such benefits as may otherwise be authorized. In determining income, however, receipt of Government insurance, allowance, compensation, retired pay, or pension will not be considered.

The persons who are exempted from the above explained provisions and who will receive benefits notwithstanding the language of this section are as follows:

1. Those persons who have attained the age of 65 years.

2. Those persons who served in the active military or naval forces and actually suffered an injury or contracted a disease in line of duty as a result of and directly attributable to such service. To come within this exception the veteran must show some causative factor such as an injury or extreme exposure arising out of and in the course of the performance of his duty and directly resulting from such performance of duty.

3. Those persons who are temporarily totally disabled or permanently and totally disabled as a result of disease or injury acquired in or aggravated by active military or naval service. To come within this exemption the veteran need only show entitlement to service connection for his disability under the general law as governing payment of compensation or pension and be actually totally disabled.

4. All widows and dependents entitled to compensation or pension on account of the death of any person who served in the active military or naval service.

5. Those persons who were actually engaged in combat with the enemy, who served in a zone of hostilities or who were actually under fire.

Realizing that this section is a departure from the general policy of the Government in dealing with veterans and their dependents which has heretofore been in existence, your committee very carefully studied the question of whether such a provision as this should be adopted. It is not felt, however, that one who did not come within one of the exceptions and whose income is above the amount specified in the section is in need of any assistance from the Government. Also having in mind the tremendous drain on the Treasury, resulting from expenditures on behalf of veterans, which has amounted up to the present time to approximately $15,000,000,000 and which will continue to require annually in the future appropriations of approximately $1,000,000,000 or more, and the additional needs, which undoubtedly will be presented on behalf of veterans and their dependents in the future increasing these expenditures, it was felt only fair that any person whose income was equal to or above the amount specified should be excluded from benefits.

It is estimated that this section will result in the removal from the rolls of some 28,300 persons; and while this number may seem somewhat high when it is considered that there are over a million persons receiving benefits, it will be seen that the effect on the total number of persons receiving benefits is slight. The savings estimated as the result of enactment of this section will be approximately $13,315,000 annually.

Section 902 of the bill amends section 202, subdivision 7, of the World War veterans' act, 1924, as amended, the pension statutes, the laws governing the granting of domiciliary care by the Veterans' Administration and the emergency officers' retirement act of May 24, 1928, so as to provide that as of the first day of the third calendar month following the date of this act any single person in a United States soldiers' home, National or State soldiers' home, St. Elizabeths Hospital, or Veterans' Administration hospital, or who is maintained in an institution by the Veterans' Administration for a period of 30 days or more, the compensation, pension, allowance, or retired pay of the emergency officers' retirement act of May 24, 1928, shall not exceed $20 per month so long as he shall thereafter continue in the institution. If the person has a wife, child or children, or dependent parent or parents otherwise eligible, the $20 per month is allowed to the veteran while in the institution and the difference between the $20 and the amount the veteran would otherwise be entitled to, were it not for the adoption of this amendment, will be paid to the wife, child or children, or dependent parent or parents, in accordance with regulations to be prescribed by the administrator. It will thus be seen that the veteran with dependents will not be adversely affected by this amendment, but in so far as he personally is concerned he will only receive the amount provided for every veteran in these institutions, namely, $20 per month, and the remainder of his compensation, pension, allowance, or retired pay, if any, will be paid to his dependents.

This section also extends the provisions of the World War veterans' act, 1924, as amended, which permits the administrator, in his discretion, to pay compensation due an incompetent veteran, to the chief officer of an institution, to pensions, allowance, and retirement pay under the emergency officers' retirement act of May 24, 1928. It also extends the provisions of the World War veterans' act, 1924, as amended, which prohibits payment of compensation to the estate of any mentally incompetent veteran without dependents, who is in an institution, to $3,000, to pensions allowance and retirement pay under the emergency officers' retirement act of May 24, 1928. Provision is made that in the event the veteran recovers and is discharged from the institution, payment will be made to him of any amount held in trust for the veteran by the United States or any chief officer of an institution. This provision modifies the existing provision of the World War veterans' act, 1924, as amended, and extends the modified provision to pensions allowance and retirement pay under the emergency officers' retirement act of May 24, 1928, so that there will not be paid to the veteran in the event of his recovery, the difference between the reduced rate and the rate which would otherwise be payable if the reduction was not effective, but provides that only so much money as is in the hands of either the chief officer of an institution or in the Treasury of the United States shall be paid.

The section further amends existing law so that where a mentally incompetent person without dependents requires institutional care, and his guardian or other person charged with his custody refuses to accept or permit the continuance of the institutional care offered or approved by the administrator, the $20 rate will apply so long as the need continues, except that approved treatment in a recognized private institution may be made the basis for a waiver of reduction by the administrator.

Your committee, after studying this matter, feels that this section is necessary in order to equalize payments to veterans maintained by the Government in hospitals and homes, as well as to avoid the doubling of benefits. At the present time, if a Civil War veteran is admitted to a national home, his pension is reduced by $25; if a Spanish-American War veteran is admitted to a national home, his pension is reduced to $50; if a World War veteran is admitted to a national home, there is no reduction in compensation or disability allowance. If either of the first two groups is admitted to a Veterans' Administration hospital as a patient under the World War veterans' act, 1924, as amended, no change in rate is effected. If a World War veteran is admitted to a hospital under this latter act, for treatment of a service-connected disability, his compensation is automatically increased to $80 per month. This is an outstanding example of some of the existing inequalities in laws conferring veterans' relief, and results in dissatisfaction as between the different groups of veterans, and in certain instances makes it attractive for the veteran to remain in the hospital or home, although he may be well able to leave. If a man is receiving room, board, and hospital or home treatment from the Government without cost, he should not expect to receive the same amount of monetary benefits as his brother ex-service man who is not receiving such benefits. It should especially be noted that this section does not reduce the amount of compensation payable if the veteran has a wife, child, or children, or dependent parent or parents.

The provision with reference to payment of monetary benefits to incompetent veterans, to chief officers of institutions, is to permit of the payment of pension allowance or retirement pay under the emergency officers' retirement act of May 24, 1928, to chief officers of Veterans' Administration institutions, as is now done in connection with compensation, so as to avoid the necessity for the appointment of a guardian where such guardians are otherwise not required.

The $3,000 limitation on estates of veterans without dependents is to prohibit the building of large estates, which would, upon the death of the veteran, either be distributed to distant relatives who have no right to expect any particular relief from the Federal Government, or would escheat to the States of which the veterans were residents. Such a provision was placed in the World War veterans' act July 3, 1930, when it was pointed out that estates of such veterans amounted to as high as $15,000 and $18,000. Your committee felt that this provision now in the law pertaining to compensation should be extended to these other benefits. The amendment which provides for the reduction to $20 a month where a mentally incompetent veteran without dependents requires institutional care and his guardian or other person in charge of his custody refuses to accept or permit the continuance of the institutional care offered or approved, was necessary because it has been found by experience that many guardians were removing their wards from Government institutions in order to avoid the reduction in rate, even though such move might be detrimental to the best interest of the ward. Exception is made in those cases where the veteran is maintained in a recognized reputable private institution with the approval of the administrator.

It is estimated that this section will affect 9,920 persons, at a saving of approximately $5,370,000.

Section 903: This section of the bill provides that payment of retirement pay under the emergency officers' retirement act of May 24, 1928, will not be authorized unless the person (a) served as a member of the Military or Naval Establishment between April 6, 1917, and November 11, 1918, and actually contracted a disease or suffered an injury in line of duty as a result of and directly attributable to such service between April 6, 1917, and November 11, 1918, or (b) served a period of 90 days or more between April 6, 1917, and November 11, 1918, and actually contracted a disease or suffered an injury in line of duty as a result and directly attributable to service subsequent to November 11, 1918, and prior to July 3, 1921.

The language used is intended to permit the establishment of aggravation where such aggravation directly results from a causative factor as above indicated and where the percentage of disability due to aggravation is 30 per cent or more. Under this section those cases will be excluded where the disease or injury did not result from a causative factor arising out of and in the course of active military or naval duty within the periods specified. Also there will be excluded under this amendment the cases of

those officers who have relied for service connection under the World War veterans' act, 1924, as amended, on the presumption of soundness or presumption of service connection contained in the first and second provisos of section 200 of that act, or the regulations issued by the United States Veterans' Bureau or the Veterans' Administration in accordance with such act which deem that certain chronic constitutional or analogous diseases existing within a year of discharge are service connected.

It is further provided that the Administrator of Veterans' Affairs shall review all claims heretofore filed under the emergency officers' retirement act of May 24, 1928, and remove or transfer from the rolls of retired emergency officers the names of those officers who are not found to be entitled under the provisions of this amendment. The payment of retired pay in the case of any officer whose name is removed from the rolls or transferred will cease on and after the first day of the third calendar month following the month during which certification or transfer is made, as the case may be. The name of each officer removed from the rolls of those entitled to emergency officers' retirement pay will be transferred to the compensation rolls of the Veterans' Administration notwithstanding that no previous application for compensation has been made if, under existing law, at time of removal or transfer, they are otherwise entitled to benefits.

This review of claims will be final except for one reconsideration and no rerating or review will thereafter be authorized in such claims, and after the expiration of one year following the enactment of this bill, no review, appeal, or consideration will be authorized in connection with any claim for emergency officers' retirement upon which a decision has at any time been rendered by the administration. The purpose of this amendment is to fix an ending date for the adjudication of this class of claims.

When the act of May 24, 1928, was enacted into law, your committee believed that it was generally understood that the class of officers to be affected were those who had actually incurred their disabilities in line of duty as the result of some causative factor arising out of and in the course of the performance of duty in the active military or naval service. In the light of certain rulings by the Attorney General, however, several thousands of ex-officers have been paid emergency officers' retirement pay, although they have had to rely for service connection for their disabilities on certain liberal presumptions provided for compensation purposes in the World War veterans' act, 1924, as amended. As a matter of fact, it is known that many of these officers either had their disabilities when they entered the service or acquired them subsequently, but, under the conclusive presumption provisions of the law, they are presumed to have acquired them in the service. Further, there are many officers who acquired their disabilities as result of disease which arose in point of time with service, but which disease was not in any way brought on by any military or naval duty which they performed. This amendment will restrict the eligibility within reasonable limitations and at the same time is believed to be sufficiently liberal to protect the rights of those men whose disabilities are directly the result of the performance of duty in the active military or naval service.

Your committee placed a time limitation on adjudications under the emergency officers' retirement act for the reason that it is believed that any officer who has a valid claim should at least be able to secure his evidence and present same to the administration in time for final action to be taken within one year from date of passage of this amendment. It must be understood that these benefits are large in amounts and as they are payable from date of application, as time goes on the amounts will increase to proportions which will make them sufficiently attractive to possibly result in frauds on the Government. It is not intended to in any way reflect on any emergency officer individually or on the emergency officers as a class by this statement, but it must be realized that benefits which amount to ten, fifteen, or twenty thousands of dollars in retroactive payments certainly might attract unscrupulous persons in an effort to prove eligibility.

No person will be entitled to benefits under this act except he shall have made valid application under the provisions of the emergency officers' retirement act of May 24, 1928.

It is estimated that this section will result in the removal from the rolls of some 3,200 officers retired with pay. The savings which will result after deducting the amount of disability compensation which such officers may be entitled to in lieu of the retirement pay will be approximately $3,386,000 annually.

Section 904: This section of the bill amends section 203 of the World War veterans' act, 1924, as amended, by striking from the third sentence thereof the following language, "and also a per diem allowance of $2.65 per day for the period of travel and observation."

Under the present law World War veterans who report for examination in connection with claims for compensation or observation are allowed $2.65 per day in addition to their travel and other expenses as reimbursement for loss of wages. No such provision is made for veterans of other wars or for veterans of the World War in connection with claims for disability allowance. As a result of the adoption of this amendment, the $2.65 per day allowance will be discontinued.

Your committee believed that this allowance offers little relief in individual cases, and yet in the aggregate amounts to considerable. It is believed also that with the widespread agencies of the Veterans' Administration for medical examinations, the time now consumed has been reduced to a minimum and that there should not be any material loss of wages as a result of reporting for examination. As a matter of fact, it is understood in many cases men are permitted to report for examination by their employers without any loss of wages. Further, your committee felt that if this benefit for World War veterans was continued, veterans of other wars would demand equal treatment. It has also been ascertained that many World War veterans have been applying for such benefits in order to get the $2.65 per day, and then after reporting at the regional office or hospital for examination have filled out an application for disability allowance, thus gaining a benefit which was never intended for that class of veterans.

As above stated, in view of the slight relief afforded by this provision of law and the fact that in the aggregate it now costs considerable, and if extended to all veterans would run into several millions of dollars annually, the committee felt the amendment should be adopted.

It is estimated that this section will affect 31,000 persons at a saving of approximately $300,000. However, the potential possibility of the extension of this benefit by additional amendments to the law or the subterfuge above referred to undoubtedly will avoid tremendous additional payments which would otherwise be required.

Section 905: This section amends section 205 of the World War veterans' act, 1924, as amended, so as to prohibit awards or increased allowance, compensation, or pension resulting from review for a period of six months prior to the date of administrative determination, except in the cases of those persons who actually suffered an injury or contracted a disease in line of duty, and as the result of and directly attributable to combat with the enemy during war service in the active military or naval forces. The limitation will apply in those cases where the Veterans' Administration on its own motion makes the review, or where after the time limit for appeal has expired the veteran applies for review of his claim.

Your committee, after careful consideration of data presented relative to the great number of retroactive awards of benefits in large amounts to veterans of the World War and other wars, came to the conclusion that the expenditures resulting from such awards were out of all proportion to the needs of disabled veterans. It is fully realized that as a result of the enactment of this amendment certain veterans will not receive benefits to which they have been entitled over a long period of time. However, your committee felt that the element of judgment which enters into determining the degree of disability of a veteran and the latitude allowed in establishing ratings permitted changes in prior determinations on mere difference of opinion, and that while such actions should be permitted in fairness to the veterans concerned, some limitation should be placed upon the retroactive payments resulting from such changes in determinations.

Your committee drafted this section in such manner that awards of pension, compensation, and allowance may be retroactively adjusted for periods of six months, and that claims which had been disallowed for long periods of time might be allowed, but that retroactive payments under such allowances should only go back six months from date of determination. If the veteran has appealed his case and not permitted the same to lie dormant for failure to diligently prosecute the same, he is amply protected. Exception was made in those cases where the injury or disease was the result of actual combat with the enemy, as it was not felt that any limitation on retroactive payments or otherwise should be placed on such claims.

The section also amends the act approved December 21, 1893, which, as construed by the former Pension Bureau and the Attorney General, makes it impossible for the Administrator of Veterans' Affairs to discontinue pension payments once commenced without notifying the pensioner of the reason for discontinuance and giving him or her an opportunity to be heard in the matter, notwithstanding that fraud may have been committed in connection with the securing of such pension. While the Administrator of Veterans' Affairs is studying this precedent to determine whether it should be continued, in view of the fact that it has been in effect for a long period of time with the approval of the Attorney General, it would undoubtedly be very difficult for the administrator to adopt a different view, if such would be justified under the statute. It is, therefore, felt by your committee that the matter should be covered by legislation, for the reason that such legislation will result in economy as well as uniformity.

Under this section of the bill all veterans and their dependents will be treated alike; that is, compensation, pension, or allowance will be continued to the first day of the third calendar month following a determination that the veteran or other person is no longer entitled to the benefit, except in cases of fraud, when the discontinuance will be immediate. Your committee felt that the 3-month period allowed is sufficient to permit of adjustment by those who would be found no longer entitled, and also felt that in fraud cases payment should be immediately discontinued.

It is estimated the enactment of this section will adversely affect 35,000 persons at an estimated savings of $13,694,000 annually.

Section 906: This section of the bill amends the first paragraph of section 200 of the World War veterans' act, 1924, as amended, so as to provide that where no active military or naval service was rendered between April 6, 1917, and November 11, 1918, no compensation shall be payable for disability or death resulting from injury suffered or disease contracted during the active service in an enlistment entered into after November 11, 1918. The names of such persons in receipt of compensation who by reason of the enactment of this amendment will no longer be entitled to compensation are to be transferred to the general pension rolls of the Regular Establishment and shall be paid pension in accordance with the rates provided for disabilities under such laws. The

transfer is not to take effect until the expiration of six months following the enactment of the amendment. The section also provides that as to those persons not now on the rolls, but who may have disabilities acquired in the service subsequent to November 11, 1918, that their rights will be determined under the general pension laws for the Regular Establishment.

Your committee believes that the awarding of compensation for disability or death due to service during the World War should be restricted to those who performed active military or naval service between April 6, 1917, and November 11, 1918. Unless active military or naval service was performed between those dates the soldier can not be classed as a veteran of the World War and should not be treated on a parity with veterans of wars. Those who enlisted after the armistice entered the Regular Establishment as peace-time soldiers and should be placed on a parity in so far as pensions are concerned with other peace-time soldiers. It is known that many men entered the military service after the armistice for the sole purpose of a trip to the Rhine, and it was not felt that the Government should continue to compensate these men on the same basis as World War veterans who served during hostilities.

The amendment has been so drawn as to avoid injustice, and under the same those men now drawing compensation will be transferred automatically to the pension rolls under the general pension laws relating to the soldiers injured while in the Regular Establishment and paid pensions in accordance with their disability. As a matter of fact this group of men is being given preference for the reason that it will not be required that they prove service origin of their disabilities in accordance with the pension statutes, which are more strict with reference to service connection than the statutes pertaining to compensation for World War veterans.

It is estimated that this section will adversely affect 13,100 persons, at a saving of approximately $3,649,000.

Section 907: This section amends section 19 of the World War veterans' act, 1924, as amended, so as to restrict veterans, in connection with suits in court, to the use of testimony of persons who have presented statements or evidence to the United States Veterans' Bureau or the Veterans' Administration prior to the denial of the claim sued upon, except that if in a preliminary proceeding, prior to the trial of the cause sued upon, it is shown by the plaintiff, to the satisfaction of the court, that relevant and material testimony was available, from a person whose statement has not been previously submitted to the United States Veterans' Bureau or the Veterans' Administration, the court may stay the proceedings until the evidence is considered by the Veterans' Administration. If the case is allowed by the administrator, the suit will be dismissed, thus saving the veteran attorneys' fees. If the case is disallowed by the administrator, it is provided that the case may then be tried by the court, and such person may be a witness in the case. It is not intended by this amendment to restrict the testimony of any person to the statement which has been filed with the Veterans' Bureau or the Veterans' Administration. It is provided that the amendment will apply to suits now pending against the United States under the war risk insurance act, as amended, or the World War veterans' act, as amended.

Your committee believes that this amendment will result in a more just disposition of suits and will insure consideration by the Veterans' Administration of evidence which should be considered by the Veterans' Administration before suit is instituted. In other words, your committee believes that the veteran should be required to submit to the administrative agency, set up for adjudicating these claims, all evidence which is available to him before he is permitted to institute suit and that if he does not do this he should not be permitted to bring in any evidence which the Veterans' Administration has never had an opportunity to act upon. Under the existing law it would be possible for an unscrupulous attorney to withhold evidence from the Veterans' Administration to avoid payment of the claim by the Veterans' Administration in order that suit might be instituted so that attorneys' fees could be collected. It was not felt that such a condition should be permitted to exist. Also it must be remembered that the majority of the suits pending are based upon contracts which lapsed shortly following the soldiers' discharge from the service in 1919. It is, therefore, necessary for the Government, unless it is at least advised of the witnesses the plaintiff intends to use in proving his case, to make an investigation of the industrial activities of the veteran, as well as to try to ascertain his true physical condition over a period of 10 or 12 years. The difficulties confronting the Government can readily be seen.

While the savings as a result of the enactment of this amendment can not be accurately estimated, it is believed that many suits without merit as the result of the passage of this amendment will be dismissed and that there will undoubtedly be a saving of many millions of dollars to the Government.

Section 908: This section of the bill will repeal sections 305 and 309 of the World War veterans' act, 1924, as amended, so that no additional payments shall be made under such sections or the third proviso of section 408 of the war risk insurance act, as amended, except to those persons actually receiving payments on the date of the enactment of the bill, or in those claims where prior to the date of enactment of the bill it has been determined by the Veterans' Administration that all or part of the insurance is payable, and the interested person or persons entitled thereto have been informed of such determination. It is also provided that where a beneficiary receiving insurance payments under these sections dies, that payment of the remaining unpaid installments may be made in such cases to a surviving widow, child or children, dependent mother, or dependent father of the veteran, in the order of perference specified in the amendment.

There is a further proviso that the section shall not be construed to affect any claims wherein the insured actually contracted a disease or suffered an injury in line of duty between April 6, 1917, and November 11, 1918, as a result of and directly attributable to actual combat with the enemy during war service, and as a result of such disease or injury dies or has died, or becomes or has become permanently and totally disabled, with the limitation that payment in such cases may only be made to the veteran or his widow, child or children, dependent mother or dependent father.

These two sections of the law—i. e., sections 305 and 309—provide that if an insured, at date of lapse of the insurance, was suffering with a compensable disability and at date of permanent total disability or death is entitled to uncollected compensation and/or the $60 bonus, that such uncollected money shall be applied to cover the unpaid premiums, and to the extent that such money covers said premiums, so much of the insurance will be deemed not to have lapsed. For example, if the unpaid compensation or bonus is sufficient to pay the unpaid premium on $1,000 insurance, or $2,000 insurance, etc., that much of the insurance is deemed not to have lapsed. If the amount is sufficient to meet all unpaid premiums, the entire $10,000 is deemed not to have lapsed.

Upon inquiry your committee found that this insurance in many cases is going to the estates of deceased veterans, and is being distributed to distant relatives, who certainly have no right to expect or demand any special consideration from the Government. Further, as a result of certain recent circuit courts of appeal rulings, suit may be instituted to prove permanent and total disability at a time when uncollected compensation was due, even though such uncollected compensation became payable many years after lapse of insurance. This situation will permit the revival of insurance which had been permitted to lapse long before permanent and total disability existed. The inequity of the present law, therefore, is apparent and this section is designed to correct it.

In connection with this amendment, consideration was given to the fact that approximately 9,000 suits are now pending and many thousand additional ones are in the offing, as a result of applications for disagreement having been filed. Your committee felt that although this benefit which is in addition to disability compensation might have been necessary legislation at the time it was enacted, the purposes for which it was enacted have passed. Exceptions have been made to care for those cases of men injured in combat with the enemy, and to protect the interest of widows, children, and dependent parents where payments are now being made.

This section will adversely affect 2,800 people, and will result in a saving of approximately $9,000,000 annually.

Section 909: This section of the bill amends section 500 of the World War veterans' act, 1924, as amended, so as to limit the awarding of attorneys' fees by the courts to 10 per cent of the amount of money found under the judgment or decree and to be paid by the Veterans' Administration out of the payment made under the judgment or decree. The effect of this amendment will be to deny to attorneys any part of installments of insurance accruing after judgment has been entered.

Your committee has carefully considered the question of attorneys' fees in connection with suits under section 19 of the World War veterans' act, 1924, as amended. It is felt, in view of the fact that accrued installments due to date average approximately $7,000, that 10 per cent of this amount as a maximum is sufficient to amply pay attorneys for the work which they may do in connection with these suits. It was not felt by your committee that future installments payable to veterans or their dependents should be subject to deduction for attorneys' fees.

While no savings will result from this amendment, in so far as the Government is concerned, your committee can not too strongly recommend its enactment.

The total number of persons affected by sections 901 to 909 of this title will be 123,320, and the total savings resulting will be $48,714,000.

Section 910: This section authorizes the appointment of a joint congressional committee, three members of which are to be appointed by the President of the Senate and three members appointed by the Speaker of the House of Representatives, to investigate and inquire into the question of relief of veterans and their dependents.

Your committee in connection with the study made of this bill had pointed out to it many inequalities in existing law, and it was the sense of the committee that a joint committee of Congress should go carefully into the question of veterans' relief, with the idea in mind of reporting to the next Congress at the time specified, February 1, 1933, a coordinated national program on veterans' relief, which would, so far as possible, provide equality of treatment to veterans and their dependents consistent with the financial ability of the Government to bear the expenses.

Mr. JOHNSON of South Dakota. The first provision, section 901, it is true, prevents some hospitalization, but it does not prevent hospitalization of any single man who has an income less than $1,500 a year or any married man with $3,500 a year. There is no reason why people who have money and happen to be non-service-connected veterans should occupy

these beds, when there can only be a certain small number occupy them. We can not have beds enough for 4,000,000 men at once and there is no reason the well-to-do should occupy the beds and keep the poor boys out of the hospital. If there is such a thing as influence, and we know there is influence, that influence is used for men of wealth and standing in the community. It is not used for the hill billy from the South or any poor man. The economy in that provision is for the common, everyday man in your district.

Mr. SIMMONS. Will the gentleman yield?

Mr. JOHNSON of South Dakota. I yield.

Mr. SIMMONS. Going back eight years to the time when the gentleman was chairman of the Veterans' Committee, there was authorization that in veterans with service-connected disability going to the hospital, preference should be given to those who needed it financially.

Mr. JOHNSON of South Dakota. The gentleman is correct, but that is stricken from the bill.

Mr. BULWINKLE. Will the gentleman yield?

Mr. JOHNSON of South Dakota. I yield.

Mr. BULWINKLE. It still is the law that preference is to be given to those who apply for it.

Mr. JOHNSON of South Dakota. There is no limit as to the veteran's income. Now, gentlemen, I will not be able to discuss all the provisions of this title. Here is section 902, which provides that a man who enters a hospital will have his pay cut to $20 a month. There is relief and economy in that. The man who gets in a hospital will cost the Government $130 a month to keep him there. If he has a wife or children, $20 a month is allowed him, and the difference between the $20 and the amount he would otherwise be entitled to will be paid to his wife or children or dependents.

Now, I am going to refer to the disabled emergency officers' act. Members opposing this title in the bill are declaring in favor of the emergency officers' act, the law that they have ranted about on the floor of the House for the last two or three years. I would not want to see the emergency officers' act entirely eliminated, because some of them are combat casualties. But the very men that oppose it by declaring against Title X have declared that they are now in favor of that bill.

Mr. PARKER of Georgia. Will the gentleman yield?

Mr. JOHNSON of South Dakota. I am sorry I have not the time. I can not yield. I recognize that the gentleman from Georgia has a fine service record. He is courageous and can always take care of himself. I have a great admiration for the gentleman, but owing to the brief time, I can not yield.

There is no reason in the world that service men can not go to the regional officers in their home States at Government expense without this $2.65 per day.

They object because of the retroactive-payments clause. The object of legislation for a service man is not to pay him a large amount of money, $6,000 or $7,000, at one time. The object of it is to take care of him during the rest of his life, and I brought in the bill that made that possible.

Mr. BULWINKLE. Mr. Chairman, will the gentleman yield?

Mr. JOHNSON of South Dakota. I can not yield any more. I can not even finish the provisions of this bill in the time that I have.

There is not a reason in the world that this retroactive pay should not be abolished. It will save that much more money to spread out over a greater number of men; and as I was about to say when interrupted, it is entirely possible that where these great retroactive payments are involved, Government servants would be more inclined to hold on the side of the Government than they would otherwise. If those are prohibited, I think the law could be liberalized to a great degree.

Here is another thing that is in this bill. It provides that the man who enlisted after November 11, 1918, go onto the Regular Army pension roll, where, in my judgment, he belongs. So far as I knew, the war was over on November 11, 1918. It is true that the official end of the war did not come until July 2, 1921. At least 8 per cent of this compensation being paid is being paid to men who enlisted after the war was over—enlisted to get a nice ride to Coblenz and have a good time. They were patriotic; they were sorry that they could not get into the war; many were too young; but why should the man who enlisted on the 1st of January, 1921, get just as much as the man who lost his arm at Chateau Thierry in 1918? The question answers itself. Those of you who will not vote with the committee will have voted that you think that man who enlisted in 1921 is entitled to the same treatment as the one who enlisted in 1917, the first day of the war. You may just as well remember that when this record is made up. They will not be injured; they will go back on the same Regular Army or Navy or Marine Corps pension roll that everyone who enlisted prior to the World War or after the World War is now carried on. That is section 906.

Section 907 has had a great deal of objection made to it. Hardly a Member of the House who has not received a communication from some attorney saying the constitutional rights of the men will be taken away. I am tired of all this bunk about Government insurance that has been used on the floor of the House for the last five or six years. The war-risk insurance has cost the Government about $1,350,000,000 more than the soldiers paid for it, and yet they say, "Oh, they took the money away from us." It has come back to them a thousandfold. Who are writing these letters? It is a bunch of attorneys who have been gouging the service men. We passed a law—and it was my law, because of the Benny Schwartz case—that provided that if a man had anything coming from the Government—a $60 bonus or anything else—it could be used to revive his insurance, and I thought that was fair; and now to-day one lawyer has 1,700 of these cases that he has gathered together, and he gets $1,000 out of each one if he wins, and in addition gets 10 per cent of the $57.50 that the veteran gets for the balance of the 20 years. Why does he get it? Because he will not present the soldier's claim to the Veterans' Bureau. He presents his claim to the Veterans' Bureau, it is true—this bunch of crooked lawyers—but he does not present any evidence, and the Veterans' Bureau has to turn it down, as we would or you would or as a court would, because no evidence is presented. He does not present his evidence, and there is a disagreement, and then he can sue the Government and get his fee. This law does not injure the man in any way; it only provides that when any attorney brings the case to a court—if he does—and the judge finds out that the evidence was not presented to the lower court—namely, the Veterans' Bureau—that the case shall be remanded back to the lower court, and that court will have a chance to consider the evidence. There never should be a time when a higher court can reverse the verdict of a lower court unless the lower court has had the evidence before it. That is good sense and it is good law; and if you are not with the committee, you are against that provision. You are supporting one man who has 1,700 of these cases and others that have hundreds of cases. Most of them will be in the record when this record is all made up. So much for section 907.

Section 908 stops the revival of Government insurance to a great degree; and I think it should stop it. When we passed that war risk act in 1917, I voted for it; and I see Members of this House before me now who voted for it, knowing when they voted for it that they could not expect that some man who had not paid his insurance premiums for 12 years could revive his insurance because the Government owed him 12 years ago a few dollars. Just how long would the Prudential or Equitable or the New York Life or any other of these great companies—and I am not trying to distinguish among them, because they are all great—last if every time somebody dropped a policy and did not pay the premium he could come in 12 years after he had paid a cent and revive it on a pretext such as is being done here? It is absurd; and if you do not support this committee, you

are in favor of that practice. This insurance has already cost the Government $1,300,000,000, and it will cost it $3,000,000,000 if you do not vote with the committee.

The last section is a matter of limitation of attorneys' fees. Attorneys' fees ought to be limited. There never was such a purging of Government in the world as was done after the War between the States, when the pension attorney grafts were exposed. There have been no bills brought out of the Committee on World War Veterans' Legislation that have allowed for any legal fees except this one which could not be foreseen, and which we are trying to eliminate to-day.

Certain Members have objected because they were not consulted in connection with framing this bill. The chairman of the Veterans' Committee has wept briny tears because he was not consulted. Others have said they were not consulted. I was not consulted about it. If this Economy Committee intended to bring out any bill that would create economy, they have been compelled to put on roller skates and skate around among the 435 Members of this House, half of whom would have talked them to death in any event if the committee stopped to talk. It could not be done. They did not do it. It is not a question of who was or was not consulted. It is a question of whether or not the legislation is right. It is a question of whether or not it does justice to the Government and justice to the service men. Everyone concedes the honesty of the members of this committee. There is no more honest or capable man in this House than the chairman of this Economy Committee [applause], with whom I have seldom voted and with whom I often disagree, but whose record and ability I know. The same is true of every member of that committee. It is not a question of who was consulted. It is a question whether or not we are going to see that decent and fair veterans' legislation is to be enacted for the benefit of the veterans. [Applause.]

I wish the Members would not forget that after the pension frauds Grover Cleveland was elected on the slogan of "Purge the pension roll." It was purged. There will not be one man from the World War on the rolls of the United States within one year whose name will not be in his home town paper, with date of his enlistment and with a record of everything that was done, including everything that affects him, because this move for fair legislation comes from the grass roots. It is the people who are paying taxes that are objecting to some of the things that have been done. It was easy to do anything when we had the money. We had all the money in the world up to 1929. To-day the Government does not have the money. Who should be kept from the compensation and pension rolls? In my judgment the ones mentioned in this bill, who enlisted after 1918, who are receiving the per diem, who are not entitled to the retroactive pay, who are getting insurance payments to which they are not entitled. That will save the service man from himself.

Mr. PARKS. Will the gentleman yield?

Mr. JOHNSON of South Dakota. I can not yield.

As I have said, this is an issue of saving the service man from himself more than anything else. Do not forget there are 4,200,000 of them living. There are 3,000,000 who are not drawing anything from the Government, and it is those men that you do not hear from. There are 43,000 in the hospitals. When I checked up last year, I found there was one man who had written 25 letters a day for five weeks to Members of Congress. Those are the letters you are getting, perhaps.

The CHAIRMAN. The time of the gentleman from South Dakota has expired.

Mr. WILLIAMSON. Mr. Chairman, I yield to the gentleman two additional minutes.

Mr. JOHNSON of South Dakota. Mr. Chairman, I shall not ask for a roll call on this bill, because I am going to defend Congress a minute. There has never been so much propaganda in the world as is coming in in the last few days from every known person. Everybody wants to have taxes reduced. Every industry, from the jewelers to the brewers, want taxes reduced and nobody wants to have any appropriations reduced. There is not a Member of Congress to-day who is not two weeks behind with his mail because of propaganda. I will not ask for a roll call, to turn loose a lot of nit-wits on either side on a particular issue like this, that involves the great fundamentals of Government, and yet I think there ought to be one, and when there is one, or when the record is all made up and the intelligent service man reads the report I have inserted, it will appeal to his plain, common-sense judgment. It is the man who actually saw service who will read the report. This report will be sifted through the local posts of all the different organizations. When that is done you need not fear to support the report of this decent, clean, honest committee of this House, composed of both Republicans and Democrats, who are willing to take their political lives in their hands and bring in a report which they thought was for the best interest of the Government of the United States. [Applause.]

The CHAIRMAN. The time of the gentleman from South Dakota has expired.

Mr. BULWINKLE. Mr. Chairman, I yield to myself one-half minute.

The gentleman from South Dakota should have known. He had every opportunity to know that a modification or the repeal of the emergency officers' act is being considered by the Committee on Military Affairs. It has been there for some time, and the gentleman should know that before making the statement.

Mr. SIMMONS. And it will be there for some time, too.

Mr. BULWINKLE. Mr. Chairman, I now yield to the gentleman from Illinois [Mr. BEAM] the remainder of my time.

The CHAIRMAN. The gentleman from Illinois is recognized for one and one-half minutes.

Mr. BEAM. Mr. Chairman, in the limited time which I have it will be impossible for me to advance any arguments. I just want to make this observation in conclusion, that since the commencement of this Congress the word "economy" has become a platitude. This great Government of ours a few years ago loaned money freely to England, France, Germany, and Italy, fed the world, if you please, fed the starving Belgians, sent wheat to Russia and to China, and it is a sad commentary upon the American Government that in order to reduce expenditures, in order to limit payments, if you please, we must sacrifice the men who defended this country in its hour of need and under the hue and cry of economy take from them the advantages of well-earned and well-deserved legislation. It is a sorry day when our Government should place this economy and efficiency measure upon the veterans and soldiers of the World War who defended its honor and integrity and brought back to our land added laurels and higher ideals for the greatness of our American institutions. [Applause.]

The CHAIRMAN. The time of the gentleman from Illinois has expired.

Mr. McDUFFIE. Mr. Chairman, I yield 30 minutes to the gentleman from Arizona [Mr. DOUGLAS].

Mr. DOUGLAS of Arizona. Mr. Chairman, in a certain sense it is a painful and distasteful task which confronts me here to-day. It is painful because I am an ex-service man, because ex-service men are my friends, because I served with them in this country and overseas. It is painful because I feel it is my duty to oppose certain of the things which the ex-service men's organizations are advocating. And here may I interpolate that while this particular title was being considered by the Economy Committee I was in constant touch, in continuous conferences almost, with the leaders of the ex-service men's organizations in Washington. I want the Members of the committee to know that Mr. Watson Miller, of the American Legion; Mr. Eddie Lewis, of the American Legion; Mr. John Thomas Taylor, of the American Legion; and Mr. Kirby, of the Disabled American Veterans, do not advocate Title IX as it is written. And so I say it is painful for that reason, as well as for others, for me to here advocate it this afternoon; and it is painful because I have

a bond of sympathy with all ex-service men. The common service which we all had, the common experiences which we all underwent naturally builds a tie which years can not sever. But regardless of how painful the task may be, I am here to-day advocating Title IX of this bill because I believe that the interests of my country demand it. [Applause.]

There are some facts with respect to veterans' legislation which this committee and every man, woman, and child in the United States should know. The present cost of veterans' relief is $1,121,000,000 annually. The cost of the Veterans' Administration has increased $396,000,000 during the last decade. Compensation, and compensation alone, has increased from $253,000,000 in 1931 to $356,000,000 in 1933.

The total which the United States Government has paid out of its Treasury to veterans of past wars exceeds $16,500,000,000, and of that amount $5,390,000,000 have gone for benefits to veterans of the World War. Within 10 years the taxpayers of the United States—and when I say "taxpayers" I mean everybody, because the incidence of taxation carries the burden to everybody—have contributed to World War veterans one-third of the total cost of the veterans of all wars.

Mr. SCHAFER. Mr. Chairman, will the gentleman yield?

Mr. DOUGLAS of Arizona. Later on I shall be glad to yield.

Moreover, that is not the entire story. If it were, it would not be so tragic. It is estimated that 10 years hence, assuming that no additional benefits are granted to veterans, under existing statutes the annual burden will exceed $1,300,000,000, and will probably mount to $1,500,000,000. Whereas to-day there are more than 1,000,000 ex-service men receiving benefits from the United States Government, it is estimated, as a result of experience during the course of the last three years, that that number will exceed 1,400,000 ten years hence. Moreover, during the next decade it is estimated that $11,870,000,000 will be paid to veterans. In other words, 10 years hence the United States will have paid to veterans of the World War approximately $17,000,000,000. I submit to the members of this committee that this is an appalling picture; that as we look forward into the future and see the mounting annual cost incident to existing statutes, you must become convinced that we must change some of the provisions in the existing law; that we must modify and revamp the statutes which grant benefits to veterans of past wars; that we must do it fairly and honestly, without depriving the real war casualty of any benefits to which he may be entitled, without destroying the entire structure; but you must concede that you and I, as Members of this Congress, must set our minds and our hearts to the task of modifying existing statutes.

If we fail to do this, the effect may well be the destruction of our Government. No democracy can stand the burden which is now imposed upon ours. I know that were the ex-service men themselves to become aware, to be made cognizant of what has been done they are sufficiently patriotic to rise up and say, "This thing must stop."

Mr. MAY. Mr. Chairman, will the gentleman yield?

Mr. DOUGLAS of Arizona. I am delighted to yield.

Mr. MAY. I would like to call the attention of the gentleman to page 17 of the report, where is set out the table showing the amount of disbursements to veterans of all wars.

Mr. DOUGLAS of Arizona. I hope the gentleman will be brief.

Mr. MAY. I will be just as brief as I can. In this table the disbursements for veterans of the World War is listed at $5,390,039,000.

Mr. DOUGLAS of Arizona. That is right.

Mr. MAY. That includes the loans made on adjusted-service certificates?

Mr. DOUGLAS of Arizona. That is right.

Mr. MAY. But does not take into account the $953,942,000 paid in premiums by the veterans?

Mr. DOUGLAS of Arizona. The gentleman is correct.

Mr. SCHAFER. Mr. Chairman, will the gentleman yield?

Mr. DOUGLAS of Arizona. I will, later on.

Mr. Chairman, the considerations I have outlined show the reason the Economy Committee considered the revision of existing law.

If you will bear with me for a few minutes, I will attempt to explain accurately and concisely the meaning of the various sections of this title.

First, I want to state the provisions of 901 positively and negatively so there can be no misunderstanding as to what it means. Permit me to demonstrate the persons who are not affected in any way whatsoever by the provisions of 901.

All those who, if single, have an income of less than $1,500 a year, plus $400 for each dependent, and all those who, if married, have an income of $3,500 a year or more, plus $400 for each dependent, are in no wise affected by the provisions of 901, whether their disease or disability be presumptively connected with the war or whether their disease or disability be directly connected with their war service. It is quite immaterial as to how they may have contracted their injury or their disease, provided they have not the income specified. So that in 901 a presumptive case who can not take care of himself is in no way affected.

I want the members of this committee to bear that in mind; to realize that this is a statement of fact and not a statement of assumption.

Mr. JOHNSON of South Dakota. Will the gentleman yield?

Mr. DOUGLAS of Arizona. Yes.

Mr. JOHNSON of South Dakota. That means that these neuropsychiatric cases, presumptive, these tubercular cases, presumptive, these syphilitic lethargica cases, presumptive, and these dysentery cases, presumptive, are not affected?

Mr. DOUGLAS of Arizona. They are not.

Mr. BROWNING. Will the gentleman yield?

Mr. DOUGLAS of Arizona. I yield.

Mr. BROWNING. If they have the necessary income, they are affected.

Mr. DOUGLAS of Arizona. In other words, if they can take care of themselves, but the man who can not trace his disease or disability to his war service is in no wise affected if he has not the income provided in this section.

Mr. BROWNING. But the cases enumerated by the gentleman from South Dakota are affected if they have as much income as the gentleman has designated.

Mr. DOUGLAS of Arizona. If they have that much income or more.

Mr. JOHNSON of South Dakota. If they are married and have an income of $3,500 or more, plus $400 for each child, they are affected?

Mr. DOUGLAS of Arizona. Yes.

Mr. BROWNING. And if single and they have an income of $1,500?

Mr. DOUGLAS of Arizona. I do not yield further. The provisions of this section do not deny to any man who has not the specified income any of the benefits he is now receiving. [Applause.]

The second class in no wise affected under 901 is that class in which we find men of 65 years of age or over.

The third class that is in no wise affected, regardless of how large or how small their income may be, is the man whose disability or disease is directly attributable to his war service—that man we know to be a war casualty—and I, for one, will stand on the floor of this House and constantly defend the receipt by him of his disability compensation and other benefits.

The fourth class which is not affected is the man who is totally and temporarily disabled and the man who is totally and permanently disabled. It is quite immaterial as to whether he can trace his disability to his war service or as to whether he is presumptively connected. Section 901, therefore, in no wise affects the totally and temporarily disabled or the totally and permanently disabled.

Mr. GLOVER. Will the gentleman yield?

Mr. DOUGLAS of Arizona. I yield.

Mr. GLOVER. The age being fixed at 65, would not that prevent many of the Spanish-American soldiers who are now drawing pensions from continuing to draw them?

Mr. DOUGLAS of Arizona. Unless he is exempted under one of the six classes of exemptions.

Mr. BALDRIGE. I would suggest that the gentleman continue his statement and not yield, because the gentleman has a line of thought, and we are anxious to hear it.

Mr. DOUGLAS of Arizona. I thank the gentleman.

The fifth class that is exempted under 901 is that in which there is the man who has a presumptive disability and who served in combat with the enemy in the zone of hostilities or who was under fire. The person in this class is in no wise affected under the provisions of 901. The theory underlying this exemption is that a man who was in combat with the enemy, who served in the zone of hostilities, or who was under fire, was subjected to more intense physical and nervous strain than the man who did not have that service, and that therefore any disease he may have developed should be presumed to be of war origin. The man who served in camp in this country obviously was not subjected to the same hardship or to the same nervous or physical strain as that to which the man who served in combat with the enemy or under fire or in the zone of hostilities was subjected.

The sixth class which is exempted under 901 are the widows and orphans. The provisions of that section deprive them of nothing now or in the future.

I now desire to define affirmatively the one class which is affected by the provisions of section 901. The presumptive case who is not totally disabled, who was not in the zone of hostilities, who has an income of $1,500 a year or more, if single, or $3,500 a year, or more, if married, plus $400 a year for each dependent, is affected, and he alone is affected. He receives no benefits under 901, and I challenge any man on the floor of this House to demonstrate why a man who can not trace his disability to his war service and who can take care of himself, his wife, and his children is entitled to a gratuity from his Government. [Applause.]

This is the man who is affected under the provisions of 901. No other class is affected by its provisions. And permit me here to state to the members of the committee, with all due respect for the statement of the gentleman from North Carolina, that only 22,000 ex-service men out of a total of over 1,000,000 now receiving benefits are affected by the provisions of section 901 of this title.

Section 902 has been explained by the gentleman from South Dakota. It provides that the man who is in a hospital, mind you, receiving a comfortable bed, good food, hospital care and treatment, is to receive $20 a month as long as he shall remain in the hospital, if he is single, and that the man who is in the hospital, if he be married or have dependents, shall receive $20 a month, while the difference between $20 and what he would otherwise receive shall be paid to his wife or dependents. The theory underlying this section is that there is no justification in giving a man in the hospital his full compensation, in addition to his bed, his food, his hospital care and treatment, while the man who may be suffering with an equal disability is outside, not receiving the bed and the food and the hospital treatment and care. In other words, the committee decided that the present situation constituted a double benefit and that one of the benefits should be withdrawn.

Section 903 deals with the emergency officers' retirement act. When the Congress passed the emergency officers' retirement act, it was my understanding—and I am sure it was the understanding of a great many Members, possibly not all, but a great many—that the retired emergency officer who was to receive benefits under the provisions of that act was the one whose disability was directly attributable to his war service. After the act had been passed, the Attorney General rendered a decision with respect to ambiguous language in the act which granted to the emergency officer, presumptively connected with war service, all of the benefits which it was thought were to be restricted to those whose disability was directly attributable to war service.

The provisions of section 903 provide that the emergency officer who sustained a disability directly attributable to his war service, prior to the armistice, shall receive benefits and that also those emergency officers who, having served 90 days prior to the armistice, had subsequent to the armistice and before July 2, 1921, contracted a disability directly attributable to their war service shall receive benefits. In other words, section 903 merely restores the meaning of the emergency officers' retirement act to that which we thought and understood was contained in the act when we approved it. Moreover, under this section those officers removed from the retired rolls shall become compensable cases subject to the provisions of section 901 of this title.

Section 904 has been explained. Section 905, with respect to retroactive benefits, has been explained.

Bear this in mind, I beg of you, that here we are 10 years after the official termination of the war, almost 14 years after the actual termination of the war, and yet we are still, under existing law, paying retroactive benefits for 8, 9, and 10 years, and I submit to the members of the committee that this is hardly justifiable, excepting always the case which is directly attributable to war service.

Section 907 has been explained by the gentleman from South Dakota [Mr. JOHNSON]. Section 908 also has been explained by the gentleman from South Dakota. Section 909 likewise has been explained by the gentleman from South Dakota. Time does not permit me here to duplicate his explanation.

Section 910 provides for a joint committee to make a complete survey of all veterans' legislation and to report back to the Congress at the next session a well-coordinated program for the care of all veterans of all wars, as well as their dependents.

I ask you to consider this title tolerantly, without prejudice—honestly and courageously. I ask you to bear in mind the future cost imposed upon this Government by reason of existing statutes. I ask you to bear in mind that Title IX of this act deprives no man, justly entitled to benefits, of any benefit which he has heretofore in the past received or may receive in the future. I ask you to bear in mind that Title IX will save the United States $48,000,000 in 1933 and $300,000,000 annually 10 years hence, and that it will not destroy the fabric of just, proper, and adequate veterans' relief. [Applause.]

As we look ahead into the future the burden imposed upon the United States Government becomes staggering—it becomes appalling. I have said before, and I repeat, were the ex-service men of this country who wore the uniform of their country, who followed their flag into battle, to become cognizant of what has been put on the statute books of this country, they would rise up in arms and say, "This thing must stop!" [applause]; and if they will not, then I say to you here, as an individual, that this thing must stop. Were I to take any other position, I would consider that I, as an individual, were unworthy of the uniform which I once wore; that I were unworthy of the flag which I once followed; that I would be unworthy to sit in this House, for I feel deeply and intensely that you and I must here act courageously and honestly to modify the existing statutes in the interest of the country we once fought to save.

This is no time to consider our own petty political careers. This is no time to set ourselves up individually above our country. On the contrary, this is a time when you and I are faced with a crisis, faced with an emergency, when you and I are under the guns. It is for us to decide whether we have the courage to stand under fire. [Applause.]

All the great political philosophers—Voltaire, Hume, and Locke—prophesied the day when under a democratic form of government the power of organized minorities would be greater than the resistance of the legislative body. I submit to you that that time has almost arrived. I submit to you that you and I and every one of us, Members of this House, at one time or another have been propagandized by an organized minority, which through ignorance unwittingly

has attempted to impose upon the United States Government a burden which that Government should never have been called upon to bear. [Applause.] Unless you and I now have the courage to stand against these organized minorities, to exercise our own best judgment in the interest of our Nation as a whole, I say to you—and in this respect I will assume a prophetic rôle—the democratic form of government, the form of government which has made this country great, will crumble into dust.

The things for which you and I have always stood will be destroyed.

As for myself, as long as I am a Member of this House I will stand in the well or elsewhere to oppose every organized minority that attempts to impose on the United States a burden which can not be justified and which the United States can not and should not carry. [Applause, Members rising.]

The CHAIRMAN. All time has expired. The gentleman from North Carolina offers an amendment.

Mr. McDUFFIE. Mr. Chairman, a parliamentary inquiry. My impression is that the House gave unanimous consent to take up Title IX section by section prior to the motion to strike out the whole title.

Now, many Members on the floor will vote for some sections in the title, and I think they should have an opportunity to do so before striking out the entire title. I hope the membership of the House will give consideration to the various sections of the title. Therefore, I hope that the title will not now be stricken out before we have an opportunity to consider it section by section.

The CHAIRMAN. The Chair will state for the information of the committee that when a motion is made to strike out the entire title the Chair will hold that particular amendment in abeyance until other perfecting amendments are disposed of. The gentleman from North Carolina has an amendment to strike out and insert, and therefore the Chair recognizes him, and the Clerk will report the amendment.

Mr. RAMSEYER. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. RAMSEYER. After the motion is made to strike out the entre title, theChair will hold that particular amendered, would a motion to strike out a particular section be considered as a perfecting amendment?

The CHAIRMAN. The Chair would so hold. The Clerk will report the amendment of the gentleman from North Carolina.

The Clerk read as follows:

Amendment offered by Mr. BULWINKLE: Strike out all of Title IX, consisting of sections 901, 902, 903, 904, 905, 906, 907, 908, 909, and 910, and insert in lieu thereof the following:

"TITLE IX. PROVISION APPLICABLE TO VETERANS

"SEC. 901. There is hereby created a joint congressional committee, which shall be composed of seven Members of the Senate, to be appointed by the President of the Senate, and seven Members of the House of Representatives, to be appointed by the Speaker of the House of Representatives. Such committee shall conduct a thorough investigation of the operation of the laws and regulations relating to the relief of veterans of all wars and persons receiving benefits on account of service of such veterans and report a national policy with respect to such veterans and their dependents, and shall also report and recommend such economies as will lessen the cost to the United States Government of the Veterans' Administration. The committee shall report to the Senate and the House of Representatives not later than the first Monday in December, 1932, the results of its investigation, together with such recommendations for legislation as it deems advisable.

"The committee is authorized to sit and act, whether or not the Senate or House of Representatives is in session, at such times and places as it may deem advisable, and to call upon various departments of the Government for such information and for such clerical assistance as may be necessary, using the services of employees on the Government pay roll, and also to call upon and use the clerks of the Committee on World War Veterans' Legislation, the Committee on Pensions, and the Committee on Invalid Pensions, of the House of Representatives, and the clerk of the Committee on Pensions of the Senate."

Mr. BULWINKLE. Mr. Chairman, I shall not attempt to answer the argument of the gentleman from Arizona, but I say to him that many men in this House have the same amount of courage that he has, but they also have sympathy for these disabled veterans and their dependents. [Applause.]

Now, the gentleman from South Dakota referred to the emergency officers' bill. That is before the Military Affairs Committee for their consideration, and they are going to report on it, either by repealing it or modifying it in a short time.

The amendment I have introduced leaves nothing in this title save and except a committee to be appointed, consisting of seven Members of the House and seven Members of the Senate to report on the first Monday in December on two things: How to consolidate all of these matters for veterans' relief, and second, how to perfect economies in the administration.

That is a fair and just proposition. Those of us who are service men, those of us who are thinking of the disabled veterans or their dependents, would rather wait and let the calm and deliberate thought of this committee decide what should be done for the benefit, not only of these men, but the country as well. I respectfully request the committee to vote down all so-called perfecting amendments and to vote for the amendment I have introduced. [Applause.]

Mr. SIMMONS. Mr. Chairman, I rise in opposition to the amendment. I will venture to say what in effect I said earlier in the session this afternoon, and that is, that the thing that the country is interested in and what they are expecting Congress to do now is to effect economies resulting in saving to the Federal Treasury now. [Applause.] This proposal means no saving now; it holds out a forlorn hope of savings hereafter. Let me repeat, the country demands savings now.

Mr. MAY. Will the gentleman yield?

Mr. SIMMONS. I am sorry, but I have not the time. This proposal made by the gentleman from North Carolina is in effect only a subterfuge designed to help Members in their vote against economy—a vote to investigate the Veterans' Administration and laws and set up a smoke screen behind which they may vote to continue governmental expenditures. All that the taxpayer will get out of the proposal of the gentleman from North Carolina is an investigation and report of a committee and the privilege of continuing to pay tax bills to the Federal Treasury. It sets up a committee of 14 Members of the House and Senate to report on the first Monday in December next, four weeks after the election—a committee that is supposed to function during the time that every member of that committee, so far as this House is concerned, and presumably some members of the Senate, will be campaigning for reelection, a committee that expects to report back to a short session of the Congress, when anyone who knows the legislative situation in either body at that time knows that neither of the two Houses will act on that type of legislation to the extent that it could become law between then and March 4. It is a dodge, it is a subterfuge, it is a backdoor escape for those who are afraid to go on record either for or against reducing veterans' payments.

Those who are friends of veterans rather than vote-seeking friends of veterans will face the issue. In my judgment, the thinking veterans now have reached the conclusion that we must say to the Treasury and to the country and to our comrades in the service that the country can not continue to pay out unlimited funds in our behalf. [Applause.] It is better that those who are friends of the veterans now stop some of these expenditures than that we allow this thing to go on until the backwash will sweep aside benefits to which every one of us believes now the veterans are entitled. The veterans and the friends of the veterans must stop this movement. We must face this issue. If you want these benefits to continue to go to the veterans, be honest about it and vote for it. Do you want to stop these expenditures? Then support the committee, but do not vote to go out of the back door. The veterans at home are thinking citizens, they know what is going on here, and they have no respect for political cowards. This substitute is nothing but a subterfuge and dodge of the real issue. It may appeal to some Members now, but the day when the veteran will

demand a show-down on this issue, when the country will demand a show-down on this issue, can not be long postponed. The defeat of the committee's proposal means the damming up of opposition to the drain of veterans' payments, finally when the deluge comes, the veteran will be the greatest sufferer. Vote now for the committee's cuts and avoid the inevitable deeper slashes that will come unless a halt is called in veterans' expenditures. [Applause..]

Mr. PETTENGILL. Mr. Chairman, I offer the following amendment, which I send to the desk:

The Clerk read as follows:

Amendment by Mr. PETTENGILL: Strike from Mr. BULWINKLE's motion the figure "903," referring to section 903.

Mr. PETTENGILL. Mr. Chairman, the effect of this motion, if it prevails, will be to leave section 903 in the bill. As has been stated here by Mr. BULWINKLE, this whole matter with reference to the emergency officers' act of 1926 is now before the Committee on Military Affairs. I am a member of that committee. No member of the committee can speak for the full committee, and I do not attempt to do so. I do wish to say, however, that my motion to leave section 903 in the bill is offered after consulting with a number of the members of the Military Affairs Committee that I have seen here on the floor this afternoon.

Mr. FITZPATRICK. Mr. Chairman, I am on the floor, and the gentleman did not consult with me.

Mr. PETTENGILL. I beg the gentleman's pardon. I did not see him.

Mr. KVALE. And will the gentleman also include me in that?

Mr. ROGERS. And I wish that he would also include me.

Mr. VINSON of Kentucky. Mr. Chairman, will the gentleman yield?

Mr. PETTENGILL. Yes.

Mr. VINSON of Kentucky. How long were hearings held?

Mr. PETTENGILL. We held our hearings until William Wolff Smith got sick.

Mr. VINSON of Kentucky. Does the gentleman believe that we ought to legislate through orderly procedure, with hearings, or does he believe that we ought to have star-chamber sessions and let the Director of the Veterans' Bureau in an ex parte proceeding write legislation affecting the Veterans' Bureau?

Mr. PETTENGILL. I do not defend star-chamber proceedings, but I do want to explain to the House the effect of this motion. When the Tyson-Fitzgerald bill was passed the legal counsel of the Veterans' Bureau rendered an opinion under which it would apply to about 3,000 officers. Later an opinion of the Attorney General reversed the previous opinion so that it applied to some three or four thousand more officers than were originally contemplated when the act was passed. This section, as I understand it, will restate into the law what was the intent of Congress when the Tyson-Fitzgerald bill was passed.

Mr. KVALE. Mr. Chairman, I rise in opposition to the amendment of the gentleman from Indiana.

I do so for more than one reason. The first reason is that, as I understand it, the agreement entered into before this title was considered was that each section should be considered in turn, and that the committee is entitled to a frank shown-down on the amendment offered by the gentleman from North Carolina without any entanglements or complicating factors.

I am one who believes that the gentleman has a fair proposition. He offers to strike out all of the sections of the title which have to do with the various benefits, privileges, and rights of veterans under existing law, and to set up a fair body to go into a thorough, systematic, competent, and dispassionate study of this problem; then come back this winter with recommendations, after open hearings, and after all sides have their say, when we will be in a position to effect economies through enactment of some fair, honest, and courageous legislation. I do not favor the proposal as written in section 903 of this measure. I speak as one who has some set opinions regarding the administration of this emergency officers' retirement act. There is hardly a man in the association itself of any consequence or standing who dares or desires to defend some of the most flagrant abuses of this act that are of record. They are not found defending a man who has been retired for emotional instability or social inaptitude or some of the other extreme cases which have been cited. Just so, there is a group, and I hope it is a substantial proportion of this House, that is unwilling to strike from the rolls of the retired men a deserving man in order to reach an undeserving man.

After all these emergency officers enlisted not in peace time but at a time when they knew their services would be used in war. They were willing and eager to subject themselves to the hazards of battle. If we do it deliberately and carefully, we can arrive at some method of reaching those who should not properly be on the rolls. I speak the sentiment of this group of officers as voiced to me when I say that in that task you will have the complete cooperation and sympathetic assistance of every responsible member of the group which now receives the benefits under this act.

Mr. McDUFFIE. Will the gentleman yield?

Mr. KVALE. I yield.

Mr. McDUFFIE. The gentleman assumes that the language of this bill strikes the deserving men from the roll, which it does not.

Mr. KVALE. I insist it does.

Mr. McDUFFIE. When did the gentleman's committee take up this emergency-officer proposal?

Mr. KVALE. That is a fair question. The committee has not yet completed hearing the testimony, much less has it considered it in executive session.

Mr. McDUFFIE. When did the gentleman's committee begin hearings?

Mr. KVALE. We began some time ago. The gentleman knows the stress of the activities in Congress now and the difficulty of holding sustained sessions.

Mr. McDUFFIE. It was after the Economy Committee had begun its program?

Mr. KVALE. I am unable to state. I believe the gentleman is correct.

Mr. McDUFFIE. In other words, we do not know when the gentleman's committee will bring a bill here and pass it.

Mr. KVALE. But the gentleman does not intend to give us a chance.

Mr. CONNERY. Will the gentleman yield?

Mr. KVALE. I yield.

Mr. CONNERY. Why was that bill sent to the Committee on Military Affairs when the original Tyson-Fitzgerald bill came from the Veterans' Committee?

Mr. KVALE. The committee wondered about that, but it was referred to the committee, and the committee did not want to dodge any responsibility.

Mr. HILL of Alabama. Will the gentleman yield?

Mr. KVALE. I yield.

Mr. HILL of Alabama. It was sent to the Committee on Military Affairs because it contained provisions with reference to the retirement of Regular Army officers. The Committee on Military Affairs had jurisdiction over that.

Mr. CONNERY. But that does not mean that that committee has jurisdiction over officers who are not Regular Army officers.

Mr. KVALE. I regret I can not yield further. The point I am making is that there is a systematic study and searching consideration of this matter in progress, and until that is completed, I choose to cast my lot with those who do not intend to assess the underpaid Government workers and the disabled veterans of this country to meet a deficit that they had nothing to do with creating.

Mr. Chairman, I yield back the balance of my time.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Indiana as a substitute for the amendment offered by the gentleman from North Carolina.

The amendment was rejected.

Mr. ROGERS. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. ROGERS: Page 66, line 24, strike out section 907, down to and including line 2 on page 68.

Mr. ROGERS. Mr. Chairman, while I am in sympathy with the other provisions of this particular Title IX, I believe this section 907, relating to testimony in suits upon insurance claims, has absolutely no place in the statutory law of this Nation.

Mr. BULWINKLE. Mr. Chairman, a point of order. I make the point of order that the amendment offered by the gentleman is not a perfecting amendment.

The CHAIRMAN (Mr. WARREN). The Chair will rule that any amendment to strike any part of the title is a perfecting amendment.

Mr. ROGERS. Let us look at the situation for a moment. This is brought in here because it is claimed it is difficult to obtain evidence which will be presented at a jury trial of these claims, although there is no case known in the history of equity, common law, or criminal jurisprudence which compels a litigant, before going into a court of competent jurisdiction to try his case, to furnish to the opposing side not only the names of his witnesses but the testimony which those witnesses intend to give in court. This section proposes to compel the petitioner under this act to furnish all his evidence to the Veterans' Bureau before he is permitted to go to trial before a jury in the perfection of his appeal.

This suggestion was intimated by members of the Veterans' Bureau, but, before the Committee on Military Affairs only a few days ago, General Hines, in suggesting that this amendment be made a part of the law, was asked how many of these jury trials resulted in verdicts for the Government. He said, "Slightly under 40 per cent of the jury trials are won, under present conditions."

This law, the World War veterans' act, gives the petitioner a right to a jury trial. If he is allowed to keep the right to a jury trial, he should be allowed the same right that any litigant has in a jury trial in any jurisdiction known to the history of this Nation. We should not compel him to give the names and addresses of his witnesses and the testimony which those witnesses will give.

General Hines, before the Committee on Military Affairs, after stating that the Government won slightly under 40 per cent of these cases, and in suggesting that language of this kind be enacted into law, was asked certain questions by me. I am quoting from his own testimony. He said:

I think we are having better results, and we are having better results since we placed men in the field specializing on this rather than sending them out from Washington or trusting to their dual duties as regional attorneys to act in the trial of insurance suits alone.

Then I asked him:

But notwithstanding the fact that you are having better results under those features, you feel it would be better to limit testimony in the prosecution of these claims, so that nothing could be gone into except what had already been brought to the attention of the department.

And General Hines said:

At least, that we would have a list of all the witnesses that are going to be called and as much evidence as those witnesses could produce.

Let me quote further from the record:

Mr. ROGERS. You mean by that you would accomplish more by having a list of the witnesses that would be called by the plaintiff?
General HINES. Yes. I feel if we had that opportunity, it would be up to us to develop the evidence.

[Here the gavel fell.]

Mr. ROGERS. Mr. Chairman, I ask unanimous consent to proceed for one additional minute.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. ROGERS. I wish to complete reading General Hines's testimony. I then asked him:

You do not mean that you should be notified what they are going to testify?

And he said:

No, sir; I think our field examiners should obtain that.

Mr. HORR. Mr. Chairman, will the gentleman yield?

Mr. ROGERS. I yield.

Mr. HORR. Is it not a fact that this same bureau employs people who investigate these cases? They collect their evidence; they keep it in the files. The attorney can not look at it, but this bill permits them to get the attorney's case.

Mr. ROGERS. These suits are tried as the result of insurance contracts, and recognized rules of evidence must prevail.

[Here the gavel fell.]

Mr. JOHNSON of South Dakota. Mr. Chairman, I rise in opposition to the amendment.

Mr. LAGUARDIA. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. LAGUARDIA. Would it not be possible to get a vote on the Bulwinkle amendment and the Browning amendment which take the whole subject out of the bill? If either amendment is agreed to, that is the end of it. If it is not agreed to, then the House can vote on the other amendments. I make this suggestion in the interest of saving time.

The CHAIRMAN. If that is presented as a parliamentary inquiry, all the Chair can inform the gentleman is that if the Members would refrain from offering further amendments, it could be done.

Mr. LAGUARDIA. Mr. Chairman, when the time of the gentleman from South Dakota expires, I am going to present a unanimous-consent request to bring that about if possible.

Mr. JOHNSON of South Dakota. Mr. Chairman, I rise in opposition to the amendment. Before I discuss the proposition I should like to have the attention of the gentleman from Alabama. I will say to the gentleman from Alabama [Mr. MCDUFFIE] that it might be well to have a unanimous-consent agreement that we may settle this debate, because if the amendment of the gentleman from Tennessee [Mr. BROWNING], or the motion of the gentleman from North Carolina [Mr. BULWINKLE] is adopted, it will shorten this debate by many, many hours.

Mr. KVALE. Will the gentleman yield?

Mr. JOHNSON of South Dakota. I have but four minutes. I will yield for a brief question.

Mr. KVALE. Mr. Chairman, could not the gentleman from New Hampshire [Mr. ROGERS] ask the unanimous consent temporarily to withdraw his amendment, and let us decide it at this time?

Mr. JOHNSON of South Dakota. Mr. Chairman, I would be glad to yield to the gentleman from New Hampshire to ask unanimous consent to withdraw his amendment temporarily or, if I may be recognized later, I would yield to the chairman of the committee to prefer a unanimous-consent request.

Mr. ROGERS rose.

Mr. MCDUFFIE. I yield to the gentleman from New Hampshire to withdraw his amendment.

Mr. ROGERS. Mr. Chairman, I ask unanimous consent to withdraw my amendment temporarily.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. BROWNING. Mr. Chairman, I offer an amendment, which is at the Clerk's desk.

The Clerk read as follows:

Amendment by Mr. BROWNING: Page 55, line 1, strike out all of Title IX.

Mr. MCDUFFIE. Mr. Chairman, I ask unanimous consent that all debate on the pending motion and all amendments thereto do now close.

The CHAIRMAN. Is there objection?

Mr. SCHAFER. Mr. Chairman, I object.

Mr. MCDUFFIE. Mr. Chairman, I move that all debate on the pending amendment and all amendments thereto do now close.

The motion was agreed to.

The CHAIRMAN. The question is on the amendment of the gentleman from North Carolina [Mr. BULWINKLE].

Mr. BROWNING. Mr. Chairman, my amendment was offered as a substitute.

The CHAIRMAN. The gentleman can not offer it as a substitute when there is a motion to strike out and substitute.

Mr. STAFFORD. Mr. Chairman, may we have the amendment again reported?

The Clerk again reported the Bulwinkle amendment.

Mr. MAPES. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. MAPES. There was some talk about voting on the motion to strike out the title and then, after the vote was had on that motion, to allow perfecting amendments to different sections in the title. However, there was no agreement made in that respect. I should like to ask the Chair whether, if this motion should be voted down, being a motion to strike out the title, the Chair will entertain motions to amend different sections if the point of order is made that such amendments are not in order after voting upon the motion to strike out the title.

The CHAIRMAN. Rule 16, section 7, states:

A motion to strike out and insert is indivisible, but a motion to strike out being lost shall neither preclude amendment nor motion to strike out and insert.

Mr. MAPES. May I ask the Chair this further question? If the motion to strike out the title prevails, I understand the Chair's position to be that he would not entertain a motion to amend the sections.

The CHAIRMAN. If the motion to strike out and insert prevails, then that is the end of Title IX.

Mr. MAPES. Mr. Chairman, a further parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. MAPES. If the motion is voted down, then will motions to amend the different sections of the title be in order?

The CHAIRMAN. They will.

Mr. McDUFFIE. Mr. Chairman, if the motion to strike out the entire title is not carried, then a motion to strike out each section as we reach it would be in order, as I understand it?

The CHAIRMAN. The gentleman is correct. The question is on the amendment offered by the gentleman from North Carolina [Mr. BULWINKLE].

The question was taken, and Mr. BULWINKLE demanded a division.

Mr. OLIVER of New York. Mr. Chairman, I demand tellers.

Tellers were ordered, and the Chair appointed as tellers Mr. DOUGLAS of Arizona and Mr. BULWINKLE.

The committee divided; and the tellers reported that there were—ayes 211, noes 119.

So the amendment was agreed to.

The Clerk read as follows:

TITLE X—SPECIAL PROVISIONS

SEPARABILITY CLAUSE

SEC. 1001. If any provision of this act, or the application thereof to any person or circumstances, is held invalid, the remainder of the act, and the application of such provision to other persons or circumstances, shall not be affected thereby.

SUSPENSIONS AND REPEALS

SEC. 1002. All acts and parts of acts inconsistent or in conflict with those provisions of this act which are of temporary duration are hereby suspended during the period in which such provisions of this act are in effect. All acts or parts of acts inconsistent or in conflict with those provisions of this act which are of permanent nature are hereby repealed to the extent of such inconsistency or conflict.

Mr. DOUGLAS of Arizona. Mr. Chairman, I move to strike out the last word. When the tax bill was under consideration in this body it was stated categorically and as a matter of fact by members of the Ways and Means Committee that $200,000,000 would be saved and that therefore the taxes imposed by the provisions then offered would balance the Budget. That imposed upon the Economy Committee the task of bringing in a measure which would effect the saving which members of the Ways and Means Committee prophetically promised would be saved in order that the Budget be balanced. This House rose as one man and indicated its willingness and its determination to balance the Budget. The Economy Committee has brought in a bill designed to save $200,000,000 in order that the end sought might be obtained.

I take this occasion to remind the members of the committee exactly what it has done with the bill which the Economy Committee brought in, and to further remind the committee that this action has made impossible the balancing of the Budget under the terms of the revenue act passed by this House.

The Committee of the Whole has left under Title I not more than $12,000,000. Under Title II it has permitted to remain in the bill not more than $13,000,000. Under Title III the committee has permitted to remain in the bill approximately $16,000,000, and under Title VII $25,000 remains in the bill. In other words, there now remains in the bill of the $200,000,000 but $42,314,000, leaving an unbalanced Budget amounting to approximately $160,000,000.

I ask the members of the committee to bear this in mind: That even the Treasury proposal did not contemplate a factual balancing of the Budget, for it did not take into consideration $497,000,000 necessary to serve the public debt, and it did include in its estimate of revenue over $200,000,000 due and payable to the United States on account of war debts, so that neither under the Treasury proposal nor under the sales-tax proposal submitted to this House by the Committee on Ways and Means was it contemplated that the Budget would be balanced during the next fiscal year. They contemplated balancing the Budget in two or three years. Under them the Budget for 1933 was unbalanced in an amount equivalent to approximately three-quarters of a billion dollars, while now the Committee of the Whole has made the matter worse by striking $160,000,000 out of the economy bill.

Mr. MAY. Will the gentleman yield?

Mr. DOUGLAS of Arizona. Yes.

Mr. MAY. If you have failed by this action of the committee by three-quarters of a billion dollars, where were you going to get the other half billion dollars that this bill did not provide for?

Mr. DOUGLAS of Arizona. The proposal was to balance the Budget during a period of two or three years. That was the original proposition.

[Here the gavel fell.]

Mr. LAGUARDIA. Mr. Chairman, I rise in opposition to the pro forma amendment. The gentleman from Arizona, usually accurate in his statements, to-day in quoting figures is just as inaccurate as a Secretary of the Treasury. [Applause.] The gentleman from Arizona does not know and can not know the revenue which a bill not yet considered by the other body may raise. Every informed Member of this House knows that the estimates given to us by the Treasury Department were low in regard to taxes which the Treasury Department opposed, while as to the taxes we struck out of the bill the estimates of the Treasury Department were very high.

The gentleman from Arizona puts the proposition before this House squarely when he says that Title I as it now stands saves only $12,000,000 instead of $67,000,000. That indeed is proof absolute that $55,000,000 of this proposed saving has to be taken from the pay of the low-paid employees. What an admission!

I know of no better argument than that made by the gentleman from Arizona, one of the sponsors of this bill, to prove that the committee's plan to save $67,000,000 meant a reduction of the salaries of the lower-paid and under-paid employees of the Government. It has been admitted that 70 per cent of all the pay roll of the Government is in the classes under $2,500. That is not the way to economize.

Again, we are reminded that this deficit is due in part to the failure of foreign debtors to pay the United States,

and I repeat what I have already stated the other day—it is not fair to make the Government employees pay for that.

The gentleman says the Treasury Department has failed to take into consideration the $475,000,000 that is our contribution to the sinking fund. It was not done this year, let me remind the gentleman. So much has been said about the balancing of the Budget that I submit that our Budget was unbalanced during three years, and it is humanly, physically, and economically impossible to balance it in one year during a period of depression. [Applause.]

Mr. SWING. Will the gentleman yield?

Mr. LAGUARDIA. Yes.

Mr. SWING. When the revenue bill was here the statement was made that in addition to the revenues raised therein there must be a cut of $200,000,000 in Government expenditures. After that the Senate established the practice of cutting 10 per cent below the 5 per cent reduction of the House, which would make a total reduction of 15 per cent and a saving of $600,000,000. Whether this is wise or not I do not say, but I point out the economy or reduction effected of $600,000,000.

Mr. LAGUARDIA. Yes; and with five different agencies of the Government pecking at appropriations, disregarding each other, and cutting appropriations without any coordination is going to wreck the normal functioning of the Government.

Mr. MAY. Will the gentleman yield?

Mr. LAGUARDIA. Yes.

Mr. MAY. The gentleman has very correctly stated that it is unfair to take this amount of money out of the pockets of the Government employees to balance the Budget.

Mr. LAGUARDIA. Yes.

Mr. MAY. Is it not equally unfair to take it out of the pockets of the soldiers of the country?

Mr. LAGUARDIA. We have not done that. We have stricken that from the bill, and it is going to stay out.

Mr. VINSON of Kentucky. Will the gentleman yield?

Mr. LAGUARDIA. Yes.

Mr. VINSON of Kentucky. I would like to inquire of the gentleman from New York whether the gentleman from Arizona [Mr. DOUGLAS] included himself in that lecture about men who are against economy when he, the gentleman from Arizona, voted against the merger of the Army and Navy that was estimated to save between $50,000,000 and $100,000,000 a year permanently.

Mr. LAGUARDIA. And we are going to put that back in the bill to-day. I predict that, too.

Now, I have only a minute to close, and I want to make this statement. Yesterday we passed an inflation bill. If that bill works as we hope it will, it will increase commodity prices. If commodity prices are increased, we must increase the scale of wages. This is no time to take $88,000,000 out of circulation when we are seeking to put more money into circulation. Let us be consistent. If we were right yesterday, let us vote down the proposed pay cuts to-day. [Applause.]

Mr. McDUFFIE. Mr. Chairman, if I may have the attention of the committee a moment, I ask unanimous consent to return to page 13 of the bill to offer a committee amendment which will clarify that section.

Mr. SCHAFER. Mr. Chairman, reserving the right to object, I would like to have the amendment reported first.

Mr. McDUFFIE. Mr. Chairman, let me state to the gentleman that on page 13, subsection (b) exempted from the provisions of the section retired emergency officers. I am sure the committee, since its action on Title IX, does not wish to make fish of one and fowl of the other. As to other retired officers, except those who were injured in line of duty, we provide that they can not draw two salaries—one salary from the United States and another for their retired pay; but this does not apply to any officer or any person retired for disability incurred in line of duty. The striking out of the language that "this section shall not apply to retired officers" will leave in the title, "This section shall not apply to any officers retired for disability incurred in line of duty."

Mr. SCHAFER. Will the gentleman yield?

Mr. McDUFFIE. Yes.

Mr. SCHAFER. The gentleman well knows that because in the committee an amendment is adopted that it is not the action of the House when we have these record roll-call votes. Why go back now to make a correction to cure some evil which occurred by reason of an amendment adopted in the Committee of the Whole? Why not wait until we really have the evil before us?

Mr. McDUFFIE. We can not go back to it when we get in the House, and I am sure the House wants to correct this language.

Mr. SCHAFER. Then make a motion to recommit and take care of it. I object, Mr. Chairman.

Mr. CHINDBLOM. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. CHINDBLOM. Mr. Chairman, did not the House adopt an amendment to the rule under which the Economy Committee might, at any time, offer amendments to any portion of the bill?

Mr. McDUFFIE. That was my understanding.

The CHAIRMAN. The Chair does not so understand.

Mr. McDUFFIE. If I may have the attention of the Chairman a moment, the language introduced was an amendment by the gentleman from Alabama [Mr. BANKHEAD], which was adopted by the House as a part of the rule and permitted the committee to offer committee amendments, and by direction of that committee any member of the committee might offer such committee amendments at any time during the consideration of the bill.

Mr. SCHAFER. Suppose when we go into the House, on a record roll-call vote, the House votes to retain the veterans' title in the bill. Then, if you vote to retain that title in the bill and you now go back and incorporate the gentleman's amendment, we would have a double economy operation with reference to the retired emergency officers.

Mr. McDUFFIE. I do not think so at all. I think the gentleman is mistaken.

The CHAIRMAN. Is there objection to the request of the gentleman from Alabama [Mr. McDUFFIE]?

Mr. BROWNING. Mr. Chairman, I object.

Mr. RAMSEYER. Mr. Chairman, I move to strike out the last two words.

I want the attention of the committee for a few minutes only. I do not care to talk about what has happened to this economy bill. The committee labored day and night for over eight weeks to effectuate a saving of over $200,000,000 in order to balance the Budget. That was the task assigned to the Economy Committee. The country is watching the Congress as never before; whether the people will approve the work and recommendations of this committee or the action of this House in slaughtering the committee bill reducing the savings to the Treasury from over $200,000,000 to about $35,000,000 only the future will tell.

We have about completed the bill in the Committee of the Whole. When we get back into the House there will be separate votes on amendments adopted in the Committee of the Whole. After those amendments are disposed of and the bill has been engrossed and read the third time, two motions to recommit under the special rule will be in order. It is understood and agreed that I am to be recognized to make one of those motions.

On last Thursday I offered an amendment substituting the furlough plan for the pay-cut plan. This amendment, if made law, would save $75,000,000 for the next fiscal year. Besides saving more money than the pay-cut plan it will by staggering employment cause the discharge of fewer employees. This plan is both more economical and more humane. The following tables set forth clearly the situation relative to the two plans:

Estimated number of employees who will have to be discharged if the present Senate policy of reducing appropriations 10 per cent below the amounts passed by the House of Representatives prevails and savings effected by the furlough system or pay cut are not available to apply in absorbing, in part at least, such reductions

Department	Permanent	Temporary	Prospective temporary [1]	Total
Agriculture	1,598	2,872		4,470
Commerce	1,785	278	528	2,591
Interior	723	145	1,135	2,003
Justice	900			900
Labor	616			616
Navy	9,000			9,000
Post Office [2]	41,792			41,792
Treasury	6,000	80	92	6,172
State	456			456
War	5,800	1,800		7,600
District of Columbia	957	326		1,283
Veterans' Administration	4,000			4,000
Interstate Commerce Commission	289			289
General Accounting Office	245	5		250
Public Buildings and Grounds	200	38	83	321
Total	74,361	5,544	1,838	81,743

[1] Includes those who would be taken on if reductions were not made.
[2] See details on following sheet.

Statement showing number of regular employees in the Postal Service and the estimated number of employees who would be dropped under the proposed 10 per cent reduction in appropriations for the fiscal year 1933

Branch of service	Estimated number to be dropped	Present number of regular employees
Post Office Department	145	1,450
Inspection service	67	664
First and second class postmasters		4,688
Third-class postmasters		10,800
Fourth-class postmasters		32,870
Assistant postmasters	1,669	2,776
Clerks, etc., first and second class offices	9,910	76,520
City letter carriers	[1] 18,417	53,014
Village carriers	1,008	1,008
Rural carriers	[2] 8,000	41,597
Railway postal clerks, etc	2,260	21,211
Motor vehicle service	344	3,818
Mail-bag repair shops	42	421
Miscellaneous	50	238
Total	41,792	251,075

[1] Reduced to substitute roll.
[2] This number will be dropped altogether. In addition, approximately 9,000 will be placed on triweekly instead of daily service.

The motion to recommit will be the same motion as I presented last Thursday as a substitute to the pay-cut plan. There will be a provision added to strike section 207 of Title II of the economy bill. This section suspended for the fiscal year 1933 extra compensation for overtime work, night work, and work on Sundays and holidays. Striking this section will leave the law for overtime work, and so forth, unchanged.

My main purpose in seeking recognition at this time was to inform Members of the House just what the motion to recommit would be so they could vote with full knowledge of its contents.

Mr. MEAD. Will the gentleman consider the elimination of section 107, safeguarding the rural letter carriers, and place them with the rest of the postal group in section 101?

Mr. RAMSEYER. Representatives of the rural carriers this forenoon suggested to me some changes. I asked them to prepare and submit their amendment by the middle of the afternoon and that it would be considered. They agreed to do so, but I have not seen them or heard from them since.

Mr. LAGUARDIA. Will the gentleman bring about in his motion to recommit the exemption of the $2,000?

Mr. RAMSEYER. Personally I think an exemption of $1,500 is high enough. It will both save more money and lessen unemployment. When will Members of this House learn—what the whole country knows—that this country is in the greatest emergency of our history? The people from one end of the land to the other expect Members of Congress to be courageous and to bring about substantial retrenchment in public expenditures.

Mr. McDUFFIE. Mr. Chairman, may I be permitted to say that it is regrettable that any Members of this House should feel that they are being lectured on account of any vote that they may have cast. This committee has no personal feeling about this matter whatsoever. It was a burdensome task that we assumed and we found no pleasure in it whatever. We have submitted the program to you gentlemen, and it is entirely your responsibility. We have no desire to lecture anybody. I hope no one feels that there is the slightest personal feeling on the part of any member of the committee as to what you have done, because such is not the case. We have discharged our duty. We have brought here a bill which I think if adopted would have saved the taxpayers of the country more than $200,000,000 at a time when it is needed more than at any time in the history of our great Nation. Be it remembered that this program could have in no wise impaired the efficiency of the Government but involved only those things which we can deny ourselves at a time like this.

We have a salary payroll of $1,315,000,000, and you will reduce it only $12,000,000 under the amendment you adopted. Think of it. Only $12,000,000. Nearly every nation, as well as our own States, has cut the salaries of its employees. Some States have cut 33⅓ per cent. Business and industries everywhere have made a flat cut of 10 per cent from the top to the bottom. The railway employees, 2,000,000 in number, have accepted a 10 per cent cut. The schools, hospitals, and even the churches have done likewise.

Let me read in this connection a few words from some of those who pay taxes that pay these salaries. Have we no regard for them? Listen to this:

> The galleries and the Halls of Congress may be filled with cheering Federal employees, but don't forget, if you want to hear the cheers that count, get the home cheers that fill the ballot box for you. How about it?
> The voters expect economy—

That was received in the mail, and it is characteristic of many communications which have come over the desks of the members of the Economy Committee. We are to have presented a furlough plan of the President. The furlough plan is a pay cut—I do not care what you call it. You may call it a staggering system or a furlough system. It means in the last analysis a reduction of wages. How can we go on at a pre-war rate in personnel and wages? Surely this Government does not need all the services we now enjoy. I can not believe that 80,000 or 100,000 employees will be discharged from the pay roll of the Government and that this furlough plan will save that number their jobs. If you propose to save that number under your furlough plan, you are not going to save any money for the Public Treasury, because if you put some one in the place of the man who is furloughed you have to pay him. Therefore, I fail yet to find the saving that is promised under the staggering plan, whereas under this system, which does not hurt anybody which every man who is fortunate enough to be on the pay roll of Uncle Sam at a time like this should welcome as a patriotic duty, we do cut the small sum of $12,000,000, only 5 per cent reduction, in the salaries of the Federal employees. This is a sham and a farce. I can not support it. The honest, manly, and courageous way to deal with this pay cut or reduction problem is to apply a 10 per cent reduction on all Federal salaries from the highest to the lowest. The cost of living has been reduced more than this percentage. The fortunate Federal employee had better take this cut now, lest the next Congress come with a mandate to cut more. Without being presumptuous let me warn you gentleman of the consequences of a vote against economies in government. The people are demanding a greater reduction than we have proposed. Any man who has a job with Uncle Sam, especially here in Washington, who may work for 221 days in a year and get paid for 365, is a very fortunate citizen. I beg you to weigh well what you are doing.

The CHAIRMAN. The time of the gentleman has expired. All time has expired. Under the rule the committee will now rise.

Accordingly the committee rose; and the Speaker having resumed the chair, Mr. WARREN, Chairman of the Commit-

tee of the Whole House on the state of the Union, reported that that committee had had under consideration the bill H. R. 11267, the legislative appropriation bill, and pursuant to the provisions of House Resolution 203, he reported the same back to the House with sundry amendments adopted in the Committee of the Whole, including the amendment of the Economy Committee and the amendments adopted thereto.

The SPEAKER. Under the provisions of the rule, the previous question is ordered on all amendments and the bill to final passage. To dispose of the various amendments to the bill in an orderly way, the Chair thinks that the amendments to the legislative appropriation bill proper should first be disposed of. Then the Chair thinks that the Economy Committee amendment and amendments thereto should be disposed of. Is a separate vote demanded on any amendment to the legislative appropriation bill proper? If not, the Chair will put them en bloc. The question is on agreeing to the amendments to the legislative bill proper.

The amendments to the legislative bill proper were agreed to.

The SPEAKER. Is a separate vote demanded on any amendment to the Economy Committee amendment?

Mr. McDUFFIE. Mr. Speaker, I demand a separate vote on the amendment to section 102, offered by the gentleman from New York [Mr. O'CONNOR] and modified by the gentleman from Illinois [Mr. BRITTEN] raising the exemption to $2,500.

Mr. O'CONNOR. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. O'CONNOR. My amendment was to raise the exemption to $2,000, an increase over the $1,000 carried in the original economy amendment. The amendment of the gentleman from Illinois was to increase the sum in my amendment to $2,500. If a vote is taken on the $2,500 amendment and that is defeated, as I understand it, then the exemption remains at $1,000. Is there any chance for a vote then on my amendment to raise that to $2,000?

The SPEAKER. There is not.

Mr. McDUFFIE. Mr. Speaker, I demand a separate vote upon the McCormack amendment to section 105–A, 105–B, relative to the half holiday. Also a separate vote upon the amendment to section 301, the amendment of the gentleman from Georgia [Mr. VINSON], involving the transfer of appropriations. Also a separate vote is demanded upon the amendment to sections 308 to 313, the Barbour amendment, involving the transport service. Also on the amendment to Title VI, the Martin amendment, striking out the Army and Navy consolidation. A separate vote is also demanded on the amendment to Title IX, on the motion of the gentleman from North Carolina [Mr. BULWINKLE] to strike out Title IX.

The SPEAKER. Is a separate vote demanded on any other amendment?

Mr. LaGUARDIA. Mr. Speaker, I demand a separate vote on the whole amendment to the appropriation bill.

The SPEAKER. That has to be adopted by the House when all the other amendments are disposed of. Is a separate vote demanded on any other amendment? If not, the Chair will put them en gros. The question is on the other amendments to the Economy Committee amendment.

The question was taken, and the amendments were agreed to.

The SPEAKER. The Clerk will report the first amendment on which a separate vote is demanded.

The Clerk read as follows:

Amendment offered by Mr. O'CONNOR: Page 2, lines 14, 16, and 17, strike out the figures "$1,000" and insert in lieu thereof the figures "$2,500."

The SPEAKER. The question is on agreeing to the amendment.

Mr. McDUFFIE. Mr. Speaker, I demand the yeas and nays.

The yeas and nays were ordered.

Mr. TABER. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. TABER. As I understand, a vote "yea" is in favor of increasing the exemption to $2,500, and a vote "nay" is in favor of keeping it as it was in the bill?

The SPEAKER. The gentleman is correct.

The question was taken; and there were—yeas 239, nays 154, not voting 38, as follows:

[Roll No. 62]

YEAS—239

Adkins	Doutrich	Kvale	Rogers, N. H.
Allen	Dowell	LaGuardia	Rudd
Almon	Eaton, Colo.	Lambertson	Sanders, N. Y.
Amlie	Eaton, N. J.	Lamneck	Sandlin
Andrew, Mass.	Englebright	Lankford, Ga.	Schafer
Arentz	Erk	Lankford, Va.	Schneider
Arnold	Estep	Larsen	Schuetz
Auf der Heide	Evans, Mont.	Leavitt	Seger
Bacon	Fernandez	Lehlbach	Selberling
Baldrige	Fiesinger	Lichtenwalner	Selvig
Barbour	Finley	Lindsay	Shannon
Barton	Fish	Linthicum	Shott
Beam	Fishburne	Lonergan	Shreve
Beedy	Fitzpatrick	Loofbourow	Sinclair
Black	Flannagan	Lovette	Sirovich
Bloom	Foss	McClintock, Ohio	Smith, Idaho
Bohn	Frear	McCormack	Smith, Va.
Boileau	Gambrill	McFadden	Smith, W. Va.
Boland	Garrett	McLaughlin	Snow
Bowman	Gasque	McLeod	Somers, N. Y.
Briggs	Gavagan	McMillan	Spence
Britten	Gibson	McSwain	Stalker
Brumm	Gifford	Maas	Stewart
Brunner	Gilchrist	Major	Stokes
Buckbee	Golder	Maloney	Strong, Kans.
Burdick	Goldsborough	Martin, Mass.	Strong, Pa.
Butler	Goodwin	Martin, Oreg.	Sullivan, N. Y.
Campbell, Iowa	Goss	Mead	Summers, Wash.
Campbell, Pa.	Granfield	Millard	Sumners, Tex.
Carley	Greenwood	Moore, Ky.	Sutphin
Carter, Calif.	Griffin	Mouser	Swanson
Carter, Wyo.	Haines	Nelson, Me.	Sweeney
Cary	Hall, Ill.	Nelson, Mo.	Swick
Celler	Hall, N. Dak.	Nelson, Wis.	Swing
Chavez	Hardy	Niedringhaus	Taylor, Colo.
Chiperfield	Harlan	Nolan	Temple
Christgau	Hartley	Norton, N. J.	Thomason
Clancy	Haugen	O'Connor	Thurston
Cochran, Mo.	Hawley	Oliver, N. Y.	Tierney
Cochran, Pa.	Hess	Overton	Tinkham
Cole, Md.	Hill, Wash.	Owen	Treadway
Colton	Holmes	Palmisano	Turpin
Condon	Horr	Parker, Ga.	Underwood
Connery	Houston, Del.	Parsons	Watson
Connolly	Hull, William E.	Partridge	Welch, Calif.
Cooke	Jacobsen	Patman	Welsh, Pa.
Coyle	James	Patterson	West
Crail	Jenkins	Peavey	White
Crosser	Johnson, Mo.	Person	Whitley
Crowther	Kading	Pettengill	Wigglesworth
Crump	Kahn	Pittenger	Williams, Tex.
Culkin	Karch	Prall	Wilson
Cullen	Keller	Pratt, Harcourt J.	Withrow
Curry	Kelly, Ill.	Ragon	Wolcott
Dallinger	Kelly, Pa.	Ramspeck	Wolfenden
Delaney	Kennedy	Ransley	Wolverton
De Priest	Kerr	Reed, N. Y.	Wyant
Dickstein	Kinzer	Reid, Ill.	Yates
Disney	Kopp	Robinson	Yon
Douglass, Mass.	Kurtz	Rogers, Mass.	

NAYS 154

Aldrich	Collins	Gregory	McClintic, Okla.
Allgood	Cooper, Ohio	Guyer	McDuffie
Andresen	Cooper, Tenn.	Hadley	McGugin
Andrews, N. Y.	Cox	Hall, Miss.	McKeown
Ayres	Crisp	Hancock, N. Y.	McReynolds
Bacharach	Cross	Hancock, N. C.	Magrady
Bachmann	Darrow	Hare	Manlove
Bankhead	Davenport	Hart	Mansfield
Beck	Davis	Hastings	Mapes
Bland	DeRouen	Hill, Ala.	May
Blanton	Dickinson	Hoch	Michener
Bolton	Dies	Hogg, W. Va.	Miller
Brand, Ga.	Dominick	Holaday	Milligan
Brand, Ohio	Doughton	Hooper	Mitchell
Browning	Douglas, Ariz.	Hope	Mobley
Buchanan	Doxey	Hopkins	Montague
Bulwinkle	Drewry	Howard	Montet
Burch	Driver	Huddleston	Morehead
Burtness	Dyer	Hull, Morton D.	Norton, Nebr.
Busby	Ellzey	Johnson, Okla.	Oliver, Ala.
Byrns	Eslick	Johnson, S. Dak.	Parker, N. Y.
Cable	Evans, Calif.	Johnson, Tex.	Parks
Cannon	Free	Johnson, Wash.	Perkins
Carden	French	Jones	Polk
Cartwright	Fulbright	Ketcham	Pratt, Ruth
Chindblom	Fuller	Kniffin	Rainey
Christopherson	Fulmer	Knutson	Ramseyer
Clague	Garber	Lambeth	Rankin
Clark, N. C.	Gilbert	Lanham	Rayburn
Clarke, N. Y.	Glover	Lozier	Reilly
Cole, Iowa	Green	Luce	Rich

Sanders, Tex.	Swank	Vinson, Ga.	Williamson
Shallenberger	Taber	Vinson, Ky.	Wingo
Simmons	Tarver	Warren	Wood, Ga.
Snell	Taylor, Tenn.	Wason	Woodruff
Sparks	Thatcher	Weaver	Woodrum
Stafford	Tilson	Weeks	Wright
Steagall	Timberlake	Whittington	
Stevenson	Underhill	Williams, Mo.	

NOT VOTING—38

Abernethy	Dieterich	Johnson, Ill.	Murphy
Boehne	Drane	Kemp	Pou
Boylan	Freeman	Kendall	Purnell
Canfield	Gillen	Kleberg	Romjue
Cavicchia	Griswold	Kunz	Sabath
Chapman	Hogg, Ind.	Larrabee	Sullivan, Pa.
Chase	Hollister	Lea	Tucker
Collier	Hornor	Lewis	Wood, Ind.
Corning	Igoe	Ludlow	
Crowe	Jeffers	Moore, Ohio	

So the amendment was agreed to.

The Clerk announced the following pairs:

On this vote:

Mr. Kendall (for) with Mr. Chapman (against).
Mr. Larrabee (for) with Mr. Pou (against).
Mr. Boylan (for) with Mr. Hollister (against).

General pairs until further notice:

Mr. Gillen with Mr. Purnell.
Mr. Griswold with Mr. Canfield.
Mr. Kleberg with Mr. Wood of Indiana.
Mr. Boehne with Mr. Sullivan of Pennsylvania.
Mr. Abernethy with Mr. Murphy.
Mr. Crowe with Mr. Hogg of Indiana.
Mr. Corning with Mr. Moore of Ohio.
Mr. Tucker with Mr. Cavicchia.
Mr. Ludlow with Mr. Freeman.
Mr. Sabath with Mr. Chase.
Mr. Dieterich with Mr. Johnson of Illinois.
Mr. Lea with Mr. Collier.
Mr. Lewis with Mr. Jeffers.
Mr. Hornor with Mr. Drane.
Mr. Igoe with Mr. Kemp.

Mr. CULLEN. Mr. Speaker, my colleague, the gentleman from New York, Mr. BOYLAN, is seriously ill in a hospital in Washington. If he were present he would vote "yea," and I desire to have the RECORD so show.

Mr. JENKINS. Mr. Speaker, is the gentleman from Ohio, Mr. MOORE, recorded as voting?

The SPEAKER. The gentleman voted "nay."

Mr. JENKINS. The gentleman from Ohio, Mr. MOORE, is not here. I think the gentleman from Missouri, Mr. MANLOVE, voted "nay" when the gentleman's name was called.

Mr. SEGER. Mr. Speaker, my colleague the gentleman from New Jersey, Mr. CAVICCHIA, is unavoidably detained. Had he been here he would have voted "yea."

The result of the vote was announced as above recorded.

The SPEAKER. The Clerk will report the next amendment, upon which a separate vote is demanded.

The Clerk read as follows:

Amendment by Mr. MCCORMACK of Massachusetts: Page 4, strike out lines 13 and following down through line 4 on page 5.

Mr. CONNERY. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. CONNERY. A vote "yea" on this amendment is in favor of the McCormack amendment?

The SPEAKER. A vote "yea" on this amendment is in favor of the McCormack amendment, and a vote "nay" is against it; certainly.

Mr. McDUFFIE. Mr. Speaker, I demand the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 267, nays 132, not voting 32, as follows:

[Roll No. 63]

YEAS—267

Adkins	Barton	Britten	Carter, Calif.
Allen	Beam	Brumm	Carter, Wyo.
Almon	Beedy	Brunner	Cary
Amlie	Black	Buchanan	Cavicchia
Andrews, N. Y.	Bland	Buckbee	Celler
Arentz	Bloom	Burch	Chavez
Arnold	Bohn	Burdick	Chiperfield
Auf der Heide	Boileau	Burtness	Christgau
Bachmann	Boland	Butler	Cochran, Mo.
Bacon	Bolton	Cable	Cochran, Pa.
Baldrige	Bowman	Campbell, Pa.	Cole, Md.
Barbour	Briggs	Carley	Colton
Condon	Griffin	McFadden	Schuetz
Connery	Hadley	McGugin	Seger
Connolly	Haines	McKeown	Seiberling
Cooke	Hall, Ill.	McReynolds	Selvig
Cooper, Ohio	Hall, Miss.	Maas	Shannon
Coyle	Hancock, N. Y.	Magrady	Shott
Crail	Hardy	Major	Shreve
Crisp	Harlan	Maloney	Sinclair
Cross	Hart	Manlove	Sirovich
Crosser	Hartley	Mapes	Smith, Idaho
Crowther	Hess	Martin, Mass.	Smith, Va.
Crump	Hill, Ala.	Martin, Oreg.	Snow
Culkin	Hill, Wash.	Mead	Somers, N. Y.
Cullen	Hogg, W. Va.	Millard	Spence
Curry	Holmes	Mobley	Stafford
Dallinger	Hooper	Montague	Stalker
Davenport	Hope	Montet	Stewart
Delaney	Hopkins	Moore, Ky.	Stokes
De Priest	Horr	Mouser	Strong, Kans.
DeRouen	Hull, Morton D.	Nelson, Me.	Strong, Pa.
Dickstein	Hull, William E.	Nelson, Wis.	Sullivan, N. Y.
Dies	Jacobsen	Niedringhaus	Summers, Wash.
Disney	James	Nolan	Sutphin
Douglass, Mass.	Jenkins	Norton, N. J.	Swank
Doutrich	Johnson, Tex.	O'Connor	Swanson
Dowell	Johnson, Wash.	Oliver, N. Y.	Sweeney
Dyer	Kading	Overton	Swick
Eaton, N. J.	Kahn	Owen	Swing
Englebright	Karch	Palmisano	Taylor, Colo.
Erk	Keller	Parker, Ga.	Thomason
Estep	Kelly, Ill.	Parsons	Tierney
Evans, Calif.	Kelly, Pa.	Partridge	Timberlake
Evans, Mont.	Kemp	Patman	Tinkham
Fernandez	Kennedy	Patterson	Treadway
Fiesinger	Kerr	Peavey	Turpin
Finley	Kinzer	Perkins	Underwood
Fish	Knutson	Person	Vinson, Ga.
Fishburne	Kurtz	Pettengill	Watson
Fitzpatrick	Kvale	Pittenger	Weaver
Flannagan	LaGuardia	Prall	Welch, Calif.
Foss	Lambertson	Pratt, Ruth	Welsh, Pa.
Frear	Lamneck	Ragon	West
Free	Lanham	Ramspeck	White
Fulbright	Lankford, Ga.	Ransley	Whitley
Gambrill	Lankford, Va.	Reed, N. Y.	Wigglesworth
Garrett	Leavitt	Reid, Ill.	Wilson
Gavagan	Lehlbach	Reilly	Withrow
Gifford	Lewis	Rich	Wolcott
Glover	Lichtenwalner	Rogers, N. H.	Wolfenden
Golder	Lindsay	Romjue	Wolverton
Goldsborough	Linthicum	Rudd	Woodruff
Goodwin	Lonergan	Sanders, N. Y.	Wyant
Goss	Loofbourow	Sandlin	Yates
Granfield	McClintock, Ohio	Schafer	Yon
Greenwood	McCormack	Schneider	

NAYS—132

Aldrich	Douglas, Ariz.	Ketcham	Rayburn
Allgood	Doxey	Kniffin	Robinson
Andresen	Drewry	Kopp	Rogers, Mass.
Andrew, Mass.	Driver	Lambeth	Sanders, Tex.
Bacharach	Eaton, Colo.	Larsen	Shallenberger
Bankhead	Ellzey	Lovette	Simmons
Beck	Eslick	Lozier	Smith, W. Va.
Blanton	French	Luce	Snell
Brand, Ga.	Fuller	McClintic, Okla.	Sparks
Brand, Ohio	Fulmer	McDuffie	Steagall
Browning	Garber	McLaughlin	Stevenson
Bulwinkle	Gasque	McLeod	Sumners, Tex.
Busby	Gibson	McMillan	Taber
Byrns	Gilbert	McSwain	Tarver
Campbell, Iowa	Gilchrist	Mansfield	Taylor, Tenn.
Cannon	Green	May	Temple
Carden	Gregory	Michener	Thatcher
Cartwright	Guyer	Miller	Thurston
Chindblom	Hall, N. Dak.	Milligan	Tilson
Christopherson	Hancock, N. C.	Mitchell	Underhill
Clague	Hare	Moore, Ohio	Vinson, Ky.
Clancy	Hastings	Morehead	Warren
Clark, N. C.	Haugen	Nelson, Mo.	Wason
Clarke, N. Y.	Hawley	Norton, Nebr.	Weeks
Cole, Iowa	Hoch	Oliver, Ala.	Whittington
Collins	Holaday	Parker, N. Y.	Williams, Mo.
Cooper, Tenn.	Houston, Del.	Parks	Williams, Tex.
Cox	Howard	Polk	Williamson
Darrow	Huddleston	Pratt, Harcourt J.	Wingo
Davis	Johnson, Mo.	Purnell	Wood, Ga.
Dickinson	Johnson, Okla.	Rainey	Wood, Ind.
Dominick	Johnson, S. Dak.	Ramseyer	Woodrum
Doughton	Jones	Rankin	Wright

NOT VOTING—32

Abernethy	Corning	Hollister	Larrabee
Ayres	Crowe	Hornor	Lea
Boehne	Dieterich	Igoe	Ludlow
Boylan	Drane	Jeffers	Murphy
Canfield	Freeman	Johnson, Ill.	Pou
Chapman	Gillen	Kendall	Sabath
Chase	Griswold	Kleberg	Sullivan, Pa.
Collier	Hogg, Ind.	Kunz	Tucker

So the amendment was agreed to.

The Clerk announced the following pairs:

Mr. Kendall (for) with Mr. Chapman (against).
Mr. Boylan (for) with Mr. Hollister (against).
Mr. Dieterich (for) with Mr. Pou (against).

General pairs:

Mr. Sabath with Mr. Chase.
Mr. Ludlow with Mr. Freeman.
Mr. Crowe with Mr. Hogg of Indiana.
Mr. Abernethy with Mr. Murphy.
Mr. Boehne with Mr. Sullivan of Pennsylvania.
Mr. Tucker with Mr. Johnson of Illinois.
Mr. Lea with Mr. Collier.
Mr. Hornor with Mr. Drane.
Mr. Corning with Mr. Kleberg.
Mr. Griswold with Mr. Canfield.
Mr. Larrabee with Mr. Jeffers.
Mr. Gillen with Mr. Ayres.
Mr. Igoe with Mr. Kunz.

Mr. CULLEN. Mr. Speaker, my colleague, the gentleman from New York, Mr. BOYLAN, is seriously ill in a hospital in Washington. If he were present, he would vote "yea."

The result of the vote was announced as above recorded.

The SPEAKER. The Clerk will report the next amendment.

The Clerk read as follows:

Amendment offered by Mr. VINSON of Georgia: On page 14, beginning with line 11, strike all of section 301.

Mr. VINSON of Georgia. Division, Mr. Speaker.

Mr. WOODRUFF and Mr. DYER asked for the yeas and nays.

The yeas and nays were ordered.

Mr. WOODRUFF. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. WOODRUFF. This is the amendment that provides for the consolidation of the Army and Navy.

The SPEAKER. The amendment was reported a moment ago and the gentleman from Michigan demanded the yeas and nays. Evidently he knew what it was.

Mr. WOODRUFF. Mr. Speaker, I think the House should know what it is voting on. There is so much confusion, I could not hear the amendment, although I was listening.

Mr. BYRNS. Mr. Speaker, I demand the regular order.

The SPEAKER. The regular order is the roll call.

Mr. WOODRUFF. This amendment provides for the consolidation of the Army and Navy?

Mr. VINSON of Georgia. This is not that amendment.

The SPEAKER. The gentleman asked for the yeas and nays, and the yeas and nays were ordered.

The question was taken; and there were—yeas 209, nays 183, not voting 39, as follows:

[Roll No. 64]

YEAS—209

Allgood	Davis	Hancock, N. C.	McKeown
Amlie	Delaney	Hart	McMillan
Arnold	De Priest	Hastings	McReynolds
Ayres	DeRouen	Hill, Ala.	McSwain
Barton	Dickinson	Hoch	Maas
Beam	Dickstein	Holaday	Major
Black	Dies	Hope	Maloney
Bland	Disney	Howard	Mansfield
Blanton	Dominick	Jacobsen	May
Bloom	Doughton	James	Mead
Boileau	Douglass, Mass.	Johnson, Mo.	Miller
Boland	Doxey	Johnson, Tex.	Mitchell
Brand, Ga.	Drewry	Jones	Mobley
Britten	Driver	Kading	Montague
Browning	Ellzey	Karch	Montet
Brunner	Eslick	Keller	Moore, Ky.
Buchanan	Estep	Kelly, Ill.	Morehead
Bulwinkle	Fernandez	Kelly, Pa.	Nelson, Mo.
Burch	Fiesinger	Kemp	Norton, Nebr.
Busby	Fishburne	Kennedy	Norton, N. J.
Byrns	Fitzpatrick	Kerr	O'Connor
Campbell, Iowa	Flannagan	Kniffin	Oliver, N. Y.
Cannon	Frear	Kunz	Overton
Carden	Fulbright	Kvale	Parker, Ga.
Carley	Fuller	LaGuardia	Parks
Carter, Wyo.	Fulmer	Lambertson	Parsons
Cartwright	Gambrill	Lambeth	Patman
Cary	Garber	Lamneck	Patterson
Chavez	Garrett	Lanham	Peavey
Christgau	Gasque	Lankford, Ga.	Perkins
Cochran, Mo.	Gavagan	Larsen	Polk
Cole, Md.	Gilchrist	Leavitt	Prall
Collins	Glover	Lichtenwalner	Ragon
Condon	Goldsborough	Lindsay	Rainey
Connery	Goss	Lonergan	Ramspeck
Connolly	Granfield	Loofbourow	Rankin
Cooper, Tenn.	Green	Lozier	Ransley
Crisp	Greenwood	McClintic, Okla.	Rayburn
Cross	Gregory	McClintock, Ohio	Reilly
Crosser	Guyer	McCormack	Rogers, N. H.
Crump	Haines	McFadden	Romjue
Cullen	Hall, Miss.	McGugin	Rudd
Sanders, Tex.	Smith, W. Va.	Sweeney	Williams, Tex.
Schafer	Somers, N. Y.	Tarver	Wingo
Schneider	Sparks	Thomason	Withrow
Schuetz	Spence	Turpin	Wood, Ga.
Selvig	Stafford	Underwood	Wood, Ind.
Shallenberger	Steagall	Vinson, Ga.	Woodrum
Shannon	Stewart	Vinson, Ky.	Wright
Simmons	Sullivan, N. Y.	Weaver	Yon
Sinclair	Sumners, Tex.	West	
Sirovich	Sutphin	Whittington	
Smith, Va.	Swank	Williams, Mo.	

NAYS—183

Adkins	Curry	Johnson, S. Dak.	Sandlin
Aldrich	Dallinger	Johnson, Wash.	Seger
Allen	Darrow	Kahn	Seiberling
Andresen	Davenport	Ketcham	Shott
Andrew, Mass.	Douglas, Ariz.	Kinzer	Shreve
Andrews, N. Y.	Doutrich	Knutson	Smith, Idaho
Arentz	Dowell	Kopp	Snell
Bacharach	Dyer	Kurtz	Snow
Bachmann	Eaton, Colo.	Lankford, Va.	Stalker
Bacon	Eaton, N. J.	Lehlbach	Stevenson
Baldrige	Englebright	Lewis	Stokes
Bankhead	Erk	Linthicum	Strong, Kans.
Barbour	Evans, Calif.	Luce	Strong, Pa.
Beedy	Evans, Mont.	McDuffie	Summers, Wash.
Bohn	Finley	McLaughlin	Swanson
Bolton	Fish	McLeod	Swick
Bowman	Foss	Magrady	Swing
Brand, Ohio	Free	Manlove	Taber
Briggs	French	Mapes	Taylor, Colo.
Brumm	Gibson	Martin, Mass.	Taylor, Tenn.
Buckbee	Gifford	Martin, Oreg.	Temple
Burdick	Gilbert	Michener	Thatcher
Burtness	Golder	Millard	Thurston
Butler	Goodwin	Milligan	Tilson
Cable	Griffin	Moore, Ohio	Timberlake
Campbell, Pa.	Hadley	Mouser	Tinkham
Carter, Calif.	Hall, Ill.	Nelson, Me.	Treadway
Cavicchia	Hall, N. Dak.	Nelson, Wis.	Underhill
Celler	Hancock, N. Y.	Nolan	Warren
Chindblom	Hardy	Oliver, Ala.	Wason
Chiperfield	Harlan	Owen	Watson
Christopherson	Hartley	Palmisano	Weeks
Clague	Haugen	Parker, N. Y.	Welch, Calif.
Clancy	Hawley	Partridge	Welsh, Pa.
Clark, N. C.	Hess	Person	White
Clarke, N. Y.	Hill, Wash.	Pettengill	Whitley
Cochran, Pa.	Hogg, W. Va.	Pittenger	Wigglesworth
Cole, Iowa	Holmes	Pratt, Harcourt J.	Williamson
Colton	Hooper	Pratt, Ruth	Wilson
Cooke	Hopkins	Ramseyer	Wolcott
Cooper, Ohio	Horr	Reed, N. Y.	Wolfenden
Cox	Houston, Del.	Reid, Ill.	Wolverton
Coyle	Huddleston	Rich	Woodruff
Crail	Hull, Morton D.	Robinson	Wyant
Crowther	Hull, William E.	Rogers, Mass.	Yates
Culkin	Jenkins	Sanders, N. Y.	

NOT VOTING—39

Abernethy	Corning	Hornor	Ludlow
Almon	Crowe	Igoe	Murphy
Auf der Heide	Dieterich	Jeffers	Niedringhaus
Beck	Drane	Johnson, Ill.	Pou
Boehne	Freeman	Johnson, Okla.	Purnell
Boylan	Gillen	Kendall	Sabath
Canfield	Griswold	Kleberg	Sullivan, Pa.
Chapman	Hare	Larrabee	Tierney
Chase	Hogg, Ind.	Lea	Tucker
Collier	Hollister	Lovette	

So the amendment was agreed to.

The Clerk announced the following additional pairs:

On the vote:

Mr. Boylan (for) with Mr. Pou (against).
Mr. Dieterich (for) with Mr. Hollister (against).

General pairs:

Mr. Gillen with Mr. Purnell.
Mr. Sabath with Mr. Chase.
Mr. Ludlow with Mr. Freeman.
Mr. Crowe with Mr. Hogg of Indiana.
Mr. Abernethy with Mr. Murphy.
Mr. Boehne with Mr. Sullivan of Pennsylvania.
Mr. Tucker with Mr. Johnson of Illinois.
Mr. Almon with Mr. Bachmann.
Mr. Hare with Mr. Kendall.
Mr. Auf der Heide with Mr. Lovette.
Mr. Johnson of Oklahoma with Mr. Beck.
Mr. Lea with Mr. Collier.
Mr. Hornor with Mr. Drane.
Mr. Corning with Mr. Kleberg.
Mr. Griswold with Mr. Canfield.
Mr. Larrabee with Mr. Jeffers.
Mr. Chapman with Mr. Tierney.

The SPEAKER. Let the Chair make this statement before announcing the vote. It appears to the Chair there is a great deal of confusion on account of the fact that Members do not know really what amendment they are voting on. If it is agreeable to the House, and unless there is some objection, the Chair will request the other amend-

ments to be reported so the House will know what it is voting on.

The result of the vote was announced as above recorded.

The SPEAKER. The Clerk will report the next amendment.

The Clerk read as follows:

Amendment by Mr. BARBOUR: Page 19, line 19, strike out sections 308, 309, 310, 311, 312, and 313 down to and including line 8 on page 23.

Mr. McDUFFIE. Mr. Speaker, I demand the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 297, nays 98, not voting 36, as follows:

[Roll No. 65]

YEAS—297

Adkins	Dickstein	Kinzer	Ransley
Aldrich	Dies	Kniffin	Reed, N. Y.
Allen	Dominick	Knutson	Robinson
Allgood	Douglass, Mass.	Kopp	Rogers, Mass.
Almon	Doutrich	Kunz	Rogers, N. H.
Amlie	Doxey	Kurtz	Romjue
Andresen	Driver	Kvale	Rudd
Andrews, N. Y.	Eaton, Colo.	LaGuardia	Sanders, N. Y.
Arentz	Eaton, N. J.	Lambertson	Sanders, Tex.
Arnold	Elizey	Lambeth	Schafer
Auf der Heide	Englebright	Lamneck	Schneider
Bacharach	Erk	Lanham	Schuetz
Bachmann	Eslick	Lankford, Ga.	Seger
Barbour	Estep	Lankford, Va.	Selvig
Beam	Fernandez	Larsen	Shannon
Beedy	Fiesinger	Leavitt	Shott
Black	Finley	Lehlbach	Shreve
Bloom	Fish	Lichtenwalner	Simmons
Bohn	Fishburne	Lindsay	Sinclair
Boileau	Fitzpatrick	Linthicum	Sirovich
Boland	Foss	Lonergan	Smith, Idaho
Bolton	Frear	Loofbourow	Smith, W. Va.
Brand, Ga.	French	Lovette	Snell
Brand, Ohio	Fulbright	Lozier	Snow
Briggs	Fuller	Luce	Somers, N. Y.
Britten	Gambrill	McCormack	Spence
Browning	Garrett	McFadden	Stalker
Brumm	Gasque	McKeown	Steagall
Brunner	Gavagan	McLaughlin	Stewart
Buckbee	Gibson	McLeod	Strong, Pa.
Burdick	Gifford	McMillan	Sullivan, N. Y.
Burtness	Gilchrist	McReynolds	Sutphin
Butler	Golder	Maas	Swank
Campbell, Iowa	Goldsborough	Magrady	Sweeney
Campbell, Pa.	Goodwin	Major	Swick
Carden	Goss	Maloney	Swing
Carley	Granfield	Manlove	Taber
Carter, Calif.	Green	Mansfield	Tarver
Carter, Wyo.	Greenwood	Mapes	Taylor, Colo.
Cary	Gregory	Martin, Oreg.	Temple
Cavicchia	Griffin	May	Thatcher
Celler	Haines	Mead	Thurston
Chavez	Hall, Ill.	Millard	Tierney
Chiperfield	Hall, Miss.	Mitchell	Tilson
Christgau	Hall, N. Dak.	Montet	Treadway
Christopherson	Hancock, N. Y.	Moore, Ky.	Turpin
Clague	Hardy	Nelson, Me.	Underwood
Clancy	Harlan	Nelson, Mo.	Vinson, Ga.
Clarke, N. Y.	Hart	Nelson, Wis.	Vinson, Ky.
Cochran, Mo.	Hartley	Niedringhaus	Watson
Cochran, Pa.	Hastings	Nolan	Welch, Calif.
Cole, Md.	Haugen	Norton, N. J.	Welsh, Pa.
Colton	Hawley	O'Connor	West
Condon	Hess	Oliver, Ala.	White
Connery	Hill, Ala.	Oliver, N. Y.	Whitley
Connolly	Hill, Wash.	Overton	Whittington
Cooke	Holmes	Owen	Wigglesworth
Cooper, Tenn.	Hooper	Palmisano	Williams, Mo.
Coyle	Hopkins	Parker, Ga.	Williams, Tex.
Crail	Howard	Parker, N. Y.	Wilson
Crisp	Hull, William E.	Parks	Wingo
Crosser	Jacobsen	Partridge	Withrow
Crowther	James	Patman	Wolcott
Crump	Johnson, Mo.	Patterson	Wolfenden
Culkin	Johnson, S. Dak.	Peavey	Wolverton
Cullen	Johnson, Tex.	Perkins	Wood, Ga.
Curry	Kading	Person	Woodruff
Dallinger	Karch	Pettengill	Woodrum
Darrow	Keller	Pittenger	Wright
Davenport	Kelly, Ill.	Polk	Wyant
Davis	Kelly, Pa.	Prall	Yates
Delaney	Kemp	Pratt, Harcourt J.	Yon
De Priest	Kennedy	Pratt, Ruth	
DeRouen	Kerr	Ramspeck	
Dickinson	Ketcham	Rankin	

NAYS—98

Andrew, Mass.	Beck	Burch	Chindblom
Ayres	Bland	Busby	Clark, N. C.
Bacon	Blanton	Byrns	Cole, Iowa
Baldrige	Bowman	Cable	Collins
Bankhead	Buchanan	Cannon	Cooper, Ohio
Barton	Bulwinkle	Cartwright	Cox
Cross	Holaday	Milligan	Sparks
Disney	Hope	Mobley	Stafford
Doughton	Horr	Montague	Stevenson
Dowell	Houston, Del.	Moore, Ohio	Strong, Kans.
Drewry	Huddleston	Morehead	Summers, Wash.
Dyer	Hull, Morton D.	Mouser	Sumners, Tex.
Evans, Calif.	Jenkins	Norton, Nebr.	Swanson
Evans, Mont.	Johnson, Okla.	Parsons	Taylor, Tenn.
Flannagan	Johnson, Wash.	Ragon	Thomason
Free	Jones	Rainey	Timberlake
Fulmer	Lewis	Ramseyer	Tinkham
Garber	McClintic, Okla.	Rayburn	Warren
Gilbert	McClintock, Ohio	Reid, Ill.	Wason
Glover	McDuffie	Reilly	Weaver
Guyer	McGugin	Rich	Weeks
Hadley	McSwain	Sandlin	Williamson
Hancock, N. C.	Martin, Mass.	Seiberling	Wood, Ind.
Hoch	Michener	Shallenberger	
Hogg, W. Va.	Miller	Smith, Va.	

NOT VOTING—36

Abernethy	Dieterich	Hornor	Ludlow
Boehne	Douglas, Ariz.	Igoe	Murphy
Boylan	Drane	Jeffers	Pou
Canfield	Freeman	Johnson, Ill.	Purnell
Chapman	Gillen	Kahn	Sabath
Chase	Griswold	Kendall	Stokes
Collier	Hare	Kleberg	Sullivan, Pa.
Corning	Hogg, Ind.	Larrabee	Tucker
Crowe	Hollister	Lea	Underhill

So the amendment was agreed to.

The Clerk announced the following additional pairs:

On the vote:

Mr. Dieterich (for) with Mr. Chapman (against).
Mr. Boylan (for) with Mr. Pou (against).
Mr. Hollister (for) with Mr. Kendall (against).

General pairs:

Mr. Gillen with Mr. Purnell.
Mr. Sabath with Mr. Chase.
Mr. Ludlow with Mr. Freeman.
Mr. Crowe with Mr. Hogg of Indiana.
Mr. Abernethy with Mr. Murphy.
Mr. Boehne with Mr. Sullivan of Pennsylvania.
Mr. Tucker with Mr. Johnson of Illinois.
Mr. Douglas of Arizona with Mrs. Kahn.
Mr. Hare with Mr. Stokes.
Mr. Igoe with Mr. Underhill.
Mr. Canfield with Mr. Griswold.
Mr. Larrabee with Mr. Jeffers.
Mr. Corning with Mr. Kleberg.
Mr. Hornor with Mr. Drane.
Mr. Lea with Mr. Collier.

The result of the vote was announced as above recorded.

The SPEAKER. The Clerk will report the next amendment on which a separate vote has been demanded.

The Clerk read as follows:

Amendment offered by Mr. MARTIN, of Oregon: Strike out all of Title VI, the national defense reorganization act.

The SPEAKER. The question is on agreeing to the amendment.

Mr. McDUFFIE. Mr. Speaker, I demand the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 210, nays 187, not voting 34, as follows:

[Roll No. 66]

YEAS—210

Adkins	Carter, Wyo.	Doutrich	Hall, Ill.
Aldrich	Cavicchia	Drewry	Hancock, N. Y.
Allen	Celler	Eaton, Colo.	Hardy
Andrews, N. Y.	Chindblom	Eaton, N. J.	Hartley
Arentz	Chiperfield	Englebright	Haugen
Auf der Heide	Clague	Erk	Hawley
Bacharach	Clancy	Estep	Hess
Bachmann	Clarke, N. Y.	Evans, Calif.	Holmes
Bacon	Cochran, Pa.	Fernandez	Hooper
Baldrige	Cole, Iowa	Finley	Hopkins
Barbour	Cole, Md.	Fish	Horr
Beam	Colton	Fitzpatrick	Houston, Del.
Beck	Connolly	Foss	Hull, William E.
Beedy	Cooke	Free	Jenkins
Black	Coyle	French	Johnson, S. Dak.
Bland	Crail	Gambrill	Johnson, Wash.
Bloom	Crisp	Garber	Kahn
Bohn	Crowther	Gasque	Keller
Boland	Caulkin	Gavagan	Kelly, Ill.
Bolton	Cullen	Gibson	Kelly, Pa.
Briggs	Curry	Gifford	Kennedy
Britten	Dallinger	Golder	Kinzer
Brumm	Darrow	Goldsborough	Kniffin
Brunner	Davenport	Goodwin	Kopp
Burdick	Delaney	Goss	Kurtz
Butler	De Priest	Granfield	Lankford, Va.
Campbell, Pa.	Dickstein	Green	Larsen
Carley	Douglas, Ariz.	Griffin	Leavitt
Carter, Calif.	Douglass, Mass.	Hadley	Lehlbach

Lindsay	Nolan	Seiberling	Tinkham
Linthicum	Norton, N. J.	Shott	Treadway
Lonergan	O'Connor	Shreve	Turpin
Loofbourow	Oliver, N. Y.	Simmons	Underhill
Lovette	Palmisano	Sirovich	Vinson, Ga.
Luce	Parker, Ga.	Smith, Idaho	Wason
McCormack	Parker, N. Y.	Smith, Va.	Watson
McFadden	Partridge	Snell	Weeks
McLaughlin	Patman	Snow	Welch, Calif.
McLeod	Pittenger	Somers, N. Y.	Welsh, Pa.
McMillan	Prall	Stewart	White
Maas	Pratt, Harcourt J.	Stokes	Whitley
Magrady	Pratt, Ruth	Strong, Pa.	Whittington
Manlove	Ramseyer	Sullivan, N. Y.	Wigglesworth
Mapes	Ransley	Summers, Wash.	Wingo
Martin, Mass.	Reed, N. Y.	Sutphin	Wolcott
Martin, Oreg.	Rich	Swanson	Wolfenden
Michener	Rogers, Mass.	Swick	Wolverton
Millard	Rogers, N. H.	Swing	Woodruff
Montague	Rudd	Taber	Wyant
Moore, Ohio	Sanders, N. Y.	Taylor, Colo.	Yates
Mouser	Schafer	Temple	Yon
Nelson, Me.	Schuetz	Tilson	
Niedringhaus	Seger	Timberlake	

NAYS—187

Allgood	Doughton	Kerr	Ragon
Almon	Dowell	Ketcham	Rainey
Amlie	Doxey	Knutson	Ramspeck
Andresen	Driver	Kunz	Rankin
Andrew, Mass.	Dyer	Kvale	Rayburn
Arnold	Elzey	LaGuardia	Reid, Ill.
Ayres	Eslick	Lambertson	Reilly
Bankhead	Evans, Mont.	Lambeth	Robinson
Barton	Fiesinger	Lamneck	Romjue
Blanton	Fishburne	Lanham	Sanders, Tex.
Boileau	Flannagan	Lankford, Ga.	Sandlin
Bowman	Frear	Lewis	Schneider
Brand, Ga.	Fulbright	Lichtenwalner	Selvig
Brand, Ohio	Fuller	Lozier	Shallenberger
Browning	Fulmer	McClintic, Okla.	Shannon
Buchanan	Garrett	McClintock, Ohio	Sinclair
Bulwinkle	Gilbert	McDuffie	Smith, W. Va.
Burch	Gilchrist	McGugin	Sparks
Burtness	Glover	McKeown	Spence
Busby	Greenwood	McReynolds	Stafford
Byrns	Gregory	McSwain	Stalker
Cable	Guyer	Major	Steagall
Campbell, Iowa	Haines	Maloney	Stevenson
Cannon	Hall, Miss.	Mansfield	Strong, Kans.
Carden	Hall, N. Dak.	May	Sumners, Tex.
Cartwright	Hancock, N. C.	Mead	Swank
Cary	Harlan	Miller	Sweeney
Chavez	Hart	Mitchell	Tarver
Christgau	Hastings	Milligan	Taylor, Tenn.
Christopherson	Hill, Ala.	Mobley	Thomason
Clark, N. C.	Hill, Wash.	Montet	Thurston
Cochran, Mo.	Hoch	Moore, Ky.	Tierney
Collins	Hogg, W. Va.	Morehead	Underwood
Condon	Holaday	Nelson, Mo.	Vinson, Ky.
Connery	Hope	Nelson, Wis.	Warren
Cooper, Ohio	Howard	Norton, Nebr.	Weaver
Cooper, Tenn.	Huddleston	Oliver, Ala.	West
Cox	Hull, Morton D.	Overton	Williams, Mo.
Cross	Jacobsen	Owen	Williams, Tex.
Crosser	James	Parks	Williamson
Crump	Johnson, Mo.	Parsons	Wilson
Davis	Johnson, Okla.	Patterson	Withrow
DeRouen	Johnson, Tex.	Peavey	Wood, Ga.
Dickinson	Jones	Perkins	Wood, Ind.
Dies	Kading	Person	Woodrum
Disney	Karch	Pettengill	Wright
Dominick	Kemp	Polk	

NOT VOTING—34

Abernethy	Crowe	Hornor	Murphy
Boehne	Dieterich	Igoe	Pou
Boylan	Drane	Jeffers	Purnell
Buckbee	Freeman	Johnson, Ill.	Sabath
Canfield	Gillen	Kendall	Sullivan, Pa.
Chapman	Griswold	Kleberg	Thatcher
Chase	Hare	Larrabee	Tucker
Collier	Hogg, Ind.	Lea	
Corning	Hollister	Ludlow	

So the amendment was agreed to.

The Clerk announced the following additional pairs:

On this vote:

Mr. Hollister (for) with Mr. Chapman (against).
Mr. Boylan (for) with Mr. Pou (against).

Until further notice:

Mr. Gillen with Mr. Purnell.
Mr. Sabath with Mr. Chase.
Mr. Ludlow with Mr. Freeman.
Mr. Crowe with Mr. Hogg of Indiana.
Mr. Abernethy with Mr. Murphy.
Mr. Boehne with Mr. Sullivan of Pennsylvania.
Mr. Tucker with Mr. Johnson of Illinois.
Mr. Canfield with Mr. Griswold.
Mr. Larrabee with Mr. Jeffers.
Mr. Corning with Mr. Kleberg.
Mr. Hornor with Mr. Drane.
Mr. Lea with Mr. Collier.
Mr. Hare with Mr. Thatcher.
Mr. Dieterich with Mr. Kendall.
Mr. Igoe with Mr. Buckbee.

The result of the vote was announced as above recorded.

The SPEAKER. The Clerk will report the next amendment on which a separate vote has been demanded.

The Clerk read as follows:

Amendment offered by Mr. BULWINKLE: Strike out all of Title IX, consisting of sections 901, 902, 903, 904, 905, 906, 907, 908, 909, and 910.

The SPEAKER. The question is on agreeing to the amendment.

Mr. McDUFFIE. Mr. Speaker, I demand the yeas and nays.

The yeas and nays were refused.

The amendment was agreed to.

The SPEAKER. The question is now on the committee amendment as amended.

The question was taken; and on a division (demanded by Mr. CONNERY and Mr. LAGUARDIA) there were—ayes 203, noes 42.

So the committee amendment as amended was agreed to.

The SPEAKER. The question is now on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, and was read the third time.

Mr. McDUFFIE. Mr. Speaker, I offer a motion to recommit.

The SPEAKER. The gentleman from Alabama offers a motion to recommit, which the Clerk will report.

Mr. RAMSEYER. Mr. Speaker, I was on my feet seeking recognition. Under the practice of the House is not the minority entitled to first recognition? I demand such recognition.

The SPEAKER. This is a special rule giving the right to make two motions to recommit. In the opinion of the Chair those in control of the bill should have the right to submit the first motion to recommit.

Mr. SNELL. Mr. Speaker, when was any decision ever made that those in control of a bill would have the right to submit the first motion to recommit? Generally those in control of a bill do not submit a motion to recommit.

The SPEAKER. They certainly have that right under this rule.

Mr. SNELL. But the motion to recommit is an entirely different proposition, and the ruling of the Speaker would foreclose the minority from having its rights with respect to such a motion.

The SPEAKER. The Chair does not think the minority has that right at all. The rule of the House of Representatives since the present occupant of the chair has been a Member of it has been that in case a motion to recommit is desired to be made, the Members in charge of the bill, if the bill has been amended so they can not support it, in the order of their seniority are recognized to submit a motion to recommit.

Mr. SNELL. I am very sorry I have to disagree with the distinguished Speaker. That is not my understanding of the rule.

The SPEAKER. The Chair has recognized the gentleman from Alabama to offer a motion to recommit.

Mr. OLIVER of Alabama. If the Chair will permit, the Speaker made that announcement when this rule was first offered and there was no objection to it.

The SPEAKER. Undoubtedly that is the spirit of the rule.

Mr. SNELL. I do not agree with the ruling of the Speaker.

The SPEAKER. The Clerk will report the motion to recommit.

The Clerk read as follows:

Mr. McDUFFIE offers the following motion to recommit: I move to recommit the bill H. R. 11267 to the Committee on Appropriations with instructions to that committee to report the same back forthwith with the following amendment: Strike out of section 102 (a) of the Economy Committee amendment the following: " Compensation at an annual rate of $1,000 or less shall be exempt

from reduction, and compensation at an annual rate in excess of $1,000 shall be reduced by 11 per cent of the amount thereof in excess of $1,000," and insert in lieu thereof the following: "Compensation at an annual rate of $2,000 or more shall be reduced by 10 per cent, but this subsection shall not reduce below $2,000 any rate of compensation of $2,000 or more."

Mr. LAGUARDIA. Mr. Speaker, I make the point of order that the motion to recommit submits this bill to the Committee on Appropriations, when the Committee on Appropriations has no jurisdiction over the subject matter contained in the amendment which the motion seeks to amend.

The SPEAKER. The rule authorizing consideration of this amendment gives the Committee on Appropriations jurisdiction. The point of order is overruled.

Mr. McDUFFIE. Mr. Speaker, I move the previous question on the motion to recommit.

The previous question was ordered.

The SPEAKER. The question is on the motion to recommit.

Mr. McDUFFIE. Mr. Speaker, I ask for the yeas and nays.

The yeas and nays were ordered.

Mr. MICHENER. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. MICHENER. As I understand, the rule permits two motions to recommit.

The SPEAKER. The gentleman is correct.

Mr. MICHENER. If the motion which has been offered by the gentleman from Alabama [Mr. McDUFFIE] fixing the exemption at $2,000, should fail, then would it be in order to offer the staggering plan or the furlough plan with a $2,000 exemption?

The SPEAKER. It does not make any difference whether the motion fails or not, they have the right to submit two motions to recommit.

Mr. MICHENER. And recommit the bill twice?

The SPEAKER. Certainly; that is what the rule provides. As the Chair construes this rule, if the motion of the gentleman from Alabama [Mr. McDUFFIE] is carried, there would still be opportunity for another motion to recommit.

Mr. MICHENER. Mr. Speaker, if that is true and if the McDuffie motion carries, the bill is then recommitted forthwith to the committee, there is nothing before the House, and what in the world are we going to recommit after that has been done?

The SPEAKER. It may be the House will want to strike out something else.

Mr. CRISP. If the Chair will permit, if the McDuffie motion prevails, the bill will be immediately reported back to the House with the amendment.

The SPEAKER. Certainly; and another motion to recommit with respect to some other part of the bill would be in order.

Mr. O'CONNOR. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. O'CONNOR. Mr. Speaker, the gentleman from Michigan [Mr. MICHENER] asked a question and the Chair proceeded to answer it, but in the premise of his answer the Chair stated that this motion to recommit involved an exemption, which it does not contain. I would like the Chair to inform the House properly as to what the amendment does and show that there is no exemption mentioned in the motion.

The SPEAKER. The Chair can request the Clerk to read the motion to recommit once more if the membership wants that done. Without objection, the Clerk will again report the motion to recommit. [After a pause.] The Chair hears no objection, and the Clerk will report the motion.

The Clerk again reported the motion to recommit.

Mr. LAGUARDIA. Mr. Speaker, a parliamentary inquiry. This motion to recommit presupposes that there is something in the bill that is not in it. How can this House vote to substitute something for the $1,000 provision when that item has been stricken from the bill?

The SPEAKER. That is not a parliamentary inquiry.

Mr. DE PRIEST. Mr. Speaker, a parliamentary inquiry. Those that are in favor of this bill as is, or as amended in committee, will vote "no"?

The SPEAKER. The Chair does not think that is a parliamentary inquiry.

The question is on the motion to recommit.

The question was taken; and there were—yeas 167, nays 226, not voting 38, as follows:

[Roll No. 67]

YEAS—167

Allgood	Douglas, Ariz.	Johnson, Mo.	Rich
Andresen	Dowell	Johnson, Tex.	Robinson
Andrews, N. Y.	Doxey	Jones	Romjue
Arnold	Drewry	Ketcham	Sanders, Tex.
Ayres	Driver	Kniffin	Selberling
Bacharach	Ellzey	Knutson	Shallenberger
Baldrige	Eslick	Kopp	Simmons
Bankhead	Evans, Calif.	Lambeth	Smith, W. Va.
Barton	Fiesinger	Lanham	Sparks
Beck	Fish	Lozier	Stafford
Bland	Fishburne	McClintic, Okla.	Stalker
Blanton	Flannagan	McDuffie	Steagall
Bohn	Frear	McGugin	Stevenson
Brand, Ga.	Free	McKeown	Stokes
Brand, Ohio.	French	McMillan	Strong, Kans.
Briggs	Fulbright	McSwain	Strong, Pa.
Buchanan	Fulmer	Mansfield	Sumners, Tex.
Bulwinkle	Garber	Mapes	Swank
Burch	Garrett	Martin, Oreg.	Swanson
Burtness	Gilbert	May	Taber
Busby	Gilchrist	Miller	Tarver
Byrns	Glover	Milligan	Taylor, Colo.
Cable	Green	Mitchell	Thatcher
Campbell, Iowa	Gregory	Mobley	Thomason
Cannon	Guyer	Montague	Thurston
Carden	Haines	Montet	Tilson
Cary	Hall, Miss.	Moore, Ohio	Underhill
Clague	Hall, N. Dak.	Morehead	Vinson, Ga.
Clark, N. C.	Hancock, N. Y.	Nelson, Mo.	Vinson, Ky.
Cole, Iowa	Hancock, N. C.	Norton, Nebr.	Warren
Collins	Hart	Oliver, Ala.	Weaver
Cooper, Ohio	Hastings	Overton	Weeks
Cox	Haugen	Owen	West
Crisp	Hoch	Parker, Ga.	White
Cross	Holaday	Parks	Whittington
Crump	Holmes	Parsons	Williams, Mo.
Davis	Hooper	Patman	Wood, Ga.
DeRouen	Hope	Polk	Wood, Ind.
Dickinson	Howard	Rainey	Woodrum
Dies	Huddleston	Rankin	Wright
Dominick	Hull, Morton D.	Rayburn	Yon
Doughton	Jenkins	Reilly	

NAYS—226

Adkins	Cullen	Johnson, Wash.	Oliver, N. Y.
Aldrich	Curry	Kading	Palmisano
Allen	Dallinger	Kahn	Parker, N. Y.
Almon	Darrow	Karch	Partridge
Amlie	Davenport	Keller	Patterson
Andrew, Mass.	Delaney	Kelly, Ill.	Peavey
Arentz	De Priest	Kelly, Pa.	Perkins
Auf der Heide	Dickstein	Kemp	Person
Bachmann	Disney	Kennedy	Pettengill
Bacon	Douglass, Mass.	Kerr	Pittenger
Barbour	Doutrich	Kinzer	Prall
Beam	Dyer	Kunz	Pratt, Harcourt, J.
Beedy	Eaton, Colo.	Kurtz	Pratt, Ruth
Black	Eaton, N. J.	Kvale	Ragon
Bloom	Englebright	LaGuardia	Ramseyer
Boileau	Erk	Lambertson	Ramspeck
Boland	Estep	Lamneck	Ransley
Bolton	Fernandez	Lankford, Ga.	Reed, N. Y.
Bowman	Finley	Lankford, Va.	Reid, Ill.
Britten	Fitzpatrick	Larsen	Rogers, Mass.
Browning	Foss	Leavitt	Rogers, N. H.
Brumm	Fuller	Lehlbach	Rudd
Brunner	Gambrill	Lichtenwalner	Sanders, N. Y.
Buckbee	Gasque	Lindsay	Sandlin
Burdick	Gavagan	Linthicum	Schafer
Butler	Gibson	Lonergan	Schneider
Campbell, Pa.	Gifford	Loofbourow	Schuetz
Carley	Golder	Lovette	Seger
Carter, Wyo.	Goldsborough	Luce	Selvig
Cartwright	Goodwin	McClintock, Ohio	Shannon
Cavicchia	Goss	McCormack	Shott
Celler	Granfield	McFadden	Shreve
Chavez	Greenwood	McLaughlin	Sinclair
Chindblom	Griffin	McLeod	Sirovich
Chiperfield	Hadley	McReynolds	Smith, Idaho
Christgau	Hall, Ill.	Maas	Smith, Va.
Christopherson	Hardy	Magrady	Snell
Clancy	Harlan	Major	Snow
Clarke, N. Y.	Hartley	Maloney	Somers, N. Y.
Cochran, Mo.	Hawley	Manlove	Spence
Cole, Md.	Hess	Martin, Mass.	Stewart
Colton	Hill, Ala.	Mead	Sullivan, N. Y.
Condon	Hill, Wash.	Michener	Summers, Wash.
Connery	Hogg, W. Va.	Millard	Sutphin
Connolly	Hopkins	Moore, Ky.	Sweeney
Cooke	Horr	Mouser	Swick
Cooper, Tenn.	Houston, Del.	Nelson, Me.	Swing
Coyle	Hull, William E.	Nelson, Wis.	Taylor, Tenn.
Crail	Jacobsen	Niedringhaus	Temple
Crosser	James	Nolan	Tierney
Crowther	Johnson, Okla.	Norton, N. J.	Timberlake
Culkin	Johnson, S. Dak.	O'Connor	Tinkham

Treadway	Welch, Calif.	Williamson	Wolfenden
Turpin	Welsh, Pa.	Wilson	Wolverton
Underwood	Whitley	Wingo	Wyant
Wason	Wigglesworth	Withrow	
Watson	Williams, Tex.	Wolcott	

NOT VOTING—38

Abernethy	Crowe	Hornor	Murphy
Boehne	Dieterich	Igoe	Pou
Boylan	Drane	Jeffers	Purnell
Canfield	Evans, Mont.	Johnson, Ill.	Sabath
Carter, Calif.	Freeman	Kendall	Sullivan, Pa.
Chapman	Gillen	Kleberg	Tucker
Chase	Griswold	Larrabee	Woodruff
Cochran, Pa.	Hare	Lea	Yates
Collier	Hogg, Ind.	Lewis	
Corning	Hollister	Ludlow	

So the motion to recommit was rejected.

The following pairs were announced:

On this vote:

Mr. Pou (for) with Mr. Boylan (against).
Mr. Chapman (for) with Mr. Larrabee (against).
Mr. Crowe (for) with Mr. Dieterich (against).
Mr. Hare (for) with Mr. Yates (against).
Mr. Canfield (for) with Mr. Griswold (against).
Mr. Hollister (for) with Mr. Ludlow (against).
Mr. Tucker (for) with Mr. Freeman (against).
Mr. Collier (for) with Mr. Kendall (against).

Until further notice:

Mr. Gillen with Mr. Purnell.
Mr. Sabath with Mr. Chase.
Mr. Abernethy with Mr. Murphy.
Mr. Boehne with Mr. Sullivan of Pennsylvania.
Mr. Corning with Mr. Wyant.
Mr. Kleberg with Mr. Carter of California.
Mr. Lewis with Mr. Cochran of Pennsylvania.
Mr. Hornor with Mr. Hogg of Indiana.
Mr. Lea with Mr. Johnson of Illinois.
Mr. Jeffers with Mr. Woodruff.
Mr. Drane with Mr. Igoe.

Mr. DOMINICK. Mr. Speaker, my colleague, Mr. HARE, was called to the hospital on account of the illness of his wife. If present, he would have voted "aye."

The result of the vote was announced as above recorded.

Mr. RAMSEYER. Mr. Speaker, I present the following motion to recommit.

The Clerk read as follows:

Mr. Speaker, I move to recommit the bill, H. R. 11267, to the Committee on Appropriations with instructions to that committee to report it back forthwith with the following amendments:

1. Strike out sections 101 to 104, both inclusive, of the Economy Committee amendment and insert in lieu thereof the following:

"TITLE I—FURLOUGH OF FEDERAL EMPLOYEES

"FURLOUGH PROVISIONS

"SEC. 101. During the fiscal year ending June 30, 1933:

"(a) The days of work of a per diem officer or employee receiving compensation at a rate which is equivalent to more than $2,000 per annum shall not exceed 5 in any one week, and the compensation for 5 days shall be ten-elevenths of that payable for a week's work of 5½ days: *Provided*, That nothing herein contained shall be construed as modifying the method of fixing the daily rate of compensation of per diem officers or employees as now authorized by law: *Provided further*, That where the nature of the duties of a per diem officer or employee render it advisable the provisions of subsection (b) may be applied in lieu of the provisions of this subsection.

"(b) Each officer or employee receiving compensation on an annual basis at the rate of more than $2,000 per annum shall be furloughed without compensation for one calendar month, or for such periods as shall in the aggregate be equivalent to one calendar month, for which latter purpose 24 working days (counting Saturday as one-half day) shall be considered as the equivalent of one calendar month: *Provided*, That where the nature of the duties of any such officer or employee render it advisable the provisions of subsection (a) may be applied in lieu of the provisions of this subsection.

"(c) The compensation paid any officer or employee to whom this section applies shall, notwithstanding the provisions of this section, be an amount not less than an amount calculated at the rate of $2,000 per annum.

"SEC. 102. No officer or employee shall be exempted from the provisions of subsections (a) and (b) of section 101 except in those cases where the public service requires that the position be continuously filled and a suitable substitute can not be provided, and then only when authorized or approved in writing by the President of the United States.

"SEC. 103. All rights now conferred or authorized to be conferred by law upon any officer or employee (whose compensation is at a rate of more than $2,000 per annum) to receive annual leave of absence with pay are hereby suspended during the fiscal year ending June 30, 1933.

"DEFINITIONS

"SEC. 104. When used in sections 101, 102, and 103 of this act:

"(a) The terms 'officer' and 'employee' mean any person rendering services in or under any branch or service of the United States Government or the government of the District of Columbia, but do not include (1) officers whose compensation may not, under the Constitution, be diminished during their continuance in office; (2) Senators, Representatives in Congress, Delegates, and Resident Commissioners; (3) officers and employees on the rolls of the Senate and House of Representatives; (4) carriers in the Rural Mail Delivery Service; (5) policemen and firemen of the District of Columbia; and (6) commissioners of the United States Shipping Board, members of the Federal Farm Board (except the Secretary of Agriculture), members of the International Joint Commission, United States section, or members of the Board of Mediation.

"(b) The term 'compensation' means any salary, pay, wage, allowance (except allowances for subsistence, quarters, heat, light, and travel), or other emolument paid for services rendered, but does not include (1) retired pay included within section 106; (2) payments out of any retirement, disability, or relief fund made up wholly or in part of contributions of officers or employees; (3) compensation the amount of which is expressly fixed by international agreement; or (4) compensation paid under the terms of any contract in effect on the date of the enactment of this act if such compensation may not lawfully be reduced.

"COMPENSATION REDUCTIONS IN SENATE AND HOUSE OF REPRESENTATIVES

"SEC. 105. During the fiscal year ending June 30, 1933:

"(a) The salaries of the Vice President, the Speaker of the House of Representatives, Senators, Representatives in Congress, Delegates, and Resident Commissioners are reduced by 10 per cent.

"(b) The allowance for clerk hire of Representatives in Congress, Delegates, and Resident Commissioners is reduced by 8.3 per cent.

"(c) The rate of compensation of any person on the rolls of the Senate or of the House of Representatives (other than persons included within subsection (a)), if such compensation is at a rate of more than $2,000 per annum, is reduced by 8.3 per cent. This subsection shall not apply to session employees or to persons whose compensation is paid out of sums appropriated for clerk hire of Representatives in Congress, Delegates, and Resident Commissioners. As used in this subsection the term "compensation" shall have the meaning assigned to such term in section 104 (b).

"(d) This section shall not reduce below $2,000 per annum the rate of compensation of any person to whom this section applies.

"RETIRED PAY

"SEC. 106. During the fiscal year ending June 30, 1933, the retired pay of judges and the retired pay of all commissioned, warrant, enlisted, and other personnel of the Army, Navy, Marine Corps, Coast Guard, Coast and Geodetic Survey, Lighthouse Service, and the Public Health Service, if such retired pay is at a rate of more than $2,000 per annum, shall be reduced by 8.3 per cent. This section shall not reduce below $2,000 per annum the rate of retired pay of any person to whom this section applies.

"RURAL CARRIERS' EQUIPMENT ALLOWANCE

"SEC. 107. During the fiscal year ending June 30, 1933, payments for equipment maintenance to carriers in the Rural Mail Delivery Service shall be three-eighths of the amount now provided by law.

"GOVERNMENT CORPORATIONS

"SEC. 108. In the case of a corporation the majority of the stock of which is owned by the United States, the holders of the stock on behalf of the United States, or such persons as represent the interest of the United States in such corporation, shall take such action as may be necessary to apply the provisions of sections 101, 102, and 103 to offices, positions, and employments under such corporation and to officers and employees thereof."

2. Strike out all of section 207 of the Economy Committee amendment.

Mr. RAMSEYER. On that, Mr. Speaker, I move the previous question.

The previous question was ordered.

The SPEAKER. The question is on the motion of the gentleman from Iowa to recommit.

Mr. RAMSEYER. Mr. Speaker, I demand the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 146, nays 250, not voting 35, as follows:

[Roll No. 68]

YEAS—146

Adkins	Barbour	Clague	Darrow
Aldrich	Beedy	Clancy	Davenport
Allen	Bohn	Clarke, N. Y.	Douglas, Ariz.
Andresen	Bolton	Cole, Iowa	Dyer
Andrew, Mass.	Bowman	Colton	Eaton, Colo.
Andrews, N. Y.	Bulwinkle	Cooper, Ohio	Eaton, N. J.
Arentz	Burtness	Cox	Englebright
Ayres	Butler	Coyle	Evans, Calif.
Bacharach	Cable	Crail	Evans, Mont.
Bachmann	Chindblom	Crowther	Finley
Bacon	Chiperfield	Culkin	Fish
Baldrige	Christopherson	Dallinger	Foss

Frear	Jenkins	Parker, N. Y.	Swick
Free	Johnson, S. Dak.	Parsons	Taber
French	Johnson, Wash.	Perkins	Taylor, Colo.
Garber	Ketcham	Pittenger	Taylor, Tenn.
Gibson	Knutson	Polk	Temple
Gifford	Lankford, Va.	Pratt	Thatcher
Gilbert	Leavitt	Pratt, Mrs.	Tilson
Guyer	Lehlbach	Ramseyer	Timberlake.
Hadley	Lewis	Reed, N. Y.	Tinkham
Hall, Ill.	Loofbourow	Rich	Treadway
Hall, N. Dak.	Luce	Rogers, Mrs.	Underhill
Hancock, N. Y.	McClintock, Ohio	Seiberling	Wason
Hardy	McGugin	Shallenberger	Weeks
Hawley	McLaughlin	Shott	White
Hess	McLeod	Simmons	Whitley
Hoch	Magrady	Smith, Idaho	Whittington
Hogg, W. Va.	Manlove	Snell	Wigglesworth
Holaday	Mapes	Sparks	Williamson
Hooper	Martin, Mass.	Stafford	Wolfenden
Hope	Michener	Stalker	Wood, Ind.
Hopkins	Millard	Stokes	Woodruff
Houston, Del.	Moore, Ohio	Strong, Kans.	Woodrum
Howard	Morehead	Strong, Pa.	Yates
Hull, Morton D.	Norton	Summers, Wash.	
Hull, William E.	Oliver, Ala.	Swanson	

NAYS—250

Allgood	Doughton	Kniffin	Ramspeck
Almon	Douglass, Mass.	Kopp	Rankin
Amlie	Doutrich	Kunz	Ransley
Arnold	Dowell	Kurtz	Rayburn
Auf der Heide	Doxey	Kvale	Reid, Ill.
Bankhead	Drewry	LaGuardia	Reilly
Barton	Driver	Lambertson	Robinson
Beam	Ellzey	Lambeth	Rogers
Black	Erk	Lamneck	Romjue
Bland	Eslick	Lanham	Rudd
Blanton	Estep	Lankford, Ga.	Sanders, N. Y.
Bloom	Fernandez	Larsen	Sanders, Tex.
Boileau	Fiesinger	Lichtenwalner	Sandlin
Boland	Fishburne	Lindsay	Schafer
Brand, Ga.	Fitzpatrick	Linthicum	Schneider
Brand, Ohio	Flannagan	Lonergan	Schuetz
Briggs	Fulbright	Lovette	Seger
Britten	Fuller	Lozier	Selvig
Browning	Fulmer	McClintic, Okla.	Shannon
Brumm	Gambrill	McCormack	Shreve
Brunner	Garrett	McDuffie	Sinclair
Buchanan	Gasque	McFadden	Sirovich
Buckbee	Gavagan	McKeown	Smith, Va.
Burch	Gilchrist	McMillan	Smith, W. Va.
Burdick	Glover	McReynolds	Snow
Busby	Golder	McSwain	Somers, N. Y.
Byrns	Goldsborough	Maas	Spence
Campbell, Iowa	Goodwin	Major	Steagall
Campbell, Pa.	Goss	Maloney	Stevenson
Cannon	Granfield	Mansfield	Stewart
Carden	Green	Martin, Oreg.	Sullivan, N. Y.
Carley	Greenwood	May	Sumners, Tex.
Carter, Wyo.	Gregory	Mead	Sutphin
Cartwright	Griffin	Miller	Swank
Cary	Haines	Milligan	Sweeney
Cavicchia	Hall, Miss.	Mitchell	Swing
Celler	Hancock, N. C.	Mobley	Tarver
Chavez	Harlan	Montague	Thomason
Christgau	Hart	Montet	Thurston
Clark, N. C.	Hartley	Moore, Ky.	Tierney
Cochran, Mo.	Hastings	Mouser	Turpin
Cochran, Pa.	Haugen	Nelson, Me.	Underwood
Cole, Md.	Hill, Ala.	Nelson, Mo.	Vinson, Ga.
Collins	Hill, Wash.	Nelson, Wis.	Vinson, Ky.
Condon	Holmes	Niedringhaus	Warren
Connery	Horr	Nolan	Watson
Connolly	Huddleston	Norton, Mrs.	Weaver
Cooke	Jacobsen	O'Connor	Welch, Calif.
Cooper, Tenn.	James	Oliver, N. Y.	Welsh, Pa.
Crisp	Johnson, Mo.	Overton	West
Cross	Johnson, Okla.	Owen	Williams, Mo.
Crosser	Johnson, Tex.	Palmisano	Williams, Tex.
Crump	Jones	Parker, Ga.	Wilson
Cullen	Kading	Parks	Wingo
Curry	Kahn	Partridge	Withrow
Davis	Karch	Patman	Wolcott
Delaney	Keller	Patterson	Wolverton
De Priest	Kelly, Ill.	Peavey	Wood, Ga.
DeRouen	Kelly, Pa.	Person	Wright
Dickinson	Kemp	Pettengill	Wyant
Dickstein	Kennedy	Prall	Yon
Dies	Kerr	Ragon	
Dominick	Kinzer	Rainey	

NOT VOTING—35

Abernethy	Corning	Hogg, Ind.	Lea
Beck	Crowe	Hollister	Ludlow
Boehne	Dieterich	Hornor	Murphy
Boylan	Disney	Igoe	Pou
Canfield	Drane	Jeffers	Purnell
Carter, Calif.	Freeman	Johnson, Ill.	Sabath
Chapman	Gillen	Kendall	Sullivan, Pa.
Chase	Griswold	Kleberg	Tucker
Collier	Hare	Larrabee	

So the motion to recommit was rejected.

The Clerk announced the following additional pairs:

On this vote:

Mr. Hollister (for) with Mr. Boylan (against).

General pairs:

Mr. Gillen with Mr. Purnell.
Mr. Sabath with Mr. Chase.
Mr. Abernethy with Mr. Murphy.
Mr. Boehne with Mr. Sullivan of Pennsylvania.
Mr. Kleberg with Mr. Carter of California.
Mr. Hornor with Mr. Hogg of Indiana.
Mr. Lea with Mr. Johnson of Illinois.
Mr. Canfield with Mr. Griswold.
Mr. Corning with Mr. Beck.
Mr. Pou with Mr. Freeman.
Mr. Dieterich with Mr. Kendall.
Mr. Chapman with Mr. Disney.
Mr. Crowe with Mr. Hare.
Mr. Drane with Mr. Ludlow.
Mr. Larrabee with Mr. Tucker.
Mr. Jeffers with Mr. Collier.

The result of the vote was announced as above recorded.

The SPEAKER. The question now is on the passage of the bill.

Mr. LAGUARDIA. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 316, nays 67, not voting 48, as follows:

[Roll No. 69]

YEAS—316

Adkins	Dies	Jacobsen	Parsons
Aldrich	Disney	Jenkins	Partridge
Allen	Dominick	Johnson, Mo.	Patman
Allgood	Doughton	Johnson, Okla.	Patterson
Almon	Douglas, Ariz.	Johnson, S. Dak.	Perkins
Andresen	Doutrich	Johnson, Tex.	Person
Andrew, Mass.	Dowell	Johnson, Wash.	Pettengill
Andrews, N. Y.	Doxey	Jones	Pittenger
Arentz	Drewry	Kahn	Polk
Arnold	Driver	Kemp	Pratt, Harcourt J.
Ayres	Dyer	Kerr	Ragon
Bacharach	Eaton, N. J.	Ketcham	Rainey
Bachmann	Ellzey	Kinzer	Ramspeck
Bacon	Englebright	Kniffin	Rankin
Baldrige	Eslick	Kopp	Rayburn
Bankhead	Estep	Kurtz	Reed, N. Y.
Barbour	Evans, Calif.	Lambertson	Reilly
Barton	Evans, Mont.	Lambeth	Rich
Beedy	Fernandez	Lanham	Robinson
Bland	Fiesinger	Lankford, Ga.	Rogers, Mass.
Blanton	Finley	Lankford, Va.	Rogers, N. H.
Bohn	Fish	Larsen	Romjue
Bolton	Fishburne	Leavitt	Sanders, N. Y.
Bowman	Flannagan	Lehlbach	Sanders, Tex.
Brand, Ga.	Foss	Lichtenwalner	Sandlin
Briggs	Frear	Linthicum	Seger
Britten	Free	Lonergan	Seiberling
Browning	French	Lovette	Selvig
Buchanan	Fulbright	Lozier	Shallenberger
Bulwinkle	Fuller	Luce	Shannon
Burch	Fulmer	McClintic, Okla.	Shott
Burtness	Gambrill	McClintock, Ohio	Shreve
Busby	Garber	McGugin	Simmons
Butler	Gasque	McKeown	Smith, Idaho
Byrns	Gibson	McLaughlin	Smith, W. Va.
Cable	Gifford	McLeod	Snell
Campbell, Iowa	Gilbert	McMillan	Snow
Cannon	Gilchrist	McReynolds	Sparks
Carden	Glover	McSwain	Spence
Cary	Goldsborough	Magrady	Stafford
Cavicchia	Goodwin	Major	Stalker
Celler	Granfield	Maloney	Steagall
Chavez	Green	Manlove	Stevenson
Chindblom	Greenwood	Mansfield	Stewart
Christgau	Gregory	Mapes	Stokes
Christopherson	Griffin	Martin, Mass.	Strong, Kans.
Clague	Guyer	Martin, Oreg.	Strong, Pa.
Clancy	Hadley	May	Summers, Wash.
Clark, N. C.	Haines	Michener	Sumners, Tex.
Clarke, N. Y.	Hall, Ill.	Millard	Sutphin
Cochran, Mo.	Hall, Miss.	Miller	Swank
Cochran, Pa	Hall, N. Dak.	Milligan	Swanson
Cole, Iowa	Hancock, N. Y.	Mitchell	Swick
Cole, Md.	Hardy	Mobley	Swing
Collins	Harlan	Montague	Taber
Colton	Hart	Montet	Tarver
Cooke	Hartley	Moore, Ky.	Taylor, Colo.
Cooper, Ohio	Hastings	Moore, Ohio	Taylor, Tenn.
Cooper, Tenn.	Haugen	Morehead	Temple
Cox	Hawley	Mouser	Thatcher
Crail	Hess	Nelson, Me.	Thomason
Cross	Hill, Ala.	Nelson, Mo.	Thurston
Crowther	Hill, Wash.	Niedringhaus	Tierney
Crump	Hoch	Nolan	Tilson
Culkin	Hogg, W. Va.	Norton, Nebr.	Timberlake
Curry	Holaday	Oliver, Ala.	Tinkham
Dallinger	Holmes	Oliver, N. Y.	Treadway
Darrow	Hooper	Overton	Turpin
Davenport	Hope	Owen	Underhill
Davis	Hopkins	Palmisano	Underwood
De Priest	Houston, Del.	Parker, Ga.	Vinson, Ga.
DeRouen	Howard	Parker, N. Y.	Vinson, Ky.
Dickinson	Huddleston	Parks	Warren

Wason	White	Wilson	Woodruff
Watson	Whitley	Wingo	Woodrum
Weaver	Whittington	Wolfenden	Wright
Weeks	Wigglesworth	Wolverton	Wyant
Welsh, Pa.	Williams, Mo.	Wood, Ga.	Yates
West	Williams, Tex.	Wood, Ind.	Yon

NAYS—67

Amlie	Crosser	Keller	Peavey
Auf der Heide	Cullen	Kelly, Ill.	Prall
Beam	Delaney	Kelly, Pa.	Reid, Ill.
Black	Dickstein	Kennedy	Rudd
Bloom	Douglass, Mass.	Knutson	Schafer
Boileau	Eaton, Colo.	Kunz	Schneider
Boland	Erk	Kvale	Schuetz
Brumm	Fitzpatrick	LaGuardia	Sinclair
Brunner	Gavagan	Lamneck	Sirovich
Buckbee	Golder	Lindsay	Smith, Va.
Campbell, Pa.	Goss	Loofbourow	Somers, N. Y.
Carley	Hancock, N. C.	McDuffie	Sullivan, N. Y.
Carter, Wyo.	Horr	Maas	Sweeney
Condon	Hull, William E.	Mead	Welch, Calif.
Connery	James	Nelson, Wis.	Withrow
Connolly	Kading	Norton, N. J.	Wolcott
Coyle	Karch	O'Connor	

NOT VOTING—48

Abernethy	Collier	Hollister	McCormack
Beck	Corning	Hornor	McFadden
Boehne	Crisp	Hull, Morton D.	Murphy
Boylan	Crowe	Igoe	Pou
Brand, Ohio	Dieterich	Jeffers	Pratt, Ruth
Burdick	Drane	Johnson, Ill.	Purnell
Canfield	Freeman	Kendall	Ramseyer
Carter, Calif.	Garrett	Kleberg	Ransley
Cartwright	Gillen	Larrabee	Sabath
Chapman	Griswold	Lea	Sullivan, Pa.
Chase	Hare	Lewis	Tucker
Chiperfield	Hogg, Ind.	Ludlow	Williamson

So the bill was passed.

The Clerk announced the following pairs:

On this vote:

Mr. Chapman (for) with Mr. Boylan (against).
Mr. Canfield (for) with Mr. Griswold (against).
Mr. Tucker (for) with Mr. McFadden (against).

General pairs:

Mr. Gillen with Mr. Purnell.
Mr. Sabath with Mr. Chase.
Mr. Abernethy with Mr. Murphy.
Mr. Boehne with Mr. Sullivan of Pennsylvania.
Mr. Kleberg with Mr. Carter of California.
Mr. Hornor with Mr. Hogg of Indiana.
Mr. Lea with Mr. Johnson of Illinois.
Mr. Corning with Mr. Beck.
Mr. Pou with Mr. Freeman.
Mr. Dieterich with Mr. Kendall.
Mr. Crisp with Mr. Chiperfield.
Mr. Garrett with Mr. Hollister.
Mr. Lewis with Mrs. Pratt.
Mr. McCormick with Mr. Ramseyer.
Mr. Cartwright with Mr. Burdick.
Mr. Drane with Mr. Morton D. Hull.
Mr. Larrabee with Mr. Williamson.
Mr. Ludlow with Mr. Ransley.
Mr. Crowe with Mr. Brand of Ohio.
Mr. Jeffers with Mr. Igoe.
Mr. Hare with Mr. Collier.

A motion to reconsider the vote by which the bill was passed was laid on the table.

Mr. McDUFFIE. Mr. Speaker, I ask unanimous consent that the Clerk of the House be authorized to make such clerical changes in the numbers and letters designating various portions of Part II of the bill as may be necessary to proper numbering and lettering and proper cross reference, and that the Clerk be authorized to insert after the enacting clause the words "Part I, section 1."

The SPEAKER. Is there objection to the request of the gentleman from Alabama?

There was no objection.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to Mr. STEVENSON, for one week, on account of important business.

FINANCIAL RELATIONS OF THE FEDERAL AND STATE GOVERNMENTS

Mr. DAVENPORT. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD to include a paper read by Secretary of the Treasury Mills before the Association of the Bar of the City of New York on the 29th day of April, 1932, on the financial relations of the Federal and State Governments.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. DAVENPORT. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include the following:

I

Taxation in this country has become a matter of dominant national importance. The aggregate tax burden is so great as to constitute an economic factor of such prime importance as to affect directly or indirectly almost every sphere of public and private activity.

In 1930, according to a study just completed by the National Industrial Conference Board, the taxes collected by the Federal, State, and local governments reached the staggering sum of $10,266,000,000, amounting to 14.4 per cent, or one-seventh, of the estimated national income of seventy-one billions for that year. The increase in total tax collections between 1923 and 1930 was 42 per cent. Part of this increase may be explained, of course, by the growth in population, but even on a per capita basis the increase during that 7-year period was 28.5 per cent; and converting the per capita tax payments into dollars of the same purchasing power, the increase was nearly 50 per cent (49.8 per cent).

Take, for instance, our largest tax, the property tax. According to the study which I have mentioned, property taxes in 1929 accounted for more than 76 per cent of the total State and local taxes and over 50 per cent of the total taxes collected by all jurisdictions. Some idea of the menacing pace at which the burden of this tax has been advancing may be gathered from the following statement by the committee on taxation of the President's Conference on Home Building and Home Ownership:

"Tax rates upon real estate. The burden imposed by the property tax upon real estate is nearly everywhere heavy, and in many communities destructive. In 1910 the average rate of the general property taxes imposed by cities having more than 30,000 inhabitants was 18.9 mills on the assessed valuation. This average rate rose to 20.2 mills in 1918 and to 27 mills in 1928. In addition, State taxes (averaging 2 mills) were collected in the majority, county taxes (averaging 5.9 mills) in a large number, and special taxes (average 1.2 mills) in a very small number of these cities. While no weighted general average covering State, county, city, and special levies can be accurately computed, it is highly probable that this general average exceeds 30 mills for the year 1931. Approximately half of the taxpayers are above the average; that is, pay more than 30 mills at the present time. It is among those taxpayers that the hardship is greatest. In general, property is still assessed at less than full value. But in millions of cases to-day the assessed value equals or exceeds the actual market value. Such properties are paying to the State and local governments an annual average rate which frequently exceeds 3 per cent upon their full capital value.

"A useful measure of the burden of the property tax is found in the proportion of rental income (before taxes) taken by the tax. The results of studies of urban property taxes in nine States are thus summarized by Whitney Coombs in his Taxes on Farm Property (p. 32): Arkansas (1923–1925), 17.1 per cent; Colorado (1926), 27.1 per cent; Indiana (1922–23), 30.6 per cent; Iowa (1927), 31.3 per cent; North Carolina (1927), 29.5 per cent; Pennsylvania (1924–25), 20.9 per cent; South Dakota (1922–1926), 29.9 per cent; Virginia (1926), 16 per cent; Washington (1924–1926), 31.7 per cent."

Speaking of financial conditions in the States and cities, this committee concluded that "the present situation is characterized by excessive public spending, excessive reliance by local governments on the property tax, and by excessive concentration of the property tax on real estate." This last factor—the excessive concentration of the property tax on real estate—is itself responsible for a major social evil. It "discourages and materially restricts home ownership," while it creates a tax load which bears with crushing weight upon the debt-ridden farm owners.

I quote from an address before the 1931 Conference of National Tax Association by Dr. Eric Englund, assistant chief of the Bureau of Agricultural Economics:

"Studies in several States from 1922 to 1927 showed that real-estate taxes took an average of about one-third of the net rent of farms. Judging by the trends of farm prices and of farm taxes since that period, the ratio of taxes to net rent in the past year, no doubt, was much higher, taxes probably absorbing the whole rent in the case of a substantial portion of the farms, especially in regions of higher tax levies."

Of course, the people are in large measure themselves to blame. They have not only tolerated but given encouragement to an ever-expanding cost of government. The spenders were the ones elected to office; and bond issues voted with cheerful alacrity. It is true that President Coolidge succeeded in dramatizing economy, but I remember in our State when Governor Miller, under the urging of the electorate, resumed the practice of law, it was openly said that economy in government would not be a successful issue in New York State in many a year. And it hasn't been. Not only are our taxes too high but if we view our Federal, State, and local taxes as a whole, we do not find anything that faintly resembles a logical and coordinated plan, but rather a number of unrelated systems, frequently overlapping and existing in a state of confusion that gives rise to all manner of maladjustments, duplications, and irregularities.

II

There is a growing conviction, which I share, that the time has ceased when the Federal and State Governments may safely chart separate and unrelated courses over the troubled financial waters which they must now all traverse. The time for drifting has passed. The time for considerate and conscious coordination has arrived.

The Federal Constitution segregates in rudimentary and imperfect fashion a few of the sources of Federal and State taxation. In practical effect it prevents the Federal Government from imposing property and poll taxes, and denies the States, without the consent of the Congress at least, power to levy taxes upon imports and exports or to burden interstate commerce by direct taxation. But here, practically, separation of sources stops and joint use begins. Both State and Federal Governments may, at one and the same time, tax incomes, sales, production, consumption, privileges, and the transfer or inheritance of property.

While this concurrent power over taxation has been enjoyed by both the State and the Federal Governments since the birth of the Nation (except with respect to the income tax, which was not conclusively brought within the Federal powers until the adoption of the sixteenth amendment), it created no serious difficulties until recent years. During most of our history, the main sources of revenue used respectively by the States and by the Federal Government were distinct and separate. In the period between the War of 1812 and the Civil War, the Federal Government derived its revenue almost wholly from duties on imports, while the States relied almost entirely upon the property tax.

During the Civil War and the period immediately following that conflict the Federal Government was compelled to utilize additional sources of revenue, such as income, inheritance, sales, and miscellaneous excise taxes. But by 1883 these additional taxes, except for the taxes upon tobacco and liquor, had been discarded, and until the end of the first decade of this century customs and tobacco and liquor taxes furnished practically all the tax revenue received by the Federal Government. Meanwhile the State and local governments continued to rely primarily on the property tax, although they made increasing use of corporation taxes, licenses, and death duties. Until about 1910, however, each department of government gave free steerageway to the other. Conflicts of jurisdiction arose and gave rise to important interpretations of our constitutional law. But neither department of government exercised its taxing powers so as seriously to embarrass the other.

Since 1910 the picture has materially changed. Pressure for additional revenue has forced the States and the Federal Government to bear heavily upon the same sources of revenue. The Federal Government adopted a full-fledged income tax in 1913, an estate tax in 1916, and it seems plain that as a consequence of the World War and changed economic conditions it must continue to occupy, though not necessarily to the exclusion of the States, this field of taxes upon wealth and income—a field which the States had never thoroughly exploited.

On the other hand, the States during the same period substantially increased their revenues from the inheritance tax and revived the income tax. Beginning with Wisconsin in 1911, State after State adopted an income tax, though at very moderate rates, until to-day there are 22 with this form of taxation. The States have also invaded the field of consumption taxes, formerly used almost exclusively by the Federal Government. To-day every State imposes a gasoline tax, and 13 make use of taxes on tobacco or cigarettes, and State taxes upon amusements and semiluxuries are spreading.

This simultaneous and overlapping use of the same tax sources by the State and the Federal Governments has come gradually, almost stealthily, without the guidance of any broad policy or plan of national finance. It subjects us to a haphazard scheme rather than an ordered system of taxation, which lacks uniformity and coordination, involves Government and taxpayer alike in serious difficulties, and is growing steadily worse.

III

There is nothing inherently wrong in the use by both the Federal Government and the States of the same source of revenue. But when it is done without agreement or understanding between the competing jurisdictions and without the restraint of a superior power, it may easily result in a combined burden heavy enough to cripple the source. The danger is especially great in the case of "popular" taxes, such as the income and inheritance taxes, popular because they are so levied as to reach comparatively few people. There is a growing disposition to rely more and more heavily upon these taxes; and since this tendency characterizes both the State and the Federal Governments, the result may be serious not only to those subject to the tax but to the governments and the national economy as well, because of the decreased yield that inevitably follows excessive taxation.

The danger is by no means imaginary. For example, Wisconsin recently doubled its personal income-tax rates on 1931 income, bringing the tax to more than 15 per cent on incomes in excess of $12,000. If Wisconsin should find it necessary or desirable to continue this emergency tax for another year, as is not altogether improbable, and the Federal rates adopted by the House are enacted into law, the combined State and Federal tax on residents of Wisconsin, with respect to income earned this year, would range from 17 per cent to 22 per cent on incomes in excess of $12,000, up to 62 per cent on incomes in excess of $100,000. Similarly, if the income-tax rates on the House bill (H. R. 10236) are adopted and Wisconsin continues its corporation income-tax rate beyond 1931, income derived by corporations from property located and business transacted in Wisconsin will pay a combined rate of more than 20 per cent.

Or take the gasoline tax which is now imposed by every State in the Union. The rates range from 2 to 7 cents per gallon, and are steadily being increased. In some places the tax is in excess of the market price of gasoline at the refinery. In its pressing need for money the Federal Government may legitimately feel that it is entitled to use this source to a moderate extent, especially in view of the fact that the Federal Government grants the States substantial monetary aid in their road-building programs—the very purpose for which the gasoline tax was primarily introduced. Yet because of the preemption or prior use of this tax by the States, and the high rates in force in some States, the Federal Government must pause and consider before adding a Federal tax, though Federal entry into this field might help the States in the administration of the tax, which is tending in some places to break down because of the bootlegging of gasoline.

Or consider the tobacco taxes. The Federal Government has imposed these taxes since the Civil War, and the rates are high. The State governments claim that they are entitled to use consumption taxes on "articles of widespread use but not of first necessity." Moreover, in States like North Carolina, in which large amounts of tobacco are grown and in which great tobacco factories are located, there is a natural feeling that since tobacco represents one of their major industries they should be entitled to a substantial revenue from this source. But the Federal tax stands in the way. Even so, 13 States levy taxes on tobacco or cigarettes in addition to the Federal taxes.

A striking illustration of the danger of joint use of the same source is found in the stamp taxes on stock transfers. In its present mood public opinion is not sympathetic either toward the stock broker or the stock market, particularly in those districts which contain no stock exchange and comparatively few stock brokers. Spurred by revenue necessities, the State of New York recently doubled its stock-transfer tax at a time when the Federal Government was moved by a similar impulse. The result is a proposal or bill from the House of Representatives which imposes a minimum tax of 4 cents on each share of stock transferred and a maximum tax of one-fourth of 1 per cent of the selling price, while the exemption upon stock loans for short selling has been repealed, thus subjecting short sales to double the ordinary rates. This proposal, if enacted into law, may be enough, with the New York tax, to restrict activity in the chief security market.

Joint taxation of this character entails another evil which should, if possible, be eliminated. This is the waste involved in the duplication of administration, and the correlative annoyance to taxpayers arising from the necessity of complying with two or more sets of requirements with respect to the same kind of tax. The amount of money which such duplication involves probably runs into large figures.

IV. INTERSTATE COMMERCE COMPLICATIONS

Another major problem affecting the financial relations of the State and Federal Governments arises from those constitutional provisions which have been interpreted to inhibit the States from hindering interstate trade or commerce by direct taxation. The uncertainty of the constitutional law involved and the changing subtleties of the decisions which interpret that law deprive the States—it is hardly too much to say—of the free and natural use of those taxes most suited to corporations engaged in interstate commerce. A recent and learned commentator, E. F. Albertsworth, professor of law at Northwestern University, says that the States are "hemmed in and hamstrung" by the decisions declaring taxes or licenses to be direct restraints or burdens upon interstate trade.

After many years of serious thought, some of our most qualified students of taxation have reached the conclusion—which I still hesitate to share—that State taxation on business should be based upon or measured by gross receipts or gross income rather than net income. Such a tax is comparatively easy to administer; it yields a substantial revenue which is not subject to as wide fluctuations as is the net income tax; and it is possibly the best available measure of the benefit which business receives from government and for which business should legitimately be asked to pay.

But with business partaking to such a large extent of the character of interstate commerce, the usefulness of a gross-receipts tax is materially circumscribed by the inability of the State to tax directly the receipts from such commerce. Not only is the possible yield of such a tax greatly reduced, but there is unjustifiable discrimination in favor of those taxpayers engaged to a considerable extent in interstate commerce and against those who are primarily engaged in business within the confines of a particular State. The difficulties which the States have had in the taxation of public utilities doing an interstate business—particularly the railroads and telephone companies—are well known.

The same obstacle stands in the way of effective use of sales taxes, except those sales taxes which are most difficult to administer, that is, retail sales taxes. And even with respect to retail sales taxes, the interstate commerce restriction has, indirectly, an adverse effect.

In the first place there is the uncertainty as to when and under what conditions such sales taxes represent a direct burden upon interstate commerce. Our law books are replete with decisions dealing with this question, but it arises again and again. Only recently the Supreme Court was called upon to decide the question as to whether gasoline used in busses or airplanes carrying

passengers in interstate traffic could be taxed by the State in which the gasoline was purchased.

Secondly, the inability of States to tax interstate commerce leaves such sales taxes vulnerable to easy violation. Take the gasoline tax. There has developed a gasoline-bootlegging racket of quite sizable proportions which, according to one competent authority, is depriving the States of $100,000,000 of revenue yearly. Much of this evasion is directly attributable to the purchase of gasoline in a State with a low rate of tax and its sale in a State with a high tax. The States can not adequately check the purchases and sales of the retail service station. Their control must depend largely upon supervision and check upon the refineries, the large distributors, and the shipments by the recognized carriers. But supervision falls down when the carrier is a bootlegger with a fleet of tank wagons, who can bring gasoline into the State without interference under the protection of the interstate commerce clause.

The same situation is found in connection with State tobacco taxes. A study recently made of the administration of State taxes on cigarettes shows that whereas in 1930 the per capita consumption of cigarettes in the entire country averaged 975, the five States which in that year levied a tax solely on cigarettes collected, on an average, taxes on only 431 cigarettes per capita. While we may not assume that the average actual consumption in these five States was the same as the average for the country, yet the figures would indicate that many a cigarette was smoked in these States on which the State tax had not been paid.

In addition to violation of the law, the restrictive effect of the interstate commerce clause upon State sales taxes produces a considerable amount of inequity. Such taxes, of course, find their way usually into the price at which the taxed article is sold to the ultimate consumer. Retailers in the taxing State who are located at or near the border of a State which does not tax that article, or which taxes it at a lower rate, are likely to find themselves in the unenviable position of having to absorb the tax themselves or of seeing their customers cross the line into the neighboring State in order to purchase the article at a lower price. It is not uncommon, for instance, to find service stations near State lines selling gasoline at the same price as that which obtains in the next State in which the tax is lower. Similarly, the competition which the merchant in the taxing State must meet from the mail-order houses which can sell free of tax, since such sales are interstate commerce, is a serious evil.

Governor Gardner, speaking before the North Carolina General Assembly, said about a year ago:

"Any tax that we add to sales within the State helps to turn the scale against business in North Carolina and in favor of business outside of North Carolina. I can not favor any system of taxation that imposes this additional burden on the retail merchants of North Carolina, and that penalizes business within and encourages business without the State." (U. S. Daily, March 26, 1931, at 205.)

V. OTHER CONSTITUTIONAL LIMITATIONS ON STATE TAXATION

Because they are rather closely related to the problems already discussed, and because their solution may go hand in hand with the solution of the conflicts in State and Federal taxation, mention may be made of certain active problems arising from constitutional limitation upon State taxing powers, although these problems are not involved in the relationship between the State and Federal taxing powers. These problems are (1) the taxation of the obligations and instrumentalities of other jurisdictions, and (2) the allocation to a particular State, for purposes of taxation, of the appropriate share of a subject of taxation which can not be wholly assigned to one State. Both of these problems have particular reference to State income taxes. These are extremely difficult questions, and the specific forms in which they arise require that they be submitted again and again to the courts for determination. We can never be sure, in many cases, about the validity of certain provisions of State income tax laws until their effect is determined by the courts of last resort. And even then we can not be certain, as will be readily understood by those who have been interested in the recent decisions of the Supreme Court as to the power of a State to include income from bonds and instrumentalities of the Federal Government in a franchise or excise tax measured by net income.

In May, 1929, the Supreme Court rendered its decision in Macallen Co. *v.* Mass. (279 U. S. 620), holding that under the Massachusetts corporation excise tax, interest from Federal bonds could not be included in the measure of the tax. Because of the stress laid by the decision on the necessity of considering the true substance and operation of State tax laws rather than their form or name, and the finding that the Massachusetts law "in substance and effect imposes a tax upon Federal bonds and securities," the decision was believed by many of our best lawyers and tax experts to be a substantial modification, if not a reversal, of a long line of prior decisions which drew a distinction between direct taxes on income or capital stock and excise taxes measured by income or capital stock—a distinction with little economic or practical difference.

But in less than two years, in January, 1931, came the decision in Educational Films Corp. *v.* Ward (282 U. S. 379), holding that royalties derived from Federal copyrights might be included in the measure of the New York corporation franchise tax. The decision reaffirmed the distinction which was thought to have been discarded in the Macallen case.

And on the 11th of this month came the decision in Pacific Co. *v.* Johnson, holding that the inclusion of interest from Federal bonds in the measure of the California corporation franchise tax, was permissible. The decision reached was contrary to that made in the Macallen case, yet it would be most difficult to find any substantial distinction in the facts presented in the two cases. Though the court does not admit it in so many words, it is plain that in less than three years after its promulgation, the Macallen decision has been definitely overruled. As stated in the minority opinion, "We think there is no escape from the conclusion that if the Miller and Macallen cases were followed the legislation here under review would be condemned. To base a distinction of these cases from the pending case upon differences so lacking in substance as to be in effect no differences at all, simply adds to the confusion already too great in this field of taxation."

Similar confusion exists with respect to the power of the Federal Government to tax the income derived from State instrumentalities, as is amply shown by such conflicting cases as Gillespie *v.* Oklahoma (257 U. S. 501), Group No. 1 Oil Corporation *v.* Bass (283 U. S. 279), and Burnet *v.* Coronado Oil & Gas Co., decided less than three weeks ago.

A more important problem—perhaps the most important problem involved in the use of an income tax by the States—is the question of allocating or apportioning the net income of corporations engaged in interstate business to the particular States in which they operate. Nearly every conceivable formula for apportioning such income is to be found in our State laws. Some States allocate solely on the basis of one factor, such as tangible property or gross sales; others allocate on the basis of a combination of factors, with varying methods of combination. Under such different measuring sticks, it is not difficult to see how a corporation may well be taxed on more than its entire net income. To state a simplified case, a corporation which did all its manufacturing in Connecticut, but sold all its product in South Carolina, would theoretically be taxed on its entire net income by each of these States, since Connecticut's allocation formula is based solely on property, while South Carolina's is based solely on sales. It is true that cases as bad as this seldom, if ever, arise; but there can be no doubt that serious inequity arises from lack of uniformity in these allocation formulas.

The problem of apportionment, moreover, which has caused much trouble to the courts, and to the taxpayers, has been so difficult that the courts are inclined to sustain any method of apportionment prescribed by the statute, provided it is not deliberately unfair or discriminatory. On the other hand, the Supreme Court has recently (in Hans Rees Sons *v.* North Carolina, 283 U. S. 123) invalidated a tax levied by North Carolina, under an apportionment formula based on property, where the taxpayer "proved" that it earned within that State less income than the amount reached by use of the formula. But the court's decision will probably be of little help, as the average corporation doing interstate business would find it most difficult to furnish such convincing proof as that supplied by the taxpayer in the North Carolina case. We can not and should not rely on the courts to solve this problem. While the courts may continue to render sound and helpful decisions in isolated cases, inequitable treatment, disputes, disgruntled feelings, and waste of time and money will continue until the problem is deliberately met with a cooperative effort to solve it. Certainly it is not too much to ask that the States join in a determined effort to avoid multiple taxation upon the income of corporations doing interstate business.

Such, then, is the pass to which we have come as a result of the shortsighted, drifting course we have pursued and our failure to view in a comprehensive way the effects of the relationships between the Federal and State Governments and between the States in matters of taxation. Our present system of taxation, if we can be said to have a system, is permeated by inequity, uncertainty, and administrative difficulties; the cost of collecting taxes is much too great, as is also the cost to the taxpayer in determining his tax liability and in furnishing the tax collector with the information required for the same purpose. We have too much tax competition, too much litigation and dispute. State tax systems have been prevented from developing along logical and effective lines, and the tax burden has fallen with unequal and crushing weight upon real property. We are sorely in need of simplification and uniformity; we need a much greater degree of cooperation and coordination in the framing of fiscal policies.

How can we achieve a better-ordered, coordinated scheme of State and Federal taxes? Not by hasty action, but by beginning at once to give the subject the sustained study and discussion without which no satisfactory answer can ever be reached. One solution that has been advanced is a thoroughgoing separation of the revenue sources of Federal and State revenues. Much of our difficulty would be solved if we could assign certain forms of taxes to the Federal Government alone and others to the States alone. Overlapping would be eliminated, cost of administration would be reduced, and each jurisdiction would be free to exploit its revenue sources without the necessity of keeping an eye open to what the other is doing. Something could undoubtedly be done along this line, but it is doubtful that this remedy would be sufficient. It seems impracticable to assign to either the States or the Federal Government alone such important types of taxes as the income tax and the estate tax. Under any logical plan of separation the Federal Government would be assigned those taxes which it can

administer more effectively than the States; yet the States have particular need for these taxes. To take them away completely from the States would only result in a still heavier burden on real estate. Furthermore, any complete plan of separation would probably prove too inflexible in the long run and might become a source of friction between the States and the Federal Government.

Recognizing these difficulties, some observers advocate an extension of the principle now used in the Federal estate tax—the allowance of a limited credit against the Federal tax for a similar tax levied by the States. Perhaps, if such a credit were made conditional upon the State tax being administered under certain uniform provisions (excepting rates, of course), a large degree of simplification would be achieved. For example, a uniform method of allocation and apportionment of income arising from interstate business might be secured.

But here again there are serious objections. Such a credit would practically force the States to adopt the taxes involved and to adopt such rates as would take up the full credit—as the experience with the Federal estate tax credit has amply demonstrated. I am opposed to such a solution as tending further to undermine the sovereignty of the States, to concentrate authority in Washington, and to lessen the supervision and control which the taxpayer should exercise over the taxing power.

A third remedy which has been suggested is the enactment by Congress of a law permitting the States to tax directly interstate commerce under prescribed conditions and in accordance with specified methods—somewhat along the lines of the Federal act governing the taxation of national banks by the States. There is much to be said in favor of such a proposal. It would solve the difficulties arising from the restrictions upon the State in the taxation of interstate business, which I have already discussed, and would foster natural and effective methods of State taxation of business and State taxes upon sales or consumption. But such a law might be unconstitutional, although a strong case may be made out for its validity if properly drawn. There is a good chance that the court would uphold a law designed to promote equitable taxation, which would permit and compel the equal taxation of interstate and intrastate business, and which would relieve the courts of constant wrestling with the nice problem of determining whether a tax operates to put a direct burden on interstate commerce or only an indirect and incidental burden.

Others have stressed the urgent need of uniform State legislation with respect to some forms of taxation, particularly the income tax. If such uniformity could be secured, undoubtedly many difficulties could be erased. But the attempt to bring the States together and effect a compromise of their conflicting interests would obviously be a formidable task, though it might be accomplished if the taxpayers affected—chiefly corporations doing an interstate business—would array themselves solidly behind such a movement.

Considering the obvious objections and limitations to the various plans for eliminating or reducing the evils which beset us in this field, the only safe conclusion is that there exists an urgent need for systematic, unbiased, and comprehensive study of these problems, before we can hope to secure the coordination in our State and Federal systems of taxation which we so sorely need. Such a study should be made by some commission on which the Federal and State Governments shall be adequately represented by men of ability and breadth of view. Half of the members of this commission could be appointed by the President and half by the governors' conference. I have no doubt that the funds necessary to defray the small expenses of the commission for research and investigation could be secured without great difficulty, even in these times of financial stringency and enforced economy, for the possible benefits to be gained would far outweigh the cost. Though the task is a formidable one, the longer we delay tackling it the more difficult it will become. In view of the immense popular interest which now undoubtedly exists, this would seem to be an auspicious moment to make a start.

ABSENCE OF MEMBER

Mr. CABLE. Mr. Speaker, I would like to announce that the absence of my colleague the gentleman from Ohio, Mr. MURPHY, is due to his illness.

ORDER OF BUSINESS

Mr. SNELL. Mr. Speaker, I would like to ask about the program for to-morrow, so that we will know what is to be considered.

Mr. RAINEY. On to-morrow we will consider Muscle Shoals legislation, and on the next day the War Department appropriation bill.

THE EMERGENCY BILL AND WORLD WAR VETERANS

Mr. GARBER. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and to include a letter.

Mr. STAFFORD. Reserving the right to object, Mr. Speaker, is the gentleman going to make the same request to extend his remarks and incorporate a letter every week? The gentleman got that request last week. I thought I was rather generous in granting him that concession that time, but I did not think it was going to be a weekly performance.

Mr. GARBER. This letter is from the regional manager of the Veterans' Bureau at Oklahoma City in reference to matters which have been under consideration in the House to-day.

Mr. STAFFORD. Well, this gentleman has some official capacity. The other was a very insignificant official. I shall not object.

The SPEAKER. Is there objection to the request of the gentleman from Oklahoma?

There was no objection.

Mr. GARBER. Mr. Speaker, Members of the House, the economy bill as reported by the Economy Committee proposed curtailment of governmental expenses to the extent of $206,000,000. As passed by the House, however, its total curtailments are estimated to be approximately $37,800,000.

Although consuming five or more weeks of the session in hearings and investigations, the Economy Committee did not have sufficient regard for the membership of the House to furnish any evidence whatever supporting its proposals of curtailment of expenses. To present a bill composed of 10 titles, any one of which presented legislative proposals sufficient for several separate bills, unsupported by any evidence showing the need or effect of its provisions was an affront to the intelligence of the membership of the House. No wonder various provisions, unsupported by evidence or reason for enactment, were emasculated from the bill, the membership declining to accept the mere word of the Economy Committee upon matters affecting the various departments of government and repealing important provisions of the law which had been enacted only after careful study and thorough investigation based upon substantial evidence of competent witnesses and amply supported by material presented during consideration in the general procedure of the House.

There may have been provisions of the bill having much merit which, when redrafted, revised, supported by hearings and open discussion in orderly procedure, would warrant their enactment. But the individual membership passing upon such provisions can not afford, in the exercise of their responsibility direct to the constituents, simply to take the "I say so" of the Economy Committee in brutal violation of the consideration the committee owed to the membership in furnishing at least the information it had received in consideration of the important questions presented.

Sections 901 to 910, inclusive, of Title IX, so loosely written as to be susceptible of several different interpretations increasing the uncertainty as to their significance and probable effect, was a proposed revision of some of the most important features of veterans' legislation. These proposals, destructive of years of experimentation, revision, amendments, and constructive legislation, were fortunately stricken from the bill on motion and the subject matter referred to a committee of 14 Members, 7 to be appointed from the Senate and 7 from the House, with instructions carefully to examine into and report needed changes in veterans' legislation.

As the provisions in the economy bill will be construed as a recommendation by the Economy Committee to the special committee for its consideration, we briefly state our objections to such proposals.

I shall not undertake to discuss the 10 provisions applicable to veterans, but will confine my remarks to several of the more important and significant of them.

Section 901, embodying the "need" provision which has been earnestly and vigorously opposed whenever it has been suggested to apply to veterans' laws, with certain exceptions would prohibit the payment or granting of allowance, compensation, retired pay under the emergency officers' retirement act of May 24, 1928, pension, hospitalization, or domiciliary care administered by the Veterans' Administration to any person whose net income is $1,500 or more if single, or $3,500 or more if married, with $400 additional for each dependent, for the year preceding the date of enactment of this act or the filing of application for benefits, whichever is the later date. It further provides that annually a person must show to the satisfaction of the administrator that his net income was below the amount

specified in order to be entitled to continue to receive benefits which may have been awarded. If his income status changes during the year, upon submission of proof showing reduction of income below the specified figures when prorated monthly, the administrator may, effective as of the date of administrative determination, allow such benefits as may otherwise be authorized. Government insurance, allowance, compensation, retired pay, or pension would not be considered in computation of income.

The exemptions provided in this section are:

1. Those persons who have attained the age of 65 years.
2. Those persons who served in the active military or naval forces and actually suffered an injury or contracted a disease in line of duty as a result of and directly attributable to such service. To come within this exception the veteran must show some causative factor, such as an injury or extreme exposure arising out of and in the course of the performance of his duty and directly resulting from such performance of duty.
3. Those persons who are temporarily totally disabled or permanently and totally disabled as a result of disease or injury acquired in or aggravated by active military or naval service. To come within this exemption the veteran need only show entitlement to service connection for his disability under the general law as governing payment of compensation or pension and be actually totally disabled.
4. All widows and dependents entitled to compensation or pension on account of the death of any person who served in the active military or naval service.
5. Those persons who were actually engaged in combat with the enemy, who served in a zone of hostilities, or who were actually under fire.

This provision of the bill, with the exceptions noted, says, in effect, to our veterans, "If you need it and will prove to us that you do need it, we will give you a helping hand." It is not so much the denial of material benefits in that provision which makes it so unpalatable to our veterans and to the people generally. It is the requirement that our veterans come to the Government with outstretched hands and proof of their financial need in order to secure the benefits which the American people wish them to have. Every veterans' organization has condemned that "pauper clause." Our veterans do not want it under any circumstances. To place our compensation system on a basis of financial need is in open defiance of the principles of its enactment, namely, a measure of appreciation for honorable service and in recognition of disabilities suffered in line of duty, and our veterans, as well as the American people, resent any move, direct or indirect, intended or inadvertent, to place them in the category of paupers.

It is not clear just what effect this section would have on the presumptive service section of the law with regard to compensation cases but it appears that it would at least materially limit its application.

But though its effect on the privilege of presumptive benefits for compensation purposes apparently rests largely upon a question of interpretation, section 903 of the bill specifically denies its operation in officers' retirement cases and limits these benefits to officers who have served as members of the Military or Naval Establishment between April 6, 1917, and November 11, 1918, and who have actually contracted a disease or suffered an injury in line of duty as a result of and directly attributable to such service between the dates mentioned, or who have served a period of 90 days or more between April 6, 1917, and November 11, 1918, and actually contracted a disease or suffered an injury in line of duty as a result and directly attributable to service subsequent to November 11, 1918, and prior to July 3, 1921.

Such requirements for proof that disease has actually been contracted in line of duty and is directly attributable to service are based on the theory that if a thing is true, it can be proved so, and entirely disregard the fact that the presumptive service clause was enacted only after experience had convinced us that such a theory is impractical and leads to that injustice and discrimination which we have been fighting and have partially overcome through the enactment of our liberalizing amendments to the original laws for veterans' relief.

Are we to scrap all that we have gained in experience in solving this problem of veterans' relief and return again to the strict application of the letter of the law, denying its spirit and intent? Shall we repudiate our policy of giving the veteran the benefit of doubt and place veterans' relief upon a strictly material basis?

There were nine classes of officers in the World War. These were the regular officers of the Army, Navy, and Marine Corps; the provisional officers of the Army, Navy, and Marine Corps; and the emergency officers of the Navy, Marine Corps, and the Army.

Who were these emergency officers? They were the platoon commanders, the company and battalion commanders, who led their men in the most desperate fighting against rifle and artillery fire, machine guns, flame projectors, poison gas, led them through barbed wire, mud, and blood, with the destructive forces of hell itself turned loose against them. Their courage and sacrifices stirred the admiration of the world at the time; but it was 10 years before we were able to enact the emergency officers' retirement act and so place them on an equality with the eight other classes of disabled officers who fought in the World War.

The War Department records show that 2,191 Army officers were killed in action or died of wounds received in action in the World War. Of this number, 93 per cent came from one class—the emergency Army officers for whose retirement on a parity with the other classes of officers the American Legion, composed of 85 per cent enlisted men, worked tirelessly for a decade.

The report of the committee on this section of the bill states:

When the act of May 24, 1928, was enacted into law, your committee believed that it was generally understood that the class of officers to be affected were those who had actually incurred their disabilities in line of duty as the result of some causative factor arising out of and in the course of the performance of duty in the active military or naval service. In the light of certain rulings by the Attorney General, however, several thousands of ex-officers have been paid emergency officers' retirement pay, although they have had to rely for service connection for their disabilities on certain liberal presumptions provided for compensation purposes in the World War veterans' act, 1924, as amended.

And so the committee drafted the provision of the bill requiring a showing of disability actually contracted in line of duty, and specifically denying to them the benefits of presumptive service connection. There were 6,000 Regular Army officers in the Army at the beginning of the war. Since that date and to 1926, 1,109 Regular Army officers were retired for disability, and 645 Regular Army officers were retired for reasons other than disability, a total of 1,754 Regular Army officers retired since the beginning of the war. Surely such retirement has been generously accorded in recognition of service well rendered—and it is right that it should be so. But is this narrow policy which we were asked to adopt with reference to our emergency officers in conformity to the purpose of the original act, namely, to place them on a parity with other classes of officers? We maintain that it is not. What, then, would be our justification for seriously considering an amendment which would discriminate against a class of officers second to none in heroism and personal sacrifices?

April 6, 1917, to July 2, 1921, is defined in the original World War veterans' act as the World War period, and persons serving during that time were classed as veterans of that war. But section 906 of this bill provides that unless active military or naval service was rendered between April 6, 1917, and November 11, 1918, no compensation shall be payable for disability or death resulting from injury suffered or disease contracted during the active service in an enlistment entered into after November 1, 1918, and would transfer from the compensation to the general pension rolls of the Regular Establishment the names of persons now receiving compensation benefits, and reclassify the veteran who served in an enlistment after November 11, 1918, as a peace-time soldier, not a veteran of the World War nor entitled to be treated on a parity with war veterans.

Section 908 is in effect a refusal to adjust a wrong in behalf of the deceased veteran's dependents. It would repeal sections 305 and 309 of the World War veterans' act, 1924, as amended, which provided in substance that if an insured at date of lapse of the insurance was suffering with a com-

pensable disability and at date of permanent total disability or death is entitled to uncollected compensation or the $60 bonus, or both, that such uncollected money shall be applied to cover the unpaid premiums, and to the extent that such money covers said premiums so much of the insurance will be deemed not to have lapsed.

Section 908 would say to the needy widow, "We grant that your husband should have been receiving compensation prior to his death and that, if he had been, perhaps his insurance would not have entirely lapsed and you and your children would now be provided for; but unfortunately it is now too late. By his death he has canceled our responsibility in the matter." Claims wherein the insured actually contracted a disease or suffered an injury in line of duty between April 6, 1917, and November 11, 1918, as a result of and directly attributable to actual combat with the enemy during war service, and as a result of such disease or injury dies or has died or becomes or has become permanently and totally disabled, are excepted from this section of the bill, though, in view of the strict requirements for positive showing, it would seem that there would be few cases so definitely capable of establishment as meritorious where the compensation status would not have been adjusted and the payments duly made.

There should be no limit on the application of justice. Where benefits are provided, the only limitation on them should be through failure to establish merit of the case. To say that a case meritorious to-day would not be equally meritorious to-morrow, is to defer to an arbitrary, tyrannical rule which can not be justified from any reasonable standpoint. Our veterans' laws have been drawn in an effort to correct wrongs, to give the benefit of the doubt to the veterans, and, in short, to deal with this class of our citizens in the spirit of justice and gratitude. We have fallen short of this ideal in many ways, but working and profiting by experience we have, through liberalization and amendment of the laws, corrected many discriminations and extended many needed benefits.

The high-hearted, courageous, self-sacrificing spirit of our boys in 1917 was as much a factor in the termination of the war as were the forces of our material strength. It was an indomitable spirit based on a sense of justice and loyalty to a Government regarded as the greatest friend an American citizen has—and so our boys cheerfully answered its call and went out to lay down their lives for such a friend.

But is this a friendly attitude expressed in the veterans' provisions of this bill, in this proposed hurried limitation and destruction of benefits granted only after careful investigation and thorough consideration? It were far better never to have enacted such benefits for our veterans than to grant them in our plenty and hastily withdraw them when times are "hard," as if they were mere careless, undeserved gifts, and the Government an indulgent benefactor. If we had enacted these amendments, while we might have saved a certain sum in dollars and cents, it would have been at the expense of ideals of unselfish sacrifice and unquestioning loyalty, of faith and trust in a Government which while it may demand all, is deeply appreciative and as generous in its gratitude as it is exacting in its demands. We can not afford, we dare not risk, such costly economy.

EXEMPTION FROM QUOTA OF FATHERS AND MOTHERS OVER 60 YEARS OF AGE OF UNITED STATES CITIZENS

Mr. O'CONNOR, from the Committee on Rules, submitted the following privileged report (H. Res. 211) on the bill (H. R. 8174) to exempt from the quota fathers and mothers over 60 years of age of United States citizens, which was referred to the House Calendar and ordered printed:

House Resolution 211

Resolved, That immediately upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of H. R. 8174, a bill "To exempt from the quota fathers and mothers over 60 years of age of United States citizens."

That after general debate, which shall be confined to the bill and shall continue not to exceed one hour, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Immigration and Naturalization, the bill shall be read for amendment under the 5-minute rule. At the conclusion of the reading of the bill for amendment, the committee shall rise and report the same to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill, and any amendments thereto to final passage without intervening motion except one motion to recommit.

MR. WARREN, CHAIRMAN OF THE COMMITTEE OF THE WHOLE HOUSE ON THE STATE OF THE UNION

Mr. CANNON. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. CANNON. I trust it is not amiss, Mr. Speaker, to refer at this time to the ability and impartiality with which the gentleman from North Carolina [Mr. WARREN] presided as Chairman of the Committee of the Whole House on the state of the Union during the consideration of one of the most difficult of all the bills of the session. [Applause.]

STOCK-EXCHANGE SECURITIES

Mr. DICKSTEIN. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. DICKSTEIN. Mr. Speaker, if ever there was a time when the phrase coined by Chief Justice Marshall was more than appropriate, it is now, when we are seeking to tax stock-exchange securities and all transfers of stock to such an extent that it will be impossible to make any transfers of stock in the future.

Chief Justice Marshall said, "The power to tax is the power to destroy," and it would seem that what Congress is bent on doing is to destroy all possibilty of making transfers of stock from one individual to another.

It has ever been a prolific source of revenue to both the Federal Government and to the States to tax issues and transfers of capital stock, particularly the State of New York, which has seen fit for over 20 years to tax transfers of stock, and it has ever been a great source of revenue to the State government.

Under the stress of war conditions back in 1917 our Federal Government has likewise embarked upon a system of taxing transfers of stock under its laws, so that for many years past any person who saw fit to sell his securities was obliged to pay not only to the State but also to the Federal Government a tax which was fixed by the Federal Government at 2 cents for each $100 par value of stock and by the State government of the State of New York at the same figure.

A few months ago, in order to balance the budget of the State of New York, our governor recommended to the legislature of the State, and the legislature promptly enacted, a bill doubling our State transfer tax, so that instead of 2 cents per share of $100 or less par value the tax that the State of New York now charges on transfers of stock is 4 cents on such transfers.

Protests against this cumulative legislation has been uttered not only by holders of securities but by our national stock exchanges, which feel that by passing such legislation we will legislate out of business any transfers of stock in the future.

Now the Federal Government is seeking to obtain additional revenue by doubling this tax from 2 cents to 4 cents on the transfer of each share on stocks which sell at the par value of $100 per share or less, but—and this is significant—this tax shall not be less than one-quarter of 1 per cent of the selling price of any such share.

It therefore means that where the selling price of stock is $25 per share the tax on it will not be 4 cents per share, but will be 6¼ cents per share, and where the selling price is $100 the tax will be $2.50 per share, and so forth in like proportions. This so-called proviso really fixes the tax on stocks which sell at one-quarter of 1 per cent of its selling price, while in the case of stocks that do not sell it will be 4 cents per share.

It will therefore be necessary for one who deals on the New York Stock Exchange or who sells securities in the State of New York not only to pay 4 cents to the State government on each transfer of stock but at least the same sum of money to the Federal Government as well, so that it will cost 8 cents to transfer each share of stock, irrespective of the price for which the stock was bought, and, in the case of stocks which have a real selling value, one-quarter of 1 per cent of their selling price.

The practical result of this legislation will be that every share of stock now held by any individual will be worth 8 cents less than it otherwise would be worth, and in the case of stocks which have a real selling price they will be worth one-quarter of 1 per cent less.

Does Congress really intend to exercise its power of taxation for the purpose of destroying all possible source of revenue from this activity? True, the condition of the Treasury requires attention. True, we must balance our Budget, but it is very doubtful whether this source of revenue will yield much to the Government when increased to such an exorbitant figure as to make all transfers of stock highly unprofitable.

In taxation particularly, we must never lose sight of the fact that the only sound and intelligent way by which taxes may be imposed is where taxes themselves are easily collected and certain of collection. Where a tax is too high, it usually drives out the business which is sought to be taxed, and as a result instead of an increased revenue it diminishes itself. We see instances of it before our eyes every day. For instance, if we increase our postage rates, fewer letters are sent. If we fix a tax on railroad fares, railroad traffic suffers. If we impose a sales tax, sales diminish, and if we impose surtaxes which are too high we drive capital out of business.

The Federal Government's revenues were never as high as during the period during which taxes were continually diminishing and during which the amount of taxation increased while the sources of taxation were being gradually eliminated.

I do not wish to advocate a complete cessation of taxes on transfers of stock. We had a transfer of stock tax for many years and it worked out fairly and properly; but I am afraid that by increasing it beyond what the business can carry, we shall be unable to collect even as much as we have heretofore collected under the present taxes.

Until a few months ago a total tax payable in New York was 4 cents per share, which included 2 cents to the Federal Government and 2 cents to the State. Now, the State of New York has increased its tax of 4 cents a share, and anybody wishing to transfer stock in New York must pay 6 cents on each transfer. This is decidedly a very high figure, probably the highest figure in the history of our country and the highest figure which can possibly still be imposed on transfers of stock to make them enforceable. If this tax be further raised as now contemplated, it will drive out any possibility of a successful marketing of stocks and will drive out of business all the stock exchanges in the country.

Particularly will this tax be onerous on the small exchanges which deal with stocks selling at par values of less than $100.

If this additional tax be imposed, it will be impossible to sell any stocks which have a par value as small as are stocks customarily traded on the New York Curb Exchange and any exchanges throughout the country where the par value of stocks traded is less than $100 per share.

We may have our own views on the importance or necessity of stock exchanges in the business life of our country. There may be ever so much opposition to their methods of doing business or to their necessity in our modern business life. But we must not lose sight of the fact that the time will come when the business life of the country will again demand a free and steady market for securities and will demand that stock exchanges be in a position to do their work unhampered by any burdensome restrictions on the sale of securities.

Those of us who have lost money in the panic of 1929 might have our own views about the exchanges, and may perhaps think that the country would be better off without them, but such is not the fact.

A study of the history from the early seventeenth century, when merchants in the large European centers had to band themselves together to establish exchanges in which goods or securities were freely dealt with, will convince an unprejudiced observer of the fact that the time will never come when exchanges could be dispensed with. They perform a useful function, are necessary markets for the sale and exchange of goods and securities, and while there may be abuses that should be cured by legislation, nevertheless nothing should be placed in their way for a successful carrying on of their work within their proper sphere.

We must not lose sight of the fact that in the early years of our economic history it was not the banks but the exchanges of the country which promoted our early pioneering industries. It was the exchanges which were making it possible for our young industries to develop while banks would do nothing to promote their interests. It was only by the help of exchanges that oil, mining, and other pioneering ventures have reached the position in the country which they now occupy.

But let us forget the exchanges for a while. Let us bear in mind the fact that the latest official statistics show 18,000,000 individual stockholders in the United States, or approximately 1 to each American family, every person, be he ever so humble, owning a share of stock in any of our industries will be affected by this proposed legislation, and it will make it impossible for the 18,000,000 men, women, or children security holders in the United States to market their securities.

It is not necessary to sell securities in the stock exchange, but securities are often traded in directly from person to person.

Do we wish to destroy security values in the hands of any person to the extent of one-quarter of 1 per cent of their selling price?

SENATE ENROLLED BILLS SIGNED

The SPEAKER announced his signature to enrolled bills of the Senate of the following titles:

S. 460. An act to give war-time commissioned rank to retired warrant officers and enlisted men;

S. 2428. An act to provide for the confirmation of a selection of certain lands by the State of Arizona for the benefit of the University of Arizona;

S. 2967. An act to extend the times for commencing and completing the construction of a bridge across the Missouri River at or near Randolph, Mo.; and

S. 3953. An act to amend the act approved February 7, 1927, entitled "An act to promote the mining of potash on the public domain."

EXTENSION OF REMARKS—THE ECONOMY BILL

Mr. OSIAS. Mr. Speaker, on or about the second week of April, 1932, the newspapers of the country carried the news that a proposal was submitted to the Economy Committee of the House of Representatives to transfer the expenses for the Philippine Scouts, a unit of the United States Army, to the government of the Philippine Islands.

Immediately after I learned of the nature of the proposal I communicated, on behalf of the people whom I represent, with the chairman of the committee, as follows:

APRIL 12, 1932.

Hon. JOHN MCDUFFIE,
Chairman Economy Committee,
House of Representatives, Washington, D. C.

MY DEAR MR. MCDUFFIE: I am writing most respectfully to make a few observations regarding the proposal submitted to shift Army expenses involving approximately $5,000,000 annually to the government of the Philippine Islands.

It is proposed, as I understand, that the expenses for the Philippine Scouts should be borne by the Philippine government. The Philippine Scouts, as you and the members of the committee undoubtedly know, form a part and parcel of the Army of the United States in the Philippines. The Army personnel in the islands consists at present of approximately 10,000, some 6,500 of

whom are Filipinos. This organization should not be confused with the Philippine Constabulary, which is the insular police force of approximately 7,000, the expenses for which are and have been borne by the Philippine government.

The Philippine Scouts are of your creation, not ours; they are America's Army, not ours. To transfer the expenses for this part of the United States Army to the Philippine government would be strange and unprecedented.

The proposal is made in the guise of economy in the Federal Government. The amount involved would be a mere bagatelle to a government great and wealthy, but it would be burdensome to a government like ours.

The approval of this proposal would establish a bad precedent. It means that officials in no way responsible to the Philippine government could enlarge the Army in the Philippines, it being under the administrative control of a department of the United States Government, increase the expenditure, and then saddle it on to our Government. Theoretically, therefore, a unit of government under the American flag could thus be plunged into bankruptcy.

This step, if carried out, would be a most dangerous precedent, one which should serve as a warning to every State, Territory, or possession of the United States. Once such a policy is inaugurated, there is no reason why Army expenditures could not be shifted to the government of a State or Territory, at least for that unit of the Army or personnel domiciled within the boundaries of a State or Territory. This would mean ruinous imposts foisted upon a State, Territory, or possession of the United States.

In the particular case under consideration it would be violative of our budgetary autonomy. For several years we had enjoyed virtual financial autonomy in our domestic affairs through the concessions of increased autonomous powers by the United States Government. With this proposal enacted into law by Congress, the Filipino people would never know exactly just what expenses our government may be called upon to bear, and it would mean in effect that not only would our budget be unbalanced but it would be subjected everlastingly to the danger of incurring unforeseen deficit.

But the principle involved more strongly than the amount of money which this proposal entails should weigh even more heavily upon the minds and consciences of the committee members.

Without bringing out other ramifications of this question, I most earnestly appeal to the high sense of justice of the committee and trust they will not permit the inclusion of this particular proposal in their program.

Very respectfully,

CAMILO OSIAS.

A copy of the foregoing letter was furnished each member of the committee.

A memorandum was also prepared by the Philippine delegation now in Washington, which was circulated for purposes of information. I hereby subjoin the document:

MEMORANDUM ON PROPOSED TRANSFER OF EXPENSES OF PHILIPPINE SCOUTS (UNITED STATES ARMY) TO PHILIPPINE GOVERNMENT

The proposal to transfer the cost and upkeep of the Philippine Scouts from the United States Government to the Philippine government is unjustified. The Philippine Scouts are a part of the Regular Army of the United States. They were organized by the Congress of the United States for purely American purposes. They are not an organization subject to the jurisdiction of the government of the Philippine Islands but are at all times controlled by the American Government.

Practically since the completion of the work of pacification of the Philippine Islands, the Philippine Scouts have not been used for the maintenance of public order in the Philippines. This function is intrusted to the Philippine constabulary, a Philippine national organization created and supported exclusively by the Philippine government. The Philippine constabulary is being kept at a strength adequate for that purpose.

On the basis of these facts it would be most unfair to compel the government of the Philippine Islands to bear the cost of the Philippine Scouts, which, as has been stated, is not a Philippine organization but is a part of the United States Regular Army, especially at this time, when the Philippine government is succeeding in balancing its budget only with great difficulty. This will be made evident by a mere recital of the laws authorizing the organization of the Philippine Scouts.

HISTORY OF THE ORGANIZATION OF THE PHILIPPINE SCOUTS

By the act of Congress approved February 2, 1901, "to increase the efficiency of the permanent Military Establishment of the United States," the authority to organize the Philippine Scouts was granted to the President of the United States, as follows:

"SEC. 36. That when in his opinion the conditions in the Philippine Islands justify such action, the President is authorized to enlist natives of those islands for service in the Army, to be organized as scouts, with such officers as he shall deem necessary for their proper control, or as troops or companies, as authorized by this act, for the Regular Army. The President is further authorized, in his discretion, to form companies, organized as are companies of the Regular Army, in squadrons or battalions, with officers and noncommissioned officers corresponding to similar organizations in the Cavalry and Infantry Arms. The total number of enlisted men in said native organizations shall not exceed 12,000, and the total enlisted force of the line of the Army, together with such native force, shall not exceed at any one time 100,000.

"The majors to command the squadrons and battalions shall be selected by the President from captains of the line of the Regular Army, and while so serving they shall have the rank, pay, and allowance of the grade of major. The captains of the troops or companies shall be selected by the President from first lieutenants of the line of the Regular Army; and while so serving they shall have the rank, pay, and allowances of captain of the arm to which assigned. The squadron and battalion staff officers, and first and second lieutenants of companies may be selected from the noncommissioned officers or enlisted men of the Regular Army of not less than two years' service, or from officers or noncommissioned officers or enlisted men serving, or who have served, in the volunteers subsequent to April 21, 1898, and officers of those grades shall be given provisional appointments for a period of four years each, and no such appointments shall be continued for a second or subsequent term unless the officer's conduct shall have been satisfactory in every respect. The pay and allowances of provisional officers of native organizations shall be those authorized for officers of like grades in the Regular Army. The pay, rations, and clothing allowances to be authorized for the enlisted men shall be fixed by the Secretary of War, and shall not exceed those authorized for the Regular Army.

"When, in the opinion of the President, natives of the Philippine Islands shall, by their services and character, show fitness for command, the President is authorized to make provisional appointments to the grade of second and first lieutenants from such natives, who when so appointed, shall have the pay and allowances to be fixed by the Secretary of War, not exceeding those of corresponding grades of the Regular Army."

By section 37 of this same act, the President was also authorized "to organize and maintain a provisional regiment of not exceeding three battalions of infantry, for service in Porto Rico, the enlisted strength thereof to be composed of natives of that island as far as practicable."

The Philippine Scouts, organized under section 36 of this act, and the Porto Rican regiment, organized under section 37 thereof, are in effect parts of the Regular Army, and the entire expense connected with their service is paid from United States appropriations. The purposes of their creation were not dissimilar. It will be seen from the provision with reference to pay and allowance of the enlisted men that there was no thought in maintaining in those insular possessions armed forces of the United States at a cost less than would be necessary for an equivalent of American troops sent from the United States. Enlisted men in the Philippine Scouts receive only half the pay of soldiers in the Regular Army.

Pursuant to the act of February 2, 1901, the Philippine Scouts were organized by order of the War Department, dated September 28, 1901. From the date of their organization the Philippine Scouts have always been considered and administered as part of the Regular Army in the Philippines. When American troops have been withdrawn from the Philippines for any purpose they were always replaced by Philippine Scouts.

In 1917, when the American garrisons in the Philippines were withdrawn, Philippine Scouts were increased in strength to replace American troops.

EXISTENCE OF PHILIPPINE SCOUTS DEPENDENT UPON PRESIDENT

An examination of the provisions of section 36 of the act of February 2, 1901, relating to Philippine Scouts will show that they have been maintained substantially without change under the national defense act, approved June 3, 1916, and in the act of May 10, 1926. Under these laws the number of enlisted men and officers who constitute the Philippine Scouts is determined by the President. He is empowered to increase their strength up to 12,000 or reduce it without restriction.

"The pay and allowances of whatever nature and kind to be authorized for the enlisted men for the Philippine Scouts shall be fixed by the Secretary of War."

The national defense act provides that "the number of enlisted men of the Regular Army shall not exceed 280,000, including the Philippine Scouts."

Briefly, the United States maintains the Philippine Scouts at a strength prescribed by the Government of the United States without reference to any authority of the Philippine government. The law creating the Philippine Scouts and Porto Rican Regiment has been modified from time to time, but these troops have always been parts of the Regular Army and have been maintained for the convenience of the United States at a strength fixed by the President and supported by the United States Treasury.

On April 25 the Committee on Rules heard the members of the Economy Committee on H. R. 11597, which originally embodied in section 302 the proposal to which reference has been made. The pertinent provisions were these:

SEC. 302. (a) All expenses incurred on and after July 1, 1932, on account of the Philippine Scouts shall be charged to the government of the Philippine Islands. The Secretary of War shall certify periodically to the Governor General of the Philippine Islands the expenses incurred on account of the Philippine Scouts, and the amount of such expenses shall be collected from the Philippine government by the Secretary of War and deposited to the credit of miscellaneous receipts in the United States Treasury.

(b) The President is authorized at any time to disband the Philippine Scouts or to reduce the personnel thereof.

I was given the privilege to appear before the Committee on Rules, and on that occasion I made this brief statement:

Mr. Chairman and gentlemen of the committee, I can get through with what I have to present in about two minutes.

My first point is to request that, regardless of the rule which may be secured by the Economy Committee, section 302 of the bill under discussion, which has to do with the transfer of all expenses incurred on and after July 1, 1932, on account of the Philippine Scouts to the Philippine government be omitted. I make bold to make this petition, for I am invoking a precedent set by the Seventy-first Congress with respect to the immigration bill. The Committee on Rules cooperated with the Committee on Immigration and Naturalization to strike out the provisions relating to Philippine immigration from a general immigration restriction bill. The elimination of this highly controversial provision would facilitate action on the balance of this bill.

My second point is that the approval of this proposal will establish a practice unheard of in the history of our relations. The Philippine Scouts are a part and parcel of the United States Army. This section of the bill charges the Philippine Government such amounts as the Secretary of War may certify, and empowers him to make the collection from the Philippine Treasury. This would be tantamount to levying ruinous imposts on our Government for something which it did not create or organize.

Subsection (b) authorizes the President "at any time to disband the Philippine Scouts or to reduce the personnel thereof." Mr. Chairman, I beg to call attention to the fact that the act of Congress approved February 2, 1901, already vests authority in the President to organize this particular unit of the American Army in the Philippines not in excess of 12,000 or to reduce the personnel practically without restriction.

I plead with the members of the Committee on Rules and the Economy Committee to help us eliminate section 302 (a) from this bill. I am confident that no Member familiar with the early tradition and history of his country could knowingly and conscientiously vote in favor of this unjust and unjustifiable proposal.

After reconsideration the Economy Committee decided to eliminate the objectionable features from the bill.

I wish to express the gratitude of the people of the Philippine Islands and of myself to the Economy Committee, the Committee on Rules, and the Committee of the Whole House on the state of the Union for the favorable action taken on this matter. It is one more proof that the Congress wishes to do that which is just and right to the government of the Philippines. It also clearly reveals that the Members of Congress and the Filipinos are one in their desire that a relationship which had its genesis in misunderstanding and war shall terminate in peace and friendship.

Mr. FERNANDEZ. Mr. Speaker, ladies, and gentlemen, under leave to extend my remarks to H. R. 11597, to effect economies in the National Government, which was attached as a rider to H. R. 11267, legislative appropriations bill, I make the following observation: The Economy Committee submitted report claiming that savings of approximately $200,000,000 would be effected if their plan was adopted. Their plan embodied four parts, namely:

First. Dealing with personnel and reduction of salaries of Federal employees.

Second. Miscellaneous items recommended to be reduced or eliminated.

Third. Consolidation of agencies and bureaus.

Fourth. Had to do with relief of veterans of past wars.

I opposed plan No. 1, the reduction of Federal employees' salaries. However, as an alternative to the specific amendment as submitted to increase the exemption to $2,500 per annum per Federal employee, which was in line with the temper of the House, I naturally voted for the larger exemption, because statistics in the record show that by cutting everyone's salary 10 per cent from the President down to the lowly laborer only eight days of the present Budget deficit would have been met in time. To cut everybody's salary 10 per cent over $5,000 would have meant that the Budget deficit would have been met in time for one-half day only.

We have been told that what the country needs is an increase in purchasing power of the consumer, and now are told that the country's need for the psychological effect is a reduction in salaries of Federal employees. How in the name of common sense can you increase the purchasing power of the country by reducing employees' salaries? Certainly it stands to reason that if an employee's income is lessened, then naturally his purchasing power is reduced, and thereby has a resultant telling effect on the business in the communities. For example, in the city of New Orleans we have thousands of Federal employees who are receiving salaries under $2,500 annually. Who will suffer? Not only will employees suffer but also will the merchants and business in general suffer.

The slashing of Federal salaries is insignificant as to balancing the Budget. It is especially insignificant when one considers the far-reaching drastic effects such a move would have in face of an already intolerable economic, chaotic condition, from which the Nation as one should strive incessantly to emerge. Further it is repellant in view of the bad psychological effect a reduction by the Government in the salaries of their employees would bear upon the employers in other lines of business and industry who would so willingly take advantage of such an occurrence, with a general reduction in salaries to follow.

Plan No. 2, vocational education: Under this plan the annual appropriation amounting to $7,167,000 would have been reduced in the sum of 10 per cent of that amount and a like sum for each succeeding year, so that after 1942 these appropriations would have been abolished. I voted to eliminate this provision from the economy bill. Man has always been subject to disabling injury and disease. The increase of diseases and accidents growing out of the concentration of people in communities and work places has created a condition that demands attention. Despite the splendid efforts and actual achievements of organized safety movements the total number of accidents occurring annually has grown steadily

These are the people who may be rehabilitated through the process of vocational education established throughout the several States and aided by the Federal Government through this congressional appropriation for the Federal Board of Vocational Education. Experience has shown that vocational rehabilitation has to be accomplished through the case rather than the group method. Each person presents a special problem which requires individual treatment. The objective is to fit the disabled person for the best possible type of employment in which he can or may profitably fit, so as to be made economically independent and not a social burden. Statistics show that since the national vocational-education program was inaugurated in the year of 1920, 40,000 such disabled persons were rehabilitated and returned to self-supporting employment.

During the fiscal year 1928–29 the several States engaged in this rehabilitation service returned to remunerative employment between 5,000 and 6,000 disabled persons. These individuals were fitted for over 500 different kinds of occupations. Between 15,000 and 16,000 disabled persons are at this time in process of rehabilitation under the auspices of the several State rehabilitation departments. So in weighing the good this work can accomplish as against the expenses for the Federal Board of Vocational Education and the consequent added burden to society, I voted to strike out the provision that would have gradually meant death to these congressional appropriations.

Army Transport Service, Naval Transportation Service, and Panama Railroad Steamship Line: I voted to retain these Government services for the reason that these form an integral part of our national defense, for statistics are to the effect that it would be more costly to the Government to discontinue these services.

Plan No. 3: This calls for Federal departmental reorganization. According to the provision of section 401 of the economy act as passed by the House of Representatives May 4, 1932, it is declared to be the policy of Congress to group, coordinate, and consolidate executive and administrative agencies of the Government, as nearly as may be, according to major purpose; to reduce the number of such agencies by consolidating those having similar functions under a single head; to eliminate overlapping and duplication of effort and to segregate regulatory agencies and functions from those of an administrative and executive character; and to

this end the President is given limited power or authority by Congress to carry out the provisions of this declaration of policy by Congress. I voted for sustenance of this particular provision in face of the fact that the Federal Government must face some sort of a retrenchment program, and wise economy must be practiced at this particular time.

Plan No. 4: Would have cut down relief and hospitalization to veterans of all wars and military expeditions. This entire section was eliminated from the economy bill and, instead, a congressional committee was recommended to look into this feature of proposed economy. Of course, I voted to strike out this provision from the legislative appropriations bill's rider.

I voted to create and organize a Public Works Administration because it is believed that substantial economies and increased efficiency in the construction activities of the Federal Government will be secured through the enactment of this legislation. The purpose, the committee report says, is to form a service agency for all departments and establishments * * * construction activities now form only an incidental part of the duties of many scattered agencies and the work is necessarily in the hands of subordinates.

In short, it is contended that this new department will mean superior results in management and execution; substantial economies; an effective system of administrative overhead, control, and coordinated activity; furnishes the means by which overlapping and conflicts of jurisdiction may be readily adjusted; facilitates the standardization of administrative processes and procedures in construction work; furnishes necessary foundation for a properly organized and administered budgetary system for legislative consideration in the appropriation of public moneys for such construction activities correlated along functional lines; decreases the number of agencies with which those wishing to transact business with the Federal Government must contend; and, above all, permits the centralization of general business operations, such as purchasing and the custody and issuing of supplies and the maintenance of libraries, blueprint plants, specification writers, inspectors, and field supervisors.

This provision further provides that military and naval engineers may be detailed to any division of the Public Works Administration for which they are qualified, as through their training and experience in rivers and harbors, navigation, and flood-control work, military and naval engineers are now better prepared to deal with the large problems they must face in a war emergency.

Under the economy bill as passed by the House of Representatives the committee estimates that the savings under Titles I, II, III, and VII will amount to $42,314,000.

It is pertinent to point out that under Title I, salary-reduction section, it was calculated by the committee that $67,000,000 would be saved; but as amended, with $2,500 exemption, only $12,000,000 was saved. Fifty-five million dollars was to be taken from the pay of the low-salaried Federal employees, as 70 per cent of all the pay roll is in the class under $2,500 per annum.

It is unthinkable that the people whom I have the honor to represent would be willing to tax the underpaid Federal employees to the extent of $55,000,000 to help balance the Budget, in view of what has happened in this country in recent years.

It is true that a dangerous deficit was created over two years by the refusal of the Republican administration to cut expenses and raise taxes to balance the National Budget. In 1930 out of a total expenditure of $3,846,605,149 only $1,274,850,467 were spent for operating the Government. The difference went for interest and premium on the public debt, debt reduction, grants to the States, pensions, public works, special business enterprises (Panama Canal), investments in securities of the Federal land and intermediate credit banks. Therefore, it is plain to understand that, when the House Committee on Appropriations decided to economize, cuts had to be made out of a comparatively small per cent of the expenditures of the Government. The House Appropriations Committee did adopt in the various supply bills cuts ranging from 2 per cent to 11 per cent, and thus far the Senate has reduced those appropriations by a level of 10 per cent.

IMPORTANT LEGISLATION PASSED AND ITS EFFECT

The first important legislative bill passed by this Congress was the granting of a moratorium to the European nations. This measure was primarily designed to relieve the depression, which existed in this country at that time, and now exists, and which exists to a greater degree in the other countries. I recall, the President of the Republic of Germany, a country with which we had been in war, writing the President of the United States for aid, and he intimated that unless this aid was given they (Germany) might suffer a governmental financial collapse, and with it would go the collapse of the smaller nations around Germany—resulting in stoppage of trade, business stagnation, and all loans to Germany, private and public, endangered. The result of this legislation, Congress ratifying the moratorium, added $250,000,000 to our Budgetary requirements this year, and the next fiscal year will add $270,000,000.

Then the Reconstruction Finance Corporation was created, for which $500,000,000 were appropriated, to provide emergency financing facilities and relief for financial institutions, financially aiding agricultural, commercial, and industrial interests, and for other purposes.

The quarterly report of this corporation filed with Congress April 1, 1932, shows that loans were made as follows:

1. To 858 banks and trust companies, including $2,173,000 to aid in the reorganization or liquidation of 7 closed banks, $158,182,242.06.
2. To 30 building and loan associations (none located in Louisiana), $4,879,750.
3. To 18 insurance companies, $7,080,000.
4. To 2 joint-stock land banks, $775,000.
5. To 1 livestock credit corporation, $496,990.
6. To 2 agricultural credit corporations, $21,200.
7. To 8 mortgage loan companies, $6,517,000.
8. To 16 railroads (including $7,335,800 to 2 railroad receivers), $60,787,757.

As to the railroads, I believe it was generally understood that the money would be loaned to a railroad substantially for refinancing; in other words, to prevent outstanding securities from defaulting, because of the wide ownership of railroad bonds by insurance companies, savings banks, national banks, and trust companies.

FEDERAL RESERVE SYSTEM (IMPROVEMENT OF FACILITIES)

On February 15, 1932, the House of Representatives passed what is known as the Glass-Steagall bill, with three propositions involved. One authorizes the Federal reserve bank to make loans where it is considered desirable and prudent; to group the banks on the joint liability, not less than five being considered a group. Second, authorizes the Federal reserve banks to make loans to individual banks on paper that is regarded as satisfactory to Federal Reserve Board but upon security and collateral not eligible for rediscount. Third, authorizes the Federal reserve banks to accept direct Government obligations as a basis for currency in place of eligible paper upon which currency is issued under existing laws. These are, briefly, the provisions of the legislation.

The debate in the House on this bill reflected that the banking and credit machinery of this country had drifted into unhappy days—the big bankers, who claimed a monopoly on wisdom and good morals in banking, have taken the Federal reserve system and perverted and debased it. They turned it from service to legitimate business and commerce into an instrument for use in promotion of speculation and international high finance by men who proved unworthy of the trusts imposed in them and who have been shown to be as ignorant as they were unscrupulous.

They gathered junk from the four corners of the earth and fed it into the banks of this country to the wreck and ruin of thousands of such banks and the innocent depositors.

This bill, designed to make possible expansion, not a wild inflation, for a year under control of the Federal Reserve Board, has my approval.

TAX BILL—BALANCING THE BUDGET

The next legislative bill passing the House was the tax revenue act of 1932. To my way of thinking, the elimination of the sales-tax provision of the bill was a great victory for the common people. I opposed the sales tax because I believed it unsound in principle, and such a tax would be harsh and, indeed, burdensome and unjust in operation upon the great multitude comprising the American general public. It contravenes, in my humble opinion, every accepted theory of taxation. Not even in the greatest crisis of the World War did our Government attempt to consider the adoption of such a sales-tax measure.

After the defeat of the sales tax a substitute tax measure was adopted and while I did not personally vote for all of the substitutes comprising the 1932 revenue act as passed by the House, yet they were adopted by the committee. Higher taxes were levied by the House on large incomes, inheritances, and estates, and we have the word of the leaders of Congress that with the passing of the tax bill and an economical consolidation of activities of the governmental departments the Budget will be balanced. Even though the Budget is not balanced this year, why can it not be balanced over a period of three to five years? Why attempt to make the employees of the Federal service pay such a large amount under the guise of economy?

Before I vote for the lowering of salaries of Federal employees by smoke-screen economy, I would like the economy wave to commence with the executive department, the numerous secretaries, automobiles, expensive cars for Cabinet members, private elevators for departmental heads, expensive office equipment, entertainment funds for Foreign Service men, their allowances, the huge amount appropriated for enforcement of prohibition, which is admittedly ineffective. Instead of Cabinet members protesting curtailment of appropriations in their departments, they should make appropriate economies in their respective departments.

Mr. WELCH of California. Mr. Speaker, our country today is faced with a condition unparalleled in the 150 years of its history, one which threatens the breaking down of our present economic system. In this, the wealthiest of all nations, there are more than 8,000,000 capable workers, with millions more of their dependents, who are suffering because of unemployment.

We are in the midst of the most violent and sudden economic changes our country has ever experienced. To adjust ourselves to these changes a new social policy must be adopted. Of all the principal measures advocated for this purpose, those that provide shorter hours of labor and further restriction of immigration from all countries offer the most logical and direct steps without placing an additional burden on the Public Treasury.

Mass production made possible by the progress of mechanical invention and by the application of high-grade efficiency, created a new era and changed this Nation from a static agricultural to a dynamic industrial country. This notable change is reflected in the fact that within the past 10 years not 1 per cent of all foreign immigration into the United States has settled upon the farms. The consequent growth in urban industrial centers has raised up certain unforeseen and difficult problems. We can not stop progress. We must recognize that we are living in the machine age. We must deal with the fact that the economic status of the workingman has been profoundly affected. There is to-day a labor-saving device for every branch of industry. This condition has displaced hundreds of thousands of working men and women and has been one of the primary causes for the serious unemployment condition of this present day.

The workingman is not responsible for these present conditions of unemployment. The dynamics of a mechanical age is the cause. In 1929, the last so-called normal year, the railroads of this country were operated by 250,000 fewer employees than in 1920. Synchronized music has displaced over 9,000 musicians, many of them artists of notable talent.

The number of mechanics employed in the manufacture of automobiles, including bodies and parts, between the years 1925 and 1927, decreased by 56,796, while the number of automobiles increased. In the men's clothing trade a power machine operated by not more than 2 persons displaced 200 skilled clothing cutters. In the iron and steel industry, on an average, 1 man now does the work that 45 men used to do. On a trans-Atlantic liner there used to average 120 stokers; now three men dressed in spotless white do this work by merely turning a valve. The New Edison Co. has installed an automatic mechanism that operates an electric distributing station, which supplies enough power to light 300,000 homes, without one human being in the plant; an operator 3 miles away handles the switch and has perfect control at all times.

Students of agriculture tell us that while it took 3 hours of human labor to produce a bushel of wheat in 1900, in 1932 3 minutes of machine labor will do the same thing. The relation is 60 to 1. Thus, mass production, stimulated by mechanical invention, has taken its toll of man power in every industry. This displacement must be compensated for by a 5-day working week, and if necessary by shortening the working hours to avoid the disaster of widespread unemployment on the one hand and overproduction on the other.

Are we to go on displacing men, taking millions of workers out of the consuming market, constantly increasing our facilities and powers to produce, without developing a market corresponding with our ability to produce? There was not enough of attention paid in the past to the market situation, the adjustments that were necessary to absorb these men who were constantly being displaced. We have absolutely failed to adjust working time corresponding with our increase in the facilities of production. We have gone ahead attempting to work 6 days a week, and 8, 10, and 12 hours per day under the new order, just as we did under the old. We have not enough work to keep men employed 6 days per week, 8 hours per day and 10 hours per day. That is out of the question because of the wonderful mechanical development that has made men more efficient.

There must be an adjustment of the working time in order to take up the slack of unemployment.

Mr. William Green, president of the American Federation of Labor, in testifying before the subcommittee of the Committee on Manufactures, United States Senate, which had under consideration S. 2615, a bill to establish a national economic council, stated:

> To eliminate unemployment we have only to cut the work week to 35 hours and put everybody to work; there is work enough for all at five days per week and seven hours per day. Now, would it not be better to distribute the work available so that all would be given five days per week, seven hours per day, than to have a situation existing such as the present, with 8,300,000 unemployed men in this country.

These economic changes and this displacement of man power call for important readjustments.

There are two schools of thought dealing with this problem. First, there are certain groups of industrialists and employers of labor who, for their own selfish interests, are taking advantage of unemployment and the surplus in the labor market to bring down the standards of wages and of living. These misguided men, if permitted to do so, would gladly reduce labor to the condition of serfdom that it was in before organized labor, through the means of collective bargaining, elevated it to its present condition.

In contrast to this selfish school of thought we have the advanced humanitarianism fostered by American working men and women who maintain that one of the primary functions of the Government is to protect life and make it easier and happier for the toiling masses who are so deeply responsible for the production of this Nation's wealth. Fortunately for all of us, the example of this intelligent humanitarianism is felt in many spheres of industry; thank heaven, there are many enlightened employers in this country. They are working with organized labor to stem the tide of reaction.

Congress last session inaugurated the wise policy of putting men to work upon public buildings, and now it would take this employment from them by refusing to appropriate money to carry on work already planned, thereby sending tens of thousands out into the streets to join the army of 8,000,000 unemployed, where they will face privation and starvation.

The people of this Nation can be expected to speak in no uncertain terms on this most important unemployment question, and will decide between a wise economy to eliminate governmental expenditures that in the slightest degree might be considered extravagant, and unwise, unjust, and cruel economy, which will add untold misery and suffering amongst the masses of this country.

When Mr. William Randolph Hearst proposed as a remedial measure a bond issue of $5,000,000,000 I heartily and promptly indorsed that method of relief, because I recognized a sincere effort to relieve suffering and put men and women back to work.

A solution of our present problems is not to be hoped for as long as there exists a division of responsibility in regard to unemployment between Federal, State, and local governments. What we need is to put an end to dangerous dilatory tactics and bring all parties together in practical organization and unselfish cooperation. Only thus can we remedy the conditions which now imperil our national and domestic happiness.

The United States Steel Corporation reduced wages 15 per cent, which reduced the buying power of their employees $40,000,000 a year, and as a result they bought $40,000,000 worth less of goods. It requires the maximum buying power of the people to keep the wheels of industry moving. How is industry to be restored and kept going if the purchasing power of the people is destroyed by wage reductions? With the development of our producing power in America through the introduction of mechanical devices and other scientific methods of making men more efficient, thus increasing their efficiency every year so they produce more and more, and at the same time a reduction in their buying power, how can any economist reckon or figure how they can buy back the goods they produce? If we are going to increase production, we must increase the buying power of the people in a way that will correspond to that increase of productive capacity.

Mr. Speaker, I declare to you that the problems of this country to-day are primarily problems of labor—the stabilization of its employment and the maintenance of its purchasing power unimpaired. These problems must be met and solved by Congress. Never before in our history have there existed conditions which called so loudly for a united legislative action. The misguided industrial leaders who would further oppress labor, if they could, are eager to take advantage of the surplus of man power. They should be defeated by an act of Congress shortening the hours of labor to five days a week and restricting immigration to the least possible minimum.

The thoughtless oppressors of labor should see the handwriting on the wall, for it is written there that if the labor movement in this country under present sane leadership should fail, the inevitable end is communism and the destruction of our present industrial and economic system and those small souls who are wandering in the darkness will be the first to fall victims of their own folly.

Mr. HOLADAY. Mr. Speaker, the growing tendency toward the expansion of governmental activities by the creation of new bureaus and departments, with additional personnel, each encroaching on private business and the resulting increase in the cost of Government, is always noted by the Appropriations Committee of the House, which has the duty of writing the annual appropriation bills.

The members of the Appropriations Committee have generally sought to curb the increase in expenditures, but we have year after year been overruled by the House and have continually witnessed the amounts carried in the various appropriation bills increased by the House and Senate. As long as business prosperity continued in the Nation, the efforts of the Appropriations Committee against the ever-increasing cost of government was as "a voice crying in the wilderness." Let it be said to the credit of Congress that the demand for appropriations does not originate with Congress but comes from well-organized minority groups that flood the mail of Congressmen and fill the public press with propaganda for the new activities.

On the 19th of February, 1932, I introduced House Joint Resolution No. 302, which conferred upon the President the authority to abolish, combine, and consolidate commissions, boards, departments, bureaus, and divisions of the National Government.

On February 20 the Rules Committee reported House Resolution 151, which was adopted by the House on February 23. Under this resolution a select committee of seven Members of the House of Representatives was appointed by the Speaker of the House of Representatives, and it was the duty of this committee to submit its recommendations with reference to economies to be effected and also its recommendations, on the reorganization of Government bureaus.

On April 25, 1932, the Select Economy Committee reported to the House H. R. 11597, being a bill to effect economies in the National Government. This bill provided:

Title 1, compensation reduction of Federal employees.
Title 2, suspension of promotions and filling of vacancies.
Title 3, miscellaneous provisions.
Title 4, reorganization of executive departments.
Title 5, public works administration.
Title 6, national defense reorganization.
Title 7, consolidations of Bureaus of Navigation and Steamboat Inspection.
Title 8, interdepartmental work.
Title 9, adjustment of veterans' benefits.
Title 10, special provisions.

The Economy Committee reported that in their judgment the passage of H. R. 11597 would result in a saving of $210,000,000 in the annual cost of government. On April 27, under a special rule, H. R. 11597 was offered as an amendment to the legislative appropriation bill, which was then under consideration by the House, and the consideration of this bill by the House extended through from Wednesday, April 27, until Wednesday, May 4.

I now propose to briefly report the consideration of H. R. 11597, title by title, the more important amendments offered, and my vote with reference to such amendments.

Title I provided for a reduction of 11 per cent in the salaries of Federal employees, with an exemption of the first $1,000. A Federal employee drawing an annual salary of $2,000 would be reduced 11 per cent after allowing a $1,000 exemption, the total reduction amounting to $110. Under this plan a Congressman would receive a reduction of $990 in his salary. The first amendment bearing on salary reduction was offered by Mr. HARDY, of Colorado. In this amendment he sought to increase the reduction in Congressmen's salaries from $990 to $1,000. Believing this amendment, if adopted, would create a parliamentary situation unfavorable to real economy legislation, I voted against the Hardy amendment, which was rejected. An amendment was offered by Mr. O'CONNOR, of New York, and as amended increased the salary exemption from $1,000 to $2,500. I voted against this amendment, which was adopted.

Mr. MCREYNOLDS, of Tennessee, offered an amendment reducing salaries as follows: $2,500 to $3,500, reduce 11 per cent; $3,500 to $5,000, reduce 15 per cent; $5,000 to $7,500, reduce 20 per cent; $7,500 and over, reduce 25 per cent.

I voted for this amendment, which was rejected.

Mr. CONNERY, of Massachussets, offered an amendment to strike out Title I, compensation reduction of Federal employees.

I voted against this amendment, which was rejected.

Title IV of the bill carried provisions which were in substance the provisions contained in the resolution which I introduced on the 19th of February. Under the provisions of Title IV, the President was authorized to abolish, coordinate, and consolidate executive and administrative agencies and bureaus of the Government. Sections 406 and 407 of this

title provided that any orders issued by the President to abolish or consolidate agencies or bureaus should not become effective until confirmed by Congress. I offered an amendment to strike out sections 406 and 407, but this amendment was rejected.

Mr. MARTIN of Oregon offered an amendment to strike out Title VI, the national defense reorganization act.

Title VI provided for combining the War Department and the Nacy Department into a Department of National Defense. In my opinion this consolidation would strengthen our national defense and materially reduce the cost thereof.

I voted against this amendment, which was adopted.

Mr. BULWINKLE, of North Carolina, offered an amendment to strike out Title IX—adjustment of veterans' benefits.

The special Economy Committee estimated this readjustment would result in a saving of over $48,000,000.

I voted against this amendment, which was adopted.

The amendments heretofore mentioned were offered in the Committee of the Whole House and the votes were not record votes.

However, the O'Connor, Martin, and Bulwinkle amendments, having been adopted in the Committee of the Whole, were submitted to the House for a record vote.

I again voted against all three of these amendments, but they were all adopted in the House on a record vote.

Mr. MCDUFFIE, of Alabama, offered a motion to recommit with an amendment reducing the salary exemption from $2,500 to $2,000.

I voted for this motion, but it was rejected.

Mr. RAMSEYER, of Iowa, offered a motion to recommit with an amendment known as the "furlough of Federal employees" plan that would have effected a saving of $60,000,000.

I voted for this motion, but it was rejected.

The various amendments adopted by the House reduced the estimated savings made possible under the bill from approximately $210,000,000 down to approximately $42,000,000. I opposed all of those amendments.

The reductions, amounting to $42,000,000, are only for one year, and therefore, while helpful, are not very significant when considered in relation to the total expenditures for governmental purposes. There is, however, one provision of this bill which may be productive of great savings. The substantial features of the Holaday resolution included in the bill as passed gives to the President authority to abolish, consolidate, and rearrange the various agencies and bureaus of the Government. Under this provision I believe that it will be possible for the President to effect substantial reductions in the cost of Government by abolishing certain bureaus and activities of doubtful value, and by consolidating other bureaus that now overlap in their activities and with a general rearrangement of various agencies of the Government reductions may be made in personnel with a material decrease in the cost of government. What future savings may be effected under this provision will depend upon the action of the President and also upon the action of Congress in confirming such Executive orders as may be issued.

Mrs. ROGERS. Mr. Speaker, I wish to point out some of the reasons why Title IX of the economy bill should be eliminated. The title was placed in the bill without hearings and without sufficient study. Before radical changes are made in regard to veterans' benefits, a most careful investigation should be carried on by people who have dealt with veterans' matters. I heartily favor the appointment of a committee to make an exhaustive study of veterans' legislation. I believe many economies could be brought about without working a hardship upon the disabled. It would be extremely helpful if a conference could be called by the President which would include the veterans' committees of the House and Senate, members of the Appropriations Committee, the Administrator of Veterans' Affairs, and also representatives of the veterans' organizations. As a result, I believe benefits would accrue to the taxpayers as well as the veterans.

The laws pertaining to veterans' benefits are the outgrowth of years of study and effort on the part of Congress to meet the vast problems of rehabilitation and care of veterans of wars and their dependents as well as for certain former members of the regular establishment and their dependents. The problem confronting this country at the time the World War was in progress was approached with full knowledge of the tremendous responsibility resting upon the Federal Government which had called over 4,000,000 men to arms against the enemy. It has been difficult to secure satisfactory legislation to meet the most urgent demands upon us. It has been the paramount purpose to extend reasonable relief to these veterans in so far as the country could meet the demands justly placed upon it.

H. R. 11597, Title IX, contains nine sections designed to destroy, without due deliberation on the part of Congress, a system of relief developed over the years, and which would suddenly place the veterans and their dependents in a state of need, producing in many instances misery and untold suffering for those who served their country in time of need and for their dependents.

Section 901 of this bill would deny disability allowance, compensation, emergency officers' retired pay, pension, hospitalization or domiciliary care to any person receiving a net income of $1,500 or over, if single, and $3,500 or over, if married, for the year preceding the enactment of the proposed act or the filing of application of benefits, whichever is the later.

Although certain exceptions are made from the provisions of this section, the saving claimed by the committee of $13,315,000 would be effected by denying benefits to 28,300 persons, representing groups for whom the Federal Government has provided relief after thorough study of needs and legislative precedents. I doubt very much if 50 per cent of that saving would be effected. Income-tax tables used by the Economy Committee to arrive at these figures are misleading. Certainly the proportion of disabled veterans within these income-tax brackets would run far below the average—probably 50 per cent less. The 7.8 figure would be nearer 3.9 therefore in applying income-tax figures to veterans, cutting down the estimated savings by 50 per cent. Only a small preferred group of those men in the actual combat zone would be exempt from the reductions proposed, and those experienced in the rehabilitation of the disabled know how unfair that is. The disabled man finds it just as hard to find employment and thus rehabilitate himself whether his disability was received in the very front line or in the rear or in camp in this country. He went where he was sent, as any good soldier does.

Even emergency hospital treatment would be denied to veterans whose income was greater than the sum fixed by the bill. There would be thrust upon the States a sudden burden which could not be carried. I have stated in a previous speech how overcrowded the civil neuropsychiatric hospitals are all over the United States, and there is nearly as bad a situation in regard to the civil tuberculosis hospitals. The carefully developed plan of hospitalization designed to reestablish the disabled would fail, with a loss to the Government. The existing laws should serve as a sufficient safeguard to give preference in hospitalization to those unable to pay for it.

The arbitrary line of applying income-tax-exemption amounts to hospitalization is indefensible. That may be an applicable basis to use in regard to compensation or other cash allowances, but to deny hospitalization, for which $50 a week might easily be charged to a man earning $30 a week, is an entirely different thing. If there is to be an arbitrary amount fixed as the dividing line between free hospitalization and no hospitalization, it should be far higher than the income-tax basis.

Section 902: That part of section 902 (7) of the present law which relates to reduction of pay of veterans while maintained by the Government in an institution relates only to insane persons without dependents. Its original purpose was to protect the estates of such veterans against unnecessary charges for fees of guardians and to avoid unnecessary expenditure by the Government.

The present law also provides that if such person shall recover his reason and shall be discharged from the institution as competent, such sum shall be paid to him as will equal the difference between the amount that has been paid in compensation and the amount that was otherwise due. This seems only just, as the man who has been insane will need that money. When he leaves the hospital, he must adjust himself slowly to the outside world, and no one will want to employ him, so he will be under great hardship.

This bill would authorize the reduction of compensation, pension, allowance, or emergency officers' retired pay to an amount not in excess of $20 per month in the case of any person, sane or insane, maintained in a soldier's home, hospital, or institution for a period of 30 days or more. Provision is made that if such person has a wife, child or children, or dependent parent or parents, the difference between the $20 and the amount to which the veteran would otherwise be entitled may be paid to such dependents. No provision is made that in the case of competent veterans any amount withheld under this section shall later be paid.

The benefits paid to veterans as a result of disabilities incurred in service are extended upon the theory that the amounts paid compensate the veteran for the disability resulting from such service. It is clear that the Government, with all its bounty, can not fully compensate these men for the losses, diseases, and injuries suffered while serving in defense of the Nation. In cases in which benefits have been or are now being paid, at various rates, some in excess of $200 per month, the veterans have adjusted their lives to the amounts received and have incurred obligations in their efforts to adjust themselves to civilian life. A reduction of these benefits without warning, and solely because they accept treatment designed to assist in their reestablishment, is contrary to the theory of veterans' relief and would result in undue suffering and injustice.

Section 903: A bill to authorize retirement of disabled emergency officers was first reported favorably to the House of Representatives on February 2, 1921 (H. Rept. 1284, 66th Cong.). This report stated that it was the intent of Congress, at the time of the passage of the selective service act, that the men in the Regular Army and those in the temporary army should have the same status and be on the same footing in so far as pay, pensions, hospitalization, and treatment are concerned. The present law was enacted May 24, 1928.

Thousands of able men were called from their places in civilian life to serve as emergency officers as leaders of the armed forces during the World War. Many were seriously disabled and rendered incapable of returning to their civilian pursuits. The amount of retired pay now given fails in thousands of cases to equal the monetary loss sustained by these men. The opponents of the law have been prompted to advocate its limitation or repeal because there have been cited instances in which it appears that men may receive benefits to which they do not seem entitled. Human ingenuity has failed to place on statute books laws that will dispense equal justice in all cases. Modification of the law applicable to the many for the purpose of depriving a few of its benefits would impose penalties upon many men who were so disabled by their war service as to be permanently and totally disabled. Even though some modification were deemed necessary, it should be thoroughly studied in order that no profound injustice will result. For instance, in the mental cases, those men are in no condition to secure the evidence necessary. It was for this very reason that the presumptive clause was put in the bill.

Section 904: The bill would amend section 203 of the World War veterans' act by repealing the language which provides for a per diem allowance of $2.65 per day for the period of travel and observation in connection with examinations for service-connected cases. This provision was placed in the law so that veterans would be saved from undue monetary loss in complying with Government requests to report for physical examinations incident to disease or injury incurred in service. Many men receive small amounts of compensation, some as little as $8 per month.

Many men would be unable to comply with the request to report for examination unless the Government had included in the present law that provision which authorizes a per diem allowance of $2.65 per day, which is designed to compensate him for loss of wages or loss of income while away from business. The result would be to impose an injustice upon every veteran affected by the amendment, and to result in undue hardship upon those who are less able to stand the denial of the benefit so long extended. Many veterans sorely in need of treatment and entitled to the benefits of hospitalization would be denied such benefits for the reason they could not afford to leave their employment without the reimbursement of $2.65 per diem.

Section 905: This section of the bill would amend section 205 of the World War veterans' act, to place further restriction upon payment of compensation and pension for retroactive periods. This section was preceded by section 305 of the war risk insurance act, as amended, which permitted review of compensation awards with authority to reduce, diminish, or increase such awards in proportion to the degree of disability as of the date disability began, but not earlier than the date of discharge. On June 7, 1924, this section was changed to section 205, World War veterans' act, and amended to recognize the restriction in section 210, World War veterans' act, formerly section 310, war risk insurance act. Retroactive reductions in compensation are forbidden except in case of fraud, and it is provided that reduction or discontinuance of compensation is to become effective the first day of the second calendar month after the reduction or discontinuance is determined.

The bill would revise section 205 to provide that no allowance, compensation, or pension shall be awarded as a result of a review of a claim by the Veterans' Administration or review upon application by the veteran if the time limit for appeal has expired for any period more than six months prior to date of administrative determination. Many times a veteran may file a claim without knowledge of the evidence that may be required by the Government before the claim may be allowed. If the Government requests affidavits of comrades, it frequently takes many months or years before comrades in arms during a prior war may be located. The reason for the delay may not be shown by the Government record, but by the terms of the bill the veteran would be unable to receive the benefit to which he was otherwise entitled for any period more than six months prior to final decision on the claim. This is an entirely new departure in veterans' legislation, as it has always been recognized that the veteran should not be denied retroactive benefits where, through no fault of his own or due to circumstances beyond his control, his claim has been filed but not completed in a minimum length of time.

Section 906: Section 300 of the war risk insurance act, as amended, permitted the payment of compensation to men who entered the service prior to February 9, 1922, "if disability was incurred or aggravated in line of duty," or to those injured in an enlistment entered into before April 6, 1917, but where service continued on or after April 6, 1917. That section was repealed and reenacted June 7, 1924, by the World War veterans' act, as amended, as section 200, which omitted the "line of duty" requirement, but restricted the payment of compensation (except in cases in which accrued rights were saved) to those persons disabled in the military or naval service between April 6, 1917, and July 2, 1921.

Section 906 of the bill would deny the payment of compensation to persons who entered service after November 11, 1918. Although actual hostilities ceased at the time of the armistice on November 11, 1918, there was then no assurance that hostilities would not be resumed. Many young men theretofore unable to join the armed forces because of their youth later came into the service at a time when there was a probability that hostilities would be resumed. The laws then in force offered to these men compensation for disabilities incurred in line of duty. To many of them and to dependents, on account of their death from service-connected cause, compensation has been awarded and paid until the present time.

It would be ungrateful and unfair on the part of the Government to take from them at the present time of economic need the right given to them for service in a period when the country faced the distress of war. The effect of this section would be to establish a new World War period which would be more restrictive without considering the justifiable basis upon which the period, April 6, 1917, to July 2, 1921, was adopted at the time of enactment of the World War veterans' act, 1924, and the prior legislation, the war risk insurance act.

Section 907: This section was originally section 405 of the war risk insurance act of October 6, 1917, later amended and changed to section 19. It has at all times given a claimant a right to file suit on an insurance contract after disagreement as to a claim filed with the Bureau of War Risk Insurance, the United States Veterans' Bureau or the Veterans' Administration.

This bill would amend section 19 of the act to provide that a court may consider only the testimony of a person whose statement has been submitted to the Veterans' Bureau or the Veterans' Administration prior to denial of the claim sued upon. If the testimony of any other person is offered, the court would be required to stay the proceedings until the statement of such person is submitted to the Administrator of Veterans' Affairs. This provision of the bill would seek to apply not only to suits filed in the future but also to suits pending on the date of the enactment of the proposed amendment.

This would result in encouraging dilatory tactics that would indefinitely defer the justice in the case that might be secured only after final determination by the court and would deny to the veteran his right to speedy justice. The Government would be given the knowledge of all evidence to be filed by the claimant in the court, while a corresponding right would not be extended to the claimant. The courts having jurisdiction of the subject matter in toto should not be hampered in any way but should have all testimony available.

Section 908: This section of the bill would repeal sections 305 and 309 of the World War veterans' act, which were evolved from section 408 of the war risk insurance act of August 9, 1921, which provided that if a veteran was entitled to compensation at the time the insurance lapsed, such insurance would not be considered as lapsed if the compensation was of a sum equal to or in excess of premiums due. This was liberalized by later amendment, and section 309 was added to the law to permit revival of insurance by use of the uncollected $60 bonus.

The bill proposes the repeal of sections 305 and 309 of the World War veterans' act, as amended. It seems only fair that these sections be continued in the law so that a disabled veteran and his dependents may not be denied the right to insurance, a benefit that would otherwise be denied, because of the delay of the Government in adjudicating his claim. Considering the length of time this statute has been in effect, the real relief it has afforded, and the fact that the few belated adjudications thereunder now being made are meritorious, it is not understood why the change is proposed.

The following is an index to changes in Title IX of H. R. 11597:

INDEX TO CHANGES IN TITLE IX OF H. R. 11597

Section 901: New legislation.

Section 902: Amends the first two paragraphs of subdivision (7) of section 202, World War veterans' act, 1924, as amended.

Section 23, W. R. I. A.: This provision was first placed in section 23 of the war risk insurance act, as amended, December 24, 1919.

House Report 266 and Senate Report 339, Sixty-sixth Congress, reads as follows:

"Section 5 relates to persons who may be confined in an asylum or hospital for the insane maintained by the United States, where no guardian or curator of their property has been duly appointed. The director, after due investigation, may order all moneys payable to him to be held in the Treasury of the United States to the credit of such person. It also provides that funds so held may be disbursed by the director at his discretion to the chief executive officer of the asylum or hospital in which such person is an inmate, to be used by such officer for the maintenance and comfort of such inmate and account to the Bureau of War Risk Insurance."

Amended on March 2, 1923, House Report 668 and Senate Report 1067, Sixty-seventh Congress.

Section 202 (7) W. W. V. A.: Superseded by section 202 (7) of the World War veterans' act; June 7, 1924, Senate Report 397, page 4, Sixty-eighth Congress; amended March 4, 1925, House Report 1518, page 6, Sixty-eighth Congress; amended July 2, 1926, House Report 1217, page 4, Sixty-ninth Congress, Senate Report 1105, page 4, Sixty-ninth Congress; amended March 3, 1927, House Report 2288, page 2, Sixty-ninth Congress; amended July 3, 1930, Senate Report 1128, page 7, Seventy-first Congress.

Section 903: Amends the emergency officers' retirement act of May 24, 1928; House Report 1082, Seventieth Congress, and Senate Report 115, Seventieth Congress.

Section 904: Amends section 203 of the World War veterans' act, 1924, as amended.

Section 303, W. R. I. A.: This provision was first placed in first paragraph of section 303 of the war risk insurance act of October 6, 1917.

House Report 130, part 3, page 11, Sixty-fifth Congress, reads as follows:

"SEC. 303. Required to submit to examinations. May have own physician present. Payment of reasonable traveling and other expenses and loss of wages incurred for examination. Suspension of compensation during refusal to submit. Consequences of unreasonable refusal to submit to treatment not deemed to result from the injury."

Section 203, W. W. V. A.: Amended and superseded by section 203 of World War veterans' act, June 7, 1924. No reference in report. Amended July 2, 1926.

House Report 1217, page 9, and Senate Report 1105, page 5, Sixty-ninth Congress, read as follows:

"20. Section 9 of the bill amends section 203 by providing an allowance of $2.65 per day to men undergoing observation or examination by the bureau. This allowance is to be in lieu of reimbursement for loss of wages now authorized by law. In many instances it has been found that farmers, commission merchants, etc., have been unable to secure reimbursement because no actual loss of wages can be shown. The committee felt that all men should be placed on the same footing. Consequently this amendment is recommended."

Section 905: Amends section 205 of the World War veterans' act, 1924, as amended.

Section 305, W. R. I. A.: This provision was first placed in the act of October 6, 1917, and known as section 305 (H. Rept. 130, pt. 3, p. 10, 65th Cong.); amended August 9, 1921 (H. Rept. 104, p. 8, and S. Rept. 231, p. 11, 66th Cong.).

Section 205, W. W. V. A.: Amended and superseded by section 205, World War veterans' act, June 7, 1924.

Senate Report 397, page 4, Sixty-eighth Congress, reads as follows:

"33. Retroactive reductions in compensation are forbidden except in case of fraud, and it is provided that reduction or discontinuance of compensation is to become effective the first day of the second calendar month after the reduction or discontinuance is determined."

Section 206: Amends section 200 of the World War veterans' act, 1924, as amended.

Section 300, W. R. I. A.: This provision was first placed in the war risk insurance act of October 6, 1917.

House Report 130, part 3, page 2, Sixty-fifth Congress, reads as follows:

"The second risk indemnified against is that of loss of life or limb. This forms the subject matter of the present pension legislation and legislation giving gratuities of a half year's or a year's pay in case of death in the service.

"The bill proceeds upon a new basis. It follows the analogy of the workmen's compensation acts. It deals with the soldier and the sailor as a military employee of the Government. It offers not a gratuity in the shape of a pension, but a compensation if in the course of the service he suffer injury or contract disease.

"Pensions, especially since the day of service-pension legislation, have come to be looked upon as Government charity, and the present pension legislation is both inadequate and unjust. It is of the utmost importance, both for the practical results and for the psychological effect upon the men, their families, and the people of the country that a new point of view be established. This is accomplished by following the analogy of the workmen's compensation acts by designating the payments to them as compensation and not as pensions and by separating the administration of this law absolutely and completely from the administration of the pension laws. The pension legislation is not repealed; the old soldiers and their families are not affected by the bill; it applies only to those now in or hereafter entering the service. For them this bill is a substitute for the pensions and gratuities."

Amended June 25, 1918, House Report 576, pages 11–12, Sixty-fifth Congress.

Amended December 24, 1919, Senate Report 339, page 2, Sixty-sixth Congress.

Amended August 9, 1921, House Report 104, pages 7–8, and Senate Report 231, pages 9–10, Sixty-seventh Congress.

Amended March 4, 1923, House Report 1704, page 1, Sixty-seventh Congress.

Section 200, W. W. V. A.: Amended and superseded by section 200 on June 7, 1924, enlistment on or after April 6, 1917, and before July 2, 1921; Senate Report 397, page 3, and House Report 763, pages 5–6, Sixty-eighth Congress; amended March 4, 1925,

House Report 1518, pages 3-4, Sixty-eighth Congress; amended July 2, 1926, House Report 1217, pages 3-4, and Senate Report 1105, pages 3-4, Sixty-ninth Congress; amended July 3, 1930, Senate Report 1128, pages 5-6, Seventy-first Congress.

Section 907: Amends section 19 of the World War veterans' act, 1924, as amended.

Section 405, W. R. I. A.: This provision was first placed in the second proviso of section 405 of war risk insurance act of October 6, 1917, House Report 130, part 3, Sixty-fifth Congress, amended by section 13 of act of May 20, 1918, House Report 471 and Senate Report 429, Sixty-fifth Congress.

Section 19, W. W. V. A.: Amended and superseded by section 19 of the World War veterans' act, June 7, 1924, House Report 763, page 4, and Senate Report 397, page 2, Sixty-eighth Congress; amended March 4, 1925, House Report 1518, page 2, Sixty-eighth Congress; amended May 29, 1928, House Report 1274, page 1, and Senate Report 1297, page 1, Seventieth Congress; amended July 3, 1930, Senate Report 1128, pages 1-3, Seventy-first Congress.

Section 908: Repeals sections 305 and 309 of the World War veterans' act, 1924, as amended.

Section 408, W. R. I. A.: This provision was first placed in the third proviso of section 408 of the war risk insurance act, as amended. August 9, 1921, Senate Report 231, page 12, Sixty-seventh Congress, and March 4, 1923, House Report 1704, pages 2-3, Sixty-seventh Congress.

Section 305 W. W. V. A.: Amended and superseded by section 305 of the World War veterans' act, June 7, 1924 (S. Rept. 397, p. 5, 68th Cong.); amended July 2, 1926 (H. Rept. 1217, pp. 7-8, and S. Rept. 1105, p. 7, 69th Cong.); amended May 29, 1928 (S. Rept. 1297, p. 7, 70th Cong.).

Section 309 W. W. V. A.: This provision was first placed in the act of July 2, 1926, World War veterans' act, 1924, as amended (S. Rept. 1105, pp. 7-8, 69th Cong.).

House Report 1217, page 8, Sixty-ninth Congress, reads as follows:

"36. Section 20 of the bill adds a new section to the law to be known as section 309. This section permits revival of insurance in cases where the $60 bonus provided by the act of February 24, 1919, was not paid, and which, if applied to the payment of premiums when due, would have equaled or exceeded the same. In view of the fact that this $60 bonus was not paid to the estate of the individuals who died, or to their heirs, it was felt that it should be allowed to apply to payment of insurance premiums if it was sufficient to cover those due at the time of lapse."

Section 909: Amends section 500 of the World War veterans' act, 1924, as amended.

Section 13 W. R. I. A.: This provision was first placed in section 13 of the war risk insurance act as amended May 20, 1918. (H. Rept. 471, 65th Cong., and S. Rept. 429, 65th Cong.)

Section 500 W. W. V. A.: Amended and superseded by section 500 of the World War veterans' act, June 7, 1924. No reference in report. Amended March 4, 1925. (H. Rept. 1518, p. 10, 68th Cong.)

Mr. GUYER. Mr. Speaker, the House of Representatives is on trial at the bar of public opinion, and upon the action of the majority of its membership depends whether it shall merit the anathemas of a patient and long-suffering people or settle down to sane and speedy action to balance the Budget and reduce governmental expenses. Public sentiment is aroused by the desperate plight of our country, and it is no time to split hairs about whose salary is to be cut or whose pet project is to be curtailed. What the country needs and what it demands is prompt and decisive action which will restore confidence and certainty as to the immediate future.

The people know that we possess no magic wand to produce prosperity by any miracle, but there are certain undebatable and indisputable facts patent to all upon which Congress must act or be condemned. Not to act upon these vital matters will bring deserved censure.

One of these obvious facts is a colossal deficit. There can be no return to prosperity with the Government running into the red almost $6,000,000 every day. What have we done about it? An economy bill was brought before this House in good faith by our leaders on both sides of the aisle and it was cut to ribbons by the votes of those who paid no attention to their leadership, but in evident defiance of public opinion and the pleas of responsible and patriotic party leaders led by the President of the United States, emasculated that measure to such a degree that it should merit the contempt of every self-respecting Member of this House. It was a pitiful legislative abortion. Planned to economize and reduce, it did neither to any degree worthy of the name. Both of these ends can be attained without seriously crippling any department or necessary bureau, and it is the imperative duty of this House to move swiftly to that end regardless of the inevitable protests of those whose selfish personal ends are always opposed to economy if it happens to interfere with their particular interest.

When the House had before it a tax bill which was equitable and so written that it would not have been a hardship on any one and would have raised the revenue necessary, with a corresponding economy measure, to balance the Budget, the House in a wild and irresponsible fit of obsequious devotion to what was termed the interest of the "common people," scuttled it with an uproarious outburst of applause. Yet we hear members complain about the denunciation by the press of both parties of the dereliction of Congress which it avers has deserted the country in its hour of need and heeded the seductive voice of interested lobbies. Do we not deserve it?

What is the remedy? First, pass a tax bill to raise more revenue and, second, reduce expenses so that the combined legislation will balance the Budget. This the House has miserably failed to do, and then winces when reminded of it by the President. In the early weeks of this session the House rose nobly to the occasion and passed the Reconstruction Finance act and other remedial legislation with a fine disregard of political lines, and the country was reassured and responded favorably to these temporary measures patiently waiting for the promised tax measure and the trimming of expenses to balance the National Budget.

Our legislation in the early weeks of this session, which reassured the public and had a most wholesome effect upon the morale of the people, the stability of our banks, and the solvency of our other financial and industrial institutions, has been eclipsed and nullified by the failure of Congress bravely and firmly to set to work, and at the risk of the political life of its Members, if need be, to pass an adequate tax bill and to reduce salaries and appropriations, thus balancing the Budget, and then adjourn and go home and explain to the dear people why it did not do so sooner.

In February, 1925, in a speech in opposition to the increase of salaries for Members of Congress, I said:

> The increase in cost of government, Federal, State, and municipal, has shamed the phophecy of the pessimist. At the present time the cost of our Federal Government for one year exceeds the entire cost of government from 1790 to 1861. The increases in the cost of State and municipal governments have been likewise prodigious.

Since that time the cost of government has increased more than a billion dollars. Is it not time that Congress get down to "brass tacks" and correct these extravagances? The income of the farmer has all but disappeared and the wages of employees in every line of industry have been reduced. Why should we hesitate to reduce the salaries of those who work for the Government? They should thank God they have a job and sacrifice with the rest of the people until our country enjoys a better day. It will not be unjust to them when we are sailing fairer seas.

Mr. SPARKS. Mr. Speaker, the large deficit in our National Treasury has not only necessitated the provision of means by which additional taxes may be raised but it has also necessitated the drastic reductions in governmental expenditures. A special Economy Committee, appointed by the Speaker of the House, was authorized to make an investigation as to the manner in which national expenditures may be reduced and to report an economy bill to the House. This investigation was made and the bill was reported.

The substance of the bill was to cut the salaries of Federal employees over and above the sum of $1,000, 11 per cent, which would also include the same reduction in the salaries of Senators and Congressmen. Additional provisions of this bill are as follows:

Suspension of Saturday half holidays for Government employees; estimated saving of $9,000,000.

Reduction of salaries of Federal employees; estimated saving of $67,300,000.

Suspension of the provision of law permitting compensation for overtime and night work and work on Sundays and holidays; estimated saving of $5,600,000.

Reductions in printing and binding of paper and stationery; estimated saving of $5,000,000.

Provision for the consolidation of the Army and Navy Departments into one department, to be known as the department of national defense; estimated savings undetermined, but very substantial amount.

The estimated saving through the provisions of the economy bill as a whole is approximately $200,000,000.

When the bill came before the House for consideration, the galleries were filled with Government employees, who were vigorously protesting against the reduction of their salaries. A situation was then presented as to whether or not the Congressmen would yield to the insistent demands of the employees or to the demands of thousands of citizens of their home districts who were not able to be present and speak in their own behalf.

The Congressmen from the large cities, who have many Federal employees therein, were vigorously opposing salary reductions, yet offering no substantial substitute for the raising of money to take the place of the savings that might be made in salary reductions.

All Federal employees receiving a salary not exceeding $1,000 were not subject to the 11 per cent reduction under the bill. Early in the consideration of the bill an amendment was proposed to increase the exemption to $2,500. I voted against this amendment, for I believed it unfair to the people of Kansas who have not been privileged to receive $2,500 per year, but who must respond liberally in taxes for the support of the Federal Government and the various subdivisions thereof. I did not believe such an exemption would be fair, in view of the fact that a substantial portion of the money to pay such salaries would have to be derived through the new revenue act, which imposes direct taxes upon the people of this country, thereby increasing the burdens on an already overtaxed people.

The rights of the great masses of the people were disregarded in the action taken upon this amendment by its adoption, thus increasing the exemption.

In the face of such increased exemption, the House then proceeded by its vote to continue the Saturday half-holiday provision of the law, thus permitting Federal employees to have a half day off on Saturdays with full pay even though the exemption of $2,500 was allowed. I voted not to allow the Saturday half holidays. Farmers throughout the sixth district of Kansas have worked from 12 to 16 hours per day and received practically nothing for their labor and long hours, yet they would be compelled to make a contribution to aid the Government employees to have a Saturday half holiday with full pay.

Many of the Congressmen believed that it would be fair and just that the salaries of the Senators and Congressmen should first be reduced, thereby setting an example to the employees that Congress was willing that each Member might be personally affected before extending reductions to the employees of the Government. I voted to reduce my own salary 20 per cent, but this amendment also was disallowed. In the bill, as finally passed by the House, the salaries of all Government employees, including the salaries of Senators and Congressmen, over $2,500, will be reduced 11 per cent. In the adoption of the exemption from $1,000 to $2,500, the estimated saving in this portion of the bill was reduced from sixty-seven million to approximately twelve million.

I have voted during this session for many millions of dollars' reductions in Federal appropriations, but it seems that the combinations of various interests militate against such reductions, and while appropriations have been very drastically reduced during this session, yet there are many instances where still greater reductions could have been made without detrimentally affecting the proper functioning of the Government.

Congress has not yet responded as generously for farm relief as is needed to place that business on a parity with industry. There can be no permanent economic recovery until the farmer enjoys reasonable returns for his industry and toil. Give him this opportunity and the wheels of progress will again revolve and the sunlight of prosperity will shed its light of happiness and contentment throughout our land.

ADJOURNMENT

Mr. RAINEY. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 7 o'clock and 26 minutes p. m.) the House adjourned until to-morrow, Wednesday, May 4, 1932, at 12 o'clock noon.

COMMITTEE HEARINGS

Tentative list of committee hearings scheduled for Wednesday, May 4, 1932, as reported to the floor leader by clerks of the several committees:

JUDICIARY

(10 a. m.)

To limit the jurisdiction of the Federal courts (H. R. 10594, H. R. 11508).

FLOOD CONTROL

(10.30 a. m.)

Hearings on Missouri project.

AGRICULTURE

(10 a. m.)

Hearings on Farm Bureau bills.

RULES

(10.30 a. m.)

Hearings, immigration bills.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of Rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

549. A letter from the Secretary of the Treasury, transmitting the fifteenth annual report of the Federal Farm Loan Board, covering operations during the calendar year 1931 (H. Doc. No. 36); to the Committee on Banking and Currency and ordered to be printed, with illustrations.

550. A letter from the Secretary of War, transmitting a report dated April 30, 1932, from the Chief of Engineers, United States Army, on Poplar and Temperance Rivers, Minn.; to the Committee on Rivers and Harbors.

551. A letter from the acting chairman of the United States Tariff Commission, transmitting certain preliminary data prepared for the immediate use of the Senate in partial response to the requirements of Senate Resolution No. 156, for information on depreciated currencies and international trade thereunder; to the Committee on Ways and Means.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of Rule XIII,

Mr. DICKSTEIN: Committee on Immigration and Naturalization. H. R. 11552. A bill to provide for review of the action of consular officers in refusing immigration visas; without amendment (Rept. No. 1193). Referred to the House Calendar.

Mr. RAMSPECK: Committee on Claims. H. R. 7232. A bill providing for settlement of claims of officers and enlisted men for extra pay provided by act of January 12, 1899; with amendment (Rept. No. 1194). Referred to the Committee of the Whole House on the state of the Union.

Mr. O'CONNOR: Committee on Rules. House Resolution 211. A resolution for the consideration of H. R. 8174, "A bill to exempt from the quota fathers and mothers over 60 years of age of United States citizens"; without amendment (Rept. No. 1195). Referred to the House Calendar.

Mr. SWANK: Committee on Patents. H. R. 11010. A bill to amend the statute relating to patent disclaimers; without amendment (Rept. No. 1196). Referred to the House Calendar.

Mr. KELLY of Illinois: Committee on Patents. H. R. 11019. A bill to limit inventors to priority of two years before filing applications for patent; without amendment (Rept. No. 1197). Referred to the House Calendar.

Mr. PATTERSON: Committee on Patents. H. R. 11087. A bill to abolish the statute permitting renewal of patent applications; without amendment (Rept. No. 1198). Referred to the Committee of the Whole House on the state of the Union.

Mr. DIES: Committee on Patents. H. R. 10157. A bill to expedite prosecution of patent applications pending more than three years; without amendment (Rept. No. 1199). Referred to the House Calendar.

Mr. SIROVICH: Committee on Patents. H. R. 11016. A bill to limit the life of a patent to a term commencing with the date of the application; without amendment (Rept. No. 1200). Referred to the House Calendar.

Mr. RICH: Committee on Patents. H. R. 11017. A bill permitting single signature in patent applications and validating joint patent for sole invention; without amendment (Rept. No. 1201). Referred to the House Calendar.

Mr. UNDERWOOD: Committee on Patents. H. R. 11018. A bill to empower assignee of inventor to file divisional, continuation, renewal, or reissue application; without amendment (Rept. No. 1202). Referred to the House Calendar.

Mr. MOBLEY: Committee on Patents. H. R. 11054. A bill to prevent fraud, deception, or improper practice in connection with business before the United States Patent Office, and for other purposes; without amendment (Rept. No. 1203). Referred to the House Calendar.

Mr. JONES: Committee on Agriculture. S. 263. An act to promote the conservation of wild life, fish, and game, and for other purposes; without amendment (Rept. No. 1204). Referred to the House Calendar.

CHANGE OF REFERENCE

Under clause 2 of Rule XXII, the Committee on Claims was discharged from the consideration of the bill (H. R. 5417) for the relief of Lieut. Francis H. A. McKeon, and the same was referred to the Committee on War Claims.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of Rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. TIERNEY: A bill (H. R. 11809) to amend section 5219 of the Revised Statutes, as amended; to the Committee on Banking and Currency.

By Mr. SELVIG: A bill (H. R. 11810) providing for payment of $25 to each enrolled Chippewa Indian of Minnesota from the funds standing to their credit in the Treasury of the United States; to the Committee on Indian Affairs.

By Mr. BLACK: A bill (H. R. 11811) to provide for emergency construction of highways and other authorized public works to aid in increasing employment, and for other purposes; to the Committee on Ways and Means.

By Mr. YON: A bill (H. R. 11812) to establish markets in the large cities of the United States, and for other purposes; to the Committee on Agriculture.

By Mr. MITCHELL: A bill (H. R. 11813) restricting the appointment of employees by Members of Congress of the United States in certain cases; to the Committee on Accounts.

By Mr. LEAVITT: A bill (H. R. 11814) to amend section 19 of the World War veterans' act of 1924, as amended; to the Committee on World War Veterans' Legislation.

By Mr. COLLINS: A bill (H. R. 11815) to provide that transferors for collection of negotiable instruments shall be preferred creditors of national banks in certain cases; to the Committee on Banking and Currency.

By Mr. COLTON: A bill (H. R. 11816) to stop injury to the public grazing lands by preventing overgrazing and soil deterioration; to provide for their orderly use, improvement, and development; to stabilize the livestock industry dependent upon public range, and for other purposes; to the Committee on the Public Lands.

By Mr. O'CONNOR: Resolution (H. Res. 211) for the consideration of H. R. 8174, "A bill to exempt from the quota fathers and mothers over 60 years of age of United States citizens"; to the Committee on Rules.

By Mr. SOMERS of New York: Joint resolution (H. J. Res. 379) to authorize payment of foreign debts in silver under certain limitations; to the Committee on Ways and Means.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of Rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. BLACK: A bill (H. R. 11817) to extend the benefits of the employees' compensation act of September 7, 1916, to Lawrence F. Judge; to the Committee on Claims.

By Mr. BURCH: A bill (H. R. 11818) granting a pension to Luther C. Thomas; to the Committee on Pensions.

By Mr. CARDEN: A bill (H. R. 11819) for the relief of T. J. Morrison; to the Committee on Claims.

By Mr. COLLINS: A bill (H. R. 11820) for the relief of Charles B. Cameron, Frank K. Ethridge, and Hardy R. Stone; to the Committee on Claims.

By Mr. CRAIL: A bill (H. R. 11821) granting a pension to C. C. Campbell; to the Committee on Pensions.

By Mr. DISNEY: A bill (H. R. 11822) granting an increase of pension to Lucinda J. Harp; to the Committee on Invalid Pensions.

Also, a bill (H. R. 11823) granting an increase of pension to Tabitha C. Steward; to the Committee on Invalid Pensions.

By Mr. DRANE: A bill (H. R. 11824) for the relief of the Tampa Marine Co., a corporation, of Tampa, Fla.; to the Committee on Claims.

By Mr. ELLZEY: A bill (H. R. 11825) for the relief of Anthony Wenzel Kaukusch; to the Committee on Naval Affairs.

By Mr. FINLEY: A bill (H. R. 11826) granting a pension to Sarah J. Marcum; to the Committee on Pensions.

By Mr. FISH: A bill (H. R. 11827) granting an increase of pension to Minerva C. Bedford; to the Committee on Invalid Pensions.

Also, a bill (H. R. 11828) granting an increase of pension to Agnes E. Silvernail; to the Committee on Invalid Pensions.

By Mr. FRENCH: A bill (H. R. 11829) granting a pension to J. N. Davis; to the Committee on Pensions.

Also, a bill (H. R. 11830) for the relief of Lillie R. Culbertson; to the Committee on Claims.

By Mr. HAINES: A bill (H. R. 11831) granting an increase of pension to Mary J. King; to the Committee on Invalid Pensions.

By Mr. HARLAN: A bill (H. R. 11832) granting an increase of pension to Martha E. Emrick; to the Committee on Invalid Pensions.

Also, a bill (H. R. 11833) granting a pension to Frank J. Perin; to the Committee on Pensions.

By Mr. HUDDLESTON: A bill (H. R. 11834) granting a pension to Frances E. Baldwin; to the Committee on Invalid Pensions.

By Mr. KVALE: A bill (H. R. 11835) granting an increase of pension to Nora Mitchell; to the Committee on Invalid Pensions.

By Mr. LOVETTE: A bill (H. R. 11836) for the relief of Julia Wardrep; to the Committee on Claims.

Also, a bill (H. R. 11837) granting a pension to Aaron J. Blevins; to the Committee on Pensions.

Also, a bill (H. R. 11838) for the relief of Benjamin H. Pope; to the Committee on Naval Affairs.

Also, a bill (H. R. 11839) for the relief of Cecil E. Phipps; to the Committee on Claims.

Also, a bill (H. R. 11840) for the relief of Isaac M. Donnelly; to the Committee on Claims.

Also, a bill (H. R. 11841) granting a pension to Dora M. May; to the Committee on Invalid Pensions.

Also, a bill (H. R. 11842) granting a pension to Paul Holcomb; to the Committee on Pensions.

Also, a bill (H. R. 11843) for the relief of Kate Jennings; to the Committee on Claims.

Also, a bill (H. R. 11844) for the relief of the State of Tennessee; to the Committee on Claims.

By Mr. McCORMACK: A bill (H. R. 11845) for the relief of Edward F. Shea; to the Committee on Naval Affairs.

Also, a bill (H. R. 11846) granting a pension to Delia Conley; to the Committee on Pensions.

Also, a bill (H. R. 11847) for the relief of Joseph Peter Joyce; to the Committee on Naval Affairs.

Also, a bill (H. R. 11848) for the relief of William Walter Shyne; to the Committee on Naval Affairs.

By Mr. MOREHEAD: A bill (H. R. 11849) granting an increase of pension to Emily F. Dougall; to the Committee on Invalid Pensions.

By Mr. PARKER of New York: A bill (H. R. 11850) granting an increase of pension to Sarah Simpson; to the Committee on Invalid Pensions.

Also, a bill (H. R. 11851) granting an increase of pension to Agnes E. Coons; to the Committee on Invalid Pensions.

By Mr. RAYBURN: A bill (H. R. 11852) granting a pension to Bertha Hiller; to the Committee on Pensions.

By Mr. SMITH of Virginia: A bill (H. R. 11853) for the relief of William Randolph Grimes; to the Committee on World War Veterans' Legislation.

By Mr. SWANK: A bill (H. R. 11854) granting a pension to Sarah E. Wilkerson; to the Committee on Invalid Pensions.

By Mr. SWICK: A bill (H. R. 11855) granting an increase of pension to Aldisa Black; to the Committee on Invalid Pensions.

By Mr. TABER: A bill (H. R. 11856) granting an increase of pension to Ellen Hewitt; to the Committee on Invalid Pensions.

By Mr. WHITLEY: A bill (H. R. 11857) granting an increase of pension to Louisa Blum; to the Committee on Invalid Pensions.

Also, a bill (H. R. 11858) granting an increase of pension to Elvie I. Miller; to the Committee on Invalid Pensions.

Also, a bill (H. R. 11859) granting an increase of pension to Alice R. Hollister; to the Committee on Invalid Pensions.

By Mr. WITHROW: A bill (H. R. 11860) granting an increase of pension to Mary Knadle; to the Committee on Invalid Pensions.

PETITIONS, ETC.

Under clause 1 of Rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

7385. By Mr. CULLEN: Petition of the New York Tow Boat Exchange, expressing the opinion that the functions and duties of the Steamboat Inspection Service have been carried out efficiently and satisfactorily to all concerned by its present administrative head, and urge that the present Supervising Inspector General of the Steamboat Inspection Service shall be retained as the directing head in the event the Bureau of Navigation and Steamboat Inspection Service are consolidated; to the Committee on Economy.

7386. By Mr. DEROUEN: Petition of J. S. Brock, Louisiana State bank commissioner, New Orleans, La., opposing the Glass banking bill and also the Steagall guaranty of deposits bill; to the Committee on Banking and Currency.

7387. By Mr. HORR: Petition of 600 citizens of Bremerton and Seattle, Wash., urging Congress to authorize funds for the immediate construction of a machine-shop building at the United States navy yard, Bremerton, Wash., and stating their approval of House bill 6018; to the Committee on Naval Affairs.

7388. By Mr. JAMES: Telegram from La Paige, adjutant of Cloverland Chapter, No. 23, American Legion, of Iron Mountain, Mich., requesting support of any motion made to strike out of economy measure items referring to veterans; to the Committee on Economy.

7389. Also, telegram from Marquette County Chapter, No. 22, Disabled Veterans of the World War, Marquette, Mich., requesting support of any motion to strike out of the economy measure all items referring to veterans; to the Committee on Economy.

7390. Also, telegram from Disabled American Veterans of the World War, Houghton County Chapter, No. 27, of Houghton County, Mich., through Bert M. Obenhoff, commander, asking support of any motion to strike out all items in economy measure referring to veterans; to the Committee on Economy.

7391. By Mr. JOHNSON of Texas: Petition of R. S. Spaulding, E. D. Stratton, J. B. Scott, J. Carmichael, and Eugene Strange, committee, submitting resolutions adopted by citizens of Blum, Tex., favoring payment of adjusted-service certificates and opposing any reduction of benefits affecting World War veterans; to the Committee on Ways and Means.

7392. By Mr. RUDD: Petition of William H. Stanley (Inc.), New York City, favoring the Hawley bill with reference to duties on wood pulp, lumber, and other items, including salmon; to the Committee on Ways and Means.

7393. Also, petition of the New York Tow Boat Exchange, New York City, favoring the coordination and consolidation of the Bureau of Navigation and Steamboat Inspection Service to be known as the bureau of navigation and steamboat inspection service; to the Committee on Merchant Marine, Radio, and Fisheries.

7394. Also, petition of American Fruit Growers, New York Division, New York City, favoring reduction of governmental expenditures; to the Committee on Economy.

7395. By Mr. SELVIG: Petition of M. H. Dahl, Andrew Larson, and 81 other citizens of Hawley, Minn., and vicinity, urging enactment by Congress of the farmers' farm relief bill (Frazier bill) in order to free the farmer from the tremendous interest burden; to the Committee on Agriculture.

7396. By Mr. SMITH of West Virginia: Resolution of Groups 3 and 4 of the West Virginia Bankers Association, protesting against the amendment to the Glass bill making provision for state-wide branch banking for national banks; to the Committee on Banking and Currency.

7397. Also, resolution of Groups 3 and 4 of the West Virginia Bankers Association, protesting against the Davis-Kelly coal bill; to the Committee on Interstate and Foreign Commerce.

7398. By Mr. STRONG of Pennsylvania: Petition of Woman's Home and Foreign Missionary Society of the Presbyterian Church of New Bethlehem, Pa., urging protection of reindeer herds in Alaska; to the Committee on the Territories.

7399. By Mr. SWANSON: Petition of James A. Walls and 110 others, of Fontanelle, Iowa, against any modification of the prohibition laws; to the Committee on the Judiciary.

7400. By Mr. THOMASON: Petition of certain railroad employees, supporting House bill 9891, and in opposition to House bill 10023, known as the railroad pension bills; to the Committee on Interstate and Foreign Commerce.

7401. Also, petition of citizens of El Paso, Tex., opposing further appropriations for able-bodied ex-service men; to the Committee on Ways and Means.

SENATE

WEDNESDAY, MAY 4, 1932

The Chaplain, Rev. ZeBarney T. Phillips, D. D., LL. D., offered the following prayer:

Almighty and most merciful Father, who through Thy blessed Son hast taught us to take no anxious thought for our life; help us to cast away all faithlessness and murmuring, that we may rely with perfect confidence upon Thy love and goodness, finding in our Saviour's life the guidance needful for our country's weal as to-day we walk with painful steps and slow. May Thy will be wholly done in us; and if this weary flesh would have aught else than what Thou deemest best, do Thou control and sustain us both in body and soul, that we, being submissive to Thy love, may find our rest in Thee both in the life that now is and in that perfect life which one day shall be ours. Through Jesus Christ our Lord. Amen.

THE JOURNAL

The Chief Clerk proceeded to read the Journal of the proceedings of the legislative day of Friday last, when, on

request of Mr. FESS and by unanimous consent, the further reading was dispensed with and the Journal was approved.

MESSAGE FROM THE HOUSE

A message from the House of Representatives by Mr. Haltigan, one of its clerks, announced that the House had agreed to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 8083) providing for the appointment as ensigns in the line of the Navy of all midshipmen who graduate from the Naval Academy in 1932, and for other purposes.

The message also announced that the House had passed a bill (H. R. 11267) making appropriations for the legislative branch of the Government for the fiscal year ending June 30, 1933, and for other purposes, in which it requested the concurrence of the Senate.

ENROLLED BILLS SIGNED

The message further announced that the Speaker had affixed his signature to the following enrolled bills, and they were signed by the Vice President:

S. 460. An act to give war-time commissioned rank to retired warrant officers and enlisted men;

S. 2428. An act to provide for the confirmation of a selection of certain lands by the State of Arizona for the benefit of the University of Arizona;

S. 2967. An act to extend the times for commencing and completing the construction of a bridge across the Missouri River at or near Randolph, Mo.; and

S. 3953. An act to amend the act approved February 7, 1927, entitled "An act to promote the mining of potash on the public domain."

CALL OF THE ROLL

Mr. FESS. Mr. President, I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Ashurst	Dale	Kendrick	Schall
Austin	Davis	Keyes	Sheppard
Bankhead	Dickinson	King	Shipstead
Barbour	Dill	La Follette	Shortridge
Bingham	Fess	Lewis	Smith
Blaine	Fletcher	Logan	Smoot
Borah	Frazier	Long	Steiwer
Bratton	George	McGill	Stephens
Broussard	Glass	McKellar	Thomas, Idaho
Bulkley	Glenn	McNary	Thomas, Okla.
Bulow	Goldsborough	Metcalf	Townsend
Byrnes	Gore	Morrison	Trammell
Capper	Hale	Moses	Tydings
Caraway	Harrison	Neely	Vandenberg
Carey	Hastings	Norris	Wagner
Cohen	Hatfield	Nye	Walcott
Connally	Hayden	Oddie	Walsh, Mass.
Coolidge	Howell	Patterson	Walsh, Mont.
Copeland	Hull	Pittman	Waterman
Costigan	Johnson	Reed	Watson
Couzens	Jones	Robinson, Ark.	White
Cutting	Kean	Robinson, Ind.	

The VICE PRESIDENT. Eighty-seven Senators have answered to their names. A quorum is present.

PETITIONS AND MEMORIALS

Mr. ROBINSON of Arkansas presented telegrams in the nature of petitions from A. W. Sharp, of Fort Smith; the Bradley Lumber Co. of Arkansas, signed by C. L. Foretich, of Warren; and W. M. Harrison, general manager Long Bell Lumber Sales Corporation, of Pine Bluff, in the State of Arkansas, praying for the imposition of an adequate tariff on lumber in the pending tax bill, which were referred to the Committee on Finance.

He also presented telegrams in the nature of petitions from Max D. Miller, of Marianna; the Arkansas Soft Pine Bureau and Southern Oak Flooring Industries, both of Little Rock; L. J. Arnold, of Crossett; Z. K. Thomas, manager Southern Lumber Co., of Warren; and F. W. Scott, Union Saw Mill Co., of Huttig, all in the State of Arkansas, praying for an embargo on imports of Russian lumber and the imposition of an adequate tariff on lumber imported from other countries, which were referred to the Committee on Finance.

Mr. VANDENBERG presented the memorial of the Southern Michigan Fruit Growers' Exchange, of Lawton, Mich., and sundry other grape growers of the States of Michigan, Arkansas, California, New Jersey, New York, Ohio, and Pennsylvania, remonstrating against the imposition of a tax of 11 cents a gallon on unfermented grape juice, which was referred to the Committee on Finance.

Mr. COSTIGAN presented a petition of sundry citizens, being miners and prospectors, of Creede, Colo., praying that they be allowed a stay until July 1, 1933, on the legal demands of annual assessments upon mining claims, which was referred to the Committee on Mines and Mining.

Mr. ASHURST presented a communication from sundry citizens, being railway mail clerks, of Little Rock, Ark., indorsing his stand in opposition to Federal pay cuts, which was referred to the Committee on Appropriations.

REDUCTION OF FEDERAL SALARIES

Mr. ASHURST. Mr. President, I present a letter in the form of a petition from the Independent Retail Grocers' Association of Arizona. Not desiring to encumber the RECORD with the enormously large number of petitions that I have received, I will ask that this one be read and appropriately referred. It is similar to many others I have received.

There being no objection, the petition was referred to the Committee on Appropriations and was read, as follows:

PHOENIX, ARIZ., *April 27, 1932.*

Whereas it has been brought to our attention that there is pending in Congress legislation having for its purpose the reduction of salaries of governmental employees; and

Whereas the large majority of employees who will be affected under such legislation are earning $1,500 or less per year, it appears to this association such legislation can not materially benefit the taxpayer or the country at large in its efforts to adjust and balance the Budget; and

Whereas such legislation is of a class nature, and will be injurious to small merchants, and particularly retail grocers, with whom the largest portion of small salaries is spent; it will be detrimental to their business to encourage such legislation; and

Whereas such legislation, if enacted, will retard the buying power of the wage-earning classes, with a consequent detrimental effect on all manufacturers, and will lend strength to large interests who are only awaiting some such loophole to begin a general campaign of wage reduction throughout the entire Nation: Therefore be it

Resolved, This association strenuously objects to the enactment of such legislation, and a copy of this resolution be sent to the Arizona Members in Congress requesting their active opposition to any such measure.

INDEPENDENT RETAIL GROCERS' ASSOCIATION,
WILLIAM Y. MURDOCH, *Executive Secretary.*

REPORTS OF COMMITTEES

Mr. THOMAS of Oklahoma, from the Committee on Indian Affairs, to which was referred the bill (S. 4340) authorizing the District Court of the United States for the Eastern District of Oklahoma to hear and determine certain claims of the Seminole Nation or Tribe of Indians, reported it with amendments and submitted a report (No. 936) thereon.

Mr. ROBINSON of Indiana, from the Committee on the Judiciary, to which was referred the bill (S. 4095) to amend an act entitled "An act to punish the unlawful breaking of seals of railroad cars containing interstate or foreign shipments, the unlawful entering of such cars, the stealing of freight and express packages or baggage or articles in process of transportation in interstate shipment, and the felonious asportation of such freight or express packages or baggage or articles therefrom into another district of the United States, and the felonious possession or reception of the same" by extending its provisions to provide for the punishment of stealing from passenger or Pullman cars, or from passengers on such cars, while such cars are parts of interstate trains, and authorizing prosecution therefor in any district in which the defendant may have taken or been in possession of the stolen articles, reported it with amendments and submitted a report (No. 637) thereon.

Mr. FESS, from the Committee on the Library, to which was referred the joint resolution (S. J. Res. 113) to com-

memorate the one hundredth anniversary of the first public singing of America, reported it without amendment.

BILLS INTRODUCED

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. BINGHAM:

A bill (S. 4565) to amend the railway labor act; to the Committee on Commerce.

By Mr. SHORTRIDGE:

A bill (S. 4566) to authorize the Interstate Commerce Commission to hear and consider the application of the Railway Express Agency relative to certain refunds; to the Committee on Interstate Commerce.

By Mr. HOWELL:

A bill (S. 4567) to provide for the settlement of claims against the United States on account of property damage, personal injury, or death; to the Committee on Claims.

(Mr. LOGAN introduced a Senate bill, No. 4568, which see under a separate heading.)

Mr. NORRIS. Mr. President, I desire to introduce a bill, but before doing so I should like to ask the Chair to what committee bills relating to loans and the rates of interest on loans to veterans should be referred?

The VICE PRESIDENT. Bills and joint resolutions relating to the subject matter referred to by the Senator from Nebraska have, in the regular course of procedure, been referred to the Committee on Finance.

Mr. NORRIS. I introduce two bills on that subject, and ask that they may be referred to the Committee on Finance.

By Mr. NORRIS:

A bill (S. 4569) relating to loans to veterans on their adjusted-service certificates; and

A bill (S. 4570) relating to payment of premiums on certain contracts of Government life insurance; to the Committee on Finance.

By Mr. COSTIGAN:

A bill (S. 4571) granting an increase of pension to Thomas N. Pray (with accompanying papers); to the Committee on Pensions.

By Mr. McNARY:

A bill (S. 4572) conferring jurisdiction upon the Court of Claims to hear and determine claims of certain bands or tribes of Indians residing in the State of Oregon; to the Committee on Indian Affairs.

By Mr. ROBINSON of Indiana:

A bill (S. 4573) authorizing the sale of the southerly end of the breakwater at Indiana Harbor, Ind.; to the Committee on Commerce.

By Mr. FLETCHER:

A bill (S. 4574) to extend the provisions of the national bank act to the Virgin Islands of the United States, and for other purposes (with an accompanying paper); to the Committee on Banking and Currency.

By Mr. BULKLEY:

A bill (S. 4575) granting a pension to Fannie S. Greene (with accompanying papers); to the Committee on Pensions.

By Mr. SHEPPARD:

A bill (S. 4576) to authorize the Secretary of Commerce to grant an easement for railroad right of way over and upon a portion of the helium-gas-bearing lands of the United States of America, in Potter County, in the State of Texas; to the Committee on Commerce.

By Mr. WATERMAN and Mr. COSTIGAN:

A bill (S. 4577) to authorize construction of the North Platte Tunnel project, Colorado; to the Committee on Irrigation and Reclamation.

By Mr. THOMAS of Oklahoma:

A bill (S. 4578) conferring jurisdiction on the Court of Claims to adjudicate the rights of the Otoe and Missouria Tribes of Indians to compensation on a basis of guardian and ward; to the Committee on Indian Affairs.

By Mr. WALSH of Montana:

A bill (S. 4579) granting a pension to Bird Above; to the Committee on Pensions.

EXERCISE OF PARDONING POWER OF THE PRESIDENT

Mr. LOGAN. Mr. President, I introduce a bill to be appropriately referred, and as it is only about 10 lines long, I ask that it may be printed in the RECORD.

The bill (S. 4563) to further amend section 5330, Revised Statutes, as amended by the act of March 4, 1909 (ch. 321, sec. 327, 35 Stat. 1151; U. S. C., title 18, sec. 658), was read twice by its title and ordered to be printed in the RECORD, as follows:

Be it enacted, etc., That whenever, by the judgment of any court or judicial officer of the United States, or any court or judicial officer of any Territory or possession thereof, in any criminal proceeding, any person is sentenced to two kinds of punishment, the one pecuniary and the other corporal, the President shall have full discretionary power to pardon, remit, in whole or in part, either one of the two kinds, without in any manner impairing the legal validity of the other kind or of any portion of either kind not pardoned or remitted.

Mr. LOGAN. Mr. President, I ask permission for about three minutes to explain the bill.

The VICE PRESIDENT. Is there objection? The Chair hears none, and the Senator from Kentucky is recognized.

Mr. LOGAN. Mr. President, the bill relates to the pardoning power of the President of the United States. Under the present laws the pardoning power is found in section 5330 of the Revised Statutes, as amended by section 327, chapter 321, of the act of March 4, 1909 (35 Stat. 1151). The power is found in this language:

Whenever, by the judgment of any court or judicial officer of the United States, in any criminal proceeding, any person is sentenced to two kinds of punishment, the one pecuniary and the other corporal, the President shall have full discretionary power to pardon or remit, in whole or in part, either one of the two kinds, without in any manner impairing the legal validity of the other kind or any portion of either kind not pardoned or remitted.

The distinguished junior Senator from Illinois [Mr. LEWIS] in speaking of the Massie case the other day suggested that, in his opinion, the President had the power now to grant a pardon and cited a case where the pardoning power had been exercised in a case coming from Alaska. I doubt, under that section of the statute, whether the President has any such power, and I doubt whether he would be justified in following the precedent referred to by the distinguished Senator from Illinois; but if the bill which I have proposed should be enacted, there would be no question about the power of the President to grant a pardon where the conviction had been had before a Territorial court. It adds that language to the statute as it now exists. It simply allows the President to grant a pardon to anyone convicted in any Territorial court.

I believe that under the present conditions of affairs it is important that the bill be immediately passed. There have been many suggestions made which are not feasible and which probably would establish very bad precedents and some of which probably are hardly justified in relation to the situation in Hawaii at the present time. The passage of this bill would not disturb anything that exists over there, so far as the pardoning power is concerned. The governor would still have that right. It would simply mean that the President of the United States would have the power to review the record and exercise his discretion in the granting of a pardon. Congress has authority to do that. It may not have authority, and I do not think it does have authority, to do some of the things which have been suggested and which probably are embodied in some of the bills and resolutions which have been offered.

The VICE PRESIDENT. The bill will be referred to the Committee on the Judiciary.

Mr. BORAH. Mr. President, I wish to ask the Senator from Tennessee [Mr. MCKELLAR] a question. That Senator introduced a bill yesterday here relative to the pardoning of certain persons in Hawaii?

Mr. McKELLAR. Yes.

Mr. BORAH. May I ask to what committee that bill was referred?

The VICE PRESIDENT. It was referred to the Committee on the Judiciary.

Mr. BORAH. Very well.

Mr. LEWIS. Mr. President, since the eminent Senator from Kentucky [Mr. LOGAN] has made an allusion to a view expressed by myself that, in my judgment, the President of the United States under the Constitution has the legal authority to grant a pardon to those of whom we have been speaking charged with offenses in Hawaii, I beg to say——

The VICE PRESIDENT. Is there objection to the Senator from Illinois making a statement? The Chair hears none.

Mr. LEWIS. I beg pardon. I will consume only a second of the time of the Senate.

Mr. President, the matter on which I placed my conclusion came up in the following manner: In the Territory of Alaska during the Wilson administration a man by the name of Stroud seemed to have been charged and convicted of the offense of murder. I was in the White House with other Senators on some mission with President Wilson having nothing to do with the case I refer to. As I passed to the door of the President, and old lady stood at the door of the White House office. There she was with her bent body, wearied with travel, her eyes streaming with tears. She had come in anguish in her sadness all the way from Alaska to seek some relief for her son. He was to die on the following Friday by being hanged. I, with others, including Mr. Tumulty, then Secretary to the President, and one or two Senators who were present, forced an immediate audience with the President. I took upon myself to present the poor old lady's case, knowing nothing of her whatever or of the offense with which her son was charged. I only pressed on the President the sad fact that she was the mother of the boy and had come so far in her bedraggled misery to plead for the life of her son.

The President, after hearing me, had some conference with some of the law officers by telephone—I am unable to inform the Senate further as to that—but at the end of our conference and my pleading, he granted a commutation. He commuted the sentence of hanging to one of life imprisonment. This was under the theory, as I assumed—was under the Constitution—as an expression of his power over the Territories. The suggestion came from some source, probably from the law department, that the act of the President in commuting the sentence as a matter of law was justified. The case is now of record. I do not know exactly what advice the President had, but I am offering now to the able Senator from Kentucky the fact upon which I urge this theory of the pardoning power of the President in such cases as parallel to the instance I had participated in from Alaska.

Mr. KING. Mr. President, will the Senator yield to a question?

The VICE PRESIDENT. Does the Senator from Illinois yield to the Senator from Utah?

Mr. LEWIS. I yield.

Mr. KING. Does the Senator know whether the defendant was charged with a violation of a Federal statute upon some Indian reservation or upon some vessel which was in the jurisdiction of the United States, or whether he was charged with a violation of the homicide statute enacted by the Legislature of Alaska? In the former case undoubtedly I think the President had the power to pardon, but in the latter case I doubt it.

Mr. LEWIS. I must be very frank with the Senator and say that I have no other facts in my mind than that this poor mother had come in her distress to save her boy, and I lent my aid and did not make investigation further as to the details sufficient to reply to the Senator's inquiry.

Mr. ASHURST. Mr. President, I crave a moment only in regard to the bill introduced by the Senator from Tennessee.

The VICE PRESIDENT. Is there objection to the Senator from Arizona proceeding? The Chair hears none.

Mr. ASHURST. Mr. President, the Congress is not lately elevating itself in the esteem of the American people, and it does many things with which I do not agree; but I think of all the things that would meet with a serious reaction and a sour note, it would be for Congress now to attempt to grant a pardon. The power to pardon in the Hawaiian case rests with the governor or with the President or with either or both of them, but even in the most remote flight of the imagination of any lawyer's mind it can not be conceived that the Congress can grant a pardon to anyone.

HOUSE BILL REFERRED

The bill (H. R. 11267) making appropriations for the legislative branch of the Government for the fiscal year ending June 30, 1933, and for other purposes, was read twice by its title and referred to the Committee on Appropriations.

REVENUE AND TAXATION—AMENDMENT

Mr. HAYDEN submitted an amendment intended to be proposed by him to House bill 10236, the revenue and taxation bill, which was referred to the Committee on Finance, and ordered to be printed, as follows:

On page 244, after line 11, insert the following:

"SEC. 619½. Exemption of Indian arts and crafts: All articles of native Indian handicraft manufactured by Indians on Indian reservations or in Indian schools, including jewelry, blankets, rugs and other woven articles, baskets, pottery, bead and quill work, bows and arrows, leather work, hand carvings, canoes and boats, toys, paintings, and embroideries shall be exempt from any taxes imposed by this act."

APPROPRIATIONS FOR TREASURY AND POST OFFICE DEPARTMENTS

Mr. GLASS submitted an amendment intended to be proposed by him to the resolution (S. Res. 206) opposing reductions in appropriations for the Postal and Customs Services that would seriously disrupt such services, which was ordered to lie on the table and to be printed, as follows:

On page 1, line 7, strike out all after the word "appropriations" and insert in lieu thereof the following: "to a point where the Post Office and Treasury Departments would be required to make the wholesale dismissal of employees proposed by the heads of these departments."

INSURANCE CORPORATIONS IN THE DISTRICT OF COLUMBIA

Mr. CAPPER. Mr. President, I submit a concurrent resolution; and inasmuch as it simply provides for the correction of an error in the enrollment of a bill, I ask unanimous consent for its immediate consideration.

The VICE PRESIDENT. Let the concurrent resolution be reported.

The Chief Clerk read the concurrent resolution (S. Con. Res. 27), as follows:

Resolved by the Senate (the House of Representatives concurring), That the action of the Speaker of the House of Representatives and of the Vice President of the United States in signing the enrolled bill (S. 3584) to require all insurance corporations formed under the provisions of Chapter XVIII of the Code of Law of the District of Columbia to maintain their principal offices and places of business within the District of Columbia, and for other purposes, be, and the same is hereby, rescinded, and that the Secretary of the Senate be, and he is hereby, authorized and directed to reenroll the bill with the following amendment in the nature of a correction, viz: On page 1, line 11, of the engrossed House amendment, after the word "corporation," insert the following: "kept in a branch-office agency of such corporation."

The VICE PRESIDENT. Is there objection to the consideration of the concurrent resolution?

There being no objection, the concurrent resolution was considered and agreed to.

DEVELOPMENT OF CHRISTIAN FAMILY IDEALS

Mr. SHEPPARD. At the request of Rev. William Matthew Holderby, manager of the National Christian-Family Defense League, I offer a concurrent resolution urging the development of Christian family ideals in the United States. I ask that the concurrent resolution may be set out at this point in the RECORD, and with it a letter from Mr. Holderby explaining the measure, and that both the concurrent resolution and the letter may be referred to the Committee on the Judiciary.

The VICE PRESIDENT. Without objection, the concurrent resolution with the accompanying letter will be printed in the RECORD and referred, as requested by the Senator from Texas [Mr. SHEPPARD].

The concurrent resolution (S. Con. Res. 28), submitted by request, was referred to the Committee on the Judiciary, and it is as follows:

Whereas the United States of America is confronted with the conditions that have disturbed all of the nations of the world; and

Whereas it is manifest that these national disturbances in the fields of social, industrial, political, and religious life have been produced through failure to maintain family solidarity and caused a loss of the balance between the spiritual and material elements of national life; and

Whereas the alarming increase in the disturbance of domestic relationships and the increase of juvenile delinquency, as shown by court records, are signs of the ravages being worked to destroy the family, the unit that incorporates the basic elements of national integrity; and

Whereas statesmanship must concern itself for the perpetuation of the state by building a future citizenship in the strength of morality, and is warranted to draw upon every spiritual resource to achieve this end, for, as Washington said in his Farewell Address: "Both reason and experience forbid us to believe that the Nation's morality can continue after the exclusion of religious principles"; and

Whereas experience—the history of humanity—has demonstrated that a Republic like ours is strong and a blessing to its people and the world according to the moral character and intelligent religion of the people, for the strength and efficiency of any government by the people is in the character of the intelligence and morals of its citizens, inseparable from their religion, no non-Christian nation having ever retained its civil liberties; and

Whereas in this two hundredth anniversary of the birth of the first President of our United States of America it is the purpose of the National Government to honor his service to his country: Therefore be it

Resolved by the Senate (the House of Representatives concurring), That this Congress hereby appeals to the citizenship of the United States of America who are parents, pastors, and teachers, that they address themselves to serious and sustained effort to integrate within the family life of the Nation those ideals of spirituality represented by the simple virtues of the homely and humble life lived in the fear of God, that there be restored through the cooperation of those institutions growing out of the family—the home, the church, and the state—the balance between the spiritual and material, and that the remedy for these prevailing deteriorating conditions of society be effected through the inculcation in our growing youth of spirituality, morality, and good conscience toward the God of our Nation.

That it is the judgment of the Congress of the United States of America that only upon the lines herein suggested can there be the perpetuation of the home, the protection of the church, and the preservation of the state. In achieving these great ends it shall mean the crime checked, social conditions corrected, economic security maintained, industrial concord established, the future of the state assured, the conservation of our youth for future citizenship provided, and our Nation preserved for that destiny intended for it by the Almighty God.

The accompanying letter was referred to the Committee on the Judiciary, and it is as follows:

THE NATIONAL CHRISTIAN-FAMILY DEFENSE LEAGUE,
Washington, D. C., May 3, 1932.

Hon. MORRIS SHEPPARD,
Senate Office Building, Washington, D. C.

DEAR SENATOR SHEPPARD: Pursuant to your request at our last conference I am sending you this communication, that I trust will be the means of your calling to the attention of the Senate the matter that we discussed relative to their hoped-for action on a resolution germane to the subject of national defense as the idea of the family is built back into the life of the Nation.

I am very happy to inclose for you copies of the resolutions adopted by the State Legislatures of Texas, South Dakota, and Illinois that pertain to the subject. These resolutions are of record as noted on the attached pages in the different journals of the several State legislatures mentioned.

The National Christian-Family Defense League is the enlarged effort of the Christian Family Crusade, an organization incorporated according to the laws of the State of Illinois not for pecuniary profit. This movement already has conducted campaigns in several States of the Union and has received the cooperation of the Legislatures of Texas, South Dakota, and Illinois through resolutions adopted by these bodies supporting the cause of the American family. In typical city campaigns 41,000 were reached in Detroit, Mich.; 23,000 in San Antonio, Tex.; 19,000 in Houston, Tex.; and 12,000 in Tulare County (Calif.) campaign just closed. Out of the successful demonstration made in the aforementioned States it is planned to organize a simultaneous campaign in the 48 States of the Union, divided into 12 regional areas, these areas to include the 100 cities that are the centers of the 100 largest population areas of the United States, thus exhausting the total population area of the Nation as the field of operation. This effort is meant to be serious and sustained and not spasmodic.

The program is intended to build back into the mind of the people by public address, radiobroadcasting, the outdoor poster, and a national news service, the idea of the family; that it is the organizing unit of the home, the church, and the state, which has as its background the school. There is no partisan nor sectarian note intended in presenting the plea for family idealism. No controversial issues ever have been obtruded in the work previously conducted in a country-wide campaign by this organization. There has been given voluntarily the fullest recommendation as to its worth and helpfulness from leaders of the various faiths. The outstanding purpose of this effort will be to counteract the influences of those subversive movements that, in meaning to destroy the American family life, eventually would destroy the Nation.

Mr. Senator, your cooperation in securing the presentation of this appeal of the Congress to the Nation's citizenry in the way of their family responsibility will so recondition the state of the Union as to spiritual vigor and moral stamina as to secure the favor of God upon our people as no other act could do. This movement as initiated nationally will have a profound significance.

Very respectfully yours,

WM. MATTHEW HOLDERBY.

POLICY OF SENATE IN REDUCTION OF APPROPRIATIONS

Mr. ODDIE. Mr. President, I send to the desk a resolution, which I ask may be read.

The VICE PRESIDENT. The resolution will be read for the information of the Senate.

The Chief Clerk read the resolution (S. Res. 207), as follows:

Resolved, That the resolution (S. Res. 197) favoring a 10 per cent reduction by the Committee on Appropriations in the amount of appropriations in the bill (H. R. 9699) making appropriations for the Treasury and Post Office Departments for the fiscal year ending June 30, 1933, and for other purposes, be, and the same is hereby, rescinded.

The VICE PRESIDENT. The resolution will be printed and lie over under the rule.

RECOGNITION OF RUSSIA

Mr. BORAH. Mr. President, I ask permission to have printed in the RECORD an editorial from the Lewiston Tribune, of Lewiston, Idaho, on the subject of "Recognizing Russia."

The VICE PRESIDENT. Without objection, it is so ordered.

The editorial is as follows:

RECOGNIZING RUSSIA

In Russia a few days ago Robert P. Lamont, who is there studying the livestock problem of the soviet, declared that the United States should be taking advantage of the great potential market afforded by a huge country that is endeavoring to industrialize itself. A short time afterward Senator JOSEPH T. ROBINSON, of Arkansas, the Democratic leader of the Upper Chamber in Congress, came out for recognition of Russia, and Monday Representative H. T. RAINEY, of Illinois, Democratic leader of the House, took a similar stand. Senator BORAH and most of the progressive Republican Senators have long favored such action by this country. Thus sentiment in Congress seems to be crystallizing for trade with Russia.

The question of whether or not to recognize Russia is a good deal like the prohibition problem. Theoretically and in some moral aspects this country should not have anything to do with the communistic nation, but practically our isolation from the benefits of its large market places us pretty much in the position of cutting off our noses to spite our faces. Holding aloof from Russia makes Uncle Sam much like the rich, cultured, and sometimes deeply religious who will have nothing whatever to do with the poor and less fortunate citizens who may be the greatest users of the product on which the rich man founded his fortune and rose to eminence. It makes him like the rich "society churches" of the country that do more harm than good so far as spreading the gospel of Jesus Christ among the masses of the people is concerned.

Normal diplomatic relations have been established between the Soviet and the following countries: Afghanistan, Arabia, Austria, China, Danzig, Denmark, Estonia, Finland, France, Germany, Great Britain, Greece, Italy, Japan, Latvia, Lithuania, Mongolia, Norway, Persia, Poland, Sweden, Turkey, and Uruguay. Czechoslovakia has a trade treaty, but no diplomatic relations.

Why is the United States the only great power that has not recognized the Government of Russia? The official reason, as set forth last by the administration in September, 1926, is that Russia has repudiated the international debts of preceding governments, which amounted to some $260,000,000 on that date. Against this is the standing offer of the soviet to acknowledge these debts if the United States in turn would consider counterclaims arising out of the invasion of northern European Russia and eastern Siberia in the early years of the soviet, 1918–1920.

It seems quite obvious that the United States must soon meet the dilemma which is being forced on it and come to a decision as to whether or not it wishes to be on friendly terms with Russia and do business with it, or, on the other hand, to blacklist it and boycott its trade. The conditions which we dictated 10 years ago had some appropriateness then, but were such as a superior nation might impose on a weak nation. The situation has changed since then. Russia is once more powerful, its government is firmly established, and a friendly compromise of claims with

recognition seems more appropriate than "take it or leave it" demands.

The only real argument in the way is the popular belief that in recognizing the Government of Russia we would approve the form of that government. That is pure moonshine. We would recognize not the form of government but the fact that the Russians have a government. Whether we like it or not it seems there to stay and we gain nothing by closing our eyes to the fact.

PHILIPPINE INDEPENDENCE

Mr. COPELAND. Mr. President, I ask unanimous consent to have printed in the RECORD an address on Philippine independence delivered by J. D. Craig before the Third Annual Foreign Trade Convention held at Buffalo, N. Y., on April 14, 1932.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

It is generally recognized that political problems can not be separated from, nor intelligently solved, independent of closely related economic problems. When such attempts are made, political and social unrest and economic maladjustments of chaotic proportions are the penalty. Granting Philippine independence on the basis as proposed in the bills now pending before Congress attempts to do this very thing. The economic and social considerations are completely ignored, while the political angles are overemphasized by American and Filipino political leaders alike. They find justification for their respective stands in the constant reading of yards of resolutions in the sacred name of the "spirit of '76" and in the excessive reciting of declaration after declaration made at one time or another by every President since McKinley; all of which declarations say directly or indirectly it has always been the purpose of the people of the United States to recognize the independence of the Philippines when a stable government can be established there.

Since so many of our American legislators representing this and that selfish view attempt to draw analogies between the present situation in the Philippine Islands and the position of the thirteen Colonies at the time of the adoption of the Declaration of Independence, either to justify their stand or possibly conceal their real motive in this issue, it seems only proper, therefore, to point out the complete lack of similarity of conditions in the two cases.

The thirteen Colonies were subjected to a long train of repeated injuries and usurpations under an absolute tyranny, but not by the wildest stretch of the imagination can any advocate of immediate independence of the Philippine Islands claim that the existing government in the islands has been one of grievous injuries and usurpations, having as its objective the establishment of an absolute tyranny. It might be said, however, that there is one possible similarity in so far as the question of taxation is injected into the issue, but it, too, is radically different in its purpose. George III hoped to retain the Colonies under England's sovereignty for purposes of taxation, whereas the representatives of the American people propose to liberate the Philippines in order that their products can be taxed by our prohibitive tariffs.

Aside from the fact that Congress does not have the power to alienate sovereignty of the United States in the Philippines, the lawmakers in Washington have selected the present time as most auspicious for terminating our commercial relations with what is now one of our best export markets—a time when political equilibrium throughout the area of the western Pacific and eastern Asia is badly shaken and when every element of stability in the Far East is threatened. It is the practically unanimous consensus of all responsible observers that should American leadership and guidance be withdrawn, and present commercial relations terminated, the whole economic structure of the Philippines would collapse, to be followed inevitably by political and social anarchy.

Could the Philippine people then muster adequate strength to defend themselves economically from the invasion of Japan, socially from the invasion of the expanding hordes of mass immigration from densely overpopulated China, or politically from the invasion of communist propaganda from Russia, which has already been so effective in promoting unrest and discontent among the peoples of the Far East?

SELFISH INTERESTS DEMAND SPEEDY ACTION IN FREEING PHILIPPINES

Almost without exception, every American advocating Philippine independence is actuated solely by the motive and desire to place a tariff on Philippine imports. To bear out this statement, one of the most aggressive proponents of Philippine independence—incidentally, a representative from a section where dairying and beet sugar are important industries—made the remark during the committee hearing on the Hare bill (H. R. 7233) that during the 14 years he has been a member of the Insular Affairs Committee the question of Philippine independence did not become a live issue until the economic features of it came to the front.

Others say:

"For the sake of our social and economic welfare, we should release the Philippines and give them their complete independence."

"The American farmer is urging protection from the free entry of Philippine products."

"In addition to being a millstone about the neck of the agricultural interests of this country, this Asiatic archipelago is a financial cancer preying upon its Treasury."

In justice to the Filipino people and to American capital invested in the islands, largely at the invitation and insistence of the United States Government, Philippine independence can not be granted on the basis as outlined in the bills now pending before Congress. From the standpoint of the Filipino, insufficient time is granted to prepare for the shock which must come with the severance of free-trade relations. From the standpoint of the American investors, who must withdraw from the islands on the severance of free-trade relations, insufficient time is allowed for the orderly liquidation of their invested capital. As to why adequate provision was not made in the bills is even more difficult to explain after studying the reports accompanying these bills as reported out of the committees.

In the report accompanying the Hawes-Cutting bill—to be considered soon in the Senate—we find the following:

"Obviously the existing free-trade relations between the United States and the Philippines can not be terminated abruptly without serious injury to Philippine economic interests and American trade with the islands. Investments made on the basis of free trade must be given sufficient time for adjustment or liquidation without loss."

The report accompanying the Hare bill as reported by the House committee states:

"Abrupt termination of that relationship (free trade) would destroy many of the basic industries of the Philippines; it would seriously imperil the future of the free Philippine nation and forfeit much of the gains the people have made under the guidance of the United States."

Thus you see both reports acknowledge what is necessary, yet both bills proceed to ignore it. How can an economic structure, molded entirely on a free-trade basis over a period of 23 years, be remolded as these bills provide to a nonfree-trade basis in 8 years, as provided in the House bill, or even 10 years, as provided in the Senate bill, without complete collapse?

What, then, is the real reason for this hasty and ruthless termination of our trade relations with the islands; and who, if any, is to be benefited? The answer, although not generally understood, is simple and easily explained. The visible opposition to the continuance of present trade relations is voiced by growers of beet and cane sugar, by cottonseed-oil interests, by the dairy industry, by certain agricultural organizations speaking for all of these various industries, by cordage interests, and by various labor organizations who see a great menace to the Pacific coast in future unrestricted Philippine immigration. The sole benefactor will be the Cuban sugar interests.

To understand clearly and appreciate fully the significance of this statement, it will be necessary to explain in some detail the noncompetitive nature of the principal Philippine products entering the American market—Philippine coconut oil and Philippine sugar.

AMERICAN AGRICULTURE SUFFERS NO INJURIOUS COMPETITION FROM PHILIPPINE COCONUT OIL

Unquestionably every right-thinking American citizen wants to give our farmers real help, not mere bogus remedies. Granting Philippine independence for the express purpose of levying our present tariff of 2 cents a pound on the coconut oil entering this country from the Philippines is not going to benefit the farmer one iota, as he has been led to believe would be the case by his paid representatives in Washington. The farmer might just as well complain of rubber coming into the country on the alleged ground that it competes with our domestic hides and leathers.

The major part of the agitation for a duty on coconut oil comes from the representatives of the dairy industry, who contend the levying of a 2 cents per pound tariff on Philippine coconut oil is necessary to protect the butter producer. The controlling factors which set the price of domestic butter are, first, the price of foreign butter plus the duty, and, second, the rate of domestic butter production. Neither the rate of consumption nor the price of oleomargarine in the United States is a factor in setting the price of domestic butter. This statement is based on indisputable facts readily available in Government publications.

Assume that the cost of the margarine manufacturer's supply of coconut oil could be inflated to the extent of the 2-cent tariff. It can easily be seen that margarine prices could not be altered in any way to affect the wide difference in price which exists between butter and margarine. A pound of the average grade of nut margarine contains only 0.53 pound of coconut oil.

If, therefore, the oil cost were increased by a duty of 2 cents per pound, it would be equivalent to increasing the cost of each pound of margarine 1.06 cents. Allowing 10 per cent profit on this additional cost, a pound of nut margarine would then cost 1.16 cents more than at present, an amount insignificant in comparison with the spread which now and always has existed between butter and margarine. For years this price difference has been from 15 cents to 26 cents per pound, the average difference over the 10-year period being 21.9 cents. If this average price difference of 21.9 cents can be reduced only approximately 1 cent with a tariff-inflated coconut oil price, it is indeed difficult to see how the dairyman has anything to gain from the placing of such an impediment on the importation of Philippine coconut oil.

REPRESENTATIVE OF DAIRYMEN SAYS TARIFF ON PHILIPPINE COCONUT OIL WILL NOT REDUCE BUTTER-OLEOMARGARINE PRICE SPREAD

Under cross-examination before the House Committee on Insular Affairs, one of agriculture's leading representatives admitted

they had little to gain in shutting out coconut oil, as evidenced in the following colloquy between Congressman LOZIER, a member of the committee, and this official spokesman of agriculture, Mr. A. M. Loomis, the Washington representative of the National Dairy Union and the American Association of Creamery Butter Manufacturers:

"Mr. LOZIER. Let me ask you a question, and I am seeking information, inquiring not in a spirit of controversy. The spread between oleomargarine and butter is generally pretty definite, varying, of course, at times. Would any tariff duty imposed on coconut oil be sufficient to narrow or destroy that spread so that there would not be a very considerable difference in the price of oleomargarine and butter?

"Mr. LOOMIS. It is only a small factor in that particular situation. I have always been able to, and always sure that I was correct, in broadening my interests in this matter to a much broader basis than the mere narrow competition of coconut oil in oleomargarine with butter."

A very large portion of the agitation for Philippine independence as a step to aid agriculture is based on this very point, the alleged competition between butter and oleomargarine made from Philippine coconut oil, yet one of agriculture's own witnesses testifies it is only a small factor in that particular situation.

COCONUT OIL DOES NOT COMPETE WITH COTTONSEED OIL

After the dairy interests the most fertile field for those who seek to foster misinformation in respect to Philippine coconut oil is in the cottonseed-oil industry, yet it is impossible to see wherein they have a legitimate basis for such propaganda as indisputable scientific facts support the statement that coconut oil can not be used for the same purpose for which the great mass of our domestic vegetable-oil production is used, namely, in cooking oils and fats and salad oils. Coconut oil is not suitable; hence is not interchangeable with domestic fats and oils for use in cooking fats. In simple, nontechnical language it can be said that there is no possible means by which the chemists may treat coconut oil or change its composition to make it acquire properties which are in any way comparable with those of the fats and oils of American agriculture and vice versa, domestic fats and oils can not be treated or their composition changed in any way to make their properties remotely resemble those of coconut oil.

Although practically all of the complaint on coconut oil comes from the dairy industry and from cottonseed-oil interests, only about 23 per cent of the coconut-oil importations go into the manufacture of oleomargarine, which, after all, can not be said to compete with butter in any sense of the word. Moreover, no coconut oil enters into competition with cottonseed oil since they are used in entirely different fields of consumption. About 75 per cent of all the coconut oil consumed in the United States is used in industries where it can not be replaced or for which no other fat or oil, domestic or foreign, can be substituted.

COCONUT OIL INDISPENSABLE IN MANUFACTURE OF MODERN SOAPS

The official spokesmen of the dairy industry, who have been the most militant opponents of Philippine coconut oil, never reveal to the dairy farmers that 50 per cent to 62 per cent of the coconut oil consumed in this country goes into soap, and another 15 per cent into the manufacture of confectionery and fancy biscuits. For these uses coconut oil is as indispensable as rubber in the manufacture of an automobile tire, and no more interchangeable with any other fat or oil produced in the United States than rubber is with leather in the manufacture of this same tire.

American agriculturalists are intentionally producing no oils and fats for soap making, and the necessary lathering quality in soap can not be obtained from any oils or fats produced in the United States. This quality is incorporated in the soap only by liberal proportions of coconut oil in the soap formula.

The soap industry has already advised the appropriate congressional committees that for technical reasons no domestic or imported vegetable oils or animal fats are satisfactory substitutes for coconut oil in the soap kettle, and if the price of coconut oil is unnecessarily inflated by the addition of a tariff the increase in price must necessarily be passed on to the consumer.

The placing of a tariff on Philippine coconut oil is, after all, absolutely absurd for the reason that copra, the raw material from which coconut oil is produced, is on the free list and enters the United States duty free from all countries. The placing of a tariff on Philippine coconut oil can not in any way affect the coconut-oil consumption of the United States. It can only accomplish the complete ruination of the crushing industry in the Philippines, their second largest industry.

To use the words of Mr. Vicente Villamin, prominent Filipino economist and lawyer, "The much-talked-of Philippine coconut cow may after all, upon closer examination, be found to be really nothing more than the old American bull."

CUBAN SUGAR, NOT PHILIPPINE SUGAR, THE REAL COMPETITOR OF AMERICAN AGRICULTURE

It is not difficult to demonstrate conclusively that there really is no competition between Philippine coconut oil and the products of American agriculture. It is even easier to show that Philippine sugar does not compete with American beet and cane growers. The real competition to domestic sugar comes from Cuban sugar.

The United States' requirements of sugar for the years 1929 and 1931 were supplied as follows:

Country	1929	1931
	Per cent	*Per cent*
United States (duty free)	17.47	24
Hawaii, Porto Rico, Virgin Islands (duty free)	20.00	26
Philippines (duty free)	10.40	12
	47.87	62
Cuba (20 per cent preferential tariff)	51.88	37
Java and others (full-duty sugar)	.25	1
	52.13	38
Total	100	100

In 1929 the consumption of duty-free sugar in the United States was approximately 48 per cent, but in 1931 it had increased to 62 per cent. The duty-free sugar from the Philippines accounted for only 2 per cent of this increase. The inevitable consequence of this increase in duty-free sugar was that while of our total consumption, Cuban or part-duty sugar furnished approximately 52 per cent in 1929, it fell to 37 per cent in 1931. Just as fast as duty-free sugar supplies increase, the duty-paying sugar supplies must recede correspondingly from this market. In actual tonnage the United States market for Cuban sugar shrank by over 1,000,000 tons from 1929 to the end of 1931. During that same period domestic beet and cane sugar increased 300,000 tons. This change conclusively proves that any increase of duty-free Philippine sugar production makes no inroad on our domestic sugar, but like any other duty-free sugar it does displace part-duty-paying Cuban sugar, from which it is perfectly clear that—

First. Cuban sugar interests are the ones who want to shut Philippine sugar out of this market to make that much more room for Cuban sugar; and

Second. The domestic sugar is not injured by Philippine sugar.

It is generally conceded that Porto Rico, Hawaii, and the Virgin Islands have already practically reached their limit of possible production. On an average, our domestic sugar production increases less in 10 years than our consumption increases in one year. Who, then, can claim that our duty-free sugar suppliers will be able to increase their yearly production to a point where all of the part-duty-paying sugar, amounting to approximately 2,500,000 tons yearly, will be replaced entirely by the duty-free sugar? To expect the Philippines to produce this additional amount necessary to bring the supply of duty-free sugar up to 100 per cent of our consumption is fantastic, as from the beginning of history to 1931 their greatest annual export was only 727,566 tons. But until such time as our production of duty-free sugar can be increased to take care of our total consumption, domestic beet and cane sugar growers will feel absolutely no competition from any of the other duty-free sugar-producing sections in our insular possessions. The only menace is to Cuban and other duty-paying sugars, and to them only.

The Cuban sugar interests realize that sentiment against Philippine sugar can be created only by misleading the American people into believing it is our domestic farmers who are hurt. For years they failed to fool the American people and bring about Philippine independence in the guise of liberty for the Philippines. They now turn to the guise of accomplishing it in the name of the American farmer.

IF DOMESTIC SUGAR WANTS REAL PROTECTION, THEN TERMINATE CUBAN PREFERENTIAL TARIFF

Philippine sugar is not a factor in determining the price of domestic sugar produced in the United States. The price of raw sugar in the United States is determined by world sugar prices plus the duty paid on Cuban sugar coming here. This statement is confirmed by the United States Tariff Commission and by the United States Department of Commerce.

As practically all of the duty-paying sugar now entering the United States comes from Cuba, it pays only 2 cents of our 2½ cents full duty; hence domestic sugar gets protection only to the extent of the Cuban preferential. If domestic sugar, therefore, wants more protection, it should be agitating, not for the exclusion or limitation of Philippine sugar, but for the termination of the Cuban preferential. Then domestic sugar would get the protection of the full 2½ cents sugar duty. That, and that only, will bring real benefit to domestic sugar.

It must be remembered that it was during 1929–30 that domestic sugar made its great fight for a higher tariff on sugar. In this fight Cuban sugar took a very active part, as was uncovered in the Senate lobby investigations conducted just following that time. In all of the mass of correspondence back and forth between the representatives of domestic and Cuban sugar interests not one word was said of Philippine sugar competing with domestic sugar. But if there is any lingering doubt in the minds of anyone here that Cuban sugar is the sole beneficiary from the exclusion of Philippine sugar, that doubt can be eliminated by referring briefly to the testimony of Mr. H. H. Pike, jr., of the firm H. H. Pike & Co., an old Cuban sugar commission house in New York, as it appears in part 5, pages 1855 and 1856 of the Senate lobby investigation hearings.

"Senator WALSH. What difference does it make to you how high the tariff is?

"Mr. PIKE. As you put the tariff up, you make an already tremendously profitable business behind a tariff wall still more profitable. If you put the tariff wall high enough——

"Senator WALSH. What difference does it make to you whether the existing beet-sugar factories in the United States make a profit or do not make a profit?

"Mr. PIKE. That is what I am telling you. If you put the tariff wall high enough, you are going to increase production, not of the beet factories necessarily, but of the production back of the tariff wall to a point where Cuban production of sugar will be reduced to the absolute minimum.

"Senator WALSH. I understand perfectly now.

"Mr. PIKE. And when you reduce the Cuban production of sugar, you reduce the opportunity of my firm to do a sugar business, because we are doing a Cuban sugar business.

"Senator WALSH. I understand now, that is, as far as the present factories are concerned, it is a matter of no consequence to you at all whether the tariff is high or whether it is low, but what you are afraid of is that the business will expand in the United States?

"Mr. PIKE. No, sir; I know that it will not expand in the United States. It will expand in the island dependencies. It will expand in the Philippines, Porto Rico, and Hawaii, but the United States business has been running along for the past seven years with a tariff one-half cent higher, according to our own Government figures, than is necessary, and it has not expanded. Mr. Lippitt——

"Senator WALSH. So you are not afraid about any further expansion in continental United States? What you are afraid of is expansion in the island possessions?

"Mr. PIKE. Yes; that is true.

"Senator WALSH. That is your interest in the thing?

"Mr. PIKE. And furthermore, if you will look up the records you will find that a man who is thoroughly conversant with the beet situation, Mr. Lippitt, is on record as having said that beet growing in the United States can not expand materially, and I do not think there is anybody better informed than Mr. Lippitt on that subject. (Mr. Lippitt is an executive of one of the largest beet-sugar companies in the United States.)

"Senator WALSH. So that all you are troubled about is expansion in the island possessions?

"Mr. PIKE. I am naturally troubled about any expansion which is going to hurt the Cuban production.

"Senator WALSH. Exactly. You do not contemplate any expansion in continental United States; and, accordingly, what you are afraid of is expansion in the island possessions?

"Mr. PIKE. That is approximately it."

After hearing the above testimony, can anyone have the slightest doubt that Cuba is most effectively in the fight, and, moreover, expects to be the outstanding direct beneficiary?

I repeat again that the prime purpose of the demand for Philippine independence and the elimination of Philippine sugar from this market is to enable Cuban sugar to increase its market here to the extent that Philippine sugar can be excluded. If free trade is suddenly terminated, as proposed in the provision of the present bills pending before Congress, the Philippine sugar industry will be paralyzed to a greater extent than our industries would be if we suddenly abolished our protective tariff system.

ECONOMIC VALUE OF FREE-TRADE RELATIONS BETWEEN THE UNITED STATES AND THE PHILIPPINES

So much attention has been centered on this alleged competition caused by the entry of Philippine products into the United States that everyone has completely lost sight of the importance of the Philippine Islands as an actual and potential market for United States products, and particularly for the products of the farm and dairy industries. Potentially, it is a much more important market, not only for possible future developments within the islands but in connection with the general trade of the Orient.

In 1930 only one country, Mexico, exceeded and only one other country, Canada, tied the Philippines in the per cent their purchases from the United States were of their total imports. Only 13 countries of the whole world bought more from us in 1930 than did the Philippines. In 1931 they climbed to sixth in importance among our foreign-trade outlets.

Merely for the purpose of comparison your attention will be directed to four other countries in this same Asiatic area as the Philippines and which produce the same products as the Philippines. From them undoubtedly would come many of the tropical products we now secure in the Philippines as a result of our advantageous free-trade relations. According to the Department of Commerce, of their total imports they bought from the United States the following percentages of their total imports during the year 1930:

	Per cent
Netherlands (Dutch) East Indies—Java	10
British East Indies	8
British Malay	3
Ceylon	1
Philippines	64

PHILIPPINE IMPORTS FROM UNITED STATES AMOUNTED IN 1930 TO $78,000,000; IN 1929, $92,500,000

During the year 1931 the Philippines increased their purchases from us to 72.5 per cent of their total imports. In terms of dollars our foreign trade with the Philippines in 1930 amounted to $78,183,000 and in 1929 to $92,593,000.

In 1930 the Philippines bought from us 61 per cent of their meat and dairy products, 46.1 per cent of our total exports of milk, and 89 per cent of their flour came from the wheat of American agriculture milled in American mills.

The acreage necessary to produce that flour alone was about one-third of the entire area devoted to beet sugar or two-thirds the total area devoted to cane-sugar production in the United States. Of our total exports of cotton cloth, 17 per cent went to the Philippines.

It has been estimated by the Bureau of Insular Affairs of the War Department, under whose jurisdiction the Philippine Islands are placed, that the application of proposed tariffs to be levied in the Philippines on imports from the United States on the granting of independence will reduce their value approximately 70 to 72.5 per cent, in view of which our present Philippine market will be of little value to American exporters.

Our exports to all countries for 1930 compared with 1929 show a decrease of 27 per cent, 55 per cent to Oceania, and 24 per cent to the Philippines. Oceania is in the same part of the world and produces the same products as the Philippines. It can, therefore, be seen that the Philippines are a far more steady and dependable outlet for our products than are the average countries of the world. The United States was in fine shape with all the world on a free-trade basis and it a tariff-protected country. But now there is a fast-growing tendency for other countries to place tariffs or export taxes on their products, particularly aimed at the United States, with a result that we are finding it more and more difficult to find outlets for the steadily increasing products of our farms and manufacturing industries.

When we are attempting to develop our foreign commerce by spending millions of dollars to support the work of the commercial attachés of our State Department, of the trade commissioners of the Commerce Department, and of the agricultural trade commissioners of the Department of Agriculture, does it not seem ridiculous that we should turn around and deliberately destroy one of our best foreign-trade markets for the sole purpose of benefiting certain selfish interests who are clamoring for a special consideration of a kind that is not in accord with the best general interests of the industries and people of the United States as a whole? It savors of biting off our nose to spite our face, and in the end agriculture, in whose name this blunder is to be committed, will be by far the heaviest loser. With what we have all been through during the past two trying years it should be evident to everyone that isolation and self-sufficiency do not work out practically. When this and that selfish group tries to gain some small advantage and is eventually successful society as a whole must pay dearly.

In the end what will become of the Philippines? We are talking of finding new channels of trade and new outlets for our world commerce and are finding it to be more and more difficult. Isn't it going to be impossible for the Filipino people to find new markets for their entire output, as they must do when they are shut off from the free-trade market in America, which incidentally was forced upon them in 1909, much against their wishes? The Filipino people will not be able to compete with Java, Formosa, Sumatra, and other neighboring countries without greatly reducing their standards which we have brought them up to in our thirty-odd years of development.

They have been told that they must diversify their crops, but it is like President Hoover telling western wheat farmers to diversify their crops and cut out wheat. In place of wheat what can the farmers produce of which there is not already an exportable surplus? Some of them recently turned to soybeans, and within the short period of a little over a year a few counties in Illinois alone have produced more soybeans than the United States can consume. The result is that they are now being exported and sold on the international market at Rotterdam at a price which nets the Illinois farmer considerably less than the amount of the tariff placed on soybeans in the last tariff revision.

With such a record as the Filipino people have, and when our exports are dwindling so rapidly, does it not seem unfair and unjust to destroy them industrially by paralyzing their two principal industries and then just at a time when it will cause a much larger and unnecessary decline in our own foreign trade? In short, the American people were almost willing to go to war with Japan in order to retain the open-door policy in China, yet they are willing to sit idly by and permit their Congress to kick out one of their 10 best customers. It is difficult to understand such inconsistencies; in fact, impossible to explain them, except on the grounds that proper investigations have not been made by the interested parties.

THE KIND OF INVESTIGATION CONGRESS SHOULD MAKE BEFORE ACTING ON PHILIPPINE INDEPENDENCE LEGISLATION

The question naturally arises then, What kind of an investigation should be made by Congress before determining definitely and for all time the political status of the Philippine Islands? Just on this point, it has been frequently argued that the uncertain future political status of the Philippines militates gravely against future investments. This statement requires explanation. Whether that status is defined or not, there will be no fresh investments in the present tariff-protected industries, for politics have already made them highly speculative. Investments in the unprotected industries, however, are not fundamentally affected by Philippine independence and further expansion of these tropical industries should be encouraged by the Filipinos, even to the

extent of inviting more American capital to come into the islands.

To make a completely thorough investigation of the Philippine problem, Congress and the President, acting with leading Philippine government officials, should delegate a committee to go to the Philippines to study all of the various ramifications of this question right on the ground where its members would have access to the people who can supply the facts, and who are vitally interested in its solution. This committee, in so far as it is possible, should be composed of nonpartisan, outstanding statesmen, selected from each House of Congress, the executive branch of the Government, preferably the Secretary of War, and competent Filipino business leaders, not those individuals motivated purely by political aspirations. Selection of the Filipinos should be made jointly by the Governor General and the president of the Philippine senate. Above everything else, those Members of Congress selected for this committee should not be taken from sections in which there are selfish interests clamoring for Philippine independence. For example, they should not represent those sections producing cane sugar, beet sugar, cottonseed oil, dairy products, or where there is a strong urge to shut out completely Filipino immigration.

The members selected should be impartial, inspired, influential leaders, scholars in the field of political economy, men whose ideals for justice and truth outweigh any political party allegiance, and who are not moved or led by the clamor of paid lobbyists to serve their own selfish interests. If this suggestion were not followed, it is quite probable members representing selfish interests would be inclined to influence or try to limit free admission of testimony and information which might be opposed to the views of these particular individuals who have already prejudged the issue because of their selfish interests.

COMMITTEE SHOULD EMPLOY SERVICES OF QUALIFIED EXPERTS TO ASSIST IT

The committee should be provided with impartial specialists or experts to advise and assist it on the type of investigation and the nature of the information to be obtained in order that an honest and complete study can be made of all of the various angles of this problem. Some one thoroughly versed in all the phases of government finance would be essential if the financial structure of the islands is to be properly analyzed. Obviously, it is essential that a complete audit of the financial and banking structure of the country should be made. Within three days following the passage of the Hare bill in the House of Representatives, and after impassioned speeches had been made to the effect that the Philippine government is one of the very few which to-day has a balanced budget, the information comes out of Manila that the insular government is confronted with a serious deficit. The new Governor General is immediately forced to call hasty meetings of his cabinet in order to devise means of curtailing expenditures and, if possible, of raising additional revenue in order that the budget can be balanced.

Similarly, an outstanding trade expert, some one prominent in the field of educational activities, and some one qualified to direct investigations on social problems, embracing health, should accompany this commission for the purpose of advising and guiding the investigations to be made on each of the different issues with which this whole problem is so befogged.

It is essential to have the investigations carried out by a congressional commission. Otherwise the Members of Congress might not be inclined to consider their findings as thoroughly and as fairly as might be the case were some commission, like the Tariff Commission, appointed to make the special investigation. For example, if the Tariff Commission makes a finding which serves the purpose of some particular selfish interest, it is used; but, if the finding is the reverse, the report of the Tariff Commission is unfortunately frequently completely ignored.

MOST OF THE HEARINGS SHOULD BE HELD IN THE PHILIPPINES—NOT IN WASHINGTON

This congressional commission should go through the islands just as Secretary Hurley did and hold its hearings in several of the more important centers. Only in this manner is it possible to reach the basic facts and true conditions which must be known and understood if the problem is to receive an intelligent solution. The way the issue has been handled thus far is very contradictory and inconsistent. One person makes a statement setting forth certain facts. Immediately some one else ventures forth with an explanation that that information is incorrect and just the reverse is true. The statement just made concerning the financial condition of the government in the islands is an illustration. Also, much has been said concerning the Moro problem. Many Filipino and American sponsors of independence contend that there is no Moro problem. Others contend that it is a very serious question, and in granting independence we are deliberately betraying the Moro people who occupy 40 per cent of the territory of the Philippine Islands. It is pretty generally conceded by all interested observers that the Moros have not reached the stage of development comparable with that of the Christian Filipino, for which there are very definite reasons. It should be determined what percentage of the population is really capable of self-government, what would become of those not capable for this honor, and how they would be protected against exploitation.

THE WELFARE OF THE FILIPINOS SHOULD DOMINATE THE CONSIDERATION GIVEN THE FUNDAMENTALS OF THE INDEPENDENCE ISSUE

Surely if we are to maintain our policy unblemished with these islands a policy which has represented a new conception in colonization, which has had as its fundamental purpose the introduction and development of the basic conceptions of free government and not commercial exploitation, the problem must be considered very largely from the standpoint of the Filipino and not solely for the deplorable purpose of bringing unfair profit and advantage to various selfish interests in the United States and Cuba. Political autonomy must be granted in such a way and at such a time that there can be no possibility of the failure of these islands to occupy an honored place in the family of independent nations.

It is deplorable that this tremendously important problem is being considered almost entirely from the standpoint of sugar, coconut oil, cordage, and immigration, and at a time when the dogs of war are running wild in the Orient.

The Philippine problem is largely one of economics, and like most of our problems of economics, an effort is being made to solve it largely by politics. Actually one of agriculture's leading representatives testified that in demanding Philippine independence he was going exactly on the theory he followed a few years ago when he wanted to put an embargo on bananas, because if bananas were barred, everyone would eat more apples. At that same time another one of agriculture's present Washington representatives was in favor of shutting out bananas for the reason that they might replace potatoes, because like potatoes, bananas are rich in starch. Apparently one of these gentlemen considered that bananas competed with apples, while the other one considered they competed with potatoes. One of them classed bananas as a fruit and the other one as a vegetable. There is, of course, a distinction between bananas and coconuts in the present case, as has been brought out by the Italian fruit vendor who said to his customer, "No pincha the banani; pincha the coconutti."

Certainly a permanent and lasting nation can not be founded on the basis of the terms proposed in the Hare bill, which has recently been jammed through the House of Representatives under the most drastic gag rule that its leaders could apply, when 40 minutes were allotted for the consideration of the destinies of 13,000,000 people. To quote the words of the Congressman from Massachusetts, the Hon. CHARLES UNDERHILL, "What a travesty! What a tragedy! Forty minutes to found a nation—40 minutes to establish in perpetuity one of the great countries of the world, 40 minutes to determine the fate, the life, and the death of 13,000,000 people. If this action is taken, I will say in all seriousness, without reflecting upon the individuals in the House, but on the House as a whole, that patriotism is dead, that honor lies bleeding, and that self-interests and politics are paramount to the welfare of the world."

There can be no denying that the Hare Philippine independence bill, which the House of Representatives has passed, is a bill of fear; it embodies the fear of Japan, the fear of immigration, the fear of sugar, the fear of coconut oil, the fear of cordage. The words of a Texas Representative [Mr. CROSS] describe this fear of Japan. "Remember their [Philippines] retention is a national menace. We are holding a lightning rod and beckoning the lightning, Japan, to strike; and when she does, our billion dollar Navy will go into Davy Jones's locker, for Mars is as sure to use this archipelago as an incubator to hatch a war between the two nations as that the night follows the day."

In concluding let me say that the granting of Philippine independence at this time and under the provisions provided would be looked upon throughout the Orient as the abandonment of the wards we have undertaken to protect. Our prestige so greatly needed to keep peace in the Orient would be seriously impaired. The repercussions would go far beyond the Philippines, for let us not forget that the general prestige and the authority of the white race in that part of the world are in decline. Is it not true with the British in India, the French in Indo-China, the Dutch in Java, and generally with Europeans in China? With the present proposed action, will it not likewise be true with the Americans in the Philippines?

Until world forces, social and political, are better organized and their strength better proven than they are to-day, an independent Philippines is far more likely to involve us and most of the Orient in wars than were we to continue our sovereignty over them. A change in the status of the Philippines at this time can only inflame most dangerous possibilities.

BUTTER SUBSTITUTES USED IN GOVERNMENT INSTITUTIONS

Mr. BLAINE. Mr. President, I ask unanimous consent to have printed in the RECORD a table supplementing the figures in the CONGRESSIONAL RECORD of February 8, 1932, at pages 3528 and 3529, with reference to the use of butter and butter substitutes in Federal institutions. I ask that the table may be inserted in the RECORD, together with a letter from the Secretary of the Interior and a memorandum showing the grand total of butter and butter substitutes for all Government institutions.

There being no objection, the matter was ordered to be printed in the RECORD, as follows:

THE SECRETARY OF THE INTERIOR,
Washington, April 18, 1932.

Hon. JOHN J. BLAINE,
United States Senate.

MY DEAR SENATOR BLAINE: Reference is made to my letter of January 25, transmitting a partial report regarding the amounts

of butter, butter substitutes, and food substitutes for other animal fats used in the Indian Service from June 30, 1928, to June 30, 1931.

Inclosed herewith is a supplemental report covering the 16 units of the Indian Service which were not included in the first report.

The report is now complete; but if additional information is required, I will be pleased to furnish same upon your request.

Very truly yours,

RAY LYMAN WILBUR.

Supplementary schedule showing amounts of butter, butter substitutes, and food substitutes for other animal fats used in the Indian Service during the fiscal years 1929, 1930, and 1931

Unit	Butter substitutes (pounds)			Fat substitutes (pounds)			Butter (pounds)		
	1929	1930	1931	1929	1930	1931	1929	1930	1931
Choctaw-Chickasaw Sanatorium, Okla	1,596	1,776	1,580						
Crow Agency, Mont			30			320	518	880	1,184
Five Civilized Tribes Agency, Okla									
Hopi Agency, Ariz	600	900	1,120	1,713	2,780	3,995	234	366	1,316
Mount Pleasant School, Mich	3,240	3,720	4,800	4,000	4,000	4,000	600	600	300
Neah Bay Agency, Wash									
New York Agency, N. Y									
Pawnee Agency, Okla		540	900	1,000	1,152	2,400			1,000
Pierre School, S. Dak	1,000	1,500	2,276	1,489	3,000	5,000	602	600	3,250
Sacramento Agency, Calif							59	1,614	723
Santa Fe School, N. Mex	300	1,767	3,430	103	5,839	4,215	67	739	930
Shoshone Agency, Wyo	210	210	400		2,786	2,053	637	514	1,462
Southern Pueblos Agency, N. Mex									
Turtle Mountain Agency, N. Dak			480	320	285	972	674	667	704
Walker River Agency, Nev				240	1,040	600			
Winnebago Agency, Nebr			120			100			375
Total	6,946	10,413	15,136	8,865	20,902	23,655	3,391	5,986	11,244

These additional figures bring the grand totals for all Government institutions, found on page 3529, to the following:

	Pounds
Butter	2,347,255
Oleomargarine or other butter substitutes	1,167,416
Vegetable shortening or lard substitutes and cooking and salad oils	1,432,900

REDUCTION OF TREASURY AND POST OFFICE APPROPRIATIONS

The VICE PRESIDENT. The Chair lays before the Senate a resolution coming over from a previous day, which will be read.

The Chief Clerk read the resolution (S. Res. 206) submitted by Mr. BINGHAM on the legislative day of April 29 (calendar day, May 3), 1932, as follows:

Resolved, That it is the sense of the Senate that the Committee on Appropriations, in its consideration of the bill (H. R. 9699) making appropriations for the Treasury and Post Office Departments for the fiscal year ending June 30, 1933, and for other purposes, with a view to making the 10 per cent reductions referred to in Senate Resolution 197, should not reduce the appropriations for the Postal and Customs Services to a point where such services would be seriously disrupted.

Mr. BINGHAM. Mr. President, I have been in entire sympathy with the movement started by the distinguished Senator from Tennessee [Mr. MCKELLAR] to reduce the totals carried by appropriation bills 10 per cent. I confess that my motive was largely due to the belief that there were too many Government bureaus doing too many things which the Government had no business doing. Many of them were engaged in operations purely of a paternalistic nature, which we had been induced to authorize at a time when we had a great deal of money to spend, when there was a large surplus in the Treasury, and many people were anxious for these good things to be done. I had hoped that we might obtain a very appreciable reduction in the number of these paternalistic bureaus, about which many of us have serious doubt as to whether they are constitutional. I do not intend to argue that question at this time. I know that many constitutional lawyers contend that, under the clause in the preamble relative to the general welfare, the bills creating such bureaus are constitutional. At any rate, they have been passed in great numbers for many years.

In the Treasury and Post Office bill, Mr. President, there was an item of approximately $108,000,000 for public buildings. Although four of the public buildings provided for were in the State of Connecticut and the appropriations for them amounted to quite a considerable sum of money, I did not feel that this was a good time in which to take money from the taxpayers in order to construct those public buildings, and I hoped that the 10 per cent reduction might largely come out of the sum for public buildings. However, under the able leadership of those interested and who believed that it was necessary that we should spend money on public buildings at this time in order to reduce unemployment, that provision was stricken out and a very few minutes thereafter we voted, without very much argument as to the effect on the Post Office and Customs Service, to instruct the committee to reduce the appropriations for the two departments 10 per cent.

I voted for that reduction, Mr. President, but on looking into the matter further and on hearing the evidence which has been presented by various persons I have come to the belief that such a reduction in the Post Office and Treasury Department appropriations—two departments which are absolutely essential to the operation of the Government—would not only work a very serious hardship to hundreds of letter carriers and other post-office employees and employees of the revenue department and the Customs Service, throwing them out of employment, closing many customhouses—I do not know whether it would close any post offices or not—but would result in a very serious dislocation of the proper business of government.

Therefore, Mr. President, I have come to the conclusion that my vote was wrong, and I have submitted this resolution to give the committee latitude, so that they need not make a 10 per cent reduction on what is left in the bill if they find that that reduction will seriously cripple these essential services of government.

Mr. JOHNSON. Mr. President, will the Senator yield?

The VICE PRESIDENT. Does the Senator from Connecticut yield to the Senator from California?

Mr. BINGHAM. I yield.

Mr. JOHNSON. In view of what the Senator has said, and because he has been convinced that there was an error of judgment on his part, and doubtless on the part of the Senate, in passing these resolutions, does not the Senator think we ought to go back and reconsider the bills that have been passed wherein we put in operation the cut to which the Senator now objects?

Mr. BINGHAM. Mr. President, I fear that my good friend from California is going to help defeat this resolution by attempting to have us undo that which we have already done. My object at this time is to help the Appropriations Committee, now engaged in writing up the bill, to act under a provision which would see to it that the essential services should not suffer. I hope the Senator from California will not insist on doing anything more than that at the present time.

Mr. JOHNSON. Mr. President, with the Senators' permission, I desire to emphasize that if what he says now is accurate—and I believe it to be wholly so—what we have just recently done with certain appropriation bills was something that we ought not to have done at all. So I think we ought to go back and take up the appropriation bills with which we have dealt and deal with them again without the peculiar cut in the manner that it was accomplished here.

Mr. BINGHAM. Mr. President, may I ask the Senator from California if he proposes to ask the President to withdraw his signature to the Interior Department appropriation bill?

Mr. JOHNSON. No, Mr. President. I should look to see the Senator from Connecticut do that, under the confession he has made this morning.

Mr. BINGHAM. Mr. President, the Senator is not fair. I know my friend from California always aims to be fair. The confession which I made this morning that I was wrong in voting for this reduction in the Post Office and Treasury bills is because those are essential services of the Government, as I look upon it; and many of the provisions in the agricultural bill, which I regret to say we did not reduce as much as we should have done, and in the other bill—notably the provision for spending many millions of dollars in at-

tempting to enforce an unenforceable law—ought to come out.

Mr. JOHNSON. I did not want the Senator to think that I was critical of his position this morning. I think the fact that he made the confession that he did does him infinite credit, and I am wholly in accord with what he says in that regard.

Mr. SMOOT. Mr. President——

The VICE PRESIDENT. Does the Senator from Connecticut yield to the Senator from Utah?

Mr. BINGHAM. I yield.

Mr. SMOOT. I desire to call the Senator's attention to the fact that as a result of the 10 per cent cuts the appropriation bills that have already been passed suffered a great deal more than the bill now before the Senate. I have not any doubt but that the Senate will have to pass a deficiency appropriation bill, at least to cover some of the items.

Mr. MOSES. Mr. President, with the permission of the Senator——

The VICE PRESIDENT. Does the Senator from Connecticut yield to the Senator from New Hampshire?

Mr. BINGHAM. I yield.

Mr. MOSES. Since the Senator from Connecticut has the floor, with his permission I should like to ask if the Senator from Utah will not furnish us a bill of particulars with reference to the two bills which have passed and in which such hardship has resulted?

Mr. SMOOT. In the case of the Interior Department appropriation bill I think the 10 per cent cut will have to be changed before this Congress comes to an end.

Mr. BORAH. Not only will it have to be changed, but no doubt we will have to increase the appropriations.

Mr. SMOOT. There is no doubt about it.

Mr. BORAH. There is no doubt at all about it. That is the tendency of things. We never cut and always increase expenditures.

Mr. McKELLAR. Mr. President——

The VICE PRESIDENT. Does the Senator from Idaho desire to be recognized?

Mr. BORAH. I wanted to ask if the Senator is now asking consideration of this resolution.

Mr. BINGHAM. It has come over from the preceding day under the rule. It is now before the Senate, I understand, under our rules, and is up for consideration.

Mr. BORAH. Mr. President, I do not think the Senate knows what the resolution means. As I understand, the resolution is that it is the sense of the Senate that the Committee on Appropriations, in its consideration of House bill 9699, and so forth—

should not reduce the appropriations for the Postal and Customs Services to a point where such services would be seriously disrupted.

Just what does that mean? What is the rule by which we can determine that matter?

Mr. BINGHAM. I suppose by the rule of common sense, Mr. President.

Mr. BORAH. I should suppose that the committee would apply that rule without this resolution.

Mr. BINGHAM. The committee were directed by the Senate to cut the bill 10 per cent whether they thought it would disrupt the services or not.

Mr. BORAH. No; we did not say that.

Mr. McKELLAR. Oh, no.

Mr. BINGHAM. Well, they were instructed to cut the bill 10 per cent.

Mr. BORAH. Yes.

Mr. BINGHAM. Nothing was said about disrupting the services, of course.

Mr. McKELLAR. Mr. President——

The VICE PRESIDENT. Does the Senator from Idaho yield to the Senator from Tennessee?

Mr. BORAH. I do.

Mr. McKELLAR. Does the Senator from Connecticut think there is any desire on the part of anyone to disrupt the service? Not at all.

Mr. BINGHAM. No, Mr. President; and that is one reason why I have submitted the resolution. When we passed it I do not think there was any intention to disrupt the Customs Service, the Revenue Service, or the Postal Service; but I think we did it hastily, and without proper consideration of what action we were taking.

Mr. McKELLAR. Mr. President, the Senator will recall that each resolution or motion was argued from three days to a week; I have forgotten just how long. I think the shortest argument by the Senate was three days, and the longest one was about a week, before we actually passed on them. The Senate considered the matter in its every phase, and passed this resolution regarding the Post Office and Treasury bill.

What has been done? We have held the hearings. The subcommittee, presided over by my distinguished friend from Nevada [Mr. ODDIE], suddenly stopped its proceedings about a week ago. There have been no further meetings of the subcommittee. None has been called. We are just stopped as we were; and why we need another resolution I can not imagine.

I, for one, do not believe there is a man on the Appropriations Committee who desires to disrupt the service of the Government in any way; and if the resolution of the Senate is carried out I do not believe it will be disrupted in any way whatsoever. The questions that the Senator from Connecticut has submitted here to-day can all be passed upon by the Appropriations Committee if the Senator from Nevada will call his subcommittee together in the usual way, and then let the Committee on Appropriations pass on the matter. There is no reason in the world why every question that is now suggested by the Senator from Connecticut can not be considered by the committee, and a report made to the Senate, and then the Senate can pass on the matter with all the facts before it. That is what I think ought to be done.

Mr. BINGHAM. Mr. President, in view of what the Senator from Tennessee has just said, I trust he will have no objection to the passage of the resolution.

Mr. McKELLAR. Indeed, I do object to its passage. I have the most serious objection; and I hope the Senate will vote it down.

Mr. LEWIS. Mr. President——

The VICE PRESIDENT. The Senator from Illinois.

Mr. LEWIS. As I participated in a feature of this matter producing the result, I should like the Senator from Nevada [Mr. ODDIE], the chairman of the Committee on Post Offices and Post Roads, to please state wherein the service, in his opinion, as the Senator from Connecticut asserts, would be disastrously affected.

Mr. ODDIE. Mr. President, in answer to the Senator from Illinois, I will refer to a number of statements I have recently made on the floor of the Senate. I do not think it is necessary to go into them in detail now. After the resolution of the Senator from Tennessee was passed I requested the officials of the Post Office Department and the Treasury Department to furnish data as to where these cuts could be made with the least damage to the service. I also asked them to give us the information on which the data were based.

I have received much information from the departments showing that this cut would result disastrously to the services involved. It will result in tens of thousands of men being thrown out of the Postal Service. It will result in curtailing the service in its various branches to the American people, and it will work harm in many respects.

The Treasury Department has shown clearly that the 10 per cent cut in the balance of the bill, after the building program was overwhelmingly eliminated by the Senate, would amount to about $14,000,000. It would therefore be necessary, under the 10 per cent cut, to reduce personnel to a very large extent. The department estimates that over 6,000 employees of the Treasury Department would have to be dismissed. One result would be the loss of internal-revenue collections of something like $95,000,000. This 10

per cent cut, if insisted on, would result in closing the customs offices in the interior States and consolidating other customs offices on the coast, and one result would be the cutting down of the efficiency of the Customs Service in stopping the smuggling of opium and other dangerous drugs. It would also result in a letting up on the checking of the importation of alien laborers from foreign countries.

Mr. McKELLAR. Mr. President——

Mr. ODDIE. These aliens would come in here and compete with American labor which is now out of employment.

The Senator from Tennessee takes the stand that the Government can cancel certain ocean mail and air mail contracts in the Post Office Department bill. I contend that the Appropriations Committee has no authority to do that. That is something that is beside the activity of the Appropriations Committee. The Government has made its binding obligations in the form of contracts, and those contracts can not be canceled without going into the courts.

For these reasons I have introduced this morning a resolution asking that the previous action of the Senate be rescinded. I think it will have a better effect than the resolution of the Senator from Connecticut, which I believe is too vague. It will leave the committee up in the air.

I admire the courage of the Senator from Connecticut and his anxiety to correct this situation and improve it; but I believe that a plain, simple resolution on the part of the Senate rescinding its past action in this matter would be wiser and better. Then the bill will go back to the Appropriations Committee, which will give it most careful consideration, as it already has done. It has held very extensive hearings, covering several weeks, which are published, and which I call to the attention of the Senate again. The committee will do its utmost in economizing, in cutting out every service that can be cut out, in reducing expenditures as much as they can be reduced without disrupting the service of the Government and causing a wholesale discharge of Government employees.

Mr. FESS, Mr. McKELLAR, and other Senators addressed the Chair.

The PRESIDENT pro tempore. To whom does the Senator from Nevada yield?

Mr. NORRIS. Mr. President, I make the point of order that the Senator from Nevada has not the floor and can not yield to anybody.

The PRESIDENT pro tempore. The Chair understood the Vice President to have recognized the Senator from Nevada.

Mr. NORRIS. I think not. The Vice President recognized the Senator from Illinois [Mr. LEWIS], who asked the Senator from Nevada a question, and he proceeded to make a speech.

Mr. ODDIE. Mr. President, I beg the pardon of the Senator from Illinois for making my answer possibly too long.

Mr. NORRIS. I have no objection to it, not the least.

The PRESIDENT pro tempore. Very well. Then to whom does the Senator from Illinois yield?

Mr. LEWIS. Mr. President, I had originally presented in debate a list and schedule wherein I thought there should be reductions presented on the floor, and in an argument sought to sustain the matter; I may add, all embodying the items referred to in this debate. Now, hearing the Senator from Connecticut [Mr. BINGHAM] present how the reductions will be disastrous to the service, and knowing that the Senator from Nevada, as chairman of the subcommittee, had investigated the subject, I particularly was anxious for information on that subject from him. It has been imparted. I have no further reason for holding the floor on that subject. I thank the Senator.

Mr. NORRIS. Mr. President, like the other Senators, I want to congratulate the Senator from Connecticut on his confession. He voted for the resolution which is now staring him in the face, but he was not the only one who voted for it. He is the only one who has made a confession, however. If we are entering into the confessional part of this argument, before we act on the resolution we ought to extend to other Senators the right to make similar confessions, and if a majority of them confess, as the Senator from Connecticut has done, then it would be proper to pass the resolution. Otherwise, while we might think very highly of the Senator from Connecticut for making his confession, that ought to end it; it is a matter personal with him. None of the other sinners, so far as I know, have confessed, and if they will not confess, what is the use of wasting our time on this resolution?

Mr. President, the resolution states that the committee should not reduce the appropriations of the Postal and Customs Services to a point where such services would be seriously disrupted. Did anybody think they were going to do that? Do we not give the idea, when we are picking out this particular service and saying that it must be disrupted, that we do not care a continental how we disrupt all other services? All the other services, taken care of in all the other bills where we arbitrarily cut the appropriations down 10 per cent, may be disrupted, but we must look upon these two services as preferred; they must not be disrupted.

Mr. President, if we were to follow the advice of the Senator from Tennessee, we would not discharge any of the men about whom the Senator from Nevada is so anxious. We would not have to interfere with the services, unless taking away the subsidy which some of the shipping trusts have gained by virtue of the contracts they have with the Government would result in the discharge of somebody, or in creating a hardship.

Are we so tender in our mercies, after we pass the 10 per cent reduction resolution, that we shall try now to follow the departments by shouldering all the reductions upon the little employees of the service? If the committee is making a mistake, it seems it is in following the advice of the Post Office Department, which does not want to cut down anything in the Post Office Department. They cry aloud from the mountain tops for economy in the Government, but it must be economy somewhere else. So they say to the Senator from Nevada that if we cut this appropriation 10 per cent, it will mean that the clerks in the post offices getting from $1,400 to $2,000 a year are to be discharged. It does not mean that the payment of $5 or $6 for carrying a letter from one port to another in a ship equipped with refrigeration space, where it can not, certainly, get too warm, is to be cut out. The Post Office Department does not want to cut down on that.

It does not mean that the monopoly of carrying the mail through the air at fabulous rates is to be cut down. No; it means that the little fellow in the country post offices is to receive less in his job, that the rural carrier is to be discharged, and that the city carriers are to be removed, because if we apply the 10 per cent principle, and, in addition, the 10 per cent that is lost on the millions of subsidies, for which we never ought to pay a cent, it is going to make a 20, 40, or perhaps a 50 per cent reduction when it comes to the little fellow who is working. So it seems to me the committee ought to use its own judgment; in other words, do what the Senator has said in his resolution, as nearly as it can. I supposed the committee would do that, anyway, without any instructions.

Mr. GLASS. Mr. President, I was going to ask why should the Senator from Connecticut assume that the Committee on Appropriations is going to disrupt these departments?

Mr. NORRIS. I do not know of any reason, unless he listened to the Senator from Nevada, who was following the Postmaster General, who said, "We are going to make this reduction by cutting out the little fellows, and letting the subsidies, brazen as they are, and unreasonable and unfair as they are, stand." And the Senator from Connecticut says, "That is a contract." Is there not a contract with the other fellow, whom we have taken in through the civil service? Have we any contractual obligations with those employees? I think we have, although they are contracts which we can set aside. We can decline to appropriate to carry out these subsidy contracts, which are

unconscionable, and whose very legality is now in question, as I understand it, before the Comptroller General.

Mr. McKELLAR. Mr. President, will the Senator yield to me?

Mr. NORRIS. I yield.

Mr. McKELLAR. I will refer first to what the Senator just said. Not only has the matter been referred to the Comptroller General but I am going to ask the chairman of the Committee on Appropriations to have the Comptroller General of the United States summoned before the committee to give his views on that subject. Of course, I do not know what the Comptroller General will hold; but if he holds that the contracts are not good then the appropriations will be wholly unnecessary, because surely payments will not be made under the contracts if the Comptroller General holds that they are not good. That will be the first step.

Mr. NORRIS. Let me interrupt right on that point. I want to touch on that point, and I thank the Senator for having brought it up.

Suppose the Comptroller General shall hold that the contracts are illegal. Then the whole question will be settled, the whole matter can then be met without any difficulty, and without discharging anybody except the fellows who look after the refrigeration in the mail-carrying ships, ships which are carrying letters in cold storage. On the other hand, suppose the Comptroller General or the Attorney General should decide that those contracts are legal; what would we be faced with then? All we would have to do would be to go back to the time when the President of the United States declared a moratorium in favor of all the governments which owed us something, and said they would not have to pay their debts. That was a violation of contract. All we have to do with these subsidies is to declare a moratorium, and that will settle it, that will end it. Then we could cut out that appropriation and use the money to pay the little fellows about the discharging of whom there is so much fear.

Mr. McKELLAR. Mr. President, I call the Senator's attention and the attention of the Senate to the further fact that in regard to air mail contracts we are now not only paying a subsidy for day flying but are also paying a subsidy for night flying. The proof is that all the great airplane companies have been consolidated, I think. I believe there are some four in existence, but I imagine the four have a very excellent working agreement.

Mr. NORRIS. It will not be difficult for four to get together, especially when they can travel in flying machines.

Mr. McKELLAR. At any rate, these four companies now have something like $20,000,000 of subsidies, about $10,000,000 for day flying, and about $10,000,000 for night flying. The proof is that they have a splendid passenger list for day flying, and if we wanted to be exceedingly liberal to them, infinitely more liberal than we are to the unemployed, we could cut the appropriation to a subsidy for night flying, and let them earn something in their day flying, and, even in their own view, not injure them materially.

Mr. NORRIS. Of course, it would be said, in such a case, that they had a contract, and that a contract is something we must not interfere with or violate.

Mr. McKELLAR. We had contracts with the European governments, but those contracts were not sacred contracts. They were not "solemn" contracts, to which the Senator from Connecticut referred the other day. They are not solemn contracts. There is a difference, it seems, between solemn contracts and contracts which are not solemn. The contracts we have with the civil-service employees are not solemn contracts, they are just ordinary contracts. The contracts we have with our debtors in Europe are not solemn contracts, they are just ordinary contracts. But when we have a contract to pay a subsidy to people who need no subsidy, that is a solemn contract, and can not be interfered with.

Mr. BINGHAM. Mr. President, will the Senator from Nebraska yield to me to ask the Senator from Tennessee a question?

Mr. NORRIS. I yield.

Mr. BINGHAM. We have contracts with the civil-service employees. Does the Senator from Tennessee intend to vote for an 11 per cent reduction in civil-service salaries above $2,500?

Mr. McKELLAR. I do.

Mr. BINGHAM. The Senator does not regard that as a contract then?

Mr. McKELLAR. I am taking the same position about the subsidy that I am taking about these other contracts for the payment of salaries above $2,500, including my own. I am going to treat myself just as I propose to treat others with whom the Government deals.

Mr. NORRIS. Mr. President, so far as I know, nobody would like to abolish the carrying of the mails through the air or the carrying of the mails over the water, but we are confronted with a condition. We have to cut something out. We must economize; and although I voted against the resolution of the Senator from Tennessee—and I think the method of economizing proposed was not an efficient way of economizing—yet we have taken that course, we have passed the resolution, and I suppose that course will have to be followed unless more people who voted for the resolution will make the same confession the Senator from Connecticut has made.

Mr. McKELLAR. Mr. President, will the Senator yield?

Mr. NORRIS. In just a moment. But we must cut out something; and I am tired of hearing the Postmaster General and his spokesmen here say that the only way to cut down the expenses of the Post Office Department is by reducing the pay of the little fellow drawing a small salary, and over his shoulder proposing to whip Congress into line in order to save the big fellows, to save the man and the corporation getting a subsidy from the Government, getting money and giving no adequate return for it. So, if I must either discharge the fellow in the country post office and close that post office or discharge the corporation which is carrying the mail at $4 or $5 a letter, I will save the small fellow and let the cut come in the big items where, in the first place, it will amount to something. It will not be necessary, if we reduce the appropriations 10 per cent in the aggregate, to cut down salaries or to discharge the thousands of men whom the department says it is going to discharge.

If the Post Office Committee permits the Postmaster General to outline to them and compel them to make the reduction in the way he has outlined it, I hope that when they get back into the Senate with their bill they will be defeated on the floor of the Senate, and that the bill will not be allowed to pass in that form.

Mr. McKELLAR and Mr. ODDIE addressed the Chair.

The PRESIDENT pro tempore. Does the Senator from Nebraska yield; and if so, to whom?

Mr. NORRIS. I yield first to the Senator from Tennessee.

Mr. McKELLAR. I will take but a moment. I share the view of the matter the Senator has just expressed. I am not in favor of cutting the small employees, and to show that it is all propaganda, the Postmaster General testified that 36,000 clerks would have to be discharged. That would be his way of making the cut. But he has no power to do that. He will have to be given the power to do it if he does it, and no one is proposing, so far as I know, to give him that power, unless it may be the Senator from Nevada, who goes the Postmaster General one better by saying that the Postmaster General is absolutely mistaken about the 36,000, but that he wants to discharge 58,000.

Mr. NORRIS. Mr. President, I do not want to retain the floor and yield my time for speeches. If any Senator wants to ask me a question, I shall be very glad to answer it if I can, and then yield the floor so Senators may take it in their own time.

Mr. ODDIE. Mr. President, I want to ask the Senator from Nebraska if he will kindly cease referring to me as the spokesman for the Postmaster General, because I am not. I occupy a position in the legislative branch of the Government independent of the executive branch.

Mr. NORRIS. That is another apology for the making of which I commend the Senator.

Mr. ODDIE. No; there is no apology there at all. I have said time and again that I have requested certain information from the Postmaster General which has been furnished. I am not the spokesman for the Postmaster General. That statement implies that I am under his influence, which I am not. I am acting as an independent factor as a Member of the Senate. I am sure the Senator did not intend it that way.

Mr. NORRIS. I am glad to have that explanation. I thought from what the Senator said that in some way he had fallen under the influence of the Postmaster General when he was talking about discharging all the little fellows and saying that we could not cut down the subsidy provisions because they are a part of a contract.

Mr. BINGHAM. Mr. President——

Mr. NORRIS. I yield to the Senator from Connecticut.

Mr. BINGHAM. I want to ask the Senator from Nebraska if he has given thought to this aspect of the question. He has made a great argument for our doing away with contracts with the air mail companies and with the steamship companies, which are in the nature of subsidies for carrying the mail and which in many cases permit them to run and give us service which we would not otherwise have. The Senator said we must not let the little fellows go and help the big fellows. Does he not realize that if we destroy the subsidies to most of the air mail corporations, they will have to let a lot of the little fellows go?

Mr. NORRIS. That would be true.

Mr. BINGHAM. The pilots and the men who take care of the planes will all be thrown out of work and, furthermore, the sailors on the steamers, which could not run without the subsidies, will be thrown out of work. Why does the Senator from Nebraska prefer the little fellows on the one hand and throwing out the little fellows on the other hand?

Mr. NORRIS. Mr. President, I concede there is truth in what the Senator has said, that the subsidies enable the ships to operate and that they employ some people, and that if they did not operate they would not employ those people, but would have to discharge them. I concede that is true and I am sorry it is true. I regret that some will lose their positions, but, Mr. President, it is a matter of choosing between 10,000 men on the one hand and 10 men on the other. That is about the equation; that is about the proportion.

Mr. BINGHAM. Has the Senator ever been on board a ship?

Mr. NORRIS. Yes; once or twice.

Mr. BINGHAM. What ship has he ever been on that employed only 10 men?

Mr. NORRIS. I did not say I was on any ship that employed only 10 men. I said the number of men who would lose their jobs if we cut out the ship subsidies instead of saving the same amount of money in another way and discharging thousands of employees of the Post Office Department, would be in the proportion of about 10 to 1.

Mr. BYRNES. Mr. President, will the Senator yield for a question?

Mr. NORRIS. Let me finish this thought first.

Mr. BYRNES. Certainly.

Mr. NORRIS. There is another reason. The Senator from Connecticut stands here and in his usual frank way admits that the ships would not operate if it were not for the subsidies. In other words, we are using the taxpayers' money to permit private institutions to operate ships on the ocean. When we come to a starving people in our problem of having to cut down expenses somewhere, he would rather continue the subsidy to the Shipping Trust, which has borrowed the money of the Government to operate, often at less than 1 per cent, and which has gotten the ships themselves from the Government by merely singing a song. He would rather continue to pay that subsidy because the shipping companies employ a few people, he said, who work on the ships to operate them. That is the excuse he gives.

But does anyone believe that those who favor the shipping subsidy do it because of the few men who would be employed by the shipping companies on the ships, which the subsidy enables them to run and which would not run if they did not have any subsidy? It is perfectly foolish, it seems to me. It is perfectly evident that in the case of the subsidized ships they are not thinking about the man who is pilot or captain or who holds any other position on a ship. They are thinking of the millions of dollars that percolate into the pockets of the owners of those ships, who occupy a special-privileged position with our Government and with our Post Office Department, who are resorting to all kinds of means to get money out of the Treasury of the United States; and when we want to take away those subsidies, they say if we do that four or five fellows will lose their jobs.

That would be terrible! Instead of using that subsidy money, millions of it, in that way, if we would divide it up into allotments of $1,000 each and give it to the poor about whom these subsidized people are now so anxious, it would go ten thousand times further in the good it would do than to give it to the shipowners where the subsidy, when it percolates through their fingers at all, does not bring very much to the little fellows who actually do the work and are in their employ.

I now yield to the Senator from South Carolina.

Mr. BYRNES. I wanted to invite the Senator's attention to that part of the resolution which provides that the committee should not reduce the appropriation for the Postal and Customs Services to the point where such services would be seriously disrupted. If adopted by the Senate, would not the Appropriations Committee be justified in believing that it is the sense of the Senate that we should proceed to apply the reduction only to other parts of the service and perhaps disrupt them?

Mr. NORRIS. I think that is a fair conclusion. I mentioned that a while ago. We select out two services, the Customs Service and the Postal Service, and we say, "Go ahead with your reductions, but do not disrupt these services." That would mean they could disrupt anything else they wanted to disrupt.

Mr. COPELAND. Mr. President, I want to say a few words about the matter before us. Before proceeding with what I have in mind, may I ask the Senator from Nebraska a question? I prize his opinion as a great lawyer. Does the Senator think that we would be justified in abrogating contracts which we have made with these shipping concerns?

Mr. NORRIS. I think the Senator is in earnest in propounding the question, and I want to give an answer just as fairly as he has asked the question.

I do not believe in the repudiation of any contract, but if we reach the point where we can not pay our debts, I want to apply the rule which I hated to see applied when it was first applied, but which was applied against us then, and I want to apply it in our favor. I refer to the moratorium. I thought the moratorium was wrong, but Members of the House and Senate decided otherwise and tumbled over each other in their anxiety to follow the President and declare the moratorium. If we reach the point—and we have about reached it, as I understand—where we have to cut down expenses or the Government is going to cease to do business, then we will have to declare a moratorium. We would have to do it any way if we did not have the money to pay our debts.

Let me ask the Senator from New York a question. If we reach the point where we do not have the money to pay the Senator's salary and my salary, or any of the other expenses of the Government, what would we do? We would not pay those salaries. We would probably declare a moratorium. We would say, "We will pay later."

We would be in the same position as the farmer who has a $5,000 mortgage on his farm; and although he may have raised a big crop, yet by the time he gets it harvested and sold he does not get money enough out of it to pay his taxes and the interest on his mortgage and support his family. What will he do? He can not perform an impossibility. Neither can the Government of the United States. If we have 10,000 men who are engaged in the Post Office Department, in the little post offices and in the city post offices,

we may have to cut down their salaries and perhaps discharge some of them. I concede that. I would hate to do it, but we may have to do it. But before we do that, I would rather say to the subsidized shipowners, "We are not going to pay you this year. We have not the money to pay you, and so we can not do it."

Mr. COPELAND. Mr. President, I take it that the Senator's position is, it would be only as a last resort that we should repudiate our contracts.

Mr. NORRIS. I would like to say to the Senator that it is not a question of repudiation. A debt between two individuals is made always on the assumption that the debtor is going to be able to pay it; and when he contracts the debt, he thinks he is going to be able to pay it. If it is impossible, do not call it repudiation because he can not pay it; he simply can not do it; it is impossible to do it.

Mr. COPELAND. I concede that at once, if it becomes impossible to do it. Of course he could not pay the debt under such circumstances.

Mr. GLASS. Mr. President——

The PRESIDENT pro tempore. Does the Senator from New York yield to the Senator from Virginia?

Mr. COPELAND. I yield.

Mr. GLASS. I think, upon reflection, the Senator from Nebraska [Mr. NORRIS] will discover a difference between the moratorium declared by Congress upon the recommendation of the President and the proposition, if there be such a proposition, to repudiate a contract. The moratorium amounted simply to a creditor giving his debtor a respite.

Mr. NORRIS. That is all I am asking.

Mr. GLASS. That was not in any way a cancellation of a contract.

Mr. NORRIS. No; the Senator has me wrong. I am not advocating that these contracts be declared null and void.

Mr. GLASS. Nor has anybody else asked it.

Mr. NORRIS. The Senator has intimated I am doing so.

Mr. GLASS. Oh, no.

Mr. NORRIS. I am advocating, if we can not pay all the subsidies, that we shall say, "We can not pay you now. We will comply with our contracts in full if the court holds them to be good."

Mr. GLASS. I will say to the Senator that no one on the Appropriations Committee has ever suggested that there should be a repudiation of a contract or cancellation of what was determined to be a legal contract. Some of us have taken the position that this miserable, fanciful air mail, costing the taxpayers of the country $27,000,000 a year, ought to be abrogated if we legally may do it; and I would vote in favor of doing it within the next five minutes if I could. It is an outrage upon the taxpayers of the country.

Mr. COPELAND. Mr. President, as this appears to be a morning of confessions, I want to confess a little. I think the Senator from Tennessee [Mr. MCKELLAR] is to be commended for his efforts to reduce appropriations to the minimum. I have no fault to find with that spirit and with that intent. However, those of us who are serving upon the Appropriations Committee find ourselves in great distress. When we are bound by an arbitrary amount which we must cut off of an appropriation bill, when that demand becomes like the law of the Medes and Persians, then we are in difficulty, indeed, when we come to consider the individual needs of the various departments and bureaus.

Mr. ASHURST. Mr. President, will the Senator from New York yield to me a moment at that point?

Mr. COPELAND. I yield.

Mr. ASHURST. I appreciate the Senator's reference to the laws of the Medes and Persians. Their laws admitted of neither inquiry nor explanation.

Mr. COPELAND. That is exactly the spirit of the law with which we are dealing here.

Mr. ASHURST. I agree with the Senator.

Mr. COPELAND. We are dealing with the action the Senate has heretofore taken, and it has become, as the Senator from Arizona suggested, indeed, the law of the Medes and Persians.

Mr. President, I wish to make another confession. I voted with the Senator from Maryland [Mr. TYDINGS] in opposition to any reduction in the building program of the Post Office Department. But if it comes to a question of the mutilation of the Post Office Department or the erection of those buildings, I should not hesitate a minute. We must operate the Government. We can erect the buildings when we have the money to do so. I see no reason why we can not go on with our building program; but we can not do it if we are to balance the Budget in accordance with the plan proposed by the Senator from Tennessee. Before the Senate concludes its session, I am convinced it will take the view that some of us have expressed here—that the items in this bill, in fact, in all the appropriation bills which have to do with capital investment, with permanent improvements, must be taken from the bills and their financing provided for in another way.

It was all right in the rich years following the World War for us to take our surplus, amounting to about $500,000,000 a year, add that to the sinking-fund provisions, and reduce the public debt, as we did. I protested somewhat against that at the time. I think, perhaps, I may say to my friend the Senator from Utah [Mr. SMOOT] that I may have been mistaken about that. He took the position that in time of prosperity that is what we should do, while I took the position that it was legalized larceny to raise money from the taxpayers on the theory that we needed that money for the operation of the Government and to use it for some other purpose. However, we did raise the money; it was in excess of what we needed; and, as a result of excessive taxation, in 10 years we reduced the public debt by $10,000,000,000.

Mr. SMOOT. Which was a good thing to do.

Mr. COPELAND. We reduced the public debt a billion dollars a year for 10 years. Mr. President, we are not now in a time of prosperity; we are in a time of deep depression, and I can not speak too seriously to the Senate regarding the attitude of the country. I have been somewhat a student of human nature for a long time, and I have never found such wrath in the hearts of the people as I find there to-day. There is a demand that the Budget be reduced; there is a demand that the cost of the operations of the Government be lessened. We can not now do with our public improvements, with our capital investments, as we did in our rich years. Our Budgets included these benefits, these splendid improvements, and they were charged against the yearly operations of the Government.

It is different now. Why should the overburdened taxpayers of America to-day be called upon to pay this year for the Supreme Court Building, the House Office Building, the Botanic Garden Building, and the great public buildings being erected on Pennsylvania Avenue? Why should we do that now? We ought not to expect our people to pay taxes for that purpose. We shall have to provide for those capital investments in another way. Those buildings are going to last for 25, 50, or 100 years, and the people who live and pay taxes 20 or 25 years from now should be called upon to share in the cost of these projects.

I think we made a mistake when we adopted the Tydings resolution. I am confident that people are not reconciled to a building program which has to be paid for this year.

Mr. MCKELLAR. Mr. President——

The PRESIDENT pro tempore. Does the Senator from New York yield to the Senator from Tennessee?

Mr. COPELAND. I yield.

Mr. MCKELLAR. The Senator from New York will recall the visit of Mr. Mills before the committee during which he stated that this year, under quite a great pressure, the Treasury Department had spent in the first nine months of the fiscal year only $60,000,000 on the building program and that they expected to spend during the remaining three months $25,000,000, making an aggregate of $85,000,000. The proposed appropriation is $108,000,000. I am glad to hear the Senator from New York say that he feels that the Tydings amendment, adopted the other day, was probably an error. Mr. Mills thought so. Mr. Mills thought that at least a reduction of $14,000,000 could be made with-

out even interrupting the building program; that such a reduction would lessen activities somewhat, but would not seriously interrupt the program in any way. I am inclined to think that Mr. Mills's view on that particular question is a rather sensible view. I very much regretted the other day when the Tydings amendment was adopted, and I believe if a proper recommendation came from the Appropriations Committee that the situation could be remedied by the Senate and that it will be remedied by the Senate.

Mr. COPELAND. I thank the Senator from Tennessee. I am sure he agrees with me that rather than hamper the operations of the departments which are involved, we had better have a reduction in the building program or so much of it as would come out of the taxpayers this year.

Mr. McKELLAR. I agree entirely with that view; and especially would I prefer that rather than to discharge the employees who receive very small salaries.

Mr. COPELAND. I thank the Senator. I was sure that that was his disposition. However, I would go further——

Mr. ODDIE. Mr. President——

The PRESIDING OFFICER (Mr. JONES in the Chair). Does the Senator from New York yield to the Senator from Nevada?

Mr. COPELAND. I yield.

Mr. ODDIE. May I interrupt the Senator just for a moment or two in this connection to refer to the statement of the Secretary of the Treasury made in his letter to me of April 1 last?

Mr. COPELAND. Certainly.

Mr. ODDIE. His letter is as follows:

TREASURY DEPARTMENT,
Washington, April 1, 1932.

Hon. TASKER L. ODDIE,
United States Senate.

MY DEAR SENATOR: I have yours of March 31, and inclose herewith a copy of the letter which I recently sent to Senator JONES. This, I think, will give you part of the information which you desire.

On pages 4 and 5 of the inclosed letter, the department indicated that between 250 and 275 of the 302 projects enumerated would have to be indefinitely deferred in the event a reduction of $25,000,000 were made in the lump-sum item for public buildings, and also advised that it was not possible to name at that time more than 17 of the fifty and odd projects which might be placed under contract in the event of such a reduction.

It is difficult to estimate the number of men in the building trades and the number of industries supplying materials therefor which would be affected by a curtailment of the public-building program, but it is believed that the value of the work which would have to be withheld from contract during the fiscal years 1932 and 1933 will total approximately $60,000,000.

Very truly yours,

OGDEN L. MILLS,
Secretary of the Treasury.

I refer again to the letter written by the Secretary of the Treasury to the Senator from Washington [Mr. JONES] under date of March 29.

Mr. President, the Senate has overwhelmingly exempted the building program from the operation of the 10 per cent cut, and I hope that decision will not be changed. I thank the Senator from New York for yielding.

Mr. COPELAND. Mr. President, I thank the Senator from Nevada. But I want to say for myself that if I had to choose between such a curtailment of the Post Office Department appropriations and—if we may believe the head of the department—the dismissal of thousands of employees who are needed for the operation of the Government service, and the erection of some monumental post-office buildings, I would not hesitate a moment, and I do not believe the public would.

Mr. McKELLAR. Mr. President, will the Senator yield to me again? I dislike to interrupt him so often.

The PRESIDING OFFICER. Does the Senator from New York yield to the Senator from Tennessee?

Mr. COPELAND. I yield.

Mr. McKELLAR. Does not the Senator think that the Appropriations Committee, which, excepting myself, is a most excellent committee——

Mr. COPELAND. I will include the Senator in that characterization.

Mr. McKELLAR. The Senator is very kind. However, it is certainly a very level-headed committee. Does not the Senator think, if the question is considered first by the subcommittee and then afterwards by the full committee, that proper recommendations can be made regarding these reductions without having a resolution adopted by the Senate?

Mr. COPELAND. I fear we have gone far enough already in our deliberations in the Appropriations Committee to make it apparent that if we carry out the letter of the Tydings resolution and the letter of the McKellar resolution we will be obliged to make such reductions in the conduct of the Post Office Department that it will be hampered and that there will be the dismissals which have been suggested.

I wish the Senator from Tennessee might take the view that we might well set aside both of these mandatory resolutions and permit the Appropriations Committee on its own account to see if it can not bring some recommendations to this body which will accomplish what the Senator from Tennessee has in mind and which will at the same time give the committee greater latitude in the adjustment of figures to carry out our ideas of economy.

Mr. McKELLAR. Mr. President, if the Senator will yield——

The PRESIDING OFFICER. Does the Senator from New York yield further to the Senator from Tennessee?

Mr. COPELAND. I yield.

Mr. McKELLAR. The conclusive reason why that should not be done, in my judgment, is to be found in a sentence taken from an Associated Press dispatch published yesterday, as follows:

The Treasury statement on the condition of its finances at the end of April made public to-day showed it had collected from all sources $1,685,666,535 and had spent $4,019,771,677.

In other words, we have spent considerably more than double, nearly three times as much, according to the actual figures, as we have collected in taxes. We must take some steps to correct that situation.

Mr. COPELAND. We must take some steps to correct it—I agree with that fully.

Mr. GLASS. Mr. President, will the Senator yield to me that I may send forward a proposed amendment to the resolution offered by the Senator from Connecticut in the nature of perfecting the resolution?

Mr. COPELAND. I yield for that purpose.

Mr. McKELLAR. Will not the Senator yield further so that the amendment offered by the Senator from Virginia may be read?

The PRESIDING OFFICER. Does the Senator from New York yield for that purpose?

Mr. COPELAND. I yield.

The PRESIDING OFFICER. The amendment intended to be proposed by the Senator from Virginia to the resolution of the Senator from Connecticut will be stated.

The LEGISLATIVE CLERK. In lines 7 and 8 it is proposed to strike out the words "for the Postal and Customs Services," and in lines 8 and 9, to strike out "such services would be seriously disrupted" and insert "the Post Office and Treasury Departments would be required to make the wholesale dismissal of Government employees proposed by the heads of these departments."

Mr. COPELAND. Now, let us have the resolution read as it would appear if amended.

Mr. McKELLAR. Let the entire resolution be read as proposed to be amended.

The PRESIDING OFFICER. The clerk will read as requested.

The legislative clerk read as follows:

Resolved, That it is the sense of the Senate that the Committee on Appropriations, in its consideration of the bill (H. R. 9699) making appropriations for the Treasury and Post Office Departments for the fiscal year ending June 30, 1933, and for other purposes, with a view to making the 10 per cent reductions referred to in Senate Resolution 197, should not reduce the appropriations to a point where the Post Office and Treasury Departments would be required to make the wholesale dismissal of Government employees proposed by the heads of these departments.

Mr. COPELAND. Mr. President, of course I should approve of that amendment, and I hope that my friend from Tennessee will do so.

Before I sit down I desire to say a word about the mail subventions and the construction loans.

Mr. VANDENBERG. Mr. President, before the Senator proceeds to a discussion of that question will he permit me to offer an observation?

The PRESIDING OFFICER. Does the Senator from New York yield to the Senator from Michigan?

Mr. COPELAND. I yield.

Mr. VANDENBERG. Mr. President, before the Senator proceeds will he permit me to offer this observation?

As the Senator knows, I have been and am in favor of the general 10 per cent economy principle, feeling that except as we have some tangible objective we will be lost in our effort to economize, and it will read to wholly sterile results.

But it is perfectly obvious that there are statutory difficulties in the way of certain of the 10 per cent cuts in certain of the appropriation bills. I submit that we must first make these statutory corrections before we can hope effectually to save the 10 per cent principle.

The House is undertaking to write what has been defined as an omnibus economy program, through the medium of which certain fundamental reorganizations of the Federal structure could occur to achieve many of these economies, or at least some of them, in a reasonable and consecutive way. Regardless of whether or not that program wholly succeeds in the House, the program will reach the Senate for our consideration. It can be made the major program, if we be so willed, through which to implement the 10 per cent economy drive and more.

Do we not, then, find ourselves in this position: Should we not suspend our consideration of other appropriation bills until we have had the chance to deal with this specific method of creating rational opportunities for economy? Should we not perfect the latter legislation before we undertake to pass further upon any of the actual appropriation bills themselves?

I submit to the Senator is not the logical procedure as I indicate?

Mr. COPELAND. I think the proposal is interesting; but when we find that the total amount of the proposed economies is only forty millions, it is an infinitesimal sum as compared with our needs for reductions.

Mr. McKELLAR. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from New York yield to the Senator from Tennessee?

Mr. COPELAND. I do.

Mr. McKELLAR. I suggest, further, that, as I understand, that economy resolution will go to the same committee—the Appropriations Committee.

Mr. VANDENBERG. That is correct.

Mr. McKELLAR. May I make a parliamentary inquiry, and ask if that is true? I do not know myself what committee it will go to. I am not very good at the rules; and I should like to have the statement of the President of the Senate.

The VICE PRESIDENT. What is the question?

Mr. McKELLAR. A measure was passed over in the House yesterday providing for economies amounting to about $40,000,000.

Mr. VANDENBERG. It is part of the legislative appropriation bill. The $40,000,000 is but a small part of the possible economy to be achieved through courageous treatment of the particular proposal to which I advert.

Mr. McKELLAR. It is part of the legislative appropriation bill; and, as I understand, it will go to the Appropriations Committee.

The VICE PRESIDENT. It will go to the Committee on Appropriations unless otherwise directed by the Senate.

Mr. McKELLAR. I thank the Chair.

Mr. COPELAND. To answer the Senator from Michigan directly, I think I, too, ought to defend the Appropriations Committee. It is striving in every way possible to effect economies; and, without disparagement of what the House has done or has not done, the economies that are coming out of this committee will be far in excess of anything which is brought over in the particular bill to which the Senator refers. I agree with the Senator, however, that it must be considered in connection with our bills.

Mr. VANDENBERG. Is it not the starting point in the further reorganization of our Budget, if we are going to carry on in a common-sense method?

Mr. COPELAND. I think if the Senator had been seated in the Appropriations Committee he would think it was not even a milepost in the progress of the committee. Our committee has gone far beyond this already. I am sure the chairman of the committee agrees to that?

Mr. VANDENBERG. Mr. President, I am not criticizing the committee in any sense of the word. I think it is doing a perfectly splendid piece of work. Furthermore, I am cordially in sympathy with most of the efforts that the Senator from Tennessee is making. I am simply suggesting that as a practical starting point in the further consideration of the balance of these 10 per cent cuts, we might well have in hand any opportunities for reorganizing the structure of the Government. I am suggesting that we are in final position to succeed with the 10 per cent reduction, and more, if we first proceed with the necessary statutory action to make possible a proper consolidation and elimination of bureaus and departments, and a national retrenchment in personnel. I am suggesting that we remove convenient excuses for further nonaction.

Mr. McKELLAR. Mr. President——

The VICE PRESIDENT. Does the Senator from New York yield to the Senator from Tennessee?

Mr. COPELAND. I yield.

Mr. McKELLAR. If the Senator will permit me, I should like to make this statement:

I can see how it might be considered, and I have no doubt in the world that it will be. At the same time it must be remembered that this particular appropriation bill for the Treasury and Post Office Departments carries over a billion dollars of appropriations, and a 10 per cent saving on this bill alone would be something like $98,000,000. If we reconsidered the idea of putting in public buildings, it would amount to more than $100,000,000 in savings, whereas the entire economy program amounts to only about $40,000,000, as I am informed.

Mr. COPELAND. Mr. President, I am sure that in all good spirit we are going forward as best we can in the Senate to deal with this important problem; but I do wish to say a word about the mail subventions and the loan construction legislation and contracts.

It is not quite fair for us to give the country the impression—and I am sure that if the debates are read that will be the impression—that we have suddenly entered upon a policy which has to do with giving large sums of money to rich shipping corporations and subsidizing them with other millions in order that they may operate, and that we have done that regardless of law and in some secret manner. The fact is the mail subventions and the construction loans are made in accordance with a law which we passed through the Congress after weeks of debate. There has not been a thing said here in the debate on the appropriation bills that was not said when we had the Jones-White law before us. This whole matter was fought out at that time.

I remember a tongue-lashing that the distinguished Senator from Missouri, Mr. Reed, gave to me because, as a Democrat, I was supporting what he called a "subsidy." He pointed out to me that the Democratic platforms for time without end have stood against subsidies. All those matters were brought out; but it was impressed upon the Congress that if we are to carry our tonnage on the seven seas, if we are to take our trade into the ports of the world, if we are to advertise our wares to every part of the world, we must have an American merchant marine.

It was prophesied by the Senator from Washington [Mr. JONES] and others interested that if we were to pass that bill we would put the flag on the seven seas. The truth of the prophecy is shown by the fact that we have done that.

We have built up an American merchant marine. Our flag is found everywhere now. Our ships go everywhere. They could not go except for the assistance rendered by the operation of the laws of this country.

There is nothing secret or hidden or sinister about what we have done as regards the loan fund and the mail contracts. We have entered upon those arrangements in full knowledge of the significance of the appropriations. We debated them originally at great length, and many times since. These loans have been made in accordance with law. These mail subventions have been made in accordance with the act which we passed here. I can not believe it is possible for us to repudiate them; and I was glad to have the able Senator from Nebraska [Mr. NORRIS] say this morning, in answer to my question, that it would be a last resort if we repudiated our contracts. Certainly it would be a last resort.

We are not going to repudiate our contracts. If they were merely contracts, merely the obligation of the Government to pay, we would not repudiate them; but when, resting upon those contracts, through the operation of the American merchant marine, we are furthering the interests of the American people, certainly we are not going to repudiate them. In the interest of agriculture, in the interest of our manufacturers, in the interest of every industry of America, we need our merchant marine; and if I know anything about the sentiment of our country, that is the universal sentiment.

Mr. KING. Mr. President——

The VICE PRESIDENT. Does the Senator from New York yield to the Senator from Utah?

Mr. COPELAND. I do.

Mr. KING. I ask for information, because I understand the superior knowledge of my friend upon this matter. To what contracts does he refer specifically? Will he also advise the Senate, particularly myself, the duration of those contracts, and whether there are in the contracts any provisions which commit the Government to a limited or to a specific or to an indefinite period during which these subventions or subsidies, whatever we want to call them, are to be paid to one or more of these shipping companies?

Mr. COPELAND. I shall be very happy to answer my friend. I know no man who is more just and fair and loyal and devoted to his country.

It will be remembered that prior to the enactment of the Jones-White Act all of our ocean mail contracts were given for one year. Some Senators were very insistent that they should not go over that period; but it was pointed out that if we were to build up the American merchant marine these owners who were investing large sums of money must have some assurance of permanence in their operations; otherwise, they could not go forward with their activities. So, under the Jones-White Act we lengthened those contracts to 10 years. The Postmaster General was authorized to enter into 10-year contracts. That is the law; and under the operation of the law these contracts have been made for that period.

Of course, the law has not been in operation so long that much time has been wiped off the length of the contracts. I suppose some of them perhaps have only six or eight years to run. Some new contracts have been made under the operation of the law. I should say that the average remaining length of contract which we have entered upon is eight or nine years.

Those contracts were made under the operation of the law. When I have heard discussion about repudiation of the contracts I have naturally resented it as a citizen and particularly as one interested in the American merchant marine. It would be a great injustice to the men who have invested their money if we were now to terminate these contracts. As a matter of law, I do not think it could be done; but my friend from Utah is far better able to discuss that matter than I am.

Now, as regards the loans——

Mr. ODDIE. Mr. President, will the Senator yield for a very brief observation?

The VICE PRESIDENT. Does the Senator from New York yield to the Senator from Nevada to make an observation?

Mr. COPELAND. I yield.

Mr. ODDIE. I call attention to the hearings before the subcommittee of the Committee on Appropriations, pages 426 to 482, in which will be found a list of the stockholders of one of the companies involved, the International Mercantile Marine Co. This list consists of 56 pages of small type, giving the names and addresses of the long list of stockholders, practically all Americans, and the number of shares held by each. A very large number of the persons in this list are the holders of from 1 to 5 and 10 share lots; and a great many of them are women, probably widows, who have their investments in this company. As I say, there are 56 pages, containing the names of many thousands of these stockholders, most of them very small stockholders. I am not referring to a few large ones.

Mr. COPELAND. I thank the Senator. I must hurry on, because I want to give the Senate a chance to vote on this amendment. But I do want the RECORD to-day to show a defense of the construction loans as well as the mail contracts, because of what was uttered here in the early part of the debate.

As regards the construction loans, may I say to my friend from Utah and any others who may be interested, that the Government agreed to advance 75 per cent of the value of the ships which were to be built. The company itself had to invest the 25 per cent at once, and to make payment of the balance at the rate of 10 per cent a year over a period of 10 years. So the money which we talk of having "given away" we have not given away at all. It will be returned to us and upon that money we are receiving interest. In some instances the interest is very low; but that is the fault of the Senate, I may say. We held up here an amendment suggested by my friend the junior Senator from Michigan [Mr. VANDENBERG], which provided for a higher rate of interest; and it would have gone into effect 10 months before it did if we had taken prompt action. As a matter of fact, so far as I can learn, every loan that has been made has been in accordance with law. The money is all going to be repaid. It was money which was advanced to put American ships upon the ocean, and it will come back to us, as it will in commerce, many, many times over.

I wanted to say this much about the mail contracts and the construction loans, because it is not fair to have it appear to the country that some hidden and secret thing has been done which has given millions of our money for the benefit of a few persons, some of them alleged to be very wealthy men.

As the Senator from Nevada has pointed out, the ownership is widely distributed. The ownership extends everywhere. The advantage to America is beyond computation. We never could have had an American merchant marine without the willingness of Government to cooperate.

I hope we may adopt this resolution, which has been amended by the Senator from Virginia, and that greater latitude may be given to the committee in determining its policy as regards this particular bill. Then we may be sure our national shipping interests will be protected and our faithful employees left in their positions.

Mr. LOGAN. Mr. President, I desire to make a few remarks on this resolution, not because I am absolutely sure that my information about these matters is correct but rather that my fellow Senators may know what I think about them and instruct me if I am in error.

I have heard a good many things said, and agree with very few of them. I do not propose to discuss ocean mail contracts and air mail contracts, since I do not have before me sufficient information. But with the superficial information which I do have, I am inclined to the belief that they may be wholly illegal, because they are so outrageously unfair that they are indecent; and if that be true, then to talk about repudiating contracts does not enter into the matter at all, as the contracts were invalid from the beginning if they were obtained in violation of law.

The matter to which I desire to refer relates to the departments and bureaus. There seems to have grown up an opinion, and some of the Senators appear to hold that opinion, that the heads of the departments are either the superiors or the equals of the United States Senate, and I disagree with that conclusion. They are the servants of the United States Senate. They are subordinate to the United States Senate, and the Senate may say to them, "You shall do this or do that;" and while they may have a right to furnish facts to the Senate, to give information to the Senate, when they so far forget themselves as to become ward politicians, and attempt to control the votes of Senators of the United States through some form of threats, I resent it.

I know that Senators, as was stated by the senior Senator from California [Mr. JOHNSON] the other day, are impervious to propaganda. But the difficulty about it is, How do I know what is propaganda and what is truth? How does the Senator from Nevada [Mr. ODDIE], for whom I have the highest regard, and know that he states only what he believes is for the best interests of the Nation, know that the figures which he has placed in the RECORD, and the statements which he has placed in the RECORD, are not merely propaganda?

Mr. ODDIE. Mr. President, will the Senator yield?

Mr. LOGAN. I yield.

Mr. ODDIE. I have asked the heads of the various bureaus in the departments, who are experts, who have given years of study to the handling of these problems, to furnish certain data. They have furnished those data, and I have full confidence in the majority of their statements. There may have been errors here and there, but, taking them by and large, I feel that they are based on long years of experience, and on reliable information.

Mr. KING. Mr. President, will the Senator from Kentucky yield to me?

Mr. LOGAN. I yield.

Mr. KING. May I state to the Senator from Kentucky that in the consideration of appropriation bills facts are elicited which tend to corroborate his position. Recently when the Department of the Interior appropriation bill was being considered representatives of the Indian Bureau demanded large appropriations for that bureau, but it was disclosed during the hearings before the Senate Committee on Appropriations that during the past two years the salaries of the bureau employees had been greatly increased and the number of employees had also been augmented. The total amount demanded by the bureau to meet the salaries of its employees bore no fair or just relation to the entire appropriation. The data submitted by the bureau revealed that it required more than 52 per cent of the entire appropriations just to meet the salaries of bureau employees. The Indians, wards of the Government and in whose interest it is presumed the bureau is working, were to receive less than 48 per cent of approximately $25,000,000 appropriated for the bureau, and the bureau employees were to be paid the remainder. Out of less than 48 per cent all Indian schools were to be maintained and all of the activities in behalf of the Indians were to be carried forward. The situation in other bureaus and agencies of the Government presents cases, which, if not parallel to the one just mentioned, certainly possess analogies obvious to all. The Federal Government has grown powerful by reason of its great number of bureaus and executive organizations and by reason of its hundreds of thousands of employees. It has ceased to be efficient and economical; it has become top-heavy and is reaching out into fields which should be occupied by the States and their subdivisions and by individuals. In the fiscal year 1916 all of the expenses of the Government were approximately $1,000,000,000. For the present fiscal year the expenditures of the Government will, in my opinion, exceed $5,000,000,000, and the salaries of the Federal employees will exceed $1,300,000,000. Whenever efforts are made to curb Federal expenses or to introduce needed reforms in the administration of the National Government, from every part of the land protests are heard. I fear that bureaucracy is more powerful than the Government itself. Federal and executive agencies will prevent administrative reforms and the execution of policies calculated to effect economies and governmental efficiency.

Mr. LOGAN. Mr. President, I thank the Senator. The Senator from Nevada has referred to the fact that the statements which he has submitted were made up by experts. I beg to make this suggestion to the distinguished Senator: The experts in the departments of government everywhere resent, and bitterly resent, the fact that laymen, such as we are, would attempt to question anything they might say, and the greatest question before the American Congress to-day is, Will we restore the sovereignty of the Congress or will we delegate it to bureaus and departments to tell us what we ought to do? We might as well abolish the Congress if we are not going to exercise our own judgment.

No department may do anything except what it is authorized to do by Congress; that is, unless Congress authorizes it to modify the laws which we have passed, which has been done sometimes. When we establish a department we have a right to say, "You have this authority, you have this power. These functions may be performed by you." But we do not surrender the power to the department to exercise it forever and entirely separated from Congress. We have a right to recall that power at any time we desire to. If the Congress of the United States believes that some of the activities which have been carried on by a department or bureau should be reduced or dispensed with, the head of the department has no duty to perform other than to advise the Congress of the facts.

Mr. ODDIE. Mr. President, will the Senator yield?

Mr. LOGAN. I yield.

Mr. ODDIE. I agree with the Senator absolutely that Congress has the power. But take the case of the Post Office appropriation bill. An arbitrary reduction of so much money, assuming that it has to be made, can result only in large dismissals of the personnel. It can not be made by the Committee on Appropriations by reducing salaries. That will require legislation by Congress. It means dropping of a great many men and women in order to meet the cut in the appropriation.

I just want to emphasize the fact that Congress will have to change the law, modify the law to a certain extent, if this proposed 10 per cent cut is to apply.

Mr. LOGAN. I thank the Senator. But what I meant to say was this—that it is not the business of the experts of the department or of the bureau to tell Congress what it should do and what it should not do. If I were a farmer and employed a farming man and said to him, "I am going to build a new barn," and he said, "No; you must not build any new barn," and gets all the other fellows to come in and tell me that I ought not to build a new barn, I would fire him; and that is what ought to be done with the heads of these departments who are putting into the record and disseminating through the Nation information to the effect that "if you cut any of the appropriations coming to my department, then there will be so many men fired down in your State."

Mr. SHIPSTEAD. Mr. President, will the Senator yield to me?

Mr. LOGAN. I yield.

Mr. SHIPSTEAD. May I call the Senator's attention to how the will of Congress is being thwarted by some of the bureaus?

Mr. LOGAN. I will be glad to yield to the Senator.

Mr. SHIPSTEAD. For instance, when the Congress attempted to control the appropriations through the Budget, making the Budget responsible to the President instead of to Congress, Congress put itself in a position where the will of Congress is being thwarted by the Budget.

The Federal Trade Commission was instructed by the Senate, through resolution, to conduct certain investigations, particularly of the Power Trust. I think no one will deny that the Federal Trade Commission has done a very good piece of work in conducting those investigations. But what do we find through the Budget and the executive depart-

ment? We find that the funds of the Federal Trade Commission are reduced by the Budget by $500,000. That only means that the investigations will be thwarted, that the commission will be handicapped, or that the investigations will come to an end. That is done in the interest of economy, or is said to be in the interest of economy, but really it is done on the theory that it is all right for the power corporations to rob the people in hard times, when they have very little income, that we are not going to use the police power of the Federal Trade Commission to prevent the people from being gouged through high rates during the depression.

That will also affect other investigations which are being conducted by the Federal Trade Commission, showing how Congress, after providing the machinery to protect the public, and, according to law, passing resolutions directing the commission to make investigations, see the commission deprived through the Budget of funds with which to conduct them. That is only one of the instances where Congress is abdicating its authority and its throne.

Mr. LOGAN. Mr. President, I thank the Senator. That is true, I imagine, in many instances.

I hold this to be true: If the Congress should determine that there should be a bureau established to teach the people how to temper the tremors of titillating tomcats, and the bureau should attempt to carry out the will of the Congress, of course it would begin with a small appropriation, as all bureaus do, and increase rapidly. But after a while the Congress might decide that it would be foolish to waste any more time with tomcats, that it was not getting the value of its money, and Congress could have the right to abolish the bureau and withdraw the appropriation. If some bureau comes and says, "You must not do that," I say to the head of the department, "Your advice we are glad to have, but when you undertake to tell us what we must do or what we must not do, you are exceeding your authority."

I make no attack upon the heads of departments. I think they have done the best they can. I would not charge them with having any desire to waste the money of the taxpayers of the United States.

The VICE PRESIDENT. The Senator from Kentucky will suspend while the Chair lays before the Senate the unfinished business, which will be stated.

The LEGISLATIVE CLERK. A bill (S. 51) to authorize the building up the United States Navy to the strength permitted by the Washington and London naval treaties.

Mr. LOGAN. Mr. President, I shall conclude in just a moment, as I do not mean to interfere with the consideration of the unfinished business.

The VICE PRESIDENT. Under the rule the resolution which has been under discussion goes to the calendar. The Senator from Kentucky has the floor.

Mr. LOGAN. Mr. President, I make no charge, as I said, against the heads of the departments or any of the experts. I beg to remind Senators of these facts. Last year the total cost of the government in the United States—I mean by that local, State, and National—was $15,090,000,000, according to the best figures I can obtain. That was the total. Of that sum the cost of local government was $8,292,000,000. The cost of State government was $2,364,000,000. The cost of the Federal Government was $4,434,000,000. I have heard the propagandists who speak over the radio and who write for the newspapers say that it is not possible to make any reduction in the cost of the National Government. They say that $4,000,000,000 was the cost of the Federal Government last year. They missed it by $434,000,000 and thereby admit that there can be some reduction, which has been made even by the Director of the Budget and by the Congress.

I desire to call attention to one other thing. If we go back 10 years we will find that the cost of government was probably not exceeding $8,000,000,000 all told. What is the value of all of the property in the United States? The distinguished Senator from Illinois [Mr. LEWIS] the other day said it was $400,000,000,000. I think none of the political economists have ever placed the value that high and that none of the statisticians have reached that high figure. The highest estimate I ever knew to be placed on the assets of this Nation was $350,000,000,000. That has been reduced very materially. If we take the entire assets of the Nation and convert them into cash at their full value and invest that cash in bonds at 4 per cent, the total income will not be as much as the cost of government in the United States.

I would invite your attention to one other thing in connection with this matter. We keep on talking about building up a merchant marine, maintaining the Post Office Department and the Treasury Department as they are now. I would like to ask the gentlemen who favor that program where we are going to get the money? We have now fixed charges of more than $2,000,000,000 that must be paid. Our income last year, as I recall it, was probably less than that. Our income, with all the talk that we may make about the tax bill which we are going to pass, will next year probably not meet the fixed charges—that is, the charges caused by the public debt and the moneys paid to the veterans. If that is so, it is said we can sell bonds. Yes; for a while; but even in the sale of bonds we reach the point after a while where the public can not buy any more or will not buy any more bonds.

I can not understand why it is that there is such a great objection to a reduction in the number of governmental employees. I have heard men on this floor deplore any probability of making any reduction in the number of employees. I have seen them almost shed tears in contemplation of the probable separation of a Federal employee from his job. I will make this statement in regard to the matter. I do not believe that any Federal employee whose services are needed and who renders full value for the money that he receives should be separated from his job; but I am surprised to hear Senators say that we must not turn Federal employees out of their jobs.

I am thinking, Senators, of the people who support these Federal employees. I am thinking of my friends, the people I know. They are men who rise early in the morning, who go to work early in the morning, and who labor throughout the long, long day. There is no quitting at 4.30 in the afternoon for them. There is no beginning work after 8.30 or 9 o'clock in the morning for them. They work from sunup until sundown. Yet as a result of their labors they find they are unable to feed and clothe their families and educate their children. They find that the interest on their mortgages can not be paid; that they are unable to pay their debts. Then I remember, in addition to that, that on the shoulder of each one of them, as he goes back and forth about his work, there is a little invisible Federal employee resting who reaches into his pocket and plucks out from its grimy inside every dime that he puts in there.

I do not want to see any of the Federal employees separated from the service unless perchance their services are not needed. If I had an opportunity, I know I could prove by actual experience the statement I am about to make. I believe there is hardly a public office in the United States of America, either local or State, or national, where the expenses could not be reduced at least one-fourth and at the same time the efficiency of the service improved. I have had no inconsiderable experience in public affairs. I know there is not an office anywhere where we could not reduce the expense of operating the office without seriously interfering with the public service.

It is said we are going to hurt something here. I admit that the way we are proceeding to reduce appropriations is unskillful. I admit that it is not the best way. But it is the only way we have. We do not have the information that we should have, and I very readily admit that. We ought to have something upon which we could base our conclusions or that would enable us to reach a conclusion as to whether there should be a reduction in the expenses of government at this time in these departments.

Let us see what we have upon which to base our judgment. Look over the country from one end to the other and we will find that every business corporation in the United States has been reducing its expenses. The railroads

have reduced their service nearly 500,000 in the last two or three years. Look at the banks, the insurance companies, the trust companies, and every other concern that is engaged in business. There has been a radical reduction in their overhead. Reasoning from that to this, the greatest of all corporations, it seems to me that the United States of America, of which we are directors, should be able to reduce materially the cost of government at this time. That is one reason why I think our unskillful method of making the reductions is entirely justified. Is there any further reason?

Mr. McKELLAR. Mr. President——

The VICE PRESIDENT. Does the Senator from Kentucky yield to the Senator from Tennessee?

Mr. LOGAN. I yield.

Mr. McKELLAR. I want to thank the Senator for the position he is taking in his speech. I think it is the position of good, hard, common sense, and I am delighted that the Senator is making the speech. But after saying that, I want to suggest this thought to him. The Senator says it is not the correct way to legislate. We are legislating precisely in the same way in making the reduction of 10 per cent that we would legislate if we had not fixed any percentage of reduction at all. In other words, it does not mean a flat reduction on every item but only on the aggregate. The committee goes into the proof as to each item of appropriation and passes upon it just exactly as it would if such an order had not been made by the Senate. The only thing the Senate has required is that the committee consider the general reduction of 10 per cent in the aggregate.

Mr. LOGAN. That I thoroughly understand, and what I meant by saying that it is an unskillful thing is that when the question of reducing an appropriation comes before us we are without sufficient information to know whether the reduction should be so much or none at all. It is unskillful because we do not have before us the information that we ought to have. When we ask for information we get propaganda. We do not know whether it is a "snark" or whether it is a "boojum."

Another reason why I think we can reduce these appropriations without interfering with the personnel is this: I think the Senator from Nevada [Mr. ODDIE] is very much mistaken about there being a reduction in the personnel of the service. We had more business to attend to in 1926, 1927, 1928, 1929, and 1930 than we will have in 1933. No one can dispute that fact. It should have cost the Government of the United States more to carry on its operations during those years than it will cost next year. When our revenues have fallen off more than half, when our trade has fallen off more than half, when business of every kind has fallen off, we certainly should be able to reduce the cost of government. Instead of that it is suggested by the heads of the departments that if we reduce the appropriations we will not be able to carry on the business of the Government without releasing a number of employees.

As I said, I am not here to say that the number of Federal employees should not be reduced. The test should not be whether he is a Federal employee or whether he is not. The test should be, Are his services needed by the public? If not, he ought to go.

I can not think that the Senators who have protested so vigorously against any reduction in the number of Federal employees would say, if we have a department here doing certain work and another one over here doing the same work, that some of the employees ought not to be let out. I do not think any Senator would take the position that we should keep any man or woman on the pay roll simply because he or she happens to be on the pay roll at this time. The test is, Does the public need the service?

I am a friend of the Federal employees. I do not believe in being unfair to them. I want to help them so far as I can. But let me serve warning on them. They must make up their minds that they must cooperate in this program of economy and contribute to the reduction of the expenses of Government, or it is going to be all the worse for them.

It was suggested by the Senator from Michigan [Mr. VANDENBERG] the other day that the State officials of Michigan had voluntarily reduced their salaries and that schoolteachers in that State had consented to a 15 per cent cut. I understand that in my own State the employees of many departments got together, the legislature not having done very much along that line, and agreed on a 25 per cent reduction of salaries. But when one talks about reducing the number of Federal employees or reducing their compensation or anything else affecting them, they come back and say, "You must not touch us; we are sacred; the Federal business must go on." If in all lines of private activity business has fallen off and is not what it once was so that business men throughout the country have been forced to reduce the salaries of their employees, I can see no reason, the revenues of the Federal Government having decreased so that it is unable to pay what it once paid, why there should not be a readjustment, why there should not be consolidations.

I am not much on cutting salaries—it may be because I have always needed mine so badly—I am not thoroughly convinced that it is a wise policy, but I am very strongly in favor of going through every department of the Government and eliminating every employee whose services may be unnecessary. In that way, I think we would bring about a real saving. I do not care whether it be in the legislative department, the judicial department, or the executive branch of the Government, wherever we find a place where men and women are drawing salaries from the Government and are not giving all the service they should render there should be something done about it.

I do not think the resolution of the Senator from Connecticut [Mr. BINGHAM] should be adopted. I think if we do anything we ought to increase the amount by which the appropriations should be reduced. I do not believe we shall ever accomplish anything by merely a 10 per cent reduction when the reduction ought to be 25 or 30 per cent; and it will not be two years until we will be forced to make a 50 per cent reduction in expenditures.

I do not believe that we are going to be able to balance the Budget at all. Probably I ought not to say that, but there is not the slightest prospect of it at this time that I can see. I believe everyone admits that it is of the utmost importance that we balance the Budget. It will be exceedingly unfair, as I view it, to place a great additional burden of taxation on the bent backs of the suffering people at this time and say that they must bear a burden that ought not to be placed upon them, and yet fail to reduce the cost of government.

I know there are some appropriations we can not reduce; I know that our revenues will not pay for those items that we can not reduce, but I am opposed to passing the burden on to the people at a time when they can not live.

Mr. BANKHEAD obtained the floor.

Mr. McKELLAR. Mr. President, will the Senator from Alabama yield to me for the purpose of suggesting the absence of a quorum?

Mr. BANKHEAD. I yield.

Mr. McKELLAR. I suggest the absence of a quorum.

The PRESIDING OFFICER (Mr. FESS in the chair). The Secretary will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Ashurst	Davis	Keyes	Sheppard
Austin	Dickinson	King	Shipstead
Bankhead	Dill	La Follette	Shortridge
Barbour	Fess	Lewis	Smith
Bingham	Fletcher	Logan	Smoot
Blaine	Frazier	Long	Steiwer
Borah	George	McGill	Stephens
Bratton	Glass	McKellar	Thomas, Idaho
Broussard	Glenn	McNary	Thomas, Okla.
Bulkley	Goldsborough	Metcalf	Townsend
Bulow	Gore	Morrison	Trammell
Byrnes	Hale	Moses	Tydings
Caraway	Harrison	Neely	Vandenberg
Carey	Hastings	Norris	Wagner
Cohen	Hatfield	Nye	Walcott
Connally	Hayden	Oddie	Walsh, Mass.
Coolidge	Howell	Patterson	Walsh, Mont.
Copeland	Hull	Pittman	Waterman
Costigan	Johnson	Reed	Watson
Couzens	Jones	Robinson, Ark.	White
Cutting	Kean	Robinson, Ind.	
Dale	Kendrick	Schall	

The PRESIDENT pro tempore. Eighty-seven Senators having answered to their names, a quorum is present. The Senator from Alabama has the floor.

Mr. ODDIE. Mr. President, will the Senator yield to me?

Mr. BANKHEAD. For what purpose?

Mr. ODDIE. Mr. President, I ask that the resolution which I offered this morning may be substituted for the resolution offered by the Senator from Connecticut [Mr. BINGHAM].

The PRESIDENT pro tempore. That may not be done except by unanimous consent.

Mr. ODDIE. I ask unanimous consent that that may be done.

Mr. FESS. Mr. President, that action can not be taken in the absence of the Senator from Connecticut.

Mr. BANKHEAD. Mr. President, I prefer not to yield for that purpose at this time.

The PRESIDENT pro tempore. The Senator from Alabama declines to yield.

Mr. BANKHEAD. Mr. President, I think it is fortunate that this discussion has developed to-day upon the subject of economy in the administration of the affairs of the Government. Congress must soon reach one of the most important decisions that it will be called upon to make during this session. It must decide, Mr. President, whether it is going to yield to the persistence of small, well-organized groups of Federal employees or whether it is going to lend a listening ear to and heed the protests of the silent taxpayers throughout the country. We all recognize how persistent has been the organized propaganda of every class of Federal employees in this country since the very first suggestion was made as to the elimination of any of the governmental services.

I want to commend, in the first place, the distinguished Senator from Tennessee [Mr. MCKELLAR], who, while bringing down upon himself protests from many interested parties, has led with courage, with decision, and with firmness the fight upon the floor of the Senate in the interest of the business people, the taxpayers, and the consumers of America.

I have been disturbed, frankly, as I have heard Senators of great ability and of undoubted patriotism stand upon this floor and plead for the retention of Federal positions by all who are now upon the Federal pay roll. "Ah," they say, "are you going to turn men and women out of their places and have them join the great ranks of the unemployed?"

Mr. President, it is not my conception of the duty of Congress or of this Government that the taxpayers shall be called upon to provide Federal jobs for anybody, or to retain them in their positions when the Federal Treasury is not in position to do so.

The distinguished Senator from Kentucky [Mr. LOGAN] has come nearer expressing my views upon the subject of economy than any one else who has addressed the Senate since I have been here. Frankly, I have been disturbed for a number of years at the steady growth of bureaucracy in this country.

In 1916, the year before we entered the World War, the total expenditures of the Federal Government for all purposes were only $800,000,000. To-day, we are faced with a Budget sent here by the President of the United States—one charged with high responsibility for the financial affairs of this country—of $5,000,000,000. That is his estimate, sent to Congress, of the expenditures for the next year.

We all recognize that during the World War an enlargement of the functions of government was necessary. At that time, when tax money was easy to secure, when the Federal Treasury was bulging with money, it was too easy to add new bureaus, new departments, new commissions, thousands upon thousands of Federal employees. To-day it seems to me that Congress is almost helpless at the hands of this group of nearly a million Federal employees.

Just look at the situation over in the House a few days ago in connection with the proposed economy bill. I know nothing of the merits of that measure, not having studied the different items involved in it; but we do know of the combined pressure of the Federal employees against all of the items which have been eliminated from the bill. So I submit that it is time for Congress to begin to realize that we are facing here a terrific contest and struggle between the organized Federal employees upon one side and the unorganized taxpayers of America on the other side.

The very argument made by the Senator from Nevada [Mr. ODDIE], that a reduction in the total carried by this appropriation bill would eliminate a number of Federal employees, is one of the striking advantages of it to my mind.

Mr. President, I happen to have some personal knowledge of the policy of the Post Office Department upon the subject of rural mail carriers. Last summer I wrote to the department—I have the correspondence here—and directed their attention to a small town from which four rural routes went out. I called their attention to the fact that those carriers made their trips on good roads, and in cars maintained by the Government, in from one and a half hours to two hours a day. They would go out, say, at 8 o'clock and return to the county seat by 9.30 or 10 o'clock, with no other work to perform through all the day. It was in my home State, in an adjoining county; but I suggested to the department in that letter that it occurred to me that two routes there were sufficient; that the four could be consolidated into two, and render just as good service to the patrons and eliminate one-half the cost of the service.

I was advised by the department as follows:

> When vacancies occur in the carrier force it is the invariable practice to have an investigation conducted to ascertain the practicability of effecting a consolidation. No regular carriers are removed from the service incident to revisions of this kind.
>
> We thank you kindly for the information contained in your letter.

In other words, having secured places upon the Federal pay roll, regardless of whether their services were needed or not, regardless of whether they were earning the pay that they were receiving, it was the policy of the Government to retain them upon the pay roll until death removed them!

I submit that the same policy prevails throughout this country; and certainly now, when the Government is struggling in every way possible to raise enough money to pay its necessary debts, we should not on the one hand permit wastefulness, extravagance, and bad business methods of that sort to be practiced by our Government, and then on the other hand direct our Finance Committee to go out and find every form of taxation possible to raise money to pay for that kind of service.

Do you think it is right, I ask, to vote for an increase of 1 cent upon first-class mail matter—a form of service used by everybody, rich and poor, in this country—in order to raise money from the widows and the children and the plain, average people of this country to pay the salaries of employees who either are not earning their salaries or whose services are not necessary for the efficient administration of the functions of this Government?

I recognize that there are many beneficial services now carried on by our Federal Government, many that appeal to the sentiments of all of us; but my theory is that the Federal Government should be economically administered and that it should engage only in those functions which are essential to the Federal Government. We ought to eliminate unnecessary bureaus and departments.

Why, down here in the Agricultural Department they have a bureau to study the sex life of wild animals, and there is an appropriation for that bureau in the agricultural appropriation bill. There is a bureau there to investigate insects that affect man and animals—sandflies, fleas, and things of that sort. How they are going to investigate them down here, locked up in the Agricultural Building, I do not know. I do know, however, that at this time, when the people are unable to pay more taxes, they ought not be called upon to pay increased postage rates; they ought not to be called upon to pay more for the oil they use in lubricating their automobiles; they ought not to be called upon to pay all of these taxes, which we know must be passed on to the ultimate consumer, merely to maintain bureaus

and commissions of that type, and the departments are full of them.

In my opinion, Mr. President, we ought not to pay out of current income for the public buildings that are included in these appropriation bills, amounting to about $350,000,000. I have no objection to the public-buildings program. In fact, I would not object to and believe I would support an enlarged public-buildings program covered by a bond issue. It seems to me, however, that to build public buildings now out of current income and out of taxes that our committee is now searching for places to apply is an injustice to the current taxpayers. I think these permanent improvements should be paid for over a period of years.

I am willing to include several billion dollars in a bill paid for with a bond issue to give employment to the suffering people of this country. In any event, in my judgment the item of $350,000,000 for public buildings ought to be taken out of this bill. In that way we will obviate to that extent the necessity for levying additional taxes upon the business interests and the consumers of this country at a time when they are unable to stand additional taxes.

If I had my way about it, I would not stop at a reduction of 10 per cent.

Mr. McKELLAR. Mr. President——

The PRESIDENT pro tempore. Does the Senator from Alabama yield to the Senator from Tennessee?

Mr. BANKHEAD. I do.

Mr. McKELLAR. I will ask the Senator if it is not a fact, as I believe it is, that he is much more interested in cutting down the expenditures of the Government than in finding new sources of taxation to put upon the people of the United States?

Mr. BANKHEAD. That is exactly the point I have been undertaking to develop in this statement.

Without taking time now to go into it, there are many directions in which the taxes of this Government can be reduced. Our business conditions, our people's incomes, our commodity prices, are now lower than they were in pre-war days. Our people are in worse condition to pay taxes now than they were prior to 1916.

Then why not revert, so far as the cost of administration of government is concerned, to a period at which the people were certainly better able to pay the amount of taxes then paid than they are able now to pay the same amount of taxes?

As I pointed out, the year before we entered the war, giving credit for the postal receipts, only $800,000,000 was paid by the taxpayers of this country, and no one heard any complaint at that time that the necessary functions of this Government were not properly administered. No one heard any complaint that by reason of small appropriations the people of this country did not have that degree of protection to which they were entitled under their Government.

I submit, therefore, that it is the duty of Congress, regardless of the number who may be taken from the pay rolls—and none of us like to see anything like that happen—to reduce expenses to the minimum. If I had my way, I would not stop at a 10 per cent reduction; I would not dally and trifle with a situation which we all know is a dangerous one in this country. I would not listen to the protests of any group or any class, however well they were organized, or however many votes they might have on election day.

Mr. President, I frankly believe that the time has come for Members of Congress to forget politics, and, as best they can, rise to the standard of statesmanship as they see it. I know that there are honest differences of opinion among Members of the Senate, but if I had my way, instead of reducing these appropriations 10 per cent, I would reduce the costs of this Government by 50 per cent, not including, of course, the fixed charges upon the public debt, and a proper appropriation for the needs of the disabled veterans of the war.

I would go back to the days prior to the World War, and it would not cripple in any way the discharge of the functions of this Government. If we could only brace ourselves to take that course, to cut to the bone, to perform a major operation, then we could almost release the Finance Committee from its search for all sorts of nuisance taxes, taxes upon checks, taxes upon admissions, all kinds of taxes which were applied during the war. If we would simply make up our minds and have the firmness to reduce the appropriations to around two and a half billion dollars, which would be more than a billion and a half over the appropriations in 1916, we would bring a sigh of relief to the people of this country.

For one, Mr. President, I do not entertain the philosophy that it is our duty, as representatives of the people of this country, to provide continued employment where it is not necessary. If that doctrine were sound, then the next step would be to contend that it was our duty to provide positions upon the Federal pay roll for everybody who could not get a job otherwise.

Mr. President, the only thing I hope to contribute to this discussion is to join my voice with those of others who stand ready to protect the taxpayers of this country in this great crisis through which they are going. I have not voted for an increase in any appropriation since I have been here. I have voted in favor of every proposed reduction in the appropriation bills. When the cry comes to me from my own State, as it does to all Senators, about the effect of reductions in the appropriations upon particular services, I simply write back that I am dedicated to the fundamental cause of reducing in every way possible the expenses of this Government, and the effect upon local institutions or local communities will not cause me to change my fundamental position. I am ready, and every Member of the Senate here may know it, to support all measures looking to reduction in the expenses of the Government.

Before I close, I want to commend the able and fair-minded statesman from Washington [Mr. JONES], the chairman of the Committee on Appropriations, on the opposite side of the Chamber from me, but one, who in my judgment, is rendering intelligent and useful and effective service to the Senate and to the taxpayers of this country and, in cooperation with the senior Senator from Tennessee [Mr. McKELLAR], is rendering the best type and quality of service which, to my mind, it is possible for any Member of this body to render to our country.

NAVAL BUILDING PROGRAM

The Senate resumed the consideration of the bill (S. 51) to authorize the building up of the United States Navy to the strength permitted by the Washington and London naval treaties.

Mr. HALE obtained the floor.

Mr. FESS. Mr. President, will the Senator yield to me to make a point of no quorum?

The PRESIDENT pro tempore. Does the Senator from Maine yield for that purpose?

Mr. HALE. I yield.

Mr. FESS. I suggest the absence of a quorum.

The PRESIDENT pro tempore. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Bankhead	Coolidge	King	Stephens
Barbour	Davis	McKellar	Thomas, Okla.
Blaine	Dickinson	McNary	Tydings
Borah	Fess	Moses	Vandenberg
Bratton	Hale	Norris	Walsh, Mont.
Broussard	Hastings	Nye	White
Byrnes	Hatfield	Robinson, Ark.	
Carey	Hayden	Robinson, Ind.	
Cohen	Kean	Sheppard	

The PRESIDENT pro tempore. Thirty-three Senators have answered to their names. There is not a quorum present. The clerk will call the names of the absent Senators.

The legislative clerk called the names of the absentees, and the following Senators answered to their names when called:

Austin	Goldsborough	Lewis	Shipstead
Cutting	Kendrick	Oddie	Townsend
Glass			

The PRESIDENT pro tempore. Forty-two Senators have answered to their names. There is not a quorum present.

Mr. McNARY. I move that the Sergeant at Arms be directed to request the attendance of absent Senators.

The motion was agreed to.

The PRESIDENT pro tempore. The Sergeant at Arms will execute the order of the Senate.

The following Senators entered the Chamber and answered to their names:

Bingham	Glenn	Metcalf	Thomas, Idaho
Connally	Gore	Reed	Walcott
Couzens	Jones	Shortridge	Walsh, Mass.
Fletcher	Keyes	Smith	Watson
George	La Follette	Smoot	

The PRESIDENT pro tempore. Sixty-one Senators having answered to their names, there is a quorum present.

Mr. McNARY. I move that proceedings under the call be vacated.

The motion was agreed to.

Mr. HALE. Mr. President, because we recognized the heavy burden to the world of keeping up great armaments; because we wished to check the costly menace of unrestricted naval competition; because we believed that the cause of world peace could best be promoted by the limitation of armament by international agreement, the United States initiated the Washington conference in 1922. Since that time we have taken the lead in the movement to reduce naval armament, both by precept and by example.

Our position in regard to disarmament has been largely altruistic. We, better than any other country, can afford to keep up our armaments to such a strength that we become immune from outside attack. Furthermore, as we are recognized by the rest of the world to be a peaceable country, with no desire to increase its possessions in any part of the world, and no advantages of any kind to be derived from war, the degree of armament that we keep up is of little interest to the rest of the world with two exceptions, and in no way menaces the peace of the world.

The two exceptions are Great Britain, which while not at all desirous or expectant of difficulties with us, regards us as a possible rival for the control of the seas, and Japan, which considers that we are the principal obstacle in the way of her control of the East.

We have, in the international agreements which have been reached, sacrificed far more than the other powers taking part. We have further, by not taking advantage of the allowances permitted us by treaty, sought to encourage the other naval powers further to decrease their naval armaments. That our example has not been followed, and that while since the Washington conference in 1922 the United States has done little shipbuilding the other countries parties to the treaty have built largely as permitted to do under the terms of the treaties, is in no way the fault of the United States.

We have certainly done everything in our power to promote the success of the experiment to bring about world peace by limiting armament. In addition, we have contributed the Kellogg peace pact.

Mr. President, I personally am not at all certain that war can be stamped out or even made less probable by reducing armaments. I am very much afraid that the causes of war are much deeper than the mere possession of great armaments. The world is not a King Arthur's Round Table where nations go out, as did the Knights of the Round Table, to measure their prowess against their armed foes. Mostly they prefer to measure that prowess against some nation that they know they can overcome. Neither do they go out to right wrong or injustice unless the wrong or injustice is done to them.

Modern wars are pretty selfish affairs and very practical. If one country desires to make war against another country to gain some practical end, I am inclined to think that the strongest deterrent to keep it from so doing would be the fact that its opponent was too strong to overcome. Whether both countries were strongly prepared for war or whether neither country was so prepared, the war would take place, I fear, if the occasion for it and the will for it existed.

Also, it is fair to say that much of the talk about the dangers of armament has been directly inspired; first, by countries themselves impoverished by the World War and themselves unable to keep up their military machines, who would like to keep others down to the level which they themselves can maintain until more prosperous times come, and thus retain the status quo; second, by countries, themselves without adequate armaments, who would like to bring the rest of the world down to their own level of disarmament.

However, be that as it may, the present unfortunate condition of the world bears witness to the fact that the old order is not perfect, that under it wars have occurred which have done immense harm to the world. If there be a cure, let us have it. But in trying out cures, let us take all proper precautions to see to it that the patient is allowed to survive.

We have honestly set out to bring about permanent world peace. The country is back of the movement, not that we are internationally minded and ready to sacrifice ourselves for the good of the world at large, but because we believe that world peace will be good for us people here in the United States. We are not immolating ourselves on the shrine of any ideal, practicable or impracticable of realization. We will work for the good cause to the limit of common sense; but we will not stand for any jeopardizing by our representatives of our national security, should it develop that the experiment does not justify our hopes and that world peace may not be guaranteed.

That hitherto our efforts have been spent on limitation of naval armaments and not of land armaments is due to the fact that our geographical situation entails on us no necessity to keep up large land forces so long as we have adequate naval forces, and therefore our influence on land disarmament is negligible, whereas in naval disarmament our at one time threatened supremacy has given us almost paramount weight.

If there is anything at all in the pacifist argument that great armaments bring about warfare, those armaments should be cut down as well on land as on sea.

The effect of limiting disarmament to navies, as far as we are concerned, is simply to cut down the form of national defense which we particularly need, to lessen our military importance and the strength of our position in the affairs of the world, and to magnify that of the other powers which keep up great land armaments.

If the keeping up of these great land armaments is a threatened menace of war, and if wars are still to occur, the failure to keep up our naval armament will leave us in just so much weaker a position in case of another world conflict; and we must not lose sight of the fact that if a war, which is in any way general, does come about, every attempt will be made to get us in on one side or the other. If we are drawn in on the winning side with our great wealth, we shall be expected to finance our allies as we financed them during and after the World War; and if we are drawn in on the losing side, we shall have to pay not alone the expenses of the war but a large part of the indemnities therefor. Any war will be disastrous to us; but if we can be maneuvered into a losing war, we shall certainly pay as no country has ever been forced to pay before.

It is in the highest degree desirable, therefore, that we so keep up our armed forces, and especially our Navy, that no one will dare to interfere with our rights or invade our neutrality. Beyond the treaty limits we may not go, but that we should not keep up our Navy at least to the treaty ratios in these difficult and hazardous times is inconceivable.

We must be strong enough to keep out of war, and that is precisely what we shall not be if we keep up our present policy of allowing our Navy to deteriorate.

When President Harding took his seat in the White House in March, 1921, we had, in addition to the actual ships of the fleet, a very powerful force of battleships and battle cruisers on the ways, and many of them in an advanced stage of construction.

The various nations of the world which had taken part in the World War, and which were suffering from the effects of that conflict, were in a ripe condition to welcome almost any plan that would appear to make war less probable in

the future, and that would reduce the burdens of keeping up armaments, while not undermining their national security.

When the 1922 annual naval appropriation bill, which had failed of passage in the last session of the Sixty-sixth Congress, ending March 4, 1921, came up for consideration in the first and special session of the Sixty-seventh Congress, called in the spring of 1922, the Senator from Idaho [Mr. BORAH] succeeded on the floor in amending the naval appropriation bill by authorizing and requesting the President to invite the Governments of Great Britain and Japan to send representatives to a conference on naval limitation. The 1917 naval appropriation bill included a similar provision, but no action to carry out the terms of the provision had ever been taken.

As far as the United States is concerned, therefore, this amendment of Senator BORAH'S, which was accepted by the Senate and later became law, was the first American action taken which led directly to the calling of a conference to bring about limitation of armament.

It was not, however, the first time that action on the part of our Government to reduce our naval building program had been suggested.

In the spring of 1919, while the peace conference was still in session in Paris, the British Prime Minister, Mr. Lloyd George, and the First Lord of the Admiralty, Mr. Long, discussed with our then Secretary of the Navy, Mr. Josephus Daniels, and our then Chief of Naval Operations, Admiral Benson, the proposition that the American shipbuilding program be largely abandoned. During the conference the British first sea lord admitted that Great Britain must have supremacy on the seas and that the American building program would clearly take away from her that supremacy.

In an article in the Washington Herald of January 23, 1927, ex-Secretary Daniels quoted Mr. Long as follows:

> Mr. Lloyd George can not support the League of Nations unless the United States will agree to cease the construction of its big naval program. Great Britain can not consent to any other nation having supremacy on the seas.

It is needless to say that our representatives did not yield to the British suggestion.

Later, in the same article, Mr. Daniels makes the following statement:

> I then asked him [Lloyd George] the pointed question if the agreement he proposed that the United States abandon its naval program was a condition precedent to his support and the support of his country to a League of Nations. "Of course not," said the Premier, "but the League of Nations would be a mere piece of rhetoric if we continue to build dreadnaughts."

In any event, nothing was done to check the carrying out of our capital-ship building program until the Washington conference was called in the fall of 1921.

At that time in capital ships in the course of construction we had 9 battleships, 3 of them of a tonnage of 32,600 tons each; 6 of a tonnage of 43,200 tons each; and 6 battle cruisers of a tonnage of 43,500 tons each. All of these ships were in a considerable stage of completion.

Under the terms reached in the Washington treaty we scrapped all of these ships under construction with the exception of two of the smaller battleships and two battle cruisers which, under the terms of the treaty, were to be converted into aircraft carriers. On the uncompleted vessels which were scrapped we had already expended $150,000,000.

Had there been no Washington conference and had our capital-ship program been carried out, as it certainly would have been carried out, we would in this class of ships have been incomparably stronger than any other nation in the world, and in all probability stronger than all of the other nations of the world combined, had they themselves built no further capital ships.

To promote the cause of naval limitation we gave up a position of practically certain security from outside attack, since no other nation was in a position where it was in any way possible for it to compete with our naval building program.

In return for this great sacrifice on our part we saved to ourselves the expenditures necessary to complete the program, which is a somewhat inadequate return for the sacrifice of security, but we entirely failed to reach a similar limitation on any other class of ships except capital ships and aircraft carriers.

The best opinion of our naval experts and statesmen at that time held that the needs of our country demanded a navy equal to that of any other country in the world, meaning Great Britain, and a navy on a ratio of 5 to 3 with that of Japan.

The ratios established at the Washington conference represented not alone an attempt to cut down world naval armament by reducing expenditures, but a well-considered balance of naval armament that it was expected would make for the general maintenance of peace in the world. Under the ratios reached, neither Great Britain, Japan, nor the United States could make war upon one another with any certainty of success, and the security thus afforded these three greatest naval powers, if the ratios were lived up to, was no small factor in the world balance that it was hoped had been reached and that it was hoped would prevent war in the future.

The ratio terms of 5–5–3 we did reach, or were supposed to have reached in the selected force of capital ships left to each of the three countries under the terms of the treaty, but no agreement was reached in other categories of ships.

Mr. President, one thing, however, we did reach at the Washington conference, and I fear, to the American mind, this is of more importance than the establishment of a protective ratio, and that is, we reached an agreement. To be sure, to reach it we had to give up our coming naval supremacy; we had to give up the plan of limiting all classes of combatant ships, and we had to give up the right to fortify our islands in the Pacific, but "by hook or by crook" we did reach an agreement, and the conference was hailed as a tremendous diplomatic success. Having established a 5–5–3 ratio on capital ships and having agreed to build no further capital ships for 10 years with certain exceptions provided in the treaty, we then sought to prevent further shipbuilding in other categories by setting an example of nonbuilding ourselves, and a melancholy failure our example has proved to be.

During the years from 1922 to 1929 our entire new shipbuilding program consisted of eight 8-inch-gun cruisers and three submarines, while all the other countries parties to the Washington treaty, unmindful of the peaceful example we were setting, built up their navies extensively.

In 1929, finding ourselves dropping far behind both Great Britain and Japan in the cruiser category, we did get through the Congress an authorization, with a time limit fixed in which the ships must be built, for 15 new 8-inch-gun cruisers. This authorization, which, if carried out, would have given us a considerable superiority over Great Britain in heavy cruisers, was too much for Great Britain to stand, and as a result the London conference came about.

As in the Washington conference we gave up our supremacy in capital ships, so in the London conference we gave up our considerable supremacy in heavy cruisers of a type essentially adapted to our American requirements, and in return we secured a limitation in categories other than capital ships and aircraft carriers.

To be sure, we deprived ourselves of the right to build the full complement already authorized of the type of cruisers that the bulk of American naval opinion deemed best suited to our needs, and we had to increase the ratio terms allowed Japan from the Washington treaty ratio of 5–3 to 5–3¼. In one category, the submarine, we even allowed her equality. But one thing we did reach, and that was an agreement, and the conference was therefore proclaimed to be a success.

Mr. President, just what, if anything, will happen at the Geneva conference it is difficult to foretell. We have no superiority in any category of ships to give up as we had at the time of the Washington conference and the London conference. Nor have we any advantage of any kind that we can afford to sacrifice.

The net results of our efforts to bring about permanent world peace seem to be that we ourselves are now far weaker relatively as compared with the other powers than we were at

the time of the Washington conference, and no one can claim that world peace is in the immediate offing. Furthermore, the prospect of future conferences makes it increasingly difficult to enact legislation to maintain the degree of national defense held by our representatives to be essential to meet our national needs.

One of the main arguments in favor of limitation of armament is that we have profited from the lessons of the World War—that we have by treaties eliminated all probability of future conflicts, and that the need for armament for self-protection has largely been eradicated.

Everyone must admit that if a war is to take place, the country that is prepared and ready for immediate action has a great advantage over the country that is not prepared.

If a country actually gets into war, every armed ship and every trained man that it can command will be of advantage to that country in bringing the war to a successful conclusion, and it can only be because of confidence that it will not be called upon to use its armed forces that any self-respecting country having the resources to keep up an armed defense neglects so to do. The melancholy spectacle now going on in the east, where two great countries, both members of the League of Nations, both signatories to the Kellogg peace pact, and both members of the World Court have been, against the protests and warnings of the civilized world, at each other's throats, indicates very clearly that in spite of the lessons of the World War the age of warfare has not passed and the millenium has not arrived.

The treaties in which we have placed such implicit confidence have utterly failed of immediate effect and, with their prestige damaged, may not be relied upon with any degree of safety as guaranties against future war. Under existing conditions it is folly not to recognize that, little as our people want to go to war, a war may very well at any time be forced upon us, and with the tremendous interests we have at stake there can be no excuse for not being prepared to protect those interests.

We can not build certain ships that it would be to our advantage to build, because by treaty we have debarred ourselves from that privilege. For the same reason, we can not fortify certain of our possessions that we would perhaps do well to fortify. But at least we can do what by treaty we are permitted to do and what all the other naval powers, parties to the Washington and London treaties, have to a very considerable extent done, and that is, to renovate with new ships our disintegrating naval forces.

In his recent letter to Senator BORAH, Secretary Stimson gives a very strong and clear exposition of the position of our Government in relation to the present situation in the Far East. The letter calls attention to the fact that the treaties negotiated at the Washington conference are interrelated and interdependent and that the violation of any one of them disturbs the general understanding and equilibrium which were intended to be accomplished. The agreement not further to fortify our insular possessions in certain restricted areas in the Pacific certainly would never have been made but for the guaranty of the "open-door" policy and the maintenance of the territorial integrity of China with a certain degree of tranquillity in the Far East thereby assured. Based on this guaranty and on the safeguards included in others of the treaties, we did agree not further to fortify our insular possessions and did agree to a ratio of naval strength that without such safeguards might never have been assented to by our delegates. The violation of any one of the treaties opens up an entirely new situation, so far as we are concerned, and the letter makes it clear that, in the opinion of the Secretary of State, certain treaty obligations have been violated. It also makes it clear that nothing has occurred, in the opinion of the Secretary of State, that would lead us to the belief that the "open-door" policy with China or the maintenance of her territorial integrity should in any way be abandoned.

There is nothing in the situation in the East to indicate that plowshares will be in immediate demand. There is everything to indicate that we should follow the prudent step taken by other nations to preserve their own interests; that is, provide for an adequate national defense.

Mr. President, on February 1 I spoke in the Senate, giving in fairly full detail the present condition of our Navy and certain comparisons between our Navy and the navies of the other great naval powers. I do not need to repeat to-day what I said at that time, as my speech is, of course, available to any Senator who will look it up in the RECORD.

Inserted in this speech were certain tables, prepared in my committee and verified by the Navy Department, giving the relative strength of the navies of the five powers parties to the Washington and London treaties, their present strength, their building programs, and their probable strength in ships not overage on December 31, 1936, provided no additional programs are undertaken, together with certain other financial and statistical data.

Based on the information in these tables certain salient points stand out. Our Navy is fast becoming a navy of obsolete ships, that is to say, of ships that under the age limitations of the Washington and London treaties are held to be no longer modern ships. The navies of all of the four other naval powers include some overage ships, but our own proportion of these ships is greater than that of any of the other powers.

At the present time, out of 373 ships on our Navy list, only 170 are underage vessels, while Japan has 184 underage vessels out of 207, and Great Britain has 150 underage vessels out of 294.

We have now 170 underage ships on the Navy list. To those will be added seven 8-inch-gun cruisers, 1 aircraft carrier, 5 destroyers, and 3 submarines now building; but by the same token in the next four years 125 of the 170 ships will have become obsolete, leaving us with not a single modern destroyer, except the 5 now building, and the 6 appropriated for but not yet started, out of a treaty quota of substantially 100, and with less than one-half of our treaty quota of submarines, and in that particular class of ships the making up of the deficiency by using overage ships can not, according to all naval testimony, with safety to the crews, be taken care of.

If we start no new construction before the termination of the London treaty at the close of the year 1936, and the other powers carry out their present programs, appropriations for which have already been made, we shall at that time have in modern ships but one-third of the ships allowed us under the terms of the treaty, to wit, 68 ships, while Great Britain will have 3 out of every 5 of her allowance, or 119 ships, and Japan will have all but 7 of her allowance in modern ships, or 156 ships.

Our Navy has steadily decreased in strength so far as relates to the other naval powers since the time of the convening of the Washington conference, and while we have added very few ships since that time, and have not taken advantage of the full allowances permitted us under the terms of the London treaty, Great Britain and Japan have gone ahead, as they had a perfect right to do under the treaty, and have greatly strengthened their navies. At the present time we are far behind our ratio with Great Britain, and instead of being on the London treaty ratio of 5–3¼ with Japan are in presently available ships on a footing of practical equality with her. The security which we are permitted to enjoy under the terms of the treaties and the world balance of naval armaments we are giving up.

So far as the expenditures for new ships are concerned we have not spent a sufficient amount of money annually since the time of the Washington conference by more than one-half to replace when obsolete even the incomplete and unbalanced navy that we now have.

It is difficult to get the people of this country and the Congress itself to understand that a navy does not last indefinitely, and that to keep it up, as to keep up the rolling stock of a railroad company, its component parts, when used up, must be replaced.

Granted that the extreme useful life of any combatant vessel of the Navy is 20 years, and in certain classes of ships

the useful life is considerably less than 20 years, it follows that if that Navy is to be kept up every one of its ships must be replaced within that time. The alternative would be to carry along as we are now carrying along a lot of ships which are obsolete, and which, while still of some service, are extremely expensive to keep up and are entirely outclassed for military purposes by the modern ships of other navies.

If we are to build up and keep up for a period of 20 years a modern treaty navy by replacing ships as they become obsolete, we must spend annually for new construction, $96,000,000. To keep up by replacement our present unbalanced Navy, cutting down in all categories where we at present have a greater tonnage than permitted by treaties, and not building up in those categories in which we are deficient, would cost us approximately $87,000,000 annually for new construction. It would therefore cost us but eight or nine million dollars more per year to build up and keep up by replacement a treaty navy than merely to replace our present unbalanced navy. For the past 10 years we have appropriated for this purpose an average of less than $40,000,000 a year.

It surely can not be contended that independently of the other naval powers we should cut down our Navy below its present strength, when its present strength is below the treaty ratios, and I assume that everyone will appreciate that it can not be kept up to its present strength unless its ships, when they become obsolete, are replaced.

Assuming, then, that it is our intention at least to keep up our present naval strength, all that we need to do to attain the full security allowed us by the treaty is to spend an average of between eight and nine million dollars more annually, for 20 years, than we would otherwise spend.

As a matter of fact, the only new ships that will have to be built, over and above the ships of our present Navy to be replaced, are two aircraft carriers and seven cruisers.

The purpose of the bill now before us is to authorize the President of the United States to build our Navy up to the full strength permitted by the Washington and London disarmament treaties now in effect. The authorization is a blanket one, and no time limit is specified within which the building must be undertaken or completed. The bill authorizes the necessary appropriations to carry out the program.

If on account of treaties that may subsequently be entered into any further reduction is brought about in naval armament, and at the time under the authorization in this bill we happen to be building ships that would bring us over our amended treaty allowance, by the terms of the bill the President is authorized to discontinue such construction.

In view of the fact, however, that our Navy is in nearly all categories of ships very much below the present treaty allowances, in modern or underage ships, there is very little probability that the clause in the bill whereby the President is authorized to stop construction will ever be used, and that we shall have to scrap any ships in process of building. It is true that the bill is merely an authorization bill and, of course, coming as it does from a legislative and not an appropriation committee, it makes no actual appropriations whatever.

The same is true of the Vinson bill, which, I understand, has the approval of the Committee on Naval Affairs of the House. That bill, however, goes one step farther than this bill, in that it outlines a 10-year building program which meets the best views of the Navy Department for a program to build up to treaty strength. The bill before us does not go as far as the House bill, but it does give the authorization to build the ships necessary to bring us up to the limits of the Washington and London naval treaties and for the appropriations therefor, without which authorizations no money may be appropriated for the building of such ships.

Its passage will enable the Bureau of the Budget in submitting its annual recommendations for the allocation of expenditures of the Government to take into consideration and to provide for the needs of the Navy for new construction which, under existing law, without congressional authorization it can not do. It will lead or should lead to a well-considered program for the replacement of existing ships of the Navy when they shall have become obsolete, and for rounding out the Navy by the addition of the few vessels necessary to bring us up to treaty strength, which do not come under the head of replacements.

In the case of every ship to be built the Congress will have to take further action before the necessary appropriations are made.

Without the authorization of this bill or of some similar bill we shall next year face the same situation that we faced last year and that confronts us now—the impossibility of appropriating for any new construction for our rapidly depreciating Navy.

Mr. President, I have frequently been asked what will be the cost to the Government of the enactment of this legislation. That cost would depend entirely upon whether it were found necessary to build all the ships permitted by the treaties and upon the length of time within which the program would be completed.

The time element affects the cost, because each year a certain number of ships become obsolete and are due for replacement. The cost grows as the replacements grow.

If we build up our Navy to full treaty strength by the end of the treaty on the 31st of December, 1936, it will cost us $786,055,796. This figure includes the cost of completing the ships now building, the ships now authorized, the modernization of all of the battleships, and the completion of 118 new vessels.

If the plan suggested by the Navy Department is followed for a 10-year building program, the total cost to bring the Navy up to treaty strength by 1942 would be $988,705,906, including the completion of 146 new vessels.

If the Navy is not built up to full treaty strength for 20 years, it will be necessary for all the combatant ships of the Navy to be replaced, and a few of the destroyers and submarines will have to be replaced twice, as their effective life is less than 20 years. The estimated cost over a 20-year period is $1,925,473,500.

Some question as to these figures may be raised because the statement has been made that the Navy plan as embodied in the Vinson bill would cost but $616,000,000. The discrepancy appears because those figures did not include the completion of the ships now building, the modernization of the battleships, certain planes for the carriers already authorized, the building of any ships already authorized, or the replacement of submarines that become overage after 1936.

Other than for these differences, the figures for a 10-year program under both bills are the same. I understand that the House bill as approved by the committee included the provisions of Senate bill 51 substantially as they appear in that bill.

Should this bill become a law, and should construction under the bill be started under appropriations in the 1934 appropriation bill, it is doubtful if any of the ships to be constructed would get into commission before the expiration of the treaty in 1936. Until that time we shall have to carry along with the rapidly deteriorating Navy that we now have, plus the few ships now building which would come into commission.

My belief is that the effect of the passage of this bill on the conference now being held at Geneva will be to strengthen the hands of the American delegates and to indicate to the other powers represented at the conference that we really mean what we say when we talk about parity with any other naval power and when we insist that certain ratios be maintained. Our claim that we must have parity with Great Britain and a given ratio with Japan loses all force when, though given by treaty the right to do so, we take no steps to exercise that right. We are rapidly becoming not one of the two great and equal naval powers of the world but a poor and trailing third naval power.

The passage of this bill will further serve notice to the other powers that the United States intends to keep up a proportionate degree of preparedness with the rest of the world, and that if other nations insist on keeping up to the full allowances granted them by treaties, the United States will do the same.

Mr. President, let there be no question about what, in the opinion of its advocates, will happen after this bill has been enacted by the Congress.

The bill will very surely, in my opinion, lead to the building up of our Navy to the ratio strength of the London treaty within a reasonable period of years. It is no move for a paper navy, but will, in the belief of its advocates, lead to the actual building of ships. It will not add one dollar to the appropriations for next year, and will in no way interfere with the balancing of the Budget for that year. Whether it will later be necessary to build up to the full allowances of the London treaty will depend upon the future action of the other naval powers; and if they insist on keeping up to their full allowance, we can better than they afford to do as much ourselves.

The PRESIDING OFFICER (Mr. FESS in the chair). The clerk will read the bill.

The Chief Clerk read the bill, which had been reported from the Committee on Naval Affairs with an amendment in section 1, page 2, line 3, after the word "vessels," to strike out the words "in the manner and to the extent" and to insert "within the limits," so as to make the bill read:

Be it enacted, etc., That, subject to the limitations prescribed by the treaty for the limitation of naval armament, signed at Washington on February 6, 1922, and the treaty for the limitation and reduction of naval armament, signed at London on April 22, 1930, the President of the United States is hereby authorized to build up the naval armament of the United States to the strength permitted by said treaties. Such building up shall be accomplished by new construction, replacement of overage vessels, and alterations in and conversion of existing vessels, within the limits authorized by said treaties, and appropriations for the purposes herein designated are hereby authorized to be made.

SEC. 2. In the event of an international agreement for the further limitation of naval armament, to which the United States is signatory, the President is hereby authorized and empowered to suspend in whole or in part the naval construction authorized by this act in order to bring the naval armament of the United States within the limitations so agreed upon.

REDUCTIONS IN APPROPRIATIONS

Mr. McKELLAR. Mr. President, I received a copy of a statement supposed to be given out by the Treasury Department, and I ask that the statement be printed in the RECORD at this point.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

STATEMENT SHOWING THE EFFECT ON THE CUSTOMS SERVICE OF THE M'KELLER RESOLUTION WHICH PROPOSES A GENERAL CUT OF 10 PER CENT IN TREASURY DEPARTMENT APPROPRIATIONS

The estimated appropriation for the Customs Service for the fiscal year 1933, as passed by the House of Representatives, amounts to $22,700,000.

If a 10 per cent reduction ($2,270,000) is made as contemplated by the McKellar resolution, found on page 8375, CONGRESSIONAL RECORD of April 18, 1932, it will be necessary to abolish the following-named districts and ports and consolidate other districts, resulting in the dismissal of 213 employees. In addition, it will be necessary to reduce the general personnel throughout the Customs Service to the extent of 875 employees, thereby causing a total of 1,088 employees to be dropped from the rolls on July 1.

Districts to be abolished

Indiana		$18,480
Iowa		12,800
Colorado		19,320
Utah and Nevada		8,100
Kentucky		16,700
Tennessee		20,900
Nebraska		15,140
St. Louis, Mo. (abolish all ports in district except St. Louis)		39,340
Duluth, Minn. (place under Minneapolis):		
Abolish—		
1 collector	$4,600	
1 assistant collector	3,900	
1 liquidator	2,600	
1 clerk	2,500	
		13,600
Pittsburgh, Pa. (place under Philadelphia):		
Abolish—		
1 collector	$5,400	
1 deputy collector	2,700	
1 disbursing clerk	2,200	
1 clerk	2,500	
1 appraiser	4,600	
1 clerk	1,700	
		$19,100
San Diego, Calif. (place under Los Angeles):		
Abolish—		
1 collector	4,600	
1 assistant collector	3,500	
1 liquidator	1,900	
1 clerk	2,500	
		12,500
Providence, R. I. (place under Boston):		
Abolish—		
1 collector	5,400	
1 assistant collector	3,600	
1 liquidator	2,600	
2 inspectors	4,200	
1 clerk	2,100	
1 clerk	1,700	
Abolish port of Newport, R. I.	4,400	
		24,000
Rochester, N. Y. (place under Buffalo):		
Abolish—		
1 collector	5,400	
1 assistant collector	4,000	
1 liquidator	3,100	
Abolish ports of—		
Utica	4,700	
Syracuse	6,300	
		23,500
Milwaukee, Wis. (place under Chicago):		
Abolish—		
1 collector	5,400	
1 assistant collector	3,500	
1 liquidator	2,300	
		11,200
Mobile, Ala. (place under New Orleans):		
Abolish—		
1 collector	5,200	
1 assistant collector	3,600	
1 clerk	2,400	
1 clerk	2,100	
2 inspectors	4,200	
Abolish all subports—		
Birmingham	4,500	
Gulfport	4,600	
Pascagoula	2,096	
Biloxi	2,000	
		30,696
Bridgeport, Conn. (place under New York):		
Abolish—		
1 collector	4,600	
1 assistan collector	3,500	
1 clerk	2,600	
1 clerk-stenographer	1,700	
Abolish port of Hartford	11,900	
		24,300
Ohio:		
Abolish ports of—		
Akron	8,600	
Columbus	7,000	
Dayton	6,600	
Cincinnati	22,500	
Toledo	9,460	
		54,160
Wilmington, N. C. (place under Norfolk):		
Abolish—		
1 collector	4,800	
1 assistant collector	3,600	
Abolish port of Charlotte	540	
		8,940
Charleston, S. C. (place under Georgia):		
Abolish—		
1 collector	3,200	
1 assistant collector	3,200	
1 clerk	1,900	
		8,300
Galveston, Tex.: Abolish port of Dallas		11,880
San Antonio, Tex.: Abolish port of Fort Worth		2,400
Baltimore, Md.: Abolish port of Georgetown		41,080
Georgia: Abolish port of Atlanta		9,100
Chicago, Ill.: Abolish port of Peoria		4,400
Virginia:		
Abolish ports of—		
Alexandria	1,140	
Richmond	13,400	
		14,540

New York, N. Y.: Abolish port of Albany		$16,600
Massachusetts:		
Abolish ports of—		
Worcester	$7,300	
Springfield	12,300	
Lawrence	7,400	
		27,000
Michigan: Abolish port of Grand Rapids		5,400
Washington: Abolish port of Spokane		7,200
		520,676

Mr. McKELLAR. Mr. President, it is really almost impossible to think that the Treasury Department would get out a statement like this. In the first place, the Treasury Department has no more right to abolish the offices mentioned and discharge the employees referred to, unless it is directed to do so by the Congress, than it has a right to create new offices without the direction of the Congress. The appropriation bill referred to in the statement has not been passed upon even by the subcommittee of the Committee on Appropriations, it has not been passed upon by the Committee on Appropriations itself, or by the Senate, and the reductions to be made may not affect the items in the Customs Service at all.

In my judgment, there can be but one possible reason for the department sending out this propaganda. I have no doubt it is sent out at public expense. I have no doubt men employed in the department are used to get these data out. I have no doubt it is all done at public expense. And what for? Better to carry on the Government? Not at all. It is to prevent any cuts in the appropriations that go to the Treasury Department. In my judgment, it is one of the most absolutely indefensible things the department could do.

If the Secretary of the Treasury conceives that he has a right to curtail such bureaus and such divisions of his department as he sees fit to, without any regard to the Congress, then a paper like this might be sent out.

Mr. BANKHEAD. Mr. President——

Mr. McKELLAR. When everybody knows that the department can not abolish offices, bureaus, and functions of the Government at will—and it seems to me it is time for the departments to be learning that fact—I want to say that if I were President of the United States I would not hesitate a moment to dismiss any Cabinet officer who would permit a thing like that to be done. I am calling it to the attention of the President and of the country. It ought not to be done. It is an unseemly thing. It is showing disrespect to the Congress of the United States itself, whose power and duty it is to say what bureaus and divisions and departments and services shall be continued or not continued.

Instead of having cooperation in order to bring about a lessening of the expenditures of the Government, what do we find? We find that the several heads of the departments who have already been before our committee are fighting any reduction that is proposed; it is not confined to the Treasury Department. To my mind, of all the propaganda that has been sent out by any department, the most indefensible is the propaganda from which I have read in part, and which I sent to the desk to be put into the RECORD.

I yield to the Senator from Alabama.

Mr. BANKHEAD. Mr. President, the Senator has largely answered the question I was about to ask. I only ask him this: If Andrew Jackson, or Grover Cleveland, or Theodore Roosevelt were President of the United States and advocating a program of economy, and found the members of his Cabinet resisting it all along the line, what, in the Senator's judgment, would happen?

Mr. McKELLAR. I have not the slightest doubt that if any one of the Presidents named had found that the members of his Cabinet were fighting a proposed reduction in expenditures, when he, the President, was asking for economy, he would dismiss any man in his Cabinet who was found thus acting.

What do we find? We find the President giving out statements almost daily in favor of economy, and we find Secretary Stimson and Secretary Mills and Secretary Wilbur and Secretary Lamont and all the other Secretaries whose departments are concerned in these appropriations appearing before the Committee on Appropriations and testifying against any reductions in their departments.

In the next place, we find these very gentlemen trying to make it appear that the Congress is not bent upon reducing expenditures but is trying to get rid of employees of the Government. Then we find the same members of the President's Cabinet sending out all kinds of propaganda, at the expense of the American people, not only protesting against the cuts but stating facts which can not be substantiated.

There never was a suggestion of the abolishment of the particular functions of the Treasury Department referred to in the article which has just been read until Secretary Mills appeared before our committee a week ago last Friday and, of his own accord, suggested himself that that was the way to save, that these offices ought to be abolished. The very next day he gave out a statement that the purpose of my resolution was to abolish these offices.

Nothing could possibly fe farther from the fact than that statement by the Secretary. I think it is time that the people were waking up to the truth in this matter, men talking about economy, and then using every effort within their power to prevent economy in Government expenditures.

If the Treasury Department has not yet learned that there is an enormous deficit in the revenues of the Government, it is high time it was making itself acquainted with that fact.

RECESS

Mr. McNARY. Mr. President, I am informed that there are at least several Senators who desire to discuss the pending bill, but who are not prepared to go forward to-day, and since, in addition to that, some of the committees of the Senate are very busy holding hearings, I move that the Senate take a recess until 12 o'clock to-morrow.

The motion was agreed to; and the Senate (at 4 o'clock p. m.) took a recess until to-morrow, Thursday, May 5, 1932, at 12 o'clock meridian.

HOUSE OF REPRESENTATIVES

WEDNESDAY, MAY 4, 1932

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

Almighty God, we thank Thee that Thou art a Heavenly Father who abides with us to bring comfort out of discomfort and peace out of disquiet; to put the gleam in the shadow and to make us feel that it is altogether worth while to live. We bless Thee for the calm, the rest, and the soul contentment which Thou art so willing to give and ready to bestow. With these blessings strife ceases, good will comes in, competition gives way to cooperation, and we study how to make a brighter day and better country. Heavenly Father, grant these mercies. Fill us with encouragement and kindly cheer, and make us a help to others. The Lord send His blessings upon this assembly like an impartial sunlight. Do Thou be the guide of every pathway, the guest of every fireside, the physician of every family, and the divine comforter of all. Amen.

The Journal of the proceedings of yesterday was read and approved.

MESSAGE FROM THE SENATE

A message from the Senate by Mr. Craven, its principal clerk, announced that the Senate had concurred in a concurrent resolution of the House of the following title:

H. Con. Res. 24. Concurrent resolution thanking the Governor of the State of Virginia for the statues of George Washington and Robert E. Lee.

The message also announced that the Senate had agreed to the amendments of the House to bills of the Senate of the following titles:

S. 1047. An act authorizing the Secretary of the Navy, in his discretion, to deliver to the custody of the Historical Society of Montana, for preservation and exhibition, the silver service which was in use on the gunboat, No. 9, *Helena;*

S. 2396. An act to amend section 11 of the act approved February 22, 1889 (25 Stat. 676), relating to the admission into the Union of the States of North Dakota, South Dakota, Montana, and Washington; and

S. 3908. To amend the act entitled "An act to regulate navigation on the Great Lakes and their connecting and tributary waters," approved February 8, 1895.

HELEN GLYNN

Mr. WARREN. Mr. Speaker, I offer a privileged resolution from the Committee on Accounts and ask for its consideration.

The SPEAKER. The gentleman from North Carolina offers a resolution, which the Clerk will report.

The Clerk read as follows:

House Resolution 207

Resolved, That there shall be paid, out of the contingent fund of the House, to Helen Glynn, dependent daughter of Theresa C. Glynn, late an employee of the House of Representatives, an amount equal to six months' compensation of said Theresa C. Glynn, and an additional amount, not exceeding $250, to defray the funeral expenses of said Theresa C. Glynn.

The resolution was agreed to.

PERMISSION TO THE COMMITTEE ON THE JUDICIARY TO SIT DURING TO-DAY'S SESSION OF THE HOUSE

Mr. SUMNERS of Texas. Mr. Speaker, I am directed by the Committee on the Judiciary to ask unanimous consent that the committee may sit to-day during the session of the House.

The SPEAKER. Is there objection?

There was no objection.

APPOINTMENT AS ENSIGNS IN THE LINE OF THE NAVY OF ALL MIDSHIPMEN WHO GRADUATE FROM THE NAVAL ACADEMY IN 1932

Mr. VINSON of Georgia. Mr. Speaker, I call up the conference report on the bill (H. R. 8033), providing for the appointment as ensigns in the line of the Navy of all midshipmen who will graduate from the Naval Academy in 1932, and I ask unanimous consent that the statement may be read in lieu of the report.

The SPEAKER. Is there objection?

There was no objection.

The Clerk read the statement.

The conference report and statement are as follows:

CONFERENCE REPORT

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 8083) providing for the appointment as ensigns in the line of the Navy of all midshipmen who graduate from the Naval Academy in 1932, having met, after full and free conference have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its amendment numbered 7.

That the House recede from its disagreement to the amendments of the Senate numbered 2, 3, 4, 5, and 6, and agree to the same.

Amendment numbered 1: That the House recede from its disagreement to the amendment of the Senate numbered 1, and agree to the same with an amendment as follows: Restore the matter stricken out by said amendment, inserting a comma after the figures 1932, and add thereto the following: "and at least 50 per cent of all graduates in subsequent years"; and the Senate agree to the same.

Amendment numbered 8: That the House recede from its disagreement to the amendment of the Senate numbered 8, and agree to the same with an amendment as follows: In line 3 of said amendment, after the word "Academy" and before the comma, insert the following: "in 1932"; and the Senate agree to the same.

CARL VINSON,
J. V. MCCLINTIC,
FRED A. BRITTEN,
GEORGE P. DARROW,
Managers on the part of the House.

FREDERICK HALE,
TASKER L. ODDIE,
PARK TRAMMELL,
Managers on the part of the Senate.

STATEMENT

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 8083) providing for the appointment as ensigns in the line of the Navy of all midshipmen who graduate from the Naval Academy in 1932, submit the following written statement in explanation of the effect of the action agreed upon by the conferees and recommended in the accompanying conference report as to each of such amendments, namely:

On No. 1: The Senate amendment made provision for the commissioning of not only all graduates from the Naval Academy in the class of 1932 but also of all graduates in subsequent classes. The amendment agreed upon by the committee of conference retains the provision of the House bill for the commissioning as ensigns of all graduates of the 1932 class, and further provides for the commissioning of at least 50 per cent of the graduates in subsequent classes.

On No. 2: By the text of the House bill the excess number of officers temporarily created by the bill over the number authorized by law could be carried as such until 1936. As agreed to by the committee of conference, such excess may be carried beyond the year 1936 should the attrition in the service due to deaths, resignations, dismissals, etc., not bring the strength down to that now authorized by law by the end of the year 1936.

On Nos. 3 and 4: These amendments of the Senate were inserted to clarify the language of the bill and to insure that all excess officers in the Navy be carried in the grade of ensign, except these few officers now carried as extra numbers and previously authorized by law.

On No. 5: The text agreed upon insures that no officer now in the naval service will be promoted to a higher rank by reason of the temporary increase in the line strength of the Navy as authorized by the bill.

On No. 6: Section 2 of the bill, as inserted by the Senate and agreed to by the committee of conference, provides a 2-year probationary period for midshipmen hereafter commissioned ensigns, during which period their commissions are revocable under such regulations as the Secretary of the Navy may presribe. The section provides a means by which those who demonstrate their fitness as officers in actual service may be retained permanently, and also directs the procedure by which the final precedence of officers appointed under this act shall be determined, which permits same to be determined by taking into consideration the class standing at the academy, the proficiency as officers in actual service, together with the marks made on a final competitive examination of the men involved.

On No. 7: The amendment of the Senate provided hereafter for fewer new appointments to the Naval Academy as a means of eventually reducing the line strength to that authorized by law. The committee of conference has effected a means therefor as provided in amendment No. 1, i. e., by providing for the commissioning of 50 per cent of the graduates of the classes subsequent to the class of 1932.

On No. 8: The Senate amended the title of the bill to conform to its amendments providing for the commissioning of

all graduates after 1932; the committee on conference has corrected same to conform to the text as agreed upon; i. e., commissioning all of the graduates of the class of 1932.

CARL VINSON,
J. V. MCCLINTIC,
FRED A. BRITTEN,
GEORGE P. DARROW,
Managers on the part of the House.

Mr. STAFFORD. Mr. Speaker, will the gentleman from Georgia yield?

Mr. VINSON of Georgia. Mr. Speaker, I will make a brief statement and then probably it will not be necessary for the gentleman from Wisconsin to propound his inquiry.

Mr. STAFFORD. I hope so.

Mr. VINSON of Georgia. Mr. Speaker, what this conference report does is to give commissions to all midshipmen who graduate this year. They go to the fleet for a probationary period of two years. During that length of time the Secretary of the Navy is authorized to weed out approximately 50 per cent of the number that get their commissions in June. Then it is provided that of future classes only 50 per cent will receive commissions. After that 50 per cent goes to the fleet the Secretary is still authorized to continue to cull out midshipmen who are with the fleet. It retains the number of midshipmen to three, as is now carried in the naval appropriation bill.

Mr. STAFFORD. Will those who are plucked to the extent of 50 per cent receive a year's salary on their discharge?

Mr. VINSON of Georgia. They will receive $720 for one year's pay. Mr. Speaker, if there are no further questions, I move the previous question on the conference report.

The previous question was ordered.

The conference report was agreed to.

MUSCLE SHOALS

Mr. BANKHEAD. Mr. Speaker, by direction of the Committee on Rules I call up a privileged resolution and ask for its consideration.

The SPEAKER. The gentleman from Alabama calls up a resolution, which the Clerk will report.

The Clerk read as follows:

House Resolution 205

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of H. R. 11051, a bill to provide for the leasing and other utilization of the Muscle Shoals properties in the interest of national defense and of agriculture, and for other purposes. That after general debate, which shall be confined to the bill and shall continue not to exceed two hours, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Military Affairs, the bill shall be read for amendment under the 5-minute rule. At the conclusion of the reading of the bill for amendment the committee shall rise and report the bill to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and the amendments thereto to final passage without intervening motion except one motion to recommit.

Mr. BANKHEAD. Mr. Speaker, this is one rule that has been brought in by the Committee on Rules that I do not think will be subject to the criticism that it is a gag rule.

As you have heard the rule read, gentlemen, it provides for two hours of general debate upon the merits of the bill, the debate to be confined to the provisions of the bill, and then for its consideration under the 5-minute rule under the general rules of the House.

I desire to state that although the rule itself contains the usual provision that time during general debate shall be controlled by the chairman of the committee and the ranking minority member of the committee, it has been arranged—and that arrangement will be carried into effect—that the chairman of the committee will have control of the time in favor of the bill, and the gentleman from Pennsylvania [Mr. RANSLEY], ranking minority member of the committee, who is opposed to the bill, will have control of the time in opposition to the bill.

Now, gentlemen, I am not going to undertake, in the brief presentation I am making of this rule, to argue the merits of this bill. We have had this proposition before the Congress for a great many years, and I think it may be fairly stated that the failure of the Congress to act upon this legislation—taken in connection with the activities of the Executive—is an indictment, a very serious indictment, against the capacity of Congress to legislate upon a great question of this importance. This bill has been before Congress in one phase or another many times. Twice it has passed the Congress of the United States, and it has been twice vetoed by the Executive because of matters involving, in large measure I understand, the question of the incorporation in those bills of some phase of Government operation of those plants.

I trust the committee and the House, after full consideration of the merits of this measure, will pass it without any substantial amendment. The bill is the result of long and serious consideration by the members of the Committee on Military Affairs. Exhaustive hearings were held upon it, every possible phase of it was fully and carefully considered by the committee and, in my opinion, it is the best bill that has ever been presented to the House for its consideration with reference to Muscle Shoals. The chairman of the committee and other members who favor it will give you a full explanation of the details, and I am not going to undertake to go into that.

I am very happy we have reached a stage in our program when we can consider this bill upon its merits, and I think the program for the day is that we shall conclude the consideration of this bill and take final action upon it before we adjourn this evening. There was no arrangement made with respect to time on the rule, but I presume we will use the ordinary time, 30 minutes on the side, and the gentleman from Michigan [Mr. MICHENER] will control the time on the other side.

I now yield 10 minutes to the gentleman from Alabama [Mr. ALMON].

Mr. ALMON. Mr. Speaker, while Muscle Shoals is located in my district, each of you have the same interest in it that I have. To begin with I want you to know that this bill provides economy for the Government in that it will save the $82,000 being spent every year for keeping the nitrate plants in a stand-by condition. The enactment of this bill also means the reduction of the farmers' fertilizer bill in every section of this country from 33 per cent to 50 per cent. [Applause.] It will also give employment to thousands of those who are now unemployed. Each of you is interested in the success of agriculture. It is the basic industry. When it succeeds all business succeeds; when it fails all business lags. This is not a power proposition but a fertilizer proposition and national defense. The power plant is being operated at only part capacity, and selling the power at a very low rate it is making only operation, maintenance, and depreciation charges. If it is operated to its fullest capacity, with the sale of power even at a low rate, it would provide a revenue more than sufficient to pay the salaries of the board and all expenses necessary for the operation of the board.

You will see on this photograph a picture of nitrate plant No. 2. Some selfish interests have claimed this plant is obsolete. Such is not a fact. It uses the cyanamide process, one of the best processes for the fixation of atmospheric nitrogen. This has been demonstrated in Germany and other European countries and also at Niagara Falls, in Canada. I have seen that plant in operation. The commanding officer at this plant testified before the committee that it could be put in operation in 60 days' time.

The hearings which have been held before the Committee on Military Affairs of the House on various bills since this plant was completed prove conclusively that this plant is not obsolete. There have been some improvements in the art since this plant was constructed which can easily be added. It is really the best process for the fixation of nitrate where you have cheap power, all the raw material, limestone, coke, coal, phosphate rock, as exists in close proximity to Muscle Shoals, and in inexhaustible quantities. It has been often proven and not denied that fertilizer can be made at Muscle

Shoals for one-third to one-half less than existing prices. [Applause.]

It costs the Government $82,000 per year to keep this plant in a stand-by condition. This amount will be saved if this bill is enacted into law.

I call your attention to that photograph of the Wilson Dam and the hydroelectric power plant which were constructed by the Government for the purpose of generating power with which to operate the nitrate plant. This hydroelectric development is now, and has been since it was completed, operated by the Government, not for the benefit of the farmers in the production of cheap fertilizer but solely for the benefit of the power companies, who have obtained the power for about 2 mills per kilowatt-hour. No one has received a reduction of power rates from the power companies by reason of the operation of this development.

This bill authorizes the President to appoint a board of three, with the approval of the Senate. The board is authorized, with the approval of the President, to lease the nitrate plants and the Waco quarry and all buildings and equipment in connection therewith for a period of 50 years from the date of approval of this act. It also authorizes the board to operate the hydroelectric development and sell the power at a fair rate to the lessee for the operation of the nitrate plants for the manufacture of fertilizer and phosphoric acid. The amounts required to be produced by the lessee are fixed and stipulated in the bill. I have not the time to go into the same in detail. That will be fully explained by members of the committee. It is also provided that no part of the aforementioned properties shall be leased or subleased to any power-distributing company or to any holding company or other company affiliated or allied with any power-distributing company. [Applause.] Under the provisions of this bill the power is sold at the switchboard at the power plant. Such power as is not needed by the lessee for the manufacture of fertilizer and fertilizer ingredients will be sold or disposed of by the board at the switchboard on an equitable basis—municipalities, counties, States, and the manufacturers of chemical products to have preference in the order named. Any such power sold to others than those above mentioned shall be subject to recall, after reasonable notice not exceeding 18 months, for the production of fertilizer and/or fertilizer ingredients, or for the use of municipalities, counties, States, or for the manufacture of chemical products; the fertilizer to be sold at not exceeding 10 per cent over and above the cost of production, giving farmers and farm organizations preferential rights in the purchase of same. This would result in a great reduction in the price of fertilizer not only in that section of the country but over the entire country.

It has been proven before the Military Committee that whatever price fertilizer was sold at Muscle Shoals would control the price of all fertilizer sold in this country. This question should have been settled years ago and these plants operated for the purpose for which they were built—that is, for the cheapening of fertilizer and for national defense. If the plants are not operated in peace times, they will rust out and become obsolescent and be of no benefit to national defense in the event of war.

You hear some claim that these plants should not be maintained for national-defense purposes, for the reason that explosives can be purchased by the Government cheaper than they can be produced at this plant. This is not true. In the event of war the fact that the Government owns a munition plant would enable the Government, if it desires to do so, to purchase explosives cheaper by reason of having this plant. Otherwise the munition makers would charge our Government such prices as they deem proper and profiteer, as was done during the last war. [Applause.]

You will hear much discussion in regard to Government operation. The Government is now operating the power plant for the benefit of the power companies, and will continue to do so unless this bill is enacted into law. The same organization that is operating the power plant for the Government now under the direction of the Chief of Engineers can and no doubt will continue to operate the same for the board provided for in this measure. The profit for the operation of the power plant does not exceed the cost of operation, maintenance, and depreciation of the power development.

Before the World War Germany depended on the importation of Chilean nitrates; after the World War ended Germany converted her nitrogen plants into the manufacture of fertilizers. Some were operated by the Government and some by private capital. The operation has been so successful that Germany is no longer importing nitrogen from Chile, and has not only supplied the German farmer with fertilizer but has become a large exporter of fertilizer. We are importing some fertilizer from Germany at this time. What Germany has done should have been done with these plants immediately after the war, but instead selfish interest has prevented the operation of these plants, and the poor American farmer continues to pay tribute to the Chilean Government. He not only pays a high price for the Chilean nitrates but export duty to the Chilean Government together with a high ocean freight rate for five or six thousand miles. And when he gets the sodium nitrate it only contains about 15 per cent nitrogen and the balance 85 per cent a filler, while concentrated fertilizer at Muscle Shoals, as provided in this bill, will be in a concentrated form containing from 40 to 60 per cent plant food, so you will see the economy in transportation and use of the same.

There was imported into this country from Chile 564,940 tons of sodium nitrate during the year 1930, with a declared value of $21,260,091; and 548,305 tons in 1931, with a declared value of $21,011,663. The American farmers have been paying about $12 export tax to the Chilean Government until recent reductions have been made on this tax.

We hear much about the Government operation of Muscle Shoals, or any operation of the same for the manufacture of fertilizer and fertilizer ingredients as being in competition with private industry, which will really only be in competition with the Chilean nitrate industry, a foreign monopoly. [Applause.] The only propaganda that we are receiving through the mail in regard to this legislation is from the National Fertilizer Association. The fertilizer factories of this country buy their nitrogen, phosphoric acid, and potash and mix the fertilizer and sell it to the farmers; in other words, they are only in the mixing business.

Mr. Charles J. Brand, who is executive secretary and treasurer of the National Fertilizer Association, testified at one time before the Military Affairs Committee of the House that his opposition to the operation of Muscle Shoals for the manufacture of fertilizer was due to the fact that with a Government subsidy at that place fertilizer would be produced cheaper. That is exactly what Congress intended should happen when provision was made in the national defense act in 1916 for this development. While the plants were built during the war, they are not what is commonly known as war plants. The Wilson Dam and power house was constructed after the World War ended. This development was not only intended for national defense but for the benefit of agriculture, hence has not and will not be disposed of by the Government. The war plants have been dismantled.

Congress would not have appropriated this large sum of about $130,000,000 for the building of these fertilizer plants and power development had the law not provided that it should be used in peace times to cheapen fertilizer for the benefit of agriculture. The fertility of the soil is being depleted by continued cultivation, until to-day the farmers in almost all sections of the country are forced to use fertilizer to produce their crops.

The leasing provisions of this bill are so liberal that I feel very confident that the President will be able to secure a lease. The Government alternative would no doubt aid in securing a lease. If there should be Government operation it would be discontinued under the same conditions that would authorize the discontinuance by the lessee. The leasing provisions are far more liberal than in the bill which

was passed during the last session of Congress and vetoed by the President. There is no provision in the bill for the building of transmission lines. Power will be sold at the switchboard.

These plants should have been placed in operation soon after they were completed; and, if they had been, agriculture would have been in a far better condition than it is at this time. Do not let the fear of Government operation frighten anyone, because it does not amount to competition with private capital, but, as I have said, with the Chilean nitrate industry—a foreign monopoly. [Applause.]

Let us pass this bill and put an end to the long controversy in the Congress over Muscle Shoals. The committee has given this bill months of consideration, and the same has the indorsement of the farmers and farm organizations; and all who are interested in agriculture, in granting farm relief, in stopping some of the Government expenses at Muscle Shoals, and giving employment to thousands of unemployed should support this measure enthusiastically. [Applause.]

Mr. MICHENER. Mr. Speaker, as suggested by the gentleman from Alabama [Mr. BANKHEAD], this is a liberal rule. It is a rule which brings this bill before the House for consideration, and it is a question whether or not in these days of depression we should burden the Government with an additional expenditure.

Personally, I have voted for every single piece of legislation that has been before this Congress since the war in an effort to dispose of and operate Muscle Shoals, therefore the remarks I make at this time will be thoroughly understood.

The first 13 sections of the bill provide a method whereby the Government holdings at Muscle Shoals may be leased. Section 14 provides that if the properties are not leased within a period of 18 months after the law becomes effective, then that the Government shall operate the properties. In other words, the bill is clearly divisible. The first 13 sections standing alone are not objectionable, provided the committee would consent to extend the time in which a lease might be secured.

If section 14 is struck out when the bill is read for amendment, I feel sure, although without any authority to speak, that the President would not veto the bill. This motion will be made by a member of the committee, and I bespeak for it the support of the House.

Muscle Shoals has been before Congress ever since the war. Our policy toward the project should have been determined years ago. More than $150,000,000 of the people's money have been expended, much of which has been wasted. Of course, the Wilson Dam is the big thing at Muscle Shoals. During the war we constructed two plants for the manufacture of nitrogen, the one using the cyanamide process and the other the Haber or synthetic process. While the cyanamide process is used in some plants at this time, yet I think it is conceded that no new plant would install this process. The perfected Haber process is much superior. Therefore, if the Government operates Muscle Shoals it would start out with two experimental plants—the cyanamide plant, which was operated for a trial run, and the Haber plant, which has never been used. My understanding is that an explosion at the plant, or in some other plant where the Haber process was used, was a deterrent, and no effort was ever made to use this plant. Mr. Mayo, chief engineer for the Ford plants, who appeared before the committee, stated that these plants constructed years ago, even though perfect in their day, would require much alteration to be effective in these days. The Government could not operate as directed in this bill without the expenditure of many millions of dollars in reconditioning, and this money must come out of the Treasury of the United States.

The committee tells us that the enactment of this bill starts the Government on a work that will ultimately cost from $60,000,000 to $100,000,000, and this money must come out of the Treasury of the United States, and no worthwhile manufacture of fertilizer at Muscle Shoals can be accomplished without this expenditure. I am opposed to the Government building any more dams or entering upon any business projects not incident to government at this time.

So far as the manufacture of fertilizer is concerned, the small amount possible at these plants would have no effect on the price of fertilizer throughout the country. It is true that if sold directly to the farmer it might be of some assistance within a radius of 300 miles of the plant. The only effect it would have on agriculture in my State would be to bring into competition more agricultural products, the benefit inuring to those residing in the vicinity of Muscle Shoals.

With practically every fertilizer factory in the country shut down, why should the Federal Government open up another plant, operated by taxpayers' money, in competition with an already overburdened industry?

This House seems so inconsistent of late. For the last five days we have been wrestling with the so-called economy bill in an effort to save $200,000,000. Out of the mess we have a saving of something less than $42,000,000, and let us not forget that at this good hour the Federal Government is spending $5,000 more per minute than it takes in. In other words, the expenditures are about $7,000,000 every 24 hours more than the receipts of revenue. So that during these five days of attempted economy, while we have saved $42,000,000, yet we have just a little more than balanced the Budget for those five days. I give this illustration for the purpose of impressing upon the House the necessity for economy, and as a reason why we should pass no additional legislation that will require additional taxes and revenue, or a greater expense.

If this bill becomes a law, where is the money coming from that is to be used in further developing this project at this time?

We hear much about the creation of new boards, commissions, and bureaus of late. The Government wants to get rid of some of these appendages, yet this bill sets up another board, composed of three members, with a $10,000 salary per annum for each member. In addition to this the board can purchase equipment, employ and fix the compensation of such officers and employees, attorneys, and agents, as it shall deem necessary, without regard to existing law. I am sure that the taxpayers would not vote for any such legislation.

Many sins have been committed in the name of the farmer, and it seems that every time Congress has passed legislation in the name of the farmer, it has done more injury than good. So far as cheap fertilizer at Muscle Shoals is concerned, that is a snare and a delusion at this particular time.

We have these properties. They are in a stand-by condition. Under existing law the Government should be able to realize from the plants the cost of maintenance. No one seriously believes that with credit conditions as they are in the country to-day, with everybody out of work, with no money available for new development, that the Government could hope to get a lease for these properties. On the other hand, if the Government could get a lease, the terms would not be normal, because these are not normal times, and in the end the Government would be the loser. Every principle of business and sound economics requires that no action be taken. If the Congress believes that, as a matter of policy, we must get rid of these properties at once, then pass the first 13 sections of the bill, but for my part I would prefer to leave the whole matter stand "as is" for the present.

The Congress recently passed legislation authorizing Boulder Dam, yet there are comparatively few people in the country who would vote to spend additional money at Boulder Dam at this time, and why should we start upon another venture, the limit of which can only be guessed at?

Section 15 of the bill uses this significant language:

> All appropriations necessary to carry out the provisions of this act are hereby authorized.

The nose of the camel is under the tent, and if this bill becomes a law, every Congress for many years to come can be expected to appropriate large sums of money to carry on at Muscle Shoals. Congress had better quit and go home and the Budget will come nearer balancing itself than it will if

we remain here, talk economy, cut off a few thousands here and there, and the very next day open up new channels for taking the taxpayers' money. This bill would have some redeeming features in times of prosperity, and when the Government might indulge in an experiment station, without imposing so heavy a load upon the people, but this is not the time. [Applause.]

I reserve the remainder of my time.

Mr. BANKHEAD. Mr. Speaker, I yield 10 minutes to the gentleman from Indiana [Mr. GREENWOOD].

Mr. GREENWOOD. Mr. Speaker, I ask unanimous consent to extend my remarks and to include therein an article from my home paper, the Washington Democrat, of Washington, Ind., on municipal ownership of electric-lighting plants.

The SPEAKER. Is there objection?

Mr. UNDERHILL. I object to any articles from newspapers going into the RECORD.

Mr. GREENWOOD. This is on the proposition about which I am speaking. On account of the limitation of time, I do not want to read the article, but I want to present the argument adequately in the RECORD.

Mr. UNDERHILL. After this I shall object to any other newspaper articles.

The SPEAKER. Is there objection?

There was no objection.

Mr. GREENWOOD. Mr. Speaker, I am very much in favor of this rule to consider this proposal to operate this great project, Muscle Shoals, which has been before Congress for so many years. The provisions of the rule have already been presented to you. They are very liberal, and will permit free discussion and debate upon this bill, which comes from the Committee on Military Affairs.

My observations here this morning shall be with reference to public ownership of electric power and lighting projects. Others will discuss the subject from the standpoint of fertilizer for the benefit of the American farmer, and that is a feature that is full of merit. The American farmer has been more or less subjected to the price of trust production of nitrates and fertilizer and ingredients of fertilizer from other countries, and our own Nation is subjected also to the monopolistic commercial provisions of production and of purchase of nitrates for war purposes.

This plant was constructed to permit the United States to be self-sustaining with reference to nitrates for military purposes, but now it can well be utilized for the purposes of helping American agriculture.

Mr. BACHMANN. Mr. Speaker, will the gentleman yield?

Mr. GREENWOOD. Yes.

Mr. BACHMANN. The gentleman is a member of the Committee on Rules. Can he enlighten the House of Representatives as to the probable cost to the Government if this bill should pass?

Mr. GREENWOOD. I prefer the gentleman would not question me about that, because the Committee on Military Affairs is more familiar with those things than I am. As I said in the beginning, my observations are to be general. I do not think I could give the gentleman the intelligent answer that he wants.

I am deeply interested in this project of Muscle Shoals from the standpoint of its importance to the Southland for the production of power or electricity for public-service purposes. We are just entering the electrical age. There is enough power to be obtained from our streams to electrically light, heat, and furnish power for not only every home in the cities but, I believe, every home on the farms in the United States. This is not the beginning of a new project. This is a question of a project in which the United States Government has already invested probably $150,000,000, and to spend a million or two more dollars now in order to maintain, preserve, and perpetuate this great property, I think, is a good business proposition, regardless of the condition of the times in which we live. I said we were just entering the great electric age. The municipalities of the Southland can buy the necessary power at wholesale prices and can distribute it from their own switchboard at retail to their own citizens for home-lighting purposes, home-heating purposes, and for power for local industrial concerns.

My home city of Washington, Ind., several years ago bought an antiquated electric-lighting plant. They paid an enormous price for it. Since then it has had to rebuild that plant. The city went to the limit of its bonded indebtedness and could not issue bonds, but a company was willing to furnish the equipment of turbine dynamos on an installment plan by which it could pay for this equipment at $1,000 a month. The city paid off the bonds on the plant, and it also paid off the installment payments, until to-day it owns the plant completely. It has constructed the building in which it is installed and has made enough profit out of that plant at one of the lowest rates in the State of Indiana to pay off the total bonded indebtedness of the city, including the bonds on the city power plant, the city park, and the city hall. In addition, the city has accumulated a surplus fund of $70,000.

A few months ago there was loaned out of the light fund $10,000 or more to a local manufacturing plant that could not obtain credit at the local banks because of the depression. The city took preferred stock or a lien on the plant and preserved and enlarged this plant which employs many wage earners in this city. In addition, the city contributed more than $10,000 to the unemployment fund, and employed men through the winter to clean up the streets and alleys and to cut out the ditches and remove obstacles that were unsightly, so as to make the city more beautiful and healthful. That has been done on one of the lowest municipal rates in the State of Indiana. The mayor of the city, Hon. John W. McCarty, who has been the mayor for 20 years—and we think we have one of the best mayors that ever served a city—took his corporation counsel and went to Indianapolis to the utility board and asked for a lower rate. That board told the mayor that the city of Washington already had one of the lowest rates in the State of Indiana and that the board could not afford to make this reduction because comparatively to privately owned plants it would not be a good precedent. The rate was far below privately owned plants. The board said that our rate was already too low, but the mayor insisted upon lowering the rate to 7 cents per kilowatt-hour to local users for electric-lighting purposes, with a minimum charge of 50 cents, with a rate from 2½ cents down to 1.4 cents per kilowatt-hour, which is a low rate in my State.

When they were refused the right to lower the rate, my mayor and the corporation counsel consulted, and they told the State board they were going to lower this rate anyway, because they were getting a fair return on the investment and did not want to overcharge patrons, and the city was going to lower the rate; if there was any court procedure filed, the utility board could go into court themselves. Then the utility board made the lower rate which was asked.

That is the record of a small plant in Indiana, in a part of the country where the great Insull utilities, supposed to be a model of private-organization management, are now in the hands of a receiver because of the water-logged condition and overcapitalization of those utilities.

I am citing this to show you what the municipalities of the Southland within reach of Muscle Shoals can do. I also want to add as a further argument that before this surplus had accumulated in the electric-lighting fund our municipal tax rate was $1.14 per $100 on tangible property. That rate was lowered to a rate of 47 cents, and the coming year they propose to eliminate the total municipal-taxing rate. If a small power plant in Indiana, with an investment of probably $150,000, with this income, at the low rate of service which earns 7.6 per cent upon an investment of a million dollars, what can this great United States Government do for the cities of the Southland in operating Muscle Shoals?

I am not in favor of the Government owning all kinds of industries or going into new business, but any public utility is especially adapted to Government ownership. Where water, gas, and light are being furnished to an entire com-

munity and are a monopoly in themselves, they are particularly adapted to municipal or Government ownership.

I am in favor of it because water power is a natural resource, belonging to the whole people, and it should be utilized to the advantage of the people. [Applause.]

The United States Government years ago should have hired the best hydroelectric engineers in the world and put them in charge of Muscle Shoals, in order to produce nitrates that will help the American farmer and furnish power and electric energy for the municipalities. [Applause.]

[From the Washington (Ind.) Democrat]

INDIANA CITY, OUT OF DEBT, HAS LOWEST TAX RATE IN STATE

Sam J. Shelton, staff correspondent of the St. Louis Post-Dispatch, was a visitor in Washington last week collecting data concerning Washington's electric-light plant, the city's ability to pay off all of its bonded indebtedness and have the lowest city tax rate in all Indiana.

Here is the publicity he gave Washington as a result of his investigation, the story appearing in Sunday's Post-Dispatch:

"When the lights are turned on in Washington, Ind., the citizens are helping to pay their taxes; yet the electric rate is relatively low.

"Through good fortune in management the city's experiment in ownership and operation of its light plant has turned out well and becomes a 'shining example.' The project serves a city population of 9,070 and several thousand suburban.

"John W. McCarty, mayor for some 17 years and now in his fifth 4-year term, reviewed for the Post-Dispatch the outstanding accomplishments of this municipal enterprise:

"The city is out of debt.

"There is a surplus of about $70,000 in the light fund.

"There was recently transferred to the general-revenue fund $45,000, making a total of about $176,000 supplied for that purpose over a period of years.

"A reduction in the city tax rate for 1931 was announced. The rate is 49 cents, compared with $1.12 last year.

"Last November the city called and paid off $57,000 of light-plant bonds, some of which would not have matured for 20 years.

"TO DOUBLE ITS SIZE

"The capacity of the plant will be increased 100 per cent this year to take care of the rapid growth of industries using the cheap power, and, although the cost of additions will be over $70,000, the city will not have to issue bonds.

"The city purchased the local street railway out of light-plant revenue and operates it at a 5-cent fare.

"The general electric rate applying to residential and commercial lighting starts at 7 cents a kilowatt-hour for the first 50 kilowatts and scales downward to 4 cents for all over 1,000 kilowatt-hours in a month. Most of the homes do not consume more than 50 kilowatt-hours a month, and so pay the maximum rate, which, Mayor McCarty says, compares with an average rate of about 10 cents in Indiana cities where the light plants are privately owned.

"Many small homes, however, pay only the minimum charge of 50 cents a month, which compares with minimum charges of $1.60 for water and $1.25 for gas, both supplied by privately owned plants.

"A low domestic heating rate encourages the use of electricity for cooking. There are about 600 electric ranges in use, equipping approximately one-third of the homes. The rate starts at 2½ cents and goes down to 2 cents with a 5 per cent discount for prompt payment. The minimum charge is $1.50 a month.

"'SMALL POWER' RATES

"The 'small power' rate starts at 3½ cents and reduces to 2 cents, and the industrial rate ranges from 2 cents down to 1.4 cents. Schools, churches, hospitals, and libraries are charged 5 cents. For nine years the plant has been managed by James P. Adkins whose earlier experience was with Insull electric utilities, coming here in 1922 when the present plant was being constructed to replace antiquated equipment. Adkins has helped to bring about the highly efficient operation which has made possible the low rates and the handsome surpluses.

"A few years ago Adkins decided it would be just as profitable for a municipal utility to maintain an attractive store and offices as for a private utility. Mayor McCarty supported this view and the city council authorized the purchase of a building on the principal business street for $14,000. It was remodeled at a cost of about $2,000. To-day the front part is a glistening salesroom where electric ranges, refrigerators, and other appliances are displayed and sold, and in the back are the offices for the manager and his clerical assistants.

"Adkins speaks highly of the services rendered the plant by Mayor McCarty. Taking great pride in the success of the plant and in being able to provide funds for public improvements out of its surplus revenues, the mayor has insisted throughout his long service in office upon highly efficient and businesslike management. This is the bulwark that has stood against political meddling which so often interferes with the success of municipal ownership and operation of utilities.

"RETAINING AN INDUSTRY

"An unusual activity, made possible by the surplus of the light plant, was undertaken by the city last year. A shirt factory employing about 300 persons announced its intention to move to another city which had offered inducements. This would have been a severe blow to the city. Under Mayor McCarty's leadership the city council appropriated $20,000 to buy 6 per cent preferred stock in the manufacturing company on the condition that additional funds were raised to put up a new plant, increasing the capacity. This plan was carried through, the new factory building which cost about $90,000 is now in operation, and the number of employees has been increased to 500. This factory pays the light plant about $8,000 a year for electricity.

"The venture of Washington into the utility business was launched in 1900. The electric plant then serving the city was purchased from a local corporation for $83,291. Mayor McCarty says it was an exorbitant price, several times the value of the property. Under the circumstances the operation was an uncertain struggle for a number of years.

"In the first eight years of McCarty's service as mayor the city paid off $61,000 bond debt created for the purchase of the plant. Before 1922 the balance had been liquidated. Early in that year a start was made on a new, modern plant. The old plant had a capacity of 500 kilowatts; the new was to have 1,000. A bond issue to the amount of $83,495 paid for the building. Two steam turbine generating units were installed at a cost of $76,000 under a contract requiring the city to pay for them at the rate of $1,000 a month. These payments were completed on schedule. A few years later the capacity of the plant was doubled, making it 2,000 kilowatts. The additional plant investments, bringing the total up to $250,000, was paid for partly out of surplus and partly by a bond issue. The contract has been let for a new 2,000-kilowatt unit to be paid for out of earnings.

"BONDS CALLED IN

"As has been told, the city found itself last fall with a surplus in the light fund more than sufficient to pay off $57,000 in bonds then outstanding. Although the bonds had been issued in series and some were not due for 20 years, the city had saved the option of retiring them all on or after November 15, 1930. As the interest rate was 6 per cent, it was decided to pay off the bonds and save the interest.

"The balance sheet of the plant for December 31, 1930, showed property and plant assets of $579,460 and total assets of $740,735. Current assets included $74,986 cash in banks.

"From the annual report for 1930:

Operating revenue	$145,567.06
Operating expense, including allowance of $17,083.67 for depreciation reserve	69,265.05
Net operating revenue	76,302.01
Nonoperating revenue (includes $390 profit on merchandise sales)	836.19
Deduction for bond interest	2,997.54
Net income for year	74,140.66

"The ratio for operating expense to total operating revenue was 47.65 per cent.

"Net income for the year 1929 was $71,799.80, and the ratio of operating expense to total revenue was 48.32 per cent.

"Present rates were established in June, 1927, after a hearing before the Indiana Public Service Commission, which has jurisdiction over municipally owned as well as privately owned utilities. The commission at first was reluctant to grant the rates asked for by the city, on the ground that they were too low. It sent its own auditors to examine the accounts, and after six weeks ordered the reduction.

"CAR LINE SHOWS LOSS

"In the accounting system the city is billed about $12,000 a year for street and public-building lighting and $2,700 for power for the street railway.

"The street railway is not self-supporting, the city having to make up a deficit of $2,000 to $3,000 a year, virtually amounting to a gift of the power used. Mayor McCarty justifies the continued operation of the street railway in this way:

"'The city is 3½ miles long, not very wide. At one end are the Baltimore & Ohio Railroad shops, employing around 1,000 men. Many of these workers rely on street-car transportation, and we believe the city should see that it is maintained at a reasonable rate of fare.'"

"The railway property consists of 3½ miles of track, seven cars, and car barn and office. The city paid $15,000 for it seven years ago.

"Mayor McCarty is president of the Municipal League of Indiana and has received wide notice on account of the Washington light plant. He said he receives frequent requests from other cities for information about the plant.

"McCarty said the city council has cooperated admirably in the management of the plant. A lighting committee, consisting of Councilmen George Cavanaugh, R. L. McIntosh, and John Yarbrough, assists the mayor."

Mr. MICHENER. Mr. Speaker, I yield five minutes to the gentleman from Pennsylvania, Mr. RANSLEY.

Mr. RANSLEY. Mr. Speaker, I am opposed to the rule, because I believe it unwise, if not foolish, to bring up a Muscle Shoals bill at this time. In the first place, whether the Government operates or whether a lease is effected, it surely does not spell economy.

I would like to call attention to section 14 of the bill. At the proper time a motion will be made to strike out that

section. If the motion is agreed to, I believe, with one or two correcting amendments, a real leasing bill can be made; a bill which will be signed by the President.

Section 14 provides if a lease is not made in 18 months, then the Government is to operate the plant at Muscle Shoals and produce fertilizer, manufacture fertilizer, in spite of the fact that to-day more fertilizer is produced in this country than can be used. Many of the factories to-day are closed down. The balance are operating 40 or 50 per cent of their normal production. If the bill is passed as is, it will be impossible to lease in 18 months. To attempt to raise millions of dollars for a new enterprise with financial conditions as at present is surely absurd. Let me call attention to the fact that it will cost millions of dollars to modernize the plant to produce fertilizer alone. Six or eight hundred men will be added to the Government pay roll, causing the discharge of a like number from private operations. Is this economy?

I am unalterably opposed to the Government in business. It is un-American. It is opposed to our form of Government. It is a long stride toward socialism. Imagine a government of the people and for the people competing in business with its own citizens.

Mr. BACHMANN. Will the gentleman yield?

Mr. RANSLEY. Not at this time.

I beg of you to permit the business geniuses of this country to control all business enterprise. [Applause.]

The SPEAKER. The time of the gentleman from Pennsylvania has expired.

Mr. MICHENER. Mr. Speaker, I yield the remainder of my time to the gentleman from Wisconsin [Mr. STAFFORD].

The SPEAKER. The gentleman from Wisconsin is recognized for 20 minutes.

Mr. STAFFORD. Mr. Speaker, better no bill than a bill that commits the Congress, in these times particularly, to the socialistic policy of private operation of a highly developed and technical industry. Better no bill than a bill that, for the first time in the history of this Congress, has reported the socialistic principle of having the Government operate this plant in competition with private chemical industry, because they know that the leasing provisions of this bill will not permit in these depressed times for a lease to be consummated. If the Democratic majority on the committee had faith in the leasing provisions of this bill, they would stand back of those leasing provisions; but, instead, they use that as a camouflage in order to seek Government operation of a Government utility in a venture where private industry is overstocked, oversupplied, and, worse still, in a plant which, all the evidence before the committee confirmed, is obsolete.

It is conceded by everybody that plant No. 1, which never was in successful operation to produce nitrogen under the Haber-Bosch process, is absolutely unworkable. It is agreed even by the disciples of Government ownership, the distinguished gentleman from South Carolina, and the gentleman from Alabama, that nitrate plant No. 1 is pure junk, only a shell of a building, nothing inside that is of any worthwhile consequence.

As to nitrate plant No. 2, which was designed for the manufacture of nitrates by the cyanamide process, it is acknowledged that that process is obsolete; that all modern plants, constructed in the past 10 years, here and abroad, are equipped to use the synthetic process of extraction of nitrogen from the air. More, it is agreed that to put nitrate plant No. 2 into workable condition as a manufacturing plant, equipment and supplies would require the investment of from $12,000,000 to $18,000,000.

If the committee had any confidence in their baby, in the child that has emanated from the fertile brains of the majority of the Democratic membership of the committee, with the support of the ranking Republican member of the committee, the gentleman from Michigan, who supported that proposal, as being able to lease this property, it would not have put in a leasing bill this unheard-of substitute of governmental business operation.

Mr. JAMES. Will the gentleman yield?

Mr. STAFFORD. Not at this time. The Muscle Shoals proposition has been the football of politics for 14 years, and the Democratic majority thinks that with a presidential election coming on, this is a most favorable time to continue it as a football in politics, and put it up to the President to veto.

This is the identical bill as to fertilizer which the President vetoed two years ago. Have industrial conditions improved since this bill was last up for consideration? No one will contend that for a moment. What does the President say in his veto message?

Mr. BANKHEAD. Will the gentleman yield?

Mr. STAFFORD. Briefly.

Mr. BANKHEAD. The gentleman is a member of this committee?

Mr. STAFFORD. Yes.

Mr. BANKHEAD. And the gentleman just made the statement that the bill now being considered is the identical bill that the President vetoed two years ago?

Mr. STAFFORD. It is the identical bill as to the leasing provisions that the President vetoed.

Mr. BANKHEAD. That is not what the gentleman said.

Mr. HILL of Alabama. The gentleman is absolutely wrong, and no one knows it better than the gentleman.

Mr. STAFFORD. Let me read what the President said in his veto message, and let the House determine who is right. On page 4, he said as to the Norris resolution providing for private leasing for the manufacture of fertilizer:

> Inquiries have been made by most responsible and experienced concerns that might possibly undertake such lease, and they have replied that under conditions set out in the bill it is entirely impracticable for them to make any bid. The leasing provision is therefore of no utility. It may at once be dismissed.

One of the important features of this bill is the manufacture of fertilizer by the Federal Government. Wherein is the bill that was before the President for his consideration different as far as the operation of this plant was concerned for the manufacture of fertilizer?

Mr. JAMES and Mr. FITZPATRICK rose.

The SPEAKER. Does the gentleman yield?

Mr. STAFFORD. Not at this time. The Governors of the great States of Tennessee and Alabama, pursuant to the suggestion of the President in his message, appointed a commission of three members to aid in the solution of this problem. What did that commission find? It found that nitrogen, one of the three essential component parts of fertilizer, the three parts being nitrogen, phosphorus, and potash, could be bought cheaper than it could be manufactured at Muscle Shoals; and that commission did not recommend that this plant be utilized for the manufacture of nitrates. Yet the bill prescribes as a condition of the leasing provision that there shall be a minimum amount of nitrate manufactured, with the market glutted as far as nitrate production is concerned.

Do you expect any private capital, even in normal times, much less in these times of stress, will be found to invest under a lease which requires the production of a minimum amount of nitrates when the market is glutted and when the commission itself found it could be bought in the open market cheaper than it could be manufactured at Muscle Shoals?

Therefore, knowing that no lease, as the President indicated with respect to leasing provisions similar to those of the bill under consideration, could be made two years ago, when conditions were a hundredfold more favorable, they now wish to have you believe that a lease can be obtained when every economic condition is one of uncertainty. If they had, as I said a moment ago, any confidence in the leasing provisions of this bill they would have left out the Government-operation provision. Why did they put that in? Oh, they fell back on section 126 of the national defense act, which says that this plant is dedicated to the purposes of agriculture in time of peace and to production of munitions in time of war.

Now, I will quote as an authority the Chief of Ordnance, who in this Congress stated, as did also the then Chief of

Ordnance in the Congress two years ago, that there is absolutely no need for this plant for munition purposes; that private industry has so developed the manufacture of nitrates that there is an ample supply for the Army, in fact ample to keep the Army supplied for two years.

The mere fact that a Congress in 1926 stated that the policy of the Government should be for one thing does not mean that that should control all subsequent Congresses when conditions have changed.

Mr. Speaker, the Chief of Ordnance says there is no necessity for the operation of these plants, and that we now have in this country a great deal more nitrogen than is necessary.

You are seeking by this means, this socialistic proposal, to commit the Government to the manufacture of fertilizer, the most inane and nonsensical proposal I have ever heard since I have been a Member of this House, and particularly in this Congress.

Stop Congress! is the cry that is going throughout the country. Stop Congress! Day before yesterday you passed the Goldsborough bill, and that has had the effect already of reducing the price of the dollar in foreign financial markets. That is particularly true in France and Holland, where the gold point as to francs and guilders is higher than the local price.

Yesterday the word was sent out to all the world that this Congress had failed to balance the Budget, and yet on top of that you are going to commit the Government to the policy of the expenditure of at least $60,000,000 at the start of this venture. Where are you going to get the money for this fantastic experiment, an experiment that if persisted in will cost the Government $100,000,000 and more? That is not the only money the Government has lost in experiments of this kind. It has lost $28,000,000 on its experiment to manufacture armor plate and projectiles at South Charleston, W. Va., which is recommended by the Secretary of the Navy to be junked. The same thing is true of the Alaskan Railroad. In every instance where the Government has launched into private industry there has been failure. Yet under the guise of helping the farmer you are going to commit the Government to a further waste through this extravagant proposal, which is going to cost the taxpayers of the country, not for the relief of the country but for the burden of the taxpayers, from $60,000,000 to $100,000,000.

I say halt, halt, in your extravagant policy of increasing the burdens of the taxpayers of the country. [Applause.]

Mr. BANKHEAD. Mr. Speaker, I yield my remaining seven minutes to the gentleman from Kentucky [Mr. MAY], a member of the committee.

Mr. MAY. Mr. Speaker, I rise in favor of the rule; and in doing so I wish to state frankly to the membership of the House that I am not surrendering any of my opinions or my judgment on the question of Government operation of the Muscle Shoals plant. I started out in the opening of these hearings several months ago with the idea in mind—and I still have that idea—that it is not best for the Government to engage in private business in competition with private interests; but I feel, as all members of the committee, in my judgment, feel, that no man's individual opinions should stand in the way of any legislation that is calculated to redound to the welfare of the Nation as a whole.

I have reached the conclusion—as no doubt the great men who framed the Federal Constitution did—that a man must sometimes yield his preferences in order to be fair to the best interests of all the people. I do not believe we would have had a Federal Constitution had it not been for the compromising attitude of Benjamin Franklin. I do not believe we would have had the great Missouri Compromise had it not been for the wisdom, statesmanship, and forbearance of Henry Clay. Therefore, when I come to this House to-day, I am able to support this bill upon the idea that it is the best effort that has been made by any committee in the decade that Muscle Shoals legislation has been pending in the Congress. [Applause.]

It is best for this reason: It starts out with a leasing privilege under the most favorable terms that have yet been brought out by any committee. It goes even farther than that. It provides that if the Government should enter into the operation of the plant it may yet be leased to private enterprise. I am not willing, as a member of this committee, to see an investment of $140,000,000, or perhaps $150,000,000, continue to be idle for another period of years, especially in view of the fact that the great Southland, the agricultural section of our country, needs it operated as an industrial plant so badly.

Complaint has been made by my friend from Wisconsin that we are putting the Government into the fertilizer business.

Mr. FULBRIGHT. Will the gentleman yield?

Mr. MAY. I yield.

Mr. FULBRIGHT. I will ask if the gentleman knows who purchased the fertilizer that has been scattered all along the highway between Mount Vernon and Washington, that fertilizer evidently having been purchased in Germany.

Mr. MAY. I do not know who bought the fertilizer and I did not know it had been scattered, but what I am interested in is to get a complete commercial fertilizer containing the essential properties which will furnish a successful improvement of the soils on the farms of the South.

Mr. FULBRIGHT. If the gentleman will yield farther, evidently it was bought at the suggestion of the United States Government and scattered along a national highway. The fact that the Government has been forced to go beyond the confines of the United States to purchase fertilizer ought to be a very strong indication that we need production of that kind at home.

Mr. MAY. They will never need to go beyond Muscle Shoals if it is operated as a fertilizer plant for the needs of this Nation. [Applause.]

I want to emphasize the fact that I am appearing here in the interest of the farmers and the business interests of Alabama, Tennessee, and the entire South, where their soil has been depleted by centuries of erosion and the continuous cultivation of a principal crop, that of King Cotton. I want to say now that if Muscle Shoals is utilized—as I believe it will be under the provisions of this bill unless politics is played with it—we will have a production of fertilizer at Muscle Shoals that will bring us to the point where the men of the South will no longer have to teach their sons the art of war and the making of implements of war, but that they will turn all of their swords into plowshares and their sabers into pruning hooks and the lamb and the lion shall lie down together in peace, and that the farmers of the South will have fertilizer to make their depleted soil fertile. [Applause.]

Mr. ALMON. May I suggest to the gentleman that Government operation of Muscle Shoals would not be in competition with private industry in this country but in competition with a foreign monopoly which controls Chilean nitrates?

Mr. MAY. It would be primarily in competition with a foreign government that is selling its product in this country on a favorable scale in competition with our own industry.

This question has been agitated in the Congress for 10 years, and during the winter I procured from a Birmingham paper an article headed "Harness the Great White Elephant Now." I want at this point, Mr. Speaker, to insert in my remarks as a part of this speech this article. I want also to insert a statement which I made before the Military Affairs Committee that was not included in the printed hearings.

To my mind Muscle Shoals is a problem that is easy of solution. The bill creates a board with authority to lease it. They are not only given 18 months for the procurement of a satisfactory lease but they are authorized, even after the Government starts operation of the plant, to accept a favorable lease. In addition to this, the Congress, whether it reserved it especially in this bill, has the right to amend

it, and if the board comes back to the Congress in a few years and reports it has been unable to procure a satisfactory lease the Congress can then take further action.

The matter referred to is as follows:

[Birmingham News, January 24, 1932]

HARNESS THE GREAT WHITE ELEPHANT NOW!

This week a matter of momentous import both to the present and the future of the State of Alabama will be up for action in the Military Affairs Committee of the House of Representatives.

This committee will report upon the bill embodying the Muscle Shoals Commission plan for leasing this great water-power project for production of commercial fertilizer ingredients and other chemicals.

No measure which has ever been proposed for utilizing the electric energy at Muscle Shoals has ever been so unanimously and so enthusiastically supported by all interests in this State. Agriculture, industry, capital, and labor are all solidly behind it. All would receive boundless benefits should it be adopted.

Present benefits, sorely needed in this time of economic stress, would result from immediate investment by private capital of many millions in new machinery, equipment, and furnishings, necessitating the employment of a large amount of labor and the use of many Alabama products, such as iron, steel, cement, machinery, etc.

Future benefits, which would accrue throughout the years to come, would be almost limitless. Among them:

First. Providing farmers and cotton planters with fertilizer at low cost, thus enriching impoverished land, increasing yields, and enabling our farmers to grow many products now purchased elsewhere.

Second. Increasing Alabama's coal and coke consumption by several hundred thousand tons a year, required in the manufacturing processes and by the railroads for transporting raw materials and finished products to and from the Muscle Shoals district.

Third. Increasing Alabama freight movements (estimated at 2,280,000 tons annually) of materials and products in and out of Muscle Shoals, thus producing an estimated $5,000,000 annual revenue, and additional employment and earnings for Alabama railroads.

Fourth. Increasing value of Alabama's manufactured products, fertilizers, and other chemicals by about $35,000,000 annually.

Fifth. Furnishing direct employment to about 3,000 Alabama men a year, and indirect employment to about 6,000 others engaged in mining, manufacturing, and transporting raw materials and supplies.

Sixth. Adding enormously to the taxable property value of Alabama.

Seventh. Developing Alabama's chemical industry, which has enjoyed such remarkable expansion in recent years, but has, as yet, barely realized its true potentialities.

These are just a few of many benefits which Alabama would receive—now and in the future—without one cent of cost to the Government or taxpayers—if the Muscle Shoals Commission plan goes through. But these should be enough to arouse Alabama! These should be enough to induce every citizen to wire or write his Representative in Congress and the Senate urging action—action with the least possible delay.

EXECUTIVE SESSION

COMMITTEE ON MILITARY AFFAIRS,
HOUSE OF REPRESENTATIVES,
Washington, February 18, 1932.

The committee this day met, Hon. JOHN J. MCSWAIN (chairman) presiding.

The CHAIRMAN. The committee will be in order. Mr. May wants a stenographer to take down his statement.

Mr. MAY. Mr. Chairman and gentlemen of the committee, ordinarily I would not ask the committee to indulge me in making this statement, but in view of the fact that this is a matter of vital importance to the country at large, and one which has been pending for some 10 years in the Congress, and the further fact that I am a new member of this committee and perhaps there are many things about the matter that I am not thoroughly acquainted with, I feel that in view of that fact and the further fact that certain publications in the public press of the country have appeared with particular respect to myself, that I owe it not only to myself and my constituency but to this committee that I should make a statement at this time on this subject.

To begin with, Mr. Chairman and gentlemen of the committee, I have very definite opinions based on what I regard as the fundamental principles of government involved in this bill or under the proposed bill. While that is true, I am just the character of man that feels that I ought not, if what has been published in the press with regard to my position about the matter is true, to delay action of the committee in any way, and I have no desire to do so. Personally, I feel like this is a matter where it requires compromise and concession on the part of any and all members of the committee and a waiver of preferences, if we have them, that we might get together on something that will bring a bill out of this committee before Congress in order that Congress may pass upon the question. In the last two or three days I have received from editors and persons who are interested in the Muscle Shoals problem in Tennessee clippings from newspapers published in various sections of the South, in which it is made to appear that this committee is tied up on this proposition and that I am the key man.

Mr. PARKER. Will you state in what newspapers those stories appeared and the dates, if you know them?

Mr. MAY. I left the clippings on my desk, but one of them is from the Knoxville Sentinel and the other I do not remember, but there is one paper in Birmingham, the Birmingham News, Age-Herald, or some such name. I simply wanted to say, Mr. Chairman, that so far as I am personally concerned I am unalterably opposed to Government operation of the Muscle Shoals plant in any respect; but I am willing to forego some of my preference about these matters in order that the Congress of the United States may settle the question, and I believe that this committee ought to authorize the manufacture of fertilizers for the farmers of the South and the whole country on a large scale if it can be done by private enterprise, and I believe it ought to put a clause in this bill that would prohibit any power company or subsidiary of a power company or anyone directly or indirectly connected with a power company from obtaining a lease of this property for any purpose. While I believe that, I still believe it is in a way wrong that the committee should single out any industry in the country and specifically discuss it as being marked for slaughter in connection with it, but I am willing to put that in it. I say this:

I am opposed to Government operation of the plant on fundamental principles. It is an invasion of the old democratic doctrine of State rights, and yet I am willing to accede to the wishes of the committee in those respects and allow this matter to go to a subcommittee to be drafted if that is the practice and the wisdom of this whole committee, but I do feel we ought to settle the fundamentals here in the whole committee before we give any instruction to a subcommittee to draft a bill as outlined by the whole committee. In doing that, without waiving the question of Government operation, I will specifically reserve the right as a member of this committee to oppose the final report of the subcommittee or oppose it on the floor of the House of Representatives if I feel at that time I ought to do it. In other words, my attitude is one of getting a bill out of the committee and let Congress say what it wants about it.

The CHAIRMAN. The gentleman's position is rather analagous to the one I occupied on the Reece bill. I accepted the decision of that committee, and while the subcommittee and as my friend STAFFORD said, helped to write the bill and reserved my right to file a minority report and sought a constructive rather than destructive solution of the question, I hope and believe my friend from Kentucky approaches this thing in the same spirit.

Mr. MAY. I say this. I am reluctant under any circumstances to sign a minority report against the majority of any committee for any purpose. I may not sign a minority report and I may sign one, but I do not think I will. In other words, what I want to do is to be in the attitude of being fair and impartial about the matter, but yet there are certain fundamental principles involved.

I do think this committee ought to make a report, and Mr. JAMES, who is, perhaps, one of the best-informed men on the committee and whose leadership I delight to follow, knows that I suggested to him some weeks ago before we were half way through the hearings that it seemed to me, that considering that many members of this committee had to do with this problem in years past that it was unnecessary to hear quite so much testimony as we heard, but his answer was a wise one, that everybody was entitled to a hearing and ought to be heard so that the committee would have ample chance to see the testimony in the record, and as a lawyer I yielded to that viewpoint, because when I argue my law cases I am always told by the court to keep within the record, and I want to go along with this committee and be in the attitude to facilitate this matter. That statement is what I wanted to make but I do feel we ought to gather around one table; as old Solomon said, "In a multitude of counsel there is safety," and in that way get out a bill, give instructions to a subcommittee to bring in a bill to go through the Congress of the United States.

I think I should call attention to one thing which I have heard in my contacts. Politically, I am opposed to the President. Everybody knows that. Politically, I do not agree with him, but in his message of March 3, 1931, vetoing a similar bill he has made statements with which I entirely agree, and if he was then under the conviction that those statements are true he will undoubtedly stick to them now, and if he does now, which I do not doubt he will do, a public ownership bill will be vetoed by the President.

Mr. JOHNSON. There is no question about that.

Mr. MAY. And defeat this legislation, and I covet an opportunity to see something passed that will benefit the farmers and business men of Alabama and Tennessee.

Mr. JAMES. If we are going to take the President seriously, and we are going to pay attention to what the President wants and pay no attention to what we decide to do, then report out a bill that embodies the only thing ever suggested by the President—that is, we turn it over to the States of Alabama and Tennessee. That is the only bill that we know will meet the approval of the President.

Mr. STAFFORD. I think the gentleman from Michigan is going altogether too far, because I am more or less in a position to say authoritatively that the President believes in the private leasing of these properties under terms that are liberal so as to secure fertilizer production.

Mr. JAMES. Has the gentleman from Wisconsin ever talked to the President?

Mr. STAFFORD. I have.

Mr. JAMES. How long?

Mr. STAFFORD. Nearly an hour.

Mr. JAMES. Since the President vetoed it?

Mr. STAFFORD. No. Prior to the veto.

Mr. JAMES. I talked to the President the night before he vetoed it and I suggested to the President then that if he was dissatisfied with what Congress did, that he put in his veto message what his remedy was and we have it there.

Mr. STAFFORD. I know personally from a long talk I had with the President as to what his views are and I do not think the gentleman is warranted in saying he will veto any leasing bill that we pass.

The CHAIRMAN. Proceed.

Mr. MAY. I would like to say, Mr. Chairman, as a further explanation of my attitude and speaking now from the viewpoint of a lawyer and business man, that I think the evidence we have heard here from such—well, from everybody before the committee, of every kind, knowledge, or condition, that we are in the midst of the worst depression in the history of America—makes the possibility of private leases, or other conditions that would operate in favor of the procuring of private leases that once existed, less, and that has been eliminated by the conditions.

For instance, the Ford proposal is no longer available to solicit because they have stated here, Mr. Ford's representative, that they are entirely out of the picture at this time due to the developments they have made elsewhere. If I remember right, Mr. Bell, of the American Cyanamid Co., said that he was not interested at this time and Mr. Swann, of the Swann Corporation, also. Speaking from the standpoint of a lawyer, I would say that any contract that is to be entered into by contracting parties that is not of mutual advantage to both parties is detrimental to both. I state that as a principle; and if we lay down rules here by which any commission that is appointed—the commission or corporation that is created—if such rigid regulations or provisions are incorporated that it is not of mutual advantage to both parties, then we have killed the thing in that direction without giving it out to the President of the United States or anybody in any branch of Congress.

Now, with this statement, I will conclude by saying I am ready to do whatever I can to bring from this committee a fair and reasonable bill that will secure for the farmers, the business men, and the people of the South, the country in which I live and the country that I love, the operation of this plant; and now, if the gentleman from Connecticut desires, I yield to him.

Mr. GOSS. I understand that your suggestion is to have the committee write the fundamentals, the whole committee, and make suggestions to the subcommittee.

Mr. MAY. My position is that they should instruct the subcommittee on the fundamental provisions to be included.

Mr. GOSS. When the gentleman from Alabama made the statement I did not gather that was his opinion. When I asked him if he would be willing to support a vote on a bill for private leases only, I understood him to say no; my thought is we ought to go along and have the Government-operation clause after a certain period if a lease was not given.

Mr. MAY. That is the way I understood the gentleman from Alabama, and I believe that is the provision in most of the bills we have killed except the Goss and Almon bills.

Mr. PARKER. Before I make my statement I would like to ask the gentleman from Kentucky [Mr. MAY] one further question.

Mr. MAY. That is all right.

Mr. PARKER. Were the names of any other members of this committee mentioned in the newspaper stories you referred to?

Mr. MAY. Yes. I think the name of the gentleman from Georgia Mr. PARKER, and I do not remember who else—yes; Mr. JAMES—I do not remember who else.

The CHAIRMAN. Judging from the number of telegrams and letters, my name is in some of the papers down there.

Mr. PARKER. I just wish to say at this time that my position is about the same as the gentleman from Kentucky, Mr. MAY, except that I am willing to go a little bit farther in one respect. If I can conscientiously vote with the majority of the committee in recommending that a particular bill be reported favorably, I am going to do that. If I can not conscientiously vote with the majority of the committee, I will not vote with a minority and I will not sign a minority report. I may reserve the right to vote "present" and hold myself in such position where I can vote on the floor of the House as my conscience dictates.

(Thereupon the committee resumed proceedings in executive session.)

Mr. MAY. Mr. Speaker, the practice of Government intermeddling in business is fundamentally wrong and contrary to the principles upon which this Government was founded. You can read the Magna Charta, the Declaration of Independence, the Bill of Rights, the Federal Constitution, and everything from the word "in," in the first line of the first chapter of the Book of Genesis, to the word "amen" at the end of the Book of Revelation, and you will not find one word authorizing government as a principal to be engaged in private enterprise. The purpose of government is to govern and to give to all equal opportunity and equal protection of the law, and allow each and all to work out their own salvation, but the time has come in this country, and it is not far distant, until we or our children shall be at death grapples with bureaucracy. The immortal Thomas Jefferson declared as a slogan that has been followed by our party since his day, "Equal and exact justice to all men and exclusive privileges to none," and he further declared that the high prerogative of the citizen was an inherent right to life, liberty, and the pursuit of happiness. Upon this trinity of life, liberty, and the pursuit of happiness hangs the law and prophecy.

Thirty years before the Civil War, great patriots from the South were battling in the Congress of the United States for the preservation of liberty and the rights of the States. In the celebrated debate between Daniel Webster and Robert Y. Haynes, in the Senate of the United States, when there was under discussion the Foot resolution, the immortal Haynes from South Carolina, defending the right of the citizens to life, liberty, and the pursuit of happiness, and stressing the rights of the individual States, and the danger of usurpation of power by the Federal Government, said:

> The gentleman has made an eloquent appeal to our hearts in favor of union. Sir, I cordially respond to that appeal. I will yield to no gentleman here in sincere attachment to the Union; but it is a union founded on the Constitution, and not such a union as that gentleman would give us, that is dear to my heart. If this is to become one great "consolidated Government," swallowing up the rights of the States, and the liberties of the citizen, "riding over the plundered ploughmen and beggared yeomanry," the Union will not be worth preserving. Sir, it is because South Carolina loves the Union, and would preserve it forever, that she is opposing now, while there is hope, those usurpations of the Federal Government which, once established, will, sooner or later, tear this Union into fragments.

Again that distinguished southern statesman, standing as he did in the front ranks of leadership, and defending with great ability the rights of the States and their citizens against the usurpations and paternalistic tendencies of the Federal Government, declared:

> If I had, sir, the powers of a magician, and could, by a wave of my hand, convert this Capitol into gold for such a purpose, I would not do it. If I could, by a mere act of my will, put at the disposal of the Federal Government any amount of treasure which I might think proper to name, I should limit the amount to the means necessary for the legitimate purposes of the Government. Sir, an immense National Treasury would be a fund for corruption. It would enable Congress and the Executive to exercise a control over States, as well as over great interests in the country, nay, even over corporations and individuals—utterly destructive of the purity, and fatal to the sovereignty and independence of the States. Sir, I am one of those who believe that the very life of our system is the independence of the States, and that there is no evil more to be deprecated than the consolidation of this Government. It is only by a strict adherence to the limitations imposed by the Constitution on the Federal Government that this system works well, and can answer the great ends for which it was instituted. I am opposed, therefore, in any shape, to all unnecessary extension of the powers or the influence of the Legislature or Executive of the Union over the States, or the people of the States; and, most of all, I am opposed to those partial distributions of favors, whether by legislation or appropriation, which has a direct and powerful tendency to spread corruption through the land, to create an abject spirit of dependence, to sow the seeds of dissolution, to produce jealousy among the different portions of the Union, and finally to sap the very foundations of the Government itself.

That, Mr. Speaker, is a quotation from the CONGRESSIONAL RECORD of January 19, 1830, which contains the great debate between Webster and Haynes, and that even in that distant day was the expression of a prophetic vision of one of the ablest statesmen of all time, and it is proving true in this day and in a marked degree.

The pending bill is fundamentally wrong in many particulars. To begin with, it creates a new bureaucracy, consisting of a board of three, and authorizes as an alternative the putting of the Government of the United States into industrial business in competition with private industry. To all that I am opposed; but yet when I look to the other end of this Capitol and find there a companion measure of this, reported for favorable action of the other branch of the Congress, and providing in the initiative for the operation of this gigantic enterprise by the Government, with private leasing as an alternative, I am compelled to

support the pending bill in order to escape the more drastic and dire consequences of a more vicious proposal, which inevitably will pass this Congress, unless the pending bill as a substitute shall be passed.

Upon that ground, and that alone, I shall support the pending measure as being the least of two evils. High authority has said, "Between two evils, choose ye the least," and if I am to swallow strychnine, I prefer 1 grain to 10 grains. If the Muscle Shoals plant is leased under the provisions of this bill to private industry and put in operation, it will become an instrument of untold blessings to the farmer and agricultural interests of this entire country; but if it is operated as a Government enterprise, it will become a menace and a curse, and that is so apparent and it is realized so forcibly that even the ordinary citizen understands the effects of it.

In the hearings before the Committee on Agriculture and Forestry of the United States Senate, February 16 to 24, 1932, Mr. Mercer Reynolds, of Chattanooga, Tenn., testifying before the committee, made this striking statement:

> I do not agree with you. I object to the Government ownership of any industry that can be financed by private capital. It is just an acknowledgment that we are gradually adopting the Russian form of government instead of our own. And if the Russian form of government is correct in one particular, it is correct in whole.

And the same witness, testifying upon the same occasion, made the further statement:

> I am a farmer. I have 4,000 acres of the poorest land in Georgia. It needs fertilizer. I want fertilizer. I objected to the Government going into the fertilizer business and not in the power business. Some of them seemed to think it was all right for the Government to go into fertilizer business but not in the power business. I am anxious to protect legitimate private capital that is in a legitimate business, whether it be in the fertilizer business or in the power business. I have no interest whatever in a fertilizer plant and no interest in any power plant. I have never received or been offered a nickel, as I have testified, or one penny, from any public-utilities corporation in my life, and was never connected with one, directly or indirectly. My only interest is the development of my community, more on account of the five sons I have growing up in that community than on account of myself. I have retired from business. Their future depends on the future of my community, and I am interested in the settlement of this matter and the development of the Tennessee River more for that reason than for any other reason.

Here we have a southern farmer with the hope, the ambition, and the future of his five sons in mind, and when we look over the field of governmental activities of this day we should not be surprised that even farmers of the South are awake to a realization of the awful and staggering gloom of the future of our Government unless the hand of paternalism is stayed.

Mr. Speaker, the Government of the United States is rapidly becoming an industrial concern rather than an institution of law and orderly procedure of government. Even now this Congress is passing resolutions providing for the investigation of the activities of the Government in business enterprises that are gradually becoming so atrocious and dangerous that within a decade the battle of this body will not perchance be a battle alone with poverty and depression, but a battle against the encroachments and paternalistic tendencies of the Federal Government in its rapid usurpation of the powers of the States, and the destruction of the initiative of the individual citizens. We have witnessed in this session of the Congress on the floor of this House the amazing spectacle of Members of this House arguing against Government in business and displaying articles of merchandise from chewing gum to boots, shoes, and clothing, manufactured and sold in commercial competition with private business by the War Department. We even have numerous agencies of the Government going out and buying in large quantities from jobbers, merchandise in every form and character, and retailing it at ridiculously low prices, in direct competition with individuals engaged in like business.

In the House Office Building, within the shadow of this Capitol, they are selling everything from chewing gum to ham sandwiches, and just down the street a few blocks, we have a gigantic Farm Board, with its multiplied hundreds of employees and high-salaried officials, engaged in the business of buying and selling in the open markets wheat, corn, and oats, in competition with the horny-handed farmer, on whose burdened backs we are beseeched to lay the drastic hand of taxation, by which we draw blood money to support the agencies of the Federal Government that is rapidly becoming the master and not the protector of the people. The guaranty of life, liberty, and the pursuit of happiness that was visualized by Jefferson for the generations that were to follow him has become a dead letter. The dangers and perils of paternalistic government are developing rapidly and stealthily and its despoiling influences are radiating in a thousand directions from this Capitol throughout the land.

We need less government in business and more business in government, but when I am confronted with a choice between two evils I shall accept and do accept the least of the two. I shall vote, Mr. Speaker, for the committee bill, with the hope and belief that a private lease of this valuable and expensive property will be secured under its provisions; but in conclusion let me warn my colleagues that at no distant day we or our successors will be at bayonets' points in a death grapple with paternalism, and in the defense of the generations of the future I indulge the fond hope that the patriotism of this day shall survive the attacks of bureaucrats and come forth conqueror over all.

[Here the gavel fell.]

Mr. BANKHEAD. Mr. Speaker, I move the previous question on the resolution.

The previous question was ordered.

The resolution was agreed to.

Mr. McSWAIN. Mr. Speaker, I move that the House resolve itself into Committee of the Whole House on the state of the Union for the consideration of the bill (H. R. 11051) to provide for the leasing and other utilization of the Muscle Shoals properties in the interest of national defense and of agriculture, and for other purposes.

The motion was agreed to.

Accordingly the House resolved itself into Committee of the Whole House on the state of the Union for the consideration of the bill H. R. 11051, with Mr. GARRETT in the chair.

The Clerk read the title of the bill.

Mr. McSWAIN. Mr. Chairman, I ask unanimous consent that the first reading of the bill be dispensed with.

The CHAIRMAN. Is there objection to the request of the gentleman from South Carolina?

There was no objection.

Mr. McSWAIN. Mr. Chairman, I yield 10 minutes to the gentleman from Louisiana [Mr. MONTET], a member of the subcommittee that prepared this bill.

Mr. MONTET. Mr. Chairman, in the time allotted me I shall try to explain some provisions of this bill.

A special subcommittee of the Military Affairs Committee had the preparation of this bill under consideration for many weeks. I was a member of this subcommittee. We held daily sessions and considered the Muscle Shoals proposals in keeping with instructions from the main committee, which were, in effect, as follows: The main committee instructed the subcommittee to draft a bill providing, first, for the leasing of Muscle Shoals, and that the leasing provisions be made as liberal as possible, but, of course, in keeping with and with due regard for the interests of the Government. Secondarily, that the bill should provide that in the event a lease of Muscle Shoals could not be secured within a reasonable time, provisions should be made for the Government to operate Muscle Shoals, and, third——

Mr. BACHMANN. Will the gentleman yield?

Mr. MONTET. Yes.

Mr. BACHMANN. Is the gentleman able to tell the House what it will cost the Government if this bill passes?

Mr. MONTET. If the gentleman will permit me to at least get started with my statement, I shall be glad to answer the question later.

Mr. BACHMANN. Will the gentleman yield further?

Mr. MONTET. No.

Mr. JAMES. I trust the gentleman will give some information to our new leader, who has just been elected whip.

Mr. BACHMANN. I would be glad if the ranking minority member of the committee would advise the House what it will cost the Government.

Mr. JAMES. I could not tell the gentleman anything about it.

Mr. MONTET. Mr. Chairman, I do not yield further. I hope the gentlemen will permit me to complete my statement without further interruptions.

The committee further instructed us to write a provision in the bill that would permit the leasing of the Muscle Shoals project even if and after the Government had undertaken its operation. We sought to carry out the instructions given us by the committee.

Section 1 of the bill declares, in very plain terms, the purposes of this legislation. It declares the purposes to be to aid American agriculture and to provide for national defense and primarily for the production and development of fertilizer and fertilizer ingredients; and, secondarily, for the production of chemicals.

Section 2 of the bill provides that the administration of the provisions of this act shall be vested in a board, and I may say to the members of the committee that the entire proposal, with respect to the operation of Muscle Shoals under this bill, revolves around the board.

It is provided that the board shall be composed of three members, who shall receive a salary at the rate of $10,000 per annum. These members are to be appointed by the President of the United States, by and with the advice and consent of the Senate; the board is to be an overlapping board. The members are to be appointed 2 years, 4 years, and 6 years, respectively, and their successors to be appointed for terms of 6 years, thus effecting the idea of an overlapping board.

As I have already stated, these appointments are subject to the approval of the Senate. With these safeguards thrown around the appointments, the country can depend that the membership of the board will be composed of men of high standing, whose record will be well scrutinized by the President and the Senate of the United States before final confirmation. Their salaries are fixed at the rate of $10,000 per year.

I want to explain here that that does not mean that they will receive $10,000 a year. These salaries are fixed at the rate of $10,000 a year, which means that if they devote six months' time to the affairs of Muscle Shoals during any one year they are to receive only six months' pay, which would be $5,000.

The committee felt that in a matter of such importance, involving the administration of property worth millions of dollars, salaries should be sufficiently attractive to invite the services of men able to deal with such a project.

Section 3 provides that the board shall maintain suitable offices and appoint attorneys and agents, and so forth. It also provides that two members shall constitute a quorum for the transaction of business.

Section 4 gives the board broad authority to lease this property, including the limestone quarry, for the term of 50 years; the lease also to include all property of the Government at Muscle Shoals involved in this project and all machinery, tools and improvements, and so forth.

Mr. FULBRIGHT. Will the gentleman yield?

Mr. MONTET. I yield.

Mr. FULBRIGHT. The gentleman stated that under the proposed bill the board is to be selected by the President of the United States.

Mr. MONTET. With the approval and advice of the Senate.

Mr. FULBRIGHT. In view of the fact that the President has indorsed the purchase of fertilizer in large quantities from Germany, now lying along the national highway, does the gentleman think he would be very particular about the kind of a board he would appoint?

Mr. MONTET. I would not undertake to answer the gentleman's question at this time. In this connection the bill also provides that this great property at Muscle Shoals shall not pass into the hands of any Power Trust—that it shall not be leased to any power-distributing company or holding company or any company affiliated with any power-distributing company.

While the bill gives broad discretion, broad powers to the board, it also places most of the responsibility on the board; but, on the other hand, it also places limitations and restrictions in connection with certain features of operations, with special reference to the minimum quantity of fertilizer to be produced by the lessee, thus insuring the farmer a definite minimum supply of Muscle Shoals produced fertilizer and its ingredients. These safeguards are indispensible to insure reasonable and adequate fertilizer production.

Since time is so precious and the amount allotted me permits no further comment at this time, let me conclude by saying that this bill is the result of weeks of hard work by our subcommittee. It provides for a full and final disposition of Muscle Shoals with the interests of the Government fully safeguarded and is a definite insurance to the farmer that he will be supplied with highly concentrated fertilizers at great savings in cost.

[Here the gavel fell.]

Mr. McSWAIN. Mr. Chairman, I yield to the distinguished gentleman from Georgia, who was for 10 years a member of the Committee on Military Affairs, five minutes.

Mr. WRIGHT. Mr. Chairman, the question of the disposition of Muscle Shoals has been a live one for the past 12 years. The question has grown so old that it is gray and mossy, and some of the Members may have forgotten much of what they once knew about the project.

It came into being as a result of the war, under what we know as the national defense act. I have had ringing in my ears for many years that it was for the production of nitrogen, for explosives in time of war, and fertilizer in time of peace.

Gentlemen, this is a great project at Muscle Shoals, and it is almost a national scandal that this vast property has been permitted to run to waste all these years.

The Government has invested there something like $140,000,000 or $150,000,000. There is a great hydroelectric plant there, perhaps the greatest in the world. There is a great steam plant as a subsidiary. They have the largest plant for the manufacture of nitrogen, perhaps, in the world.

Certainly—up to a year or two ago—it is the only one in the world standing idle. If all that has been testified about Muscle Shoals, and all that has been said here on the floor of the House about Muscle Shoals and also in the Senate, could be stretched out line by line it would go largely around the globe. I would like to know just what the printing bill has been in connection with it.

Mr. SNELL. Mr. Chairman, will the gentleman yield?

Mr. WRIGHT. Yes.

Mr. SNELL. As a matter of actual fact, not that I want to find fault with the bill, is it not true that as a matter of national defense that question has almost been exploded?

Mr. WRIGHT. The experts testified along that line.

Mr. SNELL. They say that has practically gone by as a matter of national defense.

Mr. WRIGHT. That is true. The experts say that.

Mr. ALMON. But the gentleman does not believe it, does he?

Mr. WRIGHT. Oh, the experts tell us a great many things that we do not find to be altogether practicable.

Mr. HILL of Alabama. There is a division of opinion among the experts on that question.

Mr. WRIGHT. Oh, yes; but I was referring to the experts in the Army.

Mr. STAFFORD. Is there any question but that the present Chief of Ordnance and the Chief of Ordnance two years ago, General Williams, said that there is no need for this plant for national defense?

Mr. WRIGHT. Yes; but I always take their testimony as to this with a grain of salt. I do not always agree with them.

Mr. STAFFORD. Who are the other experts?

Mr. WRIGHT. Those are the experts to whom I referred.

Mr. JAMES. And the same Chief of Ordnance, Hoff, submitted a letter to the President that he did not sign.

Mr. HILL of Alabama. And is not that the only plant in the United States of America that will make ammonium nitrate, which is the explosive substance used?

Mr. WRIGHT. It is the only one that I know anything about. There is no doubt the plant has value for the manufacture of explosives and fertilizer. What has been going on all these years? Nero fiddled while Rome was burning. Here is a plant capable of generating about 150,000,000 kilowatt-hours a month, which the Government through the War Department has been leasing to the Alabama Power Co. at the low price of 2 mills per kilowatt-hour. I am speaking now of the power end of it. General Brown, the Chief of Engineers, who has had this matter in active charge, has finally worked the contract up to where the minimum amount paid during the year shall amount to as much as $560,000. They have been paying around that sum. They take only about 25 per cent of the power generated. They use it as a dry-water proposition. I mean when the Alabama Power Co., the lessee, gets short of water somewhere else it draws on Muscle Shoals. I can not discuss this question in the time allotted to me, but I have always stood for leasing this proposition by the Government. We tried that for years. We had a good proposition from Henry Ford to lease it. That passed the House once, but it did not pass the Senate. We had another splendid offer by the American Cyanamid Co. through one of its subsidiaries, but it failed of passage.

The property is still in hand and what are we going to do with it? It should be kept in mind that each year we appropriate from $250,000 to $260,000 to operate, maintain, and repair it.

Mr. STAFFORD. Oh, no. How much do we receive at the present time?

Mr. WRIGHT. About $560,000. In other words, it costs about half of what we get for it to operate and maintain it.

Mr. ALMON. And the other half is taken up in maintenance charges and depreciation.

Mr. WRIGHT. Yes; we get nothing out of it. What I wanted to say is this: I have always stood for leasing the project. It seems we can not make a lease directly by Congress; at least, we never have been able to do it. The bill before you now provides for the creation of a board to make this lease, with the consent of the President. It gives the board 18 months in which to do it. I am hoping that they will get a lease within the 18 months. If not, then in all good reason is it not better for the Government to do something with it rather than have it go to waste. Under the circumstances I shall support the bill as being the best proposition before us.

Mr. CHIPERFIELD. Mr. Chairman, will the gentleman yield?

Mr. WRIGHT. Yes.

Mr. CHIPERFIELD. Does the gentleman insist that the cost of maintaining this property is $260,000 a year instead of about $82,000?

Mr. WRIGHT. The cost of operation, maintenance, and repair has been from $250,000 to $260,000 a year.

My time does not permit the discussion of the great benefit it is confidently expected would result to our farmers by reason of the operation of this great plant for the manufacture of fertilizer. One of the greatest drains on the American farmer, especially those in the South, is the enormous amount paid for commercial fertilizer. It is reasonably certain, under the terms of this bill, a highly concentrated fertilizer would be produced and at radically lower prices than now paid by the farmers. Besides the bill offers promise that the Government would receive some substantial returns from the sale of the enormous power capable of being generated at the plant.

Mr. RANSLEY. Mr. Chairman, I yield 10 minutes to the gentleman fom Massachusetts [Mr. UNDERHILL].

Mr. UNDERHILL. Mr. Chairman, I do not know that I have ever considered a question before Congress from a political standpoint before to-day, but I want to discuss this for just a moment from that angle. I do not speak for the President; but if he runs true to form and this bill passes the Congress, there is no doubt in my mind that he will veto it and thereby he will add to the record that he has already made on vetoes which have saved the people of this Nation close on to a billion dollars. I would like to call attention to the fact that during the last session of Congress the President vetoed seven bills which called for large governmental expenditure Of these the House of Representatives overrode two vetoes. My recollection is that practically all the Democratic members joined in overriding these vetoes. If the same proportion had supported the vetoes in the Democratic Party that was found amongst the Republican members, these two vetoes would have been sustained.

Of the vetoes sustained in one House or the other the expenditure called for can be quickly interpreted into the expenditure that would have been added to the Government up to the end of the next fiscal year.

Senate 543, increasing the pay of mail carriers, $288,000.

Senate 3060, to establish State subsidies for employment service, $10,000,000.

Senate 3165, for the payment of certain Indian claims, $6,500,000.

And in addition to that, a recent veto that has saved almost an equal amount.

Senate Joint Resolution 49, relating to Muscle Shoals, $100,000,000.

H. R. 10381, to extend the disability presumption into the veterans' act. This would have cost the Government in the fiscal year——

Mr. PARKER of Georgia. Mr. Chairman, I demand the regular order under the rule. The rule requires the gentleman to speak to the bill.

Mr. UNDERHILL. I am going to speak to the bill. I am presenting a few figures and facts to carry out the argument which I wish to present. This would have cost the Government $110,000,000 in the year 1931, and in the fiscal year just ended $264,000,000. In the fiscal year, which we have had under consideration, $365,000,000, or a total for this one bill alone of $737,000,000.

Now, the two bills on which the President's veto was overridden were the Spanish-American War veterans, amounting to $60,000,000, and the other one——

Mr. PARKER of Georgia. Mr. Chairman, I make the point of order that the rule requires the gentleman to speak on the merits of the bill, and I insist that the Chair rule.

The CHAIRMAN. The gentleman will proceed in order.

Mr. UNDERHILL. So that the President has saved the people of this Nation by his vetoes, as I stated, about a billion dollars.

Mr. PARKER of Georgia. Mr. Chairman, I renew my objection and demand a ruling.

The CHAIRMAN. The gentleman will suspend. The gentleman will confine his remarks to this bill.

Mr. VINSON of Kentucky. Will the gentleman yield?

Mr. UNDERHILL. In just a moment. After all the interruptions I think I may at least state that this presumptive veto will save the people of this country another $120,000,000.

Mr. PARKER of Georgia. Mr. Chairman, I move that the remarks of the gentleman be stricken from the RECORD.

The CHAIRMAN. That motion is not in order.

Mr. VINSON of Kentucky. Will the gentleman yield?

Mr. UNDERHILL. I yield.

Mr. VINSON of Kentucky. The gentleman says the contemplated veto will save the people $120,000,000.

Mr. UNDERHILL. That is about what I figure it.

Mr. VINSON of Kentucky. In the gentleman's computation did I catch an item of $100,000,000 that was saved by vetoing the Senate resolution?

Mr. UNDERHILL. Yes.

Mr. VINSON of Kentucky. Will the gentleman add that together and take $100,000,000 for one action and $100,000,000 for the contemplated action?

Mr. UNDERHILL. Yes; because in the meantime the deterioration of the property would probably require another $20,000,000.

Mr. VINSON of Kentucky. But that would be $220,000,000.

Mr. UNDERHILL. I get the gentleman's point. Well, this would be a renewal—another saving of $120,000,000. Eternal vigilance is the price of economy.

Mr. OLIVER of Alabama. Will the gentleman yield?

Mr. UNDERHILL. I yield.

Mr. OLIVER of Alabama. What would be the profits from approval by the President of the Cape Cod Canal?

Mr. UNDERHILL. Oh, Mr. Chairman, the question of the Cape Cod Canal is not under consideration at the present time, and furthermore, the total cost to the Government thus far of the Cape Cod Canal has only been about $9,000,000.

Mr. FULBRIGHT. Will the gentleman yield?

Mr. UNDERHILL. I must proceed in order, Mr. Chairman. I can not yield.

I am not willing to swap a life-saving inland waterway at an expense of $9,000,000, which has all been paid for, years before the present fiscal and economic condition, for a $100,000,000 business venture. It would reflect upon my Yankee training. May I say to the gentleman from Alabama that had he or any of his colleagues from the State of Alabama dared introduce a bill like this 25 to 50 years ago, I doubt if they would have received 50 votes in their district for reelection.

Mr. OLIVER of Alabama. Will the gentleman yield?

Mr. UNDERHILL. I yield.

Mr. OLIVER of Alabama. The gentleman's attitude toward Muscle Shoals has changed materially since the passage of the Cape Cod Canal bill.

Mr. UNDERHILL. Oh, Mr. Chairman, the gentleman is woefully mistaken. I have always voted against the Muscle Shoals bill on the ground that it would put the Federal Government into business. Thus far I have followed the doctrine of Thomas Jefferson, which has been abandoned by most of his followers in the South, who would sell the heritage left them by that great statesman for a mess of pottage, composed in most part of political patronage.

Now, unless the South is willing to abandon its traditional policy of State rights and State maintenance, it can not consistently vote for a proposition such as this, even though it lie within its own borders.

But, Mr. Chairman, that is beyond the question. The question is, Are you going to make additional expenditures at this time when we have tried vainly up to now to balance the Budget, when we are way in the red, when the people are crying for relief from taxation? You do not hear as much from the unorganized majority of the people who suffer from taxes as you hear from organized minorities who benefit, but let me tell you that they are interested and incensed just the same. I took a little trip over the week-end, and practically everyone I met had some criticism to make of Congress and its inability, its inefficiency, or its ignorance in judging the temper of the people, and its subservience to special vociferous classes. So that to-day the crying need of this country is not greater expenditures by the Government. The Government never went into a business yet that did not result in tremendous loss and that did not result in a scandal. I have only to refer to the $2,000,000,000 of loss sustained in 21 months by the Railroad Administration, to the over two billions of dollars of loss sustained by the Shipping Board when it tried to run the merchant marine of this country for a period of 23 months. I have only to refer to the scandal resulting because the Government tried to go into the oil business. It makes no difference how far you go back, even to the crédit Mobilier, the Government has failed when it entered the realm of private business. Pass this bill and it will afford another opportunity to the President to protect the people through the medium of the veto from the unwarranted expenditures of Congress.

[Here the gavel fell.]

Mr. RANSLEY. Mr. Chairman, I yield 10 minutes to the gentleman from Connecticut [Mr. Goss].

Mr. GOSS. Mr. Chairman, when I first came in here this morning I heard the gentleman from West Virginia [Mr. BACHMANN] ask what it might cost the Government if this plant were put into the operation of making fertilizer. I want to refer you for a moment to page 557 of the hearings, where the gentleman from Michigan [Mr. JAMES], in referring to the amount to be expended by a proposed lessee, claimed that it would be $10,000,000. Mr. Bell agreed to put that in at the outset and then some $35,000,000 more. I have noticed to-day that the speakers preceding me have not referred to the so-called Cove Creek Dam provisions of this bill. On page 13 of the bill you will find this language:

SEC. 11. (a) When a lease of the Muscle Shoals properties has been effected, or if no lease be effected, when the board shall certify to the President that there is a demand for increased power for the manufacture of fertilizer or fertilizer ingredients at Muscle Shoals, the Secretary of War is hereby authorized, when appropriations shall be made specifically available therefor by the Congress, to construct, either directly or by contract to the lowest responsible bidder after due advertisement, a dam in and across Clinch River, in the State of Tennessee, which has by long usage become known and designated as the Cove Creek Dam.

The testimony before the committee stated that that dam would cost various figures. I want to be accurate. I think the committee assumed that it would be around $30,000,000. Am I right, Mr. Chairman?

Mr. McSWAIN. To be accurate, it would be about $34,000,000, including all of the equipment for the dam, the lifts and navigation facilities.

Mr. GOSS. It would cost the Government $34,000,000 for a dam that is authorized to be constructed out of appropriations made by Congress in addition to some $35,000,000 that would be necessary for some private lessee to spend down there to get the plant in shape for operation.

Mr. BACHMANN. Mr. Chairman, will the gentleman yield?

Mr. GOSS. I yield.

Mr. BACHMANN. The gentleman has not included the salaries of the employees to be appointed, or the furnishings of the offices, and so forth.

Mr. GOSS. I agree with the gentleman that there would be considerable additional expense. I am naming but a few of the larger items, which amount to something like $60,000,000.

Mr. BACHMANN. Does the gentleman think the cost will amount to $75,000,000?

Mr. GOSS. I think that would be a conservative estimate.

Mr. HILL of Alabama. Mr. Chairman, will the gentleman yield?

Mr. GOSS. I yield.

Mr. HILL of Alabama. I know the gentleman wants to be accurate.

Mr. GOSS. I do.

Mr. HILL of Alabama. Because Mr. Bell said it was his intention for the American Cyanamid Co. to spend $35,000,000 if it took over the plant does not mean at all that it is necessary to spend that much money to operate the big nitrate plant there. Mr. Bell intended to go down there and operate on a great scale, just exactly like he is operating at Niagara Falls and in Canada. He was going to modernize the plant, build a great phosphoric-acid plant, and a big chemical plant in addition.

Mr. GOSS. I can not yield for the gentleman to make a speech in my time.

Mr. HILL of Alabama. If the gentleman wants to be accurate, he should refer to all the facts connected with that expenditure.

Mr. GOSS. I refer the Members to page 557 of the hearings.

Of course, the gentleman from Michigan [Mr. JAMES] was arguing for the amortization of the contract over a 15-year period.

Mr. JAMES. Since the gentleman has mentioned my name, I was not talking about the amount of money. I was bringing up a supposititious question and how he would charge it off.

Mr. GOSS. If he had to charge it off, naturally he had to spend it.

Mr. LINTHICUM. Will the gentleman yield?

Mr. GOSS. Yes.

Mr. LINTHICUM. Where are we going to get the money to do this work if this bill passes?

Mr. GOSS. That is my point. I do not know, in these times. The bill provides a leasing clause of 18 months. If a lease is not made within that time, then six months thereafter the board may go ahead and operate it as a fertilizer plant for the Government.

Mr. LINTHICUM. You set up an organization in the beginning of three men at $10,000 a year each.

Mr. GOSS. Oh, yes.

Mr. SNELL. Will the gentleman yield?

Mr. GOSS. Yes.

Mr. SNELL. Is not that mandatory upon the President? As I read the bill, it is mandatory.

Mr. GOSS. Yes; it is mandatory. He must operate it if a lease is not made within the period of 18 months.

Mr. STAFFORD. Not the President, but this board?

Mr. GOSS. Of course.

Mr. STAFFORD. And this board will be in sympathy with that proposal.

Mr. GOSS. That is true. The majority of the House Committee on Military Affairs incorporated this section 14 in the bill, which will automatically put the Government into the fertilizer business to which I have just referred.

There are many authorities on this. These hearings comprise some 700 pages, and the hearings took over two weeks. I would like to call attention to the testimony of Mr. Mayo on page 445 of the hearings. Mr. Mayo is one of the eminent engineers of the country, the chief engineer of Mr. Ford. He said:

> As I said at the beginning, I haven't followed the fertilizer art, but my guess would be that what is down there in the way of fertilizer plants would be so badly out of date now—10 years from the time we were talking about it—that there would be very little value in it.

Then he went on to say that personally he thought it would be very disastrous for the Government to engage in this particular business of making fertilizer there. Of course, if the Government operates the plant at all, it must operate it for making fertilizer.

I want to refer for a moment to Mr. O'Neal's testimony. Mr. O'Neal is the president of the American Farm Bureau. Let us see what he had to say about it. He answered a question which I asked him about the production of nitrogen there, and he said:

> My dear sir, you might fix a fellow so down there if you made him make 40,000 tons of nitrogen that you would put him out of business and ruin the whole project.

That is when we were discussing the amount of nitrogen and phosphoric acid in the bill, fixing a definite amount in the bill, and the testimony of the president of the Farm Bureau was that he thought that was very dangerous and might ruin the whole project.

Mr. HART. Will the gentleman yield?

Mr. GOSS. Yes.

Mr. HART. Does not the gentleman know that Mr. O'Neal had some one on the pay roll as a Farm Bureau man who was working for the American Cyanamid Co. when this bill was last up?

Mr. GOSS. I did not know that.

Mr. HART. It is in the Caraway lobby investigating committee hearings.

Mr. TILSON. Will the gentleman yield?

Mr. GOSS. Yes.

Mr. TILSON. As I read the bill and as I understand from the gentleman's argument, the terms of the proposed lease are made so impracticable that there is no reasonable probability of a lease being made during the 18 months provided in the bill, and that if it is not made within that time, then the Government must go into the fertilizer business.

Mr. GOSS. The gentleman is absolutely correct. We have a large capacity in this country for nitrogen production, and the plants engaged in that production have been expanded very much. General Hof testified that 172,000 tons of nitrogen would supply an army of 2,000,000 men for two years, and he admitted we had enough production in this country already and that 600,000 tons could be produced annually. So he convinced me that there was no particular need for the Government manufacturing nitrogen. Furthermore, the testimony all the way through bears out the fact that nitrogen can be bought very much cheaper than it could be made at nitrate plant No. 2. I would refer you to pages 482, 483, and 484 for the testimony to which I have just referred. General Hof said he had a publication showing the capacity of the United States to be 538,000 tons of synthetic nitrogen.

There is another provision on page 9, section 5, which provides that—

> The lessee shall maintain during the term of the lease United States nitrate plant No. 2 in at least the equivalent of the condition in which it shall be turned over to the lessee at the commencement of the lease term.

[Here the gavel fell.]

Mr. RANSLEY. Mr. Chairman, I yield the gentleman five additional minutes.

Mr. GOSS. It was testified it would be a profitable matter to make phosphoric acid in plant No. 2 at Muscle Shoals and that this plant could be readily turned over to the making of phosphoric acid, but unless an amendment is offered, which I understand may possibly come from the committee, that can not be done.

Mr. PARKER of New York. Will the gentleman yield?

Mr. GOSS. Yes.

Mr. PARKER of New York. How much would it cost to put in the new machinery to supplant the antiquated machinery at Muscle Shoals to-day to make nitrogen in competition with commercial nitrogen?

Mr. GOSS. With the Cove Creek Dam I would say it would be somewhere between $75,000,000 and $100,000,000.

Mr. ALMON. Will the gentleman yield?

Mr. GOSS. Yes.

Mr. ALMON. The gentleman does not mean to say that this bill would require the building of Cove Creek Dam until certain conditions obtain?

Mr. GOSS. It requires the building of Cove Creek Dam when there is demand on the Government for the additional power, and I want to call the attention of the committee to this point. The maximum primary power under low-water conditions there is only some 45,000 or 50,000 kilowatts, and that is all that can be considered as primary power. If a man goes down there, or even if the Government should operate it, in order to get the required amount of nitrogen and phosphoric acid, there would have to be extra power, even beyond the steam plant, and, of course, they would come back to the Government for the construction of Cove Creek Dam.

In this connection let me say that nitrate plant No. 2 has furnaces there which are used in the production of nitrogen and which can be transferred and used for the production of phosphoric acid. It does not require much of a change to go from one to the other, but if the lessee were required to maintain and keep his plant in the equivalent condition it was before he took over the lease, I submit he could not change the plant over for the production of phosphoric acid.

Let me remind you that in this matter of fertilizer there are three primary ingredients—phosphoric acid, nitrogen, and potash in the various forms, and, of course, it is proposed down there to make a highly concentrated form of fertilizer which undoubtedly would work benefit to the farmer because of the freight-rate situation.

Mr. MICHENER. Will the gentleman yield?

Mr. GOSS. Yes.

Mr. MICHENER. Is there any provision in the bill providing that this fertilizer shall be sold by the Government directly to the farmer?

Mr. GOSS. No.

Mr. MICHENER. They could sell it on the open market?

Mr. GOSS. It is my understanding they could.

Mr. MICHENER. And it is the presumption that they would do that?

Mr. GOSS. Yes.

Mr. FITZPATRICK. Will the gentleman yield?

Mr. GOSS. Yes.

Mr. FITZPATRICK. Did not the gentleman consider this a very liberal lease, outside of the Government operation provision?

Mr. GOSS. I am willing to say that if section 14 were stricken from the bill and further revision made in the Cove Creek Dam project, with an amendment to clarify the situation with respect to nitrate plant No. 2, I would vote for the bill, but with those provisions in the bill, I can not vote for it.

Mr. CHIPERFIELD. And that would mean taking out the Government-ownership provision.

Mr. GOSS. Oh, absolutely. Section 14 is the Government-operation clause.

Mr. FITZPATRICK. And those objections seem to be the main ones of the minority Members.

Mr. STAFFORD. Oh, there is the Cove Creek Dam provision, which is a $30,000,000 proposition.

Mr. BANKHEAD. Did President Hoover object to the Cove Creek Dam provision in the other bill? He did not veto it on that ground.

Mr. STAFFORD. He had some qualifications as to when that should happen, and this measure does not have any of those qualifying provisions. This bill commits the Government to its construction under certain conditions.

Mr. GOSS. The Government is committed to its construction when it is demonstrated they need the extra power.

Mr. GREEN. Is the main objection of the gentleman from Connecticut that it will provide cheaper fertilizer for the farmer?

Mr. GOSS. Oh, no; I am very heartily in favor of that.

[Here the gavel fell.]

Mr. McSWAIN. Mr. Chairman, I yield five minutes to the gentleman from Tennessee [Mr. TAYLOR].

Mr. TAYLOR of Tennessee. Mr. Chairman and members of the committee, behold! again we are in the midst of the ghouls and the ghosts, the weird and fantastic noises, and the bleak and grotesque shadows of the old Muscle Shoals cemetery. As we prowl through the brambles, ragweeds, and dog fennel of this sadly neglected graveyard, we come upon three badly weather-beaten and dilapidated markers that attest the resting places of as many efforts to solve this problem that has become a joke and the butt of ridicule from one end of this country to the other.

First, almost concealed by the débris of time, we discover a little marker, and on close inspection and with great difficulty we are able to decipher the inscription. It reads, "The Ford offer—it died a-bornin' 1924." A little farther on, and not quite so obscure as the former, we encounter another slab with this epitaph upon it: "Here lies the body of Muscle Shoals, killed by Executive veto June, 1928." Still farther on, we find evidence of a more recent grave, and at its head appears another stone bearing this inscription: "Muscle Shoals, after weathering a lingering illness in Congress, met fate of predecessor in form of Executive disapproval, on March 3, 1931."

Now, my colleagues of the House, I have given you in burlesque phraseology the story of Muscle Shoals—a story which I maintain is a grave reflection upon the capacity of parliamentary government to function successfully.

Here we are in the midst of a depression such as our country has never experienced before. Over 5,000,000 people are out of employment and exposed to the vicissitudes and sufferings incident thereto. Here the Government has a plant representing the expenditure of approximately one hundred and fifty million of the people's money which if put to work would afford employment to thousands, reduce the cost of fertilizer to the already overburdened farmer, and cheapen the use of electricity in both domestic and commercial activity. And yet, Congress is either impotent or too obstinate to act, and either horn of the dilemma is a grave indictment of the competency and integrity of representative government.

While the bill under consideration is by no means satisfactory to me, I congratulate the friends of the proposition on the Military Affairs Committee on their ingenuity in reporting out any bill, however objectionable. I am aware of the difficulties under which they labored and the concessions which they were forced to make to get any action at all. I hope to see this measure materially amended on the floor to-day, however; but forsooth we fail in our efforts in this respect, we who contend for real effective and constructive Muscle Shoals legislation, with the Cove Creek Dam provided for, shall hope for relief at the hands of the conferees.

My friends, I am serious when I say to you that our experience with the Muscle Shoals debacle has been, in my judgment, a shining and outstanding example of the incompetency of the American Congress. This infant was left on our doorstep at the close of the war, and notwithstanding the fact that one hundred and fifty millions of the taxpayers' money was wrapped up in its swaddling clothes, we have steadily and stubbornly refused to take it up and give it nourishment. While we have debated and redebated this proposition, and that over a period of 12 years, a great selfish corporation has been coining huge profits on the power created at Muscle Shoals at a ridiculously infinitesimal cost. While we have been "fiddling" here in Congress, Rome has been and is still on fire.

In 1922 Henry Ford proposed to Congress to take over Muscle Shoals on a lease basis that had the active approval and support of such men as John McKenzie and that old Roman of Illinois, the late Martin Madden, but becoming impatient, after two years, at the delay and indifference of Congress, that great wizard of industry withdrew his proposal in disgust.

In 1928 Congress passed an act providing for the leasing of Muscle Shoals in the event a suitable lessee could be found, and in the alternative, Government operation; but this bill was killed by the pocket veto of President Coolidge. In 1931 Congress again passed a Muscle Shoals bill similar to that vetoed by President Coolidge, but it met the same fate at the hands of our present Chief Executive.

Thus, my colleagues, Muscle Shoals has been our prize white elephant for more than 10 years. For a decade it has been a constant bone of contention. But we have bluffed, side-stepped, pussyfooted, and alibied long enough. Unless we solve this problem now, we are going to stand discredited in the estimation of the American people, who have already become suspicious of our sincerity in dealing with this subject.

I do not mind confessing to you frankly, my friends, that my chief concern on the Muscle Shoals question is the proposed Cove Creek Dam feature. Cove Creek is in the congressional district that I have the honor to represent, and it is therefore, of course, of paramount importance to me. But I am willing for Cove Creek to stand on its own intrinsic merits. Every commission that has investigated the Muscle Shoals subject has recognized Cove Creek as an integral and indispensable part of the Muscle Shoals project, and has so recommended to the White House and to the Congress. Every measure that has been promulgated on this subject has included Cove Creek. And while the bill before us to-day in a sense embraces Cove Creek, it is absolutely innocuous so far as making any definite provision for the construction of this dam. In this bill Cove Creek is suspended like Mahomet's coffin, and no definite commitment is made for this project that has been recognized by our greatest engineers to possess the largest storage possibilities to be found anywhere in the country.

True, there is a remote suggestion that peradventure some day, perhaps, if certain contingencies arise, Congress may be invoked to provide an appropriation to build this dam, but the suggestion is so remote and chimerical as to hardly merit casual mention. Why postpone the development at

Cove Creek? Every student of this subject concedes the importance of this development to the Muscle Shoals project and agrees that this dam must ultimately be constructed in the interest of navigation and flood control, irrespective of its essential value to Muscle Shoals proper.

From an economic sense and for the benefit not only of Tennessee and Alabama but for the good of the entire Mississippi Valley, the construction of the dam at Cove Creek is an absolute necessity. So why delay the proposition? There never was a more opportune time to build this dam than now. Unfortunately in this very section at this time unemployment is most acute. Within the past few weeks my attention has been repeatedly called to the very distressing and alarming unemployment conditions in the city of Knoxville, a city of 125,000 population, situated 35 miles from the proposed Cove Creek Dam. There are large bituminous-coal mining fields adjacent to Cove Creek, where, due to industrial conditions, thousands of men are out of employment. According to the appeals which I have had from Mr. T. H. Haynes, director of public welfare; Mr. E. N. Ogden, chairman of the advisory employment committee; and Mr. A. L. Chavannes, secretary-manager of the community chest, in taking care of her unemployed the financial resources of the city of Knoxville have been taxed to the point of exhaustion. These gentlemen inform me that unless something is done soon to relieve this situation that splendid city that has done such wonderful relief work already will collapse under the strain.

If only $2,000,000 were made available for the beginning of the work at Cove Creek, this dismal situation would be largely dissipated. Land values are lower in the Cove Creek area than ever before, which is another cogent argument for doing this job now.

And who, Mr. Chairman, is opposing this Muscle Shoals-Cove Creek movement that means so much to agriculture, industry, and the toiling masses generally?

By their fruits ye shall know them.

It is opposed by the great fertilizer trusts who fatten on the sweat of the overladen farmers of the land. It is opposed by the great power interests of the country, and for two reasons: First, so long as the Muscle Shoals controversy continues, the power companies can take at their own price—a price amounting to almost larceny and confiscation, the electric current generated at Muscle Shoals. And, second, so long as the Muscle Shoals problem is unsolved, these great power companies are free from the competition that will naturally follow when the Government leases or operates this gigantic plant. It is opposed by the great electric-bonding corporations who handle the stocks and bonds and debentures of the power companies of the Nation and sell them on a nice, fat, juicy commission.

What do they care if Chile is paying the operating expenses of her Government out of the profits on nitrates shipped into the United States to be used in the manufacture of fertilizer? What do they care if the farmer has to pay twice as much for his fertilizer as he should? What concern is it of theirs if electric current is costing the consumer exorbitant prices?

They are interested in making profits to be translated into luxuriant dividends. The woe of the farmer and the wail of the wage earner do not interest these capitalists who compose the boards of directors of these colossal corporations that juggle and manipulate the natural resources of this country—these God-given assets of the people.

But the argument will be made, Mr. Chairman, that we can not make an appropriation for the construction of the Cove Creek Dam at this time on account of the unsatisfactory condition of the Public Treasury. The old "balance the Budget" slogan will be resurrected and brought into the fore again to combat this important development.

No one is stronger for economy than I am, and I think a review of my votes on yesterday will demonstrate this fact. No one appreciates any more than I do the importance of balancing the Budget. But while we are balancing the Budget and practicing every possible economy, we must not overlook the suffering and distress incident to unemployment in our land. We must not place the dollar above our flesh and blood; for when we do, the days of this Republic, which for a hundred years has been the envy and admiration of the nations of the earth, are numbered.

I want to see the cost of government reduced to the lowest possible minimum consistent with efficiency. The taxpayers of this country are well within their rights when they demand this at our hands. Private industry has retrenched and the Government must follow. Salaries must be cut and useless bureaus must be abolished. But while this is going on, we must not stop our capital investment, our internal improvement, our public works, which furnish employment to a vast number of our citizens.

The Cove Creek Dam is an instance in point. Everybody recognizes that its ultimate construction is imperative and inevitable. Let us start it now when material is cheap and unemployed labor is plentiful and needy.

At the proper time I shall offer an amendment to this effect. [Applause.]

Mr. RANSLEY. Mr. Chairman, I yield five minutes to the gentleman from Georgia [Mr. PARKER].

Mr. PARKER of Georgia. Mr. Chairman, I want to say in the beginning that this is the best Muscle Shoals bill that has ever been reported by a committee to either body of Congress. However, there is one provision in the bill that I am not in accord with—that is contained in section 14, which provides for Government operation of the Muscle Shoals properties. All of the members of the Military Affairs Committee have been in agreement on this bill, except in so far as it provides for Government operation. I do not believe that any member of the committee seriously wants the Government to operate the plant, but a majority of the members have agreed to go along and vote for the bill, including the Government-operation feature, thinking, perhaps, that section 14 of the bill might be one that can be used as a cudgel over industry and force the leasing of the property.

I can not agree that it is necessary for the Seventy-second Congress to take action on a matter that might properly be brought before the Seventy-third Congress. Under the provisions of this bill the board will be given 18 months in which to lease the plant. If the board fails to find a lessee in 18 months, then the Government will have the right and authority to enter into business. I am of opinion that if a lease can not be consummated in 18 months the board should be required to report the matter back to Congress, which will be in session at that time. Eighteen months from now the Seventy-third Congress will be in session, and there is no reason why this Congress should borrow troubles in advance.

Mr. FITZPATRICK. Would not we have the same thing right over again if the bill is brought back?

Mr. PARKER of Georgia. I can not answer that question, but if I am here in the Seventy-third Congress, I will still be opposed to Government operation. [Applause.]

There is one other objectionable feature of the bill, as I see it, and at the proper time I shall offer an amendment to cure it.

Section 3, page 2, of the bill, provides that the board is authorized to provide suitable offices and office equipment, employ and fix compensation of officers, employees, attorneys and agents, as it shall deem necessary for the transaction of the business of the board.

I am going to offer an amendment at the proper time limiting the salaries of all officers, employees, attorneys, and agents of the board to $10,000 per annum.

Mr. GREEN. Will the gentleman yield?

Mr. PARKER of Georgia. I yield.

Mr. GREEN. If the bill does not regulate the appointment of the board, it seems to me it should be amended so that no member of the board can be a member or stockholder or official of any firm that leases Muscle Shoals. I hope the gentleman will think of that in his amendment and provide for it.

Mr. PARKER of Georgia. In answer to the gentleman, I will state that if section 14 is eliminated from the bill, I will be delighted to support it in toto. [Applause.]

[Here the gavel fell.]

Mr. McSWAIN. Mr. Chairman, I yield five minutes to the gentleman from Illinois [Mr. ADKINS].

Mr. ADKINS. Mr. Chairman, this Muscle Shoals proposition as all know has been under discussion for a long time. I have not paid very much attention to this bill. I did to the bill that was vetoed by the President some time back, and from the beginning of the Muscle Shoals controversy I have made a study, and read what was appearing in print here before the various committees in Washington. I made up my mind that the chief thing that was wrong, the greatest hindrance to Congress in making a disposition of Muscle Shoals, was the controversy that existed as to who should control it. After looking over all this evidence which has been submitted with regard to Muscle Shoals I think I understand it fairly well. On the one hand, there was a great power company soliciting me to go out and make sentiment for the taking over of the plant by the power company. On the other hand, here was a group of real-estate men soliciting me to go out and make sentiment to let Henry Ford take it over so that they could sell the real estate at good prices. I turned them both down. I said, "I do not like the tactics of either one of you." Here is a great property which in an emergency was brought into being by the Government during the war. Some disposition should be made of it, and the contention of these two interests as to who should control in my opinion has been the stumbling block in making disposition of Muscle Shoals ever since. Some disposition should be made of it. The Government should not make this large investment of money for a plant to be only a matter of controversy for session after session of Congress. After looking over the thing, my opinion finally is that the proposition vetoed by President Coolidge is one of the best that we have ever had.

As a matter of fact, the question of fertilizer is becoming more acute as time goes on. A provision was made in that—and I presume it is in this bill, although I have not read it—that while experiments with the manufacture of nitrates, fertilizers, may go on, at the same time, in time of war, it can be turned over and used for war purposes, and we will always have a laboratory there which could be taken over by the Government in time of war. It seems to me that is a good disposition of it. As a matter of fact, that was vetoed and got out of the way. The fertilizer proposition, whether it is a wise one or not, is a very acute one in the South. The proposition comes up every session, and it is growing. As far as I am concerned, I have been using what little influence I have to minimize it. We loaned money for fertilizer and have always lost a little money. Let us make that fertilizer down there and do away with some of the public expense that is growing on us year after year.

Mr. MAY. Mr. Chairman, since the gentleman has stated that he has not read the bill, for his information I will state that there is a clause in the bill authorizing the recapture of the plant at any time in the interest of national defense.

Mr. ADKINS. I presumed there would be. I do not think that this committee in its wisdom would fail to improve the form of the bill each time it comes before the Congress. I am not in favor of Government operation of business, but here we have a very definite proposition. Take the question of the mails, for instance. The Government operates the mail, although a private enterprise probably could do it more cheaply than we do.

Mr. UNDERHILL. Mr. Chairman, will the gentleman yield?

Mr. ADKINS. Yes.

Mr. UNDERHILL. The Government operates the mail at an expense of over $100,000,000, which it turns back to the newspapers and the periodicals every year.

Mr. ADKINS. That is all true. For certain reasons we do operate the mail. For certain reasons the Congress in its wisdom built the Muscle Shoals Dam to make nitrates. It is not because Congress thought the Government could do it cheaply, but it was to meet a necessity. Regardless of the controversy that exists, I expect to vote for Muscle Shoals until we finally dispose of it.

Mr. CHIPERFIELD. Mr. Chairman, will the gentleman yield?

Mr. ADKINS. Yes.

Mr. CHIPERFIELD. Is the gentleman in favor at this time of undertaking an expense that may well run into a hundred million dollars in view of the distressed condition of the country and his own district?

Mr. JAMES. The bill does not provide any such thing.

Mr. CHIPERFIELD. That is a question of veracity. I say it does. The gentleman has a right to his view, and I have a right to my view. I say that it does.

Mr. ADKINS. When you gentlemen get through I will say in reply to what the two gentleman contend that I know that we have spent a lot of money down there, and I should think this committee would take into consideration, and no doubt has, the condition of the country and the situation that exists there, and, so far as I am concerned, I am ready to take their judgment and vote for the bill. [Applause.]

Mr. McSWAIN. Mr. Chairman, I yield five minutes to the gentleman from Tennessee [Mr. LOVETTE.]

Mr. LOVETTE. Mr. Chairman, there is no proposition that is of such vital interest to the people of the country as the settlement of Muscle Shoals. For more than 10 years it has been debated in Congress and through the newspapers, until the people are quite familiar with its history and with the contention of each group who are advocating some sort of action. The great question has been whether the Government will own and operate Muscle Shoals or whether it will sell or lease it to private interests. Everyone agrees, regardless of what his views may be as to how it shall be disposed of, that something should be done; that this great enterprise should not remain idle any longer. The long delay in putting it into operation has caused a general feeling of disappointment and with thousands of people a feeling of disgust. It is hard for the average man to understand such delay and to understand why we can not make progress with an enterprise which is capable of bringing such beneficent results. The people have heard so much about it and are so familiar with both sides of the controversy that they seem to understand it, but for Congress it seems to be an intricate problem. It is earnestly hoped by thousands of people, not only in the South but all over the Nation, that this session of Congress will dispose of it in a way that will be beneficial to the country.

Against Government ownership and operation of this enterprise we always have the argument that the Government should not go in business in competition with its citizens. As a general proposition that argument is good, and generally I am not in favor of Government operation of public utilities; but there are exceptions to all cases, and Muscle Shoals is a notable exception. When we consider that Muscle Shoals is a natural monopoly and must necessarily always be so; that the potential energies of this great river belong to the people; that it is proven that great benefits, profits, and blessings are tied up in it, and that, like Tennyson's Brook, they will flow on forever, it seems that it would be poor business, poor economy, and poor policy to turn it over to the power trusts or any other combination of capital to reap the golden benefits. That is especially true in view of the fact that those who favor private ownership or private operation have no offer to purchase or no offer to lease, for an adequate consideration, from any source whatever.

We have spent in round numbers $150,000,000 and have carried the investment for more than 10 years. That sum, at 4 per cent interest, would amount to $6,000,000 per year. So that we may consider we have an investment of more than $200,000,000 in Muscle Shoals, and yet those who propose to sell it or lease it want to put it on the market at a time when we are in the midst of a great financial depression, at a time when all markets are paralyzed and when business is stagnant everywhere. It would be disastrous to the people, their rights, and their interests to make such

a sacrifice. It would go for a song, either in a sale or a lease, and the only bidder that we could hope to have would be the power companies, and that without any serious competition. That, however, is what the power companies want, and that is what they have been working for and lobbying for, and that is why the original plan of the building and operation of Muscle Shoals has been thwarted for the past 10 years.

Let us examine some of the advantages of Government operation: First, we own the plant. It was built to provide for our Nation's defense in time of war and produce cheaper fertilizer for the farmers of the country in time of peace. When it was built there was no intention or purpose, express or implied, of leasing it. It has been decided by the Government Board of Inquiry, who were experts and who made an exhaustive examination of the whole subject, that there is a great saving in the manufacture of fertilizer, and they place the figure at 43 per cent of all the fertilizer used and that saving, applied to 20 Eastern States, which were regarded as within shipping distance of Muscle Shoals, amounts to the enormous sum of $100,000,000 a year, or a round billion in the 10 years that our Congress has been debating this subject.

If, in these days of financial distress and hard times, our farmers had this billion dollars in their pockets, with a prospect of saving another billion in the next 10 years, there would not be so much talk of hard times in the country. It would do much to relieve the distress that is so prevalent over our land at this time. But that "water has gone over the wheel" and we must look to the future. If it is true that there is a saving of 43 per cent on fertilizer alone, and if it is true that saving amounts to $100,000,000 per year to the farmers, it would seem that the Government, which has the responsibility of bringing the greatest prosperity and happiness to the people, would do well to embark in such an enterprise. There is one lesson we must learn in this country, if we have not already done so, and that is that the farming industry is the basic foundation of our entire economic system.

If the farmers prosper, business in all lines will flourish; if the farmer fails, all other business must fail. There is no possible chance for us to get relief from our present financial troubles until we can first get the farmers out of the doldrums in which they are to-day. Anything that can be done by the Government, lawfully and constitutionally, to relieve the farm situation is justifiable and should be done in the interest not only of the farmer but in the interest of all business. Another serious proposition which confronts us to-day is our widespread unemployment. That, taken with the farm problem, makes it all the more imperative that something should be done as soon as possible to relieve the situation. The Southland is too great and too rich in its natural resources to be neglected by the Nation. We can not afford it, neither can the Nation afford to neglect a section that is so rich. It has been blessed as no other section—it has been called "the Ruhr of America"—it is a veritable Eden, a garden spot. We have iron, coal, timber, cotton, wool, and tobacco. We have the greatest diversity of agriculture and horticulture, and the greatest water power in the world. But these great resources are more or less dormant.

From a historic standpoint we have a glorious past. It was southern statesmen and soldiers who were the leaders in laying the foundation of the Republic. Under Washington we established the thirteen original Colonies. Under Jackson we acquired Florida. Under the leadership of Jefferson we acquired the Louisiana Purchase, comprising all of the great Mississippi Valley. Under Polk, Houston, and Crockett we acquired Texas, New Mexico, Arizona, California, Nevada, Utah, Colorado, and all of the great Southwest. Under Clarke and Lewis we reached out to the great Northwest and took possession of Washington and Oregon. Under the leadership of Andrew Johnson we came into possession of that great rich territory of Alaska, all acquired by the valor and statesmanship and under the leadership of southern statesmen, and all taken together comprises and covers the entire map of the United States.

With all of our history, with all of our resources, and our climate the South has been neglected for the past 50 years. We have been in an unfavorable political situation. When one of our great parties was in power the South was neglected because the party in power had it already and it required nothing to hold it in a political way. When the other party was in power they regarded the South somewhat as an alien, expected no political favors and gave none, and as a natural result of this situation we have occupied the unfavorable position of the average stepchild. Most of the favors of our Government have gone to what is known as pivotal States, where the political tide ebbs and flows and where it is necessary to do something to keep them in line.

We have a fair sample of the neglect and waste which is going on at Muscle Shoals at the present time. The contract was made when financial conditions were much more favorable than they are to-day, and yet the present price of electric power to the Alabama Power Co. is only 2 mills per kilowatt-hour. This contract with the Alabama Power Co. only takes about one-tenth of the available power, and the balance is allowed to go to waste. It is little wonder that Muscle Shoals has become a national question and almost a national scandal. The people have cried out; they have called on the Congress, the chambers of commerce, boards of trade, civic and business organizations of the country, have appealed in vain to the Congress to do something with Muscle Shoals.

Our hopes have been raised many times, and when it appeared that we were almost to the goal, that the proposition would be settled, some politician has hurled a monkey wrench into the machinery, and it was all over for another session. If the Government would turn loose the product of Muscle Shoals, build the Cove Creek Dam, and put the great energies of this great enterprise into action, if they would permit the profits and benefits to percolate into the pockets of the people, instead of the coffers of the Power Trusts, it would bring an era of prosperity to the country such as we have not heretofore experienced.

It is nothing short of tragedy to see our Government, which was instituted to bring prosperity to the people, neglect this great opportunity. It will be far better to spend money operating Muscle Shoals, to build the Cove Creek Dam and such other dams as are necessary for the successful operation of this enterprise, with a prospect of profit, income, and new business, than to spend great sums in public buildings in order to relieve unemployment. It is all right to build public buildings, and they doubtless are needed, and it is a fine time for the Government to expand its public-buildings program, but the point is that while we are doing that we can also spend money in the establishment of the Muscle Shoals proposition which will not only give substantial aid to the unemployed but will go on indefinitely relieving unemployment. In other words, it is permanent aid to unemployment, as distinguished from temporary aid.

It is pathetic to see the waters of a mighty river run complacently by laden with power capable of yielding great riches to the people, to whom it belongs, and at the same time see the farmers of the country using a large per cent of the proceeds of their toil to pay exorbitant fertilizer bills. While these conditions exist we will always have the farm problem; and while temporary measures of relief are commendable, it is so much better to seek permanent relief. The saving on fertilizer heretofore mentioned will go a long way toward permanent relief.

Another great benefit to be derived from the Government operation of Muscle Shoals is the production of cheaper power. This is an electrical age, and when the power is made available at a reasonable cost it will be used in great quantities. The attraction of capital and establishment of the industries that would follow such development would be almost incalculable. It will develop other great natural resources where electric power is needed and demanded, and will furnish employment to thousands. Five hundred mil-

lion dollars would be a conservative estimate of such capital so attracted to the power development of Muscle Shoals. In other words, the people would capitalize the great river and all of its rights and benefits. They would keep control and utilize all of its profits.

Governments are instituted for the purpose of bringing the greatest prosperity to the greatest number. Our Government was instituted for that purpose. On the whole, that has been its tendency. It is a great Government and a great system, and yet the fact remains that there has been too much concentration of wealth in the hands of the few at the expense of the many.

That should not be true. It should be the duty of all those in authority and in a position to control, to see as far as possible that every man stands equal before the law and has an equal chance in the world. It will be too late to cure the situation when we are owned, governed, and controlled by a few plutocrats and when our Nation is made up of a horde of peasants groping in poverty and want. It would be a sad day for us if that time should come; and if that should happen, then we may expect to see a fertile field in which the seeds of communism and bolshevism will germinate and flourish.

Government operation of Muscle Shoals, the building of the Cove Creek Dam and such other dams as are necessary on the Tennessee River will be a great aid to navigation and flood control. It is hard to estimate or calculate the value of this item. It will afford a great waterway through a rich and populous section of the country, thereby enhancing our financial and commercial status for all time to come. It will hold the winter waters and afford great relief to those who live in the Mississippi Valley and who have suffered so much from floods in recent years. We have spent great sums on the relief of flood sufferers, and no doubt will be called upon to spend much more as the years go by. We have an opportunity now in the program which has been laid out for Muscle Shoals to hold back the flood waters and at the same time convert them into a substantial profit for the benefit of the people and also make of the Tennessee River a great waterway. It should be done without any further delay.

If those who favor private operation could show or if the Government could have demonstrated in the last 10 years that it could sell or lease the Muscle Shoals plant to good advantage, there would be some basis for the argument for private leasing. Having totally failed in that respect up to the present, it seems that it is time to try something else.

Even now if the proponents of private operation could exhibit some offer to purchase or lease the plant on terms that would forever safeguard the people's rights and interests, that would guarantee that the price of electricity would always be reasonable, that fertilizer would be manufactured at a price at which it is now known that it can be done, if flood control and navigation could be taken care of in a contract that is secure and binding, the people would be satisfied. That is all that is required or demanded. Until that can be done the Government had better keep its hand on the switchboard.

We should not be frightened and deterred by the cry of "government in business." The Government is already in business; it already owns the property; it has invested vast sums of the people's money in it. It is vitally interested for our defense and has a perfect right to be in business for that purpose. It is not only the right but the duty of the Government to demonstrate that fertilizer can be manufactured for about one-half the present price, and, in the interest of farm relief, to actually manufacture it unless it can be otherwise obtained at a reasonable price. It is the business of the Government to protect the people against disastrous floods. It is the business of the Government to provide farm relief.

There can be no objection to the Government going into business or staying in business in the development of Muscle Shoals. Where one citizen would suffer injury there would be millions to enjoy its profits and blessings.

The issues are plain—the power companies want one thing and the people want another. So far they can not agree; they are in deadlock. We have the hope that the people will finally triumph. They will still have representatives who will champion their cause. These great resources will not be turned over to a great trust, whose tentacles reach out octopuslike from ocean to ocean. They shall not manacle us. They shall not bind our posterity hand and foot. They may maintain a great and powerful lobby; they have the money, which they have squeezed from the people as the result of exorbitant prices, but with all of that "they shall not pass." [Applause.]

Mr. RANSLEY. Mr. Chairman, I yield 10 minutes to the gentleman from Illinois, General CHIPERFIELD. [Applause.]

Mr. CHIPERFIELD. Mr. Chairman, properly or improperly, correctly or incorrectly, the Congress of the United States stands under a general indictment by the people of this land for wicked and unwarranted extravagance. I am not entirely in sympathy with that view. I realize that there is a fixed charge of approximately $2,000,000,000 which the Government of the United States is under honorable obligation to appropriate before it can get to the place where it can use any discretion with reference to any appropriation.

I think the day will soon come when the people of the United States will have a much better understanding of this situation than they appear to have at the present time, inflamed as they frequently are by propaganda, and in many instances by more or less unfair attacks emanating from a partisan press. However, I submit to this House in all candor and seriousness whether or not, if correct in the contention that we advance, there will not be a great additional Government expense incurred by the enactment of this legislation if it should be undertaken at this time and under present conditions. That is not a political question. I have listened with great interest, and as I have said, with considerable sympathy, to the efforts that have been made by the Economy Committee for the purpose of reducing governmental expenses.

It occurred to me then, as it doubtless occurred to you, that it was a pitiable sight, perhaps born of necessity, to see the effort made day after day to meet increased expenses of the Government by taking and cutting down the pay of the underpaid employees of the Government of the United States. Is it not an exemplification of the old maxim of "saving at the spigot and wasting at the bunghole"? Is it not the wrong place to commence any real economy?

I am well aware that if necessity exists these workers would be willing to yield, providing a general effort was made to economize; but I am also well aware that unless there is some imperative and controlling necessity that will force upon the Government of the United States the undertaking of this large potential obligation and this great expenditure, which will be required if this bill becomes a law, it is not wise to engage in it at this time.

Mr. CARTER of California. Will the gentleman yield at this time?

Mr. CHIPERFIELD. Yes; briefly.

Mr. CARTER of California. I notice section 15 on page 18 authorizes all appropriations necessary. Can the gentleman give any idea of what the amount necessary would be, provided this board operates the project?

Mr. CHIPERFIELD. Yes. I have made a very careful estimate, and, based upon the testimony before our committee and based upon the facts and figures set forth in the President's veto message, it is my deliberate judgment that it would come to at least $100,000,000. My esteemed friend the distinguished gentleman from Michigan [Mr. JAMES] takes sharp issue with that proposition, and I do not criticize him for his view; but, based upon the evidence in this case, as shown in the hearings before our committee, with such ability to understand and analyze it as I possess, it seems to me the figure I have given of $100,000,000 is within the range of probability and likelihood.

I want to call the attention of the House very briefly to the situation that now exists at Muscle Shoals. We have there the Wilson Dam, a hydroelectric power unit, which has a total capacity of about 260,000 horsepower. We have the Sheffield steam power plant. We have nitrate plant No.

1. We have nitrate plant No. 2. We have about 4,000 acres of land. We have a quarry that has been opened in connection with those works. We have expended under the guise of national defense approximately $140,000,000 for the purpose of building and perfecting this plant.

The condition of plant No. 1 to-day is that it is entirely obsolete and could not be used for any constructive purpose.

Plant No. 2 is so obsolete that if it were scaled on a standard of 100 in efficiency it would not rank over 50 per cent at the present time. This plant has for years stood idle, with certain exceptions that I will mention, from the time it was erected until the present time.

In plant No. 1 there has never been produced one pound of nitrogen or any equivalent for nitrogen.

In plant No. 2 there was produced years ago, experimentally, 1,600 tons of fixed nitrogen, that was available, perhaps, for either ammunition or for fertilizer.

We have had as revenue ever since this plant was constructed the sum of about $7,500,000. At the present time for the water power we are getting substantially $560,000 per year, with a maintenance cost of $260,000 per year, and for the steam plant about $1,800 a year. It formerly was a larger sum, practically $110,000 per year. While the very distinguished gentleman from the Appropriations Committee, for whom I have great admiration, made the statement that it was necessary to expend $260,000 for care of this plant, in private conversation afterwards very generously he said he meant for the maintenance and operation of the hydraulic plant from which the Government is receiving revenue.

As a matter of fact, it now takes $82,000 for the care and protection of this property per annum.

Mr. FITZPATRICK. Will the gentleman yield?

Mr. CHIPERFIELD. In just a moment. Mr. Chairman, in that connection I want to incorporate a few figures from the power report for 1931 of the gentlemen appointed by the Governors of Alabama and Georgia as a commission to investigate and report upon this matter, which will be illuminating if included in the RECORD at this point.

The CHAIRMAN. Is there objection to the request of the gentleman from Illinois?

There was no objection.

The matter referred to follows:

THE MUSCLE SHOALS PROJECT

As a full understanding of the Muscle Shoals project—its location, physical aspects, and legislative history—was essential to the commission in arriving at the foregoing conclusions, it is considered desirable to review the subject.

While the Muscle Shoals project is essentially a product of the World War, it is a part of the development of the Tennessee River which was visualized many years ago and has been the subject matter of surveys conducted periodically during the last 100 years. The area known as Muscle Shoals is a shallows located in the vicinity of the towns of Florence and Sheffield, Ala., on the Tennessee River. These shoals are approximately 37 miles in extent, and are said to have derived their name from the muscular effort required to push water craft upstream in the early days.

The Tennessee River flows in a southerly direction through the eastern section of Tennessee, and upon entering the State of Alabama flows westwardly across the northern section of that State and then turns north into and through the western section of Tennessee into the Ohio River. Between Chattanooga, Tenn., and Paducah, Ky., where the Tennessee River joins the Ohio River, a distance of approximately 460 miles, the fall measures about 340 feet. Nearly one-third of this entire fall takes place at Muscle Shoals.

EARLY HISTORY OF MUSCLE SHOALS

The early history of the area is well described in the following extract from part 3, subpart 1, hearings before the Committee on Military Affairs, House of Representatives, Sixty-ninth Congress, second session, on H. R. 16396 and H. R. 16614:

"The history of the efforts of the United States Government to improve the 37-mile stretch of the Tennessee River between the head of Browns Island and the site of the present Florence Bridge, known as the Muscle Shoals, had its official beginning on December 7, 1824, when President James Monroe in his annual message to Congress presented the annual report of the Secretary of War, John C. Calhoun, recommending a survey of Muscle Shoals as one of the three great works which he regarded as most important for the improvement of transportation conditions in the United States.

"As a result of these recommendations a preliminary examination was ordered on March 12, 1827, and in the report dated May 14, 1828, a lateral canal around the shoals with 16 locks was recommended. These locks were each to be 32 feet wide, 120 feet long, and of 5-foot lift.

"The work was done by the State of Alabama under these plans in 1831, using funds from the sale of a part of a grant of 400,000 acres of public lands donated by the United States. Before the canal was completed, however, it was discovered that these 16 locks were only the middle link in the canal system required, and in 1838, after $644,000 had been expended and the work had been virtually completed, the boats still had to wait for a rise in the river in order to get through. Recommendations were therefore made in 1838 for $750,303 more in order to complete the requisite canal system, including Elk River Shoals, Big Muscle Shoals, and Little Muscle Shoals. Congress, however, declined to award this amount, but appropriated $56,769.33 to complete the original canal of 16 locks covering only the middle section of the shoals. Having no provision for its maintenance, however, the canal fell into ruin.

"Thirty-eight years later, in 1872, the United States engineers submitted a plan for the enlargement and repair of the old canal at a cost of something over $4,000,000. The locks were to be 60 feet wide, 300 feet long, and of 6-foot depth over the miter sills. There were 27 locks required, and there were to be canals around the Elk River Shoals, Big Muscle Shoals, and Little Muscle Shoals, respectively. In 1899 the project was modified, reducing the number of locks to 11 and substituting open-channel work for the canal around Little Muscle Shoals. The plan as outlined in 1877 was completed in 1890 at a total cost of $3,191,726.50. It was in two sections, one with two locks along the south bank of the river around Elk River Shoals, and the other with nine locks along the north bank of the river around a portion of Big Muscle Shoals. Between these two portions of the canal, however, is what is known as Nancys Reef, which the Government has improved by means of certain open-channel work, but the minimum depth here in low water is less than 2 feet, and commercial navigation at times of low water has never been practicable.

"In 1891 a board of engineers submitted a project for the extension of the canal around Little Muscle Shoals at an estimated cost of approximately $3,000,000. This project was never acted upon favorably by Congress, with the result that there never has been built around Muscle Shoals a navigation canal which could be considered complete according to standards proposed in 1838.

"Power development: It has long been recognized that there was a large undeveloped water power at Muscle Shoals which could be made available if the river could be improved by means of a slack-water system of locks and dams. Application was made to the Federal Government for a permit to build such dams in 1903, but the permit was not granted.

"Between 1905 and 1912 a number of examinations and reports were made upon the improvement of the Muscle Shoals section with a view to securing more effective improvement, and in 1912 the House Committee on Rivers and Harbors requested the Board of Engineers to review all previous reports on this section of the Tennessee River and to submit an estimate based upon a navigation improvement which would conserve the water power.

"The board proceeded to make further studies and investigations and finally concluded by asking for bids for the lease of the water power. Two bids were received; that of the Muscle Shoals Hydroelectric Power Co., offering to lease proposed Dams Nos. 2 and 3 for 100 years, was considered the more advantageous to the United States. It required an expenditure on the part of the Government estimated at $18,701,000.

"Nitrogen fixation: The proposal of the power company, although approved by the Board of Engineers for Rivers and Harbors, was not accepted, as the Engineer Board recommended that 'if Congress does not adopt the project at once it is at least advisable to make an appropriation of $150,000 to provide for the completion of the detailed surveys, foundation borings, and the preparation of plans * * *.' The appropriation of $150,000 was included in the rivers and harbors act of 1915.

"The survey and plans were promptly made and submitted to the House on June 28, 1916, accompanied by a report, which, while recommending the provisional acceptance of the power company's offer, also recommended that no action be taken thereon until it had been determined whether the Muscle Shoals power would be required by the Government for the operation of a nitrate plant for which Congress had appropriated the sum of $20,000,000 in section 124 of the national defense act of 1916."

NATIONAL DEFENSE ACT

The construction of the present Muscle Shoals project was authorized by section 124 of the national defense act of June 2, 1916, which reads as follows:

"SEC. 124. Nitrate supply: The President of the United States is hereby authorized and empowered to make, or cause to be made, such investigation as in his judgment is necessary to determine the best, cheapest, and most available means for the production of nitrates and other products for munitions of war and useful in the manufacture of fertilizers and other useful products by water power or any other power as in his judgment is the best and cheapest to use; and is also hereby authorized and empowered to designate for the exclusive use of the United States, if in his judgment such means is best and cheapest, such site or sites, upon any navigable or nonnavigable river, or rivers, or upon the public lands, as in his opinion will be necessary for carrying out the purposes of this act; and is further authorized to construct, maintain, and operate, at or on any site or sites so designated, dams, locks, improvements to navigation, power houses, and other plants

and equipment or other means than water power as in his judgment is the best and cheapest, necessary or convenient for the generation of electrical or other power and for the production of nitrates or other products needed for munitions of war and useful in the manufacture of fertilizers and other useful products.

"The President is authorized to lease, purchase, or acquire, by condemnation, gift, grant, or devise, such lands and rights of way as may be necessary for the construction and operation of such plants, and to take from any lands of the United States, or to purchase or acquire by condemnation materials, minerals, and processes, patented or otherwise, necessary for the construction and operation of such plants and for the manufacture of such products.

"The products of such plants shall be used by the President for military and naval purposes to the extent that he may deem necessary, and any surplus which he shall determine is not required shall be sold and disposed of by him under such regulations as he may prescribe.

"The President is hereby authorized and empowered to employ such officers, agents, or agencies as may in his discretion be necessary to enable him to carry out the purposes herein specified, and to authorize and require such officers, agents, or agencies to perform any and all of the duties imposed upon him by the provisions hereof.

"The sum of $20,000,000 is hereby appropriated, out of any moneys in the Treasury not otherwise appropriated, available until expended, to enable the President of the United States to carry out the purposes herein provided for.

"The plant or plants provided for under this act shall be constructed and operated solely by the Government and not in conjunction with any other industry or enterprise carried on by private capital.

"In order to raise the money appropriated by this act and necessary to carry its provisions into effect, the Secretary of the Treasury, upon the request of the President of the United States, may issue and sell, or use for such purpose or construction hereinabove authorized, any of the bonds of the United States now available in the Treasury of the United States under the act of August 5, 1909, the act of February 4, 1910, and the act of March 2, 1911, relating to the issue of bonds for the construction of the Panama Canal, to a total amount not to exceed $20,000,000: *Provided,* That any Panama Canal bonds issued and sold or used under the provisions of this section may be made payable at such time after issue as the Secretary of the Treasury, in his discretion, may deem advisable, and fix, instead of 50 years after date of issue, as in said act of August 5, 1909, not exceeding 50 years."

MUSCLE SHOALS PROPERTIES

The Muscle Shoals properties comprise approximately 4,000 acres of land located at and near Sheffield, Ala. Included in the project are nitrate plants Nos. 1 and 2, the Sheffield steam plant, and Wilson Dam, together with all buildings and other appurtenances thereto.

NITRATE PLANT NO. 1

Nitrate plant No. 1 is located at Sheffield, Ala. The plant covers approximately 1,839 acres of land. It was constructed for the purpose of manufacturing nitrate by the synthetic-ammonia process which is a modified Haber process. It includes a power plant of sufficient capacity for its independent operation. The capacity of the plant is about 22,000 tons of ammonium nitrate per annum. This plant was authorized on September 28, 1917, and was placed in a stand-by condition in January, 1919. The plant buildings are all of steel-frame construction, with walls of brick or asbestos-protected metal.

NITRATE PLANT NO. 2

Nitrate plant No. 2 is located at the town of Muscle Shoals, Ala., about 4 miles upstream from plant No. 1 and just across the river from the town of Florence, Ala. The plant covers approximately 2,307 acres of land. It was designed for the production of ammonium nitrate by the cyanamide process, and has a capacity of approximately 110,000 tons per annum. The entire plant buildings are of steel-frame construction with brick walls or corrugated-metal walls and substantial roofings of various types. This plant has remained in stand-by condition since its successful test run of two weeks ending January 25, 1919. Connected with this plant is a steam plant known as Sheffield steam plant. The general characteristics of the Sheffield steam plant are as follows:

Boiler plant: 12 Babcock & Wilcox boilers, 1,507 brake horsepower each, in 4 rows of 3 each; stoker fired, 275 pounds pressure, 175° F. superheat. Boilers designed for operation at 150 per cent rating. Boiler house planned for an addition of four boilers.

Power plant: One high-pressure and two low-pressure Westinghouse turbo-generators of 23,530 kilovolt-amperes each. Generator house designed for one 33,333 kilovolt-amperes turbo-generator for which foundation was included with original construction.

Average fuel consumption: 1.67 pounds per kilowatt-hour in 1925.

Transformer station: 40,000 kilowatts in 13,000/110,000 volts transformer equipment.

WILSON DAM

Wilson Dam (Dam No. 2) is the principal navigation power dam of the project. It is a monolithic concrete structure located about 3 miles above proposed site of Dam No. 1 and is about 4,500 feet long and 100 feet high. The entire structure contains about 1,250,000 yards of masonry, making the structure the largest masonry dam in the world. The general characteristics of the hydroplant functioning therewith are as follows:

Power house: Designed to permit of an ultimate installation of 18 units.

Present installation: 4 units, 25,000 kilovolt-amperes each; 4 units, 32,500 kilovolt-amperes each; total, 230,000 kilovolt-amperes, 184,000 kilowatts.

Transformer station: 260,000 kilovolt-amperes in 12,000/110,000 volts, or 12,000/154,000 volts transformer equipment.

Primary power (estimated): 50,000 kilowatts.

Primary energy (estimated): 438,000,000 kilowatt-hours per annum.

Secondary energy (average): 937,000,000 kilowatt-hours per annum.

Capacity available, eight months (average): 155,000 kilowatts.

Energy available, eight months (average): 1,200,000,000 kilowatt-hours.

The values of the properties at Muscle Shoals, the available power, and the operating costs of the plants are succinctly stated in the message of the President to the Senate, dated March 3, 1931.

LEGISLATIVE HISTORY OF MUSCLE SHOALS

A brief legislative history of the Muscle Shoals project is as follows: After the armistice the Federal Government pursued the policy of disposing of its excess war equipment. Long before the Wilson Dam was completed plans were considered for its disposal and also the disposal of the nitrate plants. During the years following the war and until the Seventieth Congress, various proposals were submitted for the disposition of the Muscle Shoals properties. Among these was the offer of Henry Ford for the purchase of the properties. This offer attained wide publicity, but no agreement was reached between the Government and Mr. Ford. Later, other proposals for leasing Muscle Shoals were recommended for passage or were passed by the House or Senate without receiving approval of Congress. Among these was the Underwood bill, authorizing the President to lease the plants, the American Cyanamid proposal, and the joint proposal of a group of southern power companies.

On December 19, 1927, Senator NORRIS introduced Senate Joint Resolution 46, which provided for Government operation of the Muscle Shoals properties. This bill was passed by both Houses of Congress, but was not acted upon by the President before the close of the Seventieth Congress.

In the Seventy-first Congress a bill substantially similar to Senate Joint Resolution 46 was introduced by Senator NORRIS, which bill bore the number S. J. Res. 49. This bill was passed by both Houses of Congress and forwarded to the President for approval. On March 3, 1931, the President vetoed the bill. The text of the veto message of the President returning the bill without his approval is quoted in full, as follows:

"PRESIDENT HOOVER'S MESSAGE TO CONGRESS

"*To the Senate:*

"I return herewith, without my approval, Senate Joint Resolution 49, 'To provide for the national defense by the creation of a corporation for the operation of the Government properties at and near Muscle Shoals in the State of Alabama; to authorize the letting of the Muscle Shoals properties under certain conditions; and for other purposes.'

"This bill proposes the transformation of the war plant at Muscle Shoals, together with important expansions, into a permanently operated Government institution for the production and distribution of power and the manufacture of fertilizers.

"Disregarding for the moment the question of whether the Federal Government should or can manage a power and fertilizer manufacturing business, we should examine this proposal from the point of view of the probabilities of success as a business, even if efficiently managed. Such an analysis involves a consideration of the capital invested, the available commercial power, the operating costs, the revenue to be expected, and the profit and loss involved from this set-up. The figures and estimates given herein are furnished by the War Department upon the authority of the Chief of Engineers.

"VALUE OF THE OLD PLANT AND FURTHER CAPITAL OUTLAY REQUIRED

"The following properties and proposed extensions are embraced in the proposed project:

"(a) Wilson Dam and its hydroelectric equipment, valued at $37,000,000, being the original cost of $47,000,000 less $10,000,000 applicable to navigation.

"(b) The steam power plant at Muscle Shoals, valued at $5,000,000, being a reduction for depreciation of $7,000,000 from the original cost of $12,000,000.

"(c) Proposed further additions to the electrical plant at Muscle Shoals costing $9,000,000.

"(d) Proposed construction of Cove Creek Dam with hydroelectric plant with transmission line to Wilson Dam, $41,000,000, of which $5,000,000 may be attributed to flood control and improvement of navigation, or, say, $37,000,000.

"(e) Proposed construction of transmission lines for wholesale distribution of power within the transmission area, $40,000,000.

"(f) Nitrate plants, quarries, etc., at Muscle Shoals which originally cost $68,555,000 but upon which no valuation is placed at present.

"The total valuation of the old property to be taken over for the power portion of the project is therefore $42,000,000 after the above deductions from original cost. The new expenditures from the Treasury applicable to the power business are estimated at $90,000,000, less $5,000,000 which might be attributable to flood control, or a total of $127,000,000 of capital in the electrical project. This sum would be further increased by accumulated interest

charge during construction. As shown later on, several millions further would be required for modernizing the nitrate plants. The total requirement of new money from the Federal Treasury for the project is probably $100,000,000, even if no further extensions were undertaken.

"AMOUNT OF POWER AVAILABLE FROM THIS PROJECT

"Assuming the additional power given by the construction of the Cove Creek Dam and the use of steam power for five months in the dry season each year, and taking the average load factor from experience in that region, about 1,300,000,000 kilowatt-hours of continuous power could be produced annually. Considered as a general power business, a portion of this must be held in reserve to protect consumers, leaving a net of about 1,000,000,000 kilowatt-hours annually of salable power. This amount would be somewhat increased if a large proportion of 24-hour load were applied to fertilizer manufacture.

"The secondary power for a period of less than seven months in the year is not regarded as of any present commercial value.

"OPERATING COSTS

"The following is the estimated annual overhead and operating cost of the electrical end of the project, including the steam plant necessary to convert 7-month secondary power into primary power as stated above:

Interest at 4 per cent per annum on capital of $127,000,000	$5,080,000
Amortization	1,890,000
Operating and maintenance cost of hydroelectric plant	775,000
Operating and maintenance cost of steam plant	850,000
Operating and maintenance cost of transmission lines	550,000
Total	9,145,000

"The estimated cost of production and distribution is, therefore, about 9.1 mills per kilowatt-hour. If only part of the transmission lines were constructed, it would decrease capital and operating charges but would not comply with the requirement of equitable distribution through the transmission area.

"ESTIMATED GROSS INCOME

"The purpose of the bill is to provide production and wholesale distribution of surplus power and to give preference to States, municipalities, and cooperative organizations. It further provides that the policy of the Government must be to distribute the surplus power equitably amongst States, counties, and municipalities within transmission distance of Muscle Shoals and provides for the construction of transmission lines to effect this purpose. Such a transmission system for wholesale purposes only is estimated to cost $40,000,000. If it is proposed to sell power at retail to householders, then there would need be a great increase in the estimates of capital outlay and operation costs for such distribution.

"The average gross income of the power companies in that territory, including retail as well as wholesale power, is about 12 mills per kilowatt-hour. This includes retail residential power averaging something over 50 mills per kilowatt-hour. Miscellaneous industrial power realizes about 10 mills per kilowatt-hour. The power sold wholesale to other companies and those engaged in municipal distribution averages about 7.2 mills per kilowatt-hour.

"It is impossible to compute Muscle Shoals income under this project upon a basis which includes retail power sales, as this is a project for wholesale distribution only. It is impossible to compute it upon the basis of miscellaneous industrial rates, as sales for industrial purposes from Muscle Shoals would presumably be mainly for manufacture of fertilizers, and it would not be possible to average 10 mills per kilowatt-hour. A rate of not over 2 mills would be a large charge for such power. While the load factor would be improved by large use for this purpose, the net result, however, would be to diminish the gross income below the above rates from municipal and miscellaneous industrial services.

"Assuming that the whole 1,000,000,000 kilowatt-hours should be sold to municipalities or other power distributors, it would on the basis of the realizations of the private companies of 7.2 mills yield a gross annual income to this project of about $7,200,000, or a loss upon this basis of nearly $2,000,000 annually. This territory is now supplied with power, and to obtain such an income it would be necessary to take the customers of the present power companies. To secure these customers it would be necessary to undercut the rates now made by them. It is difficult to estimate the extent to which it would be necessary to go in such rate cutting in order to secure the business. In any event it would, of course, diminish estimated income and increase the losses.

"It is obvious that any estimate of income contains a large element of conjecture, as the proportions of industrial and municipal load can not be foretold. But any estimate of the income of the project as set up by this legislation will show a loss.

"FERTILIZER MANUFACTURE

"The plants at Muscle Shoals were originally built for production of nitrates for use in war explosives. I am advised by the War Department that the very large development in the United States by private enterprise in the manufacture of synthetic nitrogen now affords an ample supply covering any possible requirements of war. It is, therefore, unnecessary to maintain this plant for any such purposes.

"This bill provides that the President for a period of 12 months may negotiate a lease of the nitrate plants for fertilizer manufacture under detailed limitations, but in failure to make such a lease the bill makes it mandatory upon the Government to manufacture nitrogen fertilizers at Muscle Shoals by the employment of existing facilities or by modernizing existing plants or by any other process. I may state at once that the limitations put upon lessees in the bill are such that this provision is of no genuine importance. Inquiries have been made of the most responsible and experienced concerns that might possibly undertake such lease, and they have replied that under the conditions set out in the bill it is entirely impractical for them to make any bid. The leasing provision is, therefore, of no utility; it may at once be dismissed. In consequence the project we have to consider under this bill is the manufacture of fertilizers by the Federal Government.

"The Department of Agriculture reports that these plants are now more or less obsolete and that with power at even 2 mills per kilowatt-hour, with proper charges included, could not produce the products for which they are constructed as cheaply as these products are now being sold in the wholesale markets. Therefore it would be necessary to modernize the equipment at an unknown cost in millions. There is no evidence as to the costs of nitrogen fertilizers by the newer equipment, and there is, therefore, no basis upon which to estimate the results to the Government from entering upon such a competitive business. It can, however, be stated with assurance that no chemical industry, with its constantly changing technology and equipment, its intricate problems of sales and distribution, can be successfully conducted by the Government.

"PROPOSED ADMINISTRATION

"The first essential of all business is competent management. Although the bill provides for the management by three directors, the Congress must from the nature of our institutions be the real board of directors and with all the disadvantages to a technical business that arise from a multitude of other duties, changing personnel, changing policies, and regional interests. These three directors are to have political qualifications, as it is stipulated that not more than two shall be of one political party. They are to receive $50 per diem, but are limited to $7,500 each for the first year and $5,000 annually thereafter. The act provides that——

"'All members of the board shall be persons that profess a belief in the feasibility and wisdom, having in view the national defense and the encouragement of interstate commerce, of producing fixed nitrogen under this act of such kinds and at such prices as to induce the reasonable expectation that the farmers will buy said products, and that by reason thereof the corporation may be a self-sustaining and continuing success.'

"In other words, they are to say that they believe in Government manufacture of fertilizers, and that it can be made a success on this set-up. We are thus supposed to appoint business administrators on the basis of their beliefs rather than their experiences and competency. These directors are manifestly to have a political complexion, and apparently the entire working force is likewise to have such a basis of selection, as the usual provision for the merit service required by law in most other Federal activities is omitted. Three men able to conduct a $150,000,000 business can not be found to meet these specifications.

"GENERAL CONSIDERATIONS

"I am firmly opposed to the Government entering into any business the major purpose of which is competition with our citizens. There are national emergencies which require that the Government should temporarily enter the field of business, but they must be emergency actions and in matters where the cost of the project is secondary to much higher considerations. There are many localities where the Federal Government is justified in the construction of great dams and reservoirs, where navigation, flood control, reclamation, or stream regulation are of dominant importance, and where they are beyond the capacity or purpose of private or local government capital to construct. In these cases power is often a by-product and should be disposed of by contract or lease. But for the Federal Government deliberately to go out to build up and expand such an occasion to the major purpose of a power and manufacturing business is to break down the initiative and enterprise of the American people; it is destruction of equality of opportunity amongst our people; it is the negation of the ideals upon which our civilization has been based.

"This bill raises one of the important issues confronting our people. That is squarely the issue of Federal Government ownership and operation of power and manufacturing business not as a minor by-product but as a major purpose. Involved in this question is the agitation against the conduct of the power industry. The power problem is not to be solved by the Federal Government going into the power business, nor is it to be solved by the project in this bill. The remedy for abuses in the conduct of that industry lies in regulation and not by the Federal Government entering upon the business itself. I have recommended to the Congress on various occasions that action should be taken to establish Federal regulation of interstate power in cooperation with State authorities. This bill would launch the Federal Government upon a policy of ownership and operation of power utilities upon a basis of competition instead of by the proper Government function of regulation for the protection of all the people. I hesitate to contemplate the future of our institutions,

of our Government, and of our country if the preoccupation of its officials is to be no longer the promotion of justice and equal opportunity but is to be devoted to barter in the markets. That is not liberalism! it is degeneration.

"This proposal can be effectively opposed upon other and perhaps narrower grounds. The establishment of a Federal-operated power business and fertilizer factory in the Tennessee Valley means Federal control from Washington with all the vicissitudes of national politics and the tyrannies of remote bureaucracy imposed upon the people of that valley without voice by them in their own resources, the overriding of State and local government, the undermining of State and local responsibility. The very history of this project over the past 10 years should be a complete demonstration of the ineptness of the Federal Government to administer such enterprise and of the penalties which the local community suffers under it.

"This bill distinctly proposes to enter the field of powers reserved to the States. It would deprive the adjacent States of the right to control rates for this power and would deprive them of taxes on property within their borders and would invade and weaken the authority of local government.

"Aside from the wider issues involved the immediate effect of this legislation would be that no other development of power could take place on the Tennessee River with the Government in that field. That river contains two or three millions of potential horsepower, but the threat of the subjection of that area to a competition which under this bill carries no responsibility to earn interest on the investment or taxes will either destroy the possibility of private development of the great resources of the river or alternately impose the extension of this development upon the Federal Government. It would appear that this latter is the course desired by many proponents of this bill. There are many other objections which can be raised to this bill of lesser importance, but in themselves a warranty for its disapproval.

"It must be understood that these criticisms are directed to the project as set up in this bill; they are not directed to the possibilities of a project denuded of uneconomic and unsound provisions, nor is it a reflection upon the value of these resources.

"I sympathize greatly with the desire of the people of Tennessee and Alabama to see this great asset turned to practical use. It can be so turned, and to their benefit. I am loath to leave a subject of this character without a suggestion for solution. Congress has been thwarted for 10 years in finding solution, by rivalry of private interests and by the determination of certain groups to commit the Federal Government to Government ownership and operation of power.

"The real development of the resources and the industries of the Tennessee Valley can only be accomplished by the people in that valley themselves. Muscle Shoals can only be administered by the people upon the ground, responsible to their own communities, directing them solely for the benefit of their communities, and not for purposes of pursuit of social theories or national politics. Any other course deprives them of liberty.

"I would therefore suggest that the States of Alabama and Tennessee, which are the ones primarily concerned, should set up a commission of their own representatives together with a representative from the national farm organizations and the Corps of Army Engineers; that there be vested in that commission full authority to lease the plants at Muscle Shoals in the interest of the local community and agriculture generally. It could lease the nitrate plants to the advantage of agriculture. The power plant is to-day earning a margin over operating expenses. Such a commission could increase this margin without further capital outlay and should be required to use all such margins for the benefit of agriculture.

"The Federal Government should, as in the case of Boulder Canyon, construct Cove Creek Dam as a regulatory measure for the flood protection of the Tennessee Valley and the development of its water resources, but on the same bases as those imposed at Boulder Canyon; that is, that construction should be undertaken at such time as the proposed commission is able to secure contracts for use of the increased water supply to power users or the lease of the power produced as a by-product from such a dam on terms that will return to the Government interest upon its outlay with amortization. On this basis the Federal Government will have cooperated to place the question into the hands of the people primarily concerned. They can lease as their wisdom dictates and for the industries that they deem best in their own interest. It would get a war relic out of politics and into the realm of service.

"HERBERT HOOVER.

"THE WHITE HOUSE, *March 3, 1931.*"

Mr. CHIPERFIELD. I am constrained, not because I have any desire to be captious, to oppose the present legislation for several reasons. Before I get into that, if the gentleman from New York [Mr. FITZPATRICK] wishes to interrogate me now I will be pleased to yield to him.

Mr. FITZPATRICK. The gentleman from Illinois said that the Government has spent $140,000,000 on this plant.

Mr. CHIPERFIELD. Substantially.

Mr. FITZPATRICK. What does the gentleman suggest should be done with the plant on which we have spent $140,000,000?

Mr. CHIPERFIELD. I will get to that presently. But I will answer it now in this way out of courtesy to the gentleman from New York: I would do with it just what the gentleman from New York would do with property that belongs to him which represented a constant loss.

If to operate it means a continuing loss, I would not operate it. I would let it remain idle as a measure of economy. I would not throw "good money after bad." If there were any available scheme to utilize it at a profit, I would use that scheme.

Mr. FITZPATRICK. Does the gentleman know of any available scheme except that proposed by the committee?

Mr. CHIPERFIELD. I will discuss that presently, and I trust my attempt, at least as to good faith, will meet the approval of the gentleman from New York.

Mr. Chairman, I started before these questions to say that I have been constrained to oppose this legislation for two reasons. First, because it means inevitably Government operation. There is no half-way house on this.

If there is a place where a lease could be made that would take this property and use it at a profit, or at least at an abatement of some part of the loss to the Government, I would say, "Let that lease be made." I trust that in part answers the question propounded by the gentleman from New York.

[Here the gavel fell.]

Mr. STAFFORD. Mr. Chairman, I yield 10 additional minutes to the gentleman from Illinois [Mr. CHIPERFIELD].

Mr. CHIPERFIELD. Mr. Chairman, before I branch off into a discussion of that proposition I want to call attention to the fact that the only excuse or justification for the creation of this plant in the beginning was in behalf of national defense, or the furnishing of farm fertilizer to the people of the United States.

Now, the gentleman from Tennessee [Mr. LOVETTE] made statements a short time ago in this discussion which, it seems to me, ought not to go unchallenged.

In the first place, he said the operation of this plant by the Government, or otherwise, would reduce the cost of farm fertilizer.

The gentleman is in error in this respect.

He could not be more so.

The evidence in this record, which no man can successfully dispute, is that commercial manufacturers of fertilizer are in a position to-day, and have been for years, to produce commercial fertilizer at a much cheaper cost than the Government of the United States can possibly produce the same, equipment and power considered.

Mr. LOVETTE. Will the gentleman yield?

Mr. CHIPERFIELD. I yield.

Mr. LOVETTE. Does the gentleman know that, although that is true, they are not selling fertilizer any cheaper to the farmers of the South?

Mr. CHIPERFIELD. No. I know that is not correct, and I will state my reason for your information. I will say to the gentleman from Tennessee [Mr. LOVETTE], and I do not want to take any issue of fact with him, that the committee had before it for its consideration the comparative figures at which these commercial fertilizers and fertilizing elements are furnished in Germany and other countries, as well as in the United States. There is such a surplus of production over demand to-day that many fertilizer factories are closed.

Mr. LOVETTE. Will the gentleman yield further?

Mr. CHIPERFIELD. Certainly.

Mr. LOVETTE. Does not the gentleman think that those who buy and use fertilizer in the South know more about the price than some witness who appeared before the committee?

Mr. CHIPERFIELD. Most positively I do not, considering the high character of the witnesses who appeared before the committee and gave their testimony.

Mr. LOVETTE. I will say to the gentleman that they have not reduced the price of fertilizer and that the farmers of the South can not pay their fertilizer bills.

Mr. CHIPERFIELD. I thought the gentleman asked me to yield for a question, and not that he might make an argument. I will say that considering the high character of the

witnesses who appeared before our committee, I do not agree with the gentleman's statement that the man on the farm, however skilled he may be, has an equivalent knowledge of the prices and cost of production of commercial fertilizer to that of the men who appeared before this committee and gave testimony in much detail.

The gentleman also says that the operation by the Government of the plant at Muscle Shoals would put thousands of men to work.

I do not know how far afield the gentleman's mind has traveled, but the evidence on the hearings before our committee is to the effect that the full-time operation of this plant at capacity would put something like 562 men at work, and no more.

Now, getting back to the subject of this lease and its provisions, the only justification, in the first place, for the creation of Muscle Shoals was national defense.

I do not hesitate to say from the evidence before our committee and from the statements made by officers of the War Department that that necessity for the operation of Muscle Shoals—as a component part of the scheme for national defense—no longer exists.

They say—that is, all the Government experts—that they do not regard the plant as a national defense necessity in any way, shape, or manner, and that nitrogen for use in ammunition in time of war can be secured and produced commercially in superabundance and at a far cheaper figure than the Government could manufacture it at Muscle Shoals.

So when we come to the proposition of this lease—since the production of nitrogen for fertilizer or ammunition as now written therein is merely a joker—I want to call your attention to page 7 of the bill, paragraph 5.

All that this bill requires of any lessee is that within two years there shall be produced by such lessee 10,000 tons of fixed nitrogen.

That is all that the pending bill requires, and there is no annual requirement for production of nitrogen after that. If this nitrogen can not be manufactured at a cost that would be profitable to whosoever might lease Muscle Shoals—if that happy day should ever arise—then the lessee is not under any necessity by the terms of the lease of ever producing another pound until that is disposed of at a profitable sales price.

Now, the fact remains that it is the consensus of opinion of all who are informed on this subject that there will not be a private leasing of the Muscle Shoals property under the provisions of the bill. The lease must be agreed to within 18 months.

I can well understand the interest of gentlemen from the vicinity of the Muscle Shoals property in having this property operated by the Government. It means much prosperity and welfare for their immediate section of the country, but the proposition contained in this measure is this: That anyone who desires this property for any purpose whatsoever, subject to the slight restriction that is contained in the lease, may lease it and manufacture agricultural implements or cloth or stoves or anything that can be manufactured. There is virtually no restriction. It need not be dedicated to national defense or to the manufacture of fertilizer.

This brings me back to another proposition contained in the question of the gentleman from New York. If a lessee could be obtained under the provisions of this bill, without the objectionable governmental ownership and operation feature, one who would pay some adequate return to the Government, then in that event it might be highly desirable to enter into a lease for private operation, but I am asking the gentleman from New York this: Is there any justification, after the expenditure of $140,000,000 of the money of the United States, for absolutely abandoning in private operation—and note I say private operation—the entire field and plan of national defense or failing to manufacture and furnish the fertilizer that the gentleman from Tennessee so very much desires and, as he states, needs for his people?

Mr. VINSON of Kentucky. Will the gentleman yield?

Mr. CHIPERFIELD. Briefly.

Mr. VINSON of Kentucky. I would like to call the gentleman's attention to the proviso that begins at the bottom of page 7, in regard to the quantity of fertilizer required to be manufactured:

> That the contract shall contain a stipulation requiring the lessee to produce within two years from the date such lease shall become effective, such fertilizer or fertilizer ingredients containing not less than 10,000 tons of fixed nitrogen, and shall require periodic increases in quantity of fixed nitrogen from time to time as the market demands may reasonably require.

Mr. CHIPERFIELD. I have much regard for the gentleman's construction of the language of this measure, but he should not stop reading there. He should go on and read the rest of it. It is as follows:

> But whenever said stock in storage shall fall below the quantity containing 2,500 tons of fixed nitrogen, the production of such nitrogen, and the manufacture of such fertilizer or fertilizer ingredients, shall thereupon be resumed.

The further manufacture of fertilizer does not have to be resumed until that day comes.

Mr. ALMON. Will the gentleman yield?

Mr. CHIPERFIELD. I will yield if the gentleman will make it brief.

Mr. ALMON. The gentleman says there is a surplus of fertilizer, but there is not a surplus of fertilizer. If there was, we would not import half a million dollars' worth from Chile every year.

Mr. CHIPERFIELD. The gentleman is absolutely in error.

The unquestioned evidence in this case is that the nitrogen plants of the United States have been cut down in production to a small proportion of their capacity because the market for such fertilizer is glutted, or because there is not the ability to purchase at this time. I do not know which.

Now, there is not a gentleman on this committee so reckless that he would care to stake his reputation on the fact that there will be a private lease of this property under this bill. There is no man so reckless as to predict that will occur within the period mentioned—18 months.

Mr. FITZPATRICK. Will the gentleman yield?

Mr. CHIPERFIELD. Yes.

Mr. FITZPATRICK. I will say you will not lease it unless that provision is put in the bill. [Applause.]

Mr. CHIPERFIELD. What provision?

Mr. FITZPATRICK. That if a lease is not made within 18 months the Government will go on and operate it. With that out you can not lease it.

Mr. CHIPERFIELD. Then the gentleman must consider that the Government is eventually going into the operation of Muscle Shoals.

Mr. FITZPATRICK. I do not believe in Government operation myself, but I would like to see this property leased.

Mr. CHIPERFIELD. Then I am to understand the gentleman's thought is that because the Government may go into business it will as a threat impel private parties to make a lease for this property?

Mr. FITZPATRICK. Exactly, because they would like to get control of that property down there.

Mr. CHIPERFIELD. Let me ask the gentleman this question: Is the gentleman bold enough to predict that within 18 months a private lessee will be found?

Mr. FITZPATRICK. I hope this country will get back to prosperity long before 18 months expire.

Mr. CHIPERFIELD. I hope so, too. Of course, we all do.

Mr. FITZPATRICK. I think there ought to be a change in the country in that time.

Mr. CHIPERFIELD. But when we had prosperity, the greatest prosperity this country or the world has ever known, Muscle Shoals was a drug on the market, and it is just the same old white elephant to-day as it ever was. It does not require any gift of prophesy to declare that it will continue to be the same old man of the sea.

The only reason the gentleman, or any of the proponents of this bill, wants the Government-operation provision in it is because he and they know very well that there is not going to be any private lease entered into, and this provision is

just a little bunk and "come on" for the deluding of the people of the United States.

Mr. FITZPATRICK. The gentleman will admit that this is a very liberal lease. The gentleman admits that.

Mr. CHIPERFIELD. It is a very liberal lease.

[Here the gavel fell.]

Mr. STAFFORD. Mr. Chairman, I yield the gentleman five additional minutes.

Mr. OLIVER of Alabama. Will the gentleman yield?

Mr. CHIPERFIELD. Yes.

Mr. OLIVER of Alabama. Would I be justified in concluding that if section 14 providing for Government ownership were stricken out, the gentleman might give his consent to vote for the bill?

Mr. CHIPERFIELD. If you will strike out section 14 and put in such a provision as will require the lessee to manufacture nitrogen for fertilizer and for national defense, I will vote for it.

Mr. WILLIAM E. HULL. Will the gentleman yield?

Mr. CHIPERFIELD. Yes.

Mr. WILLIAM E. HULL. May I ask the gentleman if the fertilizer companies of the country are not about all "busted" now, and by subsidizing this matter for the Government we would complete the job?

Mr. CHIPERFIELD. I do not know whether they are financially ruined or not. I do not know what their financial condition may be; but I know if you rely on this bill for fertilizer, we will be sorry they are not manufacturing as before.

Now, I want to discuss another phase of this matter before I conclude. I do not think anyone in this House would contemplate with any degree of satisfaction whatever Government operation. I think the judgment as well as the good sense of the membership is such that they would not care to go into this matter on the scale and at the vast expense that would be required. Other gentlemen may minimize the amount of the expenditure, but I can not, on my conscience, for a minute reduce the amount to less than $100,000,000, and I believe the loss of the Government would exceed that sum.

Then it is provided in the bill that if anybody takes over this lease and fails in its operation and the Government can not find a new lessee within six months, the Government shall then operate. Eighteen months and six months specified in the measure are entirely too inadequate in time. Gentlemen of great financial capacity and at least of apparent frankness and fairness who came before our committee made the statement that no one could hope to finance such an enterprise under present financial conditions.

So it seems to me, in conclusion—and I do not want to ask for more time—when we consider this proposition here, we are faced inevitably and inescapably with this problem of Government operation, and I am willing to be judged concerning this prediction by the future. It is easy to say on this floor to-day that a lessee can be found, and it might be easy for me to say that no lessee will be found and that it means with certainty Government operation, but as between these two predictions I ask you to appeal to your own judgment as to what will transpire.

It seems to me the ultimate outcome of this situation is Government operation of this plant; and I say that as against the cost that would inevitably and inescapably be put on the Government, with all its well-recognized lack of efficiency in operating business enterprises, we would better take and charge off the loss over and above what we realize from sale of the water power instead of throwing a horde of good money after a horde of squandered money foolishly spent in the pursuit of a will o' the wisp.

Mr. PETTENGILL. Will the gentleman yield?

Mr. CHIPERFIELD. Yes.

Mr. PETTENGILL. Will the gentleman deny that this bill directs the leasing of this property at any time within the next 50 years when it can be leased?

Mr. CHIPERFIELD. This is my understanding; and if I am not correct, I have no desire to misrepresent, and I would thank the gentleman in his own time to correct me. My understanding is that if a lease is not made by this board within 18 months, then there is to be Government operation. Does the gentleman contend I am wrong about that?

Mr. PETTENGILL. But at any time and at all times within 50 years there is a positive direction to the board to conclude a lease whenever one can be concluded.

Mr. CHIPERFIELD. But if it does not lease within six months, then the Government operates.

Mr. GLOVER. In 18 months.

Mr. CHIPERFIELD. No; in six months where there is a failure.

Mr. PETTENGILL. But thereafter it can be leased.

Mr. CHIPERFIELD. I will agree to that. I do not want to misrepresent. I scorn an argument that rests upon willful misrepresentation. We may differ in our views or be mistaken; but if a lessee is not found within six months, then the Government must operate, and within the period, if they can find a lessee, I would take it they are under obligation to do so.

Mr. ALMON. Then the Government may discontinue Government operations and lease it, if they can get an opportunity to do so.

Mr. CHIPERFIELD. If they can find a lessee.

Let me say, in conclusion, in my opinion, the people of this country are against Government ownership in this form and would vigorously resent our bringing about such a solution of this problem. [Applause.]

[Here the gavel fell.]

Mr. RANSLEY. Mr. Chairman, I yield the balance of our time to the gentleman from Wisconsin [Mr. STAFFORD].

Mr. STAFFORD. Mr. Chairman, the protagonists of this bill, in justification of the Government-operation feature, claim that it will induce the leasing of the property if no private lease can be obtained. What a ridiculous position for any person who has the slightest knowledge of business economics to take. It is conceded that no lease can be obtained under these conditions, ergo, the Government must take this nitrate plant No. 2, acknowledged to be obsolete, go into the market and equip it at an expense of millions and millions of dollars, authorize this board of three, sympathetic with this plan, to invest $36,000,000 at the beginning in the building of Cove Creek Dam, equip the plant with accessories and supplies to the extent of $16,000,000, and when it has been proven, as has always been proven with respect to Government operation of other business projects, that such operation is impracticable, then they say, after we have dumped some more millions of dollars, $50,000,000 or $75,000,000 in addition to the $173,000,000 that we have dumped already into this plant, we will then be in a better position to enter into a lease with private individuals. Such arrant nonsense. After the Government has confessed, as they must, the futility of going into the private business of fertilizer manufacture, they intimate that the threat of the Government to go into a chimerical business venture where production is glutting the market will deter some private competing manufacturer to take the white elephant off their hands some time during the 50 years.

I have never heard of a more ridiculous legislative proposal in my 20 years of service on this floor. Never has there been such an asinine proposal submitted as an excuse for Government operation than the one that this provision will be a threat to private industry. We will not be able to secure a lease; but then we will revamp it, employ some experts, have some more agricultural experiments, and put in modern, up-to-date machinery at the expense of the Government.

The fertilizer diggers, in the name of the oppressed planters, will come to Congress every year, saying, "We need $10,000,000 or $15,000,000 more," and the Congress, following the sway of group favoritism, will continue to pour the money into the fertilizer barrel as fast as it runs out of the fertilizer bunghole.

Yesterday you voted against the policy of balancing the Budget, and now you are going to outrage the public sense of the country by adding a possible burden of over $100,-

000,000 for the benefit of whom? For the benefit of the Tennessee Valley, of the Representatives from Tennessee, Alabama, and the near-by Southern States, who will receive with open hands the bounty under this proposed Government subsidy.

The United States Government, the taxpayers, are to continue to hold the bag to the extent of $173,000,000, and before we get through with it it will be $273,000,000. You espousers of this unheard-of governmental subsidy must take the responsibility.

We are willing to join you in a reasonable leasing proposition, but we will not outrage the taxpayers of the country by this legislative appropriation and grab, which will involve an expense of over $100,000,000 additional.

Mr. PETTENGILL. Will the gentleman yield?

Mr. STAFFORD. Yes.

Mr. PETTENGILL. Is there any expense involved by the Government for 18 months?

Mr. STAFFORD. Why do you put in a legislative proposal providing for Government operation of an ancient plant in competition with private plants that are lying idle because of overproduction and underconsumption? If you had any faith in the leasing proposition, you would not put in the outrageous proposition in reference to the Cove Creek Dam and the socialistic Government operation, which will require the expenditure of possibly seventy-five or a hundred million dollars. That is your socialistic baby. Take it. [Applause.]

Mr. McSWAIN. Mr. Chairman, I yield the balance of time on this side to the gentleman from Alabama [Mr. HILL], who was chairman of the subcommittee that prepared this bill, a subcommittee on which there were four of the majority party and three of the minority party.

Mr. HILL of Alabama. Mr. Chairman, we have heard all kinds of statements on this floor during this debate with reference to piling up an enormous burden upon the Federal Treasury. The truth is that under this bill there can be practically no expense whatever for utilizing the properties at Muscle Shoals for at least a year and a half after the enactment of the bill into law. And then after the bill is enacted, if no lease is secured during the period of a year and a half, before any expense can be made the Congress of the United States—this House, if you please—will have to appropriate the money for the expense.

Under this bill, even if there is no lease and we should be forced to Government operation, it would be necessary to appropriate for Government operation a sum of only about $2,000,000; and to-day over $2,500,000 in power is going to waste over the big Government dam at Muscle Shoals.

So even if you appropriate the $2,000,000 you would still have a saving of over $500,000 for the first year, and there would not necessarily follow any further appropriation so far as your nitrate production was concerned.

With reference to Cove Creek Dam, the bill expressly provides that that dam shall not be built until the Government secures a lessee or, if you have Government operation, your board certifies that the additional power which the Cove Creek Dam would produce is necessary for the manufacture of nitrogen and fertilizer.

If you secure a lessee, you are insured a reasonable return on any money that you put into the Cove Creek Dam, and you are assured that over a reasonable period every dollar that the Government invests in the dam will come back into the Treasury of the United States. [Applause.]

If there is Government operation, not a dollar will be spent on Cove Creek Dam until the board says that we must have additional power which the dam will afford.

What does that mean? It means that there will be successful Government operation at Muscle Shoals and money will go into the Treasury from the Government operation, which will insure the return to the Treasury of the United States of the original investment in Cove Creek Dam.

So all of the argument about a raid on the Treasury and the taking of millions of dollars is unjustified and unfounded. [Applause.] If during the year and a half no lease has been made, when the question comes as to whether or not we will make the appropriation of some $2,000,000 to commence the operation of the nitrate plant, we then, as sensible men, as sound and businesslike men, will determine that proposition. In my judgment, there will be a lease of this property if this bill is passed; and I know of no better fact in substantiation of this opinion than the fact that although the Muscle Shoals Commission appointed by the President and the Governors of the States of Tennessee and Alabama had no authority to make a lease, although they asked for no proposals of lease, yet some eight prospective lessees took up with them the matter of a lease, and said to them that they perhaps would like to make a lease, and asked the commission to submit terms for a lease. There never has been a time since Muscle Shoals was built when there was not a lessee knocking on yonder door asking for a lease of these properties.

I realize the economic situation in this country to-day, but I can not believe that it is going to continue forever, and the only way that we can legislate is not on the basis of some unusual situation but on what is the normal average situation in this country, and this bill which we present to you to-day is an organic, basic bill for the disposition of Muscle Shoals. If you will pass this bill, then the people of this country can no longer indict the Congress of the United States for permitting those great plants to remain idle, and for permitting two and a half millions of dollars of water going over the dam to waste each year. This bill is constructive. It will dispose of these properties, and dispose of them in a sound, businesslike way, and in keeping with the original dedication of the properties at Muscle Shoals.

Much has been said here that if we have Government operation it will mean the Government of the United States competing with its private citizens. It is not a matter of competing with private citizens; it is a proposition of freeing the farmers of this country from their dependence on Chile and other foreign countries for their nitrogen. You will recall that up to the time of the invention of the fixation of nitrogen from the air practically all nitrogen used for fertilizer came from Chile in the form of Chilean nitrate, and the farmers of this country were absolutely at the mercy of the Chilean nitrate producers, and they had to pay the Government of Chile some $12.53 a ton for every ton of nitrogen exported from Chile. The farmers of this country were practically forced to support the Government of Chile.

Mr. CHIPERFIELD. Mr. Chairman, will the gentleman yield?

Mr. HILL of Alabama. Not at this moment. I do not want to be discourteous.

Mr. CHIPERFIELD. I understand.

Mr. HILL of Alabama. Then came the invention to take the nitrogen out of the air, condense it into substance, and put it on the land. Germany, Great Britain, France, Italy, by governmental help, if you please, established at once the nitrogen industry in their respective countries, and they freed their farmers from any further dependence upon Chile for their nitrates. To-day, Germany, the bankrupt nation of the world, is producing more nitrogen than Chile and is furnishing nitrogen to the farmers of this country. After these other countries established their nitrogen industries, what did they do? They joined hands with Chile and formed a world cartel or a world monopoly on nitrogen, and the farmers of this country have been absolutely at the mercy of this world monopoly as to the price they paid for nitrogen. To-day Germany is coming here to the United States, going to Florida, getting phosphate rock, taking that rock 3,000 miles across the Atlantic, then 125 miles up a canal, and then 100 miles on a railroad, taking the phosphoric acid out of that rock, mixing it with nitrogen, taken out of the air in Germany, and shipping it back to the United States to our farmers.

Mr. McMILLAN. Mr. Chairman, will the gentleman tell the committee how many tons of nitrogen have been imported from Germany?

Mr. HILL of Alabama. The last normal year in this country was the year 1929. During 1929 there was imported into this country nitrogen in the amount of 159,075 tons, and

these nitrogen fixation plants in the United States that all through the years in the discussion of Muscle Shoals we have heard so much about, in that year turned out for the agriculture of this country only 84,000 tons. It was a matter of 159,000 tons of imported nitrogen compared to 84,000 tons from the plants in the United States. What this bill would do would be to free the American farmer from dependence on Germany, Chile, and other foreign countries. [Applause.]

Mr. ALMON. And the corporation would not be in competition with private industry, but it would be in competition with a foreign monopoly.

Mr. HILL of Alabama. All we want to do is to free the farmer from the foreign monopoly.

Mr. BRIGGS. Mr. Chairman, will the gentleman yield?

Mr. HILL of Alabama. Yes.

Mr. BRIGGS. What reduction in the price of nitrates to the American farmers does the gentleman estimate would result to them by reason of this acquisition of Muscle Shoals?

Mr. HILL of Alabama. The Muscle Shoals inquiry commission appointed by President Coolidge and headed by that great conservative statesman from Illinois, the former chairman of the Committee on Military Affairs, Mr. McKenzie, estimated that the proper operation of Muscle Shoals would save the farmers of the country at least 43 per cent in the cost of their fertilizers.

Much has been said with reference to these plants being obsolete, and that the cyanamid process, the process used by the great plant at Muscle Shoals, is obsolete. That is absolutely wrong.

I have here an issue of the Chemical and Metallurgical Journal for June, 1928. I read as follows from the Journal:

> From these facts some have inferred that the direct synthetic process is replacing all other processes, a conclusion which is wholly unwarranted. The fixation of nitrogen by the cyanamid process has steadily increased, in fact by a larger percentage during the last few years than any other process, and this is true despite the claims by some that the cyanamid process is obsolete and no longer a factor in nitrogen production.

The largest nitrogen-producing plant in the Western Hemisphere for producing agricultural nitrogen is the great plant of the American Cyanamid Co. at Niagara Falls in Canada. That plant is using the cyanamide process, which is exactly the same process as is used by the big Government plant at Muscle Shoals. When the Government got ready to build the big plant at Muscle Shoals, what did it do? It got the American Cyanamid Co. to come down and build that plant for it. Of course, it has been 12 years since the big plant at Muscle Shoals has been operated. Necessarily there have been some improvements in that time, and the big plant at Muscle Shoals must be brought down to date, just like the American Cyanamid Co. has from time to time taken advantage of new inventions and brought its plant down to date. But fundamentally the Government plant at Muscle Shoals is exactly the same plant, using exactly the same process, as is the plant of the American Cyanamid Co. in Canada.

To-day some 350,000 tons of fixed nitrogen are being produced throughout the world by the cyanamide process, which is five times as much as is the production by the synthetic process in the United States.

I have here a very interesting map which shows the different cyanamid plants scattered throughout the different countries of the world. The map shows some 42 of them. There is nothing more untrue than the proposition that the cyanamid process is obsolete.

Mr. ALMON. Will the gentleman yield?

Mr. HILL of Alabama. I yield.

Mr. ALMON. Is any of the nitrogen produced by the synthetic process used for the benefit of agriculture in this country?

Mr. HILL of Alabama. In 1929 there were some 84,000 tons.

Mr. GOSS. Will the gentleman yield?

Mr. HILL of Alabama. I yield.

Mr. GOSS. Will the gentleman tell the House how much nitrogen that plant has ever produced?

Mr. HILL of Alabama. It has not produced a great amount, for the reason that the plant was finished after the war closed, and it produced just enough nitrogen to demonstrate it could do the job. In other words, when the Cyanamid Co. turned the plant over to the Government, the Government said, "We want to know if this plant will produce nitrogen." And they operated the plant and produced a sufficient amount of nitrogen to show that the plant would produce. The war had terminated and there was no longer any need to operate it.

Mr. GOSS. They operated it for two weeks and made about 1,500 tons?

Mr. HILL of Alabama. Yes.

Mr. CHIPERFIELD. Will the gentleman yield?

Mr. HILL of Alabama. I yield.

Mr. CHIPERFIELD. The amount which I stated, 1,600 tons, was about correct, then?

Mr. HILL of Alabama. Yes, sir.

One of the greatest problems confronting this country to-day, if not the greatest, is the problem of soil depletion. In the United States each year our soil is exhausted to the amount of some 3,500,000 tons of nitrogen. Over 118,000,000 acres of farm land are thus depleted each year. There are just two forces that destroy national life. One is an invading army; the other is the depletion of the soil. Invading armies wipe out peoples and civilizations. Depletion of the soil makes it impossible for peoples and nations to sustain life in their habitat. They move on as in times gone by the people of Greece moved to the more fertile lands of southern Italy. In soil depletion lies the tragic story of the fall of Babylon, of Greece, and of Rome. Shall we permit our America to become a China, with her soil so depleted that she can make only one crop in seven years? Are we to become an India where, because of soil exhaustion, famine haunts a destitute people?

It is said there are more hungry people in India every year than the entire population of the United States. Muscle Shoals is a great step toward the solution of this problem, toward putting back into the soil the nitrogen which through the years we have been taking out.

To-day the United States uses 6.4 pounds of plant food per crop acre. Germany uses 200 pounds; Belgium, 513 pounds; Holland, 675; France and Italy, 150. All of these figures show that the day is at hand when we must use more nitrogen, when we must take steps to replenish the soil that is so rapidly being exhausted. The great element of plant food which we need is the nitrogen. Through the years the cost of nitrogen has been so great that our farmers have not been able to buy it. At Muscle Shoals we will start a great production of nitrogen and of concentrated fertilizer which the proponents of this bill believe will mark a tremendous step forward in the progress and advancement of fertilizer, its production, and its use. To-day the farmers of this country are using fertilizer containing only 16 per cent plant food. In other words, out of a 100-pound sack of fertilizer some 84 pounds are practically worthless, so far as any value to the crops is concerned. When we can get the farmer's fertilizer up to the point where it will contain not 16 per cent but as high as 50 or 60 or 70 per cent of plant food, millions of dollars will be saved in freight, in sacking, in handling, and, furthermore, experiments show that concentrated fertilizer will get far better results from the land.

The great purpose of Muscle Shoals is to inaugurate what Germany has already inaugurated—a great development of concentrated fertilizer for this country.

Mr. ALMON. What about nitrate of soda? Chilean nitrate contains only 15 per cent of plant food.

Mr. HILL of Alabama. The Chilean nitrate contains only 15 per cent of plant food. In other words, every time we get a ton of Chilean nitrate we have to pay the freight for hauling it some 4,000 miles from Chile to this country and only 15 per cent of the product is any good from the standpoint of plant food.

I do not agree with my eminent friend from Illinois that Muscle Shoals is no longer of any use to national defense.

As General Pershing once said, "In the Muscle Shoals nitrate plants the Government has a permanent installation which is of the greatest importance." Nitrate plant No. 2, the big plant, will fix sufficient nitrogen for the manufacture of ammunition for an army of 2,000,000 men. The value of Muscle Shoals for national defense is not to be discounted because of the fact that fixed nitrogen can be produced in by-product coke ovens scattered through the country or because several private plants for nitrogen fixation have been built. There is a vast difference in military value between plants which merely fix nitrogen without producing explosives and the plant which is prepared to turn out the finished explosive ingredient ready for ammunition factories. The contingencies of war and national emergency may make the use of the Muscle Shoals properties for munitions purposes indispensable, not only to insure an adequate supply of explosives but also to measure fairly and adequately the reasonable value of munitions and thus to fix a yardstick for such munitions as the Government may be compelled to buy from private manufacturers.

The importance of Muscle Shoals to the national defense is appreciated when we recall that during the World War we required every available merchantman that we could find to carry our troops to the front line, to supply them with food and munitions of war, and to move the commerce of the United States, and yet in that dire necessity we were compelled to use nearly one-third of our merchant marine to bring over the 4,000-mile route from Chile the nitrate to make the powder and the explosives without which we were utterly helpless to make war. Let us not forget that the first real naval battle of the war was fought in December, 1914, off the coast of Chile, when the British and Japanese gunboats intercepted the German fleet endeavoring to give protection to German merchantmen coming out from Chile with cargoes of Chilean nitrate.

The bill will contribute mightily to the navigation of the Tennessee River, with its channel of 652 miles twisting capriciously until it empties into the Ohio 67 miles from the Mississippi. It will control in large measure the floods on the Tennessee and even lessen the ravages of those on the Father of Waters. The bill insures the disposition of the nitrate plants at Muscle Shoals through private operation, if possible, and if not, then through Government operation. The bill is liberal in its leasing provisions, affords every opportunity for a lease that will be fair to the lessee and yield a reasonable return to the Government on its investment. The bill contemplates at Muscle Shoals a great electrochemical development requiring coal, coke, limestone, phosphate, and various other raw material.

The labor necessary for fertilizer-plant operations, limestone quarries, phosphate mines, coal mines, coke ovens, and electrochemical operations will require a population of thousands of men in Alabama and Tennessee. For 12 years the people of the Tennessee Valley have awaited the disposition of Muscle Shoals as the entering wedge for the development of the valley. The bill will forge the first link in the chain of development and open up the industrial empire of the Tennessee Valley destined to become a greater Ruhr. As has been said, there are in the Tennessee Valley conjunctions of raw materials of all kinds, of coal, iron, and water power more fateful than conjunctions of the stars. The bill will keep the promise of the Government to the farmer, afford cheaper fertilizer, and lighten the burdens of him who is a partner with God to liberate the forces of nature and feed and clothe the teeming millions of the Nation. It will set an honest standard of cost for the generation of electric power for the benefit of the millions of power consumers of the land. It will keep available for use the powder horn of the Nation.

There comes down to us through the ages the injunction to multiply and replenish the earth and the earth must be replenished with nitrogen. Wherever man looks the living, moving, doing thing in the world is nitrogen, constantly reminding us that "There's a divinity that shapes our ends, rough hew them how we will." [Applause.]

The CHAIRMAN. The time of the gentleman from Alabama has expired. All time has expired.

Mr. HILL of Alabama. Mr. Chairman, I ask unanimous consent to revise and extend my remarks.

The CHAIRMAN. Is there objection?

There was no objection.

The Clerk read as follows:

Be it enacted, etc., That the general purposes of this act are declared to be to aid American agriculture and to provide for national defense by the employment of the Muscle Shoals project, primarily for the production and development of fertilizer and fertilizer ingredients, and secondarily for the production of chemicals.

Mr. STAFFORD. Mr. Chairman, I move to strike out the last word.

For the purpose of clearing the minds of the Members of the committee who might have the impression that the farmers who are to-day using Chilean nitrate are paying $11.20 excise duty to the Government of Chile, I will say that is not the condition to-day. That was the case many, many years ago; but that was abandoned some years back, so the American farmers are not paying one cent of tribute for the support of the Chilean Government.

Mr. HILL of Alabama. Will the gentleman yield?

Mr. STAFFORD. I yield.

Mr. HILL of Alabama. Instead of paying it in the form of taxes to the Government of Chile they are paying it for other charges that go to the Chilean Government.

Mr. STAFFORD. The gentleman knows if he has read the hearings that the Cosach monopoly runs the Chilean nitrate mines, and that 50 per cent of whatever profit results goes to the Chilean Government. But that from the development of nitrate plants throughout the countries of the world this Chilean monopoly has not made any money for the past several years.

What are the facts as to the cost to the farmer for the fertilizer that has been used? Let me call the gentleman's attention to the record. Just at the close of the war 20 pounds of nitrogen, in nitrate of soda, cost $4.54. To-day the same unit can be bought for $2.25, less than half what it was at that time. Now, let us take nitrogen in the form of sulphate of ammonia. In the same period nitrogen in the form of sulphate of ammonia has come down even more radically. During the war sulphate of ammonia sold for $4.74 per unit. To-day it sells for 97 cents per unit.

Mr. HILL of Alabama. Will the gentleman yield further?

Mr. STAFFORD. I yield.

Mr. HILL of Alabama. Of course, the gentleman knows that during this economic depression the prices of everything are down.

Mr. STAFFORD. Yes.

Mr. HILL of Alabama. And I hope the gentleman does not think the price of everything is going to stay where it is to-day.

Mr. STAFFORD. The gentleman will not deny that the farmers are not in position to purchase it because of the depressed condition; and the gentleman will not deny that private industry has so manipulated its production of nitrogen that more is being produced to-day than the market demands, and more than the market can use even under normal conditions.

Mr. HILL of Alabama. The gentleman does deny that.

Mr. STAFFORD. At Hopewell, Va., a private industry is capable of producing 600,000 tons of nitrogen, and all we have been importing of Chilean nitrate is 365,000 tons a year.

Mr. HILL of Alabama. According to statistics submitted by Mr. Charles J. Brand, the executive secretary of the National Fertilizer Association, in the year 1929 they manufactured for agriculture some 84,000 tons of nitrogen.

Mr. STAFFORD. And because the farmers of the country have been accustomed to using low-nitrogen-content fertilizer and have been accustomed to using Chilean nitrate

the gentleman can not claim that they are not in a position to use more for fertilizer.

The gentleman in his bill seeks to establish the experiment at the expense of the Government of the United States of educating the people to use concentrated fertilizer. Now, the farmers are going to continue for a long time to come to use the character of fertilizer they have been accustomed to using, and that is in the form of low-nitrogen-content fertilizer.

Mr. BANKHEAD. Mr. Chairman, will the gentleman yield?

Mr. STAFFORD. I yield.

Mr. BANKHEAD. The gentleman seems to have so much experience as to what the farmers want that maybe the gentleman can tell me whether the farmers in the gentleman's State are opposed to this bill.

Mr. STAFFORD. Every member of the committee agreed that this bill is only for the aid of the farmers in the cotton-growing belt, where, by reason of tremendous exhaustion and erosion of the soil, it is so necessary to have large quantities of fertilizer.

Mr. BANKHEAD. In other words, if the farmers of the Northwest were to be benefited by the bill they would be for it?

Mr. STAFFORD. I am not so constitutionally sectional as the gentleman intimates. In Milwaukee, my home city, we have a fertilizer plant that is shut down. The gentleman can not charge sectional feeling to me in connection with this bill. The bill is sectional pork, as far as the Cove Creek Dam is concerned. It seeks to appropriate millions and millions of dollars on a proposition there for power purposes for the benefit of a locality only.

[Here the gavel fell.]

Mr. EATON of Colorado. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. EATON of Colorado: Page 1, line 8, after the word "chemicals," strike out the period, insert a colon, and add: "*Provided, however*, That this act shall not become effective until the phosphate and fertilizer lands of the United States in the States of Utah and New Mexico now under lease and/or permit of the United States shall show signs of depletion within the terms of the existing lease and/or permits."

Mr. McSWAIN. Mr. Chairman, I make the point of order that the proposed amendment is in no sense germane to the section or the bill. We are not dealing with experimental propositions in potash or reading the signs of the future. In the interest of time I am compelled to make the point of order.

Mr. EATON of Colorado. Mr. Chairman, I would like to be heard on the point of order. This bill is for the purpose of providing for the leasing and other utilization of the Muscle Shoals properties in the interest of national defense and of agriculture, and for other purposes. The leasing of the lands of the United States containing phosphate have to do with exactly the same purposes, namely, national defense, agriculture, and other purposes.

It may be possible that this amendment might properly be attached to another paragraph of this bill, but it seemed to me, as I examined the bill, that the place to draw attention to the matters I will mention was right here at this first paragraph, which sets forth the purposes of the bill. The purpose of this bill is to aid American agriculture and provide for the national defense. How? By employing the Muscle Shoals project. How else?

The last phrase of the section reads—

primarily for the production and development of fertilizer and fertilizer ingredients, and secondarily for the production of chemicals.

Before the Public Lands Committee of this House phosphate deposits of the United States now under lease and now under permit have been under consideration from time to time. I have not the least idea as to the extent of the development in New Mexico, except as I learned it before the Public Lands Committee. We listened to these same words as used here—about P_2O_5—potash, phosphoric acid fertilizer, and other words having to do with phosphoric acid and the making of fertilizer. Many statements made here in regard to Muscle Shoals have been made with respect to phosphate lands, including that they are necessary for the national defense of the country. Right now there are millions of dollars invested and under contract depending upon the operation under existing leases and permits from the United States Government.

The CHAIRMAN. The gentleman must address himself to the point of order rather than to the merits of his amendment.

Mr. EATON of Colorado. I was trying to demonstrate that by the merits. The statements we have heard before the Public Lands Committee point to exactly the same question which is in this bill, namely, the leasing and utilization of properties of the United States for the purpose of national defense, for the purpose of agriculture, and for other purposes. My amendment has to do with properties of the United States that are already under such lease and already under such permit, and my amendment proposes to postpone the effective date of the operation of this bill until such time as the lands included in the existing leases and permits from the United States show signs of depletion.

The records in the office of the Commissioner of the General Land Office show that there are in existence three leases in New Mexico covering 7,674.39 acres, and four in California covering 7,783.80 acres; a total of 15,458.19 acres.

Permits outstanding are as follows:

State	Number of permits	Acres covered
New Mexico	90	202,990.10
Utah	34	74,120.00
California	6	13,430.19
Nevada	3	6,413.05
Oregon	2	4,488.94
Arizona	1	634.77
Nebraska	2	360.00
Colorado	1	2,150.00
Total	139	304,587.05

A large acreage in Utah and Nebraska has been patented as phosphate lands. I have not the area at hand this moment.

The United States is already interested in the development of phosphate for fertilizer purposes. The bill before us, if passed, would put the Government into competition with its own lands already leased and under operation by individuals who have a right to expect that they may continue their production without interference from a new source of supply under the circumstances set forth in the bill.

It has been estimated that 120,000 tons of phosphoric acid (P_2O_5) may be produced at Muscle Shoals at a cost of $43.55 per ton and that fertilizer made therefrom may be shipped from Maine to California. I do not find a statement of the cost of making the fertilizer from the phosphoric acid.

Under date of April 19, 1932, the Department of the Interior issued the following statement:

Assurance of a latent supply of potash for fertilizer that is sufficient to carry the country through another emergency such as the World War is given by the Geological Survey. This assurance is extended at the termination of five years of exploration, mostly in the great Permian Basin in the Southwest, which was authorized by Congress and for which $500,000 was provided.

This exploration, so far as the Permian Basin was concerned, consisted in putting 23 wells down with diamond drills to depths ranging from 500 to 3,000 feet and an examination of the resulting cores which revealed the various formations that lie beneath the basin at these 23 points. In addition, the results of wells drilled by many private individuals were made available to the Government representatives. They also tested thousands of samples obtained from oil-well operators. These operators do not ordinarily produce cores, but cuttings brought up by their churn-drill operations may be tested and often provide valuable clues. In fact, the study of well cuttings served as the basis for the selection of all the sites chosen for the tests by core drill.

As a proof of the field, the Geological Survey calls attention to the fact that the United States Potash Co., of New Mexico, in the first year of its operation, ending in March, shipped 45,000 tons of potash to numerous plants in the East, where it was used by different fertilizer-mixing companies.

This first year of production from the first mine in operation was sufficient to amount to about 4 per cent of the national requirements.

The known ore bodies in the vicinity of this mine, the experts of the Geological Survey state, are sufficient to supply the Nation for decades in time of need. The indications are, they state, that this area of the United States contains potash deposits that in quality are the equal or superior of those in Germany and Alsace, which heretofore have been the principal sources of supply for the world.

The Permian Basin, 300 miles wide and possibly twice as long, lying principally in Texas and New Mexico but extending north into Kansas and Colorado, was at one time, geologically speaking, occupied by a great arm of the ocean or sea that became cut off in such a way that its waters evaporated and left their salts behind. In fact, the indications are that this sea may have filled up and evaporated a succession of times. Potash was contained in some of the salts that were left behind.

Government geologists recognized decades ago that the formations here were similar to those in Germany and that there were probabilities that an investigation would establish the presence of potash. The area, in fact, proved to have a much simpler structure than the German, since it was much less broken. Federal and State agencies made preliminary investigations at about the same time, but the first find of potash was announced by the Texas State geologist, Doctor Udden, in 1912, as a result of his examination of brines taken from a deep boring.

When the World War stopped the importation of potash from Germany many soils, notably those producing cotton, failed to yield satisfactory crops. They were without an essential ingredient.

The Government finished drilling its first well near Amarillo, Tex., in 1917, and a private test core was taken near Carlsbad, N. Mex., at about the same time. Government geologists in the meantime were studying and analyzing the cuttings that came to light from oil operations. There were many indications of potash.

Finally, in 1926, Congress authorized the more intensive investigation by the Geological Survey, cooperating with the Bureau of Mines, and provided $100,000 a year for five years for the purpose. Twenty-three wells, in as many locations, were drilled in New Mexico and Texas and an additional well in the Salt Valley area in Utah. Practically all of them showed deposits containing potash at many levels, many of which were in strata too thin to make mining practicable. A number of bodies of ore were discovered, however, that have immediate or future commercial possibilities.

The most favorable prospects lie in that sweep of open semi-desert country between San Angelo, Tex., and Roswell, N. Mex., cut deep by the Pecos River and celebrated in many a cowboy romance of the West, notably that of Billy the Kid. The greater area is in Texas, where there is no Government land, but the best deposits that have been found are in New Mexico on the public domain, and the Government will share in money returns.

Sinking 23 wells in an area as big as New England by no means constitutes an adequate exploration, of course, but is regarded more as a guide and encouragement to the private potash hunter. Assurance is felt at the Department of the Interior that the basis for a potash industry has been established and that, in the course of time, the United States will be able to supply itself with this indispensable ingredient of fertilizer.

I am informed that in the Uintah Basin in Utah there is a deposit of phosphate rock 22 feet in thickness, almost horizontal, and with very little overburden, covering an area of about 2,900 acres, and an additional area of about 10,000 acres with a greater overburden. To manufacture a quantity of phosphoric acid equal to the estimate of 120,000 tons would require about 10 acres annually. So in this one area alone there is available a 290-year supply comparable to the estimated annual supply from Muscle Shoals. In New Mexico, a similar situation exists, and I am told the production costs are less than in Utah. It may well be said that the supply is inexhaustible. Probably some of you are more familiar with the Nebraska deposits from which the phosphoric acid has been produced in large quantities. The mining, smelting, and manufacture may all be done at a cost lower than any of the suggested figures of cost at Muscle Shoals.

I therefore submit that this amendment should be adopted at this place in the bill. But if for parliamentary reasons it should be ruled out of order here, I will offer the amendment to the last paragraph of the bill which designates that this act shall become immediately effective.

The CHAIRMAN (Mr. BLAND). The Chair is ready to rule. This bill relates to the leasing of the Muscle Shoals project. In the opinion of the Chair the amendment relates to the leasing of certain lands in the West, which is not germane either to the bill or to the section. Therefore the Chair sustains the point of order.

Mr. GLOVER. Mr. Chairman, I move to strike out the last word. I have listened to the discussion of this bill to-day with a great deal of interest. We have had the leasing or operating of Muscle Shoals before us heretofore, and it was then thoroughly discussed.

The farmers in the Southland believe, as I do, that the development of Muscle Shoals for the making of nitrogen will cheapen their fertilizer, and that that will do more to aid agriculture than almost anything that could be done in one measure.

This bill would simply carry out the original purpose expressed in the original act—that Muscle Shoals should be developed and be used in time of war for national defense. It ought always to be kept for that purpose, because we do not know what might happen although we hope it will never have to be used for that purpose. The other purpose of the original act was that when it was not used for national defense it should be used for the purpose of aiding agriculture by the production of nitrogen to make cheaper fertilizer.

Anybody who has had any actual experience in farming in our Southland, where we use a great deal of this fertilizer, knows very well that high cost fertilizer is one of the most expensive things we have to deal with, and it is one of the things that makes farming unprofitable there.

The gentleman from Alabama a few moments ago made an argument on this question that I do not believe anybody can successfully answer. He stated in his speech that the development of the Muscle Shoals project would result in a saving of at least 43 per cent to the farmers on their fertilizer. Whether it will save that much or not we do not know, but it would very materially reduce the cost of fertilizer.

There has been a mighty influence working against this bill. It ought to have been a law a number of years ago. You have the power interests in this country and you have the great fertilizer interests, if not a trust. The fertilizer people have always fought this bill and always will.

This bill provides that you have 18 months in which to lease this plant, which has cost us several millions of dollars, which is standing idle to-day and is practically making nothing. It is estimated this bill will save more than $100,000,000 each year to the farmers, and they should have it.

Some say that it can not be leased or will not be leased in this period of depression, and that the Government will operate it. The truth of the matter is that we would be very glad for the Government to operate it for a little time and show the country just exactly what the fertilizer interests are doing to agriculture in this country. They are not going to let it be operated by the Government. You need not be uneasy about that. If you had that plant developed by the Government and could put fertilizer out at 60 per cent of what it is now costing, you would have the people absolutely demanding that it be operated thereafter by the Government.

With the present agricultural conditions in this country to-day we talk about balancing the Budget. You had better think about going out into the farming sections of the Nation and balancing the budget of the farmer. There is the basis of our wealth, and if you keep on impoverishing agriculture, as is being done now by a low commodity price under which they can not live and pay their taxes, you are not going to have any revenue from that source. If you had started at the bottom instead of the top to bring about prosperity, you could have done it by spending the money that has been spent and you would have had some money flowing back into the Treasury.

[Here the gavel fell.]

Mr. GREEN. Mr. Chairman, I rise in opposition to the pro forma amendment.

Mr. Chairman, I have not spoken on this bill, and at the proper place I shall offer an amendment to this bill, and at that time it is not my purpose to discuss the amendment at length. I therefore ask unanimous consent to proceed at this time for 10 minutes.

Mr. McSWAIN. Mr. Chairman, we are compelled to make progress if we are to complete the consideration of this bill to-day, and I am going to have to invoke the rule that amendments proposed must be substantial amendments. I think five minutes is all that the gentleman ought to have. There are a great many members of the committee who have not spoken, and I feel that I shall have to object to the gentleman's request in the interest of saving time.

Mr. GREEN. Mr. Chairman, I withdraw the request.

The amendment which I shall offer will be on page 3 and in section 4, and will qualify the manner of leasing. It will not permit the board to enter into leases with firms, persons, or corporations with which they are in any way connected. I shall offer this amendment at the proper time.

Two hundred and fifty million dollars a year is the cost of commercial fertilizer that our farmers are now using. It is estimated that this bill will save 43 per cent of that amount. Forty-three per cent would be $107,000,000 annually that this bill would save the farmers of our Nation. In two years it would save $214,000,000, which is more than the moneys which have already been expended in the development of Muscle Shoals, and in addition that which would be required to complete the project. You will see that this will more than pay for any additional improvements which we may hope to put there. So, after all, it is a great saving to the American people, and I would particularly call the attention of the gentleman from Illinois [Mr. CHIPERFIELD], who made such a splendid address from his point of view, to this fact. When we save for one class of our American people we are saving for all our American people. I would direct the attention of the gentleman from Wisconsin [Mr. STAFFORD], to the fact that even though his people in the rich valley of the upper Mississippi are not directly benefited by this bill, yet the farmers of the South would be greatly benefited by the enactment of this legislation. So if you would save your own farmers, I would ask you to bear in mind that there are other farmers in other sections of our country who are in even worse circumstances than those in the fertile lands of the Mississippi Valley and Great Lakes region.

I can not blame the gentleman from Illinois when he so ably champions the industry of his district. I can not blame him when he hears the thundering and roaring wheels of industry propelled by electric power in his country. I can not blame the gentleman when he fails to hear the call of the farmers in my section of the country; yes, those who are dependent upon their fields for their existence and have no thundering wheels of industry; but I can not understand how the gentleman can extend his hearing across the great Atlantic Ocean into the mines of Germany and how he can hear on down to Chile, around the Antarctic Ocean. He hears the voice of the Chilean Nitrate Co., and obeys this voice rather than the pleas of the farmers of the South. We have been pleading with the Congress for the last several years to carry out the purpose and the intent of Congress when it authorized the first appropriation for Muscle Shoals, by operating it during peace time for the manufacture of fertilizer.

Florida is one of the largest consumers of commercial fertilizer. We use it for the growth of our vegetables and fruits. In some cases even a ton per acre may be used. Our farmers can not continue to pay the present high price of commercial fertilizer, particularly nitrogenous fertilizer. We are entitled to the benefits of Muscle Shoals.

The Clerk read as follows:

SEC. 2. That the President is hereby authorized, with the advice and consent of the Senate, to appoint a board consisting of three members, to be known as the Muscle Shoals Board. Each member shall receive a salary at the rate of $10,000 per annum. The terms of office of the members first appointed shall be 2, 4, and 6 years, respectively. Successors shall be appointed by the President for a term of six years from the expiration of the terms for which the predecessor was appointed. Appointments to vacancies shall be for the unexpired term.

Mr. HASTINGS. Mr. Chairman, this bill provides for the utilization of the plant at Muscle Shoals. It was built under the act of June 3, 1916, and constructed during war times. We have been considering legislation with reference to Muscle Shoals for the past 12 years.

The first section of this bill indicates its general purpose: First, to aid agriculture; and, second, to provide for national defense.

Section 2 authorizes the appointment by the President of a board of three members, fixes their terms and salaries, and provides that they shall be confirmed by the President.

Section 3 is with reference to details about the employment of clerical help.

Section 4 provides, with the approval of the President, for the leasing of the plant for a period of not more than 50 years.

Section 5 places limitations around the leasing contract so as to require the lessee to manufacture a minimum amount of fertilizer ingredients and also chemicals for use in explosives, or the essential ingredients thereof, in time of war.

The bill further provides that after a period of 18 months has expired in the event no satisfactory lease has been made, for the operation of the plant by the Government, or until a satisfactory lease may be made.

Among other things, the bill provides that the lessee shall manufacture fertilizer ingredients, in form suitable for mixing or for direct application to the soil, which shall be offered for sale to farmers or their authorized purchasing agents under conditions providing for equitable distribution for a profit not exceeding 8 per cent of the cost of production and sale.

I have not the time to discuss the other provisions of the bill in detail. It is the fertilizer provision in which I am primarily interested.

The estimated expenditure of our Government in this plant at Muscle Shoals is approximately $140,000,000. I think it is indefensible for Congress not to take some action looking to the better utilization of this plant. As it is, the plant is deteriorating. Its upkeep is an expense to the Government. It should be utilized to the very best advantage. Its location on the Tennessee River in Alabama is an advantage to a great area of the country. I repeat that my chief interest in this bill is in the fertilizer requirement.

As our country grows older more fertilizer is required to make farming productive. A few years ago comparatively little fertilizer was used. To-day, except in the river valleys, fertilizer is or should be used in increasing quantities. In my State we are only beginning the use of it. In practically every Southern State it must be used if there is to be any satisfactory crop return. We use it largely in my State in connection with our potato crops. However, all uplands throughout the entire country could be made much more productive by the use of fertilizer.

It is well known, of course, that effort is made for the fertilization of soil through the rotation of crops, and this is being done everywhere regardless of the use of fertilizer. This should and will be continued.

The farmers of the country have been on the ragged edge of despair for the past 10 or 12 years. Practically all of them are broke. The depression met and overwhelmed them more than 10 years ago. As a result their lands were first mortgaged and later foreclosed so that there is a large part of the acreage in the hands of absentee ownership to-day.

This reminds me of a story which a farmer friend of mine told me. He said 20 years ago he owned a valuable bottom farm, that 10 years thereafter he mortgaged it and only had an equity in it, at the present time the mortgage had been foreclosed, and now he had only a memory of it.

During this last crop season wheat sold for 25 cents per bushel at harvest time; corn sold for 18 to 20 cents per bushel at gathering time; oats from 12 to 15 cents per bushel at threshing time; cotton at 1½ cents per pound; and other farm products and livestock of all kinds were on the same ruinously low-price level. All were and still are selling below the cost of production. As a result the farmers are unable to meet their obligations, and they can not pay their taxes. Their purchasing power is gone and all business is

affected. Farming is the basic industry in many States, including my own, upon which every character of business depends. Thousands of farmers have left their farms for cities and towns in search of employment. As a result, there are millions in the aggregate in the cities and towns unemployed and clamoring for something to do.

I am not overdrawing this picture. It is an unpleasant one to paint. There is an unrest throughout the country that beggars description. Congress is being appealed to for all kinds of relief legislation.

I know conditions on the farm. I was born on the farm and grew up to young manhood on the farm. I own much farm land to-day. I say to you that conditions on the farm have been next to intolerable for more than 10 years. These conditions in the past three or four years have reached the commercial centers.

We have been begging and urging legislation for the benefit of the farmers for several years. Our pleadings fell upon deaf ears. The legislation proposed, and which I supported, was vetoed or killed by threatened veto. Congress finally enacted a bill creating a Farm Board with broad powers, and gave the board a revolving fund of $500,000,000. This board has brought no effective relief. Its principal duty is in making loans to cooperative associations, and aside from the encouragement of cooperative marketing and the sympathetic study of farming conditions, this board has not brought the relief that the friends of the act anticipated.

This bill will materially aid agriculture by making it imperative for the lessee to produce fertilizer and to sell it to the farmers at a minimum cost. It will aid them because the plant is located in a farming section. Freight rates to nearby States will not be prohibitive. Of course, the importers of Chilean nitrate and German potash and the fertilizer manufacturers of America, who sell fertilizer at a prohibitive profit, and the power interests, are opposed to this bill. We should enact this legislation in behalf of the individual depressed farmer. It is for him that I speak. Now, how will it help him? If fertilizer can be produced in quantity and at a price that will enable it to be sold and utilized by the farmer so as to develop the products of the farm, of course, it lessens the cost of production to that extent. If the farmer can double the crop yield upon a given acre, at a minimum cost for fertilizer, it makes his farm that much more productive.

There should be additional legislation which will aid him in securing a better market for his products, but that involves questions foreign to this bill. The tariff has measurably destroyed the foreign market. The debenture plan, vetoed by the President, would have made the tariff applicable to farm products. The equalization fee plan would have brought the benefits of cooperation to all. However, if the farmers, through cheap fertilizer, would be able to raise twice as much cotton, corn, wheat, oats, and potatoes, it would result in his direct benefit. For this reason I favor the utilization of this plant. In time of war the plant could and would be used to manufacture chemical ingredients used in making explosives.

It is urged that it will involve an additional expenditure of money. We already have $140,000,000 invested in the plant. Shall we permit the plant, with that investment, to deteriorate and go unused, when with but a small additional investment it can be utilized to the advantage of 6,500,000 farmers throughout the country? It will not put the Government in business. It is already in it, and this will utilize and protect its investment.

When farming is made more attractive, the people will return to the farms from the cities and towns, and it will relieve the unemployment situation. Farm values will return. It will help business. At present prices for farm products the people are unable to live on farms and meet their obligations, pay their taxes, clothe and feed their children, and for the past 10 years people have been compelled to abandon the farms.

This bill protects the Government through a board appointed by the President and confirmed by the Senate, and any lease made by the board must be approved by the President. I think the other provisions fairly protect the Government as well as the surrounding counties, cities, and towns, in the purchase of power from the plant, because the power not used in connection with the plant will not be sold to a power monopoly or trust, but is to be sold by the board at the switchboard, on an equitable basis to municipalities, counties, and States, and the manufacturers of chemical products, preference being given in the order named. In my judgment it is false economy to permit this plant to go unused, and for that reason it is my purpose to support this bill.

Mr. HOLADAY. Mr. Chairman, I offer the following amendment.

The Clerk read as follows:

Page 2, line 1, strike out section 2 and insert in lieu thereof the following:

"The Secretary of Agriculture and the Secretary of War and the Secretary of Commerce are hereby constituted a board, and said board is hereby authorized to carry out the provisions of this act."

Mr. HOLADAY. Mr. Chairman, if this amendment is adopted, I shall offer an amendment to section 3 striking out the provision for offices and office equipment, the employment of officers, attorneys, and agents, and the fixing of their compensation.

Let us consider the situation. We have a plant for which Congress has expended $140,000,000. It was constructed in war times. It is depreciated and obsolete in many particulars. Perhaps the fair market value of the property to-day is not over forty to fifty million dollars, about the cost of one battleship. What do we propose to do? In order to lease that we propose to appoint a board of three members at $10,000 each and authorize them to get headquarters, office furniture, attorneys, stenographers, agents, messengers, and clerks, and so forth. Without reference to what your view may be on this bill, is that necessary? We propose in this bill, if possible, to lease this plant, and we give the board 18 months in which to do it. For the first 18 months there will not be anything for the board to do except to negotiate a lease. The Secretary of War and the other officials of the Government have been in close touch with this question for 10 or 15 years. They have all of the facts. They are in a position to make a lease if it is possible to make one, without any additional expense to the Government. If at the end of 18 months they have not been able to make a lease and the Government should decide to operate the plant, there will have been one session of Congress, and by the time the 18 months expire we will be in the second session of Congress. Gentlemen, without reference to what your opinion on this bill is, but simply in the interest of economy, there is no useful purpose in creating this board. Leasing property of the amount involved is only a minor item, compared with the other items of our Government. It would be unthinkable to appoint a special committee to deal with something amounting to a half million dollars. There is no reason that justifies the Government at this time, when we are striving for economy, to create a new board and commission. These Cabinet officers are appointed by the President, the same as the proposed board provided for in this bill will be appointed. I can not see where my amendment will have any bearing at all upon the whole question except to save some money.

Mr. BANKHEAD. Mr. Chairman, will the gentleman yield?

Mr. HOLADAY. Yes.

Mr. BANKHEAD. Aside from this objection, does the gentleman favor the general provisions of the bill?

Mr. HOLADAY. I do not know whether I favor all of them or not. I have not made up my mind. I may possibly vote for the bill. I will be much more inclined to vote for the bill with this board cut out and this expense saved.

Mr. BANKHEAD. In other words, the gentleman has not reached any conclusion after studying the bill as to whether or not he thinks it desirable to defeat or to pass it, except that he does object to this particular board.

Mr. HOLADAY. Yes; I object to that. I do not see that my amendment has any bearing on the final disposition of

the bill. It does not change the effect of it, except that it saves some money.

Mr. McSWAIN. Does not the gentleman realize that if these Cabinet officers constitute the administrative board, they personally will not give any attention to it, but some subordinate officer, a captain or lieutenant, in the War Department, and some subordinate officers of the other departments will do the work, and the real interest of agriculture and of national defense will suffer by reason of their not being in the hands of men who concentrate direct thought on the subject?

Mr. HOLADAY. I do not agree with the gentleman. I agree with him halfway. No doubt a great deal of the work will be done by subordinates in the department, but they will be doing it in the name of the department and the department will be responsible. The interest of the farmers and everyone else will be protected, and it will save a lot of money.

The CHAIRMAN. The time of the gentleman from Illinois has expired.

Mr. PETTENGILL. Mr. Chairman, I rise in opposition to the amendment. One of the objections made by President Hoover in his veto a year ago was with reference to the amount of pay that was provided in that bill for the board, which was $50 per diem, limited to $7,500 for the first year and $5,000 annually thereafter. The President objected and based his veto message in part on that provision, because he said that three men able to conduct a $150,000,000 business could not be found to meet these specifications and I submit that the Secretary of War, the Secretary of Agriculture, and the Secretary of Commerce, with the multitude of duties thrust upon them, each of them holding many different and important offices in the various bureaus and branches of the Government, can not possibly be expected to give the technical, business administration to this $150,000,000 proposition as could three men appointed by the President, by and with the advice and consent of the Senate—men who on account of business and technical experience in the power and fertilizer industry will know what to do. I submit that if this amendment should be agreed to, the whole matter will be delegated to some office boys in these various departments, and that the interest of the taxpayers will suffer.

Mr. HOLADAY. Mr. Chairman, will the gentleman yield?

Mr. PETTENGILL. Yes.

Mr. HOLADAY. The gentleman must bear in mind that there is no possibility of Congress operating this plant until 18 months from the 1st of next July.

Mr. PETTENGILL. But, as the gentleman from Alabama stated, two and a half million dollars' worth of power goes over the dam now each year for which the taxpayers are getting nothing at all.

Mr. HOLADAY. This board can not do anything about operating until 18 months from next July. This board will not have anything to do with that.

Mr. PETTENGILL. But that power lease is subject to cancellation on 30 days' notice.

We want men in charge of this matter who will look after the power that is going to waste. At the present time there is $2,500,000 worth of power each year going to waste. It is under a temporary 30-day cancellable lease.

The CHAIRMAN. The time of the gentleman has expired.

The question is on the amendment offered by the gentleman from Illinois [Mr. HOLADAY].

The question was taken; and on a division (demanded by Mr. HOLADAY) there were ayes 38 and noes 71.

So the amendment was rejected.

Mr. SUMMERS of Washington. Mr. Chairman, I offer an amendment which is at the desk.

The Clerk read as follows:

Amendment offered by Mr. SUMMERS of Washington: Page 2, line 10, strike out the period and add a semicolon and the words "*Provided*, That all salaries established under this section, in excess of $2,500 per annum, shall be reduced 11 per cent during the fiscal year 1933."

Mr. SUMMERS of Washington. Mr. Chairman, I do not care to take the time of the committee in discussing this. The amendment is simply offered to bring it in harmony with the action of the House on yesterday.

Mr. McSWAIN. Mr. Chairman, I am not authorized to speak for the committee, but speaking for myself—and I think it would be the sentiment of most of the committee—we would not resist an amendment of that nature.

The amendment was agreed to.

The Clerk read as follows:

SEC. 3. The board is authorized to provide suitable offices and office equipment, to employ and fix the compensation of such officers, employees, attorneys, and agents as it shall deem necessary for the transaction of the business of the board, without regard to the provisions of other laws applicable to the employment and compensation of officers or employees of the United States, to define their authority and duties, to require bonds of them and fix the penalties thereof, and to dismiss such officers, employees, attorneys, and agents, and to complain and to defend in any court of competent jurisdiction, State or Federal, but only for the enforcement of contracts herein authorized and for the defense and protection of the property of the United States herein intrusted to their care and control. Each member of the board and such officers, employees, attorneys, and agents as the board shall require shall take an oath faithfully to discharge the duties imposed upon them, which oath shall be filed with the board. The board shall organize by the election of a chairman and a vice chairman. Two members of the board shall constitute a quorum for the transaction of business. The board shall keep a record of its proceedings and shall report from time to time either orally or in writing to the President as he shall require and shall make a written annual report, which shall be transmitted by the President to the Congress.

Mr. PARKER of Georgia. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. PARKER of Georgia: Page 2, line 13, after the word "agents," insert a comma and the words "not to exceed the sum of $10,000 per annum for any one individual."

Mr. PARKER of Georgia. Mr. Chairman, the purpose of this amendment is to limit the salary.

Mr. HILL of Alabama. Mr. Chairman, the committee has no objection to the amendment offered by the gentleman.

Mr. PARKER of Georgia. I just wanted to state that the purpose of this amendment is to limit the salary of any one individual who may be employed down there to $10,000 a year. If we can not get them for that, it is better to leave them off.

The CHAIRMAN. The question is on agreeing to the amendment offered by the gentleman from Georgia.

The amendment was agreed to.

Mr. LaGUARDIA. Mr. Chairman, I move to strike out the last word.

Some of us have been laboring with this question of Muscle Shoals for the last 10 or 12 years. I am sure the committee acted in absolute good faith and did the very best they could under the circumstances. We find some opposition here by gentlemen who say that the bill goes too far. We are certainly in a very strange predicament. We do not feel the bill goes far enough. I, for one, have repeatedly stated, and I am sure there can be no misunderstanding as to my position on the Muscle Shoals question, that I believe this is the most priceless piece of property owned by the American people; and I, for one, do not want to see it leased at any time to anyone. [Applause.] I hope the committee may meet us halfway in section 14 and reduce the 18 months' period, and I would consent to that only in the hope that when it gets to the other body we will have a pure, unadulterated Government operation bill. [Applause.]

Mr. LEWIS. Will the gentleman yield?

Mr. LaGUARDIA. I yield.

Mr. LEWIS. How about the 50-year term?

Mr. LaGUARDIA. Oh, that is a pretty long time for a young man like the gentleman from Maryland; but for us older fellows 50 years is a long time, and I would like to be here to see what will happen at Muscle Shoals.

Mr. LEWIS. How about 10 years?

Mr. LaGUARDIA. Well, 10 years would be much better than 50 years, of course. However, let us review the legislative history of this. On two different occasions we have passed a proper Muscle Shoals bill, and on two different

occasions we were confronted with a veto. The last time we did not even have an opportunity to express ourselves on the veto. I hope that if this Congress passes a real Muscle Shoals bill—and I do not hesitate to say that I refer to the Norris bill—let us pass it in time so that if the President vetoes it, the Congress can express itself on that veto.

Mr. PETTENGILL. Will the gentleman yield?

Mr. LAGUARDIA. I yield.

Mr. PETTENGILL. The gentleman appreciates that the board is not obliged to lease it for 50 years? It is for a period not to exceed 50 years.

Mr. LAGUARDIA. But who is going to appoint the board?

Mr. GOSS. Will the gentleman yield?

Mr. LAGUARDIA. I yield.

Mr. GOSS. Does the gentleman think this is a pure, unadulterated Government operation bill?

Mr. LAGUARDIA. I will let the gentleman answer that. The gentleman is a member of the committee and I am not.

Mr. GOSS. Well, I do not. I was asking the gentleman what he thought about it.

Mr. LAGUARDIA. I do not think it is.

Mr. GOSS. Then I take it the gentleman is not for the bill?

Mr. LAGUARDIA. Is the gentleman for it?

Mr. GOSS. No; not in its present form.

Mr. LAGUARDIA. Then either the gentleman or I am wrong. I am for Government operation of this plant. The gentleman is opposed to it, and we are both opposed to the bill.

Mr. GOSS. Yes.

Mr. LAGUARDIA. Then there is something wrong with the bill.

Mr. McSWAIN. Will the gentleman yield?

Mr. LAGUARDIA. I yield.

Mr. McSWAIN. The gentleman has often heard it said that truth lies between two extremes, has he not?

Mr. LAGUARDIA. Not when you are talking about power in this country. We must be on our guard, Mr. Chairman.

Mr. GOSS. Does the gentleman think that we could have operation of power alone under this bill as it is written?

Mr. LAGUARDIA. Surplus power.

Mr. GOSS. Not even surplus power.

Mr. LAGUARDIA. In all frankness, I have stated that I am opposed to the bill. What is the gentleman's objection?

Mr. GOSS. My objection is to section 14. I am opposed to Government operation.

Mr. LAGUARDIA. In any form, shape, or manner?

Mr. GOSS. No. The jurisdiction of this committee has nothing to do with this bill as a power proposition. It can only legislate in connection with fertilizer.

Mr. LAGUARDIA. And nitrates.

Mr. CHIPERFIELD. Will the gentleman yield?

Mr. LAGUARDIA. I yield.

Mr. CHIPERFIELD. As the bill came out of the committee, Government operation is merely authorized as far as surplus water power is concerned.

Mr. LAGUARDIA. In the meantime the plant is practically idle. We should utilize it.

Mr. SUMMERS of Washington. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. SUMMERS of Washington: On page 3, line 10, after the word "Congress," insert: "*Provided*, That all salaries established under this section in excess of $2,500 per annum shall be reduced 11 per cent during the fiscal year 1933."

Mr. SUMMERS of Washington. Mr. Chairman, this is simply an effort to place all employees on the same basis.

Mr. PARKER of Georgia. Mr. Chairman, these employees can not possibly be employed until after 18 months' time has passed.

Mr. SUMMERS of Washington. I could not understand the gentleman.

Mr. PARKER of Georgia. I say it would not be possible to employ these particular employees until after a period of 18 months.

Mr. SUMMERS of Washington. Mr. Chairman, I simply want to put all employees under the same regulations or limitations established by the action of the House. There is nothing inharmonious in what I am offering. It is offered in good faith, and is a provision which I think should be carried in order to make this bill conform with the action taken by the House on yesterday.

Mr. FITZPATRICK. The exemption enacted by the House yesterday was $2,500, not $2,000.

Mr. SUMMERS of Washington. My amendment reads "$2,500," unless the Clerk misread it. It is in harmony with the action taken by the House on yesterday.

Mr. LAGUARDIA. Mr. Chairman, I should like to be heard briefly in opposition to the gentleman's amendment. We made a mess of a so-called economy bill yesterday. Let us not tack the errors of the economy bill onto every piece of legislation we enact. In all likelihood, Mr. Chairman, that economy bill will be rewritten sometime, or perhaps it will die a natural death. Personally, I believe as we get into the period of inflation the sponsors of the economy bill, and the House, will see the folly of a wage reduction at this time.

I plead with the gentleman from Washington with great earnestness, let us not go crazy over this proposition and tack it on this bill.

Let me say to the gentleman that if the economy bill becomes a law it is applicable to those who may be employed under this legislation also, so there is no necessity for the adoption of this amendment. Let us vote down the amendment.

The CHAIRMAN. The question is on the adoption of the amendment offered by the gentleman from Washington.

The amendment was rejected.

Mr. MARTIN of Oregon. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I am going to support this Muscle Shoals bill and also express the hope that no lessee will be found in the stipulated period in the bill, in order that we may have a practical demonstration of the success of public ownership of a great power plant.

The advocates of private ownership disregard the great success of the Government ownership and operation of a great public utility, the Panama Canal; and if we can get the same kind of able management, free from political control of other Government operations, I believe the prejudices against Government ownership would be overcome.

While I am not in favor of the Government's going into business generally—I think it is most undesirable—yet I do believe that in great hydroelectric plants Government ownership would be most advantageous. Already we practically have been dispossessed of our great natural resources, except hydroelectric power to be developed on our great streams. For instance, in my own State of Oregon, we have in the Columbia River the greatest undeveloped hydroelectric power in the world—it is the greatest power stream in the world.

Under our present laws and policies it would be practically impossible for private interests to come in and develop those great resources properly. It would be impossible to raise the enormous capital required, and yet the full growth of the great Northwest awaits development of this latent power now going to waste.

I believe the Government operation of Muscle Shoals will furnish an example which will justify the Government in building these great hydroelectric dams on such streams as the Columbia River.

The Clerk read as follows:

SEC. 4. The board is hereby authorized, with the approval of the President, to lease in whole for a period not exceeding 50 years from the date of the enactment of this act upon such terms and conditions as, in its judgments but subject to the limitations of this act, will best serve the interests of the United States and carry out the purposes of this act, the Government-owned properties located at and near Muscle Shoals, Ala. (except the power plants and power-generating facilities), including nitrate plants

Nos. 1 and 2 and the Waco limestone quarry, together with all real estate, tools and machinery, equipment, accessories, and materials connected therewith, and all appurtenances thereto, but excepting the locks and other navigation facilities: *Provided*, That no part of the aforementioned properties shall be leased or subleased to any power-distributing company or to any holding company or other company affiliated or allied with any power-distributing company.

It shall be the duty of the board to administer the provisions of this act and to supervise and enforce full performance of the obligations of contracts made thereunder.

Mr. GREEN. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. GREEN: On page 4, line 3, after the period, insert the following:

"*Provided further*, That the board shall not enter into any lease with any person, firm, or corporation with which any member of the board is associated, affiliated, or allied, or is a stockholder, officer, or employee."

Mr. GREEN. Mr. Chairman, I hope the committee will accept this amendment. This is a very important bill. Any bill that will save $107,000,000 a year to the farmers of our country is, indeed, an important bill. The statement that this bill will do that, it appears, is without contradiction. If we desire to carry farm relief to the farmers who are in many cases obtaining less than a dollar a day for their labor, I believe we should be very cautious in the framing of the legislation. We do not desire to have any scandal go out to the world in connection with the leasing and operation of Muscle Shoals. How well do we remember the Daugherty, Fall, Sinclair, and other questionable Government transactions.

In offering this amendment I do not wish to reflect upon the integrity of anyone who will be appointed as a member of this board but desire to protect them from questionable entanglements, criticisms, and temptations.

After all, the members of this board will be human, and you will find that perhaps the members of this board will be inclined to give ear to their old business associates and companies.

Gentlemen on this side of the aisle recall the experiences which have been had in the Treasury Department recently in the matter of giving tax refunds. Possibly they were lawful and possibly the law was strained, but no harm can be done by including this amendment and forever taking away from the members of this board the temptation to enter into leases with their own firms, corporations, and business associates.

Mr. GOSS. Will the gentleman yield?

Mr. GREEN. Yes.

Mr. GOSS. Is the gentleman fearful that some members of the Alabama Power Co. may get on that board?

Mr. GREEN. I have reference to no individual, because I have no idea whom the President is going to appoint on this board.

Mr. HORR. Will the gentleman yield?

Mr. GREEN. Yes.

Mr. HORR. As one who knows something about it, would it be possible to conceive that the people who control this power situation would ever enter into a lease until they have it brought to their attention that if they do not do it the Government itself will take it over?

Mr. GREEN. It is very obvious that there will be those desiring to be appointed on the board who are connected with the power companies and with the fertilizer industry.

Mr. HORR. You would have the same condition prevailing down there with reference to the power situation that we find in connection with the power companies in our section, where in financing those institutions they ordinarily use $1 about four times, and then for the purpose of taxation they will submit their valuation at about one-fifth of the amount and go to the public utilities commission with such a statement, where the rates are made.

Mr. GREEN. I am glad to have that information from the gentleman. I hope the membership of this House will include this amendment in the bill, even if we have to do it on a motion to recommit, because in carrying out the purposes of this bill I believe all temptation should be removed from gentlemen who are to be appointed on the board. We do not know. The President may sign the bill or it may be passed over his veto, but at any rate it is obvious that sooner or later Muscle Shoals will be operated either by the Government or by individuals, so that the enormous expenditure which our Government has made there will not continue to go over the dam and to the benefit of no one. I hope my amendment will be adopted.

Too long have the American farmers been forced to pay tribute to the fertilizer barons. This tribute is going largely to foreigners and foreign monopolies. It must cease. America can produce her own fertilizer ingredients at Muscle Shoals, and with American money and American labor and for American farmers at a price far reduced; our farmers must obtain fertilizer more cheaply. This bill will bring this result. Twice we have passed it only to have two Republican Presidents veto it. If President Hoover vetoes it, we must pass it over his veto.

Mr. STAFFORD. Mr. Chairman, I rise in opposition to the amendment. Whether it is President Hoover, a Republican, or whether it will be a Democrat after next March 4, I am that patriotically inclined that I do not think the man who will occupy that high office will select men to lease this property who are influenced by any private or ulterior motives. Nor would I cast any reflection upon the Senate of the United States by suggesting that whatever may be the politics of the President who appoints these members, they would confirm any person who is not fit and worthy to fill the high position of trust that is sought to be conferred upon them.

Mr. GREEN. Will the gentleman yield?

Mr. STAFFORD. I yield.

Mr. GREEN. I am wondering whether the gentleman is aware of recent revelations as to appointees that have been sent to the Senate for confirmation?

Mr. STAFFORD. I am aware of the fact that the Senate of the United States, democratically controlled as it is, has confirmed the appointees of the President of the United States. I do not think that any Member of this House should submit a proposal of this character, which casts a reflection not only upon the high office of President but upon the Senate of the United States, which has to confirm the men recommended by the President.

I can not conceive of anything else than that the amendment was offered for home consumption. It seems to me the only purpose of the proposal is to suggest that the men who will have charge of leasing this $150,000,000 proposition will debase themselves to the extent that they will enter into a contract under which they will become beneficiaries. That is beyond my comprehension. I have more faith in humankind than the gentleman from Florida, the sponsor of this amendment.

Mr. TABER. Will the gentleman yield?

Mr. STAFFORD. Yes.

Mr. TABER. Is it not true that any such thing as this is covered by the general statutes anyway?

Mr. STAFFORD. Oh, yes. There is nothing in the recent history of governmental affairs which would lead anybody to believe there would be any basis for the suggestion contained in this proposal, whether the President be a Democrat or a Republican.

[Here the gavel fell.]

Mr. TILSON. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, it would be sufficient for me to oppose this bill at this time if it were only that its passage would entail a tremendous expense on the Treasury, which I do not believe ought to be incurred at this time. There are, however, other and stronger reasons.

It is true this Muscle Shoals problem has been kicking about the Halls of Congress for many years, and, for one, I should like to have it disposed of. I should be glad to see this great potentiality utilized for beneficial purposes. I should be rejoiced to know that it is to be henceforth made to serve the best interests of the people in the two great States of Tennessee and Alabama to whom it properly belongs. The bill that is presented here, however, will not, in my judg-

ment, serve the desired purpose or solve the problem as it ought to be solved. As it seems to me, it is neither fish, flesh, fowl, nor good red herring. It is not sufficiently committed to Government operation to satisfy the honest gentleman from New York [Mr. LAGUARDIA], who says that the kind of bill he wants is a straight undisguised Government-operation proposition. It certainly does not please those who are opposed to Government operation of utilities, because they believe that hidden way back in the woodpile, and not very far back, either, is a provision which practically insures Government operation.

I think the persons who, in good faith, really desire the leasing of this property were certainly asleep at the switch when the bill was written if they ever had supposed that a lease would be secured under the terms of the bill. If there were genuine desire to lease the property, terms under which it could be leased would have been provided in the bill, and no strings would have been tied to it. There would be no occasion whatever for hitching on section 14, which is the provision for Government ownership, if a lease were what is desired, because before the 18 months will have rolled around the Congress will be in session again, so that if it has not been leased, Congress can then take it up and then if deemed wise proceed by direct legislation to provide for Government operation.

It seems to me that this bill is, as I started to say, adroitly drawn, but I withdraw that and say it is cleverly though patently drawn for the purpose of making it impossible to lease this property and thus by negation bring about the result actually sought—Government operation. After having made it impossible to lease by the terms contained in the bill, the bill then provides that the property must be operated by the Government. This makes a hard and fast case. Having provided that in the event you can not lease you must operate, then it is only necessary to make the conditions such that no reasonable man in his senses under such conditions would attempt to take a lease of the property, and you have arrived at the desired goal—complete Government operation.

Mr. OLIVER of Alabama. Will the gentleman yield?

Mr. TILSON. Yes.

Mr. OLIVER of Alabama. Will the gentleman state the impossible terms that he has in mind?

Mr. TILSON. In the first place, the requirements in regard to the amounts of fertilizer to be produced under the conditions imposed.

Mr. OLIVER of Alabama. We heard from another gentleman on your side who is very much in favor of a lease that we make that provision stricter in its requirements. The gentleman from Illinois [Mr. CHIPERFIELD] wanted to go much further than this provision in such requirements.

Mr. TILSON. Well, I do not believe that the provisions now in the bill are such that anybody could possibly accept them and make this an economical commercial proposition.

Mr. GOSS. Will the gentleman yield?

Mr. TILSON. I yield to my colleague.

Mr. GOSS. I was just going to call the attention of the gentleman to that portion of the bill on page 5, with respect to fertilizer and fertilizer ingredients unsold for six months or more, as the market demands. The bill does not even allow a reasonable carrying charge.

Mr. TILSON. I think anyone who will read the bill through will conclude that the real purpose of the bill, somewhat thinly veiled, is to make it so that this property can not be leased under the conditions imposed and thereby bring about Government operation. If it be honestly desired to lease the property, if that is the real purpose, then there is no need for section 14. If a lease is what is wanted, all that is necessary is to provide reasonable conditions for a lease; and if one is not secured within a reasonable time, then by a bill considered on its merits proceed to either provide for Government ownership or make such other disposition of the property as may then seem best. In all fairness we should not, under the guise of authorizing a lease of property, attach provisions that in effect make leasing impossible and Government operation both mandatory and obligatory.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Florida [Mr. GREEN].

The amendment was rejected.

The Clerk read as follows:

SEC. 5. In addition to usual and necessary covenants (including such terms as shall adequately protect both the investment and property of the lessee and the interests of the United States), lease contracts shall contain covenants giving effect to the following provisions:

(1) Such power as may be necessary and such lands, buildings, fixtures, and other equipment belonging to the United States at and near Muscle Shoals, Ala., as may be serviceable for the production of fertilizer and/or fertilizer ingredients shall be used for the production of fertilizer and/or fertilizer ingredients in form suitable for quantity production or for home mixing or for direct application to the soil. The lessee may modify, change, and improve such plants and construct other plants and use the same for the general purposes declared by this act.

(2) Fertilizer and fertilizer ingredients in form suitable for home mixing or for direct application to the soil so produced shall be offered for sale, first, to farmers or their authorized purchasing agents under conditions providing for equitable distribution at a profit not to exceed 8 per cent of the cost of production and sale.

(3) In computing cost of production there shall be included not exceeding 6 per cent interest per annum on any capital invested by the lessee in improvements to existing plants or in additional plants, and amortization on an equitable basis of the cost of such improvements and such additional plants used in the manufacture of fertilizer or fertilizer ingredients, and not exceeding 6 per cent per annum on working capital used in connection with the manufacture of fertilizer and/or fertilizer ingredients; and a reasonable actual carrying charge (exclusive of 8 per cent profit thereon) on the stocks of such fertilizer and fertilizer ingredients as are held in storage and unsold for six months or more as the market demands, as herein provided shall be satisfied: *Provided*, That there shall not be included as a part of the cost of producing such fertilizer or fertilizer ingredients any royalty for use by the lessee of any patent, patent right, or patented process belonging on the date of the lease to the lessee or in which the lessee has any interest, or belonging to any subsidiary or allied corporation, or belonging to or controlled by any officer or agent of the lessee or of any such allied or subsidiary corporation; but if the lessee should make expenditures in the development of any patent, or should buy any patent, patent right, or patented process with the hope or expectation of thereby reducing the cost of such fertilizer or fertilizer ingredients, and/or of processing the same for agricultural purposes as aforesaid, then such sum of money as shall be so expended or paid by the lessee shall be considered and treated in the accounting of cost of such fertilizer or fertilizer ingredients as investment in the nature of plant account and not as current expenses, and such expenditures and costs shall be written off on the expiration of any patent or license so developed or acquired. For the annual determination of the cost of such fertilizer and fertilizer ingredients there shall be appointed by the board a production engineer, and by the lessee another production engineer, and by these a firm of certified public accountants, and these three shall proceed to ascertain and compute the cost of producing such fertilizer and fertilizer ingredients; and in the event of any disagreement the said two engineers shall select a third production engineer, who shall hear and consider the contentions and decide the issues, and such decisions shall be binding upon all parties for the year for which the determination shall have been made. A copy of such audit and decision shall be filed each year with the board and by it be preserved. The expenses incident to this provision shall be paid by the lessee and shall be charged as an item in the cost of producing such fertilizer and fertilizer ingredients. If such annual cost determination discloses that purchasers have paid a price for fertilizer or fertilizer ingredients in excess of that allowable under this act, then such excess funds shall be credited to the price of fertilizer during any year thereafter as may be determined by the board, for the purpose (a) of reducing the price to the limit herein prescribed; or (b) of making up any deficit which may occur in any year thereafter in the profit allowed the lessee under the provisions hereof.

(4) The use of the United States properties adapted to the fixation of nitrogen in the manufacture of fertilizer or fertilizer ingredients in time of peace for sale for use in agriculture, and for production of other chemicals, and of explosives or the essential ingredients thereof in time of war: *Provided*, That the contract for the demise of any such properties for the production of fertilizer or fertilizer ingredients shall contain a stipulation that the operation of any properties used in the manufacture of fertilizer or fertilizer ingredients shall be conducted in an economical manner and that there must be manufactured annually at least a prescribed amount of nitrogenous plant food of a kind and quality and in a form available as plant food and capable of being applied directly to the soil in connection with the growth of crops: *And provided further*, That the contract shall contain a stipulation requiring the lessee to produce within two years from the date such lease shall become effective, such fertilizer or fertilizer ingredients containing not less than 10,000 tons of fixed nitrogen, and shall require periodic increases in quantity of fixed nitrogen from time to time as the market demands may reasonably require, and such lease shall provide that such increases shall finally reach the

maximum production capacity of such plant or plants as the board may find to be economically adapted, or susceptible of being made economically adapted to the fixation of nitrogen, if the reasonable demands of the market shall justify the same, except when the nitrogen produced is required for national defense, or when the market demands for same are satisfied by the maintenance in storage and unsold of such fertilizer or fertilizer ingredients containing at least 2,500 tons of fixed nitrogen, but whenever said stock in storage shall fall below the quantity containing 2,500 tons of fixed nitrogen, the production of such nitrogen, and the manufacture of such fertilizer or fertilizer ingredients shall thereupon be resumed: *Provided further*, That it shall be the duty of the board to secure by so providing in the contract the production at Muscle Shoals of an initial minimum quantity of phosphoric acid of not less than 15,000 tons in the form of concentrated fertilizer within two years and six months from the date that such production becomes effective. The plant capacity required for the production of such initial minimum quantity shall be increased from time to time and operated in response to the reasonable market demand until such plant capacity shall be sufficient for the annual production of not less than 40,000 tons of phosphoric acid in the form of concentrated fertilizer, and thereafter shall be operated to capacity, subject, however, to the reasonable market demand.

In order to take advantage of any improvements in the chemical art or changes in the demands of fertilizer ingredients, the lessee, with the approval of the board, may make, from time to time, changes and improvements in the fertilizer plants, and construct other plants, and use other processes so long as the lessee produces fertilizer or fertilizer ingredients containing the amount of plant food herein required.

(5) The lessee shall maintain during the term of the lease United States nitrate plant No. 2 in at least the equivalent of the condition in which it shall be turned over to the lessee at the commencement of the lease term in respect of effective capacity for manufacture of ammonium nitrate, available in suitable buildings, until such time as the Congress of the United States shall declare that such maintenance is no longer deemed necessary in the interest of national defense.

(6) The term "fertilizer" shall be understood to mean a fertilizer containing at least nitrogen and phosphoric acid and/or potash.

(7) Power-generating facilities shall be guaranteed and allocated in the capacity required by the lessee for the manufacture of fertilizer and/or fertilizer ingredients and other chemicals, and the board shall supply to the lessee from such capacity, electric energy, and, pending its use by the lessee for such purposes, or when not required, the sale or other disposition shall be made by the board subject to recall at and upon request of the lessee. Electric energy generated by the power-generating facilities not so guaranteed and allocated shall be sold or disposed of by the board at the switchboard on an equitable basis, municipalities, counties, States, and the manufacturers of chemical products to have preference in the order named. Any such power sold to others than those above mentioned shall be subject to recall, after reasonable notice not exceeding 18 months, for the production of fertilizer and/or fertilizer ingredients, or for the use of municipalities, counties, States, or for the manufacture of chemical products.

(8) Rental payments to the United States, and prices charged the lessee and municipalities, counties, States, and manufacturers of chemical products for power shall be fair and reasonable.

(9) The possession, use, operation, maintenance, and control of properties of the United States at or near Muscle Shoals not leased (except the locks and other facilities for navigation) shall be under the general supervision of the board for the administration of the provisions of this act. The Government shall be entitled to receive free of cost sufficient power to operate the navigation facilities at Dams Nos. 1 and 2.

(10) Preference as a lessee under the provisions of this act shall be accorded to States and to nonprofit corporations exclusively owned and controlled by organizations of farmers, and, so far as may be practicable, in the negotiation of any lease, open competition shall be employed after due advertisement.

Mr. HILL of Alabama. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. HILL of Alabama: On page 9, in line 16, strike out subsection (5) section 5 and insert in lieu thereof the following:

"(5) The lessee shall maintain during the term of the lease equipment for the production of ammonium nitrate in United States nitrate plant No. 2 and/or No. 1, in at least the equivalent of the condition in which such equipment shall be turned over to the lessee at the commencement of the lease term in respect of the effective capacity of nitrate plant No. 2 for the manufacture of ammonium nitrate, available in suitable buildings, until such time as the Congress of the United States shall declare that such maintenance is no longer deemed necessary in the interest of national defense: *Provided*, That the maintenance cost on such parts of plant No. 2 and/or 1 which are not used by the lessee for production of fertilizer or fertilizer ingredients or for production of other chemicals shall be paid by the board from proceeds derived from rentals and sale of power."

Mr. GOSS. Mr. Chairman, I make the point of order that the amendment deals with ammonium nitrate in plant Nos. 1 and 2, and subsection 5 of the bill refers to nitrate plant No. 2. It has no reference to the making of any chemical. It is not germane, in my opinion, to this section.

Mr. HILL of Alabama. This is what may be termed the national defense section of the bill. It provides that there shall be at Muscle Shoals, until Congress declares otherwise, equipment which will produce the amount of ammonium nitrate which is the capacity of plant No. 2 to-day.

Mr. GOSS. I made my point to the amendment and not on the paragraph. That has nothing to do with national defense.

Mr. HILL of Alabama. The bill deals with all property at Muscle Shoals—plant No. 1, plant No. 2, as well as other property. This subsection 5 of section 5 purposes to keep available for the Government the amount of ammonium nitrate which is the capacity of plant No. 2 to-day. Both plants turn out nitrogen, and nitrogen can be converted into ammonium nitrate by carrying the production just two steps further. All the amendment does is to permit the lessee to keep the equipment for the amount of ammonium nitrate in plant No. 1 or plant No. 2, one or both.

Mr. GOSS. My point of order was directed to plant No. 1, because in this section there is no reference to plant No. 1, and therefore the amendment is not germane to the paragraph.

Mr. HILL of Alabama. It does not make any difference that plant No. 1 is not mentioned in the section. The whole purpose and intent of the section is to secure the maintenance of the necessary equipment for the amount of ammonium nitrate. By putting plant No. 1 in here you simply require the lessee to maintain that amount of ammonium nitrate to the capacity of either plant No. 1 or plant No. 2. There is no question about the germaneness.

The CHAIRMAN. The Chair overrules the point of order.

Mr. LAGUARDIA. Mr. Chairman, I rise to oppose the amendment.

Mr. GOSS. I have a perfecting amendment.

Mr. HILL of Alabama. Mr. Chairman, all that my amendment does is to permit the lessee under the bill to maintain the equipment which he is required to maintain to have the capacity of 110,000 tons of ammonium nitrate available at any time, either in nitrate plant No. 1 or nitrate plant No. 2, or in both.

The evidence from the experts and the engineers shows that it is entirely possible and perhaps economically feasible to hook up these two plants and tie together their operation. Instead of restricting the equipment required to be maintained to nitrate plant No. 2, let the lessee keep it in one or both.

As far as the proviso in the amendment is concerned, instead of requiring the lessee to maintain that part of the plant or plants at Muscle Shoals which the lessee will not need for nitrogen and which is necessary to turn nitrogen into ammonium nitrate, we allow the board out of the money derived from the sale of power to maintain that part of the plant or plants.

The amendment provides no basic change in the intent or purpose of this section of the bill. The section as carried in the bill provides that the lessee shall maintain this particular plant or plants needed for the national defense, and under this plan the Government would pay the lessee for the maintenance through a cheaper power rate or a cheaper rental. Instead of doing this the proviso in the amendment provides that the board itself, the Government agency, out of the money derived from the power and rental, shall maintain that part of the property.

Mr. GOSS. Mr. Chairman, I offer the following perfecting amendment, which I send to the desk and ask to have read.

The Clerk read as follows:

Amendment offered by Mr. Goss: Page 9, line 17, after the word "lease," insert "such equipment in," and in the same line, after the figure "2," insert "as the lessee may find not useful in the manufacture of fertilizer or fertilizer ingredients and other chem-

icals"; and in line 24, on page 9, strike out the period and insert "in order that the cost of fertilizer may not be burdened with such expense for national defense, the cost of such maintenance shall be paid by the board to the lessee monthly from the proceeds derived from rentals and the sale of power."

Mr. GOSS. Mr. Chairman, as I read the amendment of the gentleman from Alabama [Mr. HILL], he is approaching this matter in one way and I am approaching it in another. One of us is putting it in a positive way and the other in a negative way. I like my amendment better, and the reason for offering these amendments is this. Gentlemen will notice the language:

The lessee shall maintain during the term of the lease United States nitrate plant No. 2 in at least the equivalent of the condition in which it shall be turned over to the lessee at the commencement of the lease term.

If that language of the bill remains, and either one of these amendments is not adopted, it is my judgment that the lessee could not utilize to advantage certain portions of this building that the Government would lease to him, because of this restricted provision that he would have to maintain the plants in at least the same equivalent condition. My amendment proposes, after the word "lease," to include "such equipment in" the nitrate plant numbered 2" as the lessee may find not useful in the manufacture of fertilizer, fertilizer ingredients, and other chemicals." The difference between that amendment and the one offered by the gentleman from Alabama is that he makes his amendment positive by referring only to the ammonium nitrate properties in plants Nos. 1 and 2, while I include all property useful for national defense, even if there is any other, with the exception of that property which is used for fertilizer.

Mr. SNELL. As I understand the gentleman's amendment, if anyone leased this property, he could use all of the plant No. 2 for anything he wanted to in connection with his regular business?

Mr. GOSS. With his fertilizer business.

Mr. SNELL. I mean that.

Mr. GOSS. That is correct.

Mr. SNELL. And the equipment in the plant that he could not use in that connection would be placed to one side?

Mr. GOSS. Absolutely in the interest of national defense.

Mr. SNELL. But it would all be there, and they could use anything necessary to carry on the plant.

Mr. GOSS. The gentleman is correct. And further I amend by the insertion at line 24 of the language:

In order that the cost of fertilizer may not be burdened with such expense for national defense the cost of such maintenance shall be paid by the board to the lessee monthly from the proceeds derived from rental or the sale of power.

While I have no pride of authorship, I honestly think my amendment safeguards the interest of national defense a little more than does the amendment of the gentleman from Alabama, because it would include everything except that equipment that was to be used for fertilizer.

Mr. LAGUARDIA. Mr. Chairman, I rise in opposition to the amendment. I believe both amendments are bad and destroy the representations that have been made as to the purpose and meaning of the bill. If we have Government operation, you would place the burden of maintaining these ammonia plants on the Government. If you are going to lease it out, it is hardly fair to relieve the lessee of this burden. In every bill that has been suggested to date we have always imposed on the lessee the responsibility of maintaining these plants. I submit to the gentleman from Alabama that he destroys the very purpose of his bill if he seeks to relieve the lessee of that burden.

Mr. HILL of Alabama. Mr. Chairman, will the gentleman yield?

Mr. LAGUARDIA. Yes.

Mr. HILL of Alabama. Of course, other bills have required the lessee to maintain these plants.

Mr. LAGUARDIA. But the gentleman must remember that in these other bills the lease provided that the lessee should get the power facilities and haul the power and everything else. There is a difference in this bill from most of the so-called leasing bills. In most of them the lessee has gotten all of the power; he has taken the whole thing. We now have this board that is going to keep the power, collect the rentals, fix the price, and if you put this burden on the lessee of keeping the plant he is not using for the manufacture of fertilizer or anything else, he is going to charge it into the cost of his fertilizer.

After these amendments are disposed of, I want to ask the gentleman what he means by 8 per cent, and I have an amendment to offer there.

Mr. SNELL. Plant No. 2 will be used in connection with the general manufacture of fertilizer.

Mr. LAGUARDIA. I think so.

Mr. SNELL. I think that amendment might go in at least. I think because this bill is on a little different basis than any other lease that has been proposed, it would be no more than fair or right that the Government should make some allowance on the upkeep of that plant which they are not using.

Mr. LAGUARDIA. The use of that plant for fertilizer would not destroy its original purpose at all, would it?

Mr. SNELL. Only partly, I should say. They might have to move some machinery.

Mr. LAGUARDIA. It would have to be reconverted.

Mr. STAFFORD. Will the gentleman yield?

Mr. LAGUARDIA. I yield.

Mr. STAFFORD. The testimony shows that only one-half of nitrate plant No. 2 is suitable for the manufacture of fertilizer.

Mr. STRONG of Kansas. Will the gentleman yield?

Mr. LAGUARDIA. I yield.

Mr. STRONG of Kansas. If we should pass or defeat this bill to-day and the stock market goes down again to-morrow because the bankers of this country are not functioning, they would give out and have the press say that the stock market failed because Congress passed this bill, as they did to-day because we passed the bill instructing the Federal reserve system to continue just what they are doing now and which they have been doing for nine weeks and which they should continue to do until we have a reflation of prices.

Mr. LAGUARDIA. And that shows, let me say to the gentleman from Kansas, the asininity of these bankers, and their brazenness and lying and misrepresentation. If they have the fears of the Goldsborough bill that they have expressed, then the prices of stocks should go up and not down, because that is an inflation bill and not a deflation bill.

Mr. STRONG of Kansas. If the bankers keep on depressing the markets in this country and refusing to perform their proper functions, it may be necessary for the Government to go into the banking business. [Applause.]

Mr. LAGUARDIA. And, Mr. Chairman, that comes from the gentleman from Kansas and not from the gentleman from New York. [Applause.]

The CHAIRMAN. The time of the gentleman from New York has expired.

The question is on the amendment offered by the gentleman from Connecticut as a perfecting amendment to the amendment offered by the gentleman from Alabama.

The question was taken; and on a division (demanded by Mr. STAFFORD) there were—ayes 36, noes 64.

So the amendment was rejected.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Alabama [Mr. HILL].

The amendment was agreed to.

Mr. HARE. Mr. Chairman, I offer an amendment, which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. HARE: Page 5, line 1, after the word "exceeding," strike out the figure "8" and insert the figure "6." In line 4, after the word "exceeding," strike out the figure "6" and insert the figure "4." In line 9, after the word "exceeding," strike out the figure "6" and insert the figure "4."

Mr. HARE. Mr. Chairman, I offer this amendment for the purpose of securing some information from members of the committee.

At the top of page 5, in line 1, it is provided that the lessee shall have a profit of 8 per cent, and in section 3 the bill attempts to outline the cost upon which he may levy that 8 per cent—6 per cent for capital invested in plant; 6 per cent on capital invested in operating expenses; and then a reasonable per cent for carrying charges. The thing I am afraid of is that so much interest and profits will be allowed that the cost of fertilizers will be so high that the prices will not be reduced very much. What I am after is cheaper fertilizer.

I do not know whether I understand this thoroughly or not, but it seems to me that if a lessee is to be guaranteed or allowed 6 per cent on the money he invests in the plant and then 6 per cent on the amount he places into the concern for materials purchased, and then 8 per cent on the gross cost of production, it would be a duplication of profit. In other words, it looks to me as though the lessee will be allowed to charge as much as 14 per cent on the amount of money he has invested in the business.

Mr. GOSS. Will the gentleman yield?

Mr. HARE. Yes.

Mr. GOSS. I know the gentleman desires to be accurate.

Mr. HARE. I am asking for information.

Mr. GOSS. There is no guaranty of an amount of profit. Whatever he sells, he can sell at a price that would yield him not more than 8 per cent after an audit is made. Further, if the gentleman will read further on page 5, in line 9, he can not receive more than 6 per cent on his working capital used in connection with the manufacture. It is further safeguarded in line 14, because he has not allowed a carrying charge in excess of his original profit on the inventory held in storage and unsold for six months. So I can assure the gentleman there is no chance of doubling up on those profits. I think the gentleman on the other side will agree with me.

Mr. HILL of Alabama. The gentleman is absolutely right.

Mr. HARE. The gentleman may be correct; but suppose I were to lease this plant—which would be impossible, because I would not have the money—and I were allowed 6 per cent on the money I used in buying the material and then a reasonable fee for carrying charges and then allowed 6 per cent on operating cost, and then above all of that I am allowed 8 per cent on the total of those costs, it seems to me there would be a duplication in the interest, at least, I am receiving on the amount of capital invested.

Mr. GOSS. Will the gentleman yield?

Mr. HARE. I yield.

Mr. GOSS. I can assure the gentleman there is no guaranty of any interest. It is a restriction, that he can not charge more than 8 per cent for profit or allow over 6 per cent on any capital investment, and he may sell his entire output at a loss.

Mr. HARE. I know a profit is not guaranteed, but it is allowed, and I am certain he will not sell at a loss.

Mr. GOSS. There is no guaranty, I can assure the gentleman. He is not guaranteed anything.

Mr. HARE. But the point I am making is that if he gets 6 per cent on all investments and then is allowed 8 per cent on that, there is a duplication of interest on the amount of money invested.

Mr. MAY. Will the gentleman yield?

Mr. HARE. I yield.

Mr. MAY. That 8 per cent is only on the storage carrying charge that is in stock for six months.

Mr. HARE. No. That is on the cost of production. Let me explain what I mean. Suppose the lessee should invest $500,000 in the plant and in the purchase of material he would be allowed to add 6 per cent of this amount, or $30,000 to cost of production, and then he would be allowed as much as 8 per cent on the $30,000, which would certainly be a duplication of interest or profit to the extent of $2,400.

The CHAIRMAN. The time of the gentleman from South Carolina has expired.

Mr. MONTET. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, for the reasons assigned by the gentleman from Connecticut [Mr. Goss] a moment ago, this amendment should be adopted. There is no guaranty whatever in this bill of 8 per cent on the cost of production and sale nor any guaranty of 6 per cent on capital invested.

As was stated at the beginning of this debate, a great deal of discretion has been left with the board and a great deal of responsibility has been placed in the board. These various rates, the rate of profit to be earned, the rate of interest to be permitted on capital invested, and the rate of interest on working capital, are maximum rates that would vary according to circumstances. They would vary according to conditions, and would be regulated by the board. There is no duplication of profits at all in the various provisions of subsection 3. There is a maximum of 8 per cent profit permitted on production and sale.

Mr. SNELL. Mr. Chairman, will the gentleman yield?

Mr. MONTET. I yield.

Mr. SNELL. There is positively no guaranty of any profit whatever, is there?

Mr. MONTET. Positively none whatever. These are just maximum limitations to be left to the discretion of the board.

Mr. SNELL. It would be impossible for a man to get capital to put into the business at a less rate of interest than 6 per cent.

Mr. MONTET. He could not get capital to invest in a new building, for instance, unless he paid interest on the money he borrowed. That is an investment; that is not a part of his cost of production and sale. A new building would be a capital investment.

Mr. HARE. Mr. Chairman, will the gentleman yield?

Mr. MONTET. I yield.

Mr. HARE. The bill states, on page 5, that in computing the cost of production certain factors only shall be considered.

Mr. MONTET. That is true. They are not duplications at all. We do not allow the lessee 8 per cent on capital invested and also 6 per cent on capital invested. Those are two separate items entirely. The 8 per cent to be earned is on production and sale. The 6 per cent he is entitled to is on capital investments, such as the erection of a new building. That is there permanently. He is also permitted to charge up to 6 per cent on operating capital. That, for instance, would be money borrowed to meet pay rolls and things of that kind.

These items are items that are always carried in any and all well-regulated business establishments in this country, and they can not operate otherwise.

Mr. MAY. These two rates are maximum rates, and the lessee can not go beyond them.

[Here the gavel fell.]

The CHAIRMAN. The question is on the amendment offered by the gentleman from South Carolina.

The amendment was rejected.

Mr. TABER. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. TABER: On page 7, line 23, after the colon, strike out all down to and including the word "resumed" on page 8, line 19, and insert in lieu thereof the following: *"And provided further*, That the contract shall contain a stipulation requiring the lessee to be equipped to produce fixed nitrogen in such quantity as the board shall deem necessary."

Mr. TABER. Mr. Chairman, the trouble with this bill is that there are some provisions in it which absolutely prevent any lessee from successfully operating this plant. The investigations which the leading farm organizations of this country have made into this situation developed that nitrogen, instead of being something that is hard to get, is at the present time a drug on the market. If you load up your lease with a requirement that the lessee shall produce large quantities of fixed nitrogen he can not at the present time, with market conditions as they are now and perhaps will be, produce fixed nitrogen or nitrogen necessary for the manufacture of fertilizer at a profit. He is obliged to do it at a

loss, and it will practically prevent the successful operation of this plant for that purpose.

My amendment provides that the lessee shall be equipped to make fixed nitrogen in such quantities as the board shall determine, so it will give the board an opportunity to draw such a lease that if the leading farm organizations should form a cooperative and go into the proposition and lease the plant they would have a chance to operate it successfully.

It is ridiculous for us to go ahead and pass a leasing provision here which is so drawn that it is absolutely impossible to work under it. My amendment, as far as your nitrogen proposition is concerned, would cure that defect. I hope the amendment will be adopted.

Mr. GOSS. Will the gentleman yield?

Mr. TABER. Yes.

Mr. GOSS. I call the gentleman's attention to page 9, line 4, where the lessee is required to produce not less than 40,000 tons of phosphoric acid. Why does the gentleman simply pick on nitrogen when the lessee is required to make 40,000 tons of phosphoric acid?

Mr. TABER. Because I am taking one thing at a time. I think that is the way to perfect the bill.

Mr. GOSS. It is in the same subsection.

Mr. TABER. But it is not in the same proviso. I think we ought to correct one thing at a time. If the gentleman is prepared to present the question, in so far as phosphoric acid is concerned, I think he should do it at the time that item is reached.

Mr. MAY. Will the gentleman yield?

Mr. TABER. Yes.

Mr. MAY. As I caught the gentleman's amendment, he is objecting to the proviso beginning on page 7, which requires the contract to contain a stipulation providing that the lessee shall produce within two years from the date of the lease certain stipulated quantities of nitrogen?

Mr. TABER. Yes.

Mr. MAY. The gentleman will find in lines 1, 2, 3, 4, 5, and 6, on page 8, that it shall not be less than 10,000 tons of fixed nitrogen—

and shall require periodic increases in quantity of fixed nitrogen from time to time as the market demands may reasonably require.

Does not the gentleman think that it is within the power of the board to specify the quantities as the market requires?

Mr. TABER. No; because it requires that the lessee shall produce not less than 10,000 tons of fixed nitrogen within two years, and, of course, it permits him in the future to go on and do it. My amendment permits him to do what the board might think is reasonable, while the bill as it is drawn puts a very heavy burden on the lessee, and one which the lessee ought not to be required to maintain.

Mr. MAY. The gentleman does not think that the language—

and shall require periodic increases in quantity of fixed nitrogen from time to time as the market demands may reasonably require—

would do that?

Mr. TABER. No; because my amendment provides that the lessee shall be equipped to manufacture nitrogen in such quantities as the board may determine necessary.

The CHAIRMAN. The question is on the amendment offered by the gentleman from New York [Mr. TABER].

The amendment was rejected.

Mr. SNELL. Mr. Chairman, I move to strike out the last word in order to ask a question of the chairman of the committee. On page 5, lines 14 and 15, where the bill computes the cost of the product, why should not the lessee be allowed interest on stock in his storehouse even though it is five months instead of six months? That is a carrying charge.

Mr. McSWAIN. I will state to the gentleman that the fertilizer business is seasonal. Fertilizer is bought and used in the spring of the year and in the fall of the year, so that there is an intervening length of time of about six months. Now, in order that the lessee may be protected against an unreasonable length of time, a storage charge is allowed for the carrying of his commodity in storage. However, it is the desire of those who believe this bill promises much to agriculture that the minimum burden may be put upon the price so that the fertilizer may be as cheap as possible. Now, in order to encourage the lessee to make as much as the market will absorb but not to encourage the lessee to keep unnecessary quantities in storage, so that he may charge thereby, this limitation of six months was placed in the bill. Originally the limitation was 12 months.

Mr. SNELL. As a matter of fact, the gentleman will agree it would cost him just as much for the first six months as it would cost him the next six months.

Mr. McSWAIN. Yes.

Mr. SNELL. And would not that be a legitimate charge against the cost of his product?

Mr. McSWAIN. If these buildings were erected by the lessee there might be much force in the argument of the gentleman, but I submit that the buildings that are there will go under the leased contract, very naturally, for very little, if anything at all.

Mr. SNELL. I understand; but you are going to go over the cost and audit the entire cost of this product.

Mr. McSWAIN. Exactly.

Mr. SNELL. So that will all go into the cost, and he can not take any advantage of that. It seems to me that this would be a legitimate charge against the cost of production; and that is all I am asking.

Mr. McSWAIN. We think, too, it is a legitimate charge.

Mr. SNELL. Then why not cut out that six months entirely and let him have the right to have the interest on the product figured on the full length of time?

Mr. McSWAIN. We thought that there must be a certain minimum on everything; a maximum on the interest charge and a minimum on the commodity and a minimum on the time.

Mr. SNELL. But the gentleman says the cost would be exactly the same, and it would certainly cost just as much for the first six months as the next six months.

Mr. McSWAIN. But it will not be in storage the first six months. It will be in process of manufacture, and as soon as it comes out of the factory it will be sold and will be loaded in the cars.

Mr. SNELL. That is true; but when it is stored 5 months and 29 days, he can not get any credit whatever for it.

Mr. McSWAIN. That is true.

Mr. SNELL. Although it costs him just the same.

Mr. McSWAIN. Oh, our friend the gentleman from New York [Mr. TABER] said we should not fix a minimum on the amount of production, to wit, 10,000 tons for the first two years, but the committee in its wisdom has always felt there must be certain minimum and certain maximum limitations fixed by statute.

Mr. SNELL. I agree with that, but I can not see any real, consistent reason why the man should not have the right to put in the cost of his product the cost of storing the first six months the same as the last six months.

Mr. McSWAIN. Logically——

Mr. SNELL. Logically, that is true, is it not?

Mr. McSWAIN. As between two business men, the gentleman is correct.

Mr. SNELL. Is not this a business proposition all the way through?

Mr. McSWAIN. It is, but here is also a Government statutory authorization which seeks to fix certain minimum and maximum boundaries within which the lease may be made and we felt in order to protect the Government and in order to stiffen the backs of the negotiators this is necessary.

Mr. SNELL. But the gentleman wants to write a lease under which some one can put his money in this proposition, does he not?

Mr. McSWAIN. Absolutely.

Mr. SNELL. And the gentleman admits I am right logically. Why will the gentleman not accept an amendment to strike out those lines?

Mr. McSWAIN. I regret that I am not authorized by the committee to agree to any such amendment.

Mr. SNELL. Mr. Chairman, I offer the following amendment, in line 14, page 5, after the word "unsold," insert a colon and strike out the balance of the line and line 15.

The Clerk read as follows:

Amendment offered by Mr. SNELL: Page 5, line 14, after the word "unsold," insert a colon and strike out the words "for six months or more, as the market demands, as herein provided shall be satisfied."

Mr. SNELL. Mr. Chairman, I desire to say just one word. The gentleman from South Carolina [Mr. McSWAIN] has admitted that, logically, I am correct, and there is no real reason why the man who leases this plant should not be allowed to put the cost of storage for the first six months in the cost of the product, the same as the last six months or any period exceeding six months. For this reason I have offered the amendment.

Mr. LAGUARDIA. Mr. Chairman, I rise in opposition to the amendment, and may I have the attention of the gentleman from New York [Mr. SNELL]?

Paragraph 3 first provides 6 per cent interest on capital invested, and that, of course, is normal and reasonable. Then it provides 6 per cent interest per annum on the working capital. The working capital in all likelihood is included in the capital invested.

Mr. GOSS. Oh, no.

Mr. LAGUARDIA. But assuming it is not, then as to what you borrow outside, the cost of such money is a reasonable charge against the cost involved.

Mr. SNELL. Yes.

Mr. LAGUARDIA. I do not see why they fix that at 6 per cent. The storage also is a proper charge against the cost of production.

Mr. SNELL. That is what I thought.

Mr. LAGUARDIA. I do not see why, then, it is fixed at 8 per cent.

Mr. SNELL. It is not fixed at 8 per cent; it is exclusive of 8 per cent.

Mr. LAGUARDIA. Exclusive of 8 per cent profit, and is not that 8 per cent profit a turnover?

Mr. SNELL. Oh, no; that is on the whole business.

Mr. LAGUARDIA. Is that 8 per cent plus the 6 per cent on the investment?

Mr. SNELL. It has nothing to do with that whatever.

Mr. GOSS. And there is no guaranty.

Mr. SNELL. It means that there is no possibility of that going beyond 8 per cent.

Mr. LAGUARDIA. Then is the 6 per cent included in the 8 per cent?

Mr. GOSS. Oh, no.

Mr. LAGUARDIA. But 6 per cent is provided on the capital invested. Is that right?

Mr. GOSS. That is true.

Mr. LAGUARDIA. And 6 per cent is provided on the working capital in addition.

Mr. GOSS. Yes; but it may be the same.

Mr. LAGUARDIA. Then he would get 12 per cent.

Mr. GOSS. No; if the gentleman will read the language very carefully, it provides that, including cost of production, there shall be included not exceeding 6 per cent on any capital invested. That is not invested capital.

Mr. LAGUARDIA. No. He gets 6 per cent on the physical plant he puts in.

Mr. GOSS. That is true, and amortization on an equitable basis of the cost of such improvement.

Mr. LAGUARDIA. That is correct.

Mr. GOSS. And that is the additional plant used in the production of fertilizer, and then not exceeding 6 per cent per annum on working capital used in connection with the manufacture of fertilizer.

Mr. LAGUARDIA. Exactly.

Mr. GOSS. Not on his invested capital; in other words, we are talking in one instance of buildings or equipment and in the other instance we are talking of cost of raw material.

Mr. LAGUARDIA. But, as I have said, in all likelihood this money will be borrowed money.

Mr. GOSS. Yes.

Mr. LAGUARDIA. And the cost of that money is a proper charge.

Then we come to the next provision, which says:

And a reasonable actual carrying charge (exclusive of 8 per cent profit thereon).

Mr. GOSS. Yes.

Mr. LAGUARDIA. When you talk about profit, are you going to have a profit on every turnover? Is the 8 per cent going to be added to that?

Mr. GOSS. No; that is why the language safeguarding that condition was written in the bill.

The CHAIRMAN. The question is on the amendment offered by the gentleman from New York.

The question was taken; and the Chair being in doubt, on a division there were 73 ayes and 77 noes.

Mr. SNELL. Mr. Chairman, I demand tellers.

Tellers were ordered, and the Chair appointed as tellers Mr. SNELL and Mr. HILL of Alabama.

The committee again divided; and the tellers reported that there were 95 ayes and 114 noes.

So the amendment was rejected.

Mr. McSWAIN. Mr. Chairman, I move that all debate on this section and all amendments thereto now close. I want to say to Members that if this motion prevails, it is my intention to move that the committee rise. [Applause.]

The CHAIRMAN. The question is on the motion of the gentleman from South Carolina.

The motion was agreed to.

Mr. CHIPERFIELD. Mr. Chairman, I ask unanimous consent to revise and extend my remarks.

The CHAIRMAN. Without objection, it is so ordered.

Mr. McSWAIN. Mr. Chairman, I move that the committee do now rise.

The motion was agreed to; accordingly the committee rose, and the Speaker having resumed the chair, Mr. GARRETT, Chairman of the Committee of the Whole House on the state of the Union, reported that that committee had had under consideration the bill H. R. 11051, for the utilization of the Muscle Shoals property, and had come to no resolution thereon.

ELECTION OF A MEMBER

The SPEAKER laid before the House the following communication:

MAY 4, 1932.

Hon. JOHN N. GARNER,
Speaker of the House, House of Representatives,
Washington, D. C.

DEAR SIR: From the secretary of the Commonwealth of the State of Pennsylvania I have received the certificate of election, in due form, of Hon. HOWARD W. STULL as a Representative elect to the Seventy-second Congress from the twentieth congressional district of Pennsylvania to fill the vacancy caused by the resignation of Hon. J. Russell Leech.

Yours very truly,

SOUTH TRIMBLE,
Clerk of the House of Representatives.

LEAVE OF ABSENCE

Mr. VINSON of Georgia, by unanimous consent, was given leave of absence for one week, on account of important business.

LEAVE TO FILE MINORITY VIEWS

Mr. CABLE. Mr. Speaker, I ask unanimous consent that I may have until Friday evening to file minority views on H. R. 11552.

The SPEAKER. Is there objection?

There was no objection.

ORDER OF BUSINESS

Mr. SNELL. Mr. Speaker, can the Chair inform me when the Army bill will probably be introduced and printed copies of the bill be available for Members?

The SPEAKER. The Chair does not know. He has not seen the gentleman from Mississippi or the gentleman from Tennessee. The Chair understands that the pending bill will be continued to-morrow, and the Army bill will be taken up immediately on the conclusion of this bill.

Mr. SNELL. Does not the Speaker think that we should have the right to look the bill over before it is taken up and considered?

The SPEAKER. The Chair declines to enter into a discussion of that.

Mr. BLANTON. Mr. Speaker, we took up several appropriation bills for general debate at the last Congress just as soon as they were introduced before we had the printed bill.

Mr. SNELL. I understand the Army bill has been ready for two or three weeks.

Mr. BLANTON. Under the Republican administration in the last Congress several appropriation bills were introduced from the floor and we took them up immediately for general debate.

Mr. HASTINGS. I want to say to the gentleman that the full Committee on Appropriations will meet to-morrow morning for a consideration of the report of the subcommittee. The bill will be reported soon thereafter.

LEAVE TO EXTEND REMARKS

Mr. McSWAIN. Mr. Speaker, I ask unanimous consent that all Members of the House may have five legislative days in which to extend their own remarks on the Muscle Shoals bill.

The SPEAKER. Is there objection?

There was no objection.

ENROLLED BILL AND CONCURRENT RESOLUTION SIGNED

Mr. PARSONS, from the Committee on Enrolled Bills, reported that that committee had examined and found truly enrolled a bill and concurrent resolution of the House of the following titles, which were thereupon signed by the Speaker:

H. R. 8083. An act providing for the appointment as ensigns in the line of the Navy of all midshipmen who graduate from the Naval Academy in 1932, and for other purposes; and

H. Con. Res. 24. Concurrent resolution thanking the Governor of Virginia for the statues of George Washington and Robert E. Lee.

The SPEAKER announced his signature to enrolled bills of the Senate of the following titles:

S. 1047. An act authorizing the Secretary of the Navy, in his discretion, to deliver to the custody of the Historical Society of Montana, for preservation and exhibition, the silver service which was in use on the gunboat, No. 9, *Helena;*

S. 2396. An act to amend section 11 of the act approved February 22, 1889 (25 Stat. 676), relating to the admission into the Union of the States of North Dakota, South Dakota, Montana, and Washington; and

S. 3908. An act to amend the act entitled "An act to regulate navigation on the Great Lakes and their connecting and tributary waters," approved February 8, 1895.

ADJOURNMENT

Mr. McSWAIN. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 5 o'clock and 28 minutes p. m.) the House adjourned until to-morrow, Thursday, May 5, 1932, at 12 o'clock noon.

COMMITTEE HEARINGS

Tentative list of committee hearings scheduled for Thursday, May 5, 1932, as reported to the floor leader by clerks of the several committees:

RIVERS AND HARBORS

(10.30 a. m.)

Hearings on Florida project.

RULES

(10.30 a. m.)

Hearings on Steagall banking bill.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of Rule XIII,

Mr. WARREN: Committee on Accounts. House Resolution 207. A resolution to pay Helen Glynn, daughter of Theresa C. Glynn, six months' compensation, and an additional amount not to exceed $250 to defray funeral expenses of the said Theresa C. Glynn (Rept. No. 1205). Ordered to be printed.

Mr. LEAVITT: Committee on Indian Affairs. S. 2986. An act to amend the act of March 13, 1924 (43 Stat. L. 21), so as to permit the Flathead, Kootenai, and Upper Pend d'Oreille Tribes or Nations of Indians to file suit thereunder; without amendment (Rept. No. 1211). Referred to the Committee of the Whole House on the state of the Union.

REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS

Under clause 2 of Rule XIII,

Mr. SMITH of Virginia: Committee on the District of Columbia. H. R. 7305. A bill to permit construction, maintenance, and use of certain pipe lines for petroleum and petroleum products; without amendment (Rept. No. 1206). Referred to the Committee of the Whole House.

Mr. SMITH of Virginia: Committee on the District of Columbia. Senate Joint Resolution 50. A joint resolution to authorize the Commissioners of the District of Columbia to close upper Water Street between Twenty-second and Twenty-third Streets; without amendment (Rept. No. 1207). Referred to the Committee of the Whole House.

Mr. JOHNSON of Oklahoma: Committee on Military Affairs. H. R. 11035. A bill for the relief of Price Huff; with amendment (Rept. No. 1208). Referred to the Committee of the Whole House.

Mr. BACON: Committee on Claims. H. R. 997. A bill for the relief of William L. Jenkins; without amendment (Rept. No. 1209). Referred to the Committee of the Whole House.

Mr. BACON: Committee on Claims. H. R. 999. A bill for the relief of Lewis E. Green; without amendment (Rept. No. 1210). Referred to the Committee of the Whole House.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of Rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. WOOD of Indiana: A bill (H. R. 11861) authorizing the sale of the southerly end of the breakwater at Indiana Harbor, Ind.; to the Committee on Rivers and Harbors.

By Mr. SUMNERS of Texas: A bill (H. R. 11862) authorizing the President of the United States to grant reprieves and pardons for offenses committed in or against the laws of any and all Territories and possessions of the United States and places subject to the jurisdiction thereof, including the Philippine Islands; to the Committee on the Judiciary.

By Mr. WICKERSHAM: A bill (H. R. 11863) to authorize the Alaska Road Commission to expend $25,000 of the appropriation for roads, trails, and bridges assigned to the Nome division in the construction of an aviation field in connection with road work at Nome, Alaska; to the Committee on the Territories.

By Mr. JOHNSON of South Dakota: A bill (H. R. 11864) to amend the World War veterans' act, 1924, as amended; to the Committee on World War Veterans' Legislation.

By Mr. CONNERY: A bill (H. R. 11865) to amend the act approved March 3, 1931, relating to the rate of wages for laborers and mechanics employed by contractors and subcontractors on public buildings; to the Committee on Labor.

By Mr. FULMER: A bill (H. R. 11866) to amend the Federal Farm Board act, approved June 15, 1929; to the Committee on Agriculture.

By Mr. LaGUARDIA: A bill (H. R. 11867) to amend the railway labor act; to the Committee on Interstate and Foreign Commerce.

By Mr. CONNERY: A bill (H. R. 11868) to divest articles produced by women and minors of their interstate character in certain cases; to the Committee on Labor.

By Mr. WILLIAMS of Texas: Resolution (H. Res. 212) authorizing the appointment of a select committee of the House to investigate certain matters pertaining to the Territory of Hawaii; to the Committee on Rules.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of Rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. BACON: A bill (H. R. 11869) to amend the act of March 2, 1929, conferring jurisdiction upon certain courts of the United States to hear and determine the claim by the owner of the steamship *W. I. Radcliffe* against the United States, and for other purposes; to the Committee on Claims.

By Mr. CAMPBELL of Pennsylvania: A bill (H. R. 11870) granting a pension to Josephine Anderson; to the Committee on Invalid Pensions.

By Mr. CLARKE of New York: A bill (H. R. 11871) granting a pension to Hortense Van Horne; to the Committee on Invalid Pensions.

By Mr. CRAIL: A bill (H. R. 11872) for the relief of Robert G. Adams; to the Committee on Military Affairs.

By Mr. CROWE: A bill (H. R. 11873) granting a pension to William S. Davis; to the Committee on Pensions.

Also, a bill (H. R. 11874) granting a pension to Lydia Ann Choat; to the Committee on Pensions.

Also, a bill (H. R. 11875) granting an increase of pension to Maggie Crecelius; to the Committee on Pensions.

By Mr. HOUSTON of Delaware: A bill (H. R. 11876) granting a pension to Margaret Robinson; to the Committee on Pensions.

By Mr. KELLY of Pennsylvania: A bill (H. R. 11877) for the relief of Amos M. Piper; to the Committee on Claims.

By Mr. KNIFFIN: A bill (H. R. 11878) granting an increase of pension to Martha M. Ely; to the Committee on Invalid Pensions.

By Mr. McCLINTIC of Oklahoma: A bill (H. R. 11879) granting a pension to Lonnie N. Young; to the Committee on Pensions.

By Mr. MANLOVE: A bill (H. R. 11880) granting an increase of pension to Nancy A. Mathis; to the Committee on Invalid Pensions.

Also, a bill (H. R. 11881) granting an increase of pension to Rinda Hammock; to the Committee on Invalid Pensions.

By Mr. MILLIGAN: A bill (H. R. 11882) granting an increase of pension to Anna Mapel; to the Committee on Invalid Pensions.

By Mr. MOUSER: A bill (H. R. 11883) granting an increase of pension to Mary E. Thomas; to the Committee on Invalid Pensions.

By Mr. PARKER of New York: A bill (H. R. 11884) granting an increase of pension to Emma L. Locklin; to the Committee on Invalid Pensions.

By Mr. RAINEY: A bill (H. R. 11885) granting an increase of pension to Ellen Barnes; to the Committee on Invalid Pensions.

By Mr. SWING: A bill (H. R. 11886) for the relief of Joseph Michael McDougall; to the Committee on Naval Affairs.

By Mr. THOMASON: A bill (H. R. 11887) for the relief of W. F. Freeman; to the Committee on Military Affairs.

By Mr. UNDERWOOD: A bill (H. R. 11888) granting an increase of pension to Laura J. Dehnen; to the Committee on Invalid Pensions.

By Mr. WILLIAMSON: A bill (H. R. 11889) granting an increase of pension to Malinda Beard; to the Committee on Invalid Pensions.

By Mr. WITHROW: A bill (H. R. 11890) for the relief of Marcus Lee; to the Committee on Naval Affairs.

PETITIONS, ETC.

Under clause 1 of Rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

7402. By Mr. ANDREWS of New York: Resolution adopted by Troop I, Post No. 665, American Legion, department of New York, urging immediate payment of the adjusted-compensation certificates, passage of a bill to continue the 5-year insurance for all veterans, and favoring the widow and orphans' pension; to the Committee on Ways and Means.

7403. By Mr. CAMPBELL of Iowa: Petition of Glen A. Poe and 500 other citizens, voters, and veterans of Sioux City, Iowa, urging the immediate cash payment of the adjusted-compensation certificates; to the Committee on Ways and Means.

7404. By Mr. CLARKE of New York: Petition of Mrs. W. C. Fowler and 14 other citizens of Cooperstown, N. Y., urging support of the maintenance of the prohibition law and its enforcement, and against any measure looking toward its modification, resubmission to the States, or repeal; to the Committee on the Judiciary.

7405. By Mr. CULLEN: Petition of the Civil Service Forum, urging the Congress to oppose any reduction of compensation of civil-service employees of the United States Government as not only unjust to the employees but economically unsound; to the Committee on Economy.

7406. By Mr. FITZPATRICK: Petition signed by a number of citizens of the city of Yonkers, N. Y., opposing the tax on toilet preparations, tooth preparations, toilet soaps, and other articles, and favoring a tax on beer and light wines; to the Committee on Ways and Means.

7407. By Mr. KELLY of Pennsylvania: Petition of residents of Punxsutawney, Pa., urging enactment of the Davis-Kelly coal stabilization bill; to the Committee on Mines and Mining.

7408. Also, petition of residents of Homer City, Ind., and Clymer, Pa., urging enactment of the Davis-Kelly coal stabilization bill; to the Committee on Mines and Mining.

7409. Also, petition of residents of Clearfield, Pa., urging enactment of the Davis-Kelly coal stabilization bill; to the Committee on Mines and Mining.

7410. Also, petition of residents of Ebensburg, Pa., urging enactment of the Davis-Kelly coal stabilization bill; to the Committee on Mines and Mining.

7411. By Mr. McCORMACK: Petition of the House of Representatives of the General Court of Massachusetts, protesting against any action, either by the President, the Secretary of the Navy, or the Congress of the United States, which will result in the closing of the Boston Navy Yard; to the Committee on Naval Affairs.

7412. By Mr. MILLARD: Resolution adopted by the Larchmont (N. Y.) Chapter, Daughters of the American Revolution, protesting against reduction in the armed forces of the United States; to the Committee on Naval Affairs.

7413. Also, petition opposing proposed tax of 10 per cent on toilet preparations, tooth preparations, toilet soaps, and other articles; to the Committee on Ways and Means.

7414. By Mr. RAINEY: Petition of Alice Hubbard and 19 other members of the Nokomis Presbyterian Missionary Society, of Nokomis, Ill., favoring relief of the Eskimos of Alaska; to the Committee on Appropriations.

7415. By Mr. RUDD: Petition of James W. Loughlin, 8726 Seventy-seventh Street, Woodhaven, Long Island, N. Y., and 23 other citizens of Woodhaven, opposing the cash payment of the soldiers' bonus; to the Committee on Ways and Means.

7416. Also, petition of Armour & Co., Chicago, Ill., favoring the balancing of the Budget; to the Committee on Appropriations.

7417. Also, petition of Barron Collier, New York City, opposing the passage of House bill 11152, authorizing the Postmaster General to pick up parcel-post shipments from places of mailers; to the Committee on the Post Office and Post Roads.

7418. By Mr. SHOTT: Resolution of the Rotary Club of Huntington, W. Va., signed by the president and the secretary, opposing as detrimental to the bituminous-coal industry the passage of the Davis-Kelly coal control bill; to the Committee on Interstate and Foreign Commerce.

7419. Also, resolution of the Accoville Safety Club, of Accoville, W. Va., representing a membership of 300 members, opposing the passage of the Davis-Kelly coal control bill; to the Committee on Interstate and Foreign Commerce.

7420. Also, resolution of the Landville Safety Club, of Landville, W. Va., opposing the passage of the Davis-Kelly coal bill; to the Committee on Interstate and Foreign Commerce.

7421. Also, resolution of the Price Hill Safety Club, Price Hill, W. Va., representing a membership of 300, opposing the passage of the Davis-Kelly coal control bill; to the Committee on Interstate and Foreign Commerce.

7422. Also, resolution adopted by the Junior Safety Club, of Junior, W. Va., opposing as detrimental to the bituminous-coal industry the passage of the Davis-Kelly coal bill; to the Committee on Interstate and Foreign Commerce.

7423. Also, resolution of the Mabscott Safety Club, Mabscott, W. Va., representing a membership of 170, opposing the passage of the Davis-Kelly coal control bill; to the Committee on Interstate and Foreign Commerce.

7424. Also, resolution adopted by the Slab Fork Safety Club, of Slab Fork, W. Va., representing a membership of 272, opposing the passage of the Davis-Kelly coal control bill; to the Committee on Interstate and Foreign Commerce.

7425. Also, resolution of the 15–19 Safety Club of Sterrat, W. Va., representing a membership of 625, opposing the passage of the Davis-Kelly bill; to the Committee on Interstate and Foreign Commerce.

7426. Also, resolution of the Youngstown Mines Corporation Safety Club, of Dehue, W. Va., adopted April 23, 1932, opposing the passage of the Davis-Kelly coal bill; to the Committee on Interstate and Foreign Commerce.

7427. Also, resolution of the Jodie Safety Club, Jodie, W. Va., representing a membership of 100 miners, opposing the passage of the Davis-Kelly coal control bill; to the Committee on Interstate and Foreign Commerce.

7428. Also, resolution adopted by the Amherst Safety Club, of Amherstdale, W. Va., representing a membership of 300, opposing the passage of Davis-Kelly coal bill; to the Committee on Interstate and Foreign Commerce.

7429. Also, resolution adopted by the Mallory Safety Club, Mallory, W. Va., representing a membership of 344, opposing the passage of the Davis-Kelly coal control bill; to the Committee on Interstate and Foreign Commerce.

7430. Also, resolution adopted by the Jenkinjones Safety Club, Jenkinjones, W. Va., representing a membership of 300, opposing the passage of the Davis-Kelly coal bill; to the Committee on Interstate and Foreign Commerce.

7431. By Mr. SMITH of West Virginia: Resolution of the Whitmans Safety Club, of Whitmans, W. Va., opposing the Davis-Kelly bill; to the Committee on Interstate and Foreign Commerce.

7432. Also, resolution of Holden Safety Club, Holden, W. Va., opposing the Davis-Kelly bill; to the Committee on Interstate and Foreign Commerce.

7433. Also, resolution of the Lundale Safety Club, Lundale, W. Va., opposing the Davis-Kelly bill; to the Committee on Interstate and Foreign Commerce.

7434. Also, resolution of the McGregor Safety Club, of Slagle, W. Va., opposing the Davis-Kelly bill; to the Committee on Interstate and Foreign Commerce.

7435. Also, resolution of Orville Safety Club, of Yolyn, W. Va., opposing the Davis-Kelly bill; to the Committee on Interstate and Foreign Commerce.

7436. By Mr. SWING: Petition signed by 40 residents of San Diego, Calif., protesting against compulsory Sunday observance legislation; to the Committee on the District of Columbia.

7437. By Mr. TIERNEY: Petition relating to House bill 5136; to the Committee on the Civil Service.

7438. Also, petition relating to House bill 5114; to the Committee on the Civil Service.

7439. Also, petition relating to House bill 9891; to the Committee on Interstate and Foreign Commerce.

7440. Also, petition referring to agreement by the Veterans of the Revolution Pro-Independist of the Philippines; to the Committee on Insular Affairs.

7441. Also, petition relating to Hartford, Conn., as a port of entry; to the Committee on Appropriations.

7442. Also, petition relating to the Capper-Kelly fair trade bill; to the Committee on Interstate and Foreign Commerce.

7443. Also, petition relating to the repeal of the eighteenth amendment; to the Committee on the Judiciary.

7444. Also, petition relating to governmental expenditures and economies; to the Committee on Economy.

7445. Also, petition relating to the activities of the Government in business; to the Committee on Labor.

7446. Also, petition relating to the reduction of our National Government expenses; to the Committee on Economy.

7447. Also, petition relating to Government competition in business; to the Committee on Labor.

7448. Also, petition relating to Federal finance; to the Committee on Economy.

7449. Also, petition relating to the national bonus; to the Committee on Ways and Means.

7450. Also, petition relating to House bill 11207; to the Committee on Economy.

7451. Also, petition relating to House bill 10492; to the Committee on Interstate and Foreign Commerce.

7452. Also, petition relating to fish-cultural stations; to the Committee on Merchant Marine, Radio, and Fisheries.

7453. Also, petition relating to Federal salary cuts; to the Committee on Economy.

7454. Also, petition relating to the balancing of the Budget; to the Committee on Ways and Means.

7455. Also, petition concerning the replacement of lost and destroyed currency in useful circulation; to the Committee on Banking and Currency.

7456. By Mr. WITHROW: Memorial of the Legislature of the State of Wisconsin, memorializing Congress to provide aid to the various States which have enacted old-age pension legislation; to the Committee on Pensions.

SENATE

THURSDAY, MAY 5, 1932

(Legislative day of Wednesday, May 4, 1932)

The Senate met at 12 o'clock meridian, on the expiration of the recess.

The VICE PRESIDENT. The Senate will receive a message from the House of Representatives.

MESSAGE FROM THE HOUSE—ENROLLED BILLS SIGNED

A message from the House of Representatives by Mr. Chaffee, one of its clerks, announced that the Speaker had affixed his signature to the following enrolled bills, and they were signed by the Vice President:

S. 1047. An act authorizing the Secretary of the Navy, in his discretion, to deliver to the custody of the Historical Society of Montana, for preservation and exhibition, the silver service which was in use on the gunboat No. 9, *Helena;*

S. 2396. An act to amend section 11 of the act approved February 22, 1889 (25 Stat. 676), relating to the admission into the Union of the States of North Dakota, South Dakota, Montana, and Washington;

S. 3908. An act to amend the act entitled "An act to regulate navigation on the Great Lakes and their connecting and tributary waters," approved February 8, 1895; and

H. R. 8083. An act providing for the appointment as ensigns in the line of the Navy of all midshipmen who graduate from the Naval Academy in 1932, and for other purposes.

CALL OF THE ROLL

Mr. FESS. Mr. President, I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Ashurst	Bratton	Cohen	Davis
Austin	Broussard	Connally	Dickinson
Bailey	Bulkley	Coolidge	Dill
Bankhead	Bulow	Copeland	Fess
Barbour	Byrnes	Costigan	Fletcher
Bingham	Capper	Couzens	Frazier
Blaine	Caraway	Cutting	George
Borah	Carey	Dale	Glass

Glenn	Kendrick	Nye	Stephens
Goldsborough	Keyes	Oddie	Thomas, Idaho
Gore	King	Patterson	Thomas, Okla.
Hale	La Follette	Pittman	Townsend
Harrison	Lewis	Reed	Trammell
Hastings	Logan	Robinson, Ark.	Tydings
Hatfield	McGill	Robinson, Ind.	Vandenberg
Hawes	McKellar	Schall	Wagner
Hayden	McNary	Sheppard	Walcott
Howell	Metcalf	Shipstead	Walsh, Mass.
Hull	Morrison	Shortridge	Walsh, Mont.
Johnson	Moses	Smith	Waterman
Jones	Neely	Smoot	Watson
Kean	Norris	Steiwer	White

Mr. GLASS. I desire to announce the absence of my colleague the senior Senator from Virginia [Mr. SWANSON] in attendance upon the disarmament conference at Geneva.

The VICE PRESIDENT. Eighty-eight Senators have answered to their names. A quorum is present.

PETITION OF THE NATIONAL ECONOMY COMMITTEE

Mr. KEAN. Mr. President, I present the petition of the National Economy Committee, signed by Archibald B. Roosevelt, secretary, New York City, and request that it be printed in the RECORD, omitting the long list of names, and appropriately referred.

There being no objection, the petition was referred to the Committee on Finance and ordered to be printed in the RECORD, without the signatures, as follows:

A PETITION FOR A REDRESS OF GRIEVANCES TO THE PRESIDENT AND THE CONGRESS OF THE UNITED STATES

In the exercise of the right of the people, secured by the first amendment of the Constitution, "peaceably to assemble and to petition the Government for a redress of grievances," we, the undersigned, present this petition for the abatement of the vast legalized abuse whereby great and increasing amounts of the money of the people are being disbursed to veterans who suffered no disability in war service, thus creating a specially privileged and favored class and undermining the confidence of the people in their Government.

We petition for the elimination of all expenditures for veterans of the World War who did not in fact suffer disability in war service. We petition for a return to the sound policy in which the World War veterans' legislation was first conceived—just and liberal compensation to the dependents of those who lost their lives in war service and to the veterans who in fact suffered some disability in the war. We petition for the repeal of the later statutes which permit payments for veterans of the World War who without suffering any physical detriment to themselves did no more than perform their duty as citizens. We petition for the repeal of the provisions of the Spanish-American pension statutes which permit payments to veterans for disabilities not connected with service in that war. We petition for the reduction of the Federal expenditures by not less than $450,000,000 annually which these reforms would effect.

We make it plain that we are not now speaking of the so-called "bonus," to which we are opposed, but we are speaking of a drastic reduction of the growing annual expenditures in the Federal Budget for veterans of the World War and Spanish-American War.

We submit for your immediate and serious consideration these facts:

The deficit of the Federal Government for the first 10 months of the present fiscal year is $2,334,105,142, and will exceed $2,500,000,000 by June 30, 1932.

Notwithstanding this enormous deficit, the House of Representatives, virtually without debate, passed a bill on April 9, 1932, appropriating $928,387,795 for veterans to be expended in the year beginning July 1, 1932. In the words of the Secretary of the Treasury on April 27, 1932: "We are spending annually about a billion dollars, or about one-fourth of our total expenditures, for the benefit of our veterans."

The people are entitled to know and are beginning to learn how this immense sum for veterans is being disbursed. A few of the main items of the $928,000,000 appropriation are these:

"Military and naval compensation":	
(a) Compensation for death during war service, which is being paid to the dependents of approximately 97,500 veterans "whose deaths occurred in, or resulted from, service in the World War," at the annual rate of	$36,284,558
(b) Compensation for disabilities "incurred in, resulting from, or aggravated by military service during the World War," which is being paid to approximately 318,000 veterans, at the annual rate of	204,641,848
(c) Retired pay of emergency officers "who incurred physical disabilities in line of duty during the World War," which is being paid to approximately 6,900 former officers, at the annual rate of	11,046,040
(d) Disability allowances "to veterans of the World War for disabilities resulting from other than military and naval service," which is being paid to approximately 327,000 veterans, at the annual rate of	104,277,554
A total of	$356,250,000
"Administration, medical, hospital, and domiciliary services": Under this classification is appropriated $60,199,270 for the "salaries and expenses" of 40,346 employees, including clerks, doctors, nurses, etc., engaged in the administration of the system. The remainder is mainly for hospital and medical expenses, making a total for this item of	115,528,795
"Military and naval insurance": This item represents the war-time "term insurance," the expense of which was not covered by the monthly payments of the soldiers during the war, as distinguished from the "Government life insurance," which is self-sustaining from premium receipts	117,000,000
"Adjusted-service certificate fund": This item is for funds "to meet the demands for loans upon the adjusted-service certificates," commonly known as the "bonus"	100,000,000

The total of the above and other items for veterans of the World War is approximately $690,000,000, to which may be added the amount of such deficiency appropriations as may be required before June 30, 1933. In addition there is appropriated by the House bill the sum of $225,850,000 for the regular pensions for the veterans of all earlier wars, of which amount $116,393,447 is for pensions of veterans of the Spanish-American War.

The proportion of the total amount expended for World War veterans which is being disbursed for those who suffered no disability in war service is year by year increasing. While the original World War legislation restricted relief to cases of death or disability actually suffered in the war that principle was soon departed from. This was accomplished in two ways:

First, through a series of "legal presumptions" whereby disabilities arising up to January 1, 1925, are "presumed" to have arisen out of war service; and in this way, for the purposes of veterans' relief, the war period has been extended for six years beyond its actual termination. Second, by the law of July 3, 1930, pensions under the name of "disability allowances" are paid to veterans for disabilities wholly unconnected with the war period, even as artificially extended by law.

It is estimated that of all hospital care and treatment for World War veterans over 50 per cent is already for veterans whose disabilities are not connected with war service. Furthermore, as of March 31, 1932, the Veterans' Administration had paid cash disability allowances for nonservice-connected disabilities to 367,666 veterans of the World War; and it is estimated that by June 30, 1933, 561,000 World War veterans will be receiving disability allowances for nonservice-connected disabilities, a prospective increase of 193,334, or 52 per cent, in 15 months.

Thus there has insidiously grown up by legislative enactment—so gradually as not to be realized by the people at large—a system of war benefits for men who suffered no physical injury in war service already running into the hundreds of millions of dollars; a burden which will rapidly increase from year to year unless the present laws are repealed.

As testified by the Administrator of Veterans' Affairs before the Ways and Means Committee of the House of Representatives on April 26, 1932, the total amount expended by the Federal Government for veterans of the World War is already "about $6,000,000,000," and if continued "at the present rate without changes in the law, the Government will have spent $21,500,000,000 in 1945," a sum equal to the cost of the war itself, in addition to which State benefits to veterans of the World War have already amounted to $519,791,000.

The above recitals comprise a few—but a few only—of the facts demonstrating that an immense and growing legalized abuse has been fastened upon the people, which has reached a point which is beyond toleration and demands immediate abatement.

Your petitioners represent that the failure of the responsible officials of the Government to meet this issue is a chief cause of the prevailing lack of confidence of the people in the present conduct of their Federal Government. On April 27, 1932, the President referred to the "dominant national necessity" of reducing the expenditure of government. The Secretary of the Treasury recently appealed for a "restoration of national confidence" as a prime condition of staying the depression under which the people suffer. He, too, spoke in general terms of the necessity of "drastic economies." And yet in the face of the admitted crisis no clear and determined word has come from the President or the Secretary of the Treasury or from the leaders of

the Congress calling for any sufficient reduction in the one great item of the Federal Budget, where hundreds of millions of dollars can be saved without injustice and without impairing any essential function of the Government.

The recently proposed economy bill contained provisions modifying a few of the most shocking anomalies of the veterans' system, with a possible saving of about 5 per cent of the total veterans' appropriation. Even this feeble and relatively inconsequential effort was slashed to pieces by the House of Representatives on May 3, 1932, by a vote of 211 to 119. Almost simultaneously, on May 2, 1932, the House of Representatives, virtually without debate, passed a new bill to include the widows and children of deceased World War veterans who died "of a disability not acquired in the service." This legislation, if adopted, is estimated to increase still further the burden of veterans' relief by an average of $20,000,000 during the next five years, and more thereafter. By these actions the House of Representatives again demonstrated its willingness to trifle with the national credit. We submit that until our public servants are ready to face this issue the confidence of the people will neither be obtained nor deserved.

Let no one assert that these petitioners desire to deprive any man who has served his country in military service of his just due. We advocate not merely just but liberal treatment of the dependents of all who lost their lives in war service and for all who suffered disability in war service. What we oppose is the payment of the great sums which are being disbursed to or for those who suffered no physical detriment in the war—a system which saps the resources of the people and creates a specially favored class receiving a great subsidy from the people at large.

We submit that this steadily mounting burden of expenditures for those who suffered no disability in the war is not only an intolerable menace to the national credit but reaches to the stability of popular government itself. Accordingly, we urgently pray that the President and the Congress will address themselves forthwith to the restoration of the national confidence by securing without delay the elimination of the appropriations for those veterans whose disabilities were not in fact incurred in service.

Your petitioners make these representations with respect, but with the firm resolve that this vast legalized abuse must be abated and that this grievance of the people must be redressed.

MAY 4, 1932.

THE FINANCIAL SITUATION

Mr. BORAH. Mr. President, the summer of 1932 can not be other than one of great moment. It may be the most important summer in the history of recent years. It will either mark the turning point for better economic conditions or for very much worse. If worse, the winter of 1932–33 will test government abroad and at home in a way we have not known even in the Great War. Every hour of this summer ought to be utilized by those in power in the solution of the problems which must be solved before conditions can be better. If not solved, inevitably conditions are to be more serious than we have experienced. These are problems which have been with us since the war. We have fought against their effects with expediency measures, but conditions grow more serious and will, I fear, continue to grow more and more serious until these problems are wisely disposed of. Talleyrand was wont to say that everybody is wiser than anybody. Upon that theory I am offering some observations to-day upon things as I see them. I do not presume to do more than call attention to what seems to me obvious in the present condition of affairs. Obvious but not dealt with as seems necessary for the public good.

The complaint is again being made against hoarding in this country. We might just as well inveigh against the law of self-defense as against the law of hoarding under present conditions. People who have money will not purchase commodities except to the amount which is absolutely necessary for their use so long as commodity prices are falling. People will not seek investments or initiate enterprises in industry so long as there seems to be no promise of return in the way of profit. Hoarding is notice to the Government "we are not satisfied with present policies."

We are advised over and over again that the difficulty lies in our want of courage and want of confidence. It is necessary to have courage. It is well to have confidence. These are essential to the struggle in which we are engaged. But when a man is lying upon his bed with a broken limb and gangrene is setting in, he may have all the courage in the world and he may have confidence, but he also needs a surgeon. The people of the country are instinctively distrustful of programs which are being proposed for the return of economic prosperity because such programs do not seem to them full and complete. We must expect the same condition of affairs to continue that has continued for some time unless there is a change for the better in some of the fundamental questions which are now before us. Palliatives may have their place, but more than palliatives are needed.

We are constantly told that we have great national wealth, some $400,000,000,000 of national wealth. The fact that we have this vast national wealth, the fact that we are thus blessed, and still conditions obtaining as they are, is proof positive that the policies under which this national wealth is being administered are unsound. It is proof enough that there is serious trouble calling for adjustment. It may be that I am mistaken; I trust that events will prove that I am mistaken, but I do not believe we are going to restore a better condition of affairs in this country by simply increasing taxes and providing methods by which people may get larger and larger loans and by talk of national wealth. The only policies thus far obtaining, not only in this country but in every government in the world of which I have any knowledge, the only policies now being proposed are policies which relate to increase of taxes and to providing for larger loans to the public, two policies which, standing alone, will bankrupt any people on earth.

Let us consider, Mr. President, some of the questions which seem to me naturally to lead to a timidity on the part of business, to a want of effort upon the part of industry, and to the unwillingness of men of affairs to go forward at the present time. They are not questions which pertain to our country alone, although some of them particularly relate to our condition of affairs. Some of them must find solution with other governments. We are compelled to take into consideration questions which are of world moment, however, because we are either directly or indirectly affected by them. They all have their bearing on the supply of money, on business, and the purchasing power of the people. They are all a part of a program of rebuilding world conditions.

It is now pretty generally believed that the disarmament conference at Geneva will not accomplish anything of great moment in the way of reducing armaments. That view is pretty well accepted. At the present time 75 per cent of the budgets of all the nations of the world are made up of expenditures for war, either past or anticipated, and in some of the countries of the world 85 per cent of their budgets must be accounted for in that way. One of the most discouraging facts is the burden of government, yet it can not be greatly reduced if there is to be no disarmament. If the disarmament conference shall fail to reduce armaments, shall fail to lift any part of the burden which peoples are now carrying, the taxpayers in every country in the world must enter again upon the long road with this crushing burden to which there seems to be no end, carrying a burden which is constantly increasing. It will spread discouragement, it will create uneasiness in the whole business world.

I do not know of anything so calculated to discourage investment, so calculated to discourage those who have means, as the knowledge of the fact that the weight of armaments is not only not to be lifted but in all probability is to be increased. Some of the countries where at the present time from 70 to 80 per cent of their budgets are for armaments of one nature or another are without money, they are without credit; millions of their people are upon the streets; and yet the exaction or the extortion is to be continued for the purpose of establishing heavier and heavier armaments. This load presses down more heavily, more destructively upon some, but none can escape its demoralizing effect. In my opinion armaments are undermining the citizenship of the world. They are breaking the morale and extinguishing the hope of peoples everywhere—in all lands. If the Geneva conference shall adjourn and shall advise the world that the European state of mind or mentality is such that there is no hope of lifting that burden or decreasing it, its effect, in my judgment, will not only be felt immediately in those countries but its effect will be felt everywhere. It is to be hoped, therefore, that the discouraging word from

Geneva will be turned into more encouraging messages, and that in the end something will be done to relieve the situation.

I do not know how long the people will be willing to carry the burden which they are now carrying, but no one can be unmindful of the fact that the masses everywhere, including our own country, are becoming restless and resentful. We do not accomplish things in this country through revolution in the sense that that word is ordinarily used, but there can be no doubt of the feeling of the people generally throughout, including our own country, that governments are not successfully meeting the problems which now confront them.

Another proof of the state of mind of Europe is evidenced by the failure of the Danubian conference which was held some time ago. Almost all the countries upon either side of the blue Danube are in the deepest economic distress. Some of those countries have all but ceased to have a circulating medium; they are practically upon a state of barter. An effort was made to bring them together in a tariff or a customs union, with the hope that a better condition of affairs might be brought about. That effort failed, and it failed for the reason that those who were interested in the conference were still imbued with the spirit which came out of the great World War. That fateful spirit of antagonism brooded over the conference and caused it to break up without any good results. A group of nations were desirous of having a small customs union, including a limited number of states, because it was thought that that would be advantageous to such a small group; another group of nations were desirous of having a larger customs union, because they believed that that would inure to the benefit of the entire continent. Upon that issue the conference broke down, and those nations are left to face the summer of 1932 in a condition distressing beyond the power of human language to portray.

This, too, Mr. President, has its disturbing and depressing effect upon the business world and upon those who must carry forward in the economic world. The failure of the conference was notice to the world that Europe is not yet prepared to put behind the things which make for discord, for economic chaos, and take up the things which make for concord and economic solidarity and health. Such notice can but have a depressing effect in every financial center in the world.

Mr. President, it has already been foreshadowed that the Lausanne conference can not hope to succeed. If that conference should fail and the reparations question should go unsettled, we have economic chaos in the heart of Europe. With reparations still tormenting Europe, uneasiness and confusion of purpose are bound to prevail in the industrial world.

I mention these matters, Mr. President, in passing to the subject which I desire more particularly to discuss. It must be apparent to all that unless those who hold in their hands the reins of power, those who represent their governments on the Continent of Europe, can grapple with these problems upon a wider, more tolerant, and more liberal basis than they have heretofore worked to a common solution, the conditions in Europe will be serious beyond anything yet recorded since the war. No scheme of finance, no balancing of budgets can prevail for any length of time against the process of dissolution which such conditions make inevitable.

Mr. President, what I desire particularly to call attention to is the maldistribution or the unequal distribution of gold and its effect upon the price of commodities. In discussing the matter at this time I do nothing more than present the facts. The facts make the case.

Mr. President, there are a little less than $11,000,000,000 of monetary gold in the world. That would be a rather small amount upon which to do the vast volume of business of the world even if it were equitably or properly distributed. But the United States and France at the present time are in possession of nearly 70 per cent of the entire monetary gold supply of the world. The United States and France have a population of about 170,000,000, and these 170,000,000 people are in possession of 70 per cent of the monetary gold supply of the world. The remainder of the population of the world is about one billion four or five hundred million, and we have for common distribution among those millions a little less or possibly a little over $3,000,000,000 of gold, leaving a per capita circulation of something like $2. In those countries are included such advanced nations as Germany, England, and others, which do a vast volume of complex commercial and banking business. That is an unhealthy and an impossible situation. It can not endure.

It is significant to me to note that the abnormal flow of gold into France and into the United States marks the beginning of the collapse of securities and the fall of commodity prices. From early in the year 1929 to June 30, 1931, France increased her gold holdings 76 per cent, the United States 23 per cent, and the rest of the world, excluding Russia, decreased their gold holdings 15 per cent. To attack a nation's gold holdings is regarded under the gold standard almost as dangerous as an invasion of her territory. The moment, therefore, it was observed that the rest of the world was losing its gold holdings, the prolific parent of economic chaos—fear—brought on frantic efforts to hold gold; debtors were called upon to pay, commodities and securities were thrown upon the market, and deflation began and continued and bids fair to go further. The fall of commodity prices in point of time coincided almost precisely with the increased flow of gold into France and the United States.

Mr. President, it seems clear to me, when all the facts are considered, that the fright which still obtains was engendered by this maladjustment of the gold supply. But the world was in a condition to be easily frightened. Still crippled from the fearful losses incurred by the war; laboring under the peace treaties, which started an economic war; tormented by reparations; and bled white for additional armaments, it was natural that uneasiness should develop into a deep-seated fear the moment gold supplies began to fall in the other parts of the world. The fall of prices in the economic world is like the glacier on the side of the mountain—once started it sweeps all before it. So in this case. The depression affects alike the rich and the poor and the nations which have large gold holdings as well as those which have not, for the reason that those with whom they must do business have had their purchasing power destroyed. And gold hidden away in the banks or hidden away in the treasuries of nations might just as well be buried in the earth so far as serving the cause of the people generally is concerned.

Sir George Schuster in his budget speech to the late legislative assembly in India said:

> Unless the status of gold is placed in its proper perspective in world finance, one of two results must happen: Either the whole present economic system will collapse, or all the currencies of the world will have to be detached from gold. * * * America is straining every effort to find a policy which will bring about a rise in the gold price of commodities, or, in other words, a fall in the value of gold. * * * If it succeeds, its present currency system may survive; if it fails, they also must discard the gold standard. * * * It is impossible to escape the conclusion that the world is faced with two alternatives, either to find some means of reducing the real value of gold as expressed in commodities, or abandon gold altogether as a basis for currency * * * for such steps international action is required.

It is clear to me that the fall in the price of commodities and the liquidation of securities began with this exorbitant supply of gold in France and the United States. But France and the United States benefited very little by it, by reason of the fact that in those nations with which they must deal, the purchasing power of the people has been reduced by reason of this maldistribution of the precious metal. How can trade revive, how can commerce regain its old vigor, how can the purchasing power of the people be restored so long as these abnormal and illogical conditions prevail? I ask the advocates of the gold standard to advise us how normal conditions are to be restored under such an abnormal system?

Now, Mr. President, let us look at another phase of the question. I do not know what the indebtedness of the world

is; I have been unable to find anybody who does know; but I have a letter from a distinguished individual who deals with the subject in which he says:

A reliable estimate of the national debt of 49 countries as of 1930 is $136,000,000,000. I do not have figures for the local debt of these countries, but for 29 countries the local debt is estimated at about $32,000,000,000. This would make a grand total of public indebtedness of $168,000,000,000, to which some further sum will have to be added for the countries missing.

Turning to our own country, our national debt is $18,000,000,000; our State and municipal debt is $17,000,000,000; railroad bonds, $11,000,000,000; industrial bonds and mortgages, $10,000,000,000; public-utility bonds and mortgages, $7,000,000,000; real-estate mortgages, $25,000,000,000; farm mortgages, in excess of $9,000,000,000; miscellaneous, $7,000,000,000, or over $150,000,000,000 when measured by commodity prices as compared with commodity prices at the time these debts were contracted.

Nearly 90 per cent of these debts are gold debts. That is, they are payable in gold. Nearly 90 per cent of them were contracted prior to 1929. Therefore, according to commodity prices at the present time, this debt is very nearly double what it appears to be upon the face of the contract.

I do not see how it will be possible to pay the gold indebtedness of the world, especially so long as the gold is controlled practically by two nations. There are only three ways that I know by which a nation can pay its debts—either in gold, or in goods in kind, or in service. They have not the gold; the tariff policies of the nations prevent them from paying in kind; and there is no opportunity to render the service. And how are they to purchase the products of the United States and France, and what good is our gold if we can not sell our products of farm and factory? It seems to me that we are against what might be called an impossible situation unless there can be a larger supply of money or a radical change in Federal policies.

You will recall when it was thought that England would have to go off the gold standard, the direst calamities were prophesied. Some of their ablest men thought it meant a catastrophe. Nevertheless by reason of the fact that England could not secure the gold with which to meet her exchange, she was forced off the gold standard. To-day England is the only bright spot on the horizon. The great and powerful nation which had been committed to the gold standard since 1849 departed from the gold standard, and it is the only nation to-day that seems to be recovering; which, to my mind, is some proof of the fact that there must be relief from this gold mentality in some way. There must be relief—if not by design, then by accident.

I read a paragraph or two from an article appearing in the New York Times of a few days ago:

It will be just six months to-morrow (March 21) since Great Britain went off the gold standard.

In the half-year period between September 21, the day of the autumnal equinox of 1931, and the vernal equinox of 1932 the country's economic and financial recovery has been one of the most amazing transformations in her history. * * *

As it was the tragic announcement of the abandonment of gold which convinced the world at large that England was in difficulties, so now the most striking, if not the most significant, evidence in rebuttal is the repayment this month to America and France, five months before they are due, of huge amounts borrowed last August for the specific purpose of keeping the country on gold and preventing the flight from the pound. They failed to do either, for Great Britain was then beyond recovery by means of makeshift emergency remedies.

But the country has convalesced to such an extent since then, by removing causes of the trouble and applying permanent remedies, that on March 4 it paid to American banks $150,000,000 of the $200,000,000 due next August, and at the same time reduced its debt to France from $100,000,000 to $35,000,000. Another $100,000,000 owed in France is held by individuals, and payment before the date of expiration in August is not optional with the British Government. * * *

But the balancing of the budget is already accomplished independently of tariff revenue, and there is even a surplus for the coming year.

More remarkable is the expectation that the income-tax rate, which was increased last September to 25 cents on the dollar to meet the emergency, will be reduced to its previous level.

The distribution of gold or the supply of gold is not the only feature of the monetary situation to which I desire to call attention.

Brooks Adams, in his book on the Law of Civilization and Decay, has this to say:

It appears to be a natural law that when social development has reached a certain stage and capital has accumulated sufficiently the class which has had the capacity to absorb it shall try to enhance the value of their property by legislation. This is done most easily by reducing the quantity of the currency which is a legal tender for payment of debts. A currency obviously gains in power as it shrinks in volume.

Mr. President, nearly one-half of the human family do not use gold. They do not desire to use gold. They do not have banks. They do not use checks. Nearly one-half the human family has been using silver for 3,000 years.

Aside from the question of bimetallism, aside from the question of any action upon the part of the United States alone, leaving to one side those problems, let us examine another feature of this question. Notwithstanding the fact that the gold supply had been decreasing as compared with the increase of the volume of business in the world, an effort was made in 1925 to force the gold standard upon the silver-using countries of the world. This, under all the circumstances and in the light of subsequent events, was a fearful mistake; it was an instance in which sheer selfishness wrought its own ruin. It was not a movement upon the part of those people themselves. It was not because their system of money had been unsatisfactory. It arose in a different source, and for a different reason, apparently.

The first step was taken in India, where the gold-bullion standard was established through the influence of Great Britain. I desire to call attention to a statement which was made at that time by Mr. Benjamin Strong, the governor of the New York Federal Reserve Bank. He was asked at that time his opinion as to that movement, and what its effect would be upon India and the rest of the world. He advised against it. He stated that those countries had not yet learned to use gold; they did not have banks and did not use checks; they were committed to the use of silver. He stated that to undertake to force them to the gold standard would force the silver upon the markets of the world, and would have its effect upon the entire business of the world. In a brief paragraph he said:

While somewhat outside the scope of the questionnaire, we feel justified in pointing out, and indeed emphasizing, that the attempt to introduce a full gold standard into India in advance of previous development of the banking machinery necessary for its operation would menace the successful working of the standard in India. The internal advantages of the gold standard can not be permanently enjoyed in India until the Indian people possess a banking organization capable of discharging the international responsibilities implicit in the acceptance of that standard. This, we believe, would be the case even if the initial obstacles to its establishment could be overcome. We are also of opinion that the resulting situation might render the functioning of the gold standard in other countries extremely unsatisfactory, and consequently the functioning of the gold standard in India itself of doubtful value, if not of positive disadvantage, to the economic well-being of the Indian people.

Thus, Mr. President, we find this program beginning about 1925 and consummated in 1929 and 1930: The flow of gold from the nations of the world into the banks of two of the leading nations of the world, leaving a large portion of the world without money of that kind upon which to transact business. Secondly, we find, even in the very midst of that movement, an effort to deprive nearly one-half of the human family of the money to which it had been committed for centuries; and we find that in accordance with those two movements the prices of commodities began to fall, and have kept pace with the movements above referred to. It would be impossible to adequately portray the misery, the poverty superinduced by this cruel and selfish policy.

Mr. President, I assert that to-day nearly half the human family are nearing a basis of barter. They are without means of exchange. Their purchasing power has been destroyed. They can not deal with nations as they have dealt heretofore. I can not understand why it would be unsafe or unsound to restore conditions as they were prior to 1925.

It is not an attack upon the gold standard. It is supplementing it, as it were, and strengthening it. It is furnishing a large part of the human family the means by which they have transacted business through all of these years. It relieves the drain upon gold. It helps to restore the purchasing power of countless millions.

Here, Mr. President, I invite attention to the language used by a man who does business in almost every country in the world, one of the great leaders in modern industry, and who is particularly acquainted with the Orient, Sir Henri Deterding, of the Royal Dutch Petroleum Co. In a recent statement he said:

> Have the great bankers who depend on world-wide trading (not on local trading) ever considered if it is possible for the world's trade to revive as long as something like 600,000,000 people—about half the world's population—whose wealth is mainly in the shape of silver—are precluded from participating in the trade of the world by reason of the fact that the commodity in their possession has been artificially reduced in value to a point which practically prevents them from being buyers of anything?

This is a succinct indictment of an unwise policy which had brought millions to the point of desperation. In a later interview he says:

> Gold is not adequate as a measuring rod, for there is not enough of it, and even what there is is mostly held by France and the United States. What's the use of hoarding gold in the cellar when the world is bankrupt? If silver were stabilized, millions of additional world wealth would be created in the eastern countries.

I might add here the views of many others, not only students of the subject but men active in world affairs. I am pointing to no new experiment. I am suggesting nothing more than to retrace the steps which lead to the present conditions, in part at least. I am convinced that to pursue the course we have been pursuing will not relieve the people of their great misery. If what I suggest is not sound, then I ask, What is the remedy? This eternal drifting means disaster.

I recur to a reference which I made in the beginning: We have vast wealth; but Rome had as much wealth when she fell as she had when she was in the height of her power. It was not properly administered. There was a defect in the administration of the wealth of the country.

France had as much wealth when Robespierre was at the head of the Committee of Public Safety as when Louis XIV was the head of the French Empire.

China to-day has perhaps the greatest undeveloped natural wealth in the world, with the possible exception of Russia. I do not mean we are approaching a fall or revolution, but I mean to say national wealth means little unless wisely administered.

It does not signify very much that we have vast national wealth unless it is administered in such a way as to bring reasonable prosperity to the great mass of the people. I venture to ask the question of the Senate, How are we going to restore the purchasing power of the people of the United States, or the purchasing power of the Orient, or the purchasing power of the world generally, upon the monetary basis upon which we are now moving? Can we do it by loaning money?

The Reconstruction Finance Corporation had for its purpose extending credit. I am not offering criticism. But it does not reach the root of our troubles. We must go further and deal with these problems which give assurance and confidence and the means by which people may extricate themselves. What proposal is before us, or before the other governments of the world, which will reach out and have a tendency to restore the purchasing power of the masses?

Mr. McKELLAR. Mr. President, of course the questions the Senator asks are indeed pertinent, and I have been tremendously interested in what the Senator has been saying. But what suggestion would the Senator make as to what we should do in the premises?

Mr. BORAH. I will come to that in just a moment. One naturally hesitates to offer a solution as to matters wholly within the competency of other governments, as reparations, but I venture this opinion, that unless the armaments of the world are reduced, so that that burden will be lightened upon the people; unless reparations are settled, so that Europe can regain economic recovery; and unless silver is restored to the place which it occupied prior to 1925, so that nearly one-half of the human family may have means by which to transact business, and, to some extent, restore their purchasing power, there can not, in my judgment, be any ready return to prosperity. Certainly not unless some of these matters are adjusted. We must sell something, we must do business with Europe, and we must do business with the Orient. I do not see how we are to be prosperous and to enjoy those things with the balance of the world deprived of its purchasing power and utterly in distress. I know others hold another view, but I feel strongly we can not escape the effect of the conditions prevailing in other countries.

I suggest, therefore, that the summer of 1932 should be devoted to those questions which are fundamental to the recovery of the people, not only of this country but of all countries. The people can not forever carry the load that is on them. They can not carry their present burden.

Mr. FLETCHER. Mr. President, I would like to ask the Senator whether he is favorably or otherwise impressed with the idea of establishing and maintaining the purchasing power of the dollar by the expansion and contraction of credits and currencies?

Mr. BORAH. Mr. President, I do not know what effect that would have in this country. I am not committed to it. But I am perfectly sure that we can not stabilize the dollar by issuing currency to such an extent as to take care of these situations to which I have referred. Nor, in my judgment, can we return the United States to prosperity without taking into consideration all those questions.

Mr. FLETCHER. We can not do very much, as I see it, with the Geneva conference, we can not do very much with reference to armaments, and I do not know what we can do with reference to reparations. So that the other question, about increasing the money with which to do business, bringing silver into additional use as money—and I quite agree with the Senator about that—is the only one with which, it seems, we can make much progress.

Mr. BORAH. I am not advocating the silver proposition further than I have said; that is, to restore silver to the position it occupied prior to 1925. I leave the other phase of the silver to future discussion.

Mr. FLETCHER. As money; yes.

Mr. BORAH. I myself do not want to express the belief that the expedient to which the Senator referred will bring any real relief. I should want to consider more than I have before I express an opinion.

Mr. NORRIS. Mr. President, will the Senator from Idaho yield to me?

Mr. BORAH. I yield.

Mr. NORRIS. The Senator has not referred to the particular question I want to propound to him, but he has referred to the lack of purchasing power of the masses of the people as being one of the reasons why we have not had and can not have prosperity. I want to ask the Senator whether, before we can permanently restore the purchasing power of the masses of the people, it will not be necessary to take into consideration the fact that such a large proportion of the wealth of the country is owned by a comparatively small number of people, and whether this unequal distribution will not in some way have to be remedied before the purchasing power of the masses can be restored?

Mr. BORAH. Mr. President, I think the concentration of wealth in this country presents a serious problem, but it is aside from what I have in mind to-day.

It may be said, as stated by the Senator from Florida, that we can not do very much with certain of these questions. I do not exactly agree with that. If the United States had a pronounced policy, for instance, with reference to the restoration of silver to the place which it occupied prior to 1925, I am perfectly sure that a conference would

result, and that something could be accomplished along that line. We have no policy in regard to it. We are offered no leadership in regard to it.

I feel perfectly sure that if the United States would throw its influence behind a movement to give silver the same place it had for 3,000 years in the Orient, there is scarcely a nation in the world which would not follow in the lead of the United States. The proposal is not an attack upon the gold standard, it is not a plea for the restoration of bimetallism, it is an effort to give 800,000,000 people what they are asking for, what they have used, and what they want to use again. The change in the first place resulted through the inordinate selfishness of those who desire to increase the value of their wealth.

Mr. FLETCHER. Mr. President, I am in full accord with the Senator, in perfect harmony and agreement with him, in that respect; but what I had reference to was the other questions which the Senator said had to go along with our national policy—that is, the question of armaments and disarmament, the question of reparations, and that sort of thing. I agree with the Senator fully with respect to what he has said in connection with increasing the use of silver as money.

Mr. COPELAND. Mr. President, will the Senator from Idaho yield to me?

Mr. BORAH. I yield.

Mr. COPELAND. If I remember correctly, the Senate, by unanimous vote, last year, asked the President to call a conference of the nations of the world in order that we might discuss the silver question, but that was disregarded by the administration.

Mr. BORAH. Mr. President, I hear the Senator from Utah [Mr. SMOOT] sotto voce say that France and England would not agree to it. I ask the Senator from Utah to present to the Senate the facts which show that they would not agree to it. I think I know what took place.

It is my view that the United States made no real, sincere effort to bring about an international conference on the subject. I believe I am correct in saying the administration has not desired such a conference. That is the great trouble with the situation, the timidity of governments to take hold of those questions which are sinking their people into utter distress and degradation. There is not a leading man in Europe, I venture to declare, who does not know that unless settled, reparations will bring more distress to Europe. There is not a leading man in Europe who does not know that unless there is disarmament their people will sink under the load. The present chaotic condition is brought about through the failure and refusal of governments to take hold of these questions and as they in time will be compelled to do. We can wait until events drive us into action, but it will be at terrific cost to the peoples of the world. It took drastic action to get us into our present awful state, and it will take heroic and drastic action to get us out.

Mr. THOMAS of Oklahoma. Mr. President, I want to express approval of the efforts of the distinguished Senator from Idaho [Mr. BORAH] for calling this matter to the attention of the Senate, of the Congress, of the country, and, I hope, of the world.

In my judgment, the question of the control of money is the most important question that confronts the parliament of any nation at any time. In this country the Federal Reserve Board is the recognized agency which handles and shapes our fiscal policy. I have made the statement on former occasions that the Federal Reserve Board has its hands in the pockets of every man who lives upon the face of the earth. That board controls the policy of this Nation, and this Nation very largely controls the financial policy of the world.

The distinguished Senator from Idaho has suggested as possible remedies for this condition, first, a reduction of armaments, and his speech fell upon a Senate that was considering the advisability of the building of 150 more ships for the Navy, at a total cost of from one to two billion dollars.

If disarmament can be brought about, it will take time; it can not be done now; it can not be done this spring or this summer; perhaps next fall. It may take years, and if that is one remedy, what are the people to do pending the consummation of disarmament?

The distinguished Senator suggested that the second remedy is through the calling of an international conference on bimetallism. I favor such a conference. But that can not be called now; it can not be called this spring; perhaps not the coming summer or the coming fall. If that is an ultimate remedy, it is one for the future. What are the millions of people of this country to do pending the effectiveness of disarmament, and pending the effectiveness of the proposal for an international conference on the further use of silver as money?

Mr. President, I have used a good many hours in the Senate in an effort to call the attention of the Senate to this identical problem, the influence of money upon all the peoples of America and the world. I realize the difficulties of getting this matter before the Senate and the Congress and the country; and knowing that it would take a long time to bring about the things the Senator suggests, I have been trying to provide some temporary expedients to suggest to the Senate, to the Congress, and the country which might help the people pending the bringing about of these great world reforms the Senator has so eloquently and ably suggested.

One means we had to suggest was a program of internal improvements. That was discussed at some length here earlier in the session, and the Senate turned it down.

Another proposal was suggested in the House of Representatives, a proposal to put money into circulation through the payment of the balance due the veterans of the Nation, not so much to pay the ex-soldiers as to use that vehicle to haul money to every section of the United States.

Mr. President, I think all will agree that that would be a temporary expedient. All admit it would do the job; all admit that the ex-soldiers want the money; all admit that they need the money; and I think everyone admits that through such a payment something like $2,000,000,000 could be scattered broadcast throughout the United States among 4,000,000 ex-soldiers, which would immediately tend to help the local conditions in every section of the United States. But when the bill was proposed in the other body of the Congress, the Chief Executive of this Nation saw fit to veto the bill before the hearings even started before the Ways and Means Committee. Then after the bill was considered by the Ways and Means Committee, the distinguished leader of the majority in the House of Representatives proposed a second veto of that proposal.

This morning's Washington Post carries on page 3 a news story, an Associated Press dispatch, under the headline "Doom of bonus bill foreseen by RAINEY—Plan will never pass, he says, as advocates claim idea is gaining." Not desiring to take the time of the Senate to have it read, I ask unanimous consent that the Associated Press dispatch be placed in the RECORD at this point in connection with my remarks.

The VICE PRESIDENT. Without objection, it is so ordered.

The article is as follows:

[From the Washington Post, Thursday, May 5, 1932]

DOOM OF BONUS BILL FORESEEN BY RAINEY—PLAN WILL NEVER PASS, HE SAYS, AS ADVOCATES CLAIM IDEA IS GAINING

A confident prediction that cash redemption of the $2,000,000,000 soldiers' bonus will not become law was made yesterday by the House majority leader. Meanwhile, the Ways and Means Committee prepared to act on the controverted proposal that the payment be made with currency issued for that purpose.

Representative RAINEY, the Democratic chieftain, told newspapermen flatly that the bill "hasn't a chance" and that "the committee won't approve any fiat money plan."

Bonus advocates insisted, however, that 11 of the 25 committee members already were on their side and hoped to add enough support for a majority.

"Our plan to pay the certificates is the only plan that will place money among the masses and cause an increase in the velocity of money and credits," Representative PATMAN (Democrat), Texas, said.

"It is gaining public support every day and this Congress can not afford to adjourn without doing something to help the masses of the people."

"Look what happened to money all over the world yesterday after the House passed the Goldsborough bill," Rainey said. "That bill provides for the mildest kind of inflation and leaves it in the hands of the Federal Reserve Board.

"The committee is not going to report such a drastic inflationary scheme as this bonus plan, and even if its sponsors do get it out on the floor, it can not become law this session.

"If a petition to discharge the committee gets the necessary 145 signatures, May 23 would be the first day a vote could be had under the rules. Then, supposing the House passed the bill, what chance would it have in the Senate that late in the session?"

RAINEY said it might be a good thing to get the bill on the floor for action so that business could be assured no fiat money will be issued.

Mr. THOMAS of Oklahoma. Mr. President, one of the great editors of the Nation—I will make it broader than that—one of the great editors of the world, not only of to-day, but of all times, Arthur Brisbane, has paid his compliments to-day in his world-wide-read column to this veto of the bonus bill by the distinguished majority leader of the House of Representatives. I send to the desk three paragraphs from Mr. Brisbane's editorial of to-day and ask that the same be read.

The VICE PRESIDENT. Is there objection? The Chair hears none and the clerk will read, as requested.

The Chief Clerk read as follows:

Representative RAINEY, of Illinois, says the Government will not print money to pay the soldiers' bonus, and all organized finance, badly frightened just now, but still influential, says the same.

Probably the soldiers won't get their bonus, but you can not help thinking of these things.

The soldiers alone could have distributed that money immediately in every corner of the United States. There is no other way of accomplishing that, no other way to start buying all over the country.

The Government owes two billions to the soldiers, will have to pay it some day.

Mr. THOMAS of Oklahoma. Mr. President, on yesterday Mr. Brisbane had something to say upon this identical question. I send to the desk and ask to have read in my time two paragraphs from his article.

The PRESIDING OFFICER (Mr. VANDENBERG in the chair). Without objection, the clerk will read, as requested.

The Chief Clerk read as follows:

If more money should be printed, how will you distribute it? To irrigate land you must have canals or pipes. Putting it in a lake does no good. Similarly, issuing two or three billions and putting it in banks does no good.

The money could be put directly into the hands of the people, spent for coats, hats, shoes, automobiles, bills at the grocers, if the soldiers got their bonus.

But high finance fears that soldiers, with no financial training, might spend money foolishly.

A big Georgia peach grower said to a colored man, chopping a little wood in the cold:

"Why don't you have a big pile of wood in your yard like that white man?"

"I wouldn't trust no woman with that amount of wood at one time," said the careful brother.

That is how high finance feels about the soldiers' bonus.

Mr. THOMAS of Oklahoma. Mr. President, Mr. Brisbane is not the only great editor who is interested in this matter and who takes a view similar to that expressed by others throughout the country. We have a distinguished editor here in the city of Washington. This distinguished editor and writer has a syndicated article in the press of the country that is widely read. I refer to the writings of Mr. Mark Sullivan. On last Sunday the newspapers of the country which enjoy the benefits of Mr. Sullivan's writings carried one of his syndicated articles. This article is under the title:

Price of farm crops in October will determine result of fall election—Republicans have better chance if there is more money in circulation at voting time.

I ask that that portion of the article indicated by me may be read in my time.

The PRESIDING OFFICER. Without objection, the clerk will read, as requested.

The Chief Clerk read as follows:

PRICE OF FARM CROPS IN OCTOBER WILL DETERMINE RESULT OF FALL ELECTION—REPUBLICANS HAVE BETTER CHANCE IF THERE IS MORE MONEY IN CIRCULATION AT VOTING TIME

By Mark Sullivan

Everything—everything political, social, or individual—hangs on this depression, especially politics. Depending on whether it continues or is measurably improved, it will determine the election in November. Tell me what the price of wheat will be during the first or second week of October—which is the time public sentiment gets "set"—and I will venture a prediction as to which party will win the presidential election on November 8. That outcome will not necessarily be logical, but it is commonly the way elections are determined in a time such as this.

In national politics one result of the depression is a demand for cheaper money. From some quarters the demand is for what the orthodox denounce as "rag money"; that is, money not based at all or not based sufficiently on gold. From other quarters the demand is for more money, but for more money of a sound kind, for an increase in the quality of what we can call "credit money." The Federal reserve system is just now very intelligently trying to bring about an increase in credit money. This effort should have the intended result. The attempt is being made in a highly intelligent way, and after waiting for conditions which give promise of success. The course now being taken has worked before under similar conditions.

The demand for more money of some kind is very strong and wholly legitimate. More money is needed to make prices of goods higher; and only by an increase in prices of goods can debts be paid. Mortgages contracted by farmers in 1929 and before, on the basis of conditions then existing, literally can not be paid, after principal or interest, at a time when prices are what they are now. A mortgage contracted on the basis of wheat at a dollar or more a bushel, and a valuation of land in accordance with that, can not be paid with 60-cent wheat. The thing is mathematically impossible. There must be either widespread default and dispossession or else an increase in the price of wheat and other commodities. One way to achieve higher prices—the way that occurs to everybody at a time like this, and a way that is entirely sound if done by sound means—is to increase the quantity of money.

If the attempt to bring about more money in a sound way, by increase of credit money, should by any chance fail, then inevitably we shall have, in the party conventions and in Congress, growing demand for more money of an unsound sort—any sort. More money, cheaper money, is the only way to relieve the debtor, and the debtor is going to insist on relief.

Mr. THOMAS of Oklahoma. Mr. President, in harmony with the statements made by Mr. Brisbane and by Mr. Mark Sullivan, we have in the public press of recent date another statement from likewise a great American editor. This editor and writer happens to be a Member of this body. I refer to the distinguished senior Senator from Kansas [Mr. CAPPER]. I send to the desk one of his articles and ask that the same be read. The title of the article is, "Stabilized Dollar Would Aid In Recovery, Says CAPPER."

The PRESIDING OFFICER. Without objection, the clerk will read, as requested.

The Chief Clerk read as follows:

STABILIZED DOLLAR WOULD AID IN RECOVERY, SAYS CAPPER

By ARTHUR CAPPER, United States Senator from Kansas

Money fundamentally, as I see it, is a medium of exchange. As money it is not, or should not, be a commodity of itself.

The dollar should have a constant purchasing power in relation to all the commodities. This rubber dollar we now have—this dollar that goes up and down, down and up—is a dishonest thing.

The House has passed a bill to stabilize the dollar through directing the Federal Reserve Board, the Federal reserve banks, and the Secretary of the Treasury to keep the dollar in a constant ratio to the Department of Labor commodity index.

MAY REMEDY ILLS

That stabilization bill, sponsored originally by economists, next backed by the farm organizations, I regard as one of the most important pieces of legislation before Congress. It will be of very great help in remedying our economic ills.

It has been widely advertised that the Federal Reserve Board, through what is termed open-market operations, is going to expand the currency and expand credit, so as to decrease the purchasing power of the dollar and increase the commodity price level.

The commodity price level—or the purchasing price of the dollar—should be restored practically to the level of 1926. Then the Federal Reserve Board should use open-market operations and its power of changing the discount rate to keep the purchasing power constant.

MONEY SHOULD SERVE ALL

The monetary system should be the servant of agriculture, labor, industry, commerce, mining—it can only be that if the dollar has a fairly constant purchasing power.

The Federal reserve system should be the servant of agriculture, labor, industry, commerce, mining—the servant of all the

people and not so much the servant of the money-lending class of people, especially the big bankers of New York.

I am not attacking the money lenders—they are necessary, useful, and all that. But they should serve business generally, not rule it and ruin it, as there is danger under the present system.

The Congress should lay down a definite monetary policy, and that policy should be to regulate currency and credit so that the purchasing power of the dollar shall remain stable.

Mr. THOMAS of Oklahoma. Mr. President, the article written by the distinguished senior Senator from Kansas is an argument in favor of the passage of what is known as the Goldsborough stabilization bill. That bill is now pending before the Senate Committee on Banking and Currency. It passed the House of Representatives by a majority of 5 to 1. Yet when it reached this body I am advised through the public press that the leadership on the other side of the aisle had vetoed the bill before any hearings whatever had been held. I am further advised that the leadership on this side of the aisle likewise vetoed the bill in advance of any hearings. I am not following that leadership on either side of the aisle if the leadership takes that attitude. I am going to do what I can to get the bill out of the Committee on Banking and Currency and before this body for a vote.

Mr. President, there has been very much said about the question of more money in circulation or less money in circulation. During the past two or three months the country has come to the conclusion, as I verily believe, that we should have more money in circulation. I know the big banks of New York concede that to be true. The Federal reserve system concedes it to be true that we must have more money in circulation. As a competing plan with the so-called veterans' plan and the so-called stabilization plan, the Federal Reserve Board is trying to have the country believe that the board is now placing more money in circulation.

However, Mr. President, not imputing any bad intent to the Federal Reserve Board, I make the positive statement that the plan they are now following, instead of placing more money in circulation, is actually decreasing the amount of money in circulation. Since the first of this year the Federal Reserve Board has withdrawn from circulation $248,000,000. Week before last the Federal Reserve Board bought $93,000,000 worth of bonds and paid money for them, and that same week the banks of the country sent back to the Federal reserve banks $91,000,000 in payment for their obligations; so that the net result of that week's operations was an expansion of circulation of but $2,000,000. Last week, however, the Federal Reserve Board bought $113,000,000 of bonds, and the banks getting this money immediately sent it back to the Federal reserve, and sent $27,000,000 more back to the Federal reserve banks. So, although the Federal reserve system last week bought $113,000,000 of bonds, the circulation was decreased $27,000,000 more than the $113,000,000. Therefore, the plan of the Federal reserve system of placing more money in circulation is resulting in decreasing the amount of money in circulation.

Mr. President, as I stated, the question of cheap money or dear money and the handling of money are subjects of much controversy throughout the country. Since the bonus bill was introduced in this Congress, volumes have been written about that bill, and I now exhibit to the Senate a recent publication entitled "Billions for Veterans." This publication is financed by some one; it is published by some one for the particular purpose of killing or defeating or retarding the passage of the bonus bill. I find in this publication, on pages 116 and 117, considerable reference to a bill which I have introduced in the Senate. I ask unanimous consent to insert in my remarks at this point the portion of the book, on page 116 and page 117, indicated by pencil marks. I will not ask that it be read.

The PRESIDING OFFICER. Without objection, it is so ordered.

The matter referred to is as follows:

Senator THOMAS is even more specific and glowing in his promises. In his speech in the Senate introducing his measure, he said it would "bring about the following concrete results:

"(a) Will advance prices of commodities.

"(b) Will decrease the value of all debts.

"(c) Will decrease the value of all interest.

"(d) Will decrease the value of all taxes.

"(e) Will decrease the value of all salaries.

"(f) Will help the debtor class."

Both PATMAN and THOMAS, of course, are advocating outright inflation of the currency. Both of them omit to say that inflation is an immediate tax on everybody; that inflation is the perilous financial quicksand which wise business leaders have been doing their best to steer the Nation away from. Let us go down the line of the Senator's own "concrete results" and examine them:

(a) Will advance prices of commodities. Right. The cost of living will immediately go up; you and I and the veterans will have to pay more for our bread and meat and shoes. True, the people who are selling us these things will get more money for their products. But their money, in turn, will be reduced in value and will not buy them as much as the same amount did before.

(b) Will decrease the value of all debts. Right. If the veteran owes money, he won't have to pay so much real value back. But if he has lent money, he will not receive the full sum back. Robbing Peter to pay Paul!

(c) Will decrease the value of all interest. Right. If the veteran has a nest egg stowed away in the bank or in insurance or in investments against old age, his nest egg will shrink, as will the income from it.

(d) Will decrease the value of all taxes. Right. The Government simply will have to increase taxes in order to get the equivalent amount of value with which to operate.

(e) Will decrease the value of all salaries. Right. This may be pleasant for employers, but it will mean a wage reduction for millions of workers.

(f) Will help the debtor class. Right. There is the nub of the whole thing.

Mr. THOMAS of Oklahoma. Mr. President, I will ask at this point to have read at the desk a letter just received from Mr. Frank J. Taylor, commissioner of the department of public welfare of the city of New York. The letter is addressed to the Hon. WRIGHT PATMAN, a Member of the House of Representatives.

The PRESIDING OFFICER. Without objection, the clerk will read, as requested.

The Chief Clerk read as follows:

CITY OF NEW YORK,
DEPARTMENT OF PUBLIC WELFARE,
New York, May 4, 1932.

Hon. WRIGHT PATMAN,
House Office Building, Washington, D. C.

MY DEAR CONGRESSMAN PATMAN: Pursuant to article 14, sections 117–119, of the public welfare law of the State of New York, the city of New York is obliged to give relief to a person who has served in the military or naval services of the United States and has been honorably discharged from said service, when in need of public relief.

Veteran relief, under the foregoing sections of the law, will cost the city of New York for the year 1932 not less than $7,000,000. The burdens placed upon the city by the State, and neglect by the National Government to properly take care of its veterans, can be relieved by the passage of an adequate "soldiers' bonus." If the bonus were paid in full at this time, the veteran would be immediately put on an independent basis and stimulate the circulation of money throughout the entire country in a very short time, thereby relieving the distressed conditions very apparent at this time.

The necessary human necessities that would be purchased would immediately stimulate manufacturing and other mercantile business.

Soldiers' bonus is an essential relief measure, and should be favorably considered at the earliest moment.

Very truly yours,

FRANK J. TAYLOR, *Commissioner.*

Mr. THOMAS of Oklahoma. Mr. President, I realize full well that this bill, the so-called bonus bill, being a revenue-raising measure, must originate in the House of Representatives, and it must originate in the Ways and Means Committee of that great body. The Senate is without jurisdiction to consider a bill of this kind until such time as the bill comes over from that body. The Senate is powerless, Mr. President, to take up, even though introduced in the body, a bill having in view any purpose similar to that contained in the so-called bonus measure. I want to suggest, however, that in the event the House of Representatives shall pass that bill, and the bill shall come to this body so far as I am able, the bill will have early hearings and prompt, and, I hope, favorable consideration at the hands of the Senate.

NAVAL BUILDING PROGRAM

The Senate resumed the consideration of the bill (S. 51) to authorize the building up of the United States Navy to the strength permitted by the Washington and London naval treaties.

Mr. FRAZIER. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Ashurst	Cutting	Jones	Robinson, Ind.
Austin	Dale	Kean	Schall
Bailey	Davis	Kendrick	Sheppard
Bankhead	Dickinson	Keyes	Shipstead
Barbour	Dill	King	Shortridge
Bingham	Fess	La Follette	Smith
Blaine	Fletcher	Lewis	Smoot
Borah	Frazier	Logan	Steiwer
Bratton	George	McGill	Stephens
Broussard	Glass	McKellar	Thomas, Idaho
Bulkley	Glenn	McNary	Thomas, Okla.
Bulow	Goldsborough	Metcalf	Townsend
Byrnes	Gore	Morrison	Trammell
Capper	Hale	Moses	Tydings
Caraway	Harrison	Neely	Vandenberg
Carey	Hastings	Norris	Wagner
Cohen	Hatfield	Nye	Walcott
Connally	Hawes	Oddie	Walsh, Mass.
Coolidge	Hayden	Patterson	Walsh, Mont.
Copeland	Howell	Pittman	Waterman
Costigan	Hull	Reed	Watson
Couzens	Johnson	Robinson, Ark.	White

The VICE PRESIDENT. Eighty-eight Senators have answered to their names. A quorum is present. The question is on agreeing to the amendment reported by the committee.

PETITIONS AND MEMORIALS

The VICE PRESIDENT laid before the Senate resolutions adopted by the Bellport and Patchogue (N. Y.) Chambers of Commerce favoring the immediate expansion of public works for the purpose of aiding business and relieving unemployment, which were referred to the Committee on Manufactures.

He also laid before the Senate a letter in the nature of a petition from the Farmers and Merchants Welfare Association, of Englewood, Kans., praying for the passage of Senate bill 1197, known as the Frazier farm relief bill, and other relief measures, which was referred to the Committee on Agriculture and Forestry.

He also laid before the Senate resolutions adopted by the American Legion, Department of the District of Columbia, favoring inclusion in the District of Columbia appropriation bill of an item appropriating $600,000 for emergency unemployment relief in the District of Columbia, which were referred to the Committee on Appropriations.

He also laid before the Senate a letter in the nature of a petition from Mrs. Adelaide Biddle Stark, of Philadelphia, Pa., praying for the passage of the bill (S. 463) for the relief of Adelaide Biddle Stark, which was referred to the Committee on Claims.

He also laid before the Senate a letter from Herman W. Cramer, of La Crosse, Kans., outlining a plan for settlement of debts due from foreign governments to the United States, which, with the accompanying paper, was referred to the Committee on Finance.

He also laid before the Senate a letter in the nature of a petition from Chief Clinton Rickard, of the Tuscarora Reservation, Sanborn, N. Y., praying for an investigation in the matter of his arrest by the Royal Mounted Police of Canada at Maniwaki, Quebec, on September 16, 1931, together with a resolution adopted by M. B. Butler Camp, No. 7, United Spanish War Veterans, of Niagara Falls, N. Y., indorsing Chief Rickard and favoring an investigation of his case, which were referred to the Committee on Foreign Relations.

He also laid before the Senate a resolution adopted by the West Philadelphia (Pa.) Boosters Association, indorsing Representative GEORGE A. WELSH, of Pennsylvania, for appointment as Federal judge, eastern district of Pennsylvania, which was referred to the Committee on the Judiciary.

He also laid before the Senate the petition of the Brooklyn (N. Y.) Women's Constitutional Hoover-Curtis Committee (Inc.), protesting against the verdict rendered in the case of Lieut. Thomas S. Massie, Mrs. Granville Fortescue, Albert O. Jones, and E. J. Lord in the Territory of Hawaii, and praying that said verdict be set aside, which was ordered to lie on the table.

He also laid before the Senate a petition in the form of a resolution adopted by the Minnesota Conference of the Evangelical Church, representing a constituency of approximately 20,000, praying for the declaration and designation of "a day of prayer and fasting, calling upon the people of the United States of all faiths and creeds to repent, in humility, of their sins, both national and individual, and to call upon their God to deliver us from spiritual indifference and economic chaos," which was ordered to lie on the table.

Mr. BLAINE presented a resolution adopted by the Farmers' Union of Pekin County, Wis., favoring the continuance of the marketing act and the Federal Farm Board, and also the passage of Senate bill 1197, known as the Frazier farm relief bill, which was referred to the Committee on Agriculture and Forestry.

Mr. KING presented a memorial, numerously signed, of sundry citizens of Salt Lake City, Utah, remonstrating against reductions in the compensation of postal and other Federal employees, which was referred to the Committee on Appropriations.

Mr. ASHURST presented telegrams in the nature of petitions signed by John D. Keeley, president, and Edmond G. Warren, secretary-treasurer, of Local Union No. 246, of Keams Canyon, and by Walter P. Taylor, fifth vice president National Federation of Federal Employees, of Tucson, in the State of Arizona, praying for the elimination of the "pay cut and married persons sections" of the legislative appropriation bill for the next fiscal year, also for the substitution of optional 30-year retirement for the compulsory retirement provision in the bill, which were referred to the Committee on Appropriations.

He also presented a resolution adopted by the Yuma County (Ariz.) Chamber of Commerce, favoring repeal of the so-called recapture clause of the interstate commerce law, to operate retroactively, which was referred to the Committee on Interstate Commerce.

Mr. SHORTRIDGE presented numerous petitions and papers and telegrams in the nature of petitions from sundry organizations of the State of California, praying for the prompt ratification of the World Court protocols, which were referred to the Committee on Foreign Relations.

He also presented resolutions adopted by the Philanthropy and Civics Club, of Los Angeles, Calif., favoring the passage of legislation making it a crime to advocate or promote the overthrow of government by force or violence, and also favoring the exclusion and expulsion of alien communists, which were referred to the Committee on the Judiciary.

He also presented letters in the nature of memorials from sundry citizens and organizations of the State of California, remonstrating against the proposed increase in first-class postage rates in the pending tax bill, which were referred to the Committee on Finance.

He also presented petitions and letters and papers in the nature of petitions from sundry citizens and organizations of the State of California, praying for the passage of legislation providing for the cash payment of World War adjusted-compensation certificates (bonus), which were referred to the Committee on Finance.

He also presented letters, in the nature of memorials, from sundry citizens and organizations of the State of California, remonstrating against the passage of legislation limiting the retirement privilege of disabled emergency officers of the World War to combat disabilities contracted before the armistice, which were referred to the Committee on Appropriations.

He also presented communications from sundry citizens and organizations of the State of California, favoring the balancing of the Budget, retrenchment in governmental expenditures, the maintenance of the national defense, the imposition of a fair sales tax, amendment of the Volstead Act, and the taxing of light wines and beers, and protesting against the payment of the so-called soldiers' bonus at this time, which were referred to the Committee on Appropriations.

Mr. WALCOTT presented a resolution of William H. Gordon Post, No. 50, American Legion, of Ansonia, Conn.,

favoring the passage of Senate bill 2263, placing certain employees of the Bureau of the Census under the civil service, which was referred to the Committee on Civil Service.

He also presented the petition of members of the East Haven (Conn.) Half Hour Reading Club, praying for the passage of legislation for the regulation of motion pictures and the outlawing of the so-called block-booking of films, which was referred to the Committee on Interstate Commerce.

He also presented petitions of Wemanesa Grange, No. 170, of Gaylordsville; Wallingford Grange, No. 33, of Wallingford; Morris Grange, No. 119, of Morris; and Little River Grange, No. 36, of Hampton, all of the Patrons of Husbandry, in the State of Connecticut, praying for the granting of Philippine independence, which were ordered to lie on the table.

He also presented petitions and papers in the nature of petitions of the Women's Clubs of Somers and New Preston, and the Ladies' Group of the Whitneyville Congregational Church, of Hamden, all in the State of Connecticut, praying for the ratification of the World Court protocols, which were referred to the Committee on Foreign Relations.

He also presented papers in the nature of petitions of the Alliance, of Hartford, and the congregation of the Noank Baptist Church, of Noank, in the State of Connecticut, praying for the successful consummation of the Geneva disarmament conference, which were referred to the Committee on Foreign Relations.

He also presented communications, in the nature of memorials, from the following granges, Patrons of Husbandry: Morris, No. 119, of Morris; Little River, No. 36, of Hampton; East Hampton, No. 109; Housatonic, No. 79, of Stratford; Hope, No. 20, of Torrington; East Hartford, No. 37; Pohtatuck, No. 129, of Newtown; Eureka, No. 62, of New Hartford; Trumbull, No. 134; Taghhannuck, No. 100, of Ellsworth; Wemanesa, No. 170, of Gaylordsville; Metichewan Grange, of New Milford; Seymour, No. 91; Preston City, No. 110; New Canaan, No. 38; Harwinton, No. 45, of Torrington; Mansfield, No. 64, of Storrs; Ellington, No. 46; Farmington, No. 49; Old Lyme Grange; Middlefield, No. 63; Guilford, No. 81; Highland, No. 113, of Killingly; Middlebury, No. 139; Winchester, No. 74; Brooklyn, No. 43; Wethersfield, No. 114; Beacon, No. 118; Hebron, No. 111; Wolf Den Grange, No. 61, of Abington; Woodbridge, No. 108, of New Haven; Central Pomona, No. 1, of Wethersfield; Berlin, No. 24; Groton, No. 176; Mystic, No. 171; Norwich, No. 172; Granby, No. 193; Konomoc, No. 41, of Waterford; Bolton, No. 47; Connecticut State Grange, of Suffield; Salisbury Grange; North Haven, No. 35; Pomona, No. 6, of Waterford; Cannon, No. 152, of Cannondale; Goshen, No. 143; Meriden, No. 29; Ridgefield, No. 165; Washington, No. 11; Killingworth, No. 66; Enfield, No. 151; Cawasa, No. 34, of Collinsville; Wallingford, No. 33; Cheshire, No. 23; Lebanon, No. 21; Bristol, No. 116; Clinton, No. 77; Good Will, No. 127; Columbia, No. 131; Riverton, No. 169; Wolcott, No. 173; and Durham, No. 57; all in the State of Connecticut, remonstrating against the imposition of additional taxes upon the automobile industry, which were referred to the Committee on Finance.

PROCEDURE IN PLANT QUARANTINES

Mr. BARBOUR. Mr. President, I ask unanimous consent to have printed in the RECORD and appropriately referred a petition with reference to the subject of insect quarantine. This petition has been signed by the New Jersey Senators and by the entire New Jersey delegation in the House of Representatives.

There being no objection, the petition was referred to the Committee on Agriculture and Forestry and ordered to be printed in the RECORD, as follows:

A STATEMENT ON THE PRINCIPLES AND PROCEDURE IN PLANT QUARANTINES, PREPARED AND INDORSED BY THE AGRICULTURAL AND HORTICULTURAL INTERESTS OF NEW JERSEY

INTRODUCTION

At a time when there is so much confusion of thought with regard to the usefulness and the necessity for plant quarantines, and in view of present-day needs for economy in governmental expenditures, it has seemed desirable to present a carefully prepared statement for the consideration of those who finance and direct plant quarantines for the Nation as a whole.

The purpose of the statement is to endeavor to clarify the national policy on quarantines and to present a constructive method of operation. An example of the need for such clarification lies in the hearings recently held in Washington under the auspices of the Plant Quarantine and Control Administration of the Department of Agriculture to consider the abatement of four of the existing quarantines after the expenditure of millions of dollars in their administration.

The citizens of New Jersey are affected directly and indirectly by the application of a number of Federal quarantines applied because of the presence of injurious insect and fungous pests. It is realized by these citizens, who contribute through taxation and through loss of business and expense necessitated by quarantine regulations, that Federal quarantines are better as a program of public policy than a series of State quarantines. However, the problem should be considered from the long-time viewpoint, and the statement following is designed to lay the groundwork for a new viewpoint on the whole subject of plant quarantines.

1. THE NATURE OF A QUARANTINE

Our position on the nature of a quarantine is very adequately expressed in a statement of quarantine principles prepared by the National Plant Board. This particular expression sets forth so well our ideas on this subject that it is quoted herewith and fully indorsed.

"A quarantine involves at best an infringement on normal and customary personal liberty and property rights. Human liberty has been so dearly bought and is so easily lost that any encroachment on it is a matter for grave consideration; hence a quarantine should be established with reluctance, it should interfere as little as possible with established human and property rights, and it should be removed at the earliest possible moment."

2. AMENDMENT OF THE PLANT QUARANTINE ACT OF AUGUST 20, 1912 (37 STAT. 315), AS AMENDED

It is our firm conviction that some quarantines have been laid in the past, and are therefore likely to be laid in the future, which involve more injury to the country's business than any benefit derived from them. It is evident that such action should never be taken. It is therefore proposed that the fundamental quarantine act of 1912 be amended in such a way as to require the United States Secretary for Agriculture to cause a determination to be made of the prospective benefits of the proposed quarantine and the prospective damages accruing by reason of its action and to place the said proposed quarantine only in case the prospective benefits to the country far outweigh the prospective damages.

3. RESTRICTION ON INTERSTATE MOVEMENT A FEDERAL FUNCTION

In all instances where restrictions on the movement of plants and plant products are to be placed and enforced for the purpose of preventing or delaying spread of injurious insects and plant diseases, new to and not heretofore distributed in the United States, it is our firm conviction that such restriction should be placed, enforced, and financed by the Federal Government, because any attempt to restrict interstate commerce of this sort by State action is bound to be chaotic and the benefits derived from such restrictions by the Federal Government are enjoyed by that section of the United States outside the infested zone.

4. SUPPRESSION AS A MEANS OF PREVENTING SPREAD A FEDERAL FUNCTION

In addition to the cost of Federal quarantine enforcement, when suppression measures are to be undertaken within the limit of any State for the purpose of preventing or delaying spread into outside areas, the cost of such measures should be borne by the Federal Government.

5. SUPPRESSION AS A MEANS OF PROTECTING INFESTED TERRITORY A STATE FUNCTION

Suppression of injurious insects or plant diseases, whether new or not heretofore widely distributed in the United States, or old and widely distributed within the United States, in so far as this said suppression applies to the protection of the States or infested territory, should be carried on and financed by the State itself.

6. FEDERAL QUARANTINE AND SUPPRESSION EFFORTS WITHIN A STATE SHOULD INVOLVE COOPERATIVE UNDERSTANDING

All quarantine enforcement and all suppression undertaken by the Federal Government within the limits of a State should be carried out on the basis of a cooperative understanding between the Federal Government and the State government.

7. POSITION WITH REGARD TO PRESENT PLANT QUARANTINES

So far as quarantines now in effect are concerned on account of insect or fungous pests, we favor the gradual abandonment of these quarantines, except where it has been demonstrated that spread can be definitely controlled by regulatory measures. Such abandonment or comprehensive revision of regulations pertaining to quarantines now in effect should be carried out only upon the basis of a studied policy, in the formation of which all interests affected have been consulted.

8. POSITION WITH REGARD TO THE EXTERMINATION OF NEW PESTS

When the Japanese beetle was first found in 1916 it covered an area of not more than one square mile. It is entirely probable that if adequate funds had been available this insect might have been wiped out and large succeeding expenditures avoided. This

is only one instance, of which there have been a number in the past and doubtless will be a number in the future, where prompt action with adequate funds might have effected tremendous future savings. It is therefore our firm conviction that measures should be taken and moneys appropriated making it possible to exterminate the injurious insect or plant disease if when first found such procedure seems practical.

We, the undersigned, being Members of the Senate and House of Representatives from the State of New Jersey, respectfully petition the Congress and the Secretary of Agriculture to develop a new procedure with reference to plant quarantines to the end that interests of economy may be served and burdens resting upon the people of our State and other States similarly affected may be removed to the point consistent with the general public interest. We sincerely believe that any new approach to this problem should be based on the foregoing principles and procedure.

HAMILTON F. KEAN.	GEORGE N. SEGER.
W. WARREN BARBOUR.	FREDERICK R. LEHLBACH.
ISAAC BACHARACH.	MARY T. NORTON.
PETER A. CAVICCHIA.	CHARLES A. EATON.
PERCY H. STEWART.	CHAS. A. WOLVERTON.
WM. H. SUTPHIN.	FRED A. HARTLEY, Jr.
RANDOLPH PERKINS.	O. L. AUF DER HEIDE.

APPROPRIATIONS FOR TREASURY DEPARTMENT

Mr. ODDIE. Mr. President, I ask that there be printed in the RECORD a letter that has been written me, at my request, by the Treasurer of the United States; also a statement he has made in regard to the effect of the proposed 10 per cent cut on the operation of the United States Treasury.

The VICE PRESIDENT. Without objection, it is so ordered.

The matter referred to is as follows:

TREASURY DEPARTMENT,
Washington, May 4, 1932.

DEAR SENATOR ODDIE: In response to your request regarding the effect it would have on the operations of the Treasurer's Office if a 10 per cent reduction were made in the amount to be appropriated for the coming year the following is submitted:

The Treasurer's Office receives and pays all Federal funds. It involves the acceptance, scrutiny, and count of $10,000,000 per day in currency, the honoring of 100,000 checks per day, and 1,000,000 interest coupons per month. In addition to that the honoring of all the Federal interest-bearing securities as they are presented for redemption. Each document must be scrutinized for genuineness and the accounts relating thereto must be kept with strict accuracy.

As you are, no doubt, aware, the duties of this office have increased to such an extent that an increase rather than a decrease in the amount of appropriation needed to conduct the office during 1933 was demonstrated to the Director of the Budget and to the House Appropriation Committee to be unavoidable.

In support of the sum needed to conduct the office, please note that the soldier bonus, relief to veterans, aid to agriculture, etc., increased the number of checks honored during 1931 over the number during 1930 by 3,300,000, and that during the present year the increase over 1930 will be 4,000,000. During 1933 the increase will be about 6,000,000.

It is also pertinent to point out that this office is required to attend to the acceptance of the Postal Savings collateral. The aggregate of such collateral on deposit July 1, 1930, was $204,000,000. Since that time the Postal Savings have increased to such a huge extent that the collateral now on deposit exceeds $711,000,000—an increase of 250 per cent in 20 months.

The security deposited to secure Postal Savings consists of a great variety of bonds—Federal, State, and municipal—and it requires the most particular scrutiny to determine its acceptability. It is a highly technical task to determine that the rules are complied with.

The increase in the check clearings and the postal-savings tasks caused the compliance with the Saturday half holiday law to be a most difficult requirement for the currency operations, and the check operations are quantity operations. A clerk can examine just so many checks and count just so many notes per day. There is almost an exact mathematical proportion between the number of employees engaged on the work and the number of bills and checks to be handled. As no additional provision was made to meet the Saturday half holiday, the work required to be accomplished in 5½ days instead of 6 was accomplished only by exacting extreme diligence and by overtime being required. It requires overtime of many employees just after each pay day and every Saturday afternoon.

When it is realized that the Government's currency operations and the check clearance operations relate to each of the Government's activities, and must be performed with strict accuracy and on time (for checks must be cleared within due-course rules), it must be appreciated that an adequate clerical force must be provided to meet the tasks.

It is only after the clearance of the checks and the proof of the accuracy of the money and the redemption operations that the Government's financial position is known. The Treasury must know daily and with strict accuracy just what the Government's financial position is before the daily statement is released.

The effect of a 10 per cent reduction in the funds to pay the force would so seriously handicap production that it would be reflected in the character of the results. It would force the discharge of 74 employees. Such a reduction can not be made without so seriously crippling the operating force that the accuracy of the financial accounts with the banks, the redemption and the clearance operations, and the reports based on the records pertaining thereto would all be jeopardized.

A memorandum prepared by the Treasurer, addressed to the Secretary of the Treasury, which more fully covers the foregoing, is attached hereto.

Respectfully,

W. O. WOODS, *Treasurer.*

Hon. T. L. ODDIE,
United States Senate, Washington, D. C.

TREASURY DEPARTMENT,
Washington, May 3, 1932.

Memorandum for the Secretary.

It seems proper to invite your attention to the effect the proposed 10 per cent reduction in appropriations would have on the Treasurer's Office.

Due to the increase in the volume of work in this office the department, the Budget, and the House of Representatives granted a $21,200 increase in the appropriation for the fiscal year 1933 over the amount appropriated for the current fiscal year. The necessity for additional funds to carry on the work of the office was recognized as imperative, notwithstanding the desire to avoid increase, and hence it is self-evident that the curtailment of the amount now proposed would prevent functioning on a current basis. In this statement, the necessity for the increased appropriation carried in the pending bill is reiterated, and the effect of a 10 per cent reduction is shown.

The estimate "Salaries, Office of the Treasurer of the United States" provides for the salaries of all employees of the Treasurer's Office except those engaged in redeeming national bank and Federal reserve currency. The increase in the estimate is based principally on two factors; viz, the additional number of checks to be handled and the increase in the acceptance of postal savings collateral.

During the fiscal year 1931, due to legislation passed by Congress relative to loans to veterans, disability allowances to veterans, drought relief, and loans to farmers, there was an increase of 3,300,000 checks or approximately 11 per cent. No provision was made in the appropriation for this work, but detailed employees were secured, the value of whose services was $26,854. A part of this additional work carried over into the current fiscal year and at the same time the number of checks issued for disability allowances began to be a real factor. As the claims were adjudicated and settled, the issue of a monthly check in each case commenced. It is estimated that 3,600,000 such checks will be issued this fiscal year. This does not mean a net increase of that aggregate in the total number of checks because the number of bonus checks and drought-relief checks which were nonrecurring was 2,250,000, so that the increase in the total is estimated at 750,000. There is an estimated increase in the disability allowance checks of 2,000,000 during the fiscal year 1933. Thus the increase of 750,000 this year over last year will cause this year's aggregate to surpass the previous year by 4,000,000, and next year's aggregate, with a still further increase of 2,000,000, will be an aggregate of 6,000,000 over 1930.

The handling of checks is in the main a physical task. They must be examined, proved, sorted, and listed. Itemized statements of each account must be sent each month to the disbursing officer concerned. A clerk can examine, sort, and list just so many checks per day. There is almost an exact mathematical relationship between the number of clerks and the number of checks received and cleared. In the clearing operation it is only by the most diligent of effort that the volume of checks we receive can be handled on time. There is no waste of time, and it very frequently occurs that the check-clearing force is kept on duty beyond regulation hours. That is particularly true on the days following pay days and on Saturdays. The great amount of overtime demonstrates diligence during regular hours.

The other principal increase in work has been in the handling of collateral placed with the Treasurer to secure the deposits of postal savings funds. On June 30, 1930, the total amount of collateral on deposit was $204,000,000; on June 30, 1931, the total was $357,000,000, an increase of $153,000,000. This will be more appreciated when it is realized that the greatest increase in any previous fiscal year was $18,000,000. To-day the collateral on deposit amounts to $711,000,000, an increase of $354,000,000 in 10 months of this fiscal year. This collateral must be examined critically and recorded with extreme care. In the case of municipal bonds, their acceptability must be most particularly ascertained. The task is performed with great exactness. The market must be closely observed so that the proper valuation is certain to be accorded the collateral. Coupons must be detached at each interest period and transmitted to the owner of the collateral. A great amount of correspondence is required in the performance of this task. There is no immediate prospect of any decrease in this work but on the contrary the collateral on deposit is mounting. The necessity for extreme care is obvious.

The work in other branches of the office has increased, but to a lesser degree. For instance, in the cash room the work has been increased by recent changes in two offices from cash payment of

salaries to check payment. Those changes will result in an annual increase of 175,000 in checks presented over the counter for payment either to individuals or to local banks.

There has been an addition in the number of accounts carried in the division of general accounts. In neither of those branches has the clerical force been increased.

During the current fiscal year a deficiency appropriation of $20,000 was shown to be imperatively necessary, and that sum was obtained, and, in addition, details of employees were secured. A number of these details have expired and others will expire June 30. Congress recognized the necessity for additional funds this year, and surely with an increase in work it certainly seems unreasonable to require a reduction equal to about $100,000 below the amount expended this year. It seems appropriate to remark that when the Saturday half holiday law became effective this office was forced to absorb it, for no additional funds were provided to meet it. It was met by exacting that the work of six days be crowded into five and one-half days. Greater diligence and overtime met the requirement.

The following table shows the amount expended for the fiscal years 1931, 1932, and the estimate for 1933, together with the number of checks handled and the increase of Postal Savings collateral on deposit:

	1931	1932	1933
Treasurer's appropriation	$1,215,026	$1,227,800	$1,269,000
Detailed force	26,854	13,490	----------
Deficiency appropriation	----------	20,000	----------
Total	1,241,880	1,261,290	1,269,000
Number of checks	34,700,000	35,450,000	37,450,000
Postal savings collateral increase	$153,000,000	$375,000,000	(?)

A reduction of 10 per cent in the estimate would mean that the force would have to be reduced 60 employees plus the savings resulted from several anticipated retirements. That would be imperative to bring the rolls down to the proposed figure. The divisions which handled the work described above would bear the brunt of this decrease because 70 per cent of the force of this office is employed in those divisions.

The work of clearing checks must be accomplished in due course in order to guard against loss. At present, for about 10 days per month, practically the entire force of the accounting division is engaged in the clearance operation, and on those days overtime is the rule rather than the exception. The less current work, such as sorting of checks and preparation of itemized check statements for disbursing officers, is temporarily laid aside. With a reduced force it would be next to impossible to complete the clearance on some days within due course rules, and thus recourse against the indorsers on an improperly paid check would be jeopardized. The monthly statements of the checking accounts of the officers who draw the checks are now only kept current during the last three months of the fiscal year. During the summer-vacation period the work falls behind and is not brought up to date until about April. With a reduction in force that class of our work would simply slip further and further behind. Manifestly, it is very poor administration to permit the business of such a character to fall in arrears.

Prompt handling of checks is essential in the case of forgeries, raised checks, etc., if hope of apprehending the wrongdoer is to be expected, and books must be posted promptly to prevent the honoring of overdrafts in the accounts of disbursing officers. In short, if check-clearing operations are not conducted efficiently, the procedure of Government payments is very seriously handicapped.

It is absolutely essential in the handling of securities and cash to have sufficient force properly and adequately to perform the task. When an office handles millions of dollars in negotiable securities and cash every day, the necessity for a sufficient number of employees to properly examine and account for them does not seem open to argument. It is obvious that inadequate check and inadequate safeguards could lose enough in one day to equal the 10 per cent cut.

This office receives and accounts for all moneys coming into the possession of the Treasury. All disbursements of Government funds are charged to the account of the Treasurer. Unless the Treasurer functions efficiently, the entire Government financial operations are impaired.

The other appropriation under control of the Treasurer, "Salaries, Office of the Treasurer of the United States, national currency reimbursable," provides for the force engaged in the redemption of national-bank and Federal-reserve currency. The entire cost of this work is borne by the banks so that any reduction in this estimate would simply result in a decrease in the receipts for the following fiscal year. A reduction in the appropriation would be no benefit to the Government. On the contrary, an insufficient appropriation for this work would result in a direct loss. The banks maintain a fund of 5 per cent of their outstanding circulation to redeem their notes. The notes received for redemption are charged against this account. If a sufficient force is not maintained and redemptions are permitted to accumulate, the accumulation would soon exceed the 5 per cent fund and the Government would have to advance funds to meet the redemption of the excess. To do this it would be forced to borrow money and the interest on that money would be a direct charge against the Government for which no reimbursement would be received. There is now a billion dollars more in Federal reserve notes outstanding than on the corresponding day one year ago. This forecasts much larger redemptions in the fiscal year 1933 than in this fiscal year. In view of this there is a possibility that the estimate for 1933 will be insufficient. A reduction in the appropriation would mean no saving to the Government. As shown above, it might mean a loss. A 10 per cent reduction would mean the dismissal of 14 employees on this roll.

The foregoing is set forth with a view to causing it to be made clear that a 10 per cent cut in the funds would have an effect that would be such an unwise thing to do that it does not seem that the Congress would require it if those who have the responsibility of ordering it were fully alive to the effect of such a requirement.

Respectfully,

W. O. WOODS, *Treasurer.*

REPORTS OF COMMITTEES

Mr. SHEPPARD, from the Committee on Commerce, to which was referred the bill (S. 4576) to authorize the Secretary of Commerce to grant an easement for railroad right of way over and upon a portion of the helium-gas-bearing lands of the United States of America, in Potter County, in the State of Texas, reported it without amendment and submitted a report (No. 638) thereon.

Mr. TRAMMELL, from the Committee on Claims, to which was referred the bill (S. 361) for the relief of Mary E. Stebbins, reported it with an amendment and submitted a report (No. 639) thereon.

Mr. LOGAN, from the Committee on Claims, to which was referred the bill (S. 2960) for the relief of the estate of Anton W. Fischer, reported it without amendment and submitted a report (No. 640) thereon.

Mr. GLENN, from the Committee on Claims, to which was referred the bill (S. 368) for the relief of Joliet National Bank, Commercial Trust & Savings Bank, and H. William, John J., Edward F., and Ellen C. Sharpe, reported it without amendment and submitted a report (No. 645) thereon.

Mr. WHITE, from the Committee on Claims, to which was referred the bill (S. 4513) for the relief of Walter Thomas Foreman, reported it with an amendment and submitted a report (No. 647) thereon.

Mr. HOWELL, from the Committee on Claims, to which was referred the bill (H. R. 2633) for the relief of William R. Cox, reported it with an amendment and submitted a report (No. 648) thereon.

He also, from the same committee, to which were referred the following bills, reported them severally without amendment and submitted reports thereon:

S. 256. An act authorizing adjustment of the claim of Madrigal & Co., Manila, Philippine Islands (Rept. No. 649);

S. 261. An act authorizing adjustment of the claims of John T. Lennon and George T. Flora (Rept. No. 650);

S. 4258. An act authorizing adjustment of the claim of the Franklin Surety Co. (Rept. No. 651);

S. 4440. An act authorizing adjustment of the claim of George H. Hansen (Rept. No. 652);

S. 4441. An act authorizing adjustment of the claim of the National Surety Co. (Rept. No. 653);

S. 4567. An act to provide for the settlement of claims against the United States on account of property damage, personal injury, or death (Rept. No. 658);

H. R. 2238. An act for the relief of Edward Bodeck (Rept. No. 654);

H. R. 3724. An act for the relief of Charles Thomas (Rept. No. 655); and

H. R. 4144. An act for the relief of H. H. Lee (Rept. No. 656).

Mr. REED, from the Committee on Immigration, to which was referred the bill (S. 4425) relating to the immigration and naturalization of certain natives of the Virgin Islands, reported it without amendment and submitted a report (No. 641) thereon.

Mr. FRAZIER, from the Committee on Indian Affairs, to which were referred the following bills, reported them each without amendment and submitted reports thereon:

S. 4352. An act to amend an act (ch. 300) entitled "An act authorizing the Coos (Kowes) Bay, Lower Umpqua (Kalawatset), and Siuslaw Tribes of Indians of the State of Oregon to present their claims to the Court of Claims,"

approved February 23, 1929 (45 Stat. 1256) (Rept. No. 642); and

H. R. 10161. An act amending the act of May 25, 1918, with reference to employing farmers in the Indian Service, and for other purposes (Rept. No. 643).

Mr. FRAZIER also (for Mr. WHEELER), from the Committee on Indian Affairs, to which was referred the bill (H. R. 5940) for the relief of Florian Ford, reported it without amendment and submitted a report (No. 644) thereon.

Mr. HALE, from the Committee on Naval Affairs, to which was referred the bill (S. 4349) authorizing the President of the United States to present a Navy cross to Carlos V. Cusachs, late lieutenant commander, United States Navy, reported it without amendment and submitted a report (No. 646) thereon.

Mr. TYDINGS, from the Committee on Naval Affairs, to which was referred the bill (S. 4270) for the relief of Commander Francis James Cleary, United States Navy, reported it without amendment and submitted a report (No. 657) thereon.

NATIONAL EMPLOYMENT SYSTEM

Mr. DALE submitted the views of the minority of the Committee on Commerce to accompany the bill (S. 2687) to provide for the establishment of a national employment system and for cooperation with the States in the promotion of such system, and for other purposes, heretofore reported from that committee with an amendment, which were ordered to be printed as part 2 of Report No. 589.

ENROLLED BILLS PRESENTED

Mr. WATERMAN, from the Committee on Enrolled Bills, reported that that committee presented to the President of the United States the following enrolled bills:

On May 4, 1932:

S. 460. An act to give war-time commissioned rank to retired warrant officers and enlisted men;

S. 2428. An act to provide for the confirmation of a selection of certain lands by the State of Arizona for the benefit of the University of Arizona;

S. 2967. An act to extend the times for commencing and completing the construction of a bridge across the Missouri River at or near Randolph, Mo.; and

S. 3953. An act to amend the act approved February 7, 1927, entitled "An act to promote the mining of potash on the public domain."

On May 5, 1932:

S. 1047. An act authorizing the Secretary of the Navy, in his discretion, to deliver to the custody of the Historical Society of Montana, for preservation and exhibition, the silver service which was in use on the gunboat, No. 9, *Helena;*

S. 2396. An act to amend section 11 of the act approved February 22, 1889 (25 Stat. 676), relating to the admission into the Union of the States of North Dakota, South Dakota, Montana, and Washington; and

S. 3908. An act to amend the act entitled "An act to regulate navigation on the Great Lakes and their connecting and tributary waters," approved February 8, 1895.

EXECUTIVE REPORTS OF THE POST OFFICE COMMITTEE

As in executive session,

Mr. ODDIE, from the Committee on Post Offices and Post Roads, reported favorably sundry nominations of postmasters, which were placed on the Executive Calendar.

BILLS INTRODUCED

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. HALE:

A bill (S. 4580) granting an increase of pension to Annie Luesson (with accompanying papers); to the Committee on Pensions.

By Mr. VANDENBERG:

A bill (S. 4581) to extend the times for commencing and completing the construction of a bridge across the St. Clair River at or near Port Huron, Mich.; to the Committee on Commerce.

By Mr. McKELLAR:

A bill (S. 4582) for the relief of the State of Tennessee (with an accompanying paper); to the Committee on Claims.

A bill (S. 4583) authorizing an appropriation of $13,500 for purchase from the Tennessee Great Smoky Mountains Park Commission, Knoxville, Tenn., of a topographic map covering part of the Great Smoky Mountains National Park (with an accompanying paper); to the Committee on Public Lands and Surveys.

By Mr. THOMAS of Oklahoma:

A bill (S. 4584) for the relief of George Spybuck and Rosa Spybuck Perry; to the Committee on Claims.

By Mr. DICKINSON (for Mr. BROOKHART):

A bill (S. 4585) granting an annuity to Samuel R. Stone; to the Committee on Finance.

CHANGE OF REFERENCE

On motion of Mr. HOWELL, the Committee on Claims was discharged from the further consideration of the bill (H. R. 4039) for the relief of Herman H. Bradford, and it was referred to the Committee on Military Affairs.

CLERK IN THE DISBURSING OFFICE

Mr. FLETCHER submitted the following resolution (S. Res. 208), which was referred to the Committee to Audit and Control the Contingent Expenses of the Senate:

Resolved, That the Secretary of the Senate hereby is authorized and directed to employ a clerk for service in the disbursing office of the Senate, at the rate of $2,220 per annum, to be paid from the contingent fund of the Senate until otherwise provided by law.

THE PRESIDENT'S RECONSTRUCTION PROGRAM—ADDRESS BY SENATOR BYRNES

Mr. BANKHEAD. Mr. President, I ask unanimous consent to have incorporated in the RECORD a speech delivered by the junior Senator from South Carolina [Mr. BYRNES] last night over the Dixie network of the Columbia Broadcasting System.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

Spokesmen for the President declare that with the enactment of the revenue bill the reconstruction program of the President will be complete, and the assistant Republican leader of the Senate, Mr. MCNARY, proposes the adjournment of Congress on June 12. The President's program has consisted of (1) his recommendation for legislation granting a moratorium to our European debtors, (2) the enactment of the Reconstruction Finance Corporation act, (3) the approval of the Glass-Steagall bill, and (4) the passage of the pending revenue bill.

Consideration of this program shows that it was a reconstruction program that failed to reconstruct. By the granting of the moratorium the payment this year of approximately $250,000,000 was waived, and the deficit in our Treasury was increased by that amount of money. Most of us now agree that this legislation did not contribute to the recovery of business in America. Certainly I am of the opinion that there should be no further extension of time for the payment of these debts. If our European debtors can raise funds with which to maintain large standing armies and construct battleships, they can raise funds with which to pay what they owe the American people.

The next measure of the program was the Reconstruction Finance Corporation act. Willingly I concede that by reason of the loans made by this corporation some bank failures have been averted and many depositors benefited. But when we speak of the few bank failures now occurring we must remember that since Mr. Hoover became President three years ago 4,861 banks have closed their doors, and necessarily there are not so very many banks left in operation. Even as I concede that the Reconstruction Finance Corporation has been of benefit, I urge that as soon as the emergency has passed this corporation should be liquidated. Government has no money except that wrung from the people in taxes. The taxpayers can not hope to pay enough taxes to run a bank financing all the banks and railroads of America. Furthermore the existence of this corporation is now used as an excuse for every unsound proposal demanded of Congress. There are now too many people who believe that government in some way should support every citizen. That is not my conception of government. It is the duty of every citizen to support the Government, but it is not the duty of the Government to support every citizen. And it is not the duty of government to finance every bank and every railroad.

When the Reconstruction Finance Corporation failed to accomplish all that had been anticipated in restoring the confidence of the bankers and inducing them to furnish credit to legitimate business in America, the Glass-Steagall law was enacted. This measure provides that additional collateral held by the local banks can be used by them to borrow from the Federal reserve banks.

It was hoped that it would cause the bankers to feel sufficiently reassured to again make loans to customers. It failed in its purpose. Business men to-day find it difficult to borrow even upon Liberty bonds.

Since the passage of the Glass-Steagall bill in February, instead of the local banks borrowing more money, as was expected, from the Federal reserve banks, they have borrowed $100,000,000 less. The quarterly report as of April 27 shows the total amount borrowed by member banks to be only $531,824,000 when they could borrow $8,000,000,000.

I do not mean to indulge in denunciation of the bankers of America. I think I understand their mental attitude. To-day, before they make a loan they want to know in what business the borrower expects to invest the proceeds of the loan, and unless they can see some hope of profit in the proposed business there will be no loan. Recent experiences have made them not only cautious but overcautious.

The only other measure upon the reconstruction program of this administration is the very general recommendation that the Budget be balanced. Of course, we must balance the Budget, but in balancing it too much attention is being given to additional taxation, too little to the reduction of expenditures. And, as to its effect upon business, we must remember this depression was not brought about by any failure to balance the Budget. When in the fall of 1929 the price of securities and the price of commodities "hit the toboggan" for the long, long trail they have since pursued, there was a surplus in the Treasury of the United States. At the end of the fiscal year, June 30, there was a surplus in the Treasury of approximately $190,000,000. The deficit which makes necessary the balancing of the Budget did not develop until the summer of 1931, so we may as well recognize that the depression was not caused by a deficit in the Treasury but that the deficit in the Treasury was caused by the depression in business.

If the only hope of the administration for the restoration of normal business is based upon the passage of a revenue bill taking from the people in taxes an additional billion dollars, then there is justification for the despair and demoralization that exist in the business world. With incomes depleted, with dividends reduced or discontinued, with losses supplanting profits, with salaries reduced, with cotton selling at 5 cents per pound and wheat netting the farmer 35 to 40 cents per bushel, from every corner of the Nation there has come the demand for a reduction of taxes by the Government. State, county, and city governments have responded with reduced levies. The Federal Government proposes to respond by levying more than $1,000,000,000 additional taxes. Only the thoughtless man can hope that this additional revenue can be secured solely from the rich. To-day the tax collector looks in vain for the rich. Those whom we yesterday regarded as in the millionaire class know not to-day whether they are solvent. We can not levy an additional billion dollars of taxes without hurting all the people, seriously burdening the already overburdened business man, increasing his losses, making it necessary for him to dismiss employees, and adding to the army of the unemployed.

Even this hurried reference to the administration's program discloses its utter failure. Now, it is hardly necessary for me to refer to existing conditions. However, we can not blind ourselves to the fact that as the administration announces the completion of its program the prices of commodities and securities are lower than at any time since the beginning of this panic in the fall of 1929. The people of America owe, including the obligations of governments, corporations, and individuals, approximately $100,000,000,000. These debts were contracted at a time when a bale of cotton was worth $100 instead of $25; when a bushel of wheat was worth $1.50 instead of 40 cents. The people can not pay their debts with commodities at present prices. All the people can not go into the bankruptcy courts.

To-day whenever a debtor considers that in order to pay his debts contracted three years ago he must give three times as much of his labor or of his products as he would have given three years ago he loses all incentive to labor. In an effort to relieve this situation the Democratic House has passed the Goldsborough bill, directing the Federal Reserve Board to use all of its power to bring about the inflation of credit and currency so as to increase the price of commodities. I hope the Senate will pass this measure. It may be said that the board now has this power. It has not exercised it. The board announces that it has been attempting to bring about mild inflation. If so, it has been so mild it can not be detected. It is true that without any additional legislation the President, who appoints the Federal Reserve Board, can influence them to increase their purchases of Government securities, further reduce the rate of discount, and use the influence of the board to reestablish the confidence of the bankers.

But the President has failed to act. The Secretary of the Treasury, at the luncheon of the Associated Press in New York on April 25, said:

"What would appear to be required now is the stimulus of credit expansion supported by a liberal policy of the Federal reserve system."

Only now does that appear necessary to the Secretary of the Treasury, from whom the President gets his advice on all financial matters. It appeared necessary to almost everyone else in America two years ago. Had the necessity appeared to the Secretary and the President at that time, many a business and many a home would have been saved. Because, even now, it only appears necessary to Mr. Mills, Congress should pass the Goldsborough bill, declare the policy, and demand its enforcement. The times and conditions demand resolute and positive action instead of mild and hesitant action. The President should profit by his experience. He did not advocate the establishment of the Reconstruction Finance Corporation until during his administration 4,861 banks had closed their doors. We should not hesitate to bring about this controlled inflation of credit and currency through the Federal Reserve Board until a similar disaster shall overtake the farms and factories of America.

PAYMENT TO INDIAN PUEBLOS

Mr. BRATTON. Mr. President, I ask unanimous consent that Senate bill 2914, Order of Business 223, a measure introduced by my colleague [Mr. CUTTING] and myself jointly, be referred back to the Committee on Indian Affairs.

The VICE PRESIDENT. Without objection, the bill will be recommitted.

RELIEF OF AGRICULTURE

Mr. HOWELL. Mr. President, the distinguished Senator from Idaho [Mr. BORAH] has again called attention to the economic situation confronting not only our own country but the world, and to the very evident timidity of governments in attempting to solve the problems presented. However, I call his attention to the fact that there is actually some evidence of boldness in Congress in this connection; for, although a Democratic House of Representatives, as in the case of the Republican Senate, has passed no constructive measure during this Congress to the end of affording economic equality to the farmer, yet the House did, in my opinion, made real economic history last Monday, May 2, by adopting one of the most important measures for all industries, including agriculture, ever presented to the American Congress. It has for its purpose the restoration of the commodity price level to a normal level, as defined in the bill, through the stabilization of the purchasing power of the dollar.

Mr. THOMAS of Oklahoma. Mr. President, will the Senator yield?

Mr. HOWELL. I yield.

Mr. THOMAS of Oklahoma. Does the distinguished Senator understand that that bill has been vetoed by the leadership in this body on both sides of the aisle, if the public press reports are to be believed, even in advance of hearings being held on the measure?

Mr. HOWELL. I am not convinced by the reports in the public press in reference to a matter of such tremendous importance and possessing such great possibilities for the welfare of the Nation.

This bill has for its purpose, as I say, the restoration of the commodity price level to a normal level, as defined in the bill, through the stabilization of the purchasing power of the dollar.

I can conceive of nothing more vital to the welfare of every economic group and hence of every individual in this country, including the farmer, than to provide for the stability of the unit of value and thereby eliminate the violent fluctuations in values that have afflicted us so greatly in the past.

Never before has Congress assumed the responsibility placed upon it by the Constitution of the United States to provide for a stable unit of money. Section 8 of our Constitution empowers Congress "to coin money, regulate the value thereof, and of foreign coin, and fix the standard of weights and measures." Yet for nearly 150 years Congress has allowed the value of money to fluctuate from one extreme to another.

In 1920 the purchasing power of the dollar was 64.8 cents. By the following year, as the result of a deflation policy, the purchasing power of the dollar had risen to $1.025, and by 1931 it had further risen to $1.406, or 40.6 cents more than was its purchasing power in 1920. This is the purchasing power of the dollar as expressed in terms of wholesale prices of commodities, as indicated by the Bureau of Labor Statistics, United States Department of Labor.

When the dollar gains in purchasing power it means that the prices of commodities have fallen, because commodity prices are expressed in terms of dollars. I desire to insert in the RECORD at this point a table showing the violent fluctuations in the purchasing power of the dollar from 1890 to 1931.

The VICE PRESIDENT. Without objection, that order will be made.

The matter referred to is as follows:

DEPARTMENT OF LABOR,
BUREAU OF LABOR STATISTICS.

Purchasing power of the dollar expressed in terms of wholesale prices (1926=$1)

1890	$1.779
1891	1.792
1892	1.916
1893	1.873
1894	2.088
1895	2.049
1896	2.151
1897	2.146
1898	2.062
1899	1.916
1900	1.783
1901	1.808
1902	1.698
1903	1.678
1904	1.675
1905	1.664
1906	1.618
1907	1.534
1908	1.590
1909	1.479
1910	1.420
1911	1.541
1912	1.447
1913	1.433
1914	1.468
1915	1.439
1916	1.170
1917	.851
1918	.762
1919	.722
1920	.648
1921	1.025
1922	1.034
1923	.994
1924	1.019
1925	.966
1926	1.000
1927	1.043
1928	1.024
1929	1.036
1930	1.159
1931	1.406

Mr. HOWELL. A money standard that fluctuates in value from 64 cents to $1.40 within a little more than a decade is an unjust standard. It means a dishonest dollar. The man who borrowed money in 1920, when the dollar was worth 64 cents, would have to pay back more than twice as much when it is worth $1.40. The total indebtedness, both public and private, in the United States is $203,000,000,000, as estimated by Doctors Warren and Pearson, of Cornell University—Farm Economics, Cornell University. I wish to insert in the RECORD this estimate.

The VICE PRESIDENT. Without objection, it is so ordered.

The matter referred to is as follows:

Debt:	Amount
Corporations	$76,000,000,000
Urban mortgages [1]	37,000,000,000
Bank loans	35,000,000,000
State, county, and local	21,000,000,000
National	18,000,000,000
Farm mortgages	9,000,000,000
Life insurance policy loans and premium notes	3,000,000,000
Retail installment paper [2]	3,000,000,000
Pawnbrokers' loans and unlawful loans of all kinds [3]	1,000,000,000
Total	203,000,000,000

Mr. HOWELL. Much of this debt was contracted when the dollar had a very low purchasing power. Our war debt was contracted in a period of high prices, when the dollar had a very low purchasing power, ranging from 64.8 cents to 85.1 cents. We now have to repay this debt with a dollar worth $1.406, or 117 per cent more than in 1920.

[1] Based on estimates furnished through the courtesy of George Terborgh, of the Brookings Institution.

[2] Based on reports of the National Association of Finance Companies.

[3] Ryan, F. W., Family Finance in the United States, the Journal of Business of the University of Chicago, Vol. III, No. 4, pt. 1, p. 404, October, 1930.

In 1920 the total public debt of the Federal Government was $24,000,000,000; in 1931 it was $16,000,000,000. In terms of dollars this represented a reduction in our public debt of $8,000,000,000. However, the present public debt of $16,000,000,000, despite all we have paid off, is in reality equivalent to nearly $35,000,000,000 on the basis of the present purchasing power of the dollar, or an increase of 117 per cent in our debt burden. Thus, despite the fact that we have retired our public debt by nearly $1,000,000,000 a year, we now have a greater debt burden than we had in 1920, due entirely to the fluctuation of the purchasing power of the dollar.

This Government can survive such catastrophic changes as this, but tens of thousands of our business enterprises and millions of our citizens can not. They have been and will continue to be ruined by these violent changes in values. Agriculture has been hit harder than most industries by this injustice, because its prices have declined more than the average. The farm-price index has dropped to 60, and the farmers' dollar of debt and taxes has, therefore, become approximately $1.70. A dollar which represented one-half bushel of wheat in 1919 represented a bushel in 1929, and in the early summer of 1931 represented three bushels. Is there anything honest about such a standard of value as that?

Mr. President, it is nothing short of a national disgrace that we allow such violent fluctuations in the purchasing power of the dollar. We have deflated our currency until the dollar is worth twice what it was in 1920 and in the neighborhood of 45 per cent more than it was in the pre-war period; and what has been the result? We have thrown thousands into bankruptcy, wiped out the savings of a lifetime of toil of hundreds of thousands of our citizens, tremendously increased the public and private debt burden, dried up the income of our citizens, closed factories, thrown millions out of work, precipitated the greatest peace-time deficit in the history of this Government, and brought misery, discontent, and privation upon the country generally. All of which is appalling, almost incomprehensible, when it is realized that much of it could have been prevented by a wise and aggressive monetary policy.

Though I am not approving policies adopted in Europe for the purpose of stabilization, yet it is a fact that France, instead of allowing her currency to be deflated, revalued her franc at a level of one-fifth of its pre-war value, which was the prevailing value of the franc in 1928 at the time this stabilization operation was undertaken. France accomplished this by reducing the weight of gold in the franc to one-fifth the pre-war amount, reducing it from 322.58 milligrams of gold 900/1000 fine to 65.5 milligrams of gold 900/1000 fine. As a result, France is prosperous and her people are happy. Debts can be repaid on a level comparable with that on which they were contracted.

England tried deflation in 1925, and shook the foundations of the country, with the result that she was forced to abandon the gold standard in September, 1931. Since then the value of the pound sterling has dropped about 38 per cent, and commodity prices have increased in about the same proportion. Business has improved, employment has increased, and there is renewed confidence among the people.

The bill that passed the House last Monday does not mean in any sense the abandonment of the gold standard. It has the indorsement of the leading economist of this country—men like Prof. Irving Fisher, of Yale University; Prof. Willford I. King, of New York University; Prof. G. F. Warren, of Cornell University; and numerous others. It is supported by the American Farm Bureau Federation, the National Grange, the National Farmers' Union, and other farm organizations. Its principle is also indorsed by the American Federation of Labor. Some experts believe that to accomplish the desired result the bill should also include a provision permitting the Federal Reserve Board to change the price paid for gold from time to time. Experience may indicate that this might become a desirable anchor to windward in case of storm, yet it is not necessary to the experiment proposed. The important feature of this measure is

that it proposes to establish a principle to the end of making substantial progress in the right direction.

The Senate has thus far taken no action along this line, although of such vital importance to the welfare of every citizen in this country. Yet a bill introduced by the senior Senator from Florida [Mr. FLETCHER], almost identical in character, has been pending before the Senate Committee on Banking and Currency for some time. However, no action has been taken thereon, although this session is rapidly nearing a close. The responsibility is ours, placed upon us by the Constitution of the United States—the responsibility of providing a stable unit of value. We must not adjourn until we have fulfilled this responsibility. If there ever was a time in the history of this country when a restoration of commodity values and a stabilization of values is needed, it is now.

Restore the commodity price level, and you restore prosperity to this country and all that prosperity connotes—busy factories, work for the unemployed, living-wage scales for workers, markets for farm produce, ability to pay debts. When this is done we will not need to worry about balancing the Federal Budget. The Reconstruction Finance Corporation can shut up shop, and the loans already made can be repaid. Deposits will return to the banks, and public confidence will be restored.

Practically every reputable economist who has studied this question agrees that stabilization of the value of money is not only necessary but feasible. I have had compiled a series of brief statements of eminent economists, financiers, industrial and agricultural leaders, and financial experts, showing the widespread agreement among leaders that something must be done to stabilize values. I offer this for the RECORD.

The VICE PRESIDENT. Is there objection to the request of the Senator from Nebraska?

There being no objection, the matter referred to was ordered to be printed in the RECORD, as follows:

WHAT EMINENT ECONOMISTS, BANKERS, FINANCIAL EXPERTS, BUSINESS AND AGRICULTURAL LEADERS SAY ABOUT MONEY STABILIZATION

ECONOMISTS

As far back as 1824, John Rooke, in a book entitled "Inquiry Into the Principles of National Wealth," published in Edinburgh, stated:

"The regulation of the new system is that in whatever proportion the general and annual price of farm labor throughout the kingdom has a tendency to rise or fall, that rise or fall shall be counteracted by a reverse rise or fall in the current price of the gold and silver coin."

The distinguished Swedish economist, Gustav Cassel, in his book Money and Foreign Exchange (1922 edition, p. 254), stated:

"The only quality demanded of a monetary system which is of any importance for promoting the trade and general welfare of the world is stability."

Dr. Irving Fisher, professor of economics at Yale University, who has been a student of this subject for many years and has written numerous books on the subject, testified before the House subcommittee in behalf of the proposed legislation. The following extract is quoted from his testimony:

"I can put in nine propositions my main beliefs on this subject:

"First. That money has always hitherto been unstable, with very few exceptions, one being when the Federal reserve system, under the leadership of Governor Strong, was trying to stabilize it between 1921 and 1929.

"Second. That both inflation and deflation are injurious, and, if extreme, as at present, are ruinous.

"Third. That the evils from inflation and deflation may be summarized under three heads: Social injustice, social discontent, and social inefficiency. These evils bring poverty, bankruptcy, unemployment, suicide, bloodshed, political unheavals—they are behind all the legislation, practically, that is exciting any comment now in Congress—war, and revolution.

"Fourth. That the realization of these evils is hidden. There is no realization of these evils by most people, because they are hidden by what I call the money illusion. We think in terms of money, and take it for granted that it is stable.

"Fifth. That the present depression is for the most part due—I would say nine-tenths due—to deflation.

"Sixth. That the price level, if we do not do anything about it, could still go down far below where it is now. There would be no absolute bottom to the abyss into which we could plunge—I do not say will plunge, but could plunge—until we got down 95 per cent lower than we are now, which would ruin practically every business man and every farmer in the country.

"Seventh. What has happened—as well as this further fall that is still possible—was all or mostly preventable.

"Eighth. That even to-day it is partially curable.

"Ninth. If it is not cured, our whole American individualistic and capitalistic system is in danger.

"I heard one of the leading bankers—I wish I had permission to quote him, but I do not want to do anything I am not authorized to do—the president of one of the largest banks in one of our largest cities, and the chairman of one of the most important committees of the American Bankers' Association, say that we must raise the price level to let people pay their debts, and that if we do not he fears that the whole capitalistic system is going to collapse. He was willing to raise the price level by changing the weight of the dollar."

John Maynard Keynes, who is one of the leading economists of Great Britain, stated in an article in the New Republic, February 27, 1924:

"Currency reform has two objects: To remedy the credit cycle and to mitigate unemployment and all the evils of uncertainty, and to link the monetary standard to what matters, namely, the value of staple articles of consumption, instead of to an object of oriental splendor, it is true, and one to which Egyptian and Chaldean bank directors attributed magical properties, but not otherwise useful in itself and precarious in its future prospects."

Dr. E. W. Kemmerer, professor of economics at Princeton University, one of the eminent economists of this country, who has been consulted by a large number of foreign countries in regard to their financial problems and monetary problems, stated at a meeting of the Stable Money Association, December, 1927:

"* * * The world sooner or later must either learn how to stabilize the gold standard or devise some other monetary standard to take its place.

"There is probably no defect in the world's economic organization to-day more serious than the fact that we use as our unit of value not a thing with a fixed value but a fixed weight of gold with a widely varying value. In a little less than a half century here in the United States we have seen our yardstick of value, namely, the value of a gold dollar, exhibit the following gyrations: From 1879 to 1896 it rose 27 per cent; from 1896 to 1920 it fell 70 per cent; from 1920 to September, 1927, it rose 56 per cent. If, figuratively speaking, we say that the yardstick of value was 36 inches long in 1879, when the United States returned to the gold standard, then it was 46 inches long in 1896, 13.5 inches long in 1920, and is 21 inches long to-day."

Dr. John R. Commons, professor of economics at the University of Wisconsin, in an article in the North American Review, January and February, 1928, says:

"Congress has given to them as a system authority for concerted action which enables them, as has been explained, to control the value of gold and the general level of world prices, but Congress has laid down no policy except the vague 'accommodation of business and commerce,' thus putting on the Federal reserve authorities the unfair responsibility of using their uninstructed and private judgment as to what is needed by, and desirable for, the country from time to time. This omission has already caused a division within the system, as to whether the rate of rediscount should be uniformly lowered in order to help Europe buy American farm exports, or kept at a higher rate to aid the bankers in making profits. Had Congress retained the first draft of the Federal reserve bill, which would have instructed the system to maintain stability of the general price level, the wholesome effect of a definitely known policy might have been enjoyed. Even the extreme fluctuation of 1919 and 1920 might have been avoided by stopping inflation sooner and making the deflation less severe, just as afterwards a price inflation was stopped in 1923 and a price deflation was controlled in 1925. * * *."

Sir Josiah Stamp, internationally known economist of England, a director of the Bank of England, and head of one of the largest railways in England, wrote an introduction to one of Doctor Fisher's books, The Money Illusion (English edition), in which he said in part:

"Money as a physical medium of exchange made a diversified civilization possible. * * * And yet it is money, in its mechanical even more than its spiritual effects, which may well, having brought us to the present level, actually destroy society. * * *

"Everything depends upon whether our combined and international wisdom can master the next stage of monetary science. Certainly the old ideas and practices will no longer serve.

"I have long said that a new development in monetary knowledge is the most important single problem of our age—more important than unemployment, industrial peace, or capitalism, because fundamental to them all. * * *

"The number of thinking men who appreciate, ad hoc, the fact of monetary fluctuation is now not small; but the proportion who carry that appreciation into the other fields of thought as a persistent element in the mall is singularly few. It means the same kind of effort of mind as the realization of terrestrial or astronomical motion. Even when realized it is deemed a little pedantic to insist upon it.

"The revolutionary proposal embodied in the Dawes plan to make the annual reparation burden fluctuate with the value of gold passes with little or no comment, whereas 'interference' with the monetary burden by altering the aggregate, the period of years, or the rate of interest for reparations or international loans excites political feeling at once. * * *

"Whether our monetary standard is to be of pure and visible gold or an unseen one managed by a golden handle, or whether gold is to have no more effect upon the price level than the mer-

cury in the thermometer has upon the temperature, the next decade will more clearly show."

Dr. G. F. Warren, professor of economics, Cornell University, and an eminent authority on this subject, stated in an address on The Economic Situation, delivered at a meeting in Syracuse, N. Y., March 15, 1932:

"There are only two possible solutions of the present business chaos. Either the commodity price level must rise to and remain at the level at which public and private debts were contracted, or else the endless bankruptcies, of which we have had a sample, must continue. Public and private debts in 1929 were estimated to be 56 per cent of the national wealth. The wealth is primarily based on commodity prices. If the wealth should shrink one-third, the debts would become 84 per cent of the wealth, and a large part of them could never be paid. A beginning of this liquidation has occurred in the last two years. It promises to be temporarily interrupted, but unless commodity prices can be raised and kept somewhere near the level at which the debts were incurred, the liquidation will have to continue. The debts can not be paid with a dollar that is worth 50 per cent more than the dollar which was borrowed. It is popularly assumed that the creditor profits by getting a more valuable dollar, but if the dollar rises in value too much, the creditor gets nothing. He may get possession of an unsalable price of property with a tax bill thrown in for good measure.

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"Since debts are largely based on commodities, either directly or on copper in an electric line, rails in a railroad, and lumber and steel in a building, the only way to restore prosperity quickly is to have commodity prices rise. Complete liquidation would ultimately restore prosperity, but it would take many years, with endless economic and political trouble."

Major Bellerby, an English professor of economics, stated in a letter to Doctor Fisher, of Yale University, February, 1931:

"I think you may take it that this country has fairly definitely in mind two ends: The first is to secure the expansion of industry through the expansion of currency and credit and through the recovery of prices; the second is to institute a system of stabilization of the price level when prices have reached a position at which they yield an adequate margin of profit and when unemployment has fallen well below a million. These two aims were accepted by the McMillan committee as ideal. It is fairly safe to say that they are now the accepted objectives of the Government."

Prof. T. E. Gregory, London School of Economics:

"The efforts of the politicians [to end the depression] must be seconded by the central banks—a concerted effort must be made, primarily through the financing of budgetary deficits through central bank credit, to cause a rise in prices."

Dr. Williford I. King, professor of economics at New York University, testifying in behalf of the proposed legislation before the House subcommittee, said in part:

"Now, if the price level keeps on falling, we shall undoubtedly see not only more bank failures but we shall also see life-insurance companies going to the wall, one by one. It can hardly be otherwise, because they have entered into contracts to pay certain amounts of dollars, and if this price level keeps on falling, they will be unable to fulfill these contracts; and, one by one, they will fall. In fact, all concerns that have agreed to pay a fixed number of dollars will eventually be driven out of business, forced to the wall, if the price levels should continue to go on down.

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"Now, it seems to me that we should recognize that our price-control system in the United States is very antiquated. We are still operating on very much the same type of currency that they had in ancient Rome; that is, we depend upon gold and silver, gold primarily, and the value of our money is dependent entirely upon the chance fluctuations of the value of gold. If we discover a lot more gold mines in some other part of the world, then the value of our money falls, and prices rise. If we do not, the other thing happens. That is, we have no regulation for our currency, no regulation for the value of our money. Congress was given the power to regulate all the weights and measures, and they have regulated such things as the length of the yard. We have a very accurate measure of that kind, so we can always tell how much a yard is.

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"It would not be as bad to have a variable yard as it is to have variable money, because we measure everything that we buy and sell in money, and that affects all of our transactions; so that variable money is worse than a variable yard.

"My opinion would be, therefore, that long since the time has come when we should have regulated the value of our money, fixed it at a definite price in terms of commodities; that is, we should have a commodity standard of value, rather than this chance standard of one commodity.

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"Therefore I would say that I would be heartily in favor of the principles of the bill here which Congressman GOLDSBOROUGH has introduced, and I hope that you will proceed to adopt it, or something along the same line, in the near future; and I believe that you are serving the United States better by that than by any other single measure. This will not do everything everybody wants to do, but this will probably do more good to the business and economic life of the country than any other single measure that is before Congress."

BANKERS AND BUSINESS MEN

The necessity for stabilization of values is recognized not only by economists but also by bankers, financiers, and great industrial leaders. A number of these were recently associated in an organization known as the Stable Money Association, which included such men as Charles G. Dawes, Nicholas Murray Butler, Elihu Root, Frank O. Lowden, William Green, Paul Warburg, Sir Josiah Stamp, John W. Davis, and Silas H. Strawn. All of these were honorary vice presidents at one time or another. Among others associated with this movement were: Silas H. Strawn, Owen D. Young, Alfred P. Sloan, jr., Otto H. Kahn, Pierre S. du Pont, George Eastman, John J. Raskob, and Bernard M. Baruch.

Reginald McKenna, formerly Chancellor of the British Exchequer and now head of the Joint City & Midland Bank, perhaps the largest bank in the world, stated at its annual meeting in January, 1922:

"The truth is, of course, that both [inflation and deflation] are bad. What is needed is stability, the point from which both alike proceed in opposite directions. When we have stability of prices we have a basis upon which trade can be carried on with confidence."

Again he said in his journal, The Midland Bank (Ltd.) Monthly Review, in an article, The Problem of Gold Values Regulating Demand or Supply, 1927:

"History has shown that apart, perhaps, from wars and religious intolerance no single factor has been more productive of misery and misfortune than the high degree of variability in the general price level. This may sound like an extravagant statement, but so far from being of the nature of a demagogic outburst it is clearly demonstrable from the course of events in various countries ever since money became an important element in the life of civilized communities. A stable price level is a thing to be desired, second only to international and domestic peace."

Lord D'Abernon, a banker and peer of England and minister of Great Britain to Germany for several years, stated in his book, German Currency: Its Collapse and Recovery, 1920–1926:

"There is a kind of ironical justice in the fact that the classes in Germany who in the end suffered the most heavy losses from inflation were those who were the most favorable to it in the early stages. They imagined that loans contracted on a given date and repayable six months later in paper would be repaid by them on very advantageous terms, providing large note issues continued to be made. They not unnaturally held that a currency dispensation which facilitated such a pleasant business could not be wholly vile or radically unsound. As long as currency depreciation remains within moderate limits their calculation was sound, but the final result was that, when the ultimate crash came, all the profits which had been acquired through this astute calculation vanished in the catastrophe, and the excessive issues which they had favored led to the confiscation of so large a portion of their holdings that their temporary gains were more than swept away."

Paul Warburg, eminent banker and financier, formerly a member of the Federal Reserve Board, stated on May 24, 1927:

"The association shares the view universally held that the interest of the country is served best by the greatest possible stability of price levels, and believes that in fashioning their discount and open-market investment policy, the Federal Reserve Board and the Federal reserve banks should ever be mindful of this aim.

"* * * It would be dangerous, however, to permit the fallacious impression to assert itself in the minds of the people that the Federal reserve system (no matter how much its officers might bend their efforts in the direction of obtaining price stability) could be held responsible for failure in attaining this ideal which, as already stated, could only be reached by the cooperation under a common plan of forces entirely outside of the Federal reserve system's control, not only in the United States, but all the world over."

Gov. Benjamin Strong, formerly governor of the Federal Reserve Bank of New York, said in an article in Collier's Weekly in 1923:

"Therefore, is not the fundamental condition of industrial and national tranquillity that of a reasonable stability of prices, as from 1909 until toward the close of 1915?

"I believe with Mr. Henry Ford that what the great body of our workingmen most desire is security of employment and an adequate wage that represents a fairly even and stable purchasing power."

Adolph C. Miller, member of the Federal Reserve Board, stated at a joint conference of the chairman and governors of the Federal reserve banks in Washington, October 26, 1921:

"We should seek just as earnestly to avoid deflation as we should to avoid inflation. By inflation I mean an expansion of credit that eventuates in a rise of general prices. Good economic and credit policy will endeavor to steer a middle course between these two dangerous shoals."

Daniel Willard, president Baltimore & Ohio Railway:

"The mere existence of the [unemployment] problem presents a serious challenge to our economic system." After discussing our natural and human resources, our productive capacity, and our surpluses, he added:

"And with all this surplus of wealth and resources we have millions, so it is said, in dire need of food and clothing—in short, more of everything to eat and wear than we can possibly use, and at the same time millions of human beings hungry and cold. That is another problem, although closely related to the first, and the

two problems together—unemployment and the distribution of resources—bring into question the very foundations of our political and economic system."

T. B. Macaulay, president Sun Life Insurance Co. of Canada:

"That the purchasing power of currency depends on the amount of that currency and currency credits which may be outstanding can no longer be denied."

Carl Snyder, statistician, New York Federal Reserve Bank:

"It seems a blind fatuity to trust the smooth working of this vast and magnificent engine of modern industry to the chance forces of production or maldistribution either of credit or of gold. Surely we can not permit the fortunes of the nations, their happiness and welfare, to be left to the caprice of finding new gold fields in South America or California, or conversely, to their inevitable exhaustion. We may look forward, I hope, to the time when the scientific organization of currency and credit will be deemed as essential as the scientific organization of industry itself.

"Let us hasten the day; for the world-wide disorganization which is now so vividly before us seems evidence enough that, as in the long ages, gold, not science, is still the arbiter of economic destiny."

Claude L. Benner, vice president Continental American Life Insurance Co.:

"I am of the opinion that as long as basic commodity prices remain where they are at present, there can be no large increase in business activity."

H. G. Wells:

"The world requires [that money] must represent absolutely stable purchasing power."

Owen D. Young:

"The proper handling of price stability is one of the most important matters facing the capitalistic system. In it will be found the roots of those maladjustments which result in unequal and unfair distribution of wealth, in unemployment, and other serious problems."

Sir Charles Addis, director, Bank of England:

"It is simply intolerable that we should continue to sit with folded hands while industry and trade throughout the world are becoming the sport of our ineffectual monetary systems. We must be masters in our own house, the rulers, and not the slaves of money."

Frank O. Lowden:

"All classes now agree that unless there is an improvement in the general price level there can be no substantial relief from the unprecedented depression in which we find ourselves. The question therefore is a vital one. We have boasted in the past of our ability to meet new situations as they arose. To say that nothing can be done in this matter is the counsel of despair.

"Why not give heed to the opinions of the long line of eminent economists who believe that, without any disturbance to our gold standard, we have it within our power to erase some of the drastic deflation from which we are now suffering. And that deflation is the greatest in our history, and it seems to be gathering momentum all the time. The decline in bank credit has been more rapid in recent months than at any time since deflation set in. Unless some way can be found to check this contraction of credit, thoughtful students fear that we have by no means yet seen the worst."

FARM LEADERS AND FARM ORGANIZATIONS

The farm organizations of the country have realized the importance of this problem and after study of it have adopted resolutions on the subject. The American Farm Bureau Federation at its annual convention in 1921 adopted the following resolution:

"The present period of depression and the falling price level have increased the burden of taxes, interest, debts, and other fixed costs on all producers to an intolerable degree. It now requires 45 per cent more of all commodities and 70 per cent more of farm commodities to pay these costs than it did a few years ago. The long-continued deflation is crushing farmers, merchants, transportation agencies, and all manufacturers except a few most favorably situated and has caused a declining price of property to such an extent that it has largely eliminated equities and is affecting basic securities to such an extent as to seriously impair the stability of our banking and insurance institutions, thereby endangering the welfare of the general public. It is causing a lowering of all wages and salaries, which must of necessity lower the standard of living if continued.

"The principal cause of this deflation of values is monetary. When the price of any one commodity falls many causes may be responsible. When the average price level of all commodities falls with the rapidity of the last few years the principal cause is shortage of money and credit in actual use. Commodity prices are expressed in this country in terms of dollars. Every purchase and sale is the exchange of commodities for dollars. When dollars are scarce it takes a larger amount of commodities to get them. In other words, money is at one end of the balance, commodities at the other. Add to the effective supply of money and prices go up. Reduce the effective supply and prices come down. The above statements are justified and supported by the incontrovertible evidence coming from the experience of all former depressions.

"The problem divides itself into two parts: First, the restoration of the price level; second, the stabilization of the purchasing power of money.

"Two alternatives face farmers and other business interests at this time; the first is wholesale bankruptcy for farmers, industrialists, transportation agencies, and mercantile establishments and the further deflation of wages and salaries; the second is a rapid rise in the average wholesale commodity price level to a point near that at the beginning of the present deflation, thereby restoring confidence and making it possible for individuals, corporations, and governments to discharge their obligations and to proceed with their undertakings.

"All the powers of the Federal reserve system and the executive officials of the Federal Government should be used to bring about the restoration of the price level near the average level at which the present long-time indebtedness was incurred. The most important of these powers are:

"1. Open market purchases of eligible securities.

"2. Lowering of rediscount rates.

"3. Liberal interpretation of rediscount eligibility rules.

"In order to relieve the Federal reserve authorities and other agencies connected therewith from discretionary authority, we recommend and insist that the Federal reserve law be amended so as to make mandatory the exercise of these powers so far as possible and to the extent necessary to restore the average wholesale commodity price level to the point indicated.

"Permanent prosperity in this country demands that the dollar be made an accurate measure of value—that its purchasing power be always constant. This means stability of the average wholesale commodity price level instead of alternate periods of inflation and deflation, which are the principal causes of business uncertainty and depression. Fluctuation in the purchasing power of the dollar causes serious losses to debtors in periods of deflation and to creditors in periods of inflation, and benefits only the speculators.

"We recommend the following action by Congress to stabilize the purchasing power of money:

"1. Direct the Federal reserve system to use all its powers, following restoration of price level, to stabilize the purchasing power of money in so far as possible, using for that purpose all its monetary and credit powers, including currency and credit control, open-market operation, and changes in rediscount rates and in rediscount eligibility rules.

"2. Empower and direct the Federal Reserve Board to raise or lower reserve requirements of the Federal reserve banks and to raise or lower the price of gold.

"3. Broaden the rediscount eligibility provisions of the Federal reserve act."

The National Grange adopted the following resolution at its annual convention in 1931:

"The deflation of the past three years has injured farmers more than any other class of producers in the country. While the average of all wholesale products has fallen 30 per cent, the average of prices of farm products has fallen 45 per cent. This means that the burden of debts, most of which were contracted more than three years ago, and of which there is estimated to be $11,000,000,000 secured by farm mortgages, has increased 60 per cent in terms of the products which farmers sell.

"In view of this serious situation we urge upon the Federal reserve system and the Federal Government to take all steps possible to secure (1) restoration as nearly as may be of the wholesale-price average as computed by the United States Bureau of Labor Statistics to the level prevailing in 1926, or the average of 1923–1928, and (2) the stabilization of the price level as nearly as practicable at that point.

"Contributing to these ends the National Grange recommends the following measures:

"1. An increased purchase in large volume of securities in the open market by the Federal reserve banks.

"2. Reduction of rediscount rates by the Federal reserve banks.

"3. Reduction of the legal minimum gold reserve rates of the Federal reserve banks to points materially below the present 35 and 40 per cent legal ratios to the end that the surplus gold in the United States may be exported without endangering the gold standard.

"4. An international monetary conference for the purpose of (a) stabilizing the gold price of silver and (b) stabilizing the purchasing power of gold in terms of the average of wholesale prices of commodities."

The executive officers of the A. F. B. F., the National Grange, and the National Farmers' Union, at a conference in January, 1932, adopted the following resolution:

"Believing that the general contraction of credit and the deflation of prices of commodities and property have gone to disastrous lengths;

"Believing further that the United States does not have to wait on Europe for a solution of its problems;

"Believing further that the United States' recovery can take place by recourse only to the soundest monetary plans;

"Believing further that the United States' depression will not cure itself but that deliberate action must be taken by its leaders;

"We request of the President, the Federal reserve system, and of Congress—

"That the Federal reserve system stop credit contraction and deflation and inaugurate credit expansion to affect the price level favorably by such liberal open-market operations as will bring about this result. This is demanded so that credit contraction, bank failures, hoarding, and other disastrous results of deflation may be halted and that the whole trend of economic affairs may be turned. Such action, in the opinion of the soundest economists, is necessary and will be effective in stopping the fall of prices, hoarding, in restoring normal values, and bringing the return of normal business and employment. Unless such action is initiated, we believe that even such measures as the Recon-

struction Corporation are doomed to failure, for with continued contraction of credit on the part of the banking system they can not be successful.

"A stable price level is paramount to prosperity. We can not exist with rubber money and iron debts. Therefore we demand the adoption of effective measures to stabilize the purchasing power of money.

"That, in addition to these demands for immediate action, consideration be given to the readjustment of the entire banking and fiscal policies and structures of the United States, to the end that they may function in accord with present-day knowledge and needs and the Constitution of the United States."

Their leaders testified before the House subcommittee investigating this subject. Edward A. O'Neal, president of the American Farm Bureau Federation, stated:

"If the purchasing power of agriculture is not restored, then all other industry and commerce must get down on the level with agriculture, and we would then witness even greater disaster than we see to-day. * * *

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"That is part of the picture of what will happen if the rest of this country is brought down to a level with agriculture. It is much more important that agriculture be brought up and the general level raised. It is imperative that this price level be restored, and the only way it can be restored is through providing an adequate monetary system that will fully meet the needs of trade and commerce.

"In asking that Congress give us an honest dollar we are not asking that we abandon our standard. We want gold to be back of the dollar, but we want it to be back of an honest dollar."

Louis J. Taber, master of the National Grange:

"In other words, the Congress, when it eliminated from the original Federal reserve act the instructions to stabilize the general price level, left in the hands of the Federal Reserve Board unlimited power and no definite instructions to follow. Unless the Congress makes definite provision by statute, no Federal Reserve Board can be expected to assume the responsibility of checking the forces of either undue inflation or unnecessary deflation.

"The constitutional provision that Congress shall have the power to coin money and fix the value thereof has never been fully exercised. Under modern conditions, those who have the control of credit have the power to directly affect the value of money. Unless by definite mandate, Congress instructs the Federal Reserve Board to so regulate the volume of money and credits as to stabilize commodity values at fair and reasonable levels, then it is guilty of violating a solemn trust. Everything is fine, when prices go up, but after prices go down, you hear people say it is speculation. The constitutional provision giving Congress the power to coin money, and regulate the value thereof, has never been fully understood and exercised."

John A. Simpson, president of the National Farmers' Union:

"It seems to be the universal opinion that there is not sufficient money to do the business of the country. Everybody now realizes that deflation was carried too far. Every money proposal at this time is for inflation. Economists, statesmen, politicians, and everybody now agree that price levels of commodities must be raised, all of which makes necessary an increased volume of money and credits.

"The Farmers' Union is in hearty accord with these views."

Charles R. White, president of the New York State Farm Bureau Federation, and member of the legislative committee of the American Farm Bureau Federation:

"I am in perfect accord with Doctor Warren and many others, that the value of the gold dollar should be brought into conformity with its true value; in other words, if the United States were buying gold at its true value, we would be paying about $30 an once, which would leave 15.5 grains to the dollar, instead of 22.23 grains.

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"It would seem as if we ought to introduce into our monetary system a scientific method of holding the value constant. We predicate obligations, running over long periods of time, in terms of the unit of $1; and yet that dollar in its value, its purchasing power, may vary 50 or 100 per cent during that time. There is no other measure that is comparable with the dollar, so far as utility is concerned; it is something we are using millions of times every day, yet it is not resting upon any scientific basis whatever, but it affects us more than anything else in our business relationships."

Charles E. Hearst, vice president of the American Farm Bureau Federation, chairman of its legislative committee and president of the Iowa Farm Bureau Federation:

"If you stabilize the dollar down on the basis we have now, it is going to ruin labor and the farmer and every small business man in the United States—that is, if you stabilize prices down where they are now, if you stabilize the dollar at the height it is now.

"To my mind there could not be anything done so effectively to assist labor, in relieving unemployment, as the stabilization of the price level where it belongs * * *.

"* * * I agree with Congressman STRONG and some of the other men here yesterday, when they suggested that a change in policy should become public before it took effect, rather than a change of policy being put across and the public waking up and finding that a change of policy had been effective some time previous to that time, and only a few insiders knew it earlier. But I want to say, if we put into the hands of the Federal Reserve Board the option to do certain things, that is not enough, to my mind; there should be the direction there, the direction that the Wall Street bankers, these big financial institutions, can not go to their friends on the Federal Reserve Board and say to them, 'You can't, or you must do this and that.' I would like to have some definite direction to them so explicit, so definite that, when you finally adopt a policy in Congress, that group must be forced to do as the legislation specifies; and I would further like to suggest, as I did before, that the board be composed of not banking interests alone but of agriculture and all other interests and that it be a friendly group."

Charles A. Ewing, president of the National Livestock Marketing Association, but speaking in an individual capacity:

"* * * There is only one safe measure that we can depend on to preserve the few cyclic changes of commodities which are bound to occur, which are as inevitable as the coming and going of the tides and the flight of time, which the hand of man can not stay. We devised money to serve us, and its first duty is to preserve the parity of relationship and equities that exist between the debtor and creditor as they existed at the time the debt is incurred."

C. C. Talbot, president of the Farmers' Union of North Dakota:

"I want everything done that can be done, even temporarily, to save this Nation, and that is exactly what we need."

ORGANIZED LABOR

W. C. Hushing, legislative representative of the American Federation of Labor, appeared before the House subcommittee and indorsed the principles of the Goldsborough bill:

"* * * If the farmer can not get the money to buy things that labor produces, our industries are idle; and if our people are out of work and their purchasing power is decreased, we can not buy goods of the farmer. So it is all tied up, economically, between these two groups; and every time a bill was introduced in Congress which would benefit the farmers we have appeared here in behalf of those bills.

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"You understand, of course, we are not financiers, and it would be foolish for us to come to the Committee on Banking and Currency and endeavor to tell you how this thing should be brought about, but we are in favor of the principles involved here, and we come here and indorse it, stand behind it heartily, and leave it to you gentlemen to figure out the details as to how it shall be made effective."

SPECIAL INVESTIGATING COMMITTEES

The so-called McMillan commission appointed by the British Parliament, made an exhaustive investigation into the monetary problem and submitted an elaborate report in 1931. It stated in part:

"275. Thus our objective should be, so far as it lies within the power of this country to influence the international price level, first of all to raise prices a long way above the present level and then to maintain them at the level thus reached with as much stability as can be managed.

"276. We recommend that this objective be accepted as the guiding aim of the monetary policy of this country. The acceptance of such an objective will represent in itself a great and notable change; for before the war scarcely anyone considered that the price level could or ought to be the care and preoccupation, far less a main objective of policy, on the part of the Bank of England or any other central bank.

"278. At the same time we see no great reason to doubt the feasibility of attaining the objective of a higher price level in due course, provided that the central banks of the leading creditor countries will work together with this end in view. No one would doubt the ability of a closed monetary system to bring about a rise of prices; in fact, it is only too easy. Thus the chief ground of hesitation is the difficulty of securing adequate cooperation among central banks, rather than any obstacle inherent in the nature of the problems. The subsequent maintenance of stability may prove more difficult, but experience alone will supply a confident answer."

A special subcommittee headed by Congressman GOLDSBOROUGH, of Maryland, was appointed by the House Banking and Currency Committee to study the monetary problem. It conducted an exhaustive investigation, culminating in a favorable recommendation of the Goldsborough bill, with the unanimous approval of the committee and an overwhelming vote of approval in the House. The Banking and Currency Committee in its report said in part:

"The Committee on Banking and Currency after a most painstaking and careful investigation by a subcommittee reached two conclusions: First, that the average price level from 1921 to 1929 would reestablish substantial justice between debtor and creditor; and, second, that a rise to the price level of 1921–1929 would make lower standards of living unnecessary, would justify salaries and wages at the pre-depression level; in short, would make unnecessary the process of painful economic readjustment which will have to be consummated if the price level is not raised.

"The committee also reached the conclusion that unless the price level were raised substantially to the point above indicated the burden of debt would not only seriously hamper production and destroy the producing class as now constituted but that the creditor class, being unable to collect their fixed obligations, would also go down in the crash."

Previously the American Farm Bureau Federation appointed a special committee in 1931 to investigate this problem. Eminent economists and industrial leaders were consulted. A report of

this committee was printed in booklet form under the title "Honest Money." This report said in part:

"Two things are necessary at this time:

"1. Restore the wholesale commodity price level to a point somewhere near that at the beginning of the present deflation.

"2. Stabilize the price level at that point.

"The first is necessary in fairness to debtors and in order to prevent further wholesale defaults and bankruptcies. A large part of the outstanding indebtedness, both public and private, can not be paid on the present price level. An increase of 30 to 40 per cent in the price level would restore confidence, put men to work, stimulate business activity, and definitely put an end to the present depression. It would cause farm prices to increase faster and further than others, just as deflation caused them to fall further and faster."

The Iowa Bar Association appointed a special committee to study this problem, and this committee in its report in 1931 said in part:

"Stabilization is vital to the well-being of both possessor of money and the seller of things money will buy. During a period of inflation the owner of money finds its purchasing power reduced, and during a time of deflation the seller of goods finds his products generally bringing lower prices. The well-being of the world requires a reasonably stable money, so that upsets may be limited and the disasters that always result from such changes may be avoided."

Mr. HOWELL. Mr. President, I also request that the House bill and the report thereon be printed following these quotations.

There being no objection, the bill and report were ordered to be printed in the RECORD, as follows:

H. R. 11499

A bill for restoring and maintaining the purchasing power of the dollar

Be it enacted, etc., That the Federal reserve act is amended by adding at the end thereof a new section to read as follows:

"SEC. 31. It is hereby declared to be the policy of the United States that the average purchasing power of the dollar as ascertained by the Department of Labor in the wholesale commodity markets for the period covering the years 1921 to 1929, inclusive, shall be restored and maintained by the control of the volume of credit and currency."

SEC. 2. The Federal Reserve Board, the Federal reserve banks, and the Secretary of the Treasury are hereby charged with the duty of making effective this policy.

SEC. 3. Acts and parts of acts inconsistent with the terms of this act are hereby repealed.

[House Report No. 1103, Seventy-second Congress, first session]

Mr. GOLDSBOROUGH, from the Committee on Banking and Currency, submitted the following report (to accompany H. R. 11499):

The Committee on Banking and Currency, to whom was referred the bill (H. R. 11499) to amend the Federal reserve act by adding at the end thereof a new section, and for other purposes, having considered the same, report favorably thereon with recommendation that the bill do pass without amendment.

Within the scope of a committee report it is not possible to discuss in detail the technical economic principles involved in H. R. 11499, but it is possible to determine the anticipated workings of the action of the principle if it is crystalized into legislation.

The bill has two features—an emergency feature and a permanent feature. The emergency feature contemplates a rise in the general commodity price level to the average existing between 1921 and 1929, inclusive, and the substantial maintenance of that price level.

As to the emergency feature, all authorities agree, first, that it is impossible for the debts of the country to be paid at the present price level, and that unless the price level is raised the business of the country is headed for inevitable bankruptcy, and, second, that the present price level is unjust to debtors.

Speaking roughly, but with substantial accuracy, the dollar will purchase about $1.60 more of commodities than in the 1921–1929 period, and about $1.56 more of commodities than it would purchase between the period of 1918–1931 and the first quarter of 1932, inclusive. It would purchase now what it would have taken $1.25 to purchase about a year ago, which means that the producer—that is, the debtor—is being confronted with an ever-increasing burden. His debts, principal and interest, remain fixed. The commodities he sells and which would have purchased a given number of dollars when he borrowed them have decreased in their purchasing power.

To go one step farther, unemployment is constantly increasing, because on a constantly declining market business can't go on. It is impossible to produce below the cost of production.

The Committee on Banking and Currency, after a most painstaking and careful investigation by a subcommittee, reached two conclusions: First, that the average price level from 1921 to 1929 would reestablish substantial justice between debtor and creditor; and, second, that a rise to the price level of 1921–1929 would make lower standards of living unnecessary, would justify salaries and wages at the predepression level—in short, would make unnecessary the process of painful economic readjustment, which will have to be consummated if the price level is not raised.

The committee also reached the conclusion that unless the price level were raised substantially to the point above indicated the burden of debt would not only seriously hamper production and destroy the producing class as now constituted, but that the creditor class, being unable to collect their fixed obligations, would also go down in the crash.

Then the question arose as to what could be done.

The Federal reserve system, under the leadership of Benjamin Strong, former governor of the Federal Reserve Bank of New York, measurably stabilized for several years the price level by open-market operations and by adjustment of the rediscount rates of the Federal reserve banks. The Federal reserve system has been accumulating gold at the average rate of $200,000,000 a year for about six years, and is now in a much stronger position than it was at the time of the open-market operations just referred to.

It is in a position to put into the market $4,000,000,000 in Federal reserve notes and still maintain its 40 per cent reserve requirements. By utilizing its power to lower reserve requirements of the Federal reserve banks the system could put into the market nearly $9,000,000,000 of Federal reserve notes. Either sum, if the country knew that because of a congressional mandate the Federal reserve system was going to raise the price level to the point indicated, would be much more than sufficient to raise it, because as soon as the country understood what the policy of the Federal reserve system as provided by law was confidence among banks and business men would be restored, bank loans would expand, the retailer would buy from the wholesaler, the wholesaler would buy from the manufacturer, the manufacturer from the producer of raw materials, and the masses of the people would find employment, so that through buying of securities by the Federal reserve banks and through the restoration of confidence as above indicated the normal business activity of the country would very speedily be reestablished.

Even more important than its emergency feature the committee deems the stabilizing feature of the bill. It would be the duty of the Federal reserve system under the bill, if enacted into legislation, to control the credit and currency of the country in a manner to satisfy the legitimate needs of business and prevent unwholesome and unjustified expansion. If unjustified and unwholesome expansion were controlled, periods of inflation and depression would also be controlled, because periods of deflation and depression always follow periods of unwholesome overexpansion and speculation.

Mr. HOWELL. Mr. President, whereas this measure is of such tremendous importance to the country, it is not a cure for the agricultural situation. Something more than the enactment of this bill must be done. We must enable the farmer to take advantage of the tariff, we must make the tariff effective for agriculture. That is recognized by all. The question has been, How can that be accomplished?

Mr. President, several plans have been proposed. One of them passed Congress on two occasions, but was vetoed by the President. Several of these proposals are now before the Committee on Agriculture and Forestry of the Senate, but no report has been made upon any one of these measures. They are still in the committee.

Only about 36 days remain before we are to adjourn, and so far we have done nothing of a constructive character for the farmer during this session of more than five months, and we have nothing before us at this time for consideration.

We must do something for agriculture before we adjourn. If not, what are we to say to the farmer when we return? There is only one thing we can say, and that is that there is not the will in Congress to aid agriculture by constructive legislation.

ENFORCEMENT OF PROHIBITION

Mr. TYDINGS. Mr. President, recently the Secretary of War, Mr. Hurley, and the Assistant Secretary of the Navy, Mr. Jahncke, in public addresses and in the press have indicated that the President will indicate to the Republican convention that it will be agreeable to him if some sort of a wet or modification plank on the prohibition question is inserted in the Republican platform. Shortly following these utterances the senior Senator from Ohio [Mr. FESS], who is the chairman of the Republican National Committee, gave out a statement that the party will not do as Secretary Hurley and Assistant Secretary Jahncke have said it would do, but that the party will remain dry, or for prohibition.

It strikes me as rather an odd commentary on a democracy, that with a great question like this before the country, a question on which everybody has an opinion, and where 4,000,000 people have recently voted in a magazine poll, and various polls have been taken all over the country by newspapers, and where the question was almost evenly voted upon recently by both sides in the House of Representatives, that the President of the United States should be silent. No man in this country knows whether President Hoover is going

to be for a continuance of the "noble experiment," or whether he is going to advocate some change in it when the Republican convention meets.

Are we to wait until that moment, and then, assuming that he will stand for some modification principle, accept a death-bed repentance after Congress has sat here for months and months and months and combed the whole field of possible taxation in an effort to extract a billion, two hundred million more dollars from the taxpayers of this country?

Is there anyone in this Chamber who can state where the Chief Executive stands on this question? If so, let him stand up and speak, and not wait until we have gone from the halls, and levied this tremendous burden of a billion two hundred million extra in taxes upon the people, while the bootleggers and the racketeers and the other criminals of this country grow rich and pay no income taxes and can not be convicted in the courts of the land.

In the new revenue bill it is proposed that we tax automobiles, tax radios, tax stock-market transactions, tax admissions to theaters, tax gambling, because we are going to burden the people who go to the race tracks in the State of Maryland with a Federal tax on admissions. We are going to do those things, but we must not touch this sacrosanct coterie of criminals and gangsters who have made a laughing stock of justice, who have waxed rich, who own homes in Florida and yachts, who are attempting the bribing of the courts and the police of the country. Instead we go out into all the other fields and hit the honest, hard-working business people of this country a terrific blow upon their financial heads in an effort to get more out of them.

Mr. President, a tax on 4 per cent beer alone, at the rate of the 1914 consumption, would result in our raising $500,000,000 if we put a tax of 25 cents a gallon on the stuff, and it would make all of the proposed nuisance taxes absolutely unnecessary.

As an individual, as a citizen of this country, after this session of Congress is over and after we have examined into every possible lane where we can get still another dollar from the American people, I do not want to have the Chief Executive then for the first time come out and say he favors some modification of the eighteenth amendment. If he is going to favor some modification, now is the time to favor it and not upon the deathbed, where only sinners repent, because to do so at the Republican convention would be equivalent to deathbed repentance, after we have sandbagged industry and business and individual citizens to the extent of $1,250,000,000 in this Congress, when we could get half that sum from a tax upon beer alone.

I repeat, is there one man in the whole United States, just one, who can say where the Chief Executive stands on a question which is as much debated and as much discussed, and in which there is as much interest as any other question before the American people? No; there is not one. Then tell me about leadership! Where is the leadership if upon a question of this magnitude and interest we get only silence from the White House?

What are the conditions in the country? The enforcement of prohibition is the biggest farce that ever visited any country beneath God's sun, full of graft, not only among the lower strata of political employees but reaching up into the judiciary. Murder is its handmaiden. Gangsters are in control of cities, gangsters elect Members of Congress in both branches, their support is sought by those who stand for office in our large municipal centers, where they have gotten a tremendous hold on the electorate. Is there bribery? In the first seven years over 25 per cent of the prohibition force was discharged for discovered corruption, and yet we go on pouring more money into this futile effort to try to bring some semblance of order out of it.

There is not a man in this body, not a citizen in this country, who can show one spot upon these United States where any substantial number of people live where liquor can not be obtained by any person who wants to purchase it. Name the spot if there is one. Name the State, the county, the town, the city, or even the village where one can not buy liquor. Yet in the face of all of this, this industry, illegal though it is, is not taxed a dollar, when everybody is here in protest of other taxes, saying, "In heaven's name do not put any more burden of taxation upon me. It is all I can do now to walk through the financial chaos in which this Nation is engulfed. Do not put a tax on automobiles, do not put a tax on stock transactions, do not put a tax on radios, do not tax admissions." Yet in the face of all these protests, many of which I believe are honest, we put on these oppressive taxes and allow the gangsters and the hoodlums and the racketeers, who infest our cities particularly, to reap millions of dollars, while contributing not a cent of income to the Federal Government.

If the President wants to be for a continuance of prohibition, and there are two sides to the question, I can at least admire and respect him as being sincere and candid if he will state to the American people that that is his position. If, on the other hand, he feels that the thing should be modified or altered or changed or repealed, I can admire and respect him for having a view on that side of the question. But for the President to have no view on this question is equivalent to our having no President in the White House.

I hope those men who go out seeking to curry favor with the voters for the administration now in power, when they rise and in a spirit of semisecrecy say that they have been in the counsels of the party and are privileged to say that the next convention will adopt a wet plank or a modification plank, a repeal plank or referendum plank, or whatever it may be, will speak by the book, and that we will not again witness the spectacle of having the senior Senator from Ohio rise, or give out a statement, saying, "That is not so. The President is going to be for a continuance of prohibition, and there will be no change."

Somebody is wrong. I think with all the uncertainty surrounding the executive position, the country is entitled to know now where the President stands. The President should not place himself in the position of being swayed at the last moment by impulses of expediency rather than conviction. If there is to be a wet or moist or damp or referendum plank in the next platform, now is the time to make that position known to the country, when we need revenue and when the illicit liquor business is not contributing a single dollar to the maintenance and the support of the Government, and when those who are already laboring under a tremendous burden of taxation are called upon to pay still more. Now, I say, is the time for the position of the Executive to be made known for the general welfare of the country.

I regret to make an observation which comes to my lips, and I hope I may make it in such language that it will not be offensive. It is my belief that if the Anti-Saloon League, so called, who wield some power in certain parts of the country and in my State along with others, could be put on a boat and sent to the North Pole for about a year, Congress would repeal the eighteenth amendment in 24 hours. [Manifestations of applause in the galleries.]

The VICE PRESIDENT (rapping for order). There must be no demonstration of any kind in the galleries.

Mr. TYDINGS. What right have we to hold ourselves out to the people of the country as being their representatives? What do we do when we assemble here? We tax the people and tax them and tax them, over and over again, and yet we run before the little groups which point their fingers at us and say, "Dare to do this and we will defeat you in the next election." Has a seat in this or any other body become so desirable that a man has to give away every ounce of his convictions, every shred of his knowledge, and every ounce of his courage in order to retain that seat? I believe that if a vote could be had in secret in this body and in the House of Representatives, this farce which we call national prohibition would not last until sundown. But we must vote in the open. Over on yonder hill sits a little group of busy

reformers who have threatened everyone with dire disaster who abandons its type of prohibition. Have we ceased to represent the people of the country?

Who doubts that the Literary Digest poll was an honest poll? While it did not embrace our entire population, while perhaps the country may still be dry, who is there that doubts that the poll shows a sufficient division of sentiment to make it imperative upon us to resubmit this question to the legislatures or the conventions of the various States, to say whether the American people want more of it or whether they want less of it? How can we hold ourselves out as the representatives of the people if, in the face of that great agitation, we deny to the people the right to pass once more upon the question?

The curse of America is that it is a government of sectionalism; it is a government of minorities. Organize 10 men with a little money who can put a few advertisements in the papers or who can keep a lobby here in Washington, and almost anything can be accomplished. Fear! Lack of courage! Our political men go on the radio and tell the people "Do not lose your courage," when every ounce of their own courage has been cast overboard. Let courage assert itself in high places and the country will soon respond with courage in other places. I wonder at the patience of our people. We sit here in the city of Washington, under the shadow of the White House, where, according to the police records, five times as many persons under 21 years of age have been arrested annually for drunkenness since prohibition as in the 10-year period before prohibition, and yet we talk about enforcing prohibition in the Nation. The police map of Washington shows over 1,000 raids in the Capital of the Nation last year, and liquor found in three of these places was upon Government property. Here in every household where men assemble in a sociable way cocktails are offered and wine flows and everybody laughs at the prohibition law. All the time the people are crying for less taxes, and yet we go out and tax them more, knowing the farce and the hypocrisy and the sham and the shame of our own lack of courage, of our own lack of Americanism, of our own lack of sincerity, in continuing the wasting millions of dollars on prohibition consequences, in new prisons, and new courts and enforcement officers, and what not, which millions we draw from a people already bowed beneath an overwhelming load of taxation.

I say that in this hour of chaos, when men who think and look ahead hesitate to conjecture what the snows of next winter may witness, the people of the Nation have a right to look to the leader of the Republic, the President, and to exact from him a clear-cut, ringing, and unequivocal stand upon this all-important question. I say that it is beneath the respect due that great office, beneath the dignity of that great office, for members of the official family of the Chief Executive to go abroad and make public utterances as if they knew what they were saying, as if they were sure of the truth of what they were saying, and then for others similarly situated in the official family or semiofficial family to say just the opposite the next day.

A man can not be both for a continuance of the present so-called prohibition and for a change of the present so-called prohibition at one and the same time. As for me, humble though my part may be, I shall make an effort upon this floor when the tax bill is before us to knock out of it all of the nuisance taxes and substitute instead a tax upon beer in an effort to relieve those already oppressed by too much taxation and to get revenue from beer that flows with more volume than the Mississippi River itself contains.

We will hear from this question next fall. It has taken 10 years to awaken the public to the conditions that are now prevailing. There were 187 murders in a single year in Chicago, largely due to the prohibition racket. There was a turnover of 150 per cent in the border patrol at Detroit in a single year. But I do not have to single out Chicago and Detroit because of what went on there; such conditions are found everywhere. The question is, Where does the President stand on this question? Have we got to wait until Congress adjourns and the Republican convention assembles before we can find out where he stands, when he is faced with a new election, when Congress is not in session, when this enormous burden of taxation has been imposed, and when the deficit still exists, and when the five million to ten million of unemployed are still hunting for jobs and the farmer wants a market for his grain? Is that the kind of leadership we have a right to expect from the Chief Executive in a period of great national emergency? I am sick and tired of hearing radio speeches to the people, "Do not lose your courage," while men in Congress and in the Chief Executive's chair seem to tremble and hesitate and falter and have not the courage to say where they stand on the vital questions before the American people to-day.

We had the Wickersham Commission. It met for months. It delved into the question thoroughly. Did the President accept or repudiate the findings of his own commission? If he wanted a vehicle, if he wanted a stepping stone to come down off his high puritanical prohibition pinnacle, the Wickersham Commission furnished it.

I am not talking as a Democrat. Let me say now that some one may think I am trying to make a partisan speech to beat the Republican candidate in the fall. Far be it from me. That is the last thing in my thoughts. I have had this thing on my chest for three months. I had hoped that from the White House something would come. I have seen the equivocations day after day. I have looked for some suggestion in this great financial emergency. I can not withhold a righteous anger any longer. The President stated where he stood on the moratorium. We can have recommendations about everything else in the whole field of legislation. Why can not we have one about prohibition, either for more of it or for less of it?

I remember reading a line some time ago by a celebrated man—and I speak of it with some awe—who said that revolutions are not made by the people but by government. In this present period of silence I seem to see a meaning in that utterance that I have not grasped heretofore. Vacillation and equivocation are the things that make the people want to throw off the yoke of a false government, one that is nothing but a tissue of sophistry, platitudes, idle words, "Two chickens in every pot and two cars in every garage," "prosperity"—vague words, lacking in principle, lacking in honesty, lacking in courage, lacking in candor. Those things may go in normal times, but I venture to say now that they will not fill the bill in this period of great distress.

Mark you, these words, you who may be listening—and I dislike to make an utterance of this kind because I do not want to fire the flames of discontent—but we all know that next winter, with the impoverished condition of the country, our community funds are not going to be sufficient to carry the load. We might as well tell the truth about it now and not wait until next winter.

I make the prediction that at the next session of this Congress a bill tantamount to a dole will be introduced, and that bill will likely be passed. Why? Because, although the means of averting that disaster are at hand, they will not be utilized. Merely by the modification of the Volstead Act sufficient revenue could be obtained to inaugurate a building program which would take up a great deal of the slack of unemployment and alleviate a great deal of the distress amongst our people. We have not the money to do it otherwise; we can not get the money to do it otherwise. We may enact all the reconstruction finance laws we desire, but such laws are no good unless we have the money to pay for the buildings. I ask any Senator to rise and tell me where we are going to get the money. I do not intend to be a party to the kind of hypocrisy incident to passing such bills without any money in sight to pay the obligations of the Nation.

What good it would do the country in this hour of trouble if the President would send a message here asking both branches of Congress to assemble in the House of Representatives and at that time say to them: "Gentlemen, you all know that I was elected four years ago upon the premise that prohibition was a noble experiment. I have given it every reasonable aid, every reasonable consideration which even its most ardent supporters could exact. We all know

that it is a farce; candor, honesty compel me to say that it is dragging the Nation downward. Our jails are full; our courts are congested; the bootleggers are making millions and paying no revenue, while honest men are forced to pay additional tribute to the Federal Government. Therefore, while you are considering the tax bill designed to exact another $1,200,000,000 from the already oppressed American taxpayers, my advice and recommendation is that, as an economic necessity, you at least modify the Volstead Act and secure revenue from the source which will thus be made available, and then submit the entire question to the people of the United States in the way provided by the Constitution and ask them whether they want more of prohibition or less of it."

Mr. BORAH. Mr. President——

The VICE PRESIDENT. Does the Senator from Maryland yield to the Senator from Idaho?

Mr. TYDINGS. I yield.

Mr. BORAH. I understand the Senator from Maryland would like to have that meeting in the House of Representatives?

Mr. TYDINGS. I should like to see the President call the Senate and the House together.

Mr. BORAH. Under the guidance of the Speaker of the House of Representatives?

Mr. TYDINGS. I said I should like to see the President submit the question to Congress in an assembled session.

Mr. BORAH. I thought if the Speaker were there, he might also state his position.

Mr. TYDINGS. I agree with the Senator, and lest I be considered a partisan in this matter, which I hope I will not be, let me say that I think that every Member of Congress ought to let his constituents know where he or she stands on this question. There has been too much trimming; too many people have been running for office with water on one shoulder and wine on the other. It is disgusting to anybody with even a vestige or a semblance of honesty in his or her make-up. For my part, if I were a voter, I would rather vote for a "dry" who said he was dry, who said he believed in prohibition, than for one of these weasel-worded "wets" that one does not know whether he is going in the water or going up in the desert by airplane so far as prohibition is concerned.

Be that as it may, I think that, above every other consideration, the country casts its eyes down Pennsylvania Avenue to where the man who received 21,000,000 American votes resides. There is the place first of all where an expression should be heard, because if the captain does not show candor and leadership, it is pretty hard to get the first lieutenants, the second lieutenants, the sergeants, and the corporals to show courage. Without leadership no army is going to function; and, so far as leadership on prohibition is concerned, all the soft words and platitudes and high-sounding phrases and hopes which Secretary Hurley and Mr. Jahncke have uttered on the one hand to appease the "wets" or the senior Senator from Ohio [Mr. FESS] has uttered on the other hand to appease the "drys" are not going to deny the American people the right to make the observation that somebody is wrong.

The farmer! What is the use of talking about the farmer? It appears often as if no one really wants to help the farmer, and promises to help him are political "bunk" which is used at election time by demagogues who want to get into Congress. If we were desirous of helping the farmer, we would have helped him long ago. Every Senator here knows that the farmer sells in the lowest-priced market in the world and buys most of his stuff in the highest-priced market in the world. Are we undertaking to change that condition? Why, in three or four days the Senate is likely to enact more discriminations against the farmer; we are going to put tariff duties into the revenue bill, and those who bellow the loudest about helping the farmer will probably vote the oftenest to put him in the shade.

Mr. FRAZIER. Mr. President——

The VICE PRESIDENT. Does the Senator from Maryland yield to the Senator from North Dakota?

Mr. TYDINGS. I yield.

Mr. FRAZIER. I am interested in what the Senator from Maryland is saying, that no one wants to help the farmer.

Mr. TYDINGS. "No one" is rather a general term. I do not mean to say that there are not exceptions, and I will say that I believe one of the sincerest exceptions to that observation is the Senator who has just risen. I do believe he wants to help the farmer, and I believe he is trying his best to do it, but his name and the name of others are not often associated together on the same measures, as I think he himself will admit. However, what I was coming to is this, that the manufacture of beer alone would consume 38,000,000 bushels of grain, 5,000,000,000 pounds of foodstuffs, annually. Now, I ask my friend from North Dakota does he want the farmer to get that market for 38,000,000 bushels of grain?

Mr. FRAZIER. Mr. President, if the Senator will yield——

Mr. TYDINGS. Yes; I yield.

Mr. FRAZIER. I come from one of the States on the Canadian border. Right across the line there is in force what is known as government control of liquor. Yet during the past season the price of barley, the prices of wheat and of other grain there have been below the prices here in the United States. We all admit that prices have been low enough here in the United States, but they have been lower in Canada than they have here.

Mr. TYDINGS. What I asked was not what the price of wheat was in Canada or in the United States, but whether the Senator wanted the farmer to sell 38,000,000 bushels of grain to breweries where now they are selling practically nothing. Not only that, but, according to the figures of the Census Bureau, the breweries used 3,000,000 tons of coal in 1914. How many miners are in distress to-day? Not only that, but the breweries needed for the products emanating from them in 1914, 200,000 freight cars and several hundred locomotives. Look at the railroads to-day.

Mr. FRAZIER. Mr. President, will the Senator yield?

The VICE PRESIDENT. Does the Senator from Maryland yield to the Senator from North Dakota?

Mr. TYDINGS. Yes; I yield.

Mr. FRAZIER. From the remarks made by the Senator from Maryland I have gotten the impression that it is his opinion that there is more intoxicating liquor of various forms and grades and types being consumed to-day than there was in pre-prohibition times.

Mr. TYDINGS. What does the Senator think?

Mr. FRAZIER. I do not think that is so; but if the Senator from Maryland thinks otherwise, the liquors being consumed must be made out of something, and in their making coal must be used in order to obtain the necessary heat and grain must be used in order to make the liquors.

Mr. TYDINGS. Very well; let us take both sides of the proposition. As the Senator says, let us assume that there is less liquor being consumed to-day than in 1914. Then if that is so, my answer to the Senator is legalize it, and the farmers would sell more grain than they are selling now. Is not that correct?

Mr. FRAZIER. Mr. President, if more liquors were used, there would probably be more grain required to make them.

Mr. TYDINGS. That is what I say. Then the Senator is in accord with me that the repeal of the Volstead Act would make a market for grain. And all I am asking the Senator is, Does he want to furnish this additional market to the farmers of the country who now can not sell their grain, who are burning their grain, and who will not even plant grain next year?

Mr. FRAZIER. I am frank to say that I am not looking for that kind of a market for the farmers' grain.

Mr. TYDINGS. I said the Senator wanted to help the farmer, but he does not want to help the farmer all the way down the road. He is going to leave him with 38,000,000 bushels of grain that he might sell, and which the Senator says the farmer can not sell. Furthermore, he is going to leave him with 3,000,000 pounds of sugar that he might have sold but can not sell; he is going to lessen the purchasing power of the railroad men who might be employed and who would purchase the farmers' products; he is going to leave him out of the picture; he is going to leave out of the

picture the coal miners who might have mined 3,000,000 more tons of coal and thereby earned something with which to buy the farmers' wheat in the form of bread, and, in addition, indirectly, he is going to tax the farmer $500,000,000 that might have been obtained from a tax on beer which now is paying no part of the revenue of the Federal Government but which the racketeers and gangsters are getting.

Mr. FRAZIER. Mr. President, if the Senator will yield——

The VICE PRESIDENT. Does the Senator from Maryland yield further to the Senator from North Dakota?

Mr. TYDINGS. I yield.

Mr. FRAZIER. I want to say that I do not agree at all with the figures the Senator cites, but I referred to the price of grain in Canada, where they have so-called government control, and the price here; and I am not convinced by any means that, if we should repeal the eighteenth amendment, the price of grain would be any higher than it is at the present time.

Mr. TYDINGS. May I ask my good friend from North Dakota if he or anybody on the other side of the Chamber can answer this question: Where does the President of the United States now stand on the liquor question or any part of it?

Mr. FRAZIER. Since the Senator from Maryland has put that question to me, let me say that I am not particularly anxious about it at the present time, and I think the Senators on the other side of the aisle should be more concerned about where the candidate for President on the Democratic ticket stands than as to the attitude of the President of the United States.

Mr. TYDINGS. Which candidate does the Senator want to know about on the Democratic side? Does he want to know about the one from Maryland? [Laughter.] If he does, I can answer the question. Does he want to know about the one from Ohio? If so, I can answer the question at this minute. Does he want to know about the attitude of the two candidates from New York? If so I can answer that question. I have now "batted 666" per cent; and if the Senator will bat 200 per cent, I will think he will have done well.

Mr. FRAZIER. Mr. President, will the Senator yield?

Mr. TYDINGS. I yield.

Mr. FRAZIER. I did not say I was interested in having the Senator state how any of them stood, but at the present time it occurs to me, Mr. President, that perhaps the junior Senator from Maryland is one the "dark-horse" candidates for the Democratic nomination.

Mr. TYDINGS. I had not thought about that, but it is a good idea. [Laughter.]

Mr. President, there is a great distinction between my question to the Senator and his question addressed to me. No one of the candidates of my party is President of the United States, but the Senator's candidate is President; he is the present leader of the people, and therefore the urge is one hundred times stronger for him to speak out than it is for the man who simply aspires to leadership. As I said before—and I will say it again—there is only one great fault with this Congress. It knows what to do; it knows what should be done; but, somehow or other, there is something lacking in its ability to stand up like men in war and face the issue. Every Senator in this body and every Member of the House of Representatives and the President ought to be candid enough to those who have intrusted them with office to state in words which a 6-year-old child may understand where he or she stands on this important question.

My criticism is that with everybody in the country having an opinion upon the question, when radio addresses and statements and speeches by members of the President's Cabinet are filling the air with sound, the present leader, who asked the American people for candor and courage, is silent; and we are told that after the Congress shall adjourn and the Republican convention shall have assembled and renominated him, then, after the people have been taxed $1,200,000,000 more by this session of Congress, the great "White Father" at the White House will say where he stands on the prohibition question, when it will be too late to take any action here. I do not want to anticipate that statement; but if it is like some other statements I have read on this question, the wets will think it is wet and the drys will think it is dry, and we will have four more years of silence and do-nothing.

The great game here is not to serve the people; it is to fool the people. That is what it is. How can we say something that will vaguely indicate what we really believe in and please a part of our people, but so doll it up with sweet words that it will not offend too much those who disagree with us?

For example, "Prohibition is a noble experiment, far-reaching in purpose." It is an experiment. That satisfies the wets. It is not stationary; it is just an experiment. It is a noble experiment. That satisfies the drys. Both sides are satisfied. The wets and drys go to the polls. Result: Victory. The great game is to see how we can make both sides believe we are sincere.

I want to repeat this one observation:

The man who looks ahead at what may happen—and I sincerely hope it never will—in the succeeding months and the months of next winter, and who stands in the Senate and votes to tax the American people in the face of present-day conditions, $1,200,000,000, when right here at hand, by a simple amendment to legalize 4 per cent beer, we can get half that sum and make half that amount of taxes unnecessary, when the product is one which is being sold anyway and which is financing all crime and helping the criminal element—in my judgment the man who adopts that course in these times ought not to have a seat in this or any other legislative body.

Mr. GLENN. Mr. President, will the Senator yield?

The VICE PRESIDENT. Does the Senator from Maryland yield to the Senator from Illinois?

Mr. TYDINGS. Yes; I yield to the Senator.

Mr. GLENN. I notice an agitation or a movement to put a tax on wort. Is it not a fact that wort is used exclusively for the purpose of making beer?

Mr. TYDINGS. That is true, Mr. President.

Mr. GLENN. It is proposed to tax wort; but people have convulsions if we mention a tax upon beer.

Mr. TYDINGS. I am glad the Senator brought out that distinction.

To show how candid we all are with our constituents, Mr. President, since prohibition, a substance has been invented that is called wort. I never have had occasion to use it, but I am told that if it is used properly it makes very good 4, 6, 8, 10, or 12 per cent beer. In the revenue bill it is proposed to levy a tax on wort. Every man here knows that the wort is going to be used to make illegal beer. We will vote for that because that is not wet; it is a solid; but, as the Senator from Illinois has just said, we will not put a tax on beer, because, of course, we could not clash with the philosophy of the eighteenth amendment.

In other words, we can get in the back door when nobody is looking, but we will not go in the front door. We have not enough courage to walk in the front door; but if we can get in the back door, the door called wort, we have no objection, even though we know that ultimately it will resolve itself into very good 6 or 8 or 10 per cent beer.

For a number of years the Government financed the making of wine which was illegal. I think I first called it to the attention of the Senate about three years ago. In the meantime we had let the wine people borrow about eighteen or twenty million dollars of the people's money, which they used to carry on an illicit business. Everybody knew it was illicit all the time; but it seems that the wine growers out West had entered into a sort of an arrangement that they were to support certain dry candidates provided the law was interpreted so that their product would not be held to be illegal.

That is all I have to say, Mr. President, except to make this concluding observation:

I can not for the life of me see how we can expect the people of this country to be courageous and to carry on through this depression and believe that "prosperity is right around the corner" and "Americanism will survive," when in high places we see cowardice and hypocrisy and sham, instead of the leadership that they have a right to expect from those who represent them.

NAVAL BUILDING PROGRAM

The Senate resumed the consideration of the bill (S. 51) to authorize the building up of the United States Navy to the strength permitted by the Washington and London naval treaties.

The VICE PRESIDENT. The question is on the amendment of the committee, which will be stated.

The LEGISLATIVE CLERK. On page 2, line 3, the committee proposes to strike out the words "in the manner and to the extent" and insert "within the limits."

The amendment was agreed to.

The VICE PRESIDENT. The bill is before the Senate and open to amendment.

Mr. FRAZIER. Mr. President, I am very much opposed to the pending bill, because it seems to me it is absolutely illogical and unnecessary at the present time. With the present financial condition in the United States and throughout the world, it seems to me it would be a waste of money to pass a measure of this kind, authorizing the expenditure of hundreds of millions of dollars, up to the $2,000,000,000 mark, for armament and for increasing the United States Navy.

Last year the United States Congress appropriated for the War Department and the Navy Department, in round numbers, $800,000,000. That was the largest appropriation ever made in peace times by this country or any other country on the face of the globe.

According to figures that I have from what I believe to be reliable authorities, the United States is expending in this fiscal year for Army and Navy purposes one-sixth of all the money being spent in the world for those purposes; and yet, Mr. President, it was the United States that advocated the Kellogg peace pact. It is the United States that has advocated these disarmament conferences, the cutting down of armaments, and so forth; yet we are expending more money than any other nation on earth for war purposes, and are expending practically one-sixth of all that is being spent in the world this year for such purposes.

As I recall the figures, out of every dollar being spent by the Government this year, 72 cents go for war purposes, past, present, and future; and Heaven knows we are spending altogether too much money as it is for general purposes. Out of all this expenditure this year, however, 72 cents of every dollar goes for War and Navy purposes.

I find on the desk of the senior Senator from Michigan [Mr. COUZENS] one of the daily statements of the United States Treasury under date of May 2. There are some mighty interesting figures here. There is one paragraph headed "Receipts and Expenditures this Day," and there are some interesting totals here.

This statement gives the total ordinary receipts for the day of May 2, last Monday, as $4,126,966.50. The total of the general expenditures for the same day, right opposite this total of receipts, was $35,538,566.47. In other words, there was a deficit of $31,411,600 between the general receipts and the general expenditures on that day. Yet we are asked by this bill to authorize the expenditure of hundreds of millions of dollars in the future for building up a greater Navy.

On the next page of this statement some comparisons are made of the receipts for the fiscal year 1932 up to this time and the corresponding period in the fiscal year 1931. Under the head of receipts for the fiscal year 1932 I find $1,665,848,461.23. For the corresponding period in 1931 the total receipts were $2,521,433,222.06, or a difference of almost a billion dollars more last year than this year in receipts.

Now the expenditures for the same time: The total expenditures for the fiscal year 1932 up to May 2 were $3,998,083,602.15. The total expenditures for the same period in the fiscal year 1931 were $3,392,843,904.86, or a difference of practically $600,000,000.

The excess of expenditures over receipts for the fiscal year 1932 was $2,332,235,140.92. That was the deficit at the close of business on May 2, last Monday; and yet this bill would authorize the expenditure of two billions more in the course of the next 20 years in building up and renewing the United States Navy.

Mr. President, these are staggering figures, and it is mighty hard for the ordinary citizen to comprehend what they mean. It is practically impossible when we get up into the hundreds of millions. The expenditure for the Army and Navy last year was almost $800,000,000. Figuring that down a little more concretely, it means over $2,000,000 per day for the year for the upkeep of the Army and the Navy of the United States—$2,000,000 per day. It means $84,000 per hour for the year. It means over $1,400 every minute, day and night, for the fiscal year for the upkeep of the Army and Navy of the United States.

Mr. President, $1,400 a minute is twice as much as the gross income last year of the average farm family in the United States. More than twice as much money is being spent every minute by the United States Government for the Army and Navy as the gross income last year of the average farm family that feeds this Nation. Is it any wonder that the farmers are having hard times? Is it any wonder that the farmers are complaining about high taxes? Is it any wonder that the farmers are protesting because nothing is being done by Congress to relieve the farm situation? Yet we are asked to continue this great expenditure, and not only to continue it but to increase it by from seven or eight hundred million dollars to $2,000,000,000 by this bill.

It would seem to me, Mr. President, that the human race of this great world of ours ought to be capable of getting away from this continual preparation for war. People ought to be enlightened enough, intelligent enough, civilized enough to settle their disputes in some other way than by war. If such a consummation can be brought about, if we can have world peace and world disarmament, it will save hundreds of millions of dollars not only to the United States but to every other great nation in the world, although we spend by far more than any other nation spends.

I realize that it is probably useless to use much time in opposition to this bill, but I want to make a little further statement.

Some weeks ago Mr. Lester P. Barlow, an engineer and inventor of national reputation, informed me that he had worked out a plan of offensive warfare which was of such a powerful and destructive nature as to be of utmost importance to any of the world powers in event of another great war. He also stated that the value of such a method of offensive warfare would depend upon the greatest secrecy. Joint resolutions were introduced creating a secret commission to study these new methods of military offense.

Mr. Barlow openly stated he was not interested in making any money out of a proposition of this kind and that his only motive was to promote an international agreement for disarmament because of the utterly devastating results which could be obtained by the use of the information and the methods he had worked out.

After talking with various Members of Congress and others, Mr. Barlow was prevailed upon to confer with President Hoover upon his proposition, and a conference was held. According to my information, Mr. Barlow agreed to outline to the President all his secret plans and devices, provided the President would promise not to reveal the plans without Barlow's permission, except in event the United States should become involved in actual war.

Mr. Barlow's hope was that, with this information in his possession, the President might further the cause of world-wide disarmament or at least arrange for a temporary moratorium on armament by the great world powers pending further investigation of the proposed plan, and that if this moratorium could be agreed upon it would mean a saving of several hundred millions of dollars to our Nation and to other nations in this year of great depression and hard times.

The President asked for time to think over the matter, and some 15 days later the secretary to the President wrote Mr. Barlow asking him to take up his proposition with the Secretary of War.

In the intervening time Mr. Barlow had written the President, and not receiving any reply had concluded he was not interested. About two weeks after the conference with the President Mr. Barlow revealed to me his plan of offensive warfare, and I agreed not to reveal any of the identifying details. In my opinion, secrecy of the plans is very essential to their success.

I have known Mr. Barlow for some 12 years and knew of his connection with the service during the World War; that he was the inventor of the most effective bombs that were used by the United States Government during the late war, and I understand he has 14 patents protecting these inventions of aerial bombs.

From my study of various inventions having to do with so-called modern scientific warfare I had some time ago come to the conclusion that some one would perfect instruments of war which would mean practical annihilation of the great centers of population in event of another world war. It will be recalled that General Mitchell made a statement before one of the congressional committees to the effect that in event of another world war the safest place for the United States Navy would be up the Mississippi River as far as they could get. It will also be recalled that in a sham air battle staged by the air forces of Great Britain in an attack upon London the official committee which observed that demonstration of aerial warfare, lasting for several days, reported that it was absolutely impossible to prevent some of the enemy planes from passing over the city, and that with the bombs and poison gas which they could carry it would mean annihilation of the portion of the city attacked.

Mr. Barlow is frank in his statement that other military experts and engineers may have similar plans for offensive warfare already worked out. I know of no means of defense which can insure anything like adequate protection against the offensive warfare proposed by Mr. Barlow. I am also of the opinion that he is conservative in his claim of what can be done in the way of devastating and annihilating the great centers of population. He claims that within a radius of 1,000 miles of a base of supplies any great city could be practically wiped out of existence; that one of these deadly machines of destruction could utterly destroy all life and property within an area of half a mile in width and a mile in length; and that several of these machines could undoubtedly be brought to bear upon a great center such as New York City.

It is common knowledge, of course, that aircraft can be maneuvered by what are known as robots, or remote control, thus practically eliminating the factor of loss of life of the operator of the machine.

I believe it is generally conceded by great engineers and others who have made a study of the so-called scientific warfare that another World War would mean annihilation. It is also generally conceded that governments, as well as business in general throughout the world, are on the verge of bankruptcy. This is a time for retrenchment and cutting down of all unnecessary expenses, and instead of passing a bill such as the pending measure, which would mean vast additional expenditures for the United States, and probably for other nations, a moratorium should be declared on all new or additional armaments, and the whole question be considered and investigated by the great scientists of the world, looking toward total world disarmament instead of preparation for world war, such as is indicated by the bill introduced by the chairman of the Naval Affairs Committee of the Senate.

Mr. President, an instrument of war such as Mr. Barlow claims he has worked out, one of which would annihilate every living thing and all property in an area half a mile wide and a mile in length, is an amazing thing to contemplate. Yet I have not the slightest doubt but that there will be such destruction through some such machine in the event of another world war.

It seems to me it is time, Mr. President, to think about world peace instead of war. It is time to retrench in our expenditures instead of increasing them. It is time to consider the welfare and the wishes of the people on this war question rather than the wishes of propagandists who are advocating a larger Navy and a larger Army, who are advocating that the United States, because we are a great Nation, should have the greatest navy in the world and the greatest army in the world, and that because we are the richest Nation in the world, we should spend more money than any other nation for war purposes. Think of it, in these civilized times, in these times when we are talking of world peace and disarmament, spending one-sixth of all the money spent this year for war purposes in the world.

Mr. President, I send to the desk an amendment in the nature of a substitute and ask that it be read; and at the proper time I intend to offer it as a substitute for the pending measure.

Mr. BLAINE. Mr. President, before the substitute is read, may I suggest the absence of a quorum?

The VICE PRESIDENT. Does the Senator from North Dakota yield for that purpose?

Mr. FRAZIER. I yield.

The VICE PRESIDENT. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Ashurst	Cutting	Jones	Robinson, Ind.
Austin	Dale	Kean	Schall
Bailey	Davis	Kendrick	Sheppard
Bankhead	Dickinson	Keyes	Shipstead
Barbour	Dill	King	Shortridge
Bingham	Fess	La Follette	Smith
Blaine	Fletcher	Lewis	Smoot
Borah	Frazier	Logan	Steiwer
Bratton	George	McGill	Stephens
Broussard	Glass	McKellar	Thomas, Idaho
Bulkley	Glenn	McNary	Thomas, Okla.
Bulow	Goldsborough	Metcalf	Townsend
Byrnes	Gore	Morrison	Trammell
Capper	Hale	Moses	Tydings
Caraway	Harrison	Neely	Vandenberg
Carey	Hastings	Norris	Wagner
Cohen	Hatfield	Nye	Walcott
Connally	Hawes	Oddie	Walsh, Mass.
Coolidge	Hayden	Patterson	Walsh, Mont.
Copeland	Howell	Pittman	Waterman
Costigan	Hull	Reed	Watson
Couzens	Johnson	Robinson, Ark.	White

The VICE PRESIDENT. Eighty-eight Senators have answered to their names. A quorum is present. The amendment in the nature of a substitute offered by the Senator from North Dakota [Mr. FRAZIER] will be read.

The CHIEF CLERK. The Senator from North Dakota proposes to strike out all after the enacting clause and to insert in lieu thereof:

That it is hereby declared to be the policy of the Government of the United States to bring about a moratorium for one year in construction of all military and naval armament and a curtailment to the greatest extent possible for one year of expenditures for other activities having as their object the preparation for war, either potential or otherwise. To the end that this policy may be effectuated the President is requested to take such steps as may be necessary to call such matter to the attention of the World Disarmament Conference now in session, or to take such other steps as may be necessary, for the purpose of entering into an international agreement to accomplish such moratorium and suspension.

Mr. TYDINGS. Mr. President, I would like to offer an amendment to the amendment. After the word "naval" in line 3 I move to insert the words "land and air forces." I do this because the Army of the United States ranks No. 13 in size among the nations of the world, while our Navy rank is about equal. It would be a fraud to have naval disarmament as a disarmament agreement while all the world on land is an armed camp. Unless the nations are to cut down the land, air, and sea forces all at one time, in my judgment, disarmament will simply be a fraud. If we are to have the amendment adopted as offered by the Senator from North Dakota, I sincerely believe it should embrace the entire picture, so that our country would be then in the same

position it is in to-day so far as real disarmament is concerned.

Mr. FRAZIER. Mr. President, my amendment simply provides for a moratorium for one year. I have no objection to including air and land forces. In fact, I think they would be contemplated in the amendment as I have presented it.

Mr. TYDINGS. But the Senator knows that in France, for example, they have a standing army of 500,000 men; in Italy of 380,000 men. In little Rumania they have a larger standing army than we have in the United States. Poland, Czechoslovakia, Japan, and Russia all have large military establishments on land. What is the use of talking about disarmament if it deals with only three nations when we know that all the nations are really armed camps on land? If we are going to have disarmament, and if we do not take into consideration the complete national defense picture of the nations concerned, it will be only a fraud. There is no disarmament worthy of the name unless that is done. So far as I am concerned, I am opposed to cutting down the American Navy with our small Army while large armies continue to exist in all the other countries untouched by such a proposal.

Mr. FRAZIER. Mr. President, I believe the amendment would apply to Army as well as Navy expenses.

Moratoriums are rather popular at this time, and it seems to me along with the moratorium relating to the payment of foreign indebtedness for war purposes we should have a moratorium with reference to the building program for our Navy and our Army and a cutting down of expenses as far as possible for those two branches of the so-called national defense. I hope that we can have a record vote on the amendment and that it may be adopted.

The VICE PRESIDENT. Does the Senator from North Dakota accept the modification suggested by the Senator from Maryland?

Mr. FRAZIER. As I understand the modification it is to include air forces.

The VICE PRESIDENT. Land and air forces.

Mr. FRAZIER. I am glad to accept the modification.

The VICE PRESIDENT. The amendment will be modified accordingly.

Mr. ROBINSON of Arkansas. Mr. President, I wish to bring a matter to the attention of the author of the amendment. I merely desire to suggest that perhaps the word "moratorium" is not correctly descriptive of the policy which is contemplated by the amendment.

Mr. FRAZIER. What does the Senator suggest?

Mr. ROBINSON of Arkansas. Perhaps the Senator would desire to use some other language. The word "truce" has been used, or "suspension" or "postponement" might be used. "Moratorium" I think is defined as a suspension of payments and does not mean a suspension of construction. I merely offer the suggestion to the Senator for his consideration.

Mr. FRAZIER. The word "suspension" is used a little farther on in the amendment. The word "moratorium" was put in because that term is used now to apply to almost anything that seeks to stop the expenditure of money.

Mr. HALE. Mr. President, the amendment destroys the entire purpose of the bill S. 51, which is to authorize the President of the United States to build up our Navy to the limits of the Washington and London treaties. The amendment which has been offered strikes out the entire body of the bill—it even strikes out the title—and provides for a moratorium instead. As a matter of fact, owing to our not building ships we are falling behind very rapidly so far as our relative position with other naval powers is concerned. Any kind of a moratorium, as other nations have built ships and we have not, will leave us in just so much worse a relative position at its conclusion. I certainly hope the amendment will not be adopted.

Mr. SHEPPARD. Mr. President, an adequate Navy would constitute one of our principal assurances against war, and for that very reason would be our most reliable guaranty for the development of our own internal welfare. Without such guaranty and such assurance no law we might enact, no arrangement we might perfect for the well-being of our own people would possess safety or permanence. All our work within our own limits for our mutual good, for individual freedom and prosperity, for individual ownership of homes and means of livelihood, for American standards of living and progress might be crippled or nullified by our sudden engulfment in the furnaces of war. Dictatorships in government and industry, repeal of the usual safeguards of individual freedom, exorbitant taxation, impressment of property, and other measures accompanying war involve all these things in greater or less degree. Our Navy is one of the principal protections, therefore, of American prosperity, American development, and of the final beneficiary of that prosperity and development, the American home. In shielding us to the greatest possible extent from another war it is guarding us from calamities that would pauperize all language to describe.

I hardly need to remind you of what you so well know, namely, that recent inventions and discoveries in the laboratories and studies of science have developed guns and gases and explosives of such destructiveness that in the event of another conflict they will make the horrors of the last war look insignificant by comparison. I hardly need to remind you of a fact demonstrated by the last world strife, namely, that on some occasions we may not even be a party to an outbreak of war in some distant quarter of the world and yet despite every preparation and every safeguard become involved in it, together with the rest of mankind. In such event an adequate Navy will afford our best chance for the speediest termination of hostilities that may be possible and for minimum loss and destruction to us.

The principal nations are now so dependent on each other for various essentials of economic existence and so closely related, therefore, in material interests that war between two or three anywhere on the globe may start a flame that threatens all and may bring to any nation, combatant or noncombatant, whose vital transport and trade connections with the outside are suspended, disasters beyond control or calculation. In reference to the last-named possibility let me point out the fact that a nation's real line of defense is the line of supply of the materials essential to the sustenance and the civilization of its people. In this regard let it be noted that our own line of defense crosses every sea, making a navy of sufficient size, efficiency, and personnel necessary to its protection in emergencies. The same thing may be said of lines of transport which carry American surpluses to the markets of the world.

Our position is typical of that of the rest of the world. Virtually all the nations of importance, especially the leading ones, must look to foreign regions for many of the necessary materials of industry and life and for necessary disposition of surpluses. In the struggle for these materials and markets it is not surprising that friction, hostility, and suspicion frequently cloud the international sky and occasionally fill it with the thunders of potential war. Until a sense of brotherhood and mutual interest shall pervade the world through the efforts of associations like the League of Nations, the contribution of Woodrow Wilson to the welfare of humanity, the American Navy must be kept in efficient readiness to guard our own far-flung lines of existence and defense from foreign complications, foreign entanglements, and foreign interference. In protecting the United States it protects the largest single influence for world stability and world peace. The bill before us, while calling for no particular appropriation at any particular time, establishes a standard, a goal toward which to work in developing an adequate Navy. Certainly without such a standard we will be laboring in the dark in respect to one of the Nation's most vital needs.

The VICE PRESIDENT. The question is on the amendment of the Senator from North Dakota [Mr. FRAZIER] as modified.

Mr. FRAZIER. Mr. President, I ask for the yeas and nays.

The VICE PRESIDENT. Is there a second?

The yeas and nays were ordered.

Mr. ASHURST. Mr. President, let the amendment as modified be stated.

The VICE PRESIDENT. The amendment as modified will be stated.

The CHIEF CLERK. It is proposed to strike out all after the enacting clause and to insert——

Mr. McNARY. Mr. President, inasmuch as the amendment as proposed to be modified is about to be read, I think we should have a quorum, so that Senators who are absent may have an opportunity to hear the reading before the vote shall be taken. I therefore suggest the absence of a quorum.

The VICE PRESIDENT. No Senator having answered to his name on the roll call, the order to call the roll on the amendment will be withdrawn. The Secretary will call the roll to ascertain the presence of a quorum.

The Chief Clerk called the roll, and the following Senators answered to their names:

Ashurst	Couzens	Keyes	Shipstead
Austin	Cutting	King	Shortridge
Bankhead	Dale	La Follette	Smith
Barbour	Davis	Lewis	Smoot
Bingham	Dickinson	Logan	Steiwer
Blaine	Dill	McGill	Stephens
Borah	Fletcher	McKellar	Thomas, Okla.
Bratton	Frazier	McNary	Townsend
Broussard	George	Metcalf	Trammell
Bulkley	Glass	Moses	Tydings
Bulow	Goldsborough	Norris	Vandenberg
Byrnes	Gore	Nye	Wagner
Capper	Hale	Oddie	Walcott
Caraway	Hatfield	Patterson	Walsh, Mass.
Carey	Howell	Pittman	Walsh, Mont.
Cohen	Hull	Reed	Watson
Connally	Johnson	Robinson, Ark.	Wheeler
Coolidge	Jones	Robinson, Ind.	White
Copeland	Kean	Schall	
Costigan	Kendrick	Sheppard	

The PRESIDENT pro tempore. Seventy-eight Senators having answered to their names, a quorum is present. The question is on agreeing to the amendment in the nature of a substitute proposed by the Senator from North Dakota [Mr. FRAZIER].

Mr. REED. May the amendment be read?

The PRESIDENT pro tempore. The amendment will be read for the information of the Senate.

The CHIEF CLERK. The Senator from North Dakota offers the following amendments:

Strike out all after the enacting clause and insert in lieu thereof:

"That it is hereby declared to be the policy of the Government of the United States to bring about a moratorium for one year in construction of all military and naval land and air forces armament and a curtailment to the greatest extent possible for one year of expenditures for other activities having as their object the preparation for war, either potential or otherwise. To the end that this policy may be effectuated the President is requested to take such steps as may be necessary to call such matter to the attention of the world disarmament conference now in session or to take such other steps as may be necessary for the purpose of entering into an international agreement to accomplish such moratorium and suspension."

Amend the title so as to read: "A bill to provide for a moratorium in military and naval activities."

The PRESIDENT pro tempore. The question is on agreeing to the amendment in the nature of a substitute offered by the Senator from North Dakota [Mr. FRAZIER].

Mr. REED. I call for the yeas and nays.

The PRESIDENT pro tempore. The yeas and nays have already been ordered. The clerk will call the roll.

The Chief Clerk proceeded to call the roll.

Mr. JONES (when his name was called). I have a general pair with the senior Senator from Virginia [Mr. SWANSON], who is necessarily absent. I understand, however, that if the Senator from Virginia were present he would vote the same way that I shall vote. Therefore, I am at liberty to vote, and I vote "nay."

The roll call was concluded.

Mr. DICKINSON. I have a pair with the senior Senator from Kentucky [Mr. BARKLEY]. Not knowing how he would vote, I withhold my vote.

Mr. COSTIGAN. The junior Senator from West Virginia [Mr. NEELY] is unavoidably absent.

Mr. HATFIELD (after having voted in the negative). Has the senior Senator from North Carolina [Mr. MORRISON] voted?

The PRESIDENT pro tempore. That Senator has not voted.

Mr. HATFIELD. I have a general pair with that Senator. I find that I can transfer my pair to the senior Senator from Delaware [Mr. HASTINGS]. I do so, and allow my vote to stand.

Mr. McNARY. I desire to announce the following general pairs:

The Senator from Rhode Island [Mr. HEBERT] with the Senator from Mississippi [Mr. HARRISON];

The Senator from Colorado [Mr. WATERMAN] with the Senator from Alabama [Mr. BLACK];

The Senator from Illinois [Mr. GLENN] with the Senator from West Virginia [Mr. NEELY];

The Senator from Iowa [Mr. BROOKHART] with the Senator from Louisiana [Mr. LONG]; and

The Senator from Idaho [Mr. THOMAS] with the Senator from Montana [Mr. WHEELER].

Mr. SHEPPARD. I desire to announce that the junior Senator from Arizona [Mr. HAYDEN], the senior Senator from North Carolina [Mr. MORRISON], the junior Senator from North Carolina [Mr. BAILEY], the junior Senator from Illinois [Mr. LEWIS], and the senior Senator from Missouri [Mr. HAWES] are absent on official business.

The result was announced—yeas 17, nays 58, as follows:

YEAS—17

Blaine	Costigan	La Follette	Thomas, Okla.
Borah	Dill	McGill	Walsh, Mont.
Bulow	Frazier	Norris	
Capper	Howell	Nye	
Connally	King	Shipstead	

NAYS—58

Ashurst	Cutting	Keyes	Smith
Austin	Dale	Logan	Smoot
Bankhead	Davis	McKellar	Steiwer
Barbour	Fletcher	McNary	Stephens
Bingham	George	Metcalf	Townsend
Bratton	Glass	Moses	Trammell
Broussard	Goldsborough	Oddie	Tydings
Bulkley	Gore	Patterson	Vandenberg
Byrnes	Hale	Pittman	Wagner
Caraway	Hatfield	Reed	Walcott
Carey	Hull	Robinson, Ark.	Walsh, Mass.
Cohen	Johnson	Robinson, Ind.	Watson
Coolidge	Jones	Schall	White
Copeland	Kean	Sheppard	
Couzens	Kendrick	Shortridge	

NOT VOTING—21

Bailey	Glenn	Lewis	Thomas, Idaho
Barkley	Harrison	Long	Waterman
Black	Hastings	Morrison	Wheeler
Brookhart	Hawes	Neely	
Dickinson	Hayden	Norbeck	
Fess	Hebert	Swanson	

So Mr. FRAZIER's amendment, in the nature of a substitute, was rejected.

Mr. TYDINGS. Mr. President, I hold in my hand the amendment upon which we have just voted. A careful reading of the amendment seems to show that it is the wish of the amendment to declare it to be the policy of the United States Government to bring about a moratorium for one year in the construction of all military and naval armaments, and so on; and it seems to have no relationship to the other nations of the world. I suppose the Senator meant to have his amendment express a world-wide rather than a national wish; but I voted against it because it deals primarily with the United States alone. It would put us in the position of disarming without regard to what the rest of the world does.

Mr. FRAZIER. Mr. President, the Senator will find that at the close of the amendment it requests the President to attempt to bring about such a world-wide moratorium.

Mr. TYDINGS. Yes; but prior to that it says that it is the policy of this Government, without regard to what the President does, to declare a year's moratorium on all military and land armaments, regardless of what the rest of the world does.

Mr. FRAZIER. Mr. President, that was the intention.

Mr. TYDINGS. I thought the Senator had it in mind to effect some international disarmament; but, as I have read the amendment, I certainly would not vote to have the United States disarm while the rest of the world does nothing.

The VICE PRESIDENT. The Senator will suspend while the Senate receives a message from the President of the United States.

A message from the President of the United States was transmitted to the Senate by Mr. Latta, one of his secretaries.

MESSAGE FROM THE PRESIDENT—RELIEF OF ECONOMIC SITUATION (H. DOC. NO. 313)

Mr. McNARY. I ask that the message of the President be laid before the Senate.

The VICE PRESIDENT. The Chair lays before the Senate a message from the President of the United States, which will be read.

The Chief Clerk read the message, as follows:

To the Senate and House of Representatives:

I should not be discharging my constitutional responsibility to give to the Congress information on the state of the Union and to recommend for its consideration such measures as may be necessary and expedient if I did not report to the Congress the situation which has arisen in the country in large degree as the result of incidents of legislation during the past six weeks.

The most essential factor to economic recovery to-day is the restoration of confidence. In spite of the unquestioned beneficial effect of the remedial measures already taken and the gradual improvement in fundamental conditions, fear and alarm prevail in the country because of events in Washington which have greatly disturbed the public mind.

The manner in which the House of Representatives rejected both the revenue program proposed by the Treasury and the program unanimously reported by the Committee on Ways and Means; the character of the tax measures passed; the action of the House which would increase governmental expenditure by $132,000,000 for road building; the action further to enlarge expenditures in non-service-connected benefits from the Veterans' Bureau at the very time when the House was refusing to remedy abuse in these same services; the virtual destruction of both the national economy program proposed by the executive officials and the program of the special House Committee on Economy; the failure of the House to give adequate authority for early reduction of Government bureaus and commissions; the passage of legislation by the House placing a burden of impossible execution upon the Federal reserve system over the protest of the Federal Reserve Board; the threat of further legislation looking to uncontrolled inflation—have all resulted in diminishing public confidence and offsetting the constructive, unified efforts of the Executive and the Congress undertaken earlier in the year for recovery of employment and agriculture.

I need not recount that the revenues of the Government as estimated for the next fiscal year show a decrease of about $1,700,000,000 below the fiscal year 1929 and inexorably require a broader basis of taxation and a drastic reduction of expenditures in order to balance the Budget. Nothing is more necessary at this time than balancing the Budget. Nothing will put more heart into the country than prompt and courageous and united action in enacting the legislation which this situation imperatively demands, and an equally determined stand in defeating unwise and unnecessary legislation.

Most expeditious action is necessary if the revenues, appropriations, economy legislation, and a balanced Budget are to be attained before the beginning of the new fiscal year on July 1 next.

The details and requirements of the situation are now well known to the Congress and plainly require—

First. The prompt enactment of a revenue bill adequate to produce the necessary revenue and so designed as to distribute the burdens equitably and not to impede economic recovery.

Second. A drastic program of economy which, including the savings already made in the Executive Budget of $369,000,000, can be increased to exceed $700,000,000 per annum. Considering that the whole Federal expenditure, except about $1,700,000,000, is for uncontrollable obligations, this would represent an unprecedented reduction. Such a program to accomplish its purpose must embrace the rejection of all measures that increase expenditures unless they be for undoubted emergency; the reduction in appropriations now pending below the figures submitted in the Executive Budget on December 9 last; a reconsideration of the legislation covering those economy projects which require repeal or amendment to the laws; and an effective grant of authority to the Executive to reorganize and consolidate and eliminate unnecessary Government bureaus and establishments.

REDUCTION OF DIRECT APPROPRIATIONS

In the category of appropriations within the authority of the Appropriation Committees, those committees have given some months to devoted consideration of the Executive Budget, which, as I have said, in itself carried a reduction of $369,000,000 below the expenditures of the current year. Considering the situation in the country and a study of the results so far attained by the committees, together with a review by the executive officials, I am convinced that, subject to the inclusion of conditions mentioned later, a reduction of at least $230,000,000 below the Executive Budget can be made in the supply bills—of which some $70,000,000 or $80,000,00 may be the subject of deficiency bills at the next session. In order to effect these economies, to preserve the efficiency of the Government, and to assure the humane treatment of Government employees, authority must be given to meet emergencies which may arise from such close budgeting by the transfer of not to exceed 15 per cent of any appropriation to any other appropriation within the same department, provided no appropriation is increased more than 15 per cent, but subject to the approval of the Director of the Budget; and to suspend the leave with pay so that the 5-day week and its equivalent to salaried employees can be installed where necessary.

With the reduction proposed in the original Budget, together with the further reductions here proposed, it will be necessary to discharge 50,000 to 100,000 employees unless we divide the remaining work of the Government amongst the whole of its employees just as has been done in industry. I know of nothing more inhuman in the present situation than for the Government to add to the pool of unemployment and destitution when it is entirely unnecessary and can be provided against by the same measures which were undertaken by industry at the request of the Government itself nearly three years ago.

SPECIAL ECONOMY LEGISLATION

In the category of further economies, which can only be made by changes in laws, which would give authority to the Executive and the Appropriations Committees, many items were proposed by executive officers of the Government, and some portion of them were embodied in the bill presented by the special Economy Committee to the House of Representatives. Less than $30,000,000 direct and definite savings were covered in the bill which finally passed the House. Many of the indeterminate and indirect savings in that legislation can not be realized until late in the new year or after that.

Many of the recommendations which were rejected by the House of Representatives should again be considered. Aside from the economy proposals affecting employees which are here included in the above discussion of the supply bills there are opportunities to increase the direct savings provided for in the House economy bill from $30,000,000 to from $130,000,000 to $150,000,000, plus many indeterminate items which would result in further economies.

These savings would be over and above the amounts of savings referred to in the direct appropriations. Without going into the merits or demerits of the proposals, they do represent the correction of abuses and the curtailment of unnecessary functions of the Government and embrace items that can be dispensed with during the present critical period.

CONSOLIDATION AND REDUCTION OF BUREAUS

In the category of economies that can be made by consolidation, reorganization, and elimination of the less necessary bureaus, commissions, and so forth, the authority given in the measure passed by the House of Representatives is so restricted that it can not be made effective until late in the next fiscal year. In order to expedite this economy I earnestly recommend that the Executive be authorized to proceed immediately in the consolidation of public works and personnel, partly provided in the House economy bill; public health; merchant marine; conservation; education; munitions manufacture; Army and Navy hospitals; aviation fields; and other specific Army and Navy activities which may advantageously be consolidated for the purpose of economy and more effective administration. The savings to be made are indeterminate but very considerable. If made by Executive action within the above direction from the Congress they can be made promptly.

CONCLUSION

The imperative need of the Nation to-day is a definite and conclusive program for balancing the Budget. Uncertainty is disastrous. It must be in every sense a national program. Sectional, partisan, group, or class considerations can have no place in it. Ours is a government of all the people, created to protect and promote the common good, and when the claims of any group or class are inconsistent with the welfare of all, they must give way. Various groups and sections of the country have brought insistent and delaying pressures to bear for the adoption or rejection of various projects which would yield great economy and revenue. They have not realized that sacrifice by all groups is essential to the salvation of the Nation. They have not recognized the gravity of the problems with which we are confronted. They apparently do not know that by their actions they are imposing losses on members of their own groups and sections through stagnation, unemployment, decreased commodity prices, far greater than the sacrifices called for under these suggestions. The Government can not be dictated to by organized minorities. Such action will undermine all popular government. I know that these actions do not reflect the will of the country, and I refuse to believe that the country is unable to reflect its will in legislation.

In conclusion, let me urge the national necessity for prompt and resolute and unified action, keeping constantly in mind the larger aspects of the problem and that the necessity for these measures is born of a great national emergency. If such a program should be agreed to by the leaders and Members of both Houses it would go far to restore business, employment, and agriculture alike. It would have a most reassuring effect on the country.

HERBERT HOOVER.

THE WHITE HOUSE, *May 5, 1932.*

The VICE PRESIDENT. The message will lie on the table and be printed.

Mr. ROBINSON of Arkansas. Mr. President——

The VICE PRESIDENT. Does the Senator from Utah yield to the Senator from Arkansas?

Mr. KING. I yield.

Mr. ROBINSON of Arkansas. Mr. President, copies of the President's message which has just been read have not been made available for the study of Senators. There are some declarations in the message that are of vital importance. The President repeats the declaration that it is fundamentally necessary to accomplish the prompt balancing of the Budget by the levying of additional taxes that will be just and not oppressive.

Mr. President, one of the greatest difficulties that has been experienced in meeting the obligation to maintain a due proportion between expenditures and revenues grows out of the error—the unaccountable error—of the executive department of the Government in making unreliable estimates. The advice to balance the Budget is good; I accept it, in so far as I can do so, without qualification; but there would not have been that difference between the revenues and expenditures if the estimates heretofore submitted to the Congress with respect to prospective revenues had been even approximately correct.

Heretofore it has been pointed out to the Senate that in almost every year during the last two administrations it has been impracticable to maintain a balanced Budget for the reason that the Congress has not been supplied with the information that is essential to the accomplishment of that very important end. Now, while the question is being dealt with by the Finance Committee, and every possible source of revenue is being sought out, the Executive satisfies himself with a mere general declaration that revenue sufficient to balance the Budget must be raised, and that the additional taxes for that purpose must be just, nondiscriminatory, and not oppressive. I respectfully suggest that what is needed is not mere general advice; what is needed now worse than anything else is specific information and suggestion. It would have been helpful to the Finance Committee, it would have been helpful to the Senate and to the country had the President chosen to indicate what sources of revenue that are not being reached are, in his opinion, available.

Mr. REED. Mr. President, will the Senator from Arkansas yield to me?

The VICE PRESIDENT. Does the Senator from Arkansas yield to the Senator from Pennsylvania?

Mr. ROBINSON of Arkansas. I yield to the Senator from Pennsylvania.

Mr. REED. I think it only fair to the administration to say that both in the Ways and Means Committee of the House and in the Finance Committee of the Senate that course was adopted. The Secretary of the Treasury appeared in each committee specifically showing where the revenue could be secured; and it is also only fair to him to say that both those committees have refused to follow that advice.

Mr. ROBINSON of Arkansas. Yes, Mr. President; but it is fair to everyone to say that after the Secretary of the Treasury had made that suggestion, he made the additional admission that his estimates were wrong by approximately $500,000,000; and now the fact is developed that the estimate upon which the $1,000,000,000 additional revenues alleged to be necessary rests is based on the anticipation of substantial improvement in business conditions and in returns to the Treasury, which experience so far shows has not been realized and which circumstances indicate may not be realized during the present fiscal year.

The balancing of the Budget by the addition of $1,000,000,000 in increased revenue is based on the theory that beginning from the time the estimate was made some months ago there would be an upward trend in business, resulting in increased returns to the Treasury, and that before the end of this fiscal year there would come such increases in business and such augmented revenues as would make a billion dollars adequate to balance the Budget. As a matter of fact, the circumstances and evidence now establish that much more than a billion dollars will be required to accomplish the honest balancing of our Budget.

I am not speaking from a political standpoint. Let every consideration of partisan advantage be discarded, and let us all address ourselves to the one important achievement, namely, that of maintaining the national credit by making clear the fact that we do not propose to expend enormous sums of money without providing the funds out of which they shall be paid. Proceeding upon that theory, we might just as well understand now that the Budget will never be balanced by mere declarations or general expressions of a purpose to do so. The Budget will only be balanced by reducing costs and by searching out and finding the sources of revenue required to meet that end; and make no mistake about it, any additional taxes levied now will prove oppressive, and some of those proposed to be levied may prove discriminatory.

It is not possible to balance the Budget without imposing a weighty obligation or burden on the business of the country. I do not care from what source the revenue may be obtained, it is fair, no matter on which side of the Chamber

we stand, to recognize now the fact that we will never accomplish the balancing of the Budget by merely declaring our general purpose to do so.

Now, with respect to the declaration regarding drastic economies, let me say that since the beginning of the session there has been recognition of the necessity for reducing Federal expenditures in both branches of the Congress. Numerous proposals have been advanced. Most of them, in so far as they have as yet been considered, have been rejected, and it is entirely true that the economy bill passed by the body at the other end of the Capitol does not accomplish satisfactory reduction in its features as a whole. The declaration in the President's message in that respect is entirely correct. But it does no good to go on talking about economy unless some specific measures for securing it are to be advanced.

The only measure the President presents is the suggestion that he, as Chief Executive, be given unlimited authority to consolidate and abolish bureaus and governmental agencies and that, if that is done, it is entirely possible to save $230,000,000. It would have been helpful if at this stage of the problem the Executive had seen fit to advise the country and the Congress as to what consolidations might be made, as to what bureaus and governmental agencies might be abolished. I wish to say now that I am willing to extend the authority asked by the President on fair conditions, and I hope the Congress will pursue that course.

It is realized that the power required to accomplish the purpose which the President has in mind is an extraordinary power, an unusual authority to grant to an Executive. At the same time, the power will remain in the Congress to correct any errors or mistakes that may be made when discovered. It would have been much more helpful in enabling the Congress to accomplish something definite if there had been submitted with the message more specific recommendations.

The statement is made that it is entirely practicable to reduce the aggregate amount of the general appropriation bills $230,000,000 below the Budget. That is to say the Executive in his message admits and declares that there can be saved $230,000,000 in excess of the amount that was attempted to be saved at the beginning of this session when the Budget was sent down. It would, of course, be helpful to us all—and in saying this I do not speak as a partisan; I speak as one who is in need of information and who is desirous of procuring it, as I must assert—it would have been very helpful if we had been informed of specific measures which, in the Executive's opinion, might have resulted in economy.

Mr. KING. Mr. President, will the Senator permit an interruption?

Mr. ROBINSON of Arkansas. Certainly.

Mr. KING. I invite the Senator's attention to the fact that while the President is recommending economies, when the Senate and the House have attempted to go below the Budget and secure economies, members of the Cabinet and heads of bureaus have done all they could to block the efforts of either the House or the Senate to bring about the economies which I think Senators and most of the Members of the House are desirous of effectuating.

Mr. ROBINSON of Arkansas. What the Senator has stated seems to me to be true; and the regrettable conclusion of the matter is that while we have differed as to what may be done, and while those differences have not been harmonized, very little in a substantial way has been accomplished toward the end with which we all profess ourselves in sympathy.

Reference is made to the subject of currency expansion. It is, of course, a difficult problem to make the money volume respond to the needs of business. The Glass-Steagall bill was advanced and enacted in the belief that it would accomplish necessary and wholesome expansion, and in a measure it has accomplished that end; but the difficulty has been that the agencies to whom the process was made available have not employed that process in a liberal measure.

It would be interesting and helpful to have a specific recommendation as to how wholesome expansion is to be accomplished, and undue inflation—denounced in the message—avoided and prevented.

In making this declaration, I do not feel that I have spoken from a partisan standpoint. The President's message is shot through with declarations favoring the elimination of political considerations in the determination of these important questions, and also with intimations, if not declarations, that these important and difficult questions have been treated from a partisan standpoint by others.

Mr. President, there was never a critical time in the political history of the United States, there has never been a crisis in which the opposition party in the Congress have given such helpful support to an administration in the enactment of legislation; and that support has been given on the theory that it is the only course open to us who oppose the administration in a political way if we are to avoid those destructive conditions which so long have threatened, and which appear so imminent.

I do believe it is necessary to balance the Budget; and in order to accomplish that I think we will levy taxes which will prove very burdensome, which will cause great vexation, which will stimulate the rising tide of resentment against the Congress of the United States. Nevertheless the task must be performed. In doing it I should like to have those with whom I work feel that while my efforts may prove only partially effective, while they may prove feeble, they are well intended and earnestly made.

Mr. BYRNES, Mr. REED, and Mr. LEWIS addressed the Chair.

The VICE PRESIDENT. The Senator from Utah has the floor. Does he yield; and if so, to whom?

Mr. KING. I promised to yield for a few minutes to the Senator from South Carolina [Mr. BYRNES]. I shall continue in the morning my observations, which were interrupted by the message from the President.

Mr. BYRNES. Mr. President, the President in his message has referred to legislation on the subject of currency expansion, criticizing that legislation. Evidently the President has reference to the Goldsborough bill, which was passed by the House on Monday of this week.

That bill merely declares that the policy of the United States is that the average purchasing power of the dollar, as ascertained by the Department of Labor, in the wholesale commodity markets for the period covering 1921 to 1929, shall be restored and maintained by the control of the volume of credit and currency, and the Federal Reserve Board is directed to carry out this policy.

It is surprising that the President should disagree with this policy—surprising because it is well understood that the Secretary of the Treasury is the adviser of the President in financial matters.

On April 25 the Secretary of the Treasury delivered an address at the annual luncheon of the Associated Press in New York City, in which address he made this statement:

> With the collapse of our banking system definitely halted and our commercial and industrial organization still in a state of extreme strain, what would appear to be required now is the stimulus of credit expansion, supported by a liberal policy of the Federal reserve system, such as it is pursuing at present, and regulated in its development by that system.

So that the Secretary of the Treasury, the adviser of the President, has declared that it appears now to the administration that there should be an expansion of credit supported by a liberal policy of the Federal reserve system.

The Secretary says that appears to him to be required now. That appeared to nearly everybody else in America two years ago. Had it appeared to the Secretary and to the Federal Reserve Board two years ago, many a home and many a business in America would have been saved.

The Senator from Arkansas [Mr. ROBINSON] refers to the Glass-Steagall bill and its effect in broadening the base of credit. That was our hope at the time of the passage of that bill. The figures I have secured from the Federal Reserve Board, however, show that whereas on December 31 the Federal reserve banks had loaned to member banks $638,293,000, on April 27, last week, the amount of money loaned by the Federal reserve banks to member banks, in-

stead of increasing, had decreased from $638,293,000 to $531,821,000, or more than $100,000,000, since the passage of the Glass-Steagall bill.

The figures as shown from the various Federal reserve banks are exceedingly interesting, because they show that with the exception of three of the Federal reserve banks there has been a decrease in loans to member banks in every one of the Federal reserve districts, so that as a result of our efforts to broaden the base there has been a contracting of the credit through the Federal reserve system.

Fortunately, the House has passed this bill, which seeks only to have the Government to declare as its policy that through the Federal reserve system there should be the controlled expansion of credit, the need for which the Secretary of the Treasury says is now apparent to the administration.

This legislation would have this policy declared by Congress, because if it has never occurred to the administration that it was essential until now, the members of the board might change their minds in the near future. The necessity exists for the Congress to declare as a policy that there should be some expansion of credit and currency controlled by the Federal reserve system, and that something should be done to prevent the continuance of the contracting of the credit which is evident from the last statement of the Federal Reserve Board.

Mr. REED. Mr. President, I think the country will be encouraged by the declaration of the Senator from Arkansas [Mr. ROBINSON], the Democratic leader here, that there is going to be no partisanship in this most important matter of a balanced Budget, which means an increase in the revenue and a decrease in the expenses of the United States Government.

I do not believe that the country cares a whoop from which side of the Chamber come these suggestions for diminished expenses, or from which side of the Chamber come sound suggestions for raising additional revenue. I think the degree of distress in which the country is at this moment is such that interest throughout the country in our political quarrels has pretty well ceased. The country has so much trouble of its own to cope with at the present time that we merely weary people by displays of partisanship here at this time.

In recent days the foreign-exchange market has gone against us very severely. The value of the dollar as expressed in terms of other currencies has declined sharply. Yesterday $13,000,000 more of gold went out of the country. It has been increasing in recent days. The security markets have gone down. To-day bond prices went down in many cases as much as 10 points.

Why has that happened? Business is bad, but it is not markedly worse than it was a week ago. The reason for those declines has been a growing apprehension that we in Congress were talking about economy but were not doing anything about economy; that we were talking about raising the Federal revenue but were not providing sound means of doing it; that our economies are illusory, and that our increases in revenue were either wholly unsound or wholly unproductive, or both. It is because the impression has gone abroad, here and in other countries, that Congress lacked the courage to balance the Budget; that all we would do would be to talk about it, and that we would not actually accomplish it; and the apprehension that has grown, based primarily on the conviction that we lacked the courage to do our obvious duty, has been increased by recent legislation or partly completed legislation or threatened legislation, such as the soldiers' bonus bill, such as the Goldsborough bill, which passed the House. Those things have shaken confidence throughout the country and in other countries to a degree that we in Congress probably do not begin to realize.

Mr. McKELLAR. Mr. President, will the Senator yield?

Mr. REED. In a moment I shall be glad to yield, but not just at this moment.

The VICE PRESIDENT. The Senator declines to yield at this time.

Mr. REED. So far as I am authorized to do so for this side of the Chamber, I am glad to join in the declaration of the Senator from Arkansas that America is not going to debase her currency nor is she going to leave her Budget unbalanced.

I am glad to join with him in saying to the world, as far as our syllables can reach it, that this is a poor time to sell America short, and that if you are going to sell anything short, you should not sell American dollars short, because they are going to stay good, the Budget is going to be balanced, and we are going to maintain a sound currency.

The proposition now pending in the House of Representatives to issue greenbacks to pay over $2,000,000,000 of so-called bonus certificates is not going to become law, and everyone on this floor knows that it is not, and the markets need have no cold chills of apprehension on that account.

The Goldsborough bill, which has been spoken of, is a bill which would require the Federal reserve system so to regulate our currency that the average of prices of more prosperous years should be maintained. The enactment of that measure would mean one of two things, either that we were going to so debase our currency that the prices of commodities expressed in that currency would seem to be equal to those of more prosperous days, or that we were not going to debase our currency but were going to try to maintain fixed prices for those commodities up to past levels.

We are not going to debase our currency so as to make prices seem higher, and the country and other countries might as well know it. I do not think we are going to enter into the incredible folly of trying to maintain prices of world-wide commodities, as expressed in terms of sound currency, because, strong as is the United States, it can not act as a dumping ground for all creation. It has been proved to us that we can not maintain the price of wheat. How, then, could we possibly pretend to maintain the prices of the whole commodity group? It can not be done, and we will not embark upon the incredible folly of trying to do it.

Mr. COUZENS. Mr. President, will the Senator yield?

Mr. REED. I yield.

Mr. COUZENS. I would like to ask the Senator whether he has worked out any plan, in view of his very strong assertions, as to how the debtors of the Nation are to pay their debts, with the present low commodity prices, and the high prices of the dollar?

Mr. REED. The present low commodity prices are just as artificial as were the boom prices of 1929.

Mr. COUZENS. But the dollar is worth much more than it was then.

Mr. REED. Of course, just at the moment it is, just as the value of the dollar was cut in half during the last boom, and during the boom of 1920. I do not justify either condition. Both are artificial. In times of great booms, like that of 1920, with the dollar selling on a 40-cent basis, an injustice is worked out to a great group of our citizens. In times like the present, with the dollar raised in its purchasing power to several times its purchasing power of three years ago, of course, a hardship is worked on vast numbers of our citizens.

Let me say now, with all the emphasis that is in me to give, Mr. President, that if we once start to debase our currency, the first sufferers, and the worst sufferers, will be those people of moderate means who receive wages payable in money. Second will be those people of moderate means who have savings-bank accounts, payable just in dollars as such, with no assurance of the gold value except as the policy of this Government has been declared. Third, the suffering will fall upon those people who have policies of insurance, representing their savings of years, because those policies likewise will be payable in depreciated dollars.

It will not hurt the rich man, who has lands, who has shares that represent tangible property, and corporations which have tangible property. It will not hurt them. But the primary sufferer, as I have said, will be the man of moderate means. It has been proved to be so in Germany, in Italy, in France, in Great Britain, and in every country

which has debased its currency. Those people have been the sufferers, and when we fight for sound currency, we are fighting for the great mass of the people of the United States.

I know it makes it easier for a debtor to pay; I will grant that. But for every debtor who pays more easily, some other human being who has his savings invested in that credit suffers. For every human being who is advantaged, some other human being loses. I do not believe that America is going to break faith with the thrifty class of the Nation.

Mr. COUZENS. Mr. President, will the Senator yield?

Mr. REED. I yield.

Mr. COUZENS. I would like to ask the Senator to reply to my question, as to whether we are going to be able to pay our debts, in the present status of affairs?

Mr. REED. I confidently expect that we are when business revives, and it will revive. It is sometimes said about a rainstorm that all the others have stopped except the present one. So it is with depressions and slumps like the present one; they have all stopped but this one, and it will be the same as to this one.

Mr. COUZENS. That is when we are going to be able to pay off our debts, when business revives?

Mr. REED. Yes; and it is up to us to reassure business by following sound fiscal policies here, and when we shall have reassured business, immediately the credit of this Government will go to par and stay at par, and the way will be cleared for the credit of business concerns to do the same.

Mr. COUZENS. So, when business returns, all of these commodity prices with which we have to pay off our debts will rise, so that they will be somewhere around what they were when the debts were created?

Mr. REED. No; I do not expect in my lifetime to see a repetition of the ridiculous boom and the ridiculous prices which prevailed in 1929.

Mr. COUZENS. So, in effect, then, all of the people who borrowed during that period will have to pay back two or three times as much in commodities?

Mr. REED. Not two or three times as much, but foolish people like myself, who went into debt in 1929, are going to have to work longer and harder to pay those debts. That is the price of having bad judgment.

Mr. COUZENS. So, in effect, such times as these all act to the advantage of the creditor?

Mr. REED. Just as boom times work the other way. This is a world of compensation.

Mr. BYRNES. Mr. President, will the Senator yield?

Mr. REED. I am going to yield to myself for just a moment, and then I will yield to the Senator.

The Senator from Arkansas asks why the President does not submit suggestions which are more specific. I think the answer to that is perfectly obvious. He has submitted suggestions which, to my mind, are as specific as could reasonably be asked. We saw a lot of specific suggestions in the McDuffie economy bill in the House of Representatives. Among them were certain suggestions as to payments to veterans. I thought most of them were pretty reasonable. There seemed no reason why, when the Government furnished food and lodging and every kind of care to a veteran in a veterans' hospital the Government should go on paying that veteran while he was in the hospital as much as it was paying to some other man in similar circumstances who had to provide all his own food and lodging and other expenses. There seemed to be a manifest inequity there. Suggestions like that were made in the McDuffie bill; and what happened? Such a cloud of lobbyists descended upon the House, so strong was the pressure of the soldier lobby, that only about 25 per cent of the membership of the House dared to vote in favor of that obviously just suggestion. The more specific the act the stronger will be the lobby, and, apparently, at the other end of the Capitol anyway, there was not courage enough to resist it. The only way by which we will get results is by putting the power into the hands of somebody who will assume the responsibility and use it.

Mr. President, I do not often envy other countries their governments, but I say that if this country ever needed a Mussolini it needs one now. I am not proposing that we make Mr. Hoover our Mussolini, I am not proposing that we should abdicate the authority that is in us, but if we are to get economies made they have to be made by some one who has the power to make the order and stand by it. Leave it to Congress and we will fiddle around here all summer trying to satisfy every lobbyist, and we will get nowhere. The country does not want that. The country wants stern action, and action taken quickly, and that is what the President's message appeals for.

Mr. BORAH. Mr. President, will the Senator from Pennsylvania yield to me?

Mr. REED. I yield.

Mr. BORAH. Having the great respect that I entertain for the Senator, I wonder whether he wants the statement to stand which he made, that if ever this country needed a Mussolini it needs one now.

Mr. REED. This country needs courage in public office, and it has not been getting it. I do not think that we have given the country as good service as it is entitled to expect from us. I do not think we have shown either the energy or the courage the country had a right to expect from us. That is what I mean.

Mr. LEWIS. Mr. President, I rise for the moment to address myself to a feature of the President's message just read and to a phase of its support in the address just made by the eminent Senator from Pennsylvania [Mr. REED].

Sirs, the President of the United States is to be congratulated in having so knightly a bearer as the distinguished Senator from Pennsylvania to be his sponsor. There was none who could break a lance in his cause with more grace of action or greater force of execution.

To the leader of the Democracy of the Senate, Mr. ROBINSON, must go the approval of those who indorse lofty sentiments addressed to a noble object.

Mr. President, we are moved to serious consideration by the views expressed by the President of the United States on the legislation asked. We note that the President in his message advises the Congress, particularly the Senate, against what he intimates is an element of partisanship and an aspect of politics. He beseeches that such may be avoided, and that we join together in common purpose for common good. He would have the work entered upon in the spirit of patriots for country rather than partisans of politics. We answer, "Sail on; our hearts and lives are with you."

No one could more reecho that sentiment in expression than I. In proof of that self-applied encomium I appeal to the record that I have given here in the Senate, where I have supported every measure the President of the United States has sought as the Executive of the Government.

The eminent Senator from Pennsylvania congratulates the leader of the Democracy [Mr. ROBINSON] for that he will support, and that his following will uphold, measures looking to the same spirit of patriotic achievement rather than partisan accomplishment.

Mr. President, let it be confessed that the Senate can be of no avail in carrying out any program, either of the President or of the Congress, unless it has the respect of the American public and unless it can have the support individually of the constituencies which it severally represents.

Sirs, if there is to be continued the constant slander before America issued from the mouths of occasional public men, expressed by irresponsible sources, asserting that the Congress has no patriotism in its undertakings; that its Members have no capacity for the work it assumes; that it discloses a lack of intellect in whatever it pursues, there will be discouragement and want of heart in the duty. So long, sirs, as that program of falsehood shall continue being sent out to the nations as the judgment of the country, the people will have no respect for anything we undertake. There will only follow the multiplying condemnation of everything we assume, while the misrepresentations will

only bring from the citizen the usual criticism asserting that we are not respected in our own homes and country and never supported by the public. It is continuously intimated that what we do is not at the instance of patriotism and devotion but incited from the littleness of partisanship or the service of private selfishness.

Sirs, all through this country in this hour there is a detestable array of contemptible individuals, irresponsible wherever they live, whose littleness and whose importence wherever they may be are demonstrated in their assumption that they may slander this body and its membership as evidence of exalted citizenship. The carrion of this order are those who love to have themselves advertised and have found they acquire it by passing maledictions upon this body. These have learned to pronounce anathema against the Congress and the Senate. They and their record ever recall to us that they are those who, for the most part, have never been honored with a trust and whom a discriminating public have never trusted with an honor. Then, sirs, in addition to these who fascinate their vanity by imitation of the kennels—in ceaseless barking—are certain others. Who are they? Sir, I deplore to speak as I must here at this moment in the language of the Scripture, which says, "Strong is the spoken word."

The distinguished President of the United States has a little body of gentlemen who have entitled themselves in the name of "the little cabinet." They, in aggregation, are busy, going about the United States in every opportunity where political chance gives them the privilege to charge everything that is wrong or disappointing against what they call the Democracy. These traveling showmen slander the members of the Democratic legislature of the United States, both of the House and the Senate. They hold up to the country that every achievement worthy of admiration or approval is the direct work only of the Republican President or of those of his party who are supporting him; that every failure of design and every disappointment in hope is the work of those who are Democrats. Never do they concede the cooperation of the Democracy, or confide to their multitude how the Democratic Party opposition waives all its privilege to oppose and opportunity to obstruct, that in concord they might work to the common object of aiding the President and serving in citizenship the country.

Among the gentlemen who voice in behalf of the administration their whining calumnies, or explode their padded exaggerations, are select hawkers who call themselves " the little cabinet," that little army who go about through the country where privilege of exhibition is given them to heap on the Democracy discredit, which they flatter themselves is an expression of statesmanship. They, sir, can be listened to by the deceived, and our distinguished press can give them prominent position in news columns, with large illustrative headlines which gratify their vanity in its crave for publicity. These it is who are educating the country and the world to believe that the Senate is unworthy of confidehce, that its membership is unintelligible. That all of all parties lack the intellect to undertake tasks worthy of their party. They are followed by others of similar pattern, and such as these have educated the country to the point where to-day our fellow citizen considers this legislative agency as unworthy of his confidence and incapable of restoring the Nation.

If the honorable President, for whom we all have respect and wish well in his undertakings, will have the cooperation that may serve the purpose as expressed by the Senator from Pennsylvania and voiced in the President's message just read here and commented on by the leader of the minority—if the President shall enjoy the fulfillment of his hope, let him as his first undertaking be to withdraw these little gentlemen of the " puny cabinet," who are the fife and drum brigade, and summon them to return to their undertakings and maintain the common manners of gentlemen to whom are committed the tasks in behalf of the public. Let these cease maligning the Democracy who are aiding as patriots, and as they uphold their office in dignity and respect cease to take license to slander public agencies that are known as congressional legislators. Let them realize how they weaken the power of Congress to carry out the wish of the President and serve their country as faithful agents of the Nation. Sirs, in an hour like this, described by the distinguished Senator from Pennsylvania as " so serious in its nature as calls for careful consideration," let there be an end of that petty amusement in little things, such as has been the occupation of too many in getting laughter from the vacant mind by depicting falsely the coadjutors of the President, the Congress of the United States. Let the President and the Nation know that only with the confidence of the community restored to public officials can they proceed in their work with a feeling that when they do a good deed it will be approved, and a noble one will be rewarded with a national sense of appreciation. We can not go very far if everywhere we move the constituents we represent will be found hissing us as unclean, as lepers to legislation, unworthy as officials, and lacking in patriotism which can be characterized as desertion to duty and treason to the Chief Executive.

Therefore, to the end that we may accomplish that which is necessary in this hour, I bespeak that these officials of the administration will follow the same advice as that given in the message of the President, and refrain from that unbecoming politics, which in an hour like this is unworthy of their high state as officials. Also that they who as citizens should cease the slander of the body of legislators, let us commend to the President and to all others who now appreciate the call of patriotism, that we in union of service follow the injunction of Wolsey to Cromwell, proclaiming, " Let all the ends thou aim'st at be thy country's, thy God's, and truth's."

Mr. JOHNSON. Mr. President, there is no Member of the Senate who believes more than I in economy in Government not only in this particular crisis but in every part of every year in every activity of Government. I yield to none in my desire that there shall be economy in Government. We may differ upon specific modes of economy, and, sir, differing upon specific modes, there may be differences expressed in our votes here. I will be for any kind of economy that I believe to be real. I have nerve enough to vote against any kind of economy that I think is a sham.

Mr. President, the Finance Committee of the Senate of the United States is meeting now for the purpose of preparing a bill which shall levy the taxes that will be essential to meet the particular crisis in which we find ourselves. I have sufficient confidence in that Finance Committee to believe that it will perform its task well. I have sufficient confidence, sir, in the Senate to believe that when the bill comes to it, no matter what may be the pressure, the pressure either from one sort of men or the pressure from another sort of great corporations—I have sufficient confidence to believe that the Senate will do its duty and will pass a bill that will meet the requirements of the hour.

But, sir, there is one thing that has been said to-day that I can not permit, from my own peculiar philosophy of government, to pass unanswered. I recognize the faults of democracy. I understand as we all understand that democracy is unwieldy. I understand as you understand, sir, that democracy moves sometimes but slowly. I realize it reaches its goal now and then only by trial and by error. But democracy, sir, represents something that is bigger, something that is higher, something that is nobler, something that is greater than that which is recognized or that which is represented by any dictator on the face of the earth.

I deny that America needs now or at any other time a Mussolini. Democracy will do the job for this great Republic of ours. To say to us that we need now or at any other time a Mussolini is but to echo the cry of every exploiter of this land. To claim that a Mussolini is demanded at this time is simply to reecho, too, the appeal of every worshiper of Mammon in this country. To claim, sir, that this Nation needs at this particular juncture a Mussolini is simply to ally ourselves with that class which in its superiority and its omniscience believes that God created it superior to any other class and that it has the bounden right to manage,

operate, conduct, and manipulate this Government just as that class may demand.

I deny, sir, that we need a Mussolini. Democracy is good enough for me. It ought to be good enough for you, sir. Democracy has led us thus far upon our path of success, prosperity, and glory. Democracy has stood the shocks of all the ages that we have known this Government, shocks of every kind and of every character, shocks economic, the shocks of war, the shocks of apparent destruction—and democracy has always emerged victorious. To-day, sir, instead of with lugubrious countenance and with words that ring with fear, let us stand upon our democracy and let us say we will rise in this particular juncture of our affairs as our democracy has ever risen—we will raise to greater heights and we will be true to democracy. Democracy will ever rise to every emergency in this country, and we need no Mussolini and no dictator.

RECESS

Mr. McNARY. Mr. President, I move that the Senate take a recess until 12 o'clock noon to-morrow.

The motion was agreed to; and the Senate (at 5 o'clock and 12 minutes p. m.) took a recess until to-morrow, Friday, May 6, 1932, at 12 o'clock meridian.

HOUSE OF REPRESENTATIVES

THURSDAY, MAY 5, 1932

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

Our Father in Heaven, may the glory of creation, the wonder of redemption, and the marvel of our preservation stir our thanksgiving and praise from day to day. With most grateful hearts may we meditate upon Thee for the many manifestations of an all-merciful God. O, may we know Thee, whom to know is eternal life. Bestow upon this Congress a rich induement of wisdom and understanding. Arouse our entire citizenship to a greater height of confidence and with a deep, growing sense of responsibility to a representative government. That we may have the best and avoid the worst, may all citizens know that intelligence, loyalty, and unselfishness must be the dominant notes in the progress of the Republic. Blessed Lord, sustain us more and more with clear conscience, clear vision, and broad understanding. Amen.

The Journal of the proceedings of yesterday was read and approved.

MESSAGE FROM THE SENATE

A message from the Senate by Mr. Craven, its principal clerk, announced that the Senate had passed a concurrent resolution of the following title, in which the concurrence of the House is requested:

S. Con. Res. 27. Concurrent resolution providing for the correction of an error in the enrollment of Senate bill 3584, relating to insurance corporations in the District of Columbia.

NATURALIZATION OF ALIEN VETERANS OF THE WORLD WAR

Mr. DICKSTEIN. Mr. Speaker, I ask unanimous consent to take from the table the bill H. R. 6477, to further extend naturalization privileges to alien veterans of the World War residing in the United States, with Senate amendments thereto, and concur in the Senate amendments.

The SPEAKER. Is there objection?

Mr. JOHNSON of Washington. Mr. Speaker, I reserve the right to object. I think the chairman might state briefly what the Senate amendments are.

Mr. STAFFORD. Let us have them read.

The SPEAKER. The Clerk will report the Senate amendments.

The Clerk read the Senate amendments, as follows:

SENATE AMENDMENTS

Page 1, line 3, after "That" insert "(a)."

Page 2, after line 16, insert:

"(b) All petitions for citizenship made outside the United States in accordance with the seventh subdivision of section 4 of the naturalization act of June 29, 1906, as amended, upon which naturalization has not been heretofore granted, are hereby declared to be invalid for all purposes."

Page 2, after line 16, insert:

"SEC. 2. (a) The seventh subdivision of section 4 of the naturalization act of June 29, 1906, as amended, is amended by striking out 'the National Guard or Naval Militia of any State, Territory, or the District of Columbia, or the State militia in Federal service.'

"(b) This section shall not be applied in the case of any individual whose petition for naturalization has been filed before the enactment of this act."

Page 2, after line 16, insert:

"SEC. 3. The last provision in the first paragraph of the seventh subdivision of section 4 of such act of June 29, 1906, as amended, is amended by striking out the period at the end thereof and inserting in lieu thereof a semicolon and the following: 'except that this proviso shall not apply in the case of service on American-owned vessels by an alien who has been lawfully admitted to the United States for permanent residence.'"

Page 2, after line 16, insert:

"SEC. 4. Section 32 of such act of June 29, 1906, as amended, is amended by adding at the end thereof the following new subdivisions:

"'(c) If the name of any naturalized citizen has, subsequent to naturalization, been changed by order of a court of competent jurisdiction, or by marriage, the citizen may, upon the payment to the commissioner of a fee of $10, make application (accompanied by two photographs of the applicant) for a new certificate of citizenship in the new name of such citizen. If the commissioner finds the name of the applicant to have been changed as claimed, he shall issue to the applicant a new certificate with one of such photographs of the applicant affixed thereto.

"'(d) The Commissioner of Naturalization is authorized to make and issue, without fee, certifications of any part of the naturalization records of any court, or of any certificate of citizenship, for use in complying with any statute, State or Federal, or in any judicial proceeding. Any such certification shall be admitted in evidence equally with the original from which such certification was made in any case in which the original thereof might be admissible as evidence. No such certification shall be made by any clerk of court except upon order of the court.'"

Page 2, after line 16, insert:

"SEC. 5. So much of subdivision (a) of section 33 of such act of June 29, 1906, as amended, as reads 'Upon obtaining a certificate from the Secretary of Labor showing the date, place, and manner of arrival in the United States,' is hereby repealed."

Page 2, after line 16, insert:

"SEC. 6. Section 4 of the act entitled 'An act to supplement the naturalization laws, and for other purposes,' approved March 2, 1929, is amended by striking out the period at the end thereof and inserting in lieu thereof a semicolon and the following: 'except that no such certificate shall be required if the entry was on or before June 29, 1906.'"

Page 2, after line 16, insert:

"SEC. 7. Despite the provisions of subdivision (a) of section 1 of the act entitled 'An act making it a felony with penalty for certain aliens to enter the United States of America under certain conditions in violation of law,' approved March 4, 1929, as amended, an alien, if otherwise admissible, shall not be excluded from admission to the United States under the provisions of such subdivision after the expiration of one year after the date of deportation if, prior to his reembarkation at a place outside of the United States, or prior to his application in foreign contiguous territory for admission to the United States, the Secretary of Labor, in his discretion, shall have granted such alien permission to reapply for admission."

Page 2, after line 16, insert:

"SEC. 8. The compilation of the statistics to show races, nationalities, and other information, authorized and directed to be prepared by the Commissioner of Naturalization, shall be completed and published at the same time, as near as practicable, as the publication of the statistics of the 1930 census; except that reports covering the census of 1910 shall be completed and submitted not later than January 31, 1933, and reports covering the census of 1920 not later than December 31, 1933. Such statistics shall show the records of registry made under the provisions of the act entitled 'An act to supplement the naturalization laws, and for other purposes,' approved March 2, 1929. Payment for the equipment used in preparing such compilation shall be made from appropriations for miscellaneous expenses of the Bureau of Naturalization."

Page 2, after line 16, insert:

"SEC. 9. The Secretary of the Treasury, upon the recommendation of the Secretary of Labor, is authorized to provide quarters, without payment of rent, in the building occupied by the Naturalization Service in New York City, for a photographic studio operated by welfare organizations without profit and solely for the benefit of aliens seeking naturalization. Such studio shall be under the supervision of the Commissioner of Naturalization."

Page 2, after line 16, insert:

"SEC. 10. The tenth subdivision of section 4 of the act of June 29, 1906 (ch. 3592, 34 Stat. 598), as amended by the act of May 9, 1918 (ch. 69, 40 Stat. 545; U. S. C., title 8, sec. 377), is hereby amended to read as follows:

"'Tenth. That any person not an alien enemy who resided uninterruptedly within the United States during the period of five years next preceding July 1, 1920, and was on that date otherwise qualified to become a citizen of the United States, except that he

had not made the declaration of intention required by law, and who during or prior to that time, because of misinformation regarding his citizenship status, erroneously exercised the rights and performed the duties of a citizen of the United States in good faith, may file the petition for naturalization prescribed by law without making the preliminary declaration of intention required of other aliens, and upon satisfactory proof to the court that he has so acted may be admitted as a citizen of the United States upon complying in all respects with the other requirements of the naturalization law.'"

Amend the title so as to read: "An act to further amend the naturalization laws, and for other purposes."

Mr. STAFFORD. Mr. Speaker, this is such an important matter that I ask the gentleman to withdraw it for a day.

Mr. DICKSTEIN. Will the gentleman permit me to explain?

Mr. STAFFORD. I think this matter is too important to be brought up in this way. I ask the gentleman to withdraw it for to-day.

Mr. DICKSTEIN. Mr. Speaker, this is a bill that really extends the time of veterans of the World War to become citizens of the United States. Most of them have been in hospitals and could not have taken advantage of the citizenship which was granted by the act of Congress that expired two years ago. The Senate merely added amendments dealing with departmental matter, though of vital importance.

Mr. STAFFORD. There is no harm to be done by withdrawing this for the day, and I will have to object.

The SPEAKER. The gentleman from Wisconsin objects.

MUSCLE SHOALS

Mr. McSWAIN. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill (H. R. 11051) to provide for the leasing and other utilization of the Muscle Shoals property in the interest of the national defense and of agriculture, and for other purposes.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill H. R. 11051, with Mr. GARRETT in the chair.

The Clerk read the title of the bill.

Mr. GOSS. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. GOSS. What is the status of the bill with reference to any pending amendment?

The CHAIRMAN. There are no pending amendments, the Clerk informs the Chair. Debate was closed on section 5 and all amendments thereto yesterday afternoon, and we now begin with the reading of section 6.

Mr. SNELL. Mr. Chairman, I offer the following amendment, which I send to the desk.

The Clerk read as follows:

Amendment by Mr. SNELL: Page 9, line 9, after the word "demands," insert the words "or prices."

Mr. SNELL. Mr. Chairman, I understand that all debate upon this section and all amendments thereto is closed.

The CHAIRMAN. That is the situation. The question is on agreeing to the amendment offered by the gentleman from New York.

The amendment was rejected.

Mr. SNELL. I have some more amendments which it was my purpose to offer, but as debate is closed and I can not explain them, I shall not do so.

The Clerk read as follows:

SEC. 6. The lessee shall agree that in the event of war the President, on behalf of the United States, may, for the purpose of national defense, take over any or all of the property leased, subject to the right of any lessee to receive such fair and reasonable damages as it may actually suffer by reason of such taking, but not including good will, profits, or speculative or punitive damages, the amount of such damages to be determined in proceedings instituted by the lessee in the United States Court of Claims, in accordance with such rules as the court shall prescribe for such proceedings, and said court is authorized to consider such proceedings as though instituted by departmental reference and may render final judgment.

Mr. CHIPERFIELD. Mr. Chairman, I move to strike out the last word. I do not want to take even the time that is allotted under the 5-minute rule, but yesterday a question was raised by the gentleman from Tennessee—and very properly so—as to the demand or supply of and the prices now existing as compared with recent prices for various fertilizers and fertilizer elements. Not desiring to take the time to review the situation, but still feeling it would be helpful to have the data in the RECORD, I ask unanimous consent to extend in the RECORD with reference to this subject matter some extracts from the paper known as the Fertilizer Review, which is the trade paper of the fertilizer industry, giving statistics upon this proposition. In this manner I can present the matter to the House much more briefly.

The CHAIRMAN. Is there objection?

Mr. HARE. Mr. Chairman, reserving the right to object, will the gentleman advise us who prepared these statistics and their source.

Mr. CHIPERFIELD. I do not know who prepared them, but from the fact that they appear in what I consider to be a very reputable trade publication, I am assuming the correctness of them, as we do many things of that kind. I can not personally vouch for the correctness of these figures.

Mr. HARE. The gentleman says that he can not vouch for their accuracy; but still I shall not object.

Mr. HILL of Alabama. Mr. Chairman, I reserve the right to object. The gentleman realizes that no table of prices as of this day will be a true picture of the fertilizer price situation in this country.

Mr. CHIPERFIELD. I agree with that, and having that in mind I have also shown by these figures a comparison for some years past, so that they speak for themselves.

Mr. TAYLOR of Tennessee. Mr. Chairman, will the gentleman yield?

Mr. CHIPERFIELD. I yield.

Mr. TAYLOR of Tennessee. Of course, the gentleman realizes that the Fertilizer Trust is opposed to this development at Muscle Shoals?

Mr. CHIPERFIELD. I have no doubt of that; and I do not speak in any way for the Fertilizer Trust or any interest connected with it in any way. I am no more in sympathy with that private industry than is the gentleman from Tennessee, or than I would be with any other highly legitimate business enterprise.

The CHAIRMAN. Is there objection to the request of the gentleman from Illinois?

There was no objection.

The statement referred to is as follows:

The wholesale prices of complete fertilizers at present are less than one-third of what they were in 1919, the year the Muscle Shoals plant was finished. We have quotations on three of the leading grades of complete fertilizer for a long series of years. These grades are 3–8–3, the most popular analysis used in the Southeastern States; 5–8–7, one of the leading grades in the Northeast; and 2–12–2, which is a favorite analysis in the Middle West. If we take the simple average price of these three grades in 1919 as 100, then the average price of the same grades at the present time is only 32. Prices of other grades have declined in like manner.

A glance at the table below should convince even the most skeptical person that fertilizer prices are reasonable and that there is certainly no need either for Government competition with private industry or subsidized competition under the guise of private operation.

Wholesale prices of typical analyses of complete fertilizer, 1919–1932

Year	Price per ton			Per cent of 1919 price (average)
	3-8-3 (South)	5-8-7 (Northeast)	2-12-2 (Middle West)	
1919	$55.68	$94.25	$49.93	100
1920	43.99	66.99	41.15	76
1921	39.52	61.79	34.79	68
1922	28.59	47.32	28.19	52
1923	26.26	37.08	28.65	46
1924	21.38	40.00	28.65	45
1925	22.80	41.34	28.10	46
1926	22.80	38.77	28.10	45
1927	19.00	28.09	25.41	36
1928	22.90	34.50	26.20	42
1929	22.40	34.15	26.19	41
1930	21.59	34.10	25.65	40
1931	19.13	31.36	21.90	36
1932 (February)	17.00	27.24	18.87	32

NITROGEN PRICES

The tremendous increase in the production of chemical nitrogen not only in the United States but in the whole world since the Muscle Shoals plant was built is responsible for the precipitous decline in nitrogen prices in recent years. Note the following comparison of the wholesale prices of sulphate of ammonia, nitrate of soda, and calcium cyanamide, the most important chemical-nitrogen sources, in 1919 and at the present time:

	Per ton
Sulphate of ammonia:	
1919	$97.50
1932 (domestic)	22.00
1932 (imported); (21 per cent of 1919 price)	19.00
Nitrate of soda:	
1919	88.50
1932 (39 per cent of 1919 price)	35.40
Calcium cyanamide:	
1919	88.50
1932 (29 per cent of 1919 price)	26.00

Note also the comparative prices per unit of nitrogen (20 pounds) for these three important carriers for each January from 1919 to 1932 in the accompanying table. It will be observed that the cost of a unit of nitrogen in nitrate of soda is now 39 per cent of the 1919 price; in sulphate of ammonia the unit cost is only 21 per cent of the 1919 price, and in cyanamide it is 29 per cent of the 1919 figure.

Wholesale prices of nitrate of soda, sulphate of ammonia, and calcium cyanamide, per unit of 20 pounds of nitrogen

	Nitrate of soda		Sulphate of ammonia		Calcium cyanamide	
	Price per unit of nitrogen	Per cent of 1919 price	Price per unit of nitrogen	Per cent of 1919 price	Price per unit of nitrogen	Per cent of 1919 price
January:						
1919	$5.71	100	$4.65	100	$4.02	100
1920	4.09	72	6.42	138	4.93	123
1921	3.65	64	3.25	70	2.94	73
1922	3.03	53	2.60	56	2.64	66
1923	3.35	59	3.36	72	2.67	66
1924	3.19	56	2.73	59	2.19	55
1925	3.37	59	2.96	64	2.01	50
1926	3.46	61	2.74	59	2.46	61
1927	3.38	59	2.43	52	2.25	56
1928	3.08	54	2.36	51	2.12	53
1929	2.85	50	2.26	49	2.31	58
1930	2.76	48	1.92	41	2.00	50
1931	2.62	46	1.45	31	1.70	42
1932	2.25	39	.97	21	1.18	29

NORMAL FERTILIZER—SUPPLY AND DEMAND

The fertilizer industry is now operating at about one-third of capacity, and consumption during the peak year of 1930 was only about two-thirds of capacity. Can any reasonable person really believe that more fertilizer-manufacturing capacity is needed?

There are in the United States over 700 independent operators with a total of 832 plants engaged in the manufacture of fertilizers. These plants, located in more than 30 States, represent an investment of fully $300,000,000. In addition, there is invested in nitrogen plants, in the phosphate rock, sulphur, pyrites, and potash industries at least $200,000,000 more—a total investment in the industry of approximately $500,000,000.

The distribution of the plants that produce complete fertilizers is shown in the following table:

Location and number of fertilizer plants in the United States

[From U. S. Department of Agriculture Bulletin No. 129]

State	Manufacturing and mixing	Mixing only	Not classified	Total
Alabama	21	57	1	79
Arkansas	2	11		13
California	3	24		27
Connecticut		7	1	8
Delaware		7		7
Florida	6	17	2	25
Georgia	40	136	3	179
Illinois	5	3		8
Indiana	7	9		16
Kentucky	2	5		7
Louisiana	6	8		14
Maine		8	2	10
Maryland	12	31	1	44
Massachusetts	3	10	1	14
Michigan	1	1	1	3
Mississippi	7	6		13
New Jersey	5	19	1	25
New York	1	9	1	11
North Carolina	18	65	3	86
Ohio	20	6	2	28
Pennsylvania	6	32		38
Rhode Island		1		1
South Carolina	18	47	4	69
Tennessee	8	2		10
Texas	2	17		19
Vermont		1		1
Virginia	9	28	4	41
West Virginia		2		2
Wisconsin		2		2
All other	3	28	1	32
Total	205	599	28	832

There are 79 plants in Alabama and 10 in Tennessee, a total of 89 plants in the two States. Most of these plants are owned by local people and serve relatively small territories. Many are operated in connection with cotton-oil mills. All of them employ local labor. Obviously the production of complete fertilizers on such a scale as is contemplated at Muscle Shoals either by the Government or by a private lessee operating under Government subsidy, would mean that many of these local industries will be forced out of business. The money invested by local Alabama and Tennessee citizens would be lost, and local labor would have to find employment elsewhere.

SUPPLY HAS EXCEEDED DEMAND FOR 10 YEARS

Since 1920 the supply of normal fertilizer has been in excess of the demand. Consumption reached its peak in 1930, when the total quantity used in the United States was 8,214,303 tons. Of this total about 6,300,000 tons were mixed fertilizer. The balance was largely superphosphate and nitrogenous materials used by farmers for direct application or for home mixing. Yet the fertilizer industry has so much overcapacity that it could produce nine or ten million tons of mixed fertilizer, which, with the separate materials, would mean a total of eleven or twelve million tons.

Total sales of all fertilizers in the United States since 1910 are shown below:

Consumption of fertilizer in the United States, 1910–1931

	Tons
1910–1914 (average)	6,135,854
1915–1919 (average)	5,892,945
1920	7,176,754
1921	4,862,931
1922	5,669,915
1923	6,442,314
1924	6,824,911
1925	7,333,166
1926	7,328,268
1927	6,843,199
1928	7,985,019
1929	7,974,712
1930	8,214,303
1931	6,347,898

On account of the low purchasing power of the farmer, consumption in 1931 dropped to 6,347,898 tons, and it is the consensus of opinion of the sales managers in the industry that consumption in 1932 will not be much above 4,000,000 tons. This can only mean that many fertilizer plants are shut down at the present time and many more are producing only a fraction of their normal output. Moreover, no one is expecting agriculture to recover from the present depression very rapidly, so it will probably be several years before the peak consumption of 1930 will be reached again. This means that the fertilizer industry has a long, hard pull ahead of it. In view of this situation, what is the logic in reconditioning useless or obsolete plants or in building entirely new plants at Muscle Shoals?

Location and number of plants producing phosphoric acid by the sulphuric acid process

Location	Sulphuric acid, superphosphate, and complete fertilizer plants	Superphosphate and complete fertilizer plants	Total
Alabama	12	9	21
Arkansas	1	1	2
California	3		3
Florida	3	3	6
Georgia	19	21	40
Illinois	3	2	5
Indiana		7	7
Kentucky		2	2
Louisiana	3	3	6
Maryland	7	5	12
Massachusetts	2	1	3
Michigan		1	1
Mississippi	5	2	7
New Jersey	2	3	5
New York		1	1
North Carolina	11	7	18
Ohio	8	12	20
Pennsylvania	3	3	6
South Carolina	11	7	18
Tennessee	4	4	8
Texas	2		2
Virginia	6	3	9
All others	1	2	3
Total	106	99	205

Mr. STAFFORD. Mr. Chairman, I rise in opposition to the pro forma amendment.

The section under consideration provides for recapture of these properties by the Government in case of war. On yesterday when I was discussing the general features of this bill under recognition for 19 minutes and was short-circuited unwittingly by the Speaker at the expiration of 12 minutes, I mentioned briefly that the former Chief of Ordnance, General Williams, two years ago stated as his opinion that there was no need of these properties for the manufacture of ammunition, either in peace or in time of war, and that General Hof, present Chief of Ordnance, in his testimony before the committee this year stated that there was no need of these properties. I wish to call to the attention of those who care to read it the testimony of General Hof, on page 482, where he states specifically that the demands for the Army and Navy for the first two years of war of a major emergency would be about 172,000 tons of nitrogen, and that on December 30, 1931, the capacity of all private plants in the country was 538,000 tons of nitrogen. This testimony goes farther to the effect that it is his opinion that he could purchase nitrogen from private establishments at a cheaper cost than it could be produced at Muscle Shoals, and further that he could obtain it much more expeditiously.

So we have the judgment of the Chief of Ordnance of the Army that this plant is not needed for war purposes in time of war. We have the judgment of one of the best-informed men in the country on fertilizer, Mr. McFarland, who was appointed by the Governor of the State of Alabama in response to a request by the President as one of a commission of three from that State to determine the policy as to the use of Muscle Shoals, that he would not wish to see the Government under any circumstances engage in the manufacture of fertilizer.

Mr. HILL of Alabama. Will the gentleman yield?

Mr. STAFFORD. I yield.

Mr. HILL of Alabama. The gentleman is absolutely misquoting the Governor of Alabama.

Mr. STAFFORD. I did not quote the Governor of Alabama. I am quoting Mr. McFarland, who was appointed by the Governor of Alabama as a member of a commission. He stated that under no circumstances would he like to see the Government use this plant and engage in the production of fertilizer, artificial dung. He did not use that word, but some Members of this House coming from the cities may not understand what fertilizer is. It is artificial dung.

Mr. FULMER. Will the gentleman yield?

Mr. STAFFORD. I yield.

Mr. FULMER. Why should the fertilizer manufacturers be so opposed to this bill?

Mr. STAFFORD. They are just like every other manufacturer who would be concerned should the Government enter into manufacture of their line, with no charge against cost for money invested, maintenance, or perhaps even any cost of manufacture. There is a large fertilizer manufacturer in my city whose plant is closed down. There are fertilizer manufacturers all over the country. They have invested their capital. Do they want the Government to go into the manufacture of fertilizer, as is provided for in section 14, without any provision whatsoever for deduction for maintenance cost or anything else? This permits the money of the National Government to be poured into this barrel of fertilizer, and then turned out of the spigot to be spread over the lands throughout the South, within available distances, regardless of cost. What is section 14? There is no protection whatsoever to private manufacturers of fertilizers and certainly not to the taxpayers; the section has no qualifications; it simply provides that the Government shall go into the manufacture of fertilizer and sell it, and makes no reference as to cost.

Mr. ALMON. Will the gentleman yield?

Mr. STAFFORD. I yield.

Mr. ALMON. Will the gentleman state where and when Mr. McFarland made that statement?

Mr. STAFFORD. Yes. I will tell the gentleman.

The CHAIRMAN. The time of the gentleman from Wisconsin has expired.

Mr. STAFFORD. Mr. Chairman, I ask unanimous consent to proceed for two additional minutes in order to reply to the gentleman.

The CHAIRMAN. Without objection, it is so ordered.

There was no objection.

Mr. ALMON. When and where did Mr. McFarland make the statement that he was opposed to Muscle Shoals being operated for the manufacture of fertilizer?

Mr. STAFFORD. The gentleman apparently misunderstands me. Mr. McFarland stated unequivocally before the committee that he was opposed to the Government engaging in the manufacture of fertilizer. I will now state the position of the distinguished gentleman of Alabama [Mr. ALMON] before the committee, and I read now the gentleman's own testimony:

I hope you will report a bill providing for private operation without any alternative Government operation bill.

That was the position of the gentleman. Now he has reversed himself.

Mr. ALMON. I have not reversed my position. We could not get a bill like that, and I am supporting this bill. I think it is the best bill we could get.

Mr. STAFFORD. It was only by a majority of 1 that the provision for Government operation to manufacture fertilizer was agreed to.

Mr. ALMON. The gentleman did not answer my question when and where Mr. McFarland made the statement he attributed to him.

Mr. STAFFORD. Before the committee in his testimony.

Mr. ALMON. I know that he is supporting this bill to use Muscle Shoals to manufacture fertilizer.

The CHAIRMAN. The time of the gentleman from Wisconsin has again expired.

Mr. JAMES. Mr. Chairman, I rise in opposition to the amendment.

Mr. McSWAIN. Mr. Chairman, the gentleman who is about to address this committee knows this subject and has lived with it for 12 or 14 years. I hope the membership will give close attention to what he has to say.

Mr. JAMES. Mr. Chairman, I served on the joint committee in 1926, and I heard the experts from the Ordnance Department say at that time that in five years we would not need air nitrate plant No. 2.

It is true, as the gentleman from Wisconsin says, that nitrogen is very cheap now. So is copper. In my district we are selling copper at 6 cents a pound to-day. It sold for 10 or 11 cents a year or two ago, but you would not get it for 10 or 11 cents in case of war.

Mr. McDowell, former President of the American Fertilizer Association, told the committee that during 1918 we imported from Chile 1,800,000 tons of nitrates and said we would have gone beyond 2,000,000 tons had the war continued. Our military plans for 1919 required that we bring in two million some odd thousand tons of nitrate for the war program alone plus all the products of Muscle Shoals, and plus the nitrates which would be recovered by the by-product plants, which was a very considerable output.

Mr. CHIPERFIELD. Mr. Chairman, will the gentleman yield for a very brief question?

Mr. JAMES. Not now.

Mr. CHIPERFIELD. Very good.

Mr. JAMES. General Hof appeared before our committee, and was asked about this matter. I wish to read this statement by Mr. McSWAIN, put in the form of a question to General Hof:

Mr. McSWAIN. In other words, wasn't there more powder consumed on the 3-day battle at Gettysburg than during the whole seven years of the American Revolution; and wasn't there more powder used in reducing the St. Mihiel salient than there was in the whole four years of the Civil War; and when the next war comes and they begin to carry bombs carrying 2,000 and maybe 4,000 pounds of explosives within them, don't you see how fast that is going to eat up nitrogen?

General HOF. It may be that we will use more nitrogen in the next war than we did in the last one, but our plans are based

upon what the War Department directs us to plan. That is the mobilization of troops at a certain rate armed with certain guns and a certain rate of fire. Personally I think our figures are in excess of what the consumption will be, because I don't believe they will begin to fire as early as the rate they have contemplated.

When war comes it is not a question of what nitrates will cost, but it is a question of whether you can go down there and take this plant and commence to produce it. Why depend upon private industry? Why scrap a plant that is capable of supplying ammunition for 2,000,000 men when we have it down there and it only costs $80,000 a year to take care of, improvements and all?

I want to say, as far as the subcommittee was concerned, of which Mr. STAFFORD was a member, there is not a single provision in the leasing bill that was not approved by every member of the subcommittee, three Republicans and four Democrats, and when it reached the full committee, as far as the leasing provision was concerned——

Mr. STAFFORD. Mr. Chairman, will the gentleman yield?

Mr. JAMES. I will; although the gentleman did not yield to me.

Mr. STAFFORD. Is it not a fact that in the subcommittee I was against the building of the Cove Creek Dam and fought continuously against Government operation under any and all circumstances?

Mr. JAMES. I am not talking about Cove Creek. I am talking about the leasing provisions—private leasing—and there was not a single feature of the provisions in regard to private leasing that was not approved by every single member of the committee.

Mr. STAFFORD. Mr. Chairman, will the gentleman yield further?

Mr. JAMES. Certainly.

Mr. STAFFORD. Is it not a fact that I desired to have it at least two years, but the committee voted to make it 18 months?

Mr. JAMES. I am talking about the final vote.

Mr. STAFFORD. I am speaking of my work on the committee and my attitude with respect to the leasing provision.

Mr. JAMES. At that time some of the members wanted a 2-year lease and some wanted a lesser time, and we compromised on 18 months, but when it came to our report to the full committee the members all agreed on the leasing provision in this bill. When it came to the proposition of Government operation the vote was 5 to 2. However, as far as the private leasing provision was concerned, we recommended it unanimously, and I leave it to anybody on the committee if there was any material change made in the reports submitted by the subcommittee or the full committee.

Mr. HILL of Alabama. And the bill was read in committee, section by section, and line by line.

Mr. JAMES. Yes.

[Here the gavel fell.]

Mr. ALMON. Mr. Chairman, I rise in opposition to the pro forma amendment.

Mr. Chairman, I want to make a very brief statement in reply to statements made by the gentleman from Wisconsin [Mr. STAFFORD].

Mr. GOSS. Mr. Chairman, a point of order. How did the gentleman obtain the floor?

The CHAIRMAN. The gentleman rose in opposition to the motion to strike out the last word.

Mr. GOSS. But that has already been done.

Mr. STAFFORD. Mr. Chairman, I ask unanimous consent that the gentleman may have five minutes.

Mr. ALMON. Never mind; I have obtained the floor. Have I not been recognized, Mr. Chairman?

The CHAIRMAN. The gentleman from Alabama is recognized for five minutes in opposition to the pro forma amendment which was not withdrawn by the gentleman from Wisconsin [Mr. STAFFORD].

Mr. ALMON. Mr. Chairman, I want to deny, and do deny most emphatically, that William F. McFarland, of Alabama, ever said that he is opposed to the operation of Muscle Shoals for the manufacture of fertilizer.

He was a member of the Muscle Shoals Commission appointed by the Governor of Alabama. He made his report and testified before the Military Affairs Committee. Mr. McFarland is a high-class gentleman. He is an experienced farmer. He knows as much about fertilizer as anybody, and he is as much in favor of the operation of Muscle Shoals for the manufacture of fertilizer as any man in Alabama. While he would prefer a straight-out private operation bill, he is in favor of the passage of this bill as the best bill that could be obtained.

I want to say in answer to the gentleman from Wisconsin [Mr. STAFFORD] that I did introduce a bill at this session providing for private operation, and I would rather have private operation. I believe under this bill we will get private operation. I believe that President Hoover will be able to lease this plant under the liberal provisions of this bill.

Mr. CHIPERFIELD. Will the gentleman yield?

Mr. ALMON. Yes.

Mr. CHIPERFIELD. Under the gentleman's belief that there will be private operation, would the gentleman have any objection to the striking out of section 14.

Mr. ALMON. I am going to support the bill reported by the committee, because I know very well that if we do not put in the bill a provision for Government operation in the House it will be put in in the Senate, and if that is done you may not get as good a provision as is carried in section 14 of this bill.

Now, a great many Members think this is a power proposition. It is not a power proposition. It is a fertilizer and a national-defense proposition.

Somebody has said the Chief of Ordnance stated that he could buy explosives cheaper to-day than he could make them at this plant. That might be true, but if you have the plant there in running condition as a munitions plant you will get munitions of war cheaper in the event of war than you will if the Government does not provide for the operation of this plant. If you do not provide for the operation of this plant, the munition makers will no doubt profiteer as they did during the World War.

The CHAIRMAN. The time of the gentleman from Alabama has expired. All time has expired on the pro forma amendment, and the Clerk will read.

The Clerk read as follows:

SEC. 7. Lease contracts shall contain provisions under which disputes as to the interpretation or performance of any provision of the lease shall be determined by arbitration as the parties may mutually agree.

Mr. McSWAIN. Mr. Chairman, I move to strike out the last word in order to say that there are two very seriously contested issues to be reached in this bill. Therefore I will be compelled to ask the Chair to enforce the rule as to nonsubstantial amendments, five minutes on the side, in order that we may have sufficient time in which to debate properly the seriously contested questions ahead of us in this bill.

The Clerk read as follows:

SEC. 8. The board shall pay the maintenance and operating expenses of power facilities and all other expenses of the board from the proceeds derived from rentals and sale of power, and the balance shall be paid by the board at least annually into the Treasury of the United States, miscellaneous receipts.

Mr. McGUGIN. Mr. Chairman, I move to strike out the last word. As I understood the statement of the chairman of the committee a moment ago, he is opposed to using more than five minutes on each section when pro forma amendments are offered.

Mr. McSWAIN. Yes.

Mr. McGUGIN. So there is no impropriety in my using five minutes now. Mr. Chairman, not having been a Member of any previous Congress, I believe I can view this Muscle Shoals matter somewhat from the viewpoint of the outside citizen. It has been my observation—and I believe it is the feeling of the people of this country—that the Congress should be able to work out some kind of an arrangement whereby this valuable property could be utilized. For 12 years, or some such length of time, nothing has been done with this property. Up to date it stands as

an evidence of the inability of the Congress to legislate on this matter. My views on this bill will be controlled entirely by a desire to assist in getting a bill through this Congress which will be acceptable to the people of this country and which will also be acceptable to the President. In keeping with his former position, I do not believe the President can possibly sign this bill with section 14 intact and with section 15 intact.

The people of this country do not want the Government to operate a fertilizer plant there. They want it to be operated by private industry. If we can not succeed in obtaining a lease, then Government operation, as a last resort, would be acceptable; but certainly not under such terms and conditions as these, where we are committing a future Congress to back up an adventure into Government operation, having no idea what the cost will be. If there ever was a time that the people of this country were willing for Government to go into private business, with no idea of the cost, certainly that was prior to the time we spent $500,000,000 on the venture of the Government's entering the cotton and wheat business.

I hope we can get this bill in such shape as to be able to pass it. It does not mean a great deal to Kansas; but if fertilizer is valuable to the Southern States, I want them to have it. I hope we can get the bill in such shape that there is some possibility of its being enacted into law. I hope my friends on the Republican side will not view this matter in a partisan way on the theory that there is some politics in the defeat of this bill, and I hope my friends on the Democratic side will not view it as a partisan measure. However, we know the President will veto the bill in its present shape, and we know there is no chance of passing it over his veto.

Therefore I appeal to the House to-day to make some concessions with respect to the section which provides for Government operation of the fertilizer plant and modify it at least to the extent that before the Government board operates it they must report back to Congress giving us some estimate of what the cost is going to be. It is bad enough for Congress to put the Government in business if it has some idea what the cost is going to be; it is intolerable for Congress to start the Government out on a private business venture with no idea and no information as to what the cost is going to be.

In order to enact a bill that may be of some benefit to southern agriculture, in order to enact a bill that will be acceptable to the people of this country, in order for Congress to handle this Muscle Shoals problem in an effective way, I appeal to you at the proper time to make some concessions in section 14 of this bill.

Mr. BANKHEAD. Will the gentleman yield?

Mr. McGUGIN. Yes.

Mr. BANKHEAD. The gentleman speaks as though southern agriculture alone is interested in securing cheaper fertilizer. Has the gentleman ever had occasion to examine the figures with respect to the annual consumption of fertilizer in States outside of the old South?

Mr. McGUGIN. Oh, yes; but I have no doubt——

Mr. BANKHEAD. Does the gentleman know how much fertilizer is used in his own State?

Mr. McGUGIN. Yes.

Mr. BANKHEAD. How much?

Mr. McGUGIN. I do not know the exact figures. I know we use a great deal of it, but when we consider transportation, I take it that the Southern States near by will be the ones most benefited by the proposed legislation. However, it is doubtful if the Government is ever going to produce fertilizer at a price reasonable to agriculture. It is certain it will not if Congress pushes the Government into the business in the slipshod fashion of no one having any idea of the cost, as provided in this bill.

The pro forma amendment was withdrawn.

DISTINGUISHED VISITORS

Mr. KVALE. Mr. Chairman, I ask unanimous consent to address the committee for one minute out of order.

The CHAIRMAN. Is there objection to the request of the gentleman from Minnesota?

There was no objection.

Mr. KVALE. Mr. Chairman, in the Speaker's gallery to-day the House has as its guests the minister of Norway and the intrepid Capt. Gerhard Folgero. [Applause, the Members rising.]

Captain Folgero, Mr. Chairman, has sailed his tiny craft, a replica of the old viking ships, 23,000 miles, and, in a few days, leaves the harbor of the city of Washington for a trip to Iceland, where he will participate in the dedicatory ceremonies of the statue presented by the United States Government to Iceland, and thence to Norway, his homeland. I know we all join in wishing him Godspeed. [Applause.]

MUSCLE SHOALS

Mr. HARE. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I desire in this brief time to supplement the observation made by the gentleman from Alabama [Mr. BANKHEAD].

Commercial fertilizers were practically unknown 50 years ago. They are used on lands that have been cultivated a long time, where the original plant food has been exhausted. Gentlemen living in the newer sections of the country should stop and think, for it will be but a few years when the native plant food will be consumed in practically all of the lands under cultivation in this country and artificial fertilizer will be needed in sections whose representatives are now opposing this bill.

Mr. CHIPERFIELD. Will the gentleman yield?

Mr. HARE. Yes.

Mr. CHIPERFIELD. Does not the gentleman realize that in a great area of this country there is no need whatever for artificial nitrogen because it is produced in ample quantity by nitrogenous crops in rotation?

Mr. HARE. That is true; but whenever a section of country finds it is cheaper from a standpoint of yield to use the artificial fertilizers in place of nitrogenous plants, I think they ought to use them. If not, the time is not far distant when the sections that are to-day using commercial fertilizer will be forced to supplant their plant food with nitrogenous plants. They will then come in competition with each other. This will be true of the section represented by the gentleman from Wisconsin [Mr. STAFFORD], who is opposing this bill. If farmers of my section under economic conditions are not able to buy fertilizers because of high prices, we will be compelled to adopt a new type of farming and we will go into dairying, where we will use the natural fertilizer the gentleman referred to a moment ago; and when we build up our soil to the extent we can produce feed for our cattle and our livestock, Wisconsin will be eliminated from the map as a dairy-producing State in this country because we will be able to graze and feed our cattle for 9 or 10 months in the year on natural grasses and the dairy farmers of Wisconsin and other great dairying States will not be able to compete with us.

I believe the use of commercial fertilizer in the next 50 years will be extended to every State in the Union because there are men sitting here to-day—and I call upon the learned gentleman from Alabama [Mr. ALMON] to verify this statement—who know that 50 years ago commercial fertilizers were practically unknown in the State of Alabama; and 50 years from now those States where they have plenty of nitrogen, plenty of plant food, where no commercial fertilizers are now needed, will be clamoring for commercial fertilizer, particularly if this country is to adopt a more intensive type of agriculture and less extensive as it has been the practice in the past, because when we try to make two blades of grass grow where one grew before we are going to have to resort to artificial fertilizer.

Mr. HILL of Alabama. Will the gentleman yield?

Mr. HARE. I yield.

Mr. HILL of Alabama. The distinguished gentleman from Illinois has spoken of the leguminous crops and their value for fertilizer. I have here a statement from the Hon. Frank

I. Mann, of Illinois, a great authority on agriculture and agronomy, in which he says:

I do not know how cheaply nitrogen might be fixed at Muscle Shoals, but it would certainly be much cheaper than to secure it through leguminous growth.

Mr. CHIPERFIELD. Will the gentleman yield for a brief statement?

Mr. HARE. Let me first make a reply to the gentleman from Alabama.

There can be no doubt that in the minds of men who are familiar with agriculture, commercial fertilizer can be produced a great deal cheaper than it can be put in the soil from the growing of nitrogenous plants.

I now yield to the gentleman from Illinois.

Mr. CHIPERFIELD. The gentleman will have great trouble telling the farmers of Illinois that they can not restore nitrogen to the soil by the use of clovers and legumes cheaper than they can by fertilizer.

Mr. HARE. That may be true with the present prices, but in a few years, when we have more intensified agriculture, the gentleman will then see the difference.

The CHAIRMAN. The time of the gentleman from South Carolina has expired.

Mr. McSWAIN. Mr. Chairman, I move that all debate on this section and all amendments thereto be now closed.

The motion was agreed to.

The Clerk read as follows:

SEC. 9. All plants, buildings, additions to existing structures, machinery, and equipment installed by and at the expense of the lessee, situated upon the property owned by the United States, except such machines and equipment as may be installed for the purpose of completing, modernizing, or replacing worn-out or defective parts of the equipment, shall from date of building or installation be and remain the property of the lessee with the right of removal, and shall be subject to all the laws of the State in which they may be situated, and the State and political subdivisions in which they may be situated shall have the power to levy and collect taxes in accordance with the normal procedure for the levying and collecting of taxes on such classes of property.

Mr. GREEN. Mr. Chairman, I move to strike out the last word. I observe in connection with the statement of the gentleman from Kansas [Mr. McGUGIN] that this is not a matter of the negligence by Congress heretofore, because it is general information that the Congress has twice passed within the last four years this bill or a similar bill carrying much the same substance as this bill, for the benefit of American agriculture, only to have it vetoed twice by the Republican Presidents at the other end of Pennsylvania Avenue.

The platform of the Republican Party claims that party to be the champion of the farmer—the butter producer, the corn farmer, the wheat farmer. These crops use very little commercial fertilizer—I wonder if the Republican Presidents heretofore have been so shortsighted that they can not understand the problems of the farmers who farm the thin soil of the South and greatly need fertilizer to energize their deeply eroded and leached lands.

I do not understand why the Executive veto power is now so strongly threatened and advocated. I can not understand why those on the other side of the aisle are against the interests of 10 per cent of the American people. I can not understand why these financial magnates who control the fertilizer industry should receive favors at the hands of the Chief Executive, rather than the farmers of the South.

My friends, it is hard to believe that President Hoover, who was given the vote of North Carolina, the vote of the State of Florida, the vote of the State of Texas—those States which are now pleading for the passage of the Muscle Shoals bill—can be so biased in the use of Executive power as to deny relief to these farmers from these and other States who are now pleading for the passage and approval of this bill. It is not a matter of Congress being derelict in its duty, it has been a matter of Presidents' vetoes heretofore, but I hope the legislation will not again be vetoed.

Why should American farmers continue to pay tribute to foreign countries for fertilizer ingredients which can be more cheaply produced at Muscle Shoals? We can produce our own fertilizer ingredients at Muscle Shoals. Consequently, it is the duty of the Congress and the President to utilize this large existing governmental investment.

[Here the gavel fell.]

Mr. HOWARD. Mr. Chairman, I speak the sentiment, I believe, of a State which has practically never used commercial fertilizer. I think I speak the sentiment of those people as represented by that great Nebraska Senator, who I am informed is not opposed to this legislation, who knows more about Muscle Shoals than any other mortal, and who may be able to make the House bill a little better when it shall reach the Senate.

I shall support the bill on that theory. I want to do my part in representing the voice of my home people in behalf of the farming element in the South.

Mr. Chairman, I ask unanimous consent that I may consume the balance of my time out of order.

The CHAIRMAN. The gentleman from Nebraska asks unanimous consent to speak out of order for the balance of his time. Is there objection?

Mr. MILLARD. Reserving the right to object—for what purpose?

Mr. HOWARD. To give the gentleman some information I think will be very valuable to him. [Laughter.]

There was no objection.

Mr. HOWARD. Mr. Chairman, in the city of Washington to-day, from a distance has come one who has been elected to represent his State as a delegate in the National Democratic Convention. The gentleman came here and interviewed 12 Members of the House and Senate, requesting each one of them to submit to him a 100-word suggestion for a platform plank in the National Democratic Convention dealing with the whole subject of prohibition. I was one of those 12. I am not at liberty to name the others. I do not know all of them. The 100 words suggested by one of those 12 I shall now present as my own suggestion—for they are my own words—as follows:

The eighteenth amendment was not originated nor adopted as a political party proposal. Divergent opinions now prevailing with respect to that amendment call for definite decision. The only proper plan for solving the problem of retaining or abrogating the amendment lies through expression of the popular will. Disclaiming any purpose to make the settlement of this vexed question a political party issue, we pledge the official representatives of the Democratic Party to submit to the people the question of the repeal of the eighteenth amendment, leaving to each of the States the privilege of dealing with the question of prohibition.

Mr. STAFFORD. Mr. Chairman, will the gentleman yield?

Mr. HOWARD. Yes.

Mr. STAFFORD. As I recall, when the Beck-Linthicum proposal was under consideration, the gentleman voted in opposition to that proposal. Yet that is the substance of the position the gentleman now takes?

Mr. HOWARD. Oh, no. I did vote against the Beck-Linthicum resolution, and why? I had been on record for more than two years in favor of submitting an amendment to popular vote of the people in a lawful way, but I could not vote for the Beck-Linthicum resolution because, as I understood it, it started nowhere and ended in the same place.

Mr. WILLIAM E. HULL. Mr. Chairman, will the gentleman yield?

Mr. HOWARD. Yes.

Mr. WILLIAM E. HULL. Will the gentleman's proposal change that amendment?

Mr. HOWARD. It will either wipe it off the books or permanently retain it, and the question will be definitely settled.

Mr. WILLIAM E. HULL. Does the gentleman mean to say that the statement he has just given us, if voted in the affirmative, would take the eighteenth amendment out of the Constitution?

Mr. HOWARD. Certainly, if the States should vote for a lawfully submitted repeal resolution. My 100 words are not offered as a repeal resolution, but simply as a suggested plank in the Democratic national platform.

Mr. MILLARD. What is the difference between the gentleman's proposal and the Beck-Linthicum proposal?

The CHAIRMAN. The time of the gentleman from Nebraska has expired.

Mr. GOSS. Mr. Chairman, I ask unanimous consent to insert a little poem along the same line, immediately after the remarks of the gentleman from Nebraska.

The CHAIRMAN. Is there objection?

There was no objection.

The poem referred to is as follows:

TO CONGRESS

Beer will balance the Budget;
Beer will bring bacon and bread;
Beer will brighten the beggar;
Beer will bring him a bed;
Beer will banish the bigot
Bereft of balance and blind;
Beer will benefit body;
Beer ever befriended mankind.

Beer will balance the Budget;
Beer will boost our best bond;
Beer will bedevil the broker
"Bear" ing us into despond;
Beer will be balm to the banker
By bringing big balances back;
Beer will belch smoke from our buildings;
Beer will mean billions in "jack."

Beer will balance the Budget;
Beer will be welcomed with glee;
Beer will help millions now idle—
Beer with a tax of cents three.
So why wait, O Congress! O Senate!
The Nation sits helpless and numb;
Tax beer and rout the bootlegger,
The bandit, kidnaper, and bum!

Better have bread for the babies;
Beef to stem misery's flood;
Better face facts than a theory;
Better have work than have blood!

—Forrest Rutherford.

Mr. GUYER. Mr. Chairman, I ask unanimous consent that the gentleman from Nebraska may have two minutes in order that I may ask him a question.

The CHAIRMAN. Is there objection?

Mr. MILLARD. I object.

Mr. McSWAIN. Mr. Chairman, we must get along with the consideration of this bill. I move that all debate upon this section and all amendments thereto do now close.

The motion was agreed to.

The Clerk read as follows:

SEC. 10. The amortized investment in all buildings, machinery, equipment, fixtures, facilities, appurtenances, and improvements placed, installed, or erected by the lessee upon the leased premises and used in the manufacture of fertilizer and/or fertilizer ingredients shall be and become the property of the lessor upon the termination of the lease without any payment therefor by the lessor to the lessee.

Mr. TREADWAY. Mr. Chairman, I move to strike out the last word. Again we have before us this hardy annual, Muscle Shoals. I have been a Member of Congress for a good many years, and this is one of those perennial growths that come to us regularly—hardy annuals they are called in my country. I can not conceive of any worse effort in the line of legislation than a serious proposition to endeavor to pass such a bill as this. Of course, the subcommittee in its wisdom has inserted section 14, which is purely a subterfuge. Who for a moment to-day will think that any group of business men will form a corporation for the purpose of making fertilizer or selling power when the supply is so tremendous for both articles as it is in this country to-day? Let George do it. In other words, put the burden on Uncle Sam and, at the expiration of 18 months, force this Government into the business of making fertilizer. Some of these new Members may not fully understand what has transpired in previous years in connection with Muscle Shoals. When I first came to Congress I was honored with being appointed upon the Committee on Rivers and Harbors. We were invited in a great form of display to make a trip down to that section of Tennessee and Alabama to inspect that river for navigation purposes. It was refused; but since that time every conceivable way has been suggested to force the operation of that property onto the Federal Government. President Wilson is responsible for the condition that we are facing here to-day. There is no question about that. It was a political game, pure and simple, and our late lamented Speaker, Nicholas Longworth, were he here to-day, could tell this House more about Muscle Shoals and the ramifications of the political side of that proposition than all the rest of us put together. He made numerous speeches in this House upon the subject, to which he gave great study.

Mr. MAY. Mr. Chairman, will the gentleman yield?

Mr. TREADWAY. I regret that I can not yield; I have not the time. He—Speaker Longworth—knew the true story of Muscle Shoals. He knew the Democratic effort to foist this tremendous expense on the Federal Government. He knew all the details going to make it the greatest political—I was going to say graft, but I will let gentlemen substitute any word they wish for it in their own minds—the greatest political effort to use the Federal Treasury as a means toward political ends.

That is the whole story of Muscle Shoals, and unless the House strikes out section 14, this will be an attempt to fool the American people into believing that we prefer, as the gentleman from Alabama says, private management, but knowing when we vote for it that we can not get private management and asking the Federal Treasury to assume this tremendous expense. We have expenses enough. I am a member of a committee which is trying to raise some money to pay Government expenses. There has already been one hundred and thirty-five or one hundred and forty million dollars taken from the Treasury and thrown away, supposedly for road construction, and the Ways and Means Committee is asked to try to find that additional amount of revenue. To-day you are preparing to vote for this measure, which is a raid on the Federal Treasury, of no benefit to any section of the country, of no benefit to the American farmer, of no benefit for protection in case of war, but simply a political Treasury raid. That is how I designate Muscle Shoals.

Mr. OLIVER of Alabama. Will the gentleman yield?

Mr. TREADWAY. No. I have concluded my statement.

Mr. BANKHEAD. Mr. Chairman, I move to strike out the last two words.

The speech just made by the distinguished gentleman from Massachusetts reflects no credit upon the gentleman, either from the standpoint of tolerance or of patriotism. The gentleman attacks a dead President with reference to a great question of national defense, originated in 1916; and the gentleman offers to prove something by a dead witness. The gentleman attempts to inject into this controversy an immaterial issue, and thereby, out of the excess of his extreme partisanship, undertakes to draw the attention of his Republican colleagues away from the real merits of this proposition. For that reason and for some others which I might state, it seems to me the speech gratuitously injected into this record does no credit to the gentleman from Massachusetts.

What were the circumstances under which President Wilson and his military advisers recommended the construction of this great nitrate plant somewhere in the United States in 1916? The original act did not provide that this plant should be located in Alabama or anywhere in the South. It provided that it should be located upon the recommendation of a board of Army officers, and that the President of the United States should approve of their recommendation. We had not gone into war in 1916, but every thoughtful man in the United States of America believed that it was inevitable that we would be drawn into it. At that time, under the conditions then existing, we had no plant anywhere in the United States of America to manufacture the necessary ingredients for national defense, in the form of nitrates. In the national defense act of 1916, taking view of the probabilities that were immediately confronting us, I submit to this Congress that it was the part of wisdom [applause], it was the part of prudence, it was the part of taking into consideration the problems of anticipated na-

tional defense, that fully justified the passage of this act, which was not proposed as a partisan measure. I was not here at that time, but I think practically all of the Republicans in Congress at that time voted for this proposition, and yet now, after the lapse of all these years, after the President of the United States (who, with his advisers and with Republican help, undertook to institute this great institution for national defense, and when we did not have any nitrates, when we at that time were absolutely dependent upon Chile for our supply, when all of these improved methods and inventions of modern years had not been perfected) is dead, the gentleman from Massachusetts rises and brings into this debate a political ghost and undertakes to attack the integrity of a great President, who now lies out yonder in the shadows of the cathedral, and brings up here by innuendo some private conversation that he may have had with our late beloved Speaker in order to inject political prejudice in this issue.

I am ashamed of the gentleman, and I think, upon reflection, he will be ashamed of himself. [Applause.]

Mr. McSWAIN. Mr. Chairman, I move that all debate upon this question and all amendments thereto do now close.

The motion was agreed to.

The Clerk read as follows:

SEC. 11. (a) When a lease of the Muscle Shoals properties has been effected, or if no lease be effected, when the board shall certify to the President that there is a demand for increased power for the manufacture of fertilizer or fertilizer ingredients at Muscle Shoals, the Secretary of War is hereby authorized, when appropriations shall be made specifically available therefor by the Congress, to construct, either directly or by contract to the lowest responsible bidder after due advertisement, a dam in and across Clinch River, in the State of Tennessee, which has by long usage become known and designated as the Cove Creek Dam, according to plans to be approved by the Chief of Engineers, in order that the waters of the said Clinch River may be impounded and stored above said dam for the purpose of increasing and regulating the flow of the Clinch River and the Tennessee River below, so that the maximum amount of primary power may be developed at Dam No. 2 and at any and all other dams below the said Cove Creek Dam.

(b) In order to enable and empower the Secretary of War to carry out the authority hereby conferred, in a most economical and efficient manner, he is hereby authorized and empowered in the exercise of the powers of national defense and aid to navigation, and in the control of the flood waters of the Tennessee and Mississippi Rivers constituting channels of interstate commerce, to exercise the right of eminent domain and to condemn all lands, easements, rights of way, and other area necessary in order to obtain a site for said Cove Creek Dam, and the flowage rights for the reservoir of water above said dam, and to negotiate and conclude contracts with States, counties, municipalities, and all State agencies, and with railroads, railroad corporations, common carriers, and all public-utility commissions, and any other person, firm, or corporation, for the relocation of railroad tracks, highways, highway bridges, mills, ferries, electric-light plants, and any and all other properties, enterprises, and projects whose removal may be necessary in order to carry out the provisions of this act. When the said Cove Creek Dam shall have been completed, the possession, use, operation, and control thereof shall be entrusted to the Secretary of War for use as prescribed in subsection (a) of this section of this act, to promote flood control and navigation in the Tennessee River and in the Clinch River.

(c) At the expiration of 50 years the State of Tennessee shall have the right to recapture the interests of the United States in said dam and appurtenant structures, but exclusive of any barge lift or navigation appliances, by paying the United States therefor an amount equal to the net investment, as defined in said Federal water power act of 1920, as amended, made by the United States in said dam and appurtenant structures: *Provided*, That in the event the State of Tennessee shall exercise the right hereby conferred, the State of Tennessee and its agents shall hold and operate the same in the interest of the development of the maximum primary power at Dam No. 2 and of navigation, and subject to the provisions of the Federal water power act of 1920, as amended, to the same extent as if the same were held and operated by the United States.

Mr. McREYNOLDS. Mr. Chairman, I offer an amendment, which is at the desk.

The Clerk read as follows:

Amendment offered by Mr. McREYNOLDS: On page 13, in line 11, after the word "effected," strike out the comma and all down to and including the word "Shoals" on page 13, in line 14, and insert "after January 1, 1935."

Mr. McREYNOLDS. Mr. Chairman, in order that the Members may see at once the purpose of this amendment I will call specific attention to it. With the amendment the section will read:

When a lease of the Muscle Shoals properties has been effected, or, if no lease be effected, after January 1, 1935, the Secretary of War is hereby authorized—

And so forth.

The amendment which I have offered merely provides, if no such lease of Muscle Shoals be effected and if operated by the Government, that after January 1, 1935, the Secretary of War is authorized, when appropriation shall be made specifically for that purpose, to construct Cove Creek Dam.

It will be seen from this that we are not asking for an immediate authorization, nor would we ask for any immediate appropriation. All I desire to do by this amendment is to show that the importance of Cove Creek Dam does not lie alone upon the benefits that accrue to Muscle Shoals.

In order for the committee to visualize this condition and see where Cove Creek is located and its importance to this great Tennessee Valley, I have placed before you this map. The Tennessee River starts in east Tennessee at Knoxville, formed by a combination of the Holston and French Broad Rivers.

It flows southwesterly through Tennessee and then across the State of Alabama. It then flows northwardly across Tennessee and into Kentucky and empties into the Ohio River, a distance of some 625 miles.

Muscle Shoals is situated down here in Alabama. Cove Creek is situated some 350 miles away in the mountains of east Tennessee. My purpose is to show you the importance of that to developments which have been approved by this Congress. Congress has been generous to the people in that section, especially in the survey of the Tennessee River and its tributaries. Nearly $1,000,000 has been spent for that purpose. One hundred and eighty thousand dollars has been spent on the survey and borings at Cove Creek, and the Members of the Rivers and Harbors Committee will remember well that the reports which came before the House spoke of this as the future Ruhr district of America, of course, all depending upon the development of that section.

Mr. SNELL. Mr. Chairman, will the gentleman yield?

Mr. McREYNOLDS. Gladly.

Mr. SNELL. Would the gentleman think it good business policy for us to-day to definitely authorize this large expenditure of money knowing nothing of what the demands for power will be at that time?

Mr. McREYNOLDS. It is not a question of power. I am trying to show you that the question of power does not depend alone upon Muscle Shoals. While it will be of great benefit to Muscle Shoals, while it will increase the power there 124 per cent, yet that is minor to the advantages it will give to this great section.

[Here the gavel fell.]

Mr. BYRNS. Mr. Chairman, the gentleman is presenting the views of the Tennessee delegation. This is a very important matter, particularly to Tennessee, and I ask that the gentleman may have 15 minutes more.

Mr. CHIPERFIELD. Mr. Chairman, reserving the right to object—and I am not going to—I would simply say that if a similar situation arises at some subsequent stage where we desire a similar indulgence I trust there will be no objection at that time.

Mr. BYRNS. Mr. Chairman, I do hope the gentleman from Tennessee [Mr. McREYNOLDS] may have this time, because, as I say, he is speaking for the delegation and is presenting our views.

Mr. McSWAIN. I know; but we are trying to put this bill through to-day.

Mr. BYRNS. Mr. Chairman, then I ask unanimous consent that the gentleman be given 10 additional minutes.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. SNELL. Mr. Chairman, will the gentleman yield for one more question?

Mr. McREYNOLDS. Gladly.

Mr. SNELL. If this is not to improve the power down there, and to increase the power facilities, what is the purpose?

Mr. McREYNOLDS. If the gentleman from New York will wait a minute I will try to explain the matter. It is not only for power, it is for navigation, power, and flood control.

Mr. SNELL. Will the gentleman yield for a further question?

Mr. McREYNOLDS. Certainly.

Mr. SNELL. If it is a flood-control proposition, it surely ought not to be here.

Mr. McREYNOLDS. If the gentleman from New York will just give me a little time, I will try to explain it. Congress has authorized a project for the improvement of the Tennessee River in navigation, and it is to a great extent that this improvement for navigation, which is to either be done by 32 small dams, or 6 power dams, rests to a great extent upon the construction of Cove Creek Dam. In other words, Cove Creek Dam is the key to the development of this wonderful section, as well as to the navigation of the Tennessee River.

The disposition of Muscle Shoals is minor in comparison to the great value of the building of Cove Creek Dam, not only as to Muscle Shoals but as to that wonderful section. I shall therefore discuss Cove Creek in its relation to navigation; second, to the increase of power; and, third, flood control. The estimated cost of building this dam is some $25,000,000 to $35,000,000, and when built will amount to a storage of something like 3,000,000 acre-feet of water. The building of this reservoir alone will increase in navigation at various sections of the main stream 150 per cent of its natural flow during low water; from Clinch River to Chattanooga the increase will be 1.5 feet; from Chattanooga to Hales Bar 6 feet, as it now is; Hales Bar to Widows Bar 1.6 feet; from Widows Bar to Guntersville over 2 feet, and this increase is carried on down from Rivington to Paducah of 2 feet. This may seem a small amount, but considered in connection with the dams that will have to be built, under the navigation project, to make the stream 9 feet of water, it is an immense saving in cost and makes our possibilities of navigation more certain.

For the improvement of navigation of the Tennessee River low dams are suggested, in case high dams, or power dams, are not constructed. But the Government, as well as our people, prefers the high dams, which will mean the development of our hydroelectric power.

In order to get these high dams built it is necessary to make these sites as attractive as possible, not only in the horsepower that may be developed but also to decrease the cost of the horsepower as much as possible, and this is done by the increase in power due to increase of low flow and the increase of power due to excessive high flows. The engineers' report shows that the increase in horsepower of all dams below Cove Creek would be from 100 to 110 per cent, and if I remember correctly, the Government will get the benefit of horsepower at Muscle Shoals of 124 per cent, which will not only increase the horsepower of these various dams but it will decrease the cost of horsepower, which will make the dam more inviting and should give the public the benefit of cheap electricity, which would mean the rapid growth and development of our section of the country.

As an illustration of the decrease in the cost of horsepower, let me cite the figures of the Government engineer for two places, construction cost per horsepower, without benefit of storage: White Creek $1,464, with storage $366; construction without storage, Chickamauga, $777, with storage $262. Anyone who makes any study of this whatever can see the importance of Cove Creek Dam construction. Heretofore the Tennessee River project from Muscle Shoals to Cove Creek has been considered as one project, and the report of our numerous dam sites and the development of power that could be had was based on the construction of Cove Creek Dam, and $180,000 has been spent on the survey and borings at Cove Creek. The third proposition in connection with importance of building Cove Creek Dam is flood control, in which Chattanooga and Chattanooga territory are more vitally concerned than any other section along the Tennessee River.

It is estimated that the damage caused by the December, 1926, flood was approximately $2,650,000, and the engineers further state that the total damage caused by 500-year floods on main streams and navigable tributaries is approximately $14,350,000, but that the average annual damage from all floods is $1,780,000. This does not include indirect damages, such as loss due to interrupted travel and business, insanitary conditions, and spread of disease due to overflow of towns, depreciation of land due to overflow, which is difficult to estimate. The estimated damages to Chattanooga in 1926 were $600,000, so much that the city of Chattanooga has figured on levees for its protection which would mean an expenditure of millions of dollars.

In 1926 the flood in Chattanooga did not do as much damage to that city and section as some previous floods of recent date. The danger line of floods in Chattanooga is 33 feet. The engineers' report shows that the building of Cove Creek Dam will decrease the high-water mark in Chattanooga 15 per cent. In other words, if a flood should reach the height of 40 feet under present conditions with this dam built it would only reach the height of 34 feet. It is this extra 6 feet that usually does the damage to our city. If the two dams above Chattanooga, on the Tennessee River, were built with 10-foot surcharge, there would be no floods in Chattanooga. So we people of that section and of that city are directly interested in the flood situation. We need this protection for our homes and for our people.

Mr. MICHENER. Will the gentleman yield?

Mr. McREYNOLDS. I yield.

Mr. MICHENER. Does not this bill carry an authorization of sufficient funds to carry out every purpose contemplated in the bill, so that if this bill becomes a law the gentleman will never ask for any authorization in reference to anything connected with the bill? The only thing the gentleman will do will be to go before the Appropriations Committee and get the money.

Mr. McREYNOLDS. It does not so provide.

Mr. MICHENER. Show me where it does not.

Mr. McREYNOLDS. You asked me, and I will explain it. I will read you what it says, or the gentleman from Michigan may read it for himself. Do not read it in my time, however. The provision leaves it to a board to pass upon, and when the board certifies that the dam should be built, then the authorization can be made. I do not want to leave it to the board, because I think it is minor as compared to the great improvement of that valley. A gentleman sits before me, Mr. HULL of Illinois, a member of the Rivers and Harbors Committee, who knows the importance of the Cove Creek Dam. That gentleman knows that it is the key to the development of the whole situation in that entire section of the country.

Mr. MAY. Mr. Chairman, will the gentleman yield?

Mr. McREYNOLDS. I yield.

Mr. MAY. Is it not the purpose of the gentleman's amendment to eliminate giving the board sole authority to say when this dam shall be constructed?

Mr. McREYNOLDS. The gentleman is correct. We do not want to rely upon the recommendation of the board.

Mr. DAVIS. Is it not a fact that the gentleman's proposal has already been approved by both the House and the Senate in connection with previous bills?

Mr. McREYNOLDS. This proposal has been in every bill and passed in every bill that has gone out of this House and out of the Senate. This is the first time that anyone ever undertook to leave it to a board.

Mr. WILLIAM E. HULL. Will the gentleman yield?

Mr. McREYNOLDS. Yes.

Mr. WILLIAM E. HULL. I do not understand what the gentleman's amendment is unless it is to eliminate this from this bill.

Mr. McREYNOLDS. It is to eliminate from the bill that provision which requires the board's recommendation for

authorization for an appropriation to build Cove Creek Dam in case Muscle Shoals is not leased. I would never come before this House when conditions are such as they are now and ask for an appropriation. I am one of those who want to cut down appropriations. I am one of those who want to protect the Federal Government. We have had authorizations made in reference to the development of the Tennessee River but we are not asking for any appropriation for that purpose at this time, although the project has been adopted by this House. We do not want the authorization for the building of the Cove Creek Dam left to the recommendation of a board. This is a development which affects the whole Tennessee Valley section. My amendment does not ask for anything unreasonable. It puts it in the future and it is not asking anything except that which is just and right.

Mr. SNELL. Will the gentleman yield?

Mr. McREYNOLDS. Yes.

Mr. SNELL. Is it not a fact that this is the first time we have ever set up a board to operate the whole proposition as far as Muscle Shoals is concerned?

Mr. McREYNOLDS. I think that is true.

Mr. SNELL. Does not the gentleman think the men who make up that board would know more about the real need of it than anybody else?

Mr. McREYNOLDS. But the gentleman can not seem to recognize the importance of this dam to the whole development of that section, except as a part of the Muscle Shoals proposition. While the need for the development of Muscle Shoals is great it is really minor when taken in connection with the development of the Tennessee Valley, in connection with navigation, and in connection with flood control.

I want to say to my friends in the House that I have never been more earnest about any proposition or more interested in any legislative matter than I am in this. I ask your aid, because I think it is just and right. It is just to my people, and it is just to my section. I appeal to those here from the East, who secured the Cape Cod Canal; I appeal to you from the West, who secured your Boulder Dam, which is to cost nearly $200,000,000; and I appeal to you from the Middle West, where you were accorded relief in connection with flood control. We are only asking for an authorization, not now but in the future, so that we may have these important developments, which have already been approved.

Mr. BYRNS. And some other Congress will have to act upon it before we can go ahead with it.

Mr. McREYNOLDS. Yes. It will have to come before another Congress, before the Appropriations Committee, and before the Budget also. It is a reasonable request, and I hope this committee will adopt this amendment.

[Here the gavel fell.]

Mr. OLIVER of Alabama. Mr. Chairman, I rise in opposition to the amendment. There is no Member of the House more interested in Cove Creek Dam than I am. I challenge nothing which has been stated as to the importance of Cove Creek Dam nor any other statement made by the gentleman from Tennessee as to the necessity of the Government building the Cove Creek Dam at some future date. You will note that the gentleman undertakes to fix the authorization in 1935. I believe the building of this dam is so meritorious that it will always stand by itself, because when you, as you certainly will, in future undertake to develop the Tennessee River as it should be for navigation, power, and flood control, this dam will be found indispensable and the Government alone should build it. So, I repeat, I rise not to take issue with the gentleman from Tennessee as to the importance of having Cove Creek Dam built by the Government in the future.

The committee in framing this bill well knew there were many differences of opinion as to Muscle Shoals both in the House and in the Senate. Recognizing that, they have striven hard to write a bill which they feel fairly represents and protects the real matters of vital importance without doing violence to certain details as to which differences exist. In reference to Cove Creek the committee has submitted two provisos or conditions that will make possible the building of the Cove Creek Dam when such conditions happen. The committee evidently did not feel at this time it could consistently do more. For that reason I believe it would be dangerous to graft any further amendments on this bill. To do so might endanger the passage of the bill, and I know the gentleman from Tennessee, who has spoken so eloquently and so forcefully in favor of Cove Creek Dam, wishes to avoid that. He wants this bill passed as much as I do, and we must avoid doing anything that will endanger its passage. There are several provisions of the bill which are not in conformity with my individual views, but no Member can ever hope on this controversial subject to have his views in their entirety adopted by this or any future Congress.

The gentleman is not asking for authorization to be effective before 1935. Remember that the Congress to be elected in November will have passed out before that date. The proposal is so meritorious you can depend on this, that at the proper time—probably in 1935—it may be earlier—Congress, when it is presented as a separate proposition, will have an opportunity to consider it on its merits, and I have no fear that unfavorable action will be taken thereon. [Applause.]

[Here the gavel fell.]

Mr. McSWAIN. Mr. Chairman, in view of the fact I am informed there will be an amendment offered to strike out this entire section, I think it would narrow the issue and simplify matters if we would vote upon the pending amendment, in the nature of a perfecting amendment, and clear the decks for the main fight.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Tennessee [Mr. McREYNOLDS].

The question was taken and on a division (demanded by Mr. McREYNOLDS) there were—ayes 29, noes 72.

So the amendment was rejected.

Mr. TAYLOR of Tennessee. Mr. Chairman, I offer an amendment.

The clerk read as follows:

Amendment offered by Mr. TAYLOR of Tennessee: On page 13, strike out all of subsection (a) of section 11, and add a new subsection 11(a), as follows:

"The sum of $5,000,000 is hereby authorized to be appropriated for the construction of a dam in and across Clinch River in the State of Tennessee, which has by long usage become known and designated as Cove Creek Dam, according to plans to be approved by the Chief of Engineers, in order that the waters of the said Clinch River may be impounded and stored above said dam for the purpose of increasing and regulating the flow of the Clinch River and the Tennessee River below, so that the maximum amount of primary power may be developed at Dam No. 2 and at any and all other dams below the said Cove Creek Dam, $2,000,000 of said appropriation shall be made available with which to begin construction of said Cove Creek Dam during calendar year 1932."

Mr. STAFFORD. Mr. Chairman, I make the point of order the amendment is not in order, in view of the fact that it is a direct appropriation of money and the Committee on Military Affairs has no appropriating power.

Further, the matter is not within the scope of the Committee on Military Affairs, but within the scope of the Committee on Rivers and Harbors, even if it were an authorization.

Mr. TAYLOR of Tennessee. May I ask the gentleman to reserve his point of order for five minutes?

Mr. STAFFORD. As the gentleman comes from the Cove Creek country, I will be very glad to reserve the point of order for five minutes.

Mr. TAYLOR of Tennessee. Mr. Chairman, the gentleman from Tennessee [Mr. McREYNOLDS] has already very ably emphasized the importance of this Cove Creek Dam construction. Every person who has made a study of the Muscle Shoals proposition has recognized that Cove Creek is not only an integral part, but an indispensable part of this system. Every commission that has been appointed to investigate this question has reported to the White House and to the Congress that Cove Creek is the heart and soul of the Muscle Shoals project.

So, recognizing this fact and recognizing that sooner or later it will be necessary to construct the Cove Creek dam,

I want to say that in view of the very acute unemployment situation in that section at this time, there is every argument for an immediate appropriation to go forward with this important work. Land values are cheaper, perhaps, in this section now than they will ever be again, and therefore the area which will be inundated can be acquired at less expense to the Government.

Cove Creek dam is situated in the heart of a large bituminous-coal field, where unemployment is most acute, and this legislation would be a godsend to that situation.

As has been referred to by the gentleman from Tennessee [Mr. McREYNOLDS], the construction of this dam is very essential to the solution of navigation and flood control on the Tennessee River.

There is every argument for this construction, and we all recognize that sooner or later it must come, so why quibble about it? Why not proceed to do the job at once, particularly on account of the very distressing and very alarming labor situation in that section of the country? [Applause.]

[Here the gavel fell.]

Mr. BYRNS. Mr. Chairman, I submit that the amendment offered by my colleague is simply an authorization and is clearly not subject to a point of order.

The CHAIRMAN. Does the gentleman from Wisconsin desire to press his point of order?

Mr. STAFFORD. Mr. Chairman, when I originally made the point of order, or reserved it, I was under the impression it was a direct appropriation. My attention has since been called to the fact that it is an authorization, but I make the further point of order it is not germane. The fact is, the amendment of the gentleman from Tennessee [Mr. TAYLOR] is not contingent and is not related at all to the Muscle Shoals proposition. Section 11 is directly connected with the leasing of the Muscle Shoals property. Whether a lease is perfected or not, the gentleman's amendment provides for an authorization for the construction of this dam, a matter that comes within the purview of the Committee on Rivers and Harbors and not within the jurisdiction of the Committee on Military Affairs. I respectfully contend it is not germane to the matter in the bill.

The CHAIRMAN (Mr. GARRETT). Jurisdiction having been assumed by the Committee on Military Affairs in the pending section, the Chair does not think the gentleman's point of order is well taken in that regard.

The Chair overrules the point of order.

Mr. GOSS. Mr. Chairman, I rise in opposition to the amendment. The Committee on Military Affairs in considering this whole question naturally had to give a great deal of thought to the subject of Cove Creek Dam, and at the time we held our regular meeting on Muscle Shoals the Committee on Rivers and Harbors was having hearings in reference to the development of the dam and locks and improvements that would accrue to that particular section, and so our committee called the Chief of Engineers, who frankly admitted that they were carefully going over the whole question, and would report and recommend to Congress, in the interest of the War Department, any information on this particular subject.

Now, I submit in all fairness, under section 11, and the amendment offered by the gentleman from Tennessee, we are authorizing an appropriation of some $34,000,000 to complete the dam itself, and in this bill we are authorizing the right of eminent domain, so that the Government may go in and condemn the land around this dam. There would have to be an appropriation naturally to acquire that property around the dam.

Mr. LOVETTE. Will the gentleman yield?

Mr. GOSS. I yield.

Mr. LOVETTE. The gentleman understands that the $34,000,000 includes the acquisition of property rights around the dam?

Mr. GOSS. No; I do not.

Mr. LOVETTE. It does, as the gentleman will see by the Engineers' report.

Mr. McSWAIN. The gentleman from Tennessee is right; it includes the property around the dam.

Mr. GOSS. Does it include the power project?

Mr. McSWAIN. There is no power project there.

Mr. GOSS. Does it include all the land over which the water will flow?

Mr. McSWAIN. Yes.

Mr. GOSS. At any rate, it is a very large amount for us to be considering at the present time. I want to call to the attention of the committee that under the terms of the bill as written, the Secretary of War may make this authorization when demand for extra power is made.

I happen to know that there are only some 40,000 kilowatts at Muscle Shoals Dam No. 2 at the present time, and it has been demonstrated that it would be necessary to have additional power if and when this plant gets to operating and making fertilizer. That time may come before 1935, and it may not come until 1945, but we ought not to give authorization in this particular bill.

I know this is a delicate subject, and I am not enough partisan to oppose the matter just because it is being suggested for the great State of Tennessee. I do not think, from the study I have given, that this is a proper time to do it, nor is this the proper way to legislate. I believe that the Committee on Rivers and Harbors and other committees will give mature consideration to the subject, and will be better able to judge of its merits. I hope the committee will vote down the amendment of the gentleman from Tennessee at this time. [Applause.]

[Here the gavel fell.]

Mr. McSWAIN. Mr. Chairman, I move that all debate on this section and all amendments thereto close in five minutes.

The motion was agreed to.

Mr. COCHRAN of Missouri. Mr. Chairman, I propose to vote for this bill, because it is the best we can secure. I understand that under the provisions of this measure it means an expenditure of thirty or forty million dollars, if the property is leased. I am going to vote for the amendment of the gentleman from Tennessee [Mr. TAYLOR], because I understand if it is adopted that means an expenditure of $5,000,000 additional.

I am going to vote for any measure that is brought in on this floor which will provide for the expenditure of money that will help to put some of the millions of people in this country now unemployed to work. [Applause.] I want to say that if this Congress adjourns and goes home without doing something to relieve this unemployment situation there is many a man here now who will not return as a Member of the next Congress.

Mr. GOSS. Will the gentleman yield?

Mr. COCHRAN of Missouri. Yes; with pleasure.

Mr. GOSS. Is the gentleman expressing his own views or the views of the Economy Committee, of which he is a member?

Mr. COCHRAN of Missouri. I am trying to bring to the attention of the House the necessity for adopting a program that will put to work people who are now unemployed.

It is proper to economize. This House had a chance to save $100,000,000 by consolidating the Army and Navy. Did you do it? No; it failed by a few votes. All that is required is a change of 13 votes, and such a bill can pass this House. Would it not be wise to take that $100,000,000 and put it in public work, where men would be given employment?

Had the President not expressed opposition to that consolidation it would have passed by 50 votes. The President's opposition defeated that section of the economy bill. It is on the way, just around the corner, and the Army and Navy can commence now to prepare for it. Other economies can be effected and will be effected.

It is not good business, however, to reduce the salaries of the employees in the low brackets, for that lowers the purchasing power, and what we need now is more consumption rather than less consumption.

Mr. GOSS. Mr. Chairman, I agree with the gentleman. I voted to stop cutting wages.

Mr. COCHRAN of Missouri. The gentleman voted right, then. I want to put men to work who are not receiving any wages, men who are living on charity, with their families half starved, their babies undernourished, not for a month, not for two months, but for a year or the past two or three years.

Mr. McGUGIN. Mr. Chairman, will the gentleman yield?

Mr. COCHRAN of Missouri. You have a situation before you that can not be left alone. Something must be done, and the Government must lead the way. I now yield to the gentleman from Kansas.

Mr. McGUGIN. I am very much interested in what the gentleman says. What program would the gentleman suggest that the Government should embark upon that would put 8,000,000 men back to work?

Mr. COCHRAN of Missouri. I will vote now, to-morrow, or any other day—the sooner the better—for a five billion or more bond issue for a public-works program, and I will vote also to eliminate machinery wherever we can eliminate it and put men to work and give the machines a rest.

Mr. McGUGIN. Would that put 8,000,000 men to work?

Mr. COCHRAN of Missouri. Yes; if you make sufficient provisions. I want to put the people to work—as many as we possibly can. Such a program will start putting them to work. That is what we need—a start. If the Government will lead the way, private business will follow.

Mr. McGUGIN. Will that program put 8,000,000 men to work?

Mr. COCHRAN of Missouri. It will put a great many to work; it will stimulate business; and that will put people to work who will manufacture the articles that those engaged in public work can purchase after they have some purchasing power. You must start somewhere. Let the Government embark upon a real program and lead us out of this depression.

Oh, you say, do not increase the public debt. Better to increase it now by a few billions than by many times that amount at a later date.

Go out in the hall and read the statistics on the sign you will find there. It shows the total wealth of this country as $320,000,000,000. What is our total debt now? On May 1 of this year our total public debt, including all deficits, was less than $19,000,000,000. Still some would complain if this was increased in order to put our citizens to work. You may just as well make up your minds now that you are going to provide work for the unemployed, because if you do not do it now your successors will do it.

It is amazing that the business men of this country have not long since realized the necessity of governmental action. You quickly responded to the suggestion to set aside $2,000,000,000 to loan to big business. When that bill was pending we were told to pass it and conditions will quickly return to normal. If the business men will get behind a movement to take care of the unemployed as they did when the Reconstruction Finance Corporation bill was pending it could be enacted into law in a week.

There must be and there will be some change, and it will largely depend upon the Congress whether this change will be for the better or worse. Let us hope that it will be for the better, and let us have action now.

When that great journalist, Joseph Pulitzer, publisher of the St. Louis-Post Dispatch and New York World, died he provided in his will for certain annual awards, among them one for the best example of newspaper correspondence. The trustees of the Columbia University, upon recommendation of its school of journalism, this year awarded to Mr. Charles G. Ross, of the St. Louis Post-Dispatch, the $500 set aside for this purpose. This recognition resulted from an article written by Mr. Ross, who is the chief Washington correspondent of his paper. The contribution was of such importance that it was placed in the CONGRESSIONAL RECORD by the Senate and will be found on page 449 of the RECORD for the first session of the Seventy-second Congress, December 14, 1931. It was not only reprinted in this country but copies were sent abroad. The article had to do with the subject I am now discussing—the condition of the country and unemployment.

It is headed "The Country's Plight—What Can Be Done About It? Present-Day Distribution of Wealth Found To Be the Root Cause of Both Overproduction and Unemployment—An Exposition of What President Hoover Has Characterized as 'The Greatest Crisis the World Has Ever Known'—The Significant Facts Underlying the National Predicament Which Will Be Presented to the Coming Congress."

Mr. Chairman, that article was prepared upon the eve of the convening of Congress. I happened to be in Washington at the time, and I know that Mr. Ross spent many, many weeks in research work. He was contributing a statement of facts to national legislators based upon official statistics that could not be assailed; and, of course, it was his hope and the hope of the paper he represented that Members of the Congress would be aided in enacting important legislation that would at least alleviate existing conditions. Today, May 5, five months have passed, and I ask you to point to one piece of legislation that has been of benefit to the millions walking our streets looking for employment—honest citizens willing to work.

I repeat again, gentlemen, even though it be necessary to remain here until December, you dare not go home until you have found some way to help the millions in distress. Your stay will be permanent if you do not heed this warning. Democrat or Republican, you will be held to account by your constituents and rightfully so. They can not live on wind and hot air, all that has been offered to them these many months. Balancing the Budget may be important, reducing Government expenditures is necessary, but the all-important question confronting you to-day is to provide a job for every honest American that is willing to work. Never mind the cost. That will be quickly absorbed when we return to normal. It is my opinion the longer you delay the greater will be the cost. If you do not know the situation, read Mr. Ross's article. I only wish I could again reproduce it in the RECORD, at this point, but the rules will not permit.

Mr. Ross has been in Washington since 1918, as the chief of the St. Louis Post-Dispatch bureau. Another member of that bureau, Mr. Paul Y. Anderson, previously received this award.

Born in 1885 in Independence, Mo., Mr. Ross graduated from the Missouri University and in 1908 accepted a call and became a member of the faculty in the journalism school of that outstanding institution. For one year he served on a newspaper in Melbourne, Australia.

His charming wife was born in the district I represent. His two sons are attending college.

Mr. Ross was detailed by the Post-Dispatch to cover the London Naval Conference and was also sent to the Pan American Conference in Habana. He made a trip to Europe where he remained for several months, several years back, and his articles on conditions abroad attracted world-wide attention.

Three additional articles supplementary to the Country's Plight were written by Mr. Ross.

One referred to prohibition and its cost to the Nation, another was on the subject of unemployment, and the third was on the abuse of the tariff.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Tennessee.

The question was taken; and on a division (demanded by Mr. COCHRAN of Missouri) there were—ayes 15, noes 56.

So the amendment was rejected.

Mr. STAFFORD. Mr. Chairman, I move to strike out section 11.

The CHAIRMAN. The Clerk will report the amendment offered by the gentleman from Wisconsin.

The Clerk read as follows:

Amendment offered by Mr. STAFFORD: Beginning on page 13, with line 10, strike out all of section 11.

Mr. STAFFORD. Mr. Chairman, I ask unanimous consent to proceed for 10 minutes.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. STAFFORD. Mr. Chairman, the proposal is whether it is necessary as a fertilizer proposition to add to the power facilities of Muscle Shoals by building Cove Creek Dam 350 miles from the site of Muscle Shoals, almost as far as between here and Boston, lacking only 100 miles. Let me disabuse the minds of my Democratic friends of any thought that I am opposing this proposal to spend $34,000,000 to $50,000,000 from any sectional spirit against the South. I take pride when I look back on the fact that in 1922 when the preceding Congress, of which I was not a Member, had voted to discontinue all further work on Muscle Shoals Dam it was my privilege as a member of the committee of conference on the War Department appropriation bill to move to concur in the Senate amendment sponsored by the Senator from Nebraska, Mr. NORRIS, to provide $10,000,000 toward the completion of the Muscle Shoals Dam. That statement is sufficient, I think, to show that I am not unsympathetic toward the Southland.

But I believe that this is not the time for us to launch into any unnecessary expenditure of from $34,000,000 to $50,000,000, when the utilization of Muscle Shoals is not dependent upon that expenditure. Water is flowing over the dam seven months of the year to the extent of 250,000 horsepower at that place. We have in addition an auxiliary steam plant there capable of furnishing additional power during the five months of dry period which will provide a primary power at Muscle Shoals at all times of from 160,000 to 250,000 horsepower throughout the year. As a business proposition, and I view all of the proposals that come before this Congress and before the committee of which I am a member from the attitude of strict business, especially in these times, is it advisable now to spend this money to merely double the power capacity of Muscle Shoals?

The President of the United States in his veto message a year ago said that this Cove Creek Dam was only about 5 per cent a navigation and flood-control proposition. The Chief of Engineers, General Brown, when he came before our committee this year, said in opening his testimony:

> The War Department has no project that directly involves the Cove Creek proposition.

Those are his opening words. Further in his testimony, on page 345, he uses this language:

> Cove Creek is primarily a power proposition, although a release of that water in low water would be of benefit to navigation. But for navigation purposes only I do not consider it absolutely necessary to build Cove Creek.

What do you propose to do? Of course, the Representatives from the immediate vicinity of Cove Creek, the two distinguished Republicans from Tennessee, are in favor of this proposal or excuse to flood much of the land of three counties in Tennessee. Why would not these farmers in that country be willing in these times to sell their lands to the Government of the United States?

Mr. MAY. Mr. Chairman, will the gentleman yield?

Mr. STAFFORD. I will yield later if I have time. I can not yield now.

Where is there any person in this country who is not willing to sell his land and get liquid capital?

I wish to submit to the sober judgment of the House this proposal, that if we build Cove Creek Dam and increase the power at Muscle Shoals, and only increase it for power purposes, we merely provide that this existing facility at Muscle Shoals will be more favorable to the big chemical interests and not to the small chemical interests.

I take the firm position that Muscle Shoals property today is an integral part that can be leased if it is worthy to be leased, and that it can be leased to-day because there is adequate horsepower to the extent of 250,000 for seven months, and, with the aid of the subsidiary steam plant, 150,000 horsepower the year round. There are buildings, and we say to this leasing board, "Go before the country and advertise and see whether you can get a lease for these properties with that power."

Now, under the existing method, the modern method of the nine nitrogen plants that are established in this country for manufacturing synthetic nitrogen, not one of them uses power in any great amount. Not one of them uses power in connection with the manufacture of nitrogen. Power is used only in the manufacture of nitrogen by the obsolete method known as the cyanamide method, the nine private plants in this country that are to-day engaged in the manufacture of synthetic nitrogen with the modern process, by abstracting nitrogen from the air, do not use water power.

Therefore, how can anyone contend that in these times we should, as a power proposition, proceed with the expenditure of $36,000,000 as a minimum to buy land and build a dam 350 miles away, farther than between here and New York by over 120 miles, not for the purpose of navigation or flood control, because it is so minor and insignificant, but merely to increase the power facilities at Muscle Shoals?

Mr. Chairman, in these times as business executives, if we were members of a board of directors, having in our power the disposition of an integral property which is already complete, which could be utilized for a manufacturing purpose where no additional power would be required for the successful operation of the plant, we should not go off into an extraneous field and vote $36,000,000, nor $10,000,000 for that matter; but we should leave it for the future to determine when the need arises.

As I said yesterday, with all sincerity, I have been trying my best not only to balance the Budget but to vote for economic programs, and I say we can not consistently, with the record we have made, add $36,000,000, and more likely $50,000,000, by inaugurating this proposal 350 miles away, which means merely the purchasing of land in three counties, and the building of a dam for reservoir purposes.

Mr. KVALE. Will the gentleman yield?

Mr. STAFFORD. Not just now.

We have had all this power for the past 10 years. Magnify the evil. We have had a white elephant on our hands, and now the proposal is to magnify the white elephant, blow it up still larger, twofold, and by blowing it up and enlarging it twofold, you therefore think you will have a better economical proposition to dispose of as a business proposition. That might be good Farmer-Labor policy, but it is not good, sound Republican doctrine, and I do not think it is good, sound Democratic doctrine, though it is reported in this bill.

Mr. KVALE. Will the gentleman yield?

Mr. STAFFORD. I yield.

Mr. KVALE. Does the gentleman make the representation that this bill provides for the expenditure of from $36,000,000 to $60,000,000 now?

Mr. STAFFORD. If the lease is consummated, it is obligatory. If no lease is consummated, it is left to a favorable board to take the position that the Government must spend that money without any further approval by the President or anybody else.

The CHAIRMAN. The time of the gentleman from Wisconsin has expired.

Mr. HILL of Alabama. Mr. Chairman, the distinguished gentleman from Wisconsin said that the policy of building Cove Creek Dam is not in line with good Republican doctrine. The provision in the bill for the construction of this dam carries out the recommendation of the present head of the Republican Party, who is not only the President of the United States but also a great engineer and a great authority on the subject of rivers and river development.

In Mr. Hoover's veto message to the Congress on the Muscle Shoals bill passed during the last Congress, under date of March 3, 1931, he made this statement:

> The Federal Government should, as in the case of Boulder Canyon, construct Cove Creek Dam as a regulatory measure for the flood protection of the Tennessee Valley and the development of its water resources, but on the same bases as those imposed at Boulder Canyon—that is, that construction should be undertaken at such time as the proposed commission is able to secure contracts for use of the increased water supply to power users or the lease of the power produced as a by-product from such a dam on terms that will return to the Government interest upon its outlay with amortization.

Having before us this recommendation of the President of the United States, the subcommittee in drafting the pending bill drafted the bill so as to carry out the recommendation.

Mr. SNELL. Will the gentleman yield for a question?

Mr. HILL of Alabama. Yes; I yield.

Mr. SNELL. I do not understand that the bill carries out the recommendation provided in that veto message.

Mr. HILL of Alabama. Certainly it does. I will explain it to the gentleman.

Mr. SNELL. I would like to have the gentleman explain it if he can, so that I can undertsand it.

Mr. HILL of Alabama. The bill provides that the dam shall not be constructed unless a lessee is secured, or if no lessee is secured, unless the board certify that the additional power which would be derived from the construction of the Cove Creek Dam is needed for the manufacture of fertilizer or fertilizer ingredients.

Mr. SNELL. But that does not say that the revenue from it shall pay for the construction of the dam the same as it does in Boulder Canyon.

Mr. HILL of Alabama. Exactly. When this House passed the Boulder Canyon bill it could not know, as a mathematical certainty, that the Government was going to get back every dollar.

Mr. SNELL. It was as near a mathematical certainty as we could make it, and it was based upon contracts for the power that eventually would pay for the dam.

Mr. HILL of Alabama. Exactly; and this bill is based on the same proposition.

Mr. SNELL. There is not a word in the contract the gentleman speaks of that says that. Show it to me.

Mr. HILL of Alabama. Let me say to the distinguished gentleman from New York that the terms of any lease covering this property will provide for payment for the power from this Cove Creek Dam that the lessee uses, and the rate for the power will be such as to pay the Government a reasonable return on the money invested in the dam, as well as an amount sufficient to amortize the cost of the dam over a period of years.

Mr. SNELL. I hate to disagree with the gentleman, but the gentleman can not read that in the language of this bill. That language is not there.

Mr. HILL of Alabama. Of course, the bill does not prescribe all the details of a lease, but it lays down for the board certain principles which bind the board.

Mr. SNELL. Will the gentleman yield for one further question?

Mr. HILL of Alabama. Yes; for a brief question.

Mr. SNELL. In the construction of the Boulder Canyon Dam we definitely laid out the whole program, and what we were going to get for the money. The Secretary of the Interior was not authorized to go ahead until he had definite contracts signed so that the money coming in would pay for the dam. That is not true of the bill now under consideration.

Mr. HILL of Alabama. We are not going ahead with the Cove Creek Dam either until a lease is made; or until Government operation, if we should have Government operation, is so successful that it will pay the Government to construct the dam.

[Here the gavel fell.]

Mr. HILL of Alabama. Mr. Chairman, I ask unanimous consent to proceed for five minutes more.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. MICHENER. Mr. Chairman, will the gentleman yield?

Mr. HILL of Alabama. Yes; just for a question.

Mr. MICHENER. If the gentleman knows, will the gentleman inform us what is the stand-by expense of this project at this time? What does it cost us in a stand-by condition?

Mr. HILL of Alabama. The maintenance of the nitrate plants costs $82,000 annually. I can not give the gentleman off-hand just what the hydroelectric facilities cost, because we are selling some of that power there to-day.

Mr. MICHENER. What is the income?

Mr. TABER. Mr. Chairman, will the gentleman yield? I think I can explain it.

Mr. HILL of Alabama. Yes; I yield. The gentleman from New York [Mr. TABER] is a member of the Subcommittee on Appropriations, which has before it all these figures.

Mr. TABER. Not at the present time. Two hundred and sixty-five thousand dollars is the total expense for the whole Muscle Shoals project and for 1930 the revenues were $597,000. For the year 1931 down to about the 1st of October the revenues were approximately $550,000.

Mr. MICHENER. In other words, if we let this plant stand as it is, it would pay us a profit of about $250,000 a year.

Mr. HILL of Alabama. And if you let it stand idle as it is to-day, you will have about two and one-half million dollars of water going to waste over the dam every year. That is what is happening to-day.

Mr. MICHENER. If that be true, if that water were put to use making fertilizer, it would continue to keep out of business fertilizer plants which are to-day out of business.

Mr. HILL of Alabama. No; it would not do that at all. It would free the farmers of this country from their dependence for nitrogen upon Chile and Germany and other foreign countries.

Furthermore, Mr. Chairman, with reference to the return to the Federal Treasury of any money invested in the Cove Creek Dam, let me say that the report of the Engineers shows that there are some 12 or 14 dam sites on the Tennessee River below the Cove Creek Dam where dams undoubtedly at some time will be built. The Cove Creek Dam will not only double the primary power at the Government dam, the Wilson Dam, but will also double the primary power at all of these other 12 or 14 dams, and under the Federal water power act the owners of these other 12 or 14 dams must pay the Government of the United States for the benefits derived from the construction of the Cove Creek Dam.

Cove Creek Dam is a wonderful project. It will create a reservoir 83 square miles in area. There will be enough water in the reservoir that if the District of Columbia were level and a wall were built around it, and the water within the reservoir were poured into the District of Columbia, we would be working 75 feet under the surface of the water.

General Brown, Chief of Engineers, testifying before the Senate Committee on Agriculture, stated that the average yearly damage to property due to floods on the Tennessee River amounts to $1,780,000 and that if Cove Creek Dam were constructed the flood damage would be eliminated. So, in the saving of property, in the prevention of destruction from floods, this dam would pay for itself in less than 20 years time. It would give protection to the great city of Chattanooga, to cities like Johnsonville, Florence, and Rockwood, protecting them from the ravages of the waters of the Tennessee, and it would even give protection from floods on the Mississippi River.

[Here the gavel fell.]

The CHAIRMAN. The question is on agreeing to the amendment offered by the gentleman from Wisconsin [Mr. STAFFORD].

Mr. GLOVER. Mr. Chairman, may we have the amendment again reported?

The CHAIRMAN. Without objection, the Clerk will again report the amendment.

There was no objection.

The Clerk again read the amendment.

The question was taken; and on a division (demanded by Mr. STAFFORD) there were—ayes 70, noes 102.

So the amendment was rejected.

The Clerk read as follows:

SEC. 13. All disputes shall be subject to arbitration.

Mr. SWING. Mr. Chairman, I move to strike out the last word. For some 10 or 12 years this Muscle Shoals problem has been before the Congress and the country. On the one hand there has been the fertilizer combination fighting for its selfish advantages and trying to get the most out of

this project for itself. On the other hand the power corporations of the South have been fighting to get the project disposed of to their advantage, with the result the efforts of Congress to legislate in the interest of the people have been blocked until the country believes that Congress is unable to function at all on this important matter. I say the time has come when the Congress ought to act and dispose of this long-pending issue and get this great natural resource to work in the interest of the people. [Applause.]

I am not authority enough upon the fertilizer proposition to know whether or not it is true, as contended, that this project can be made to furnish the American farmers cheaper fertilizer. However, one of two things is true. Either it will produce fertilizer economically or it will not. If it can produce cheap fertilizer, then it is something worth while and very much in the interest of the farmers of this country. If that can not be done, then, of course, the power which would otherwise be consumed in the manufacture of fertilizer will become surplus power and can be disposed of under the provisions of this bill, preference being given to the States, cities, and counties in contracting for that power.

I want to say that this project, which has been referred to as a white elephant, is one of the most valuable assets which the people of America possess to-day. I hope the title to this great asset will never pass out of the hands of the Government.

If a lease can not be made for the manufacture of fertilizer, then this great project ought to be put at work and the power made available to the public corporations as set forth in this bill.

Personally I would like to see this bill go much farther than it does in the way of the disposal of the power in the interest of the people. I think the power question is one of the great questions before the country to-day. I think that next to light, air, and water, electricity has become one of the necessities of life. When the American people own a great project, into which they have already put $140,000,000, they ought not to stop in the middle of the stream but ought to go through and put the great natural resources of the Tennessee River to work.

We are on the threshold of a great electrical era. No one knows to-day what the future of electricity will be. We only know that every day new uses are being found for it. We are counting on it to take the drudgery out of our everyday life. Inventions and improvements of process make it possible to send electricity a thousand miles. Wide areas can be benefited by the development of the Tennessee River. So it is that Muscle Shoals is a great national asset of the American people. Let us go forward with its development and put it to work as soon as possible and that would be, truly, in the interest of national economy. If it will produce cheap nitrates that is in the interest of the farmer and will be a most valuable asset in reserve for national defense in time of war. We can find out only by trying it. If we find that can not be done, then there is the power which can be put to use in the interest of all the region in the Southeast. It is impossible to have too much electrical energy.

I sincerely trust we will pass this bill, send it to the Senate, and after they have acted upon it and it comes back from conference I hope it will be even a better bill than it is to-day. [Applause.]

The Clerk read as follows:

SEC. 14. In the event the board is unable, within not to exceed 18 months from the date of the approval of this act to effect a lease under the provisions of this act, or a contract of lease entered into is defaulted, and no new lease is entered into within a period of six months thereafter, it shall be the duty of the board to operate the nitrate plants or either of them by employment of existing facilities or by modernizing the existing plants and facilities for the production of nitrogenous plant food of a kind and quality and in form available as plant food and capable of being applied directly to the soil in connection with the growth of crops containing not less than 10,000 tons of fixed nitrogen, and said amount of such fertilizer or fertilizer ingredients shall periodically be increased from time to time as the market demands may reasonably require until the maximum production capacity of the plants now owned by the Government at Muscle Shoals, as the board may find them to be economically adapted, or susceptible of being made economically adapted for the fixation of nitrogen is reached, if the reasonable demands of the market shall justify except when the market demands are satisfied by maintenance in storage and unsold of such fertilizer or fertilizer ingredients containing at least 2,500 tons of fixed nitrogen. Whenever such stock in storage shall fall below the quantity containing 2,500 tons of fixed nitrogen the production of such nitrogenous plant food shall thereupon be resumed: *Provided*, That the board in the event it undertakes to manufacture fertilizer or fertilizer ingredients is hereby authorized to modify, change, and improve such plants and construct other plants in its judgment necessary for the purpose of producing fertilizer or fertilizer ingredients.

The board shall have the power and authority at all times to negotiate and conclude a lease and is directed to conclude a lease, if it can be effected, pursuant to the provisions of this act: *Provided*, That any lease effected hereunder shall not be for a term which would extend beyond 50 years from the date of the enactment of this act. In the event any responsible offer is received that conforms to, and a contract of lease is entered into under the leasing provisions of this act, then the production of fertilizer or fertilizer ingredients by the board as in this section provided shall be terminated, and possession shall be transferred to the lessee with the least possible interruption to the production of fertilizer and/or fertilizer ingredients.

Surplus power in excess of that required from time to time by the board for the production of fertilizer or fertilizer ingredients, subject to a lease as herein provided, shall be sold or disposed of by the board at the switchboard on an equitable basis, giving States, counties, and municipalities the preference, subject to recall after reasonable notice, not to exceed 18 months, for use by a lessee under any subsequent lease as in this act provided.

Mr. CHIPERFIELD. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. CHIPERFIELD: Page 16, line 5, strike out all of section 14.

Mr. CHIPERFIELD. Mr. Chairman, I ask unanimous consent at this time to proceed in the discussion of this amendment for 15 minutes.

Mr. PARKER of Georgia. Mr. Chairman, reserving the right to object, I have an amendment I desire to offer, which may be in the nature of a perfecting amendment, and the gentleman, perhaps, would be willing to accept it.

Mr. CHIPERFIELD. Mr. Chairman, I am not at all particular as to the order in which my amendment shall be considered. If it is the judgment of the Chamber that it would be better to determine upon the other amendments first, I do not wish to crowd my amendment at the present time.

Mr. BANKHEAD. Does the gentleman propose to offer a perfecting amendment?

Mr. STAFFORD. The gentleman from Georgia has a perfecting amendment; yes.

Mr. BANKHEAD. That ought to be offered before the motion to strike.

Mr. CHIPERFIELD. Mr. Chairman, I do not wish to insist upon any particular order. If it is the judgment of the Chair and the committee that we should hear the amendment offered by the gentleman from Georgia, I am willing to reserve my motion to strike.

Mr. BANKHEAD. Mr. Chairman, as a matter of procedure, if the perfecting amendment is not offered until after the pending motion, if the gentleman's motion should prevail, the gentleman from Georgia could not offer a perfecting amendment.

The CHAIRMAN. The perfecting amendment would be voted on first.

Mr. TILSON. And the motion of the gentleman from Illinois would be pending, awaiting decision on the other amendment.

The CHAIRMAN. Is there objection to the request of the gentleman from Illinois?

There was no objection.

Mr. PARKER of Georgia. Mr. Chairman, I ask unanimous consent that my amendment be read before we consider the amendment of the gentleman from Illinois.

Mr. CHIPERFIELD. I have no objection to that.

The Clerk read as follows:

Amendment offered by Mr. PARKER of Georgia: Page 16, line 10, after the word "to," strike out the remainder of the section and

insert in lieu thereof the following: "report the facts to Congress and ask for further instruction."

Mr. CHIPERFIELD. Mr. Chairman, this motion to strike out section 14 brings us squarely to the question whether or not a majority of this committee will insist upon retaining in this bill this section, which according to my idea, means inevitably Government operation of this plant at Muscle Shoals.

I am aware, and I want to state the matter fairly, that there is a very sharp and divergent view as to the meaning of this bill in connection with section 14. The proponents of this measure have stated upon the floor very vigorously that it will be easily possible to obtain a private lease for the operation of this plant, and they have not hesitated to state very vigorously their full belief that this can and will be done within the period provided for the making of such a lease; that is, within a period of 18 months.

I submit in all fairness for the consideration of those who take this view that if it is correct, it seems to me you are standing in your own light.

If the gentlemen really have faith when they say that a private lease for Muscle Shoals can be obtained, when they resist a motion to strike out section 14, then they are doing everything in their power to defeat the purpose which they are seeking to accomplish by this bill.

Let me make myself perfectly plain to those who are the proponents of this measure and let me appeal to their reason and their sense of fairness in this connection.

I take it, and it could not be otherwise, that there is a genuine, a sincere, and a deep-seated desire for the purposes that have been expressed by the speakers on this floor in behalf of this measure, that it may be put into operation at the speediest possible moment. I can well understand that hope on the part of those whose sections of the country are to be affected and whose acres will, it is said, be benefited if the plant at Muscle Shoals shall be operated according to the plans that have been discussed by the proponents of this measure; but here is a practical proposition that now presents itself.

You have 18 months under this bill to see whether or not an effective and a desirable lease can be obtained. As I have before stated, you have expressed the belief that such a lease can be surely obtained; and if it can, then it puts into operation all the beneficial effects which have been suggested in the discussion here, and it gives to this section the relief that they desire and the benefit that they hope will accrue.

Mr. PARKER of Georgia. May I ask the gentleman if he believes there will be any limit on the period of time that the board can have to lease this property if the entire section is stricken?

Mr. CHIPERFIELD. No; I do not think so, as I recall the language of the bill.

Let me continue with this thought, and I will come back to that. If you do get a lease within 18 months, this act, in my opinion, with section 14 stricken out, can be passed by this House to-day.

I have no right to say what will be done with this measure by the President, and I would not assume for a minute that it is within my power or within my privilege to speak for him; but gentleman on this floor well know and understand that the same things that have impelled the veto on the part of the President in the past would certainly—so it seems to me—impel him to veto this proposition if it is passed at this time in its present condition.

I want to appeal again to the reason of this House. What have you to gain, gentlemen, from any standpoint, by insisting upon keeping in this provision for Government operation if you know that within a brief time it means a veto of your entire proposition by the President?

Mr. SWING. Will the gentleman yield?

Mr. CHIPERFIELD. For a remark or a question?

Mr. SWING. For a question. Has the gentleman considered the value of this section in the hands of the board in order to negotiate a lease?

Mr. CHIPERFIELD. Yes. We discussed that briefly yesterday.

Mr. OLIVER of Alabama. Will the gentleman yield?

Mr. CHIPERFIELD. Yes.

Mr. OLIVER of Alabama. The gentleman knows that the property had no value, so power and fertilizer companies insisted, until Henry Ford made an offer therefor.

Mr. CHIPERFIELD. I have great regard for the gentleman's opinion and judgment; but I want to ask this question, and I am not going to give the gentleman time to answer in my time. [Laughter.] What have you to gain if in a brief time you have destroyed by a presidential veto all chance of obtaining the thing you say you so much desire?

I do not pretend to stand here as an instructor to any other man in this House—I have difficulty enough in trying to determine my own course of action without acting as advisor to other Members on either side of this Chamber. But it means—and I quote this without reflection—that the wayfaring man, though a fool, can not be mistaken in the conclusion I am advancing. For the purpose of insisting on a theory—and it will only be a theory—you are forcing a situation where you will lose that which you now stand a chance to attain.

Now, let me ask you this question—I have asked you what you will gain if you persist in that course—what will you lose if you strike out section 14?

The gentleman from California suggests that it constitutes a threat. I want to say that you will never get a lessee in the world to go in and spend the millions of dollars that it is necessary to spend merely because of the fear that somebody else will some time operate the plant. If any other gentleman has a different view, his opinion is entitled to much weight, but that is the way it appears to me.

Now, going back a moment, what will you lose if you strike out section 14? Unless I am mistaken, you will lose nothing.

Another Congress will be in session before the 18 months have expired, and the same threat which you seek to incorporate in this bill will be as available at that time as it is now.

According to this bill we are going to lease it, and if you do not secure a lease now that will satisfactorily dispose of this property, then you can go to the next Congress for the purpose of further legislation that will put the Government into business, if that then be deemed the policy of the House of Representatives.

Mr. PARKER of Georgia. Mr. Chairman, will the gentleman yield?

Mr. CHIPERFIELD. Yes.

Mr. PARKER of Georgia. I believe the gentleman is striking out the provision for the 18 months when he strikes out the entire section.

Mr. CHIPERFIELD. That probably should be considered in connection with all of the other argument that is advanced, and it may be considered in connection with the amendment offered by the gentleman from Georgia; but either I am in the deepest kind of error, or else my statement is sound, and it is apparent to me that you are defeating, by retaining section 14, your very purpose.

In other words, you are getting the shadow and losing the substance by insisting on this action. There are many men on our side of the House who can go along with this program, provided you take out the thing that we are unalterably opposed to, and that is Government operation. I lay down this proposition that at this time when the Nation is in a period of dire distress and depression, it is not the time to put the Government into business to further compete with those who are struggling along in the dark, hoping they may last through the days of adversity.

Mr. BLANTON. Mr. Chairman, will the gentleman yield?

Mr. CHIPERFIELD. Yes.

Mr. BLANTON. I am with the gentleman as against Government ownership and operation of business in private industry ordinarily, but there are times and circumstances when the Government must operate. For instance, take the

United States mails, and all of our work on the Mississippi River. The gentleman is surely in favor of that.

Mr. CHIPERFIELD. I can not yield for comment. I shall be glad to answer what the gentleman has suggested. Yes; there are certain governmental functions that must be carried on by governmental methods and agencies. I could well understand how the Government could with propriety sell the water power at Muscle Shoals as it stands, and there was an offer made previously of two and a half million dollars per annum for this power, but we might just as well face the situation. As a certain great democratic statesman said, it is a condition and not a theory that confronts us.

I am standing here to-day in a very humble capacity, and certainly not as a dictator to any man in the House, but I say that if you force this situation as you propose to do, when you are done you will have just exactly what you have now, and that is nothing at all.

As for the principle of Government operation, there are many men on both sides of the Chamber who are fundamentally opposed to it, but there are yet more men who have grave doubts as to the propriety of entering upon it at this time, when they consider and realize that the mere rehabilitation of the plant and putting it into condition to manufacture fertilizer as the first cost alone, the cost would amount to $50,000,000 of the people's money, and that that would be merely the opening wedge to the door of the Treasury for raids—and I do not say that offensively—that would come year after year and would deplete the receipts of the country at a time when it can so ill afford it.

Mr. KETCHAM. Mr. Chairman, will the gentleman yield?

Mr. CHIPERFIELD. Yes.

Mr. KETCHAM. Did the gentleman's estimate of $50,000,000 as an initial expenditure include that for Cove Creek?

Mr. CHIPERFIELD. Oh, no. For Cove Creek they estimate $34,000,000, but the purchase of the land and the acquisition of the rights and the building of the dam, which of itself would cost $36,000,000, without any question would equal $50,000,000, and there can be little doubt about that.

Mr. TAYLOR of Tennessee. Mr. Chairman, will the gentleman yield?

Mr. CHIPERFIELD. Yes.

Mr. TAYLOR of Tennessee. The gentleman recognizes, of course, that it would take a long period of time to spend this $34,000,000.

Mr. CHIPERFIELD. I do, and the gentleman's point is well taken, but I suggest to the gentleman that the people of the United States are not in a temper or frame of mind where they will accept with any degree of complacency the making of great appropriations or, if you like, authorizations at this time that must precede Government operation of this utility. It is my opinion, as expressed yesterday, that at the present time this plant is not available for use; that it would require these great expenditures. It is a fact well established that the private fertilizer plants, numbering some 800, in the United States have a capacity three times in excess of the fertilizer requirements of the Nation. And so in consideration of all these things, by every theory and principle of logic, it seems to me that section 14 should be eliminated from the bill. Then you would have a workable bill, a bill that probably would be approved by the President of the United States. The situation resolves itself into this. Take your choice. Either adopt a policy that is so dear to you, or stand stubbornly—and I do not give reasonable probability of a realization of the thing that is so dear to you or stand stubbornly—and I do not say that offensively—that you will take this bill as it is without the elimination of section 14 and presently lose the approval of this measure and have nothing of what you have attempted to get by this legislation. [Applause.]

The CHAIRMAN. The time of the gentleman from Illinois has expired.

Mr. McSWAIN. Mr. Chairman, I shall consume only five minutes. This particular combination of the leasing provision first, followed by the Government operation afterward, is not a mere theory. It is the development of years of experience. For many years we had worked to get a lease through legislatively to Henry Ford and had failed. We then worked for years to get a lease through to the American Cyanamid Co. and failed. Then the distinguished gentleman from Pennsylvania, Mr. Morin, at that time chairman of the Committee on Military Affairs, introduced a bill which was passed by this House, which was Government operation pure and simple, with no leasing provision in it whatsoever. That bill passed the Senate in the latter days of the Sixty-ninth Congress. Before the expiration of the 10-day period authorized by the Constitution, the Congress had adjourned, and the bill suffered what is known as the pocket veto at the hands of President Coolidge.

Then the distinguished gentleman from Texas, who now occupies the chair presiding over this Committee of the Whole, and myself, having sat side by side for years in these efforts, conceived the idea that we would offer a bill not to lease to a particular individual or particular corporation but a general authorizaton, with power in the hands of the President or the President's board, to negotiate a lease, not with Henry Ford specifically, not with the American Cyanamid Co. specifically, but with anybody that came up. Then we conceived the thought we would tie to that leasing provision the principle of the Morin bill, so that if nobody in the United States came forward and negotiated a lease with the President that then this great property might be put into operation.

Subsequent to the retirement of the distinguished gentleman from Texas from the committee, I conceived—and I am happy that it is in this bill—the idea that even though Government operation should be inaugurated, the power to lease should continue even after that indefinitely through the whole period of 50 years.

When the subcommittee reported this bill, I expressed it to the newspaper reporters that this bill was a nice thick slice of private operation in front, a little thin slice of Government operation in the middle, followed by a nice thick slice of private operation afterwards. [Applause.]

Now, is Government operation under these circumstances and in this property so very despicable? Let me call your attention to the fact that President Coolidge appointed a commission in 1925, which studied this entire project for a year, expended many thousands of dollars in accumulating evidence, and reported in 1926.

That commission was headed by Hon. John C. McKenzie, of Illinois, who had been chairman of this very Committee on Military Affairs; and former Senator Dial, of South Carolina, who, as you know, is not a radical gentleman, was a member, and Mr. Bower, of the Farm Bureau Federation, was a member of that commission. They said in substance that if a lease could not be obtained under satisfactory terms and conditions to effectuate the original purpose of this particular property they would reluctantly be compelled to turn to Government operation in order to accomplish the great purpose for which this great project was inaugurated. [Applause.]

The CHAIRMAN. The time of the gentleman from South Carolina has expired.

Mr. PARKER of Georgia. Mr. Chairman, I desire to be heard on my amendment.

If the amendment offered by the gentleman from Illinois should prevail, the effect of this act would be to create a Muscle Shoals board for an indefinite period of time. The only function of that board would be to negotiate a lease of the Muscle Shoals properties. If the board should never be able to secure a lease, it would still exist and would have no other functions.

If my amendment is adopted, the board would have 18 months within which to secure a lease; or if it should secure a lease, and the lessee should default for a period of six months, then the board would be required to report those facts to Congress and ask for further instructions.

Either of the amendments will eliminate Government operation from the bill and will be perfectly satisfactory to me; but I do not believe we should strike the whole section, because, as I have said before, by that action we would create

a board for an indefinite period of time; and if it did not secure a lease, there would be nothing for the board to do.

Mr. ALMON. Will the gentleman yield?

Mr. PARKER of Georgia. I yield.

Mr. ALMON. Does not the bill as now written provide that if we have Government operation it will be operated by the board for the Government?

Mr. PARKER of Georgia. Yes, sir; but if section 14 is stricken, Government operation will not be in the bill.

Mr. Chairman, I yield back the balance of my time.

Mr. McGUGIN. Mr. Chairman, I offer a substitute for the perfecting amendment offered by the gentleman from Georgia.

The Clerk read as follows:

Amendment offered by Mr. McGUGIN as a substitute for the amendment offered by Mr. PARKER of Georgia: Page 16, line 10, after the word "to," in line 10, and beginning with the word "operate," strike all the remainder of section 14, down to and including line 11, on page 17, and insert the following: "report to the President the reasons therefor, together with its recommendations for such amendments of this act which, if approved by the Congress, in the judgment of the board, would enable it to lease the plants for the production of fertilizer or fertilizer ingredients as herein provided, and to include in such report an estimate of the amount of money that would be required for the board to engage in the manufacture of nitrogenous plant food to the extent herein required of the lessee, and also to include in such report an estimate of the cost to modify, change, or improve the existing plants or to construct other plants which in the judgment of the board would be necessary therefor. The report by the board shall be transmitted by the President to the Congress along with such recommendation as he shall deem proper."

Mr. McSWAIN. Mr. Chairman, I reserve a point of order on the question of germaneness.

Mr. McGUGIN. Mr. Chairman, the purpose which I am striving to reach is similar to the amendment offered by the gentleman from Georgia [Mr. PARKER], except as I understood the gentleman's perfecting amendment was for the board to report back to the Congress. My amendment provides that the board shall make its recommendations to the President, and the President in turn shall make his recommendations to the Congress.

This amendment only goes into effect in the event the board has been unable to make a lease of this property. The board then being unable to make a lease within the 18-month period, this amendment specifically provides that the board shall report to the President, making whatever suggestion it thinks may be necessary as a modification of the lease provision in order to obtain a lease. Then, if Congress will approve of those modifications, the Government makes a lease. If it makes no such report, and reports back inability to make a private lease, and that there must be Government operation, then the board reports to the President what will be the probable cost of this adventure, which will give the Congress a fair chance to say whether or not the governmental adventure into this private enterprise is worth the money.

Now, I say most seriously to the friends of this bill, because I am far more of a friend to this bill than I am an enemy, I want to see some disposition made of Muscle Shoals. I hope it can be leased. If as a last resort it can not be leased and if Government operation is the only escape, all right; but before I would place my stamp of approval on it or before any Congressman should place his stamp of approval on it and before my country embarks upon an enterprise of this nature, I want some Congress to know what it is going to cost. [Applause.]

They say the Government is incompetent to engage in business. Is it any wonder that is true when Members of Congress will sit here and seriously consider the proposition of writing into statutory law a provision that some future Congress will be obligated to bear the expenses of an adventure, the cost of which no man on this floor knows? A child would exercise better business judgment than that.

Mr. OLIVER of Alabama. Will the gentleman yield?

Mr. McGUGIN. I yield.

Mr. OLIVER of Alabama. All of the information the gentleman seems to think is so important would be required before any appropriations were made.

Mr. McGUGIN. Oh, yes. But does the gentleman have any doubt as to the outcome when the obligation is placed upon this board to engage in this business, and when section 15 provides that all appropriations necessary to carry out the provisions of this act are authorized?

Mr. OLIVER of Alabama. This is only an authorization.

Mr. McGUGIN. Yes.

Mr. OLIVER of Alabama. There are no appropriations.

Mr. McGUGIN. If that board went ahead and incurred any obligation or expense, is there any doubt in the mind of the gentleman from Alabama that some future Congress would not be obliged to meet that by appropriation?

Mr. OLIVER of Alabama. The board is not authorized to incur any obligations except after appropriations are made therefor.

Mr. McGUGIN. All appropriations necessary to carry out the provisions of the act are authorized in section 15, while section 14 calls upon the board to engage in this business if it does not make a lease within 18 months.

Mr. STAFFORD. Will the gentleman yield?

Mr. McGUGIN. I yield.

Mr. STAFFORD. The bill provides, on page 16, line 10, that if no lease can be negotiated it shall be the duty of the board to operate the nitrate plants.

Mr. McGUGIN. Why, certainly! What kind of child's play is it for this Congress to write in one section of this bill that it is a binding duty of the board to engage in this adventure, in the next section say that whatever appropriations necessary are authorized, and now try to excuse it by hoping that some future Congress might renege on appropriations.

Mr. OLIVER of Alabama. Will the gentleman yield?

Mr. McGUGIN. I yield.

Mr. OLIVER of Alabama. Does not the gentleman from Wisconsin [Mr. STAFFORD] know that the language of the bill does not authorize the board to incur any obligations until appropriations are made therefor?

[Here the gavel fell.]

Mr. McGUGIN. Mr. Chairman, I ask unanimous consent to proceed for two additional minutes.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. McGUGIN. What was the question of the gentleman from Alabama?

Mr. OLIVER of Alabama. I simply stated that I felt sure the gentleman from Wisconsin knew that under the general law no board, even with the authority which the bill by its terms confers, has any legal right to incur a contractual obligation that will be binding on the Government until appropriations are made therefor.

Mr. McGUGIN. It seems perfectly obvious to me that as a business proposition Congress, which is the board of directors of the Government of the United States, should not authorize this special board to go out and incur an indefinite expense but should require that it come back to Congress with its recommendations as to what should be done in the matter. That is what I am asking for. I am seeking to carry this out in a way which is absolutely fair. If it is not done I have no doubt, in my own judgment, but that there will be no Muscle Shoals legislation in this session of Congress. I am asking a fair proposition of my friends on the Democratic side. If you want Muscle Shoals legislation enacted, why not make some fair and reasonable concessions and accept a bill which can be enacted into law?

Mr. GOSS. Mr. Chairman, will the gentleman yield?

Mr. McGUGIN. I yield.

Mr. GOSS. Is not the only justification of section 14 of the bill the fact that it does not carry appropriations?

Mr. McGUGIN. Yes.

[Here the gavel fell.]

Mr. SNOW. Mr. Chairman, I rise in opposition to the amendment offered by the gentleman from Kansas [Mr. McGUGIN] and in support of the amendment offered by the gentleman from Illinois [Mr. CHIPERFIELD]. After listening intently to this debate there is some question in my mind as to just what the purposes of this bill are. According to

the language of the rule itself, its purpose is to advance the interest of national defense and agriculture; according to the gentleman from Tennessee [Mr. McREYNOLDS] it is a navigation and flood-control bill, while according to our good friend the gentleman from Nebraska [Mr. HOWARD] the passage of the bill will make it possible for the farmers of the South to obtain fertilizer at prices lower than they are now paying.

While confused as to its purposes, I am not uncertain as to the results, if this bill is enacted into law. It will simply further burden the suffering taxpayers of this country. [Applause.]

Like many Members of this House, I am unalterably opposed to the Government operating any business in competition with private industries and business. If the United States is going into the business of manufacturing fertilizer, it might as well at the same time go into the contracting business, the automobile business, the clothing business, the grocery business, the newspaper business, or any business you might pick out and thus compete with private citizens and industries of the country. Government operation to date has been a flat failure. You can not point out where the Government has ever been able to operate any business at a profit or to even break even. It always loses, and the taxpayer has to make up the deficit.

My friend from California [Mr. SWING] has objected to Members here in the House calling Muscle Shoals a white elephant. I do not wish to offend the gentleman from California and consequently will only call it a big, juicy lemon—it always has been and always will be.

In my opinion, one of three things should be done with Muscle Shoals: Lease it, and if that is impossible—and it would seem to be when you consider financial conditions at this time—give it outright to the States of Alabama and Tennessee if they will take it, and I doubt if they would accept it as a gift [applause], or let it be held by the United States for possible future war uses.

We are in a financial depression and our taxpayers are overburdened. According to the figures presented here, if this bill passes it will cause an outlay of $60,000,000. Where will that come from at this time? I do not know. When talk is made about fertilizer, let me say to you gentlemen, that if there is any Member here of the 435 Members who is interested in fertilizer, I am, coming from the district I do, where 200,000 tons are used every year. In my opinion, gentlemen, if this bill passes, it will not make it possible for the southern farmer, the northern farmer, the western farmer, or any farmer anywhere to obtain his fertilizer 1 cent cheaper. The only effect it would have upon the farmer would be to indirectly raise his taxes, and they are high enough now. Such arguments are pure bunk and bosh and I take absolutely no stock in them.

The amendment offered by the gentleman from Illinois, eliminating section 14 and thus converting the bill into a leasing proposition only, should be adopted. [Applause.]

Mr. CHINDBLOM. Mr. Chairman, I think some Cicero might well arise in the country and ask: "How long, O Congress, will you abuse our patience?" As Cicero of old exclaimed in the Roman Senate: "How long, O Catiline, will you abuse our patience?"

Here the other day we emasculated and destroyed an economy bill. We then passed a new pension bill. Over in the other end of the Capitol the Senators are wrangling over a tax bill, which eventually must be passed in some form and add new burdens to the taxpayers of the country, and here we are in the House considering a bill which has for its deliberate purpose the addition of enormous expenditures on the part of the Federal Government. It is not a bill which provides for the ordinary purposes of the Federal Government as defined by the Constitution but a bill which proposes to put the Federal Government into industrial production, a bill which proposes to take the taxes of the people for the purposes of establishing an industry to be operated and controlled by the Federal administration.

My colleagues in this House, how long do you think the people of the United States will tolerate such legislation in these times, when all the people of the country are looking toward this body and toward this Congress not only for a reduction in expenditures but even for relief from a part of the taxation which is now being laid?

Mr. KELLER. Will the gentleman yield?

Mr. CHINDBLOM. I yield to my colleague.

Mr. KELLER. I would like the gentleman to tell us what made these difficulties we are in at the present time?

Mr. CHINDBLOM. Well, I would like to take the time to answer that question. Of course, the gentleman never heard anything about war debts; the gentleman never heard anything about the World War; the gentleman never heard anything about world-wide depression, and, more than that, the gentleman, of course, has not heard anything about foreign loans. I observed downstairs just within the moment one of the headlines in a daily paper to the effect that Great Britain is to ask us for a reduction of 25 per cent in the reduced settlement which we have already made in the payment of her war debts. Muscle Shoals itself is a remnant of the World War; it is one of the burdens we inherited from the World War; and now, in trying to remedy a situation which is bad enough as it is, we are embarking upon a plan of creating new expenditures at a time when the people are demanding that we shall cut expenditures, that we shall reduce salaries, that we shall do everything possible to economize, that we shall take the Government out of business and give private business a chance to revive and prosper. At this very moment we are proposing by section 14 in this bill to put the Government into business; we are planning to take millions of dollars out of the Treasury of the United States to put the Government into a position where it will eventually be expending hundreds of millions of dollars for the very purpose of putting the Government into private business. [Applause.]

Colleagues, this debate will reverberate throughout this land. If you are interested in Muscle Shoals, if you want to preserve it for your locality down in Alabama and Tennessee, my advice would be not to tempt further the patient and long-suffering people of the United States by proposing at this time to put the Government into the business of manufacturing fertilizer, or any product which should be left to private industry. Let us go along as best we can during this distressing period and maintain this property in statu quo. Lease it, if possible, but above all let us defeat this proposal of putting the Government into private business. [Applause.]

[Here the gavel fell.]

Mr. McSWAIN. Mr. Chairman, there have been about 35 minutes of debate on behalf of the general proposition to strike out and only about 5 minutes of debate in opposition. It is my desire to bring this matter to a conclusion as soon as possible, and it is our intention to have only 10 or 12 minutes more of debate on this side. I do not think there is any serious opposition to closing debate shortly, and I, therefore, feel it my duty to move that all debate on this section and all amendments thereto close in 10 minutes.

The motion was agreed to.

Mr. MAY. Mr. Chairman, I feel my colleagues on this committee, and particularly on the Republican side of the House, as well as on the Democratic side, are entitled to know why I have finally decided to accept the Government-operation proposal as an alternative.

I am still agreeing with all the gentlemen on both sides have said about none of us wanting the Government to intermeddle in business, but I have now decided that it is better for a man who takes poison to take a small dose with an antidote than it is to take a full dose; and here we are with the Muscle Shoals plants, with an investment of $150,000,000, and we have not only this proposal here that starts out by providing for private operation, with Government operation as the alternative, but we have pending over on the other side of this Capitol a measure that starts out with Government operation and with private leasing as the alternative. So I have decided that instead of taking 10 grains of strychnine that I will take 1 grain.

Mr. CHIPERFIELD. Either one will kill you.

Mr. MAY. It may be sufficient to kill me, but inasmuch as it bears a Democratic label I think the strychnine will be all right.

Mr. JOHNSON of Washington. Why take any poison at all?

Mr. MAY. Just because one of the greatest Republicans in the United States has pending in the Senate a measure full of poison that has already been favorably reported and will possibly pass the Senate and come to the House with Senate approval, and you will not be able to resist it here; we will have to take it, and it will kill us all.

Mr. JOHNSON of Washington. The House can hold up its own end.

Mr. MAY. That may be true; but I say that we ought to spend a few more dollars in trying to save an already invested capital of $150,000,000 instead of discarding it as a piece of junk.

Mr. SNELL. Will the gentleman yield for a brief question?

Mr. MAY. I can not yield just now.

I want to call attention to Senate Joint Resolution 15, which provides for the creation of a corporation to operate Muscle Shoals, known as the Norris bill. After defining the powers and duties of the corporation, it begins its first direction in these words:

SEC. 5. The board is hereby authorized and directed—

Not only authorized, but directed, to do what?—

to operate existing plants for experimental purposes, to construct, maintain, and operate experimental plants at Muscle Shoals for the manufacture of fertilizer or any of the ingredients comprising fertilizer, for experimental purposes.

It does not stop there, but it goes to the extent of demanding the construction of miles and hundreds of miles of transmission lines, which the proof shows in the record will cost $25,000 a mile.

In addition, this House bill provides that the cost of the transmission lines shall be cut off at the switchboard and the surplus product sold there.

As between the two measures, I accept the Hill bill.

Mr. McMILLAN. Who is to pay for the construction of these transmission lines to the switchboard?

Mr. MAY. There will not be any under the Hill bill, but under the Senate resolution there will be miles and hundreds of miles of them, and they will strike communities and cities and towns with perpetual franchises owned by private industry where they could not break in for a hundred years. A still, small voice says, "As between two evils choose ye the least," and that is what I am doing.

[Here the gavel fell.]

Mr. PETTENGILL. Mr. Chairman, I doubt if I am able to contribute anything to the older Members of the House who have been listening to this debate for the past 10 years. There are, however, a good many new Members, who probably knew no more about Muscle Shoals than I did when I came here in December, and I speak for their information if I have anything that will help them in the solution of this problem.

Let us consider this question of Government operation. We have Government operation now. We are operating the power plant at the present time. We have been doing so since it was constructed, and we propose to operate the power plant in the future. Under section 134 of the national defense act passed in 1916, the President was authorized to—

Construct, maintain, and operate dams, locks, and power houses for the generation of electrical power, for the production of nitrate for munitions of war and useful in the manufacture of fertilizer and other useful purposes.

There was another clause in the act, put in at the insistence of the former Senator from Iowa, Judge Kenyon, who said he would not vote for the bill unless it contained that clause which provided that the plant—

Shall be constructed and operated solely by the Government and not in conjunction with any other industry or enterprise carried on by private capital.

There is already in the law a provision that the plant shall be absolutely operated by the Government, not contingently, if no lease can be procured. So we are actually receding from the position taken in 1916.

Then we have the President's address, when he was a candidate for the Presidency, at Elizabethton, Tenn., where he said:

There are local instances where the Government must enter the business field as a by-product to some great major purpose, such as improvement of navigation, flood control, irrigation, scientific research, or national defense.

When he was asked that night by a newspaper reporter if he referred to Muscle Shoals, he said, "You may say that that means Muscle Shoals."

Mr. HILL of Alabama. Will the gentleman yield?

Mr. PETTENGILL. I yield.

Mr. HILL of Alabama. I think the House would be interested to hear what the gentleman from New York said on this subject on January 20, 1927. He said:

I am very much interested in the matter of Muscle Shoals. I think the people of the country have a right to criticize us for delay in handling this great natural resource. We have it, and I feel it is up to us to put it to work. I think we have waited long enough for the fertilizer manufacturers and power companies to prepare their bids and make an adequate offer for that property. Nobody is more interested in private ownership than I, and no one is more opposed to Government ownership and operation, but I say that unless a reasonable offer is made within a reasonable time—not a long time; I mean right away quick—I am in favor of a proposition to put our Department of Chemistry down there at Muscle Shoals and put it to work.

[Laughter and applause.]

Mr. SNELL. Will the gentleman yield to me?

Mr. PETTENGILL. The gentleman can reply in his own time. My time is very limited.

Mr. McSWAIN. Mr. Chairman, I ask unanimous consent that the gentleman from Indiana may have one minute more in order to yield to the gentleman from New York.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. SNELL. I want to say that I stand for that to-day, but my resolution did not call for the expenditure of a dollar of Federal money. It simply provided that the Department of Agriculture could go down there and make experiments in the manufacture of fertilizer and sell power enough to pay for the work. I would stand for that to-day, but I do not stand for expending $70,000,000 to $100,000,000 to put in that sinkhole, and specially under the economic condition prevailing at the present time.

Mr. PETTENGILL. In the President's veto message he said that "This great asset can be turned to practical use for the people of Tennessee and Alabama," and suggested another commission for the purpose of entering into a lease in the interests of the local community and agriculture generally. I gather from this that the President would not be opposed to government operation by the governments of Alabama and Tennessee, but he now takes the position in apparent abandonment of his Elizabethton speech that the Federal Government should not under any circumstances operate what the Federal Government already owns.

In addition we have the report of November, 1925, of the commission appointed by President Coolidge to investigate the Muscle Shoals project and to report the most practical method of utilizing to the best advantage the facilities of the plant. This commission was headed by a distinguished Republican, Hon. John C. McKenzie, chairman of the Committee on Military Affairs. That commission after painstaking investigation recommended among other things:

We therefore unhesitatingly recommend legislation be enacted by Congress to lease this property on such terms as have been herein enumerated, and in event of failure to obtain a lease the President should have authority to cause these plants to be immediately operated as a Government enterprise.

It is with great reluctance that we turn toward Government operation, being well advised of all of the infirmities inherent in such an undertaking. The great investment of the Government of Muscle Shoals, however; the importance of its continued maintenance as a part of our national defense; the crying need of agriculture for more and cheaper fertilizer; and the favorable opportunity for meeting that need all compel us to disregard our prejudices, for we are convinced that to longer permit this great

investment to stand idle when it can be of such great service to our people would be little less than a public calamity.

Delay in this case is expensive. Legislation is imperative.

This is the historical background for section 14 of the bill which provides for Government operation only in the event that no lessee will make a fair and reasonable offer for the property, and to continue Government operation only until a fair lease can be obtained. Section 14 not only authorizes but specifically directs the board "at all times to negotiate and conclude a lease, and is directed to conclude a lease if it can be effected." The provision in section 14 for Government operation is therefore nothing but an alternative if no other disposition of the plant can be effected. It does not commit us to Government operation of the plant. It is not a Government-operation bill. It is a leasing bill at any time and at all times within 50 years whenever a lease can be procured.

My colleague, the able and painstaking statesman from Wisconsin [Mr. STAFFORD] and my colleague, the genial gentleman from Illinois [Mr. CHIPERFIELD] stand in the path of the disposition of this property by waving the flag of socialism. Both of these gentlemen state that this proposes to launch the Government into a new and untried field, despite the fact that the national defense act, passed 16 years ago, specifically states that the Muscle Shoals property shall be "operated solely by the Government." My colleagues, however, found no difficulty in voting for the reconstruction finance bill, which was absolutely virgin territory in the field of Federal Government, and for which in the Constitution as written by our fathers there is no specific authority to Congress to enter. I shall not discuss the merits or demerits of that proposal.

It may have been necessary and therefore wise under the maxim that the safety of the people is the supreme law. Whatever may be said for it, no one can deny that it is in fact state socialism in the field of finance. It placed $2,000,000,000 of the taxpayers' money at the hazard of private business. I mention it only to show that if we are justified in taking extraordinary steps to save banks, we are justified in taking similar steps to save agriculture, upon whose prosperity the solvency of banks and business must ultimately depend. My colleagues swallow a two-billion-dollar camel and strain at a Muscle Shoals gnat.

The question is, What is the best thing to do with a property in which $150,000,000 of taxpayers' money has been invested, rather than the epithets by which this proposal is described by its opponents. We live in a world of realities and not of names. I am not a socialist, but the word socialism does not frighten me from a reasonable proposal to turn this tremendous investment to the benefit of the country by Government operation if that is the only way in which it can be turned. We are too easily frightened by names, by verbal scarecrows. In 1894 the Supreme Court of the United States, in deciding that Congress did not have the power to pass an income tax law, denounced the law on the ground that it was socialistic, that the principle of graduated income, bearing more heavily on large incomes than small, was the beginning of a war of the poor against the rich. Despite the fears of that august body, 19 years later the sixteenth amendment to the Constitution was agreed to, the income tax law was passed by Congress, enforcing graduated rates of taxation. It has been in force ever since. It is now commonly accepted as one of the fairest methods of raising revenue ever proposed. Despite the fears of the Supreme Court the Government at Washington still lives and the Potomac still flows to the sea. It is doubtful, in fact, if the Government at Washington could have lived without the income tax law to provide revenues for the financing of the world war. The same cry of "socialism" was made with reference to the Federal revenue act.

After years of debate four courses are open before us with reference to Muscle Shoals. One is to do nothing with it—permit this $150,000,000 plant to continue to lie idle and permit the Alabama Power Co. to purchase energy at the Government switchboard at 2 mills per kilowatt, thus letting some two and a half million dollars worth of power go over the dam every year and vanish into nothingness. The second course is to sell it, to sell the powderhorn of the Nation, and to sell it for a song and for a junk price. The third course is to lease it, and that is what this bill proposes, if the interests which have consistently opposed this bill will make to the Government a fair lease and pay a fair rental. The fourth course, and the only remaining course if no lease can be procured, is to operate it ourselves until some lessee will make a fair offer to the Government for the property.

The bill provides that it shall be leased for fair and reasonable terms. What is the fair value of anything? It is not a distress sale value nor a value arrived at in a closed market, where the seller or lessor has no alternative and where the purchaser or lessees by agreement among themselves can buy or lease at tremendous advantage to themselves. The fair market value of anything implies an open market. It implies, further, that the seller or lessor, while willing to trade, is not obliged to do so. A positive direction in this bill to the board to lease the property without any alternative at their disposal will mean that it will be leased for practically nothing and a priceless property will be acquired for 50 years at the bargain counter or it will not be leased at all. This section 14 gives to the board the alternative of Government operation. With it they are not obliged to accept whatever the lessee offers. If the fertilizer interests of this country are fearful of Government operation, let them make a fair offer for the plant. The provision in section 14 that the board is directed to accept a fair offer protects them, and, on the other hand, the alternative of Government operation protects the Government and the people who have put their millions of dollars into this property.

As I look at it this alternative is like a sealed envelope lying on the table. When private interests come forward to make an offer they know that the envelope contains an alternative of Government operation. Knowing that that alternative is available to the board, lessees will be disposed to make a fair offer. Without it they will not, but would be apt to acquire it for a mere pittance. It is my judgment that if we do not have the Government alternative in the bill the property never will be leased, at least for a fair rental. If we do have the Government-operation alternative in the bill, it is my judgment the Government will never be obliged to operate it. If, however, within 18 months no lease is concluded and the Government then starts the operation of its own property, lessees may then come forward with a fair offer, which the board is directed to accept. I realize that present conditions are unfavorable for a lease, but I will assume that the board will exercise ordinary common sense and will take those conditions in mind in arriving at what is a fair offer. This proposed lease is for 50 years. On account of present conditions and the difficulty of interesting private capital at the present time, I would assume that the board might for the first few years agree on a very substantial reduction of the rental payments or might perhaps omit them entirely for a period of time. This is something that all lessors do occasionally. They say to lessees, "We appreciate that you will have to make expenditures for improvements, and in order to be fair and reasonable we will reduce or omit the rent during the early part of the lease until you can see your way to make larger payments."

The Government-operation alternative in this bill, therefore, appears to me to be only something for opponents of this legislation to hide behind. It is not a real objection to the bill.

We should dispose of Muscle Shoals. Congress has twice passed bills for its disposition which have twice been vetoed by the Executive. We are now making the third effort to dispose of it. There are some here and in the Senate who are opposed to Government operation even as an alternative to a lease. There are others who would not lease it at all but would permanently engage in Government operation. Those who hold these views on both sides should yield something of their opinions in order to solve this problem in the

interest of the tremendous investment that our taxpayers have in the project and in the interest of American agriculture.

In closing, let me say that the future of American agriculture, and it is not too much to say that the future of our civilization, depends upon a large and cheap supply of nitrogen. Sir William Crookes, the distinguished British scientist, only 30 years ago predicted within this century a world famine on account of the exhaustion of natural nitrate supplies. The development of invention, the development of chemical engineering has, however, dissipated that fear if we will but put to use what we have invented and learned. It is true that on account of present prices we have more nitrogen to-day than can be sold, but certainly not as much as can be used and should be used. The fertility of the American farm is being depleted by the exhaustion of its nitrogen, the chief element of plant food.

I call your attention to the testimony of Dr. Oswald Schreiner, chief of the Division of Soil Fertility, United States Department of Agriculture, pages 664–676 of the hearings. Crops—wheat, corn, cotton, and many others—are exhausting the natural nitrate supply in the soil of this country. For example, every year corn takes 23 pounds of nitrogen from every acre of soil. Doctor Schreiner testified before the committee that crops and soil erosion every year are removing from the soil of America 9,000,000 gross tons of nitrogen. This loss partly is met by a return to the soil from manure, legumes, bacteria, and rain water, but, according to his testimony, there is a net loss every year of 3,750,000 tons of nitrogen. As against that net loss he states that we are not producing, either in America or in the world at this time, sufficient to replenish that net loss. The nitrogen plants of the entire world, he says, do not have sufficient production capacity to replenish the net loss to the American farmer alone. As against the net annual loss of nitrogen in America alone of 3,750,000 tons we are producing in the nitrogen plants of America only 195,000 tons, and in the entire world only 2,324,000 tons, leaving a net loss, if the present entire nitrogen supply of the world were applied on the American farm, of 1,426,000 tons annually. The fertilizer industry of America, including all of the nitrogen plants and all of the fertilizer from sewage and slaughter houses and other sources, is replenishing only 10 per cent of the net loss of nitrogen to the American farm.

In view of these facts let us not permit the alternative of Government operation of a plant that we already own stand in the way of our meeting our full responsibility to American agriculture and American civilization.

The CHAIRMAN. The time of the gentleman has expired. All time has expired. The first vote comes upon the amendment offered by the gentleman from Kansas as a substitute for the amendment offered by the gentleman from Georgia.

Mr. STAFFORD. Has the reservation of the point of order to the substitute been withdrawn?

Mr. McSWAIN. I withdraw it. I think we can vote it down.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Kansas.

The question was taken; and on a division (demanded by Mr. Goss) there were—ayes 75, noes 92.

So the amendment was rejected.

The CHAIRMAN. The question now is on the amendment offered by the gentleman from Georgia.

The question was taken; and on a division (demanded by Mr. STAFFORD) there were—ayes 76, noes 103.

Mr. PARKER of Georgia. Mr. Chairman, I demand tellers.

The CHAIRMAN. The gentleman from Georgia demands tellers. Those in favor of ordering tellers will rise and stand until counted. [After counting.] Not a sufficient number, and tellers are refused.

So the amendment was rejected.

The CHAIRMAN. The question now is on the amendment offered by the gentleman from Illinois [Mr. CHIPERFIELD] to strike out section 14.

Mr. STAFFORD. Mr. Chairman, on that I demand tellers.

Tellers were ordered, and the Chair appointed Mr. CHIPERFIELD and Mr. HILL of Alabama to act as tellers.

The committee divided; and the tellers reported—ayes 123, noes 153.

So the amendment was rejected.

Mr. DAVIS. Mr. Chairman, I offer the following amendment, which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. DAVIS: Page 18, line 8, after the word "provided," insert a new section, as follows:

"Five per cent of the gross proceeds received by the board for the sale of power generated at Dam No. 2, or from the steam plant located in that vicinity, or from any other steam plant hereafter constructed in the State of Alabama, shall be paid to the State of Alabama; and 5 per cent of the gross proceeds from the sale of power generated at Cove Creek Dam, hereinafter provided for, shall be paid to the State of Tennessee. Upon the completion of said Cove Creek Dam the board shall ascertain how much excess power is thereby generated at Dam No. 2, and from the gross proceeds of the sale of such excess power 2½ per cent shall be paid to the State of Alabama and 2½ per cent to the State of Tennessee. In ascertaining the gross proceeds from the sale of such power upon which a percentage is paid to the States of Alabama and Tennessee the board shall not take into consideration the proceeds of any power sold to the Government of the United States, or any department of the Government of the United States used in the operation of any locks on the Tennessee River, or for any experimental purpose, or for the manufacture of fertilizer or any of the ingredients thereof, or for any other governmental purpose. The net proceeds derived by the board from the sale of power and any of the products manufactured by the corporation, after deducting the cost of operation, maintenance, depreciation, and an amount deemed by the board as necessary to withhold as operating capital, shall be paid into the Treasury of the United States at the end of each calendar year."

Mr. McSWAIN. Mr. Chairman, I make the point of order that the amendment offered by the gentleman from Tennessee is not germane to the section to which it is offered or to the bill itself.

Mr. DAVIS. Mr. Chairman, this is offered as a new section, as the amendment shows.

The CHAIRMAN. The Chair will hear the gentleman from Tennessee on the point of order.

Mr. DAVIS. Mr. Chairman, this is the identical language of section 12 of the bill which was passed by the Congress in the Seventieth Congress, and which was given a pocket veto. It is offered in the same connection as it was contained in that bill. This bill deals with the whole subject of either a lease or Government operation and the handling and disposition of the proceeds of this power. It occurs to me that it is certainly germane. It is in the Senate bill now pending, which has been reported by the Senate committee.

The CHAIRMAN. In the reading of the bill the Chair does not recall any provision of the bill concerning the disposition of the proceeds of the sale of power.

Mr. DAVIS. It authorizes the sale of power, and it is provided that the receipts after the payment of certain expenses and experimentation shall be paid into the Treasury as miscellaneous receipts. This simply provides that there shall be paid to these States this percentage of the proceeds received.

The CHAIRMAN (Mr. GARRETT). The Chair is ready to rule. The amendment offered by the gentleman from Tennessee seeks to provide for the sale of power under the lease of property at Muscle Shoals, and distribute the proceeds among two of the States. There is nothing in the bill that the Chair can now recall that in any way attempts to make a distribution of the proceeds among the States or any political subdivision thereof. The Chair thinks the amendment is not germane and, therefore, sustains the point of order.

The Clerk read as follows:

SEC. 15. All appropriations necessary to carry out the provisions of this act are hereby authorized.

Mr. ALMON. Mr. Chairman, I move to strike out the last word, to call attention to one phase of the matter. It has been proven repeatedly before the Committee on Military Affairs of the House within the past 12 years that the

price of the fertilizer that is manufactured at Muscle Shoals will control the price of all the fertilizer that is sold in this country. Gentlemen have been talking about this being for the benefit of the southern farmer. The farmers of Maine and California and every section of the country will be benefited by a reduction in the price of fertilizer, if fertilizer can be produced more cheaply, as has been proven at Muscle Shoals.

Mr. McSWAIN. Mr. Chairman, I move that all debate on this section and all possible amendments thereto be closed.

The motion was agreed to.

The Clerk read as follows:

SEC. 18. This act shall take effect immediately.

Mr. EATON of Colorado. Mr. Chairman, I offer an amendment, which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. EATON of Colorado: On page 18, line 18, strike out all after the words and figures "SEC. 18," and insert: "This act shall not become effective until those certain phosphate and fertilizer lands of the United States in the States of New Mexico and California heretofore leased and/or for which 139 prospecting permits have been issued in eight States, all under the act of February 25, 1920 (41 Stat. 440 et seq., secs. 211 et seq., title 30, U. S. C., p. 968), and acts amendatory thereof, show signs of depletion within the present existing and authorized terms of said leases and/or permits."

Mr. McSWAIN. Mr. Chairman, I make the point of order that the proposed amendment is not germane to the section. It deals with contingencies and a speculative proposition entirely irrelevant to this section of the bill.

Mr. EATON of Colorado. Mr. Chairman, I wish to be heard on the point of order.

The CHAIRMAN. The Chair will hear the gentleman.

Mr. EATON of Colorado. I presented this amendment yesterday. The purpose was explained at that time, and it was clearly demonstrated, I think, by the ruling of the Chair and by the argument that was made, that this amendment is germane to section 18 of this bill. Section 18 refers to the time when the act shall take effect, namely, immediately. My motion is to amend that section by striking out the word "immediately" and inserting a different time, namely, a time that is dependent upon certain fixed dates that will occur under the operation of the statute of February 25, 1920, known as the oil, gas, and phosphate leasing law.

I submit it is germane.

Mr. CHINDBLOM. Mr. Chairman, of course, this section is altogether unnecessary. The proponents of the bill could have omitted it; but they did not omit it. They put in the provision that the act shall take effect immediately. All the gentleman is doing by his amendment is striking out the word "immediately" and fixing some other time when the act shall take effect. It is not for the Chair to determine whether it is a speculative time, whether it is a probable time, whether it is ascertainable or not. The mechanics of the amendment is that it strikes out the word "immediately" and proposes something else as the time when the act shall go into effect.

The CHAIRMAN (Mr. GARRETT). The Chair is ready to rule. The amendment offered by the gentleman from Colorado deals with section 18, the time when the act shall go into effect.

The Chair will not pass on a number of things that are indicated in the amendment, as to when that shall be; but the Chair is without opportunity to consult the authorities other than the one at his right hand. The Chair will rule that the amendment is germane to this section. The Chair overrules the point of order.

Mr. BLANTON. Mr. Chairman, will the Chair hear me for a suggestion?

The CHAIRMAN. The Chair has ruled.

Mr. EATON of Colorado. Mr. Chairman, when I presented this amendment yesterday there was a shout of derision on my right. I did not introduce this as a jest or as a proposition of foolishness. I was serious about it, and I am serious about it now.

Absolutely no attention has been paid by the proponents of this bill, as far as the argument is concerned, to the fact that the Government has already entered into the fertilizer business, the production of phosphate. Emphasis was placed all the time on fertilizer. The Members seem to forget that on the 25th day of February, 1920, an act was passed for the leasing of phosphate lands for production. The Members seem to forget that during the 12 years intervening that industry has gone forward step by step. They forget that in the last Congress we appropriated a half million dollars, which was spent, and for which a report was prepared by the Department of the Interior, and which each Member received on his desk during the month of April—a report on the phosphate lands of the United States.

I submit that it is unfair to every one of the 139 permit holders and to all of the leaseholders who are now paying rents or royalties to the United States Government for this Congress to seriously consider that it will put Muscle Shoals phosphate into direct competition with them.

I submit this amendment should be adopted, and when this becomes effective, that it be postponed until such time as those leases and permits now in existence expire by their limitation or become fixed as definite contracts with the Government and producing a quantity of phosphate and P_2O_5 and potash, which are used in the manufacture of fertilizer.

The CHAIRMAN. The time of the gentleman has expired. The question is on the amendment offered by the gentleman from Colorado.

The amendment was rejected.

The CHAIRMAN. There being no further amendments, under the rule the committee will rise.

Accordingly, the committee rose; and the Speaker having resumed the chair, Mr. GARRETT, Chairman of the Committee of the Whole House on the state of the Union, reported that that committee had had under consideration the bill H. R. 11051, pursuant to the resolution (H. Res. 205), and he reported the same back to the House with sundry amendments.

The SPEAKER. Under the rule the previous question is ordered.

Is a separate vote demanded on any amendment? If not, the Chair will put them en gross.

The amendments were agreed to.

The bill was ordered to be engrossed and read a third time, and was read the third time.

Mr. RANSLEY. Mr. Speaker, I offer a motion to recommit.

The SPEAKER. Is the gentleman opposed to the bill?

Mr. RANSLEY. I am.

The SPEAKER. The Clerk will report the motion to recommit.

The Clerk read as follows:

Mr. RANSLEY moves to recommit the bill to the Committee on Military Affairs, with instructions to report the same back forthwith with an amendment striking out section 14 thereof.

Mr. RANSLEY. Mr. Speaker, I demand the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 150, nays 200, answered "present" 5, not voting 76, as follows:

[Roll No. 70]

YEAS—150

Aldrich	Cable	Colton	Eaton, Colo.
Allen	Campbell, Pa.	Connolly	Englebright
Andrews, N. Y.	Carter, Calif.	Cooke	Erk
Bachmann	Carter, Wyo.	Coyle	Estep
Bacon	Cavicchia	Culkin	Garber
Baldrige	Chase	Curry	Gibson
Barbour	Chindblom	Dallinger	Goldsborough
Black	Chiperfield	Darrow	Goss
Bland	Christopherson	Davenport	Guyer
Bohn	Clague	De Priest	Hadley
Bowman	Cochran, Pa.	Dieterich	Haines
Britten	Cole, Iowa	Douglas, Ariz.	Hall, Ill.
Burdick	Cole, Md.	Dyer	Hancock, N. Y.

Hardy	Loofbourow	Pratt, Harcourt J.	Taber
Hoch	Luce	Pratt, Ruth	Temple
Hogg, W. Va.	McClintock, Ohio	Ramseyer	Thatcher
Hollister	McGugin	Ransley	Thurston
Holmes	McLaughlin	Reed, N. Y.	Tierney
Hooper	McLeod	Rich	Tilson
Hope	McMillan	Robinson	Timberlake
Hopkins	Maas	Rogers, Mass.	Tinkham
Houston, Del.	Magrady	Seger	Treadway
Hull, Morton D.	Manlove	Seiberling	Turpin
Hull, William E.	Mapes	Shreve	Underhill
Johnson, Wash.	Michener	Smith, Va.	Wason
Kahn	Millard	Smith, W. Va.	Watson
Kelly, Ill.	Montague	Snell	Weeks
Ketcham	Moore, Ohio	Snow	Welsh, Pa.
Kinzer	Morehead	Sparks	Whitley
Knutson	Mouser	Stafford	Wigglesworth
Kopp	Nelson, Me.	Stalker	Williamson
Kurtz	Niedringhaus	Stewart	Wolcott
Lankford, Va.	Nolan	Stokes	Wolverton
Leavitt	Palmisano	Strong, Kans.	Wood, Ind.
Lehlbach	Parker, Ga.	Summers, Wash.	Wyant
Lichtenwalner	Parker, N. Y.	Sutphin	Yates
Linthicum	Partridge	Swanson	
Lonergan	Perkins	Swick	

NAYS—200

Adkins	Dickstein	Johnson, Okla.	Patterson
Allgood	Dies	Johnson, Tex.	Peavey
Almon	Disney	Jones	Person
Amlie	Dominick	Kading	Pettengill
Andresen	Doughton	Karch	Pittenger
Arentz	Douglass, Mass.	Keller	Polk
Arnold	Doxey	Kelly, Pa.	Prall
Auf der Heide	Drewry	Kemp	Ragon
Ayres	Driver	Kerr	Rainey
Bankhead	Ellzey	Kniffin	Ramspeck
Barton	Eslick	Kunz	Rankin
Blanton	Evans, Mont.	Kvale	Rayburn
Boileau	Fernandez	Lambertson	Reilly
Brand, Ga.	Finley	Lambeth	Rogers, N. H.
Brand, Ohio	Fishburne	Lanham	Rudd
Briggs	Fitzpatrick	Lankford, Ga.	Sanders, Tex.
Browning	Flannagan	Larsen	Sandlin
Brunner	Frear	Lindsay	Schafer
Buchanan	French	Lovette	Schneider
Buckbee	Fulbright	Lozier	Selvig
Burtness	Fuller	Ludlow	Shallenberger
Busby	Fulmer	McClintic, Okla.	Shannon
Butler	Garrett	McDuffie	Simmons
Byrns	Gasque	McFadden	Sinclair
Campbell, Iowa	Gavagan	McKeown	Sirovich
Cannon	Gilbert	McReynolds	Somers, N. Y.
Carden	Gilchrist	McSwain	Spence
Carley	Gillen	Major	Sullivan, N. Y.
Cartwright	Glover	Maloney	Sumners, Tex.
Cary	Goodwin	Mansfield	Swank
Chavez	Granfield	Martin, Oreg.	Sweeney
Christgau	Green	May	Swing
Clark, N. C.	Greenwood	Mead	Tarver
Cochran, Mo.	Gregory	Miller	Taylor, Colo.
Collier	Griffin	Milligan	Taylor, Tenn.
Collins	Hall, N. Dak.	Mitchell	Thomason
Condon	Hancock, N. C.	Mobley	Vinson, Ky.
Connery	Hare	Montet	Weaver
Cooper, Tenn.	Harlan	Moore, Ky.	Welch, Calif.
Cox	Hastings	Nelson, Mo.	West
Crail	Haugen	Nelson, Wis.	Whittington
Crisp	Hill, Ala.	Norton, Nebr.	Williams, Mo.
Cross	Hill, Wash.	Norton, N. J.	Williams, Tex.
Crosser	Holaday	O'Connor	Wilson
Crump	Horr	Oliver, Ala.	Wingo
Cullen	Howard	Oliver, N. Y.	Withrow
Davis	Huddleston	Overton	Woodruff
Delaney	Jacobsen	Parks	Woodrum
DeRouen	James	Parsons	Wright
Dickinson	Johnson, Mo.	Patman	Yon

ANSWERED "PRESENT"—5

Clancy	McCormack	Pou	Wolfenden
Fiesinger			

NOT VOTING—76

Abernethy	Corning	Hawley	Owen
Andrew, Mass.	Crowe	Hess	Purnell
Bacharach	Crowther	Hogg, Ind.	Reid, Ill.
Beam	Doutrich	Hornor	Romjue
Beck	Dowell	Igoe	Sabath
Beedy	Drane	Jeffers	Sanders, N. Y.
Bloom	Eaton, N. J.	Jenkins	Schuetz
Boehne	Evans, Calif.	Johnson, Ill.	Shott
Boland	Fish	Johnson, S. Dak.	Smith, Idaho
Bolton	Foss	Kendall	Steagall
Boylan	Free	Kennedy	Stevenson
Brumm	Freeman	Kleberg	Strong, Pa.
Bulwinkle	Gambrill	LaGuardia	Sullivan, Pa.
Burch	Gifford	Lamneck	Tucker
Canfield	Golder	Larrabee	Underwood
Celler	Griswold	Lea	Vinson, Ga.
Chapman	Hall, Miss.	Lewis	Warren
Clarke, N. Y.	Hart	Martin, Mass.	White
Cooper, Ohio	Hartley	Murphy	Wood, Ga.

So the motion to recommit was rejected.

The Clerk announced the following pairs:

On the vote:

Mr. Johnson of South Dakota (for) with Mr. Kennedy (against).
Mr. Hess (for) with Mr. Boland (against).
Mr. Hartley (for) with Mr. Stevenson (against).
Mr. Gifford (for) with Mr. Boylan (against).
Mr. Foss (for) with Mr. Wood of Georgia (against).
Mr. Martin of Massachusetts (for) with Mr. McCormack (against).
Mr. Bolton (for) with Mr. Fiesinger (against).
Mr. Strong of Pennsylvania (for) with Mr. Griswold (against).
Mr. Andrew of Massachusetts (for) with Mr. Larrabee (against).
Mr. Bacharach (for) with Mr. Pou (against).
Mr. Doutrich (for) with Mr. Jeffers (against).
Mr. Reid of Illinois (for) with Mr. Chapman (against).
Mr. Crowther (for) with Mr. Crowe (against).
Mr. Cooper of Ohio (for) with Mr. Tucker (against).
Mr. Brumm (for) with Mr. Vinson of Georgia (against).
Mr. Golder (for) with Mr. Smith of Idaho (against).
Mr. Jenkins (for) with Mr. Gambrill (against).
Mr. Wolfenden (for) with Mr. Warren (against).
Mr. Free (for) with Mr. Celler (against).
Mr. Clarke of New York (for) with Mr. Steagall (against).
Mr. Eaton of New Jersey (for) with Mr. Bloom (against).

General pairs until further notice:

Mr. Bulwinkle with Mr. Purnell.
Mr. Corning with Mr. Beck.
Mr. Abernethy with Mr. Shott.
Mr. Underwood with Mr. Dowell.
Mrs. Owen with Mr. Beedy.
Mr. Lamneck with Mr. Fish.
Mr. Beam with Mr. Murphy.
Mr. Hall of Mississippi with Mr. Evans of California.
Mr. Lewis with Mr. Sanders of New York.
Mr. Burch with Mr. LaGuardia.
Mr. Sabath with Mr. Hogg of Indiana.
Mr. Drane with Mr. Freeman.
Mr. Schuetz with Mr. Hawley.
Mr. Horner with Mr. Sullivan of Pennsylvania.
Mr. Romjue with Mr. White.
Mr. Boehne with Mr. Kendall.
Mr. Hart with Mr. Johnson of Illinois.
Mr. Igoe with Mr. Canfield.

Mr. WOLFENDEN. Mr. Speaker, I have a pair with the gentleman from North Carolina, Mr. WARREN. If he were here, he would vote "no." I wish to withdraw my vote and answer "present."

Mr. MOUSER. Mr. Speaker, I wish to announce that my colleague the gentleman from Ohio, Mr. MURPHY, is still unavoidably absent on account of illness. If present, he would have voted "aye."

Mr. RANKIN. Mr. Speaker, I desire to announce that my colleague the gentleman from Mississippi, Mr. HALL, is unavoidably absent on account of illness. If he were present, he would vote "no" on this motion and "aye" on the passage of the bill.

Mr. FIESINGER. Mr. Speaker, when my name was called I answered "present." I have a pair with the gentleman from Ohio, Mr. BOLTON. If he were here, he would vote "aye"; and if I were permitted to vote, I would vote "no."

Mr. McCORMACK. Mr. Speaker, on this motion I am paired with the gentleman from Massachusetts, Mr. MARTIN. If he were here, he would vote "aye," and I would vote "no." I therefore withdraw my vote and answer "present."

Mr. HANCOCK of North Carolina. Mr. Speaker, I desire to announce that my colleague the gentleman from North Carolina, Mr. WARREN, is unavoidably absent. If he were here, he would vote "no" on this motion and "aye" on the passage of the bill.

Mr. HANCOCK of New York. Mr. Speaker, it was announced that I was paired with the gentleman from New York, Mr. CELLER. I was present, and voted "aye," and I ask that the pair be withdrawn and my vote recorded.

The SPEAKER. The gentleman is recorded as voting "aye."

The result of the vote was announced as above recorded.

The SPEAKER. The question is on the passage of the bill.

The question was taken; and on a division (demanded by Mr. SCHAFER) there were—yeas 183, nays 132.

Mr. SCHAFER. Mr. Speaker, I demand the yeas and nays.

The yeas and nays were refused.

So the bill was passed.

On motion of Mr. MCSWAIN, a motion to reconsider the vote by which the bill was passed was laid on the table.

MESSAGE FROM THE PRESIDENT

A message in writing from the President of the United States was communicated to the House by Mr. Latta, one of his secretaries.

DEPARTMENTS OF STATE, COMMERCE, LABOR, AND JUSTICE APPROPRIATION BILL

Mr. OLIVER of Alabama. Mr. Speaker, quite a number of Members have asked when I would request that the bill carrying appropriations for the Departments of State, Commerce, Labor, and Justice go to conference. I will state that I expect to make that request to-morrow shortly after the House convenes.

Mr. SNELL. Did I understand the gentleman to say he was going to ask to send the bill to conference at that time?

Mr. OLIVER of Alabama. Yes.

WAR DEPARTMENT APPROPRIATION BILL

Mr. COLLINS, from the Committee on Appropriations, by direction of that committee, presented a privileged report on the bill (H. R. 11897) making appropriations for the military and nonmilitary activities of the War Department for the fiscal year ending June 30, 1933, and for other purposes, which was read a first and second time and, with the accompanying papers, referred to the Committee of the Whole House on the state of the Union and ordered printed.

Mr. BARBOUR reserved all points of order on the bill.

AN AGRICULTURAL PROGRAM

Mr. FULMER. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD.

The SPEAKER. Is there objection?

There was no objection.

Mr. FULMER. Mr. Speaker, in the extension of my remarks I want to give to farmers and others interested in farming, what, to my mind, is the most sensible and constructive agricultural program yet outlined by anybody. I quote from a letter received from Mr. Stanley F. Morse, chairman of the Sumter County Inter-Club Commission, Dalzell, S. C.

MORSE AGRICULTURAL SERVICE,
Dalzell, S. C., April 22, 1932.

HON. H. P. FULMER,
House of Representatives, Washington, D. C.

DEAR MR. FULMER: Several months ago there was organized the Sumter County Inter-Club Service Commission consisting of representatives from each of the following civic and rural organizations: Board of Trade, Rotary, Kiwanis, American Legion, Stateburg Laymen's Club, Hagood Men's Club, the membership of which clubs includes over 200 of the leading farmers and business men of the county.

The first object of this organization was to try to relieve our citizens of their heavy tax burden and our suggestions to the county delegation and county commissioners have already produced satisfactory results. Our next thought was that our people would not find taxes so much of a burden if their incomes could be increased. So we are now working on plans for helping our people increase their incomes.

We believe that Sumter County contains many resources which, if properly developed, will restore prosperity. The first step is to find out what these resources—assets—are, and we feel that a systematic economic survey will give us this information. As agriculture is our main industry we decided that an agricultural survey should be made as soon as possible, and applied to Clemson Agricultural College for help. Director Barre, of the experiment station, has advised us that while funds for this purpose were limited the station would endeavor at least to make a start on a survey. Director Barre and the two farm economists who have just visited us are impressed by the fact that we have the following definite plan strongly backed up by local interest:

1. A county farm committee of six members and chairman (all farmers) will direct the agricultural development of the county, assisted by the county agent and home-demonstration agent.

2. An agricultural economic survey of the county will be made as a basis for preparing a county agricultural improvement program.

(a) To start with a marketing survey, including production and consumption balance, market outlets, etc., will be made.

3. A 10-year agricultural improvement program will definitely plan, by districts, the agricultural development of the county along sound, stable, business lines. This program will be based on the proposed agricultural survey and an effort will be made to have all our farmers conform to it.

(a) The first important project under this program is to establish a county farmers' mutual exchange as a clearing house for all farm products except those handled by other cooperatives. The Farm Board has already sent a man to confer with us on this project.

Clemson College plans to commence operations by assigning two specialists to making a marketing survey of the county, probably beginning in May. We are advised that the Clemson Agricultural Experiment Station has applied to the Office of Experiment Stations, United States Department of Agriculture, for financial assistance in carrying out this research project to be known as the "Production, Consumption, and Marketing Survey of Sumter County." We understand that this is probably the first instance in this country where it is proposed to systematically develop the agriculture of a county by, first, making an agricultural survey; second, using the data secured by this research investigation to prepare a detailed, practicable agricultural development program; and, third, to push the development of the county according to the definite 10-year program adopted.

We believe that projects of this sort will help lift us out of the depression and enable us to achieve new prosperity, and that as a demonstration of what can be done to this end the United States Department of Agriculture would be justified in allocating funds to assist us in making a complete agricultural economic survey of Sumter County, S. C.

Our discussion with Clemson College indicates that this survey project should be either aided with funds from the office of experiment stations for research or that it should be participated in by specialists from the Bureau of Agricultural Economics as a cooperative project. The plan is that this work shall be done by the South Carolina experiment station cooperating with the Sumter County Inter-Club Service Commission and the United States Department of Agriculture.

The South Carolina experiment station has already made application to Chief J. T. Jardine, of the office of experiment station, for funds to finance this research project, and Director Barre thinks that you would be of much assistance to us in securing such funds. Also we are writing to Chief Nils A. Olsen, of the Bureau of Agricultural Economics, and should like to have you find out for us what the chances are of securing active cooperation from that bureau. The main point is that this work should be pushed as rapidly as possible, and we are depending on you to help us get immediate action from the Department of Agriculture. Most of us here are business men or business farmers, and we intend to do this thing in a businesslike way to produce practical results.

With best wishes, yours truly,

STANLEY F. MORSE,
Chairman Sumter County Inter-Club Service Commission.

WAHINGTON, D. C., *April 27, 1932.*

MR. STANLEY F. MORSE,
Morse Agricultural Service, Dalzell, S. C.

MY DEAR MR. MORSE: I am in receipt of your letter of April 26, and have read the contents with a great deal of interest. I want to congratulate you and the members of the Inter-Club Service Commission for your agricultural program as outlined, which appears to be one of the most constructive and sensible propositions I have heard of.

If we had some legislation with proper appropriation, with a slight organization on the part of the Government, which perhaps we already have in the extension service and experimental station agencies, where we could organize and cooperate with similar commissions like yours in the agricultural States, I am sure that not only would it make our people prosperous but it would mean untold revenue to the Government. The average farmer really needs guidance in planning, grading, and marketing his products. I shall be glad to cooperate with you and will communicate with you as soon as I have some information.

Sincerely yours,

H. P. FULMER,
Member of Congress.

WASHINGTON, D. C., *May 2, 1932.*

MR. STANLEY F. MORSE,
Chairman Sumter County Inter-Club Commission,
Sumter, S. C.:

Your agricultural-improvement program approved and will be taken care of through Mr. Barre.

H. P. FULMER, M. C.

MORSE AGRICULTURAL SERVICE,
Dalzell, S. C., May 5, 1932.

HON. H. P. FULMER,
House of Representatives, Washington, D. C.

DEAR MR. FULMER: We were much pleased to receive your wire of the 2d, followed by a letter from Chief J. T. Jardine, of the Office of Experiment Stations, stating that our Sumter County agricultural-improvement project had been approved. We thank you for your successful efforts in our behalf.

To-morrow two specialists will arrive from Clemson College to commence this survey. This project is arousing much interest both among farmers and business men.

With kind regards, yours sincerely,

SUMTER COUNTY INTER-CLUB
SERVICE COMMISSION,
By STANLEY F. MORSE, *Chairman.*

Sumter County is one of the most progressive agricultural counties in my district. Sumter is a beautiful city with a

population of about 15,000 people. Its people are unexcelled when it comes to educational and progressive matters. Knowing these people as I do, I am sure that the Government, in fully cooperating in this program, will be able to get a picture that will be worth while for the rest of the agricultural country.

WAR DEPARTMENT APPROPRIATION BILL

Mr. COLLINS. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of the bill (H. R. 11897) making appropriations for the military and nonmilitary activities of the War Department for the fiscal year ending June 30, 1933, and for other purposes.

Mr. SNELL. Mr. Speaker, will the gentleman yield?

Mr. COLLINS. Yes.

Mr. SNELL. Mr. Speaker, it is late. I consulted with the chairman of the Appropriations Committee a little while ago—I did not see the gentleman from Mississippi present on the floor—and he told me at that time nothing more would be brought up this afternoon, so that a great many Members have gone home. It is now nearly 4.30, and I think it is too late to start a new bill.

Mr. BYRNS. Mr. Speaker, I do not want to be put in the attitude of presuming to say what was going to be the program for the balance of the day. I assumed there would be another roll call on the Muscle Shoals bill, and I did not think this bill would be brought up.

Mr. COLLINS. Mr. Speaker, there are a large number of requests for time under general debate. I do not see any reason why some of these speeches could not be made this afternoon.

Mr. SNELL. How much general debate does the gentleman intend to have?

Mr. COLLINS. I did not intend to undertake to limit general debate until to-morrow.

Mr. SNELL. Of course, the gentleman is in control of the program; but as far as I am concerned, I think it is time to adjourn.

Mr. BYRNS. I do not see why we should not have general debate.

Mr. BARBOUR. We can only run for a little over an hour this afternoon. The Members have been considering the Muscle Shoals bill, they are tired, and I think we should adjourn.

Mr. SNELL. You would be as far ahead to-morrow as if you should go on this afternoon.

Mr. BLANTON. After we take up the bill under general debate, there will not be more than 30 or 40 Members present, so there is no reason why the bill should not be taken up now under general debate. We can run an hour and a half longer and get that much of the program out of the way.

The SPEAKER. The gentleman from Mississippi moves that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of the bill H. R. 11897, the War Department appropriation bill.

The question was taken; and on a division (demanded by Mr. COLLINS) there were—ayes 97, noes 81.

So the motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the consideration of the bill H. R. 11897, with Mr. LANHAM in the chair.

The Clerk read the title of the bill.

Mr. COLLINS. Mr. Chairman, I ask unanimous consent that the first reading of the bill be dispensed with.

The CHAIRMAN. Is there objection?

Mr. STAFFORD. Mr. Chairman, reserving the right to object, I would like to make this inquiry of the gentleman from Mississippi: In view of the fact that no order was made as to the control of the time in the House, does the gentleman intend at this time to take an hour in explanation of this bill?

Mr. COLLINS. I thought we would run along until about 5.30 under general debate and then adjourn.

Mr. STAFFORD. The gentleman made no arrangement as to the control of the time in the committee, and I was wondering whether the gentleman from Mississippi was going to take an hour to explain the bill and then the gentleman from California [Mr. BARBOUR] take an hour to explain the bill.

Mr. COLLINS. I have no intention of speaking this afternoon, but there are speeches to be made under general debate. I see no reason why these speeches should not be made this afternoon.

Mr. BLANTON. Mr. Chairman, under the parliamentary situation, to which the gentleman from Wisconsin always refers, the gentleman from Mississippi is entitled to one hour under the rules, as he has already been recognized by the Chair. Then our friend on the other side will be entitled to an hour; but before that is consumed, there can be an understanding had in the House to-morrow providing for an equal division of time.

Mr. GOSS. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. GOSS. If the gentleman gains the floor, can the gentleman yield time within the hour to some one else?

Mr. BLANTON. Certainly, if no one objects.

The CHAIRMAN. There is precedent for it.

Mr. BLANTON. Under general debate, it is always customary for the Member in charge of the bill to yield time, Mr. Chairman. We failed to have a unanimous-consent agreement in the House, but if no one objects we can follow the customary rule.

The CHAIRMAN. Under the general rules of the House he can yield for questions but can not yield the floor to another. There is precedent, however, for the violation of that rule by general or unanimous consent.

Mr. STAFFORD. Mr. Chairman, I desire to submit a further parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. STAFFORD. Is the bill or report available to the membership of the House?

Mr. COLLINS. Mr. Chairman, the report and the hearings were available to Members yesterday, and most of them got copies of the bill and the report and the hearings.

Mr. BLANTON. The bill was approved by the full committee to-day and all minority members of the Committee on Appropriations have had access to the bill and know what it contains. In the last Congress several of the appropriation bills were similarly reported and were thus taken up immediately under general debate by our Republican brethren who were then in power; and while I then insisted on first having the printed bill, they nevertheless went on with general debate. Hence they are in no position whatever now to complain.

The CHAIRMAN. Is there objection to the request of the gentleman from Mississippi [Mr. COLLINS] that the first reading of the bill be dispensed with?

Mr. JOHNSON of Washington. Mr. Chairman, I object.

The Clerk began the reading of the bill.

Mr. BLANTON. Mr. Chairman, I ask unanimous consent that the further reading of the bill be dispensed with.

Mr. CARTER of California. Mr. Chairman, I object.

The Clerk resumed the reading of the bill.

Mr. BLANTON (again interrupting the reading of the bill). Mr. Chairman, will the Chair permit a parliamentary inqury?

The CHAIRMAN. The gentleman will state it.

Mr. BLANTON. Mr. Chairman, where there is an attempt to deliberately waste one hour's time of the House——

Mr. CHINDBLOM. Mr. Chairman, I make the point of order that the reading of the bill can not be interrupted by a parliamentary inquiry.

Mr. BLANTON. It can be interrupted by a parliamentary inquiry.

Mr. CHINDBLOM. And I object to the interruption.

The CHAIRMAN. That is a matter within the discretion of the Chair. The Chair will hear the gentleman's parliamentary inquiry.

Mr. BLANTON. My parliamentary inquiry is this: Where there comes from the minority side of the Chamber

a deliberate attempt to waste an entire hour of the time of the House, is it not proper and in order to show who is doing that?

The CHAIRMAN. The Chair has no knowledge that there is such a deliberate attempt, and it is within the rules of the House to object to the request to dispense with the first reading of the bill.

Mr. JOHNSON of Washington. Mr. Chairman, I am willing to waive that if I can find a copy of the bill, but being unable to get a copy of the bill, in spite of the fact they say they have been distributed——

Mr. BLANTON. Mr. Chairman, I hand the gentleman a copy of the bill, and now that the gentleman has a copy I ask unanimous consent that further reading of the bill be dispensed with.

Mr. GOSS. If the gentleman will give me a copy, I shall not object.

Mr. SCHAFER. Mr. Chairman, I make the point of order that the gentleman from Texas [Mr. BLANTON] is out of order.

Mr. DYER. Mr. Chairman, I ask for the regular order.

The CHAIRMAN. The regular order is the reading of the bill.

The Clerk resumed the reading of the bill.

Mr. MICHENER (interrupting the reading of the bill). Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. MICHENER. Mr. Chairman, there is a good deal of confusion here, and the Members do not seem to understand, first, whether a printed copy of the bill is available, a single one, on the floor of the House.

The CHAIRMAN. The Clerk is reading the printed bill.

Mr. MICHENER. And, second, whether under the rules of the House we are entitled to have a printed bill. As I understand, there is no printed bill, there is no printed report, and the Clerk at this minute is not reading from a bill that has been printed as an official bill.

Mr. BYRNS. Mr. Chairman, I think I can settle that and satisfy the gentleman's curiosity. There can be no printed bill, because the bill was only introduced a few minutes ago.

The CHAIRMAN. The Chair will state that the Clerk is reading the bill which was reported to the House a few moments ago.

Mr. MICHENER. As I understand it, the Committee on Appropriations has just introduced the bill to-day. It has not yet been printed, has not been sent to the printer, and the Clerk is reading from the original copy as introduced, and there has been no report yet printed.

Mr. JOHNSON of Washington. The report number is blank.

Mr. MICHENER. I submit that this has never been done before.

Mr. BLANTON. Oh, it has been done a number of times, and in the last Congress, when the Republicans themselves were doing it. Mr. WOOD, Mr. Cramton, of Michigan, and other chairmen of the subcommittees have done the same thing a number of times. And the RECORD will show that I demanded that we first be furnished with a copy of the printed bill, but the bill was debated just the same.

Mr. PARKER of New York. Mr. Chairman, I make the point of order that there is not a quorum present.

The CHAIRMAN. The Chair will count.

Mr. BYRNS. Will the gentleman withdraw the point a moment?

Mr. PARKER of New York. All right; I withdraw the point of order.

Mr. COLLINS. Mr. Chairman, I ask unanimous consent that the further reading of the bill be dispensed with; and if this request is granted, I shall then move that the committee rise.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. COLLINS. Mr. Chairman, I move that the committee do now rise.

The motion was agreed to.

Accordingly the committee rose; and the Speaker having resumed the chair, Mr. LANHAM, Chairman of the Committee of the Whole House on the state of the Union, reported that that committee had had under consideration the Army appropriation bill and had come to no resolution thereon.

LEAVE OF ABSENCE

By unanimous consent, the following leave of absence was granted—

To Mr. TAYLOR of Tennessee, for one week, on account of official business; and

To Mr. HALL of Mississippi, indefinitely, on account of illness.

MESSAGE FROM THE PRESIDENT

The SPEAKER laid before the House the following message from the President of the United States, which was read and referred to the Committee of the Whole House on the state of the Union and ordered printed:

To the Senate and House of Representatives:

I should not be discharging my constitutional responsibility to give to the Congress information on the state of the Union and to recommend for its consideration such measures as may be necessary and expedient if I did not report to the Congress the situation which has arisen in the country in large degree as the result of incidents of legislation during the past six weeks.

The most essential factor to economic recovery to-day is the restoration of confidence. In spite of the unquestioned beneficial effect of the remedial measures already taken and the gradual improvement in fundamental conditions, fear and alarm prevail in the country because of events in Washington which have greatly disturbed the public mind.

The manner in which the House of Representatives rejected both the revenue program proposed by the Treasury and the program unanimously reported by the Committee on Ways and Means; the character of the tax measures passed; the action of the House which would increase governmental expenditure by $132,000,000 for road building; the action further to enlarge expenditures in non-service-connected benefits from the Veterans' Bureau at the very time when the House was refusing to remedy abuse in these same services; the virtual destruction of both the national-economy program proposed by the executive officials and the program of the special House Committee on Economy; the failure of the House to give adequate authority for early reduction of Government bureaus and commissions; the passage of legislation by the House placing a burden of impossible execution upon the Federal reserve system over the protest of the Federal Reserve Board; the threat of further legislation looking to uncontrolled inflation—have all resulted in diminishing public confidence and offsetting the constructive, unified efforts of the Executive and the Congress undertaken earlier in the year for recovery of employment and agriculture.

I need not recount that the revenues of the Government as estimated for the next fiscal year show a decrease of about $1,700,000,000 below the fiscal year 1929 and inexorably require a broader basis of taxation and a drastic reduction of expenditures in order to balance the Budget. Nothing is more necessary at this time than balancing the Budget. Nothing will put more heart into the country than prompt and courageous and united action in enacting the legislation which this situation imperatively demands and an equally determined stand in defeating unwise and unnecessary legislation.

Most expeditious action is necessary if the revenues, appropriations, economy legislation, and a balanced Budget are to be attained before the beginning of the new fiscal year on July 1 next.

The details and requirements of the situation are now well known to the Congress and plainly require:

First. The prompt enactment of a revenue bill adequate to produce the necessary revenue and so designed as to distribute the burdens equitably and not to impede economic recovery.

Second. A drastic program of economy which, including the savings already made in the Executive Budget of $369,000,000, can be increased to exceed $700,000,000 per annum. Considering that the whole Federal expenditure, except about $1,700,000,000, is for uncontrollable obligations, this would represent an unprecedented reduction. Such a program, to accomplish its purpose, must embrace the rejection of all measures that increase expenditures unless they be for undoubted emergency; the reduction in appropriations now pending below the figures as submitted in the Executive Budget on December 9 last; a reconsideration of the legislation covering those economy projects which require repeal or amendment to the laws; and an effective grant of authority to the Executive to reorganize and consolidate and eliminate unnecessary Government bureaus and establishments.

REDUCTION OF DIRECT APPROPRIATIONS

In the category of appropriations within the authority of the Appropriation Committees those committees have given some months to devoted consideration of the Executive Budget, which, as I have said, in itself carried a reduction of $369,000,000 below the expenditures of the current year. Considering the situation in the country and a study of the results so far attained by the committees, together with a review by the executive officials, I am convinced that, subject to the inclusion of conditions mentioned later, a reduction of at least $230,000,000 below the Executive Budget can be made in the supply bills—of which some $70,000,000 or $80,000,000 may be the subject of deficiency bills at the next session. In order to effect these economies, to preserve the efficiency of the Government, and to assure the humane treatment of Government employees, authority must be given to meet emergencies which may arise from such close budgeting by the transfer of not to exceed 15 per cent of any appropriation to any other appropriation within the same department, provided no appropriation is increased more than 15 per cent, but subject to the approval of the Director of the Budget; and to suspend the leave with pay so that the 5-day week and its equivalent to salaried employees can be installed where necessary.

With the reduction proposed in the original Budget, together with the further reductions here proposed, it will be necessary to discharge 50,000 to 100,000 employees unless we divide the remaining work of the Government amongst the whole of its employees just as has been done in industry. I know of nothing more inhuman in the present situation than for the Government to add to the pool of unemployment and destitution when it is entirely unnecessary and can be provided against by the same measures which were undertaken by industry at the request of the Government itself nearly three years ago.

SPECIAL ECONOMY LEGISLATION

In the category of further economies which can only be made by changes in laws which would give authority to the Executive and the Appropriations Committees, many items were proposed by executive officers of the Government, and some portion of them were embodied in the bill presented by the special Economy Committee to the House of Representatives. Less than $30,000,000 direct and definite savings were covered in the bill which finally passed the House. Many of the indeterminate and indirect savings in that legislation can not be realized until late in the new year or after that.

Many of the recommendations which were rejected by the House of Representatives should again be considered. Aside from the economy proposals affecting employees which are here included in the above discussion of the supply bills, there are opportunities to increase the direct savings provided for in the House economy bill from $30,000,000 to from $130,000,000 to $150,000,000, plus many indeterminate items which would result in further economies.

These savings would be over and above the amounts of savings referred to in the direct appropriations. Without going into the merits or demerits of the proposals, they do represent the correction of abuses and the curtailment of unnecessary functions of the Government and embrace items that can be dispensed with during the present critical period.

CONSOLIDATION AND REDUCTION OF BUREAUS

In the category of economies that can be made by consolidation, reorganization, and elimination of the less-necessary bureaus, commissions, and so forth, the authority given in the measure passed by the House of Representatives is so restricted that it can not be made effective until late in the next fiscal year. In order to expedite this economy I earnestly recommend that the Executive be authorized to proceed immediately in the consolidation of public works and personnel, partly provided in the House economy bill, public health, merchant marine, conservation, education, munitions manufacture, Army and Navy hospitals, aviation fields, and other specific Army and Navy activities which may advantageously be consolidated for the purpose of economy and more effective administration. The savings to be made are indeterminate but very considerable. If made by Executive action within the above direction from the Congress, they can be made promptly.

CONCLUSION

The imperative need of the Nation to-day is a definite and conclusive program for balancing the Budget. Uncertainty is disastrous. It must be in every sense a national program. Sectional, partisan, group, or class considerations can have no place in it. Ours is a government of all the people, created to protect and promote the common good, and when the claims of any group or class are inconsistent with the welfare of all, they must give way. Various groups and sections of the country have brought insistent and delaying pressures to bear for the adoption or rejection of various projects which would yield great economy and revenue. They have not realized that sacrifice by all groups is essential to the salvation of the Nation. They have not recognized the gravity of the problems with which we are confronted. They apparently do not know that by their actions they are imposing losses on members of their own groups and sections through stagnation, unemployment, decreased commodity prices far greater than the sacrifices called for under these suggestions. The Government can not be dictated to by organized minorities. Such action will undermine all popular government. I know that these actions do not reflect the will of the country, and I refuse to believe that the country is unable to reflect its will in legislation.

In conclusion, let me urge the national necessity for prompt and resolute and unified action, keeping constantly in mind the larger aspects of the problem and that the necessity for these measures is born of a great national emergency. If such a program should be agreed to by the leaders and Members of both Houses, it would go far to restore business, employment, and agriculture alike. It would have a most reassuring effect on the country.

HERBERT HOOVER.

THE WHITE HOUSE, *May 5, 1932.*

Mr. RAINEY. Mr. Speaker, I ask unanimous consent to speak for two minutes.

The SPEAKER. Is there objection to the request of the gentleman from Illinois?

There was no objection.

Mr. RAINEY. Mr. Speaker, these suggestions have come from the Executive after the House has acted on the economy bill which was presented by the Economy Committee. They might have been of value if the President had presented them earlier. They come now after the House has acted. I regard this message as the first speech of the President of the United States in his campaign for reelection as President. When I have had time to study these suggestions in the light of what has happened in the House I will answer them.

Mr. MAPES. Will the gentleman yield?

Mr. RAINEY. Not now. The President has absolutely failed to make recommendations when they would have been effective. I propose to answer this message to the best of my ability and as vigorously as I can.

The country is in a desperate condition; there is no doubt about that, and the President in this way can not escape his share of responsibility. This deficit commenced to develop nearly three years ago, and no suggestions have come until recently from the White House. The condition in which the country finds itself to-day results from the policies which have been in effect in the administrations which have followed the Wilson administration, and the President has been prominently connected with all of them and has approved always the propositions which have led us into the depression in which we now find ourselves.

The message which has just been read at this late hour, when proper comments are impossible, will appear to-morrow in all the papers from Boston to San Francisco. If it does so appear, it was evidently prepared in time to have been presented to the Congress before this House acted. Under the Constitution the President is authorized to make such suggestions as this, but I undertake to say that no precedent can be found for such a message as this, presented as it is after the House has acted on the suggestions made in the communication. I yield to none in my respect for this high office the President occupies; but when I have read this message and when the opportunity presents itself, I propose to comment as forcefully as I am capable of doing on this remarkable message and on the evident reasons for its presentation at this time.

Mr. SNELL. Mr. Speaker, I ask unanimous consent to proceed for two minutes.

The SPEAKER. Is there objection?

There was no objection.

Mr. SNELL. Mr. Speaker, I want to say in answer to the gentleman from Illinois that there is not a single recommendation in the entire message that the President of the United States has not made several times in writing and in interviews in newspapers. He has stood for economy all the way through, and the people of the country know it; but Congress has not carried out his recommendations. The majority of the Members on this side of the aisle have stood for the economy bill; and if it had received the same support on the other side of the aisle, there would have been no need of this message.

I tell you that the American people will be interested in what the President has said, because they are interested in economy, and they want to know why Congress has not carried out the President's suggestion. The burden is on the Democratic-controlled House; and as the gentleman from Illinois has said, if this message is a campaign speech it is a mighty good one.

Mr. McDUFFIE. I would like to ask the gentleman if it is true that the President had one of his secretaries up here when we were considering this economy bill opposing one of the provisions which would have saved a hundred million dollars? Mr. Walter Newton was here on the floor.

Mr. SNELL. He had a right to be on the floor, as he is an ex-Member of the House, and the gentleman well knows it; and, as far as I know, he was not opposing anything.

Mr. McDUFFIE. My information is that Mr. Newton was here opposing the provision.

Mr. COLLINS. Mr. Speaker, I ask unanimous consent that when the House adjourns to-day it meet to-morrow at 11 o'clock a. m.

The SPEAKER. Is there objection to the request of the gentleman from Mississippi?

Mr. JOHNSON of Washington. I object.

BILL PRESENTED TO THE PRESIDENT

Mr. PARSONS, from the Committee on Enrolled Bills, reported that that committee did on this day present to the President for his approval a bill of the House of the following title:

H. R. 8083. An act providing for the appointment as ensigns in the line of the Navy of all midshipmen who graduate from the Naval Academy in 1932, and for other purposes.

ADJOURNMENT

Mr. COLLINS. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 4 o'clock and 50 minutes p. m.) the House adjourned until to-morrow, Friday, May 6, 1932, at 12 o'clock noon.

COMMITTEE HEARINGS

Tentative list of committee hearings scheduled for Friday, May 6, 1932, as reported to the floor leader by clerks of the several committees:

FOREIGN AFFAIRS

(10.30 a. m.)

Resolution on World Court.

RULES

(10.30 a. m.)

Hearings on Sirovich copyright bill.

MILITARY AFFAIRS

(10.30 a. m.)

Hearings on private bills.

LABOR

(10 a. m.)

Hearings on bill providing farm opportunities to destitute and unemployed.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of Rule XIII,

Mr. COLLINS: Committee on Appropriations. H. R. 11897. A bill making appropriations for the military and nonmilitary activities of the War Department for the fiscal year ending June 30, 1933, and for other purposes; without amendment (Rept. No. 1215). Referred to the Committee of the Whole House on the state of the Union.

Mr. CRISP: Committee on Ways and Means. H. J. Res. 336. A joint resolution construing section 503 (b) of the tariff act of 1930; without amendment (Rept. No. 1216). Referred to the Committee of the Whole House on the state of the Union.

REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS

Under clause 2 of Rule XIII,

Mr. DeROUEN: Committee on the Public Lands. H. R. 11242. A bill to relinquish the title of the United States in and to lands in Rapides Parish, State of Louisiana; without amendment (Rept. No. 1212). Referred to the Committee of the Whole House.

Mr. PITTENGER: Committee on Claims. S. 222. An act authorizing adjustment of the claim of B. P. Hart; without amendment (Rept. No. 1213). Referred to the Committee of the Whole House.

Mr. PITTENGER: Committee on Claims. S. 902. An act for the relief of Willie B. Cleverly; without amendment (Rept. No. 1214). Referred to the Committee of the Whole House.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of Rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. PRALL: A bill (H. R. 11891) to provide for emergency construction of certain authorized public works to aid in increasing employment, and for other purposes; to the Committee on Ways and Means.

By Mr. JOHNSON of Texas: A bill (H. R. 11892) to amend the tariff act of 1930 to authorize export-debenture certificates on agricultural products; to the Committee on Ways and Means.

By Mr. JONES: A bill (H. R. 11893) to provide for utilizing a portion of unexpended balance of crop-production funds for the purpose of establishing a research laboratory for utilizing cotton, cotton hulls, seed, linters, and waste farm products; to the Committee on Agriculture.

By Mr. BLACK: A bill (H. R. 11894) fixing minimum and maximum amounts for fees and expenses payable to agents,

attorneys, etc., for services rendered in connection with claims against or payable by the United States; to the Committee on Claims.

By Mr. TIMBERLAKE: A bill (H. R. 11895) to authorize the President, in his discretion, to make certain adjustments in the eastern boundary line of Rocky Mountain National Park in the vicinity of Estes Park, Colo., and for other purposes; to the Committee on the Public Lands.

By Mr. LEAVITT: A bill (H. R. 11896) to provide for expenses of the Northern Cheyenne Indian Tribal Council and authorized delegates of the tribe; to the Committee on Indian Affairs.

By Mr. COLLINS: A bill (H. R. 11897) making appropriations for the military and nonmilitary activities of the War Department for the fiscal year ending June 30, 1933, and for other purposes; to the Committee of the Whole House on the state of the Union.

By Mr. McFADDEN (by request): A bill (H. R. 11898) to establish economic liberty in the United States of America, and for other purposes; to the Committee on Banking and Currency.

By Mr. CLARK of North Carolina: Joint resolution (H. J. Res. 380) to authorize the erection on public grounds in the District of Columbia of a stone marker designating the zero milestone of the Jefferson Davis National Highway; to the Committee on the Library.

By Mr. FULMER: Resolution (H. Res. 213) requesting the Secretary of the Treasury to furnish certain information pertaining to the investigation conducted by him relating to the importation of ammonium sulphate; to the Committee on Ways and Means.

By Mr. BANKHEAD: Resolution (H. Res. 215) for the consideration of H. R. 4743, a bill to amend an act entitled "An act to provide for the promotion of vocational rehabilitation of persons disabled in industry or otherwise and their return to civil employment," approved June 2, 1920, as amended; to the Committee on Rules.

By Mr. COYLE: Resolution (H. Res. 216) to pay Elizabeth D. Hartney, widow of Benson B. Hartney, six months' compensation and an additional amount not exceeding $250 to defray funeral expenses of the said Benson B. Hartney; to the Committee on Accounts.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of Rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. ARNOLD: A bill (H. R. 11899) granting a pension to Samuel H. Fulk; to the Committee on Pensions.

By Mr. BOLTON: A bill (H. R. 11900) granting a pension to Lillian Loranger; to the Committee on Pensions.

By Mr. BECK: A bill (H. R. 11901) for the relief of William Anthony O'Malley; to the Committee on Naval Affairs.

By Mr. BLACK: A bill (H. R. 11902) for the relief of Robert D. Baldwin; to the Committee on Claims.

Also, a bill (H. R. 11903) for the relief of Jasper Daleo; to the Committee on Claims.

Also, a bill (H. R. 11904) authorizing the Comptroller General of the United States to adjust and settle the claim of the National Surety Co.; to the Committee on Claims.

Also, a bill (H. R. 11905) to provide for the reimbursement of certain civilian employees of the naval operating base, Hampton Roads, Va., for the value of tools lost in a fire on Pier 7, at the naval operating base, on May 4, 1930; to the Committee on Claims.

By Mr. BLOOM: A bill (H. R. 11906) for the relief of John F. Aughinbaugh; to the Committee on Claims.

By Mr. BUTLER: A bill (H. R. 11907) granting a pension to T. J. Sanders; to the Committee on Pensions.

By Mr. CONNOLLY: A bill (H. R. 11908) granting a pension to Anna Muller; to the Committee on Pensions.

Also, a bill (H. R. 11909) for the relief of August Steiner; to the Committee on Military Affairs.

By Mr. CRAIL: A bill (H. R. 11910) extending the benefits of the emergency officers' retirement act to Bayard Brooks; to the Committee on Military Affairs.

By Mr. DOUGHTON: A bill (H. R. 11911) for the relief of Walter Thomas Foreman; to the Committee on Claims.

Also, a bill (H. R. 11912) for the relief of Smith W. Brown; to the Committee on Military Affairs.

By Mr. GLOVER: A bill (H. R. 11913) to fix the salary of the commissioner of Hot Springs National Park; to the Committee on the Public Lands.

By Mr. JONES: A bill (H. R. 11914) to authorize the Secretary of Commerce to grant an easement for railroad right of way over and upon a portion of the helium-gas-bearing lands of the United States of America, in Potter County, in the State of Texas; to the Committee on Interstate and Foreign Commerce.

By Mr. KLEBERG: A bill (H. R. 11915) granting a pension to John S. Macpherson; to the Committee on Pensions.

Also, a bill (H. R. 11916) for the relief of William G. Schmid; to the Committee on Claims.

Also, a bill (H. R. 11917) for the relief of Blewett M. Goode; to the Committee on Military Affairs.

By Mr. TARVER: A bill (H. R. 11918) granting a pension to Julia Bush; to the Committee on Pensions.

By Mr. THURSTON: A bill (H. R. 11919) granting a pension to Olive Boardman; to the Committee on Invalid Pensions.

By Mr. VINSON of Kentucky: A bill (H. R. 11920) granting an increase of pension to Amanda G. Dehart; to the Committee on Invalid Pensions.

By Mr. WEST: A bill (H. R. 11921) granting an increase of pension to Louisa J. Ashbrook; to the Committee on Invalid Pensions.

PETITIONS, ETC.

Under clause 1 of Rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

7457. By Mr. BLOOM: Petition of the New York Towboat Exchange, a membership organization incorporated under the laws of the State of New York and representing the owners and operators of the majority of towboats operating for public hire in the port of New York and waters tributary thereto, urging the passage of House bill 11207, and requesting Congress to stipulate that the present Supervising Inspector General of the Steamboat Inspection Service shall be appointed as chief of the proposed bureau of navigation and steamboat inspection with full power of the combined bureaus; to the Committee on Economy.

7458. Also, petition of the members of William Kurtz Post, No. 976, of the American Legion, vigorously protesting against the omnibus bill whereby the disabled in hospitals will be subject to a cut in compensation or disability allowance; to the Committee on Economy.

7459. By Mr. CRAIL: Petition of California Anti-Vivisection Society of Los Angeles, Calif., requesting an investigation regarding the activities of the Federal Trade Commission for its alleged control by the big financial interests of the country; to the Committee on the Judiciary.

7460. By Mr. DARROW: Resolution of Lieut. Joseph S. Ferguson Post, No. 333, the American Legion, Philadelphia, Pa., in behalf of an appropriation for the construction of the new naval hospital in Philadelphia; to the Committee on Appropriations.

7461. By Mr. DEROUEN: Petition of citizens and veterans of the town of Melville, La., urging immediate cash payment of the adjusted-service certificates of World War veterans; to the Committee on Ways and Means.

7462. By Mr. GARNER: Petition of the National Economy Committee; to the Committee on Ways and Means.

7463. By Mr. MILLARD: Petition signed by residents of Rockland County, N. Y., and Bergen County, N. J., urging the adoption of House bill 10023; to the Committee on Interstate and Foreign Commerce.

7464. By Mr. PATMAN: Petition of George W. Mathis and 152,000 other veterans, citizens, and taxpayers of Detroit, Mich., submitted by Arthur A. Caulkette, representative of the Veterans' Political Association of America, urging imme-

diate payment in full of the adjusted-service certificates; to the Committee on Ways and Means.

7465. Also, petition of George S. Bunn and other citizens and veterans, Somerville, N. J., urging immediate cash payment in full of the adjusted-service certificates; to the Committee on Ways and Means.

7466. Also, petition of Charles V. McCarthy and 147 other citizens and veterans, Bayonne, N. J., urging immediate cash payment in full of the adjusted-service certificates; to the Committee on Ways and Means.

7467. Also, petition of John W. Matthews and other citizens and veterans, Columbia, S. C., urging immediate payment in full of the adjusted-service certificates; to the Committee on Ways and Means.

7468. Also, petition of American Legion Post No. 277, Indian Orchard, Mass., submitted by Norman Tippett, adjutant of said post, indorsing immediate cash payment of the adjusted-service certificates; to the Committee on Ways and Means.

7469. Also, petition of American Legion Post No. 62 and 1,175 citizens and veterans, Denison, Tex., submitted by J. C. Evans, commander of said post, indorsing immediate cash payment in full of the adjusted-service certificates; to the Committee on Ways and Means.

7470. Also, petition of John H. Deith and other citizens and veterans of Camden, N. J., urging immediate cash payment in full of the adjusted-service certificates; to the Committee on Ways and Means.

7471. Also, petition of Disabled American Veterans, Hayward Chapter, No. 34, Hayward, Calif., petitioning Congress to request General Dawes to purchase them one of his Wall Street peanut stands, as disclosed in his testimony against payment of adjusted-service certificates; to the Committee on Ways and Means.

7472. Also, petition of American Legion Post No. 15, Muskogee, Okla., submitted by Walter Davidson, commander of said post, urging immediate cash payment in full of the adjusted-service certificates; to the Committee on Ways and Means.

7473. Also, petition of American Legion Post No. 292, Philadelphia, Pa., submitted by William T. B. Hill, service officer of said post, indorsing immediate cash payment in full of the adjusted-service certificates; to the Committee on Ways and Means.

7474. Also, petition of Simon W. Nedrow and 105 other citizens and veterans, Imperial, Nebr., urging immediate cash payment in full of the adjusted-service certificates; to the Committee on Ways and Means.

7475. Also, petition of the Stevenson Park and South Side Veterans' Association, Phoenix, Ariz., submitted by George G. McDowell, commander of said association, indorsing immediate payment of the adjusted-service certificates; to the Committee on Ways and Means.

7476. Also, petition of American Legion Post No. 350, Lyman, Nebr., submitted by L. F. Burns, commander of said Post, indorsing immediate cash payment in full of the adjusted-service certificates; to the Committee on Ways and Means.

7477. Also, petition of American Legion Post No. 629, Simpson, Pa., submitted by Meato Hawran, officer of said post, indorsing immediate cash payment in full of the adjusted-service certificates; to the Committee on Ways and Means.

7478. Also, petition of C. C. Murphy and 124 other citizens and veterans of Augusta, Ga., urging immediate payment in full of the adjusted-service certificates; to the Committee on Ways and Means.

7479. Also, petition of American Legion Post No. 20, Philadelphia, Pa., submitted by George V. Neuber, jr., adjutant of said post, indorsing immediate payment in full of the adjusted-service certificates; to the Committee on Ways and Means.

7480. Also, petition of Edward A. Hughes and other citizens and veterans, Tippecanoe County, Ind., urging immediate payment in full of the adjusted-service certificates; to the Committee on Ways and Means.

7481. Also, petition of American Legion Post No. 998, Oceanside, Long Island, N. Y., submitted by C. B. Lilliestrale, commander of said post, indorsing immediate cash payment in full of the adjusted-service certificates; to the Committee on Ways and Means.

7482. Also, petition of American Legion Post No. 387, San Augustine, Tex., submitted by W. H. Allen, C. B. Carter, and Hogan Fussell, committee on resolutions of said post, indorsing immediate cash payment in full of the adjusted-service certificates; to the Committee on Ways and Means.

7483. Also, petition of Harry Dewey and 256 other veterans, Castle Point, N. Y., urging immediate payment in full of the adjusted-service certificates; to the Committee on Ways and Means.

7484. Also, petition of E. S. Jones and other citizens and veterans of Cedar Falls, N. C., urging immediate cash payment in full of the adjusted-service certificates; to the Committee on Ways and Means.

7485. Also, petition of F. L. Owens and other citizens and veterans of Seagrove and Steeds, N. C., urging immediate cash payment in full of the adjusted-service certificates; to the Committee on Ways and Means.

7486. Also, petition of S. E. Davidson and other citizens and veterans, Asheboro, N. C., urging immediate cash payment in full of the adjusted-service certificates; to the Committee on Ways and Means.

7487. Also, petition of N. R. Wilson and other citizens and veterans, Ramseur, N. C., urging immediate cash payment in full of the adjusted-service certificates; to the Committee on Ways and Means.

7488. Also, petition of Floyd L. Slief, adjutant of Disabled American Veterans, Chapter No. 2, and 174 other citizens and veterans of Oklahoma City, Okla., urging immediate cash payment in full of the adjusted-service certificates; to the Committee on Ways and Means.

7489. Also, petition of Shelby Blue and other citizens and veterans, England, Ark., urging immediate cash payment in full of the adjusted-service certificates; to the Committee on Ways and Means.

7490. Also, petition of Albert L. Hart and 99 other citizens and veterans of Humphrey, Ark., urging immediate cash payment in full of the adjusted-service certificates; to the Committee on Ways and Means.

7491. Also, petition of George A. Long and 335 other citizens and veterans, Little Rock, Ark., urging immediate cash payment in full of the adjusted-service certificates; to the Committee on Ways and Means.

7492. Also, petition of M. H. King and other citizens and veterans of McCall, S. C., urging immediate cash payment in full of the adjusted-service certificates; to the Committee on Ways and Means.

7493. Also, petition of Don S. Morehouse and other citizens and veterans of Owosso and Corunna, Mich., urging immediate cash payment in full of the adjusted-service certificates; to the Committee on Ways and Means.

7494. Also, petition of John Billing and other citizens and veterans of Danbury and Shelton, Conn., urging immediate cash payment in full of the adjusted-service certificates; to the Committee on Ways and Means.

7495. Also, petition of A. C. De Forge and other citizens and veterans, of Hartford, Conn., and vicinity, urging immediate cash payment in full of the adjusted-service certificates; to the Committee on Ways and Means.

7496. Also, petition of Leo Fitzgerald and other citizens and veterans, Fond du Lac, Wis., urging immediate cash payment in full of the adjusted-service certificates; to the Committee on Ways and Means.

7497. Also, petition of C. W. Murray and 149 other citizens and veterans of Peoria and Chicago, Ill., urging immediate cash payment in full of the adjusted-service certificates; to the Committee on Ways and Means.

7498. Also, petition of G. F. Gardner and 447 other citizens and veterans, of Chicago, Ill., urging immediate cash payment in full of the adjusted-service certificates; to the Committee on Ways and Means.

7499. Also, petition of L. L. Kramer and 121 other citizens, of Bakersfield, Taft, and Sacramento, Calif., urging immediate cash payment in full of the adjusted-service certificates; to the Committee on Ways and Means.

7500. Also, petition of Henry Hyatt and 139 other citizens and veterans, of Inglewood and Los Angeles, Calif., urging immediate cash payment in full of the adjusted-service certificates; to the Committee on Ways and Means.

7501. Also, petition of John J. Ashe and 394 other veterans of Veterans' Home, Yountville, Napa County, Calif., urging immediate cash payment in full of the adjusted-service certificates; to the Committee on Ways and Means.

7502. Also, petition of A. P. Tucker and 112 other citizens and veterans of Compton, Lynwood, Hollywood, Glendale, Los Angeles, Bell, and Long Beach, Calif., urging immediate cash payment in full of the adjusted-service certificates; to the Committee on Ways and Means.

7503. Also, petition of George E. Benson and 111 other citizens and veterans of Chillicothe, Ohio, urging immediate cash payment in full of the adjusted-service certificates; to the Committee on Ways and Means.

7504. Also, petition of Claude H. McClure and other citizens and veterans of Leesburg, Ohio, urging immediate cash payment in full of the adjusted-service certificates; to the Committee on Ways and Means.

7505. Also, petition of A. C. Jacobs and other citizens and veterans of Cincinnati, Ohio, urging immediate cash payment in full of the adjusted-service certificates; to the Committee on Ways and Means.

7506. Also, petition of James J. Sinnott and other citizens and veterans of Philadelphia, Pa., urging immediate cash payment in full of the adjusted-service certificates; to the Committee on Ways and Means.

7507. Also, petition of R. Richards, treasurer Disabled American Veterans, Chapter No. 1, and 180 other citizens and veterans of Fort Wayne and Huntington, Ind., urging immediate cash payment in full of the adjusted-service certificates; to the Committee on Ways and Means.

7508. Also, petition of Hugh Moore and 142 other citizens and veterans of Banks, Wilkesboro, Aloha, Reedsville, Gales Creek, Forest Grove, Hillsboro, Cornelius, Beaverton, Timber, and Dilley, Oreg., urging immediate cash payment in full of the adjusted-service certificates; to the Committee on Ways and Means.

7509. Also, petition of Dr. James A. Hopkins and other citizens and veterans of Cedar Grove and Glasgow, W. Va., urging immediate cash payment in full of the adjusted-service certificates; to the Committee on Ways and Means.

7510. Also, petition of William D. Warner and other citizens and veterans of Racine and Milwaukee, Wis., urging immediate cash payment in full of the adjusted-service certificates; to the Committee on Ways and Means.

7511. Also, petition of A. A. Metcalf and 136 other citizens and veterans of Spokane, Wash., urging immediate cash payment in full of the adjusted-service certificates; to the Committee on Ways and Means.

7512. Also, petition of Robert D. Neal and other citizens and veterans of Crowley and Algiers, La., urging immediate cash payment in full of the adjusted-service certificates; to the Committee on Ways and Means.

7513. Also, petition of Joseph Lubertine and other citizens and veterans of Utica and Frankfort, N. Y., urging immediate cash payment in full of the adjusted-service certificates; to the Committee on Ways and Means.

7514. Also, petition of American Legion Post No. 181 and other citizens and veterans of Rector, Ark., submitted by L. A. Braden, service officer of said post, indorsing immediate payment in full of adjusted-service certificates; to the Committee on Ways and Means.

7515. Also, petition of American Legion Post No. 28, Lawrenceville, Ill., submitted by William H. Jones, commander of said post, indorsing immediate cash payment in full of the adjusted-service certificates; to the Committee on Ways and Means.

7516. Also, petition of Harry Castetter and 76 other business men of Jeffersonville, Ind., urging immediate payment in full of the adjusted-service certificates; to the Committee on Ways and Means.

7517. Also, petition of Amos J. Thomas and other citizens and veterans of Jacksonville, Fla., indorsing immediate cash payment in full of the adjusted-service certificates; to the Committee on Ways and Means.

7518. Also, petition of American Legion Posts Nos. 376, 388, and 599, Philadelphia, Pa., submitted by Martin J. Kane, past commander, and Joseph Ferguson, adjutant, of said posts, indorsing immediate payment in full of the adjusted-service certificates; to the Committee on Ways and Means.

7519. Also, petition of the War Veterans' League, San Francisco, Calif., submitted by Paul Collins, chairman executive committee, and Joseph D. Cotman, secretary, of said league, urging immediate cash payment in full of the adjusted-service certificates; to the Committee on Ways and Means.

7520. Also, petition of American Legion Post No. 186, of Pennsylvania, submitted by H. J. Patton, adjutant of said post, indorsing immediate cash payment in full of the adjusted-service certificates; to the Committee on Ways and Means.

7521. Also, petition of H. H. Struck and other citizens and veterans of Rosser, Tex., urging immediate payment in full of the adjusted-service certificates; to the Committee on Ways and Means.

7522. Also, petition of Charlie M. Smith and other citizens and veterans of Lubbock, Tex., urging immediate cash payment in full of the adjusted-service certificates; to the Committee on Ways and Means.

7523. Also, petition of American Legion Post No. 136, Lodi, N. J., submitted by T. F. Butler, adjutant of said post, indorsing immediate payment in full of the adjusted-service certificates; to the Committee on Ways and Means.

7524. Also, petition of American Legion Post No. 15, Wilmington, Vt., submitted by John Toomey, adjutant of said post, indorsing immediate payment in full of the adjusted-service certificates; to the Committee on Ways and Means.

7525. Also, petition of Spanish-American War Veterans, Corn Belt Vicinity Council No. 1, Springfield, Ill., submitted by C. R. Murphy and Clyde Smith, resolutions committee of said council, indorsing immediate payment in full of the adjusted-service certificates; to the Committee on Ways and Means.

7526. Also, petition of Veterans of Foreign Wars Post No. 1736, Alexandria, La., submitted by Samuel Haas, commander of said post, indorsing immediate payment in full of the adjusted-service certificates; to the Committee on Ways and Means.

7527. Also, petition of American Legion Post No. 79, St. Marys, W. Va., submitted by Albert P. Hoy, commander of said post, indorsing immediate payment in full of the adjusted-service certificates; to the Committee on Ways and Means.

7528. Also, petition of Joseph A. Keel and other veterans, Veterans' Hospital No. 48, Atlanta, Ga., indorsing immediate payment in full of the adjusted-service certificates; to the Committee on Ways and Means.

7529. Also, petition of James McD. Woodbury, commander of American Legion Post No. 4, and other citizens and veterans of Columbia, S. C., submitted by F. E. Reinhardt, urging immediate payment in full of the adjusted-service certificates; to the Committee on Ways and Means.

7530. Also, petition of American Legion Post No. 5, Oakland, Calif., submitted by L. F. Groogan, adjutant of said post, indorsing immediate payment of the adjusted-service certificates; to the Committee on Ways and Means.

7531. Also, petition of T. H. Filer and 463 other citizens of Galveston, Tex., urging immediate payment in full of the adjusted-service certificates; to the Committee on Ways and Means.

7532. Also, petition of R. L. Sparkmon and 12 other citizens of Aransas Pass, Tex., indorsing the bill to pay the remainder due on adjusted-service certificates; to the Committee on Ways and Means.

7533. Also, petition of W. C. McCarver and 10 other citizens of Ballinger, Tex., indorsing the bill to pay the remainder due on adjusted-service certificates; to the Committee on Ways and Means.

7534. Also, petition of H. L. Belew and 3 other citizens and 15 business firms of Coleman, Tex., indorsing the bill to pay the remainder due on the adjusted-service certificates; to the Committee on Ways and Means.

7535. Also, petition of American Legion Post, No. 94, and other citizens and business men of Flatonia, Tex., submitted by J. L. Longona, adjutant of said post, urging immediate cash payment in full of the adjusted-service certificates; to the Committee on Ways and Means.

7536. Also, petition of M. W. Miller and 45 other citizens and 9 business firms of Houston, Tex., indorsing the bill to pay the remainder due on the adjusted-service certificates; to the Committee on Ways and Means.

7537. Also, petition of W. F. Isaacks and 19 other citizens and 32 business firms of Childress, Tex., indorsing the bill to pay the remainder due on the adjusted-service certificates; to the Committee on Ways and Means.

7538. Also, petition of J. B. Green and 14 other citizens and 11 business firms of Jacksboro, Tex., indorsing the bill to pay the remainder due on adjusted-service certificates; to the Committee on Ways and Means.

7539. Also, petition of Joe Franklin and 31 other citizens and 14 business firms of Corpus Christi, Tex., indorsing the bill to pay the remainder due on adjusted-service certificates; to the Committee on Ways and Means.

7540. Also, petition of R. A. Baker and 5 other citizens and 10 business firms of Bryson, Tex., indorsing the bill to pay the remainder due on adjusted-service certificates; to the Committee on Ways and Means.

7541. Also, petition of Frank H. Pinard and 83 other members of the Veterans of Foreign Wars and citizens of Meriden, Conn., indorsing the bill to pay the remainder due on adjusted-service certificates; to the Committee on Ways and Means.

7542. Also, petition of 250 members of the General Arthur MacArthur Post, No. 68, and members of the Ladies' Auxiliary of this post of the Veterans of Foreign Wars, of Philadelphia, Pa., indorsing the bill to pay the remainder due on adjusted-service certificates; to the Committee on Ways and Means.

7543. Also, petition of J. D. Tumlinson and seven business firms of Spearman, Tex., indorsing the bill to pay the remainder due on adjusted-service certificates; to the Committee on Ways and Means.

7544. Also, petition of C. C. Crump and 25 other citizens and 8 business firms of De Kalb, Tex., indorsing the bill to pay the remainder due on the adjusted-service certificates; to the Committee on Ways and Means.

7545. Also, petition of L. C. Baker and 24 other citizens of New Boston, Tex., indorsing the bill to pay the remainder due on the adjusted-service certificates; to the Committee on Ways and Means.

7546. Also, petition of Arthur Trudel, commander of the American Legion, Post No. 1617, and 73 other citizens of Derry, N. H., indorsing the bill to pay the remainder due on the adjusted-service certificates; to the Committee on Ways and Means.

7547. By Mr. RUDD: Petition of Reserve Officers Association of the United States, opposing the compromise offer whereby reserve officers may be offered training with their subsistence and transportation paid but without service pay for the period of active duty; to the Committee on Appropriations.

7548. Also, petition of the American Agricultural Chemical Co., New York City, opposing the passage of the Muscle Shoals legislation bill, H. R. 11051; to the Committee on Military Affairs.

7549. Also, petition of New York State Bankers Association, New York City, opposing the passage of the Glass bill, S. 4412; to the Committee on Banking and Currency.

7550. Also, petition of Teachers Insurance and Annuity Association of America, opposing the passage of the McNary bill, S. 768; to the Committee on Agriculture.

7551. Also, petition of Railroad Employees National Pension Association (Inc.), Chicago, Ill., favoring the passage of legislation for full payment of the adjusted-service certificates; to the Committee on Ways and Means.

7552. Also, petition of C. R. Van Etten, 25 Court Street, Brooklyn, N. Y., favoring a pardon for the Massie slayers, and to place the Hawaiian Islands under military or naval control; to the Committee on the Judiciary.

7553. Also, petition of Henry Herbermann, president American Export Lines, New York City, opposing the elimination of appropriations of mail contracts; to the Committee on Appropriations.

7554. Also, petition of Mark Graves, director division of the budget, State of New York, in relation to section 810 of the revenue bill, which provides for the revaluation of estates for purposes of the Federal estate tax with certain suggestions; to the Committee on Ways and Means.

7555. Also, petition of Chamber of Commerce of the Borough of Queens, city of New York, favoring the passage of House bill 8549; to the Committee on Immigration and Naturalization.

7556. Also, petition of Chamber of Commerce of the Borough of Queens, city of New York, favoring balancing the Budget; to the Committee on Appropriations.

7557. Also, petition of Chamber of Commerce of the Borough of Queens, city of New York, favoring the passage of Senate bill 1525; to the Committee on the Judiciary.

7558. Also, petition of Chamber of Commerce of the Borough of Queens, city of New York, favoring the modification of the Volstead Act and the repeal of the eighteenth amendment; to the Committee on the Judiciary.

7559. Also, petition of Chamber of Commerce of the Borough of Queens, city of New York, opposing the passage of House bill 4525, repealing section 7 of the postal act of May 29, 1928; to the Committee on the Post Office and Post Roads.

7560. By Mr. SMITH of West Virginia: Resolution of the C. H. Mead Safety Club, East Gulf, W. Va., opposing the Davis-Kelly coal bill; to the Committee on Interstate and Foreign Commerce.

7561. Also, resolution of the Mead Smokeless Coal Co. Safety Club, opposing the Davis-Kelly coal bill; to the Committee on Interstate and Foreign Commerce.

7562. By Mr. SUTPHIN: Petition of the Civil Service Association of New Jersey, urging the establishment of a prosperity bond issue for $5,000,000,000 for public works; to the Committee on Ways and Means.

7563. Also, petition of the Civil Service Association of New Jersey, opposing reduction of salaries of Federal employees; to the Committee on Economy.

7564. Also, petition of the New Jersey Civil Service Association, asking the repeal of the eighteenth amendment; to the Committee on the Judiciary.

SENATE

FRIDAY, MAY 6, 1932

(Legislative day of Wednesday, May 4, 1932)

The Senate met at 12 o'clock meridian, on the expiration of the recess.

The VICE PRESIDENT. The Senate will receive a message from the President of the United States.

MESSAGES FROM THE PRESIDENT—APPROVAL OF BILLS

Sundry messages in writing from the President of the United States were communicated to the Senate by Mr. Latta, one of his secretaries, who also announced that the President approved and signed the following acts:

On April 22, 1932:

S. 2682. An act to amend section 5 of the Criminal Code.

On April 25, 1932:

S. 2405. An act to confer jurisdiction on the Court of Claims to hear and determine certain claims of the Eastern or Emigrant and the Western or Old Settler Cherokee Indians against the United States, and for other purposes; and

S. 3086. An act relating to the construction of a Federal building at Ponca City, Okla.

On May 2, 1932:

S. 194. An act for the relief of Jeff Davis Caperton and Lucy Virginia Caperton;

S. 3095. An act for the relief of J. J. Bradshaw and Addie C. Bradshaw; and

S. 3570. An act to amend the act entitled "An act confirming in States and Territories title to land granted by the United States in the aid of common or public schools," approved January 25, 1927.

On May 4, 1932:

S. 3270. An act for the relief of Daniel S. Schaffer Co. (Inc.).

MESSAGE FROM THE HOUSE

A message from the House of Representatives by Mr. Haltigan, one of its clerks, announced that the House had passed a bill (H. R. 11051) to provide for the leasing and other utilization of the Muscle Shoals properties in the interest of national defense and of agriculture, and for other purposes, in which it requested the concurrence of the Senate.

CALL OF THE ROLL

Mr. FESS. Mr. President, I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Ashurst	Couzens	Johnson	Shipstead
Bailey	Cutting	Kean	Smith
Bankhead	Dale	Kendrick	Steiwer
Barbour	Davis	Keyes	Stephens
Bingham	Dickinson	King	Thomas, Idaho
Blaine	Dill	Lewis	Thomas, Okla.
Borah	Fess	Logan	Townsend
Bratton	Fletcher	McGill	Trammell
Broussard	Frazier	McKellar	Tydings
Bulkley	George	McNary	Vandenberg
Bulow	Glass	Morrison	Wagner
Byrnes	Glenn	Moses	Walcott
Capper	Gore	Norris	Walsh, Mass.
Caraway	Hale	Nye	Walsh, Mont.
Carey	Harrison	Oddie	Waterman
Cohen	Hastings	Patterson	Watson
Connally	Hawes	Pittman	Wheeler
Coolidge	Hayden	Robinson, Ark.	White
Copeland	Howell	Robinson, Ind.	
Costigan	Hull	Sheppard	

Mr. GLASS. I desire to announce the absence of my colleague the senior Senator from Virginia [Mr. SWANSON], who is in attendance upon the disarmament conference at Geneva.

Mr. FESS. I wish to announce that Senators SMOOT, REED, SHORTRIDGE, LA FOLLETTE, JONES, METCALF, and HATFIELD are detained in committee meeting.

The VICE PRESIDENT. Seventy-eight Senators have answered to their names. A quorum is present.

LAND ON FENWICK ISLAND, SUSSEX COUNTY, DEL.

The VICE PRESIDENT laid before the Senate the amendments of the House of Representatives to the bill (S. 283) to provide for conveyance of a certain strip of land on Fenwick Island, Sussex County, State of Delaware, for roadway purposes, which were, on page 1, line 4, after "convey," to insert "by quitclaim deed," and on page 2, line 17, after "States," to insert "and the deed or instrument of conveyance shall recite the reversionary right herein reserved."

The VICE PRESIDENT. The Chair calls the House action to the attention of the Senator from Delaware [Mr. TOWNSEND].

Mr. TOWNSEND. Mr. President, I move that the Senate concur in the amendments of the House.

The motion was agreed to.

PETITIONS AND MEMORIALS

Mr. TYDINGS presented the memorial of the Baltimore Conference Woman's Missionary Society of the Methodist Episcopal Church South, representing Maryland, Virginia, and West Virginia, remonstrating against the passage of the bill (S. 51) to authorize the building up of the United States Navy to the strength permitted by the Washington and London naval treaties, and favoring the prompt ratification of the World Court protocols, which was referred to the Committee on Foreign Relations.

Mr. WALSH of Massachusetts presented communications in the nature of petitions from 954 citizens of the State of Massachusetts, favoring modification of the Volstead Act and the repeal of the eighteenth amendment of the Constitution, which were referred to the Committee on the Judiciary.

He also presented communications in the nature of memorials from 70 citizens of the State of Massachusetts, remonstrating against the modification of the Volstead Act and the repeal of the eighteenth amendment of the Constitution, which were referred to the Committee on the Judiciary.

He also presented the petition of Massachusetts chapter, No. 1, Eighty-second Division Association, Veterans of the American Expeditionary Forces, Boston, and 58 citizens, in the State of Massachusetts, praying for the immediate payment in full of soldiers' adjusted-compensation certificates (bonus), which was referred to the Committee on Finance.

He also presented letters in the nature of memorials from 50 citizens of the State of Massachusetts, remonstrating against the passage of legislation providing for the cash payment of soldiers' adjusted-compensation certificates (bonus), which were referred to the Committee on Finance.

Mr. SHORTRIDGE presented a petition of sundry citizens, being substitute postal clerks, of Los Angeles, Calif., praying for the passage of legislation giving relief to substitute postal employees, which was referred to the Committee on Post Offices and Post Roads.

He also presented a letter from the Southern California Typographical Conference, signed by Dan O. Fruitt, secretary, of San Bernardino, and numerous letters in the nature of memorials from sundry citizens and organizations, all in the State of California, remonstrating against reductions in the compensation of Federal employees, which were referred to the Committee on Appropriations.

He also presented letters in the nature of memorials from the Bellflower Chamber of Commerce, by Leo S. Cameron, manager; Lindsay Mercantile Co., by C. B. Bowker, manager; Buckmaster Hardware Co. (Inc.), by Guy W. Buckmaster, both of Lindsay; Central Electric Co., of Los Angeles, by Paul S. Perelman, of Los Angeles; Northern Branch Rural Letter Carriers' Association, of Arbuckle, by Amos William World, president, and sundry citizens, all in the State of California, remonstrating against reductions in the compensation of postal employees, which were referred to the Committee on Appropriations.

He also presented letters in the nature of memorials from the Pasadena Realty Board, by M. G. Potts, secretary, and the Dorn-Sykes Co., by H. P. Hammond, both of Pasadena, Calif., remonstrating against the imposition of a stamp tax on real-estate conveyances, which were referred to the Committee on Finance.

He also presented several letters in the nature of memorials from citizens and business firms in the State of California remonstrating against the imposition of a tax upon spectacles, prism binoculars, and field and opera glasses, which were referred to the Committee on Finance.

He also presented several letters in the nature of memorials from citizens and business firms in the State of California, remonstrating against the imposition of a tax on jewelry, which were referred to the Committee on Finance.

He also presented several letters in the nature of memorials from citizens and organizations in the State of California, remonstrating against the imposition of a 10 per cent luxury tax on furs, which were referred to the Committee on Finance.

He also presented a letter from George G. Witter, attorney, of Los Angeles, Calif., relative to the provision for revaluation of estates of decedents in the pending tax bill, which was referred to the Committee on Finance.

He also presented several letters in the nature of memorials from citizens and organizations in the State of California, remonstrating against the imposition of taxes on the automobile industry, which were referred to the Committee on Finance.

He also presented several letters from citizens and organizations in the State of California, remonstrating against the imposition of a tax on the radio industry, which were referred to the Committee on Finance.

He also presented numerous letters in the nature of memorials from citizens and organizations in the State of California, remonstrating against the passage of legislation providing for the payment of adjusted-compensation certificates (bonus) of World War veterans at the present time, which were referred to the Committee on Finance.

He also presented letters from the Madera Sugar Pine Co., by E. H. Cox, its president, of San Francisco, and Arthur H. Fleming, of Pasadena, in the State of California, urging the restoration of section 115 of the revenue act, exempting from taxation distributions of surplus of corporations accumulated prior to March 1, 1913, as it existed in the act of 1928, which were referred to the Committee on Finance.

Mr. GOLDSBOROUGH presented memorials and letters and a telegram in the nature of memorials from sundry citizens and organizations in the State of Maryland, remonstrating against the imposition of taxes on the automobile industry, which were referred to the Committee on Finance.

He also presented several letters in the nature of memorials from citizens of the State of Maryland, remonstrating against increase in the first-class postage rate, which were referred to the Committee on Finance.

He also presented a letter from S. Page Nelson, of the Johns Hopkins University, of Baltimore, and telegrams from the Vagabond Players, signed by Helen Fraser Penniman, vice president, of Baltimore, and the Hagerstown Agricultural and Mechanical Association, by H. E. Bester, its president, of Hagerstown, all in the State of Maryland, remonstrating against the imposition of taxes on admissions to amusements, which were referred to the Committee on Finance.

He also presented letters in the nature of memorials from Irvin M. Schloss, of Baltimore, and Ernest D. Sturmer, of Easton, in the State of Maryland, remonstrating against the imposition of a 10 per cent tax on jewelry, which were referred to the Committee on Finance.

He also presented several letters in the nature of petitions from citizens of Kempton, W. Va., praying for the imposition of an import duty on oil, which were referred to the Committee on Finance.

He also presented numerous letters and telegrams in the nature of petitions from sundry citizens of the State of Maryland, and the California Walnut Growers' Association, of Los Angeles, Calif., favoring inclusion of a general manufacturers' sales tax in the pending revenue bill, which were referred to the Committee on Finance.

He also presented several letters in the nature of memorials from sundry citizens of the State of Maryland, being employees of the Panama Canal, remonstrating against the proposed discontinuance of the Panama Railroad Steamship Line, which were referred to the Committee on Appropriations.

He also presented letters in the nature of memorials from several citizens, and also Local Union No. 92, United Slate, Tile and Composition Roofers, Damp and Waterproof Workers' Association, of Baltimore, all in the State of Maryland, remonstrating against reductions in the compensation of Federal employees, or enforced furloughs, which were referred to the Committee on Appropriations.

Mr. COPELAND presented resolutions adopted by the board of trustees of the Museum of the City of New York (Inc.), New York, favoring the making of a national shrine of the churchyard of St. Anns Church, located at St. Anns Avenue and One hundred and fortieth Street, Borough of the Bronx, New York City, wherein lie the remains of Gen. Lewis Morris, signer of the Declaration of Independence, and Gouveneur Morris, "whose hand wrote the Constitution of the United States and who was Washington's minister in Paris during the French Revolution, and others who played important parts in the American Revolution" and in the establishment of the Republic, which were referred to the Committee on the Library.

He also presented a resolution adopted by the Bellport and Patchogue Chambers of Commerce, in the State of New York, favoring the immediate expansion of public works so as to aid business and relieve unemployment, which was referred to the Committee on Manufactures.

He also presented a petition of sundry employees of the naval ordnance plant, of Baldwin, Long Island, N. Y., praying that the naval ordnance plant at Baldwin, Long Island, N. Y., be kept open and in operation, which was referred to the Committee on Naval Affairs.

He also presented a resolution adopted by the American Exporters and Importers' Association, of New York City, opposing the passage of legislation which would curtail the outlet of goods to the Philippine Islands, which was referred to the Committee on Commerce.

He also presented resolutions adopted by the New York Tow Boat Exchange (Inc.), of New York City, favoring the passage of House bill 11207, relative to the consolidation and coordination of the Steamboat Inspection Service and the Bureau of Navigation, which were referred to the Committee on Commerce.

He also presented resolutions adopted by the Izaak Walton League of America, protesting against the proposed transfer of United States fish-cultural stations to the States in which such stations are located, etc., which were referred to the Committee on Commerce.

He also presented resolutions adopted by the Queensboro Chamber of Commerce, New York City, favoring revision of the Volstead Act so as to authorize the manufacture and sale, in those States whose laws do not prohibit it, of beverages containing as high a percentage of alcohol as is consistent with the eighteenth amendment of the Constitution, which were referred to the Committee on the Judiciary.

He also presented a petition of sundry citizens of Cazenovia, N. Y., praying for the immediate consideration of measures for the ending of national prohibition, which was referred to the Committee on the Judiciary.

He also presented a petition of sundry citizens of Brooklyn, N. Y., praying for the ending of national prohibition and the levying of taxes on the liquor traffic, which was referred to the Committee on the Judiciary.

He also presented the petition of William H. Hamilton, jr., of Potter, Hamilton & Co. (Inc.), and sundry members of that company, of New York City, N. Y., praying for the levying of taxes on the liquor traffic, which was referred to the Committee on the Judiciary.

He also presented a petition of sundry citizens of Cazenovia, N. Y., praying for the prompt repeal of the eighteenth amendment of the Constitution and the placing of taxes on the liquor traffic, which was referred to the Committee on the Judiciary.

He also presented resolutions adopted by the Eastern Broker Division, Commercial Telegraphers' Union of North America, of New York City, indorsing the parade to be held under the auspices of Hon. James J. Walker, mayor of the city of New York, on the 14th instant, "for the purpose of impressing the Members of Congress with the wisdom and necessity for legalizing the modification of the Volstead Act as a means of aiding in the balancing of the Federal Budget, as well as relieving the unemployment situation," etc., which was referred to the Committee on the Judiciary.

He also presented a resolution adopted by the Civil Service Forum, of New York City, N. Y., protesting against reductions in the compensation of Federal employees, which was referred to the Committee on Appropriations.

He also presented a petition, numerously signed, of sundry citizens of New York City and Long Island, N. Y., praying for the balancing of the Budget, the defeat of the cash bonus proposal, the stopping of all raids on the Treasury, retrenchment in governmental expenditures, the preservation of the national defense, the enactment of fair sales and stamp taxes, the amendment of the Volstead Act, and the taxing of light wines and beer, which was referred to the Committee on Appropriations.

He also presented the petition of W. K. Howe and sundry other citizens of Rochester and vicinity, in the State of New York, praying for economies and retrenchment in governmental expenditures, which was referred to the Committee on Appropriations.

He also presented a resolution adopted by the Bronx County Men's Association (Inc.), of the Bronx, New York, protesting against the taxing of checks, which was referred to the Committee on Finance.

He also presented a memorial of sundry citizens of New York City and Brooklyn, N. Y., remonstrating against the taxing of checks, which was referred to the Committee on Finance.

He also presented a memorial of sundry citizens of Yonkers, N. Y. remonstrating against the imposition of a 10 per cent tax on toilet and tooth preparations, which was referred to the Committee on Finance.

He also presented a resolution of the National Executive Committee of the American Turnerbund, Pittsburgh, Pa., favoring the passage of legislation for the adoption of the 6-hour day and the 5-day week, a revision of the existing tax law so as to provide more adequate revenue from incomes of more than $8,000 annually, etc., which was referred to the Committee on Finance.

He also presented a resolution adopted by the Rochester (N. Y.) Tire Merchants' Association, protesting against the imposition of taxes on the automobile industry, which was referred to the Committee on Finance.

He also presented petitions of sundry citizens of Long Island, N. Y., praying for the imposition of a tax of 2 cents per pound on oils and one-half a cent per pound on meals and scrap imported from foreign countries, which were referred to the Committee on Finance.

He also presented a resolution adopted by Joseph S. Decker Camp, No. 20, United Spanish War Veterans, Department of New York, of Stapleton, Staten Island, N. Y., favoring the proposal that all the able-bodied men of America, rich and poor, veterans, and others, refrain from placing unnecessary financial burdens on the National, State, or municipal governments at the present time, which was referred to the Committee on Finance.

TARIFF ON COPPER

Mr. HAYDEN. Mr. President, I have a very urgent appeal by telegram in the nature of a petition for the imposition of a tariff duty on copper in the pending revenue bill, which I ask the clerk to read.

The VICE PRESIDENT. Is there objection? The Chair hears none, and the clerk will read as requested.

The telegram was read and referred to the Committee on Finance, as follows:

GLOBE, ARIZ., *May 5, 1932.*

Hon. CARL HAYDEN,
Member United States Senate, Washington, D. C.:

The attached signers of this petition, including civic, service, and fraternal organizations, county and city officials, and business men of the Globe-Miami district, until recently the largest copper-producing district of the world, respectfully ask that you impress on your fellow Members of the United States Senate that failure to retain an adequate import duty on copper in the Budget balancing revenue bill will soon result in the practical extinction of dozens of once prosperous communities, bankruptcy to hundreds of business men, and hunger and starvation to thousands of loyal American men, women, and helpless children. If space permitted the name of every American citizen in the Globe-Miami district would be signed to this petition.

(Signed by Gila County Board of Supervisors, all county and city officials, and 217 citizens of the Globe and Miami copper mining district of Arizona.)

FLOORS IN POST-OFFICE BUILDINGS

Mr. SMITH. Mr. President, I send to the desk and ask to have read by the clerk, so it may appear in the RECORD at this point, a letter which I have received from Miley, S. C.

There being no objection, the letter was read by the legislative clerk, as follows:

MILEY, S. C., *May 4, 1932.*

Hon. E. D. SMITH,
United States Senator, Washington, D. C.

DEAR SENATOR SMITH: Inclosed find copy of resolution adopted by the Oak Flooring Manufacturers' Association, of which we are a member.

You will note that the specifications for the floors in the United States post-office buildings will restrict bidding to a patented article controlled by one manufacturer exclusively.

I had no idea our Government would use such methods in buying for their various buildings. This on its face looks like something is wrong somewhere and badly wrong. I can hardly conceive of our Government permitting such things to go on. According to my way of seeing it, it permits these people to charge any price they want to charge for this patented flooring.

I am bringing this matter to your attention and hope that you will give it the attention it deserves. We manufacture oak flooring ourselves, and it is very hard on us for such specifications to be put into building plans for buildings for our Government. Please give this matter your attention and greatly oblige

Yours very truly,

W. FRED LIGHTSEY.

Mr. SMITH. Mr. President, I presume the proper parties to take cognizance of this matter are those in the Post Office Department, who have charge of letting the contracts for the buildings, but I thought this would be the best method of bringing it to the attention of my colleagues and of the public. I would like to have printed in the RECORD at this point, and appropriately referred with the letter, the resolution which accompanied the letter, which was just read.

There being no objection, the letter and the accompanying resolution were referred to the Committee on Public Buildings and Grounds, and the resolution was ordered to be printed in the RECORD, as follows:

Resolution adopted April 19, 1932

Whereas the specifications covering the kind of oak floors to be installed in United States post-office buildings will restrict bidding to a patented article controlled by one manufacturer exclusively; and

Whereas several unit-type blocks of recognized dependability are available but excluded from use due to present specifications; and

Whereas for years the individual-type oak-block floors have given complete satisfaction and dependable service but are excluded from use due to present specifications; and

Whereas for portions of the buildings the use of equally serviceable items of standardized strip-oak floor will save the Government considerably, but are excluded from the specifications: Therefore be it

Resolved, That the Oak Flooring Manufacturers' Association of the United States, whose membership has included the majority of manufacturers of oak flooring for 25 years, hereby voices its protest against the present specifications because of unnecessary, unjust restriction in the specifications. We declare the specifications as written are not in the interest of public welfare, are unnecessarily burdensome to the taxpayers; and be it further

Resolved, That the members of the Oak Flooring Manufacturers' Association of the United States severally and collectively take immediate action to have the specifications modified to include not only the flooring now specified but in addition thereto other recognized competitive wood floorings. To this end the Oak Flooring Manufacturers' Association of the United States tenders its service through a committee composed of H. E. Everley, W. M. Ritter Lumber Co.; P. B. Lanham, Lanham Hardwood Flooring Co.; W. C. Abendroth, Robbins Flooring Co.; H. L. Gray, Meadow River Lumber Co.; Sam H. Sells, Sells Lumber & Manufacturing Co.; and R. A. Taylor, De Soto Hardwood Flooring Co., to assist in preparing the modified specifications if their services are desired.

OAK FLOORING MANUFACTURERS' ASSOCIATION OF THE UNITED STATES,
[SEAL.] By W. L. COFFEY, *Secretary-Treasurer.*

INVESTIGATION OF STOCK MARKET OPERATIONS

Mr. WHEELER presented a resolution adopted by members of Great Falls (Mont.) Aerie, No. 14, of the Fraternal Order of Eagles, which was referred to the Committee on Banking and Currency and ordered to be printed in the RECORD, as follows:

Be it resolved by the members of the Great Falls Aerie, No. 14, of the Fraternal Order of Eagles, in regular session convened on the 26th day of April, 1932, at Great Falls, Mont.:

That we do hereby approve, sanction, and support the action of the United States Senate committee in its investigation of the

New York Stock Market operations and particularly the bear movement, and further,

That we do urge our Montana Senators, Congressmen, and the Washington office of the Grand Aerie, Fraternal Order of Eagles, to support, assist, and lend such aid as may be possible in order that the Senate committee may fully investigate and uncover the workings of the stock-market manipulators with the view in mind of the Government thereafter taking such remedial steps as it deems advisable to see that this apparent evil is properly dealt with, that the same may forever be removed as a menace to the continued prosperity and happiness of the people of this country, and further,

That a copy of this resolution be sent to the Hon. THOMAS J. WALSH and the Hon. BURTON K. WHEELER, Montana Senators, and the Hon. SCOTT LEAVITT and the Hon. JOHN M. EVANS, Representatives from the State of Montana, and the Hon. PETER NORBECK, acting chairman of the Senate investigating committee, and also to Washington headquarters of the Grand Aerie of the Fraternal Order of Eagles.

GREAT FALLS AERIE, F. O. E., No. 14,
Great Falls, Mont.

By C. F. HOLT,
LEO C. GRAYBILL,
E. L. SHIELDS,
Committee.

I do hereby certify that the foregoing resolution was duly presented and unanimously passed by the foregoing aerie at the regular meeting stated.

[SEAL.]

WM. BAUER,
Secretary G. F. Aerie, No. 14.

REDUCTION OF FEDERAL SALARIES

Mr. WHEELER also presented a communication from the secretary of the Billings (Mont.) post-office employees, with an accompanying copy of a telegram, which were referred to the Committee on Appropriations and ordered to be printed in the RECORD without the names of individuals to the telegram, as follows:

BILLINGS, MONT., *April 28, 1932.*

Hon. B. K. WHEELER,
The Senate, Washington, D. C.

DEAR MR. WHEELER: Inclosed find a copy of the telegram sent to Congressman LEAVITT. This telegram was signed by the leading business men of Billings, such as W. E. Waldron, of the Security Bank & Trust Co.; John R. Yates, the Billings Times; W. J. Mulvaney, and many others whom you may know.

The telegram explains itself. The majority of our business men are opposed to the present movement to cut wages for Government employees. If the bill passes, it will hurt business everywhere.

The Billings post-office employees urge you to oppose any reduction in wages or the suspension of any protective laws that would reduce the income of Government workers.

Our present salary is just a bare living. When wages were high in other industries during and right after the war Government employees could not buy homes. It has taken years to catch up with obligations contracted during that period. In recent years many employees have obligated themselves by contracting to buy homes or personal property on the installment plan, expecting that the present salary would not be reduced.

It does not seem possible that our Government would want to deny the Government employees sufficient income to educate their children properly, or reduce the salary to the extent that property yet to be paid for on the installment would be placed in jeopardy.

Our only hope is through our Congressmen and Senators, that this movement shall be defeated.

Very respectfully,

BILLINGS POST OFFICE EMPLOYEES,
By J. H. MAMMEN, *Secretary.*

BILLINGS, MONT., *April 27, 1932.*

Hon. SCOTT LEAVITT,
Member of Congress, Washington, D. C.:

We respectfully urge you to oppose any wage cut or suspension of protective laws affecting Federal employees. A cut in the Government pay roll would react to the detriment of increased business and would delay return of better times.

REPORTS OF COMMITTEES

Mr. NYE, from the Committee on Public Lands and Surveys, to which was referred the bill (S. 4549) to authorize conveyance to the United States of certain lands in the State of Arizona for use of the United States in maintaining air-navigation facilities, and for other purposes, reported it without amendment and submitted a report (No. 659) thereon.

Mr. THOMAS of Oklahoma, from the Committee on Indian Affairs, to which was referred the bill (S. 4578) conferring jurisdiction on the Court of Claims to adjudicate the rights of the Otoe and Missouria Tribes of Indians to compensation on a basis of guardian and ward, reported it without amendment and submitted a report (No. 660) thereon.

Mr. REED, from the Committee on Military Affairs, to which was referred the bill (S. 4273) to pay an annuity to Frances Agramonte, the widow of Dr. Aristides Agramonte, member of the Yellow Fever Commission, reported it without amendment and submitted a report (No. 661) thereon.

Mr. SHEPPARD, from the Committee on Military Affairs, to which was referred the bill (S. 2620) to correct the military record of Thomas W. H. Ball, reported it with amendments and submitted a report (No. 662) thereon.

Mr. CUTTING, from the Committee on Military Affairs, to which was referred the bill (S. 850) for the relief of Michael J. Moran, reported it without amendment and submitted a report (No. 663) thereon.

Mr. DICKINSON, from the Committee on Military Affairs, to which was referred the bill (S. 1877) for the relief of Francis N. Dominick, reported it with an amendment and submitted a report (No. 664) thereon.

EXECUTIVE REPORTS OF COMMITTEES

As in executive session,

Mr. REED, from the Committee on Military Affairs, reported favorably several nominations of officers in the Regular Army.

Mr. ODDIE, from the Committee on Post Offices and Post Roads, reported favorably several nominations of postmasters.

The VICE PRESIDENT. The reports will be placed on the Executive Calendar.

BILLS INTRODUCED

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. HALE:

A bill (S. 4586) for the relief of Alice Smith Tapley; to the Committee on Claims.

By Mr. FRAZIER:

A bill (S. 4587) for the relief of Lillian Morden; to the Committee on Claims.

By Mr. HASTINGS:

A bill (S. 4588) to prevent the use in markings or advertisements of language relating to certification by the National Bureau of Standards; to the Committee on Commerce.

By Mr. HOWELL:

A bill (S. 4589) to authorize the Secretary of the Interior to make payment of part of the expenses incurred in securing improvements in drainage project of Drainage District No. 1, Richardson County, Nebr., and for other purposes; to the Committee on Indian Affairs.

By Mr. BRATTON:

A bill (S. 4590) for the relief of Juan Apodaca; to the Committee on Military Affairs.

By Mr. WHITE:

A bill (S. 4591) to amend the act of March 2, 1929, conferring jurisdiction upon certain courts of the United States to hear and determine the claim by the owner of the steamship *W. I. Radcliffe* against the United States, and for other purposes; to the Committee on Claims.

By Mr. COSTIGAN:

A bill (S. 4592) to provide for cooperation by the Federal Government with the several States in assisting persons, including veterans of the World War, who are suffering hardship caused by unemployment, and for other purposes; to the Committee on Manufactures.

By Mr. BORAH:

A bill (S. 4593) granting a pension to Arthur L. Wallace (with accompanying papers); to the Committee on Pensions.

By Mr. CONNALLY:

A bill (S. 4594) providing for the temporary reduction of compensation of certain officers and employees of the United States, and for other purposes; to the Committee on Appropriations.

BANKING ACT OF 1932—AMENDMENTS

Mr. GEORGE submitted three amendments intended to be proposed by him to the bill (S. 4412) to provide for the safer and more effective use of the assets of Federal reserve banks and of national banking associations, to regulate interbank

control, to prevent the undue diversion of funds into speculative operations, and for other purposes, which were ordered to lie on the table and to be printed.

AMENDMENTS TO THE LEISLATIVE APPROPRIATION BILL

Mr. LOGAN submitted amendments intended to be proposed by him to House bill 11267, the legislative appropriation bill, which were referred to the Committee on Appropriations and ordered to be printed, as follows:

Strike out all of sections 403, 404, 406, and 407 and substitute for sections 403 and 404 a new section to be numbered section 403, as follows, the sections of the bill to be renumbered:

"REORGANIZATION, CONSOLIDATION, AND SUSPENSION OF USELESS AND DUPLICATING ACTIVITIES IN THE EXECUTIVE BRANCH OF THE GOVERNMENT

"SEC. 403. That there is hereby created a committee on reorganization and consolidation of departments and independent establishments in the executive branch of the Government of the United States of America, herein and hereafter referred to as the committee, the membership of which, by virtue of their respective offices, shall be the President of the United States, the Speaker of the House of Representatives, the minority leader of the Senate, the Comptroller General of the United States, and the Director of the Bureau of the Budget. It shall be the duty of the committee to make such reorganizations and consolidations in the departments and independent establishments of the executive branch of the Government as a majority of the committee may deem necessary or expedient. It shall be the duty of the committee, and power is hereby conferred upon it so to do, to suspend, until the law shall otherwise direct, any useless, duplication, and/or unnecessary activities, in the judgment or discretion of the committee, now authorized by law, but nothing herein shall authorize any transfers or consolidations or diminution of the jurisdiction of the Interstate Commerce Commission, the General Accounting Office, the Federal Trade Commission, or the Federal Farm Board as now established by law. Nothing herein shall be construed to mean that the committee may not transfer to these four independent establishments, or any one or more of them, functions of existing agencies of the executive branch of the Government. The committee shall report in detail to the Seventy-second Congress not later than December 15, 1932, the reorganizations and consolidations effected by it, and the activities suspended under authority herein conferred and the savings to the Government as the result thereof. The Congress reserves the right to disapprove by law whatever the committee may do under authority herein conferred."

Strike out all of sections 501 to 506, inclusive, and insert in lieu thereof the following, renumbering the sections:

"SEC. 501. That there is hereby established at the seat of government an establishment to be designated as the 'Administration of Public Works' and the chief officer thereof shall have the official designation 'Administrator of Public Works.' The Administrator of Public Works shall be appointed by the President, by and with the advice and consent of the Senate, and shall hold office for 15 years. He shall be removed from office for inefficiency, neglect of duty, malfeasance in office, but for no other cause, and the President shall communicate in writing to the Senate and House of Representatives in Congress assembled the fact of the removal of any Administrator of Public Works, together with the reasons for the removal. The said Administrator of Public Works shall receive a salary of $12,000 per annum, payable monthly.

"SEC. 502. That there shall be established in the Administration of Public Works, subject to the control of the Administrator of Public Works, the following divisions:

"(a) Division of administration and technical services under a director of administration and technical services.

"(b) Division of architecture and public buildings under a director of architecture and public buildings.

"(c) Division of public roads under a director of public roads.

"(d) Division of reclamation under a director of reclamation.

"(e) Division of national parks and forests under a director of national parks and forests.

"(f) Division of Federal employment stabilization under a director of employment stabilization. The functions, organization, and administration of this division shall be as provided for in Public Act No. 616, Seventy-first Congress, and cited as the 'employment stabilization act of 1931.'

"SEC. 503. That there shall be six directors, appointed by the Administrator of Public Works with the advice and consent of the President, each of whom, respectively, shall be specially qualified by training and experience to administer the affairs of the technical division to which he may be assigned and to evaluate the technical principles and operations involved in the work thereof. Each of the six directors shall be removed from office for inefficiency, neglect of duty, malfeasance in office, but for no other cause, except that they may be removed when they shall have reached the age of 70 years. The directors shall perform such duties as may be assigned to them, respectively, by the Administrator of Public Works. In event of absence of the administrator, for whatever cause, the senior director on duty shall be acting administrator. If any director is appointed from the civil service he shall not lose his civil-service status for retirement purposes, and deduction from his pay shall be made as now provided by law. The salary of each of the six directors shall not exceed $9,000 per annum, payable monthly.

"SEC. 504. Except as otherwise provided in this act, the Administrator of Public Works shall perform his duties under the direction of the President and shall have exclusive jurisdiction over the design, construction, maintenance, operation, and repair of all public buildings and public works under the control of the United States, including railroads, highways, roads, bridges, telephone and telegraph lines, buildings, monuments, memorials, parks and grounds, irrigation and drainage systems, water-supply systems, dams, canals, river and harbor improvements, and all other public works which require engineering or architectual skill in their execution, and all scientific, architectural, and engineering instrumentalities essential to such design and construction as hereinafter provided or may be authorized by law: *Provided*, That the specifications for all such public buildings and public works shall be in such terms as to permit full and free competition by all qualified and competent bidders, and that no contract shall be let within seven days after the bids therefor are opened nor while a protest with respect to the specifications and/or any bid is pending undetermined before the Comptroller General of the United States: *And provided further*, That the terms of this act shall not be construed to authorize any transfer, consolidation, coordination, or change in the duties and responsibilities of the Chief of Engineers or of officers of the Engineer Corps of the Army or of the Chief of the Bureau of Yards and Docks of the Navy Department or of officers and engineers therein, all of which shall remain as now provided for by existing law. All strictly military, naval, and national-defense construction, improvement, maintenance, and administration shall be and remain in the Army and Navy under the Secretary of War and under the Secretary of the Navy, as now provided by existing law.

"SEC. 505. That all unexpended appropriations which shall be available when this act takes effect for the various bureaus, offices, and branches of the public service which are by this act transferred to or included in the Administration of Public Works, or which are abolished by this act and their authority, power, and duties transferred to the Administrator of Public Works, shall be transferred on the books of the United States Treasury to a fund to be known as the public-works fund, for expenditure in and by the Administrator of Public Works for the purposes for which appropriated, and shall be treated the same as if said branches of the public service had been directly named in the laws making said appropriations as parts of the Administration of Public Works. All appropriations hereafter made for the payment of the cost of design, construction, operation, maintenance, and/or repair of any public work for the use of any executive department or any independent establishment other than for the Administration of Public Works and for the War or Navy Departments shall be transferred on the books of the Treasury to the public-works fund, to be expended by the Administrator of Public Works for the purposes for which appropriated and in behalf of the said executive department or independent establishment, and said administrator shall charge the cost of such public works to said fund in the proportion that the appropriations for such works were made for the several executive departments and/or independent establishments concerned: *Provided*, That hereafter estimates for appropriations for the construction and/or repair of any public buildings or for any public work other than for the War or Navy Departments shall be submitted by the Administrator of Public Works in accordance with the Budget and accounting act of 1921, with a detailed statement of the reasons for the appropriations requested.

"SEC. 506. That the Administration of Public Works shall have the control of and the allotment of all space in the several public buildings owned, or buildings leased by, the United States in the District of Columbia, with the exception of the Executive Mansion and Office of the President, the Capitol Building, the Senate and House Office Buildings, the buildings under the jurisdiction of the Regents of the Smithsonian Institution, and the Congressional Library Buildings, and the building for the Supreme Court of the United States, and shall from time to time assign and allot, for the use of the several activities of the Government, all such space. The Administrator of Public Works shall ,in his annual report to Congress, give a detailed account of the buildings and space occupied by the various offices, establishments, and services of the Government in the District of Columbia, setting forth among other things the number of square feet of space occupied by each such office, establishment, and service, whether the quarters provided are the property of the Government or are rented, the amount of rental paid, the persons, firms, or corporations to whom paid, and the number of square feet of office space per employee in each office, establishment, and service.

"SEC. 507. (a) That the following-named bureaus, offices, and branches of the public service now and heretofore under the jurisdiction of the Department of the Interior, and all that pertains to the same, known as the Reclamation Service and the National Park Service, are hereby transferred from the Interior Department to the Administration of Public Works.

"(b) That the Office of the Supervising Architect of the Treasury, and all that pertains to the same, heretofore under the jurisdiction of the Department of the Treasury, are hereby transferred to the Administration of Public Works.

"(c) That the following-named bureaus and services now and heretofore under the jurisdiction of the Department of Agriculture, and all that pertains to the same, known as the Bureau of Public Roads and the Forest Service, except the agricultural functions of the Forest Service, are hereby transferred from the Department of Agriculture to the Administration of Public Works.

"(d) That the Office of Public Buildings and Public Parks of the National Capital, and all that pertains to the same, is hereby placed under the jurisdiction and made part of the Administration of Public Works.

"(e) That the commission created under section 22 of the act approved March 4, 1913, entitled 'An act to increase the limit of cost of certain public buildings; to authorize the enlargement, extension, remodeling, or improvement of certain public buildings; to authorize the erection and completion of public buildings; to authorize the purchase of sites for public buildings, and for other purposes,' known as the Rock Creek and Potomac Parkway Commission, is hereby abolished, and the authority, powers, and duties conferred and imposed by law upon said commission shall be held, exercised, and performed by the Administrator of Public Works.

"(f) That the Commission of Fine Arts, and all that pertains to the same, is hereby placed under the jurisdiction of the Administration of Public Works, and all reports and recommendations of said commission shall be submitted to the Administrator of Public Works for approval.

"(g) That the functions now exercised by the municipal architect of the District of Columbia are hereby transferred to the Administration of Public Works.

"SEC. 508. That the official records, books, and papers now on file in and pertaining exclusively to the business of any bureau, office, or branch of the public service which is transferred by this act to the Administration of Public Works, or which is abolished by this act and its authority, powers, and duties transferred to the Administration of Public Works, together with the furniture, equipment, and other property now in use in said bureau, office, or branch of the public service, are hereby transferred to the Administration of Public Works. The officers, clerks, and employees now employed in or under the jurisdiction of any bureau, office, or branch of the public service which is by this act transferred to or included in the Administration of Public Works, or which is abolished by this act and its authority, powers, and duties transferred to said administration are each and all hereby transferred to said administration at their present grades and salaries.

"SEC. 509. That until other suitable quarters are provided, the Administration of Public Works may occupy any buildings and premises now occupied by any bureau, office, or branch of the public service which is by this act transferred to or included in the Administration of Public Works, or which is abolished by this act and its authority, powers, and duties transferred to said administration.

"SEC. 510. That all laws prescribing the work and defining the duties of the several bureaus, offices, and branches of the public service which are by this act transferred to the Administration of Public Works, or which are abolished by this act and their authority, powers, and duties transferred to said administration, shall, so far as the same are not in conflict with the provisions of this act, remain in full force and effect until otherwise provided by law. All authority, powers, and duties now held, exercised, and performed by the head of any executive department in and over any bureau, office, officer, commission, or branch of the public service which is by this act transferred to the Administration of Public Works, or which is abolished by this act and its authority, powers, and duties transferred to said administration, or in and over any business arising therefrom or pertaining thereto, or in relation to the duties performed by and authority conferred by law upon such bureau, office, officer, or branch of the public service, whether of an appellate or revisory character or otherwise, shall hereafter be vested in and exercised and performed by the Administrator of Public Works: *Provided*, That nothing in this act shall be construed to affect the jurisdiction, duties, or authority of the Comptroller General of the United States.

"SEC. 511. That the Administration of Public Works shall have jurisdiction over the design, construction, maintenance, operation, and repair of all governmental buildings and facilities hereby transferred to the Administration of Public Works and of all of those now under or which may hereafter be placed under the authority of any executive department, independent establishment, commission, or any other governmental agency, except those of the War and Navy Departments and except as otherwise specifically provided: *Provided*, That the Administration of Public Works shall design and construct the buildings and other facilities in conformity with the requirements and desires of those authorities which the Administration of Public Works may be serving unless the President shall otherwise direct.

"SEC 512. That the Administrator of Public Works shall make annually at the close of each fiscal year a report in writing to Congress, giving an account of all moneys received and disbursed by him and the Administration of Public Works, describing in detail the work done by the Administration of Public Works and making such recommendations as he shall deem necessary for the effective performance of the duties and purposes of the same. He shall also make from time to time such special reports as may be required of him by the President or either House of Congress, or any committee thereof, or as he himself may deem necessary and desirable.

"SEC. 513. The Civil Service Commission shall establish an eligible register for engineers, architects, and other similar employees for the Administration of Public Works, and the examination of applicants for entrance upon such register shall be based upon questions approved by the Administrator of Public Works.

"SEC. 514. That all acts or parts of acts inconsistent with the terms of this act are hereby repealed, and the Administration of Public Works is authorized to perform any and all such acts and to make such rules and regulations in accordance with law as may be necessary and proper for the purpose of carrying the provisions of this act into full force and effect.

"SEC. 515. That all advertisements or specifications for any contract on behalf of the United States shall clearly describe the needs of the Government in such terms as to permit of full and free competition on such needs. All bids shall be publicly opened at the time and place stated in the advertisement and award made with reasonable promptness after an elapse of seven days, not counting Sundays and national holidays, unless a public emergency will not permit of such delay, by written notice to the lowest responsible bidder whose bid conforms to the specifications. Except in case of a public emergency so requiring immediate action no award shall be made while a protest filed in writing with the officer named in the advertisement for receipt of bids, challenging the legality or regularity of the administrative procedure or any bid is undetermined by the Comptroller General of the United States, who shall give such matters preferred attention. The term 'lowest responsible bidder' for the purposes of this section shall mean in the case of construction work only those bidders who have shown before the bids are opened that they are possessed of financial resources, equipment, and comparable experience in the same and/or similar classes of work as reasonably to justify the conclusion that they are qualified to perform in a prompt and workmanlike manner the construction work described in the advertised specifications, and the term 'lowest responsible bidder' in the case of supplies shall mean only those bidders who have shown before the bids are opened that they are manufacturers or regular dealers in the supplies described in the advertised specifications."

Strike out all of sections 605 to 608, inclusive, and substitute the following, the sections of the bill to be renumbered:

"SEC. 605. That there is hereby created an establishment in the executive branch of the Government to be known as the Civil Service Administration to which are hereby transferred all of the duties, powers, jurisdiction, appropriations, employees having a civil-service status, and at their present grades and salaries, property, files, and records of the Civil Service Commission, Employees' Compensation Commission, Personnel Classification Board, and the administration of the civil retirement laws now vested in the Veterans' Administration, to the same extent as though the civil service administration had been named in the laws creating and defining their duties, powers, and jurisdiction. The Civil Service Commission, the Employees' Compensation Commission, and the Personnel Classification Board are hereby abolished. The administration may adopt a seal.

"SEC. 606. All orders, rules, and regulations legally issued by the activities hereby consolidated shall continue in effect to the same extent as if the consolidation had not occurred until modified, superseded, or withdrawn by authority of the administration.

"SEC. 607. There shall be at the head of the civil service administration an administrator, who shall be appointed by the President, by and with the advice and consent of the Senate, for a term of six years, whose salary shall be $10,000 per annum. Employees of the administration shall perform such duties as may be assigned to them by the administrator and all official acts performed by such employees specially designated therefor by the administrator shall have the same force and effect as though performed by the administrator in person. The administrator may make such rules and regulations, not inconsistent with law, as may be necessary for carrying on the work of the administration.

"SEC. 608. Under the direction of the President the administrator shall by orders or regulations not inconsistent with law and from time to time, redistribute or otherwise coordinate within the administration the functions and activities hereby consolidated and with a view to economy and better administration.

"SEC. 608a. That there is hereby created within the administration a board of review consisting of three members to be appointed by the President, by and with the advice and consent of the Senate, not more than two of whom shall be of the same political party and one of whom shall be a woman, and who shall receive a salary of $9,000 per annum. The first members of the board shall hold office as designated by the President in their appointments for 2, 4, and 6 years, respectively, and their successors shall be appointed for terms of 6 years. One of the members of the board, to be designated by the President, shall be its chairman. The board shall hear and determine appeals from all orders or decisions made by or for the administrator concerning any question as to (1) allocation or reallocation of employees under the classification laws; (2) benefits under the Federal employees compensation laws; (3) benefits under the civil retirement law; and (4) the application and enforcement of the civil service laws, except matters of internal administration in the control of its duties of employees of the civil service administration. The board shall issue rules or regulations to govern the procedure in prosecuting appeals and its decisions shall be binding upon the administrator and shall be published. Decisions by the board shall be effective from and after the date of issuance."

HOUSE BILL REFERRED

The bill (H. R. 11051) to provide for the leasing and other utilization of the Muscle Shoals properties in the interest of national defense and of agriculture, and for other

purposes, was read twice by its title and referred to the Committee on Agriculture and Forestry.

THE WORLD COURT—ARTICLE BY JOSEPH IRWIN FRANCE

Mr. NYE. Mr. President, I ask unanimous consent to have printed in the RECORD an article relative to the World Court, written by Joseph Irwin France, and appearing in the April 24 issue of the Washington Herald.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

ROOT FORMULA MEANS "BACKDOOR ENTRANCE" TO LEAGUE COURT, WARNS EX-SENATOR FRANCE—VAGUE CLAUSES MASK PURPOSE TO INVOLVE UNITED STATES IN EUROPE'S POLITICS, HE ASSERTS

By Joseph Irwin France, former United States Senator from Maryland and now a candidate for President

Although the American people, every time they have had the opportunity, have spoken in unequivocal language against joining the League of Nations or having anything to do with its affairs—a judgment that has been vindicated by world events, notably and recently the league fiasco in the Sino-Japanese crisis—persistent efforts are still being made to drag the United States into the league.

Some of these efforts are inspired by the visionaries and idealists among our own citizens, who sincerely believe that civilization has progressed to the point where the different races, creeds, nationalities, and other conflicting forces of mankind can be permanently and peacefully composed through a fraternity of nations.

But most of them have been inspired by the internationalists, both here and abroad, who are selfishly seeking their own aggrandizement or that of the interests they serve.

Craftily they have stoked the fires of idealism in this country while exercising directly their own tremendous influence in the affairs of our Government, until powerful pressure is now being exerted on the Senate for the ratification of the revised protocol providing for the entrance of the United States to the Permanent Court of International Justice, more familiarly known as the World Court. Actually it is the league court.

So great is the influence and power of this group that it is virtually forcing the consideration of the court on the Senate at a time when a host of vital domestic problems, growing out of the economic and social disturbances that are shaking the country, are clamoring for its undivided attention.

CHICANE—HIGH OFFICIALS CONNIVING IN DECEPTION

The movement for ratification of the protocol now before the Foreign Relations Committee of the Senate would make the United States a member of the league court under the terms of the so-called Root formula. Actually it is another step in the plan to put this country into the league through its back door, a scheme conceived by the internationalists when the American people spoke so unmistakably against joining the league.

The whole history of this movement is an amazing record of chicanery and deception in which some of our highest public officials have connived. These officials have constantly endeavored to fool the American people as to the purposes and functions of the league court and the auspices under which it operates. Part and parcel of this sinister campaign was the propaganda artfully contrived to create the impression that the court had no connection whatever with the league. This same powerful propaganda machine has now been set in motion to convince the American people that the United States will sacrifice none of its rights by joining the court under the Root formula.

Such propaganda is an affront to the intelligence of America.

The myth that the court is an independent tribunal, having no direct affiliation with the league, was quickly exploded. But should a vestige of doubt be entertained by anyone on this score, permit me to quote a passage from the book Disarmament, written by Prof. Salvador de Madariaga, of Spain, a renowned scholar and historian, an official of the league, an authority on its affairs, and the Republic of Spain's first ambassador to the United States. In his book Doctor Madariaga states:

"The court is a league court. It is the league court; and when the United States joins it, she should be fully aware of the fact that she is joining the judiciary of the League of Nations."

As to whether or not the United States will surrender part of its sovereignty in joining the court by adoption of the Root formula, the international propagandists are on firmer though debatable ground. Their claim that it will not can not be successfully challenged, for the simple reason that no one knows exactly what this strange formula means.

In the traditional American spirit of assisting any honest movement for world peace the Senate in 1926 consented to the United States becoming a member of the World Court. But warily and wisely it wrote into its resolution of ratification five reservations designed to protect this country from incurring any obligations assumed by the court under the covenant of the league creating it. They were also aimed to prevent the league from meddling in the affairs of the court in any question in which we had an interest.

RESERVATIONS—DISAPPROVAL BY EUROPE WAS FORESEEN

Most important was reservation 5, which is now the pivotal point around which the whole issue of America's entry revolves. It read:

"That the court shall not render any advisory opinion, except publicly after due notice to all states adhering to the court and to all interested states and after public hearing given to any state concerned; nor shall it, without the consent of the United States, entertain any request for an advisory opinion touching any dispute or question in which the United States has or claims an interest."

There is no mistaking the language of this reservation. Its purpose was to prevent American interests from being swept into the maelstrom of European politics.

Equally clear was the fact that this condition would not be acceptable to the nations which were members of the court and which, the Senate provided, must approve it before the United States entered the tribunal. Nor was it.

The action of the Senate did not dismay the internationalists. Agitation was begun for the revision of this reservation. Answering this agitation, President Coolidge in November, 1926, declared in effect that the other nations could take it or leave it.

The impasse lasted until November, 1928, shortly after the election of President Hoover, when President Coolidge reopened the matter. He announced to Senate and other leaders at one of his famous White House breakfasts that he intended to ask the nations composing the court to formulate some plan which would meet their objections to reservation 5 and permit the United States to come into the court.

Events moved swiftly after that. Elihu Root, perhaps the country's outstanding advocate of the league and the court, appeared in the picture. In February he was in Washington conferring with officials of the new administration and with Senate leaders.

A few days later Mr. Root was en route to Geneva, while Secretary of State Kellogg addressed an identic note to the member nations of the court, urging them to formulate a substitute for the obnoxious fifth reservation.

Thus the stage was set for Mr. Root's trip to Geneva, where a few days after his arrival he magically produced his now famous and lugubrious formula.

Events revealed that the league and the members of its court had advance knowledge of Mr. Root's plan. Because a few days later the jurists' committee met and approved it. It also was apparent that Mr. Root took with him to Geneva assurances from the American Government that his formula would be acceptable to it.

What an amazing piece of international craftsmanship the Root formula is. Its language is so obscured by ponderous phrases that no two persons have been able to agree on its meaning.

Its sponsors insist that it accomplishes the same thing as reservation 5, for which it is proposed to substitute, but in terms to which other nations do not object.

Its critics are equally insistent that it amounts to a complete abrogation of the American rights and sovereignty which the Senate sought to protect in its reservation.

In the welter of futile discussion that the Root formula has caused, one simple question has been lost. That is:

If this precious formula simply protects American rights and interests as adequately as reservation 5, why substitute it? Certainly nothing but disaster can result in replacing a reservation whose meaning is clear by a phrase-laden utterance that no one can understand.

That is the essence of the issue the Senate must decide in acting on the new league-court protocol. That it will reject this new nostrum, mixed in the crucible of internationalism, there appears to be scant doubt.

The impotency of the league was demonstrated in the recent Sino-Japanese crisis. Likewise, the failure of the court has been manifested in the last twelvemonth.

Far from being the great superjudicial tribunal uncontaminated by the jealousies, hatreds, and politics of nations, as it is glowingly pictured by its friends, it was cruelly exposed as tarred with international politics in the first important opinion it handed down in the dispute over the proposed Austro-German Customs Union.

When Germany and Austria published the terms of this union, which provided that no import or export duty was to be levied on commodity traffic between the two countries, formal protests were lodged by France, Italy, and Czechoslovakia.

Great Britain proposed that the agreement be suspended pending investigation by the council of the League of Nations. Germany replied that a league investigation of the political aspect of the union was "wholly inadmissible," and that she would not consent to discussing the pact as a "breach of peace," but that she had no objection to discussing the legal phases of it.

Here then was an opportunity to test the ability of the league's court to decide a vexed international question on purely legal grounds without relation to political considerations.

The question was put up to the League of Nations. The league council asked the league court for an advisory opinion as to whether: 1. The Austro-German pact was in violation of the treaty of Saint-Germain, by which peace with Austria was concluded in 1919.

2. Whether the proposed customs union was in violation of the protocol signed at Geneva on October 4, 1922, in which Austria agreed to maintain its independence of other states in return for assurances given by other nations signatory to this document.

When the league court published its opinion, 8 of the 15 judges held the Austro-German pact incompatible with the Geneva protocol. Seven held the contrary view. Six of the fifteen judges found that it would violate the treaty of Saint-Germain.

The eight judges who signed the majority opinion against Austria and Germany came from France, Poland, Rumania, Italy, Spain, Colombia, Cuba, and Salvador.

The judges who held that in making the customs union with Germany, Austria was within her rights were Frank B. Kellogg, former Secretary of State of the United States, and the judges representing Great Britain, Germany, Holland, China, and Japan.

France greeted this decision, in which she and her satellites were the preponderant power, with enthusiasm. Germany accepted it with disgust.

Austria sarcastically pointed out that the votes of inconspicuous nations had triumphed over gentlemen from seven of the greatest nations in the world.

More light was subsequently thrown on the political aspects of the decision by the revelation that practically all of the European countries siding with the French view were heavy borrowers from the French Treasury.

Thus the French bloc in the court determined the decision.

This decision was a revelation to Americans, especially to those half convinced that we had nothing to fear from participating in a European-controlled political supergovernment. It showed that draping a judicial robe over a man's shoulders can not take away his nationalism.

Thus the League Court itself did more to reveal its true character than all the arguments made by American opponents of the court have accomplished in a decade.

LEADERSHIP OF THE PRESIDENT

Mr. FESS. Mr. President, I ask unanimous consent to insert in the RECORD two editorials, one appearing this morning in the Baltimore Sun, entitled "The Truth," and the other in the New York Times this morning, entitled "Leadership in Washington."

There being no objection, the editorials were ordered to be printed in the RECORD, as follows:

THE TRUTH

Congress deserves what it has been given. It asked for all that it has been given. Mr. Hoover's message is an unanswerable indictment. Bitter and savage as it is, in substance it is no more than a summary of the proceedings of Congress in the last two months, more particularly in the last month. Any bare recital of those proceedings would inevitably give forth the bitter and savage tone of this presidential message.

For Congress has flagrantly and disgracefully deserted its own standards. When it convened in December the leaders of both parties and the great body of the Members, irrespective of party, pledged themselves to orthodox finance. There is a case to be made, of course, for a policy of spending, of borrowing, and of avowed and far-reaching inflation. It is made by some men of ability; but not in Congress. That body has proclaimed, with emphasis equal to any of which the President has been capable, that it believed the safety of the Nation lay in stopping the borrowing of the past two years, in balancing the Budget, and to that end, in levying severe new taxes and effecting severe economies. Even in the midst of the tumultuous rejection of the tax bill reported by the Ways and Means Committee, members of both parties, of all groups, pledged themselves in a kind of revival meeting to a balanced Budget. Mr. LAGUARDIA, the leader of the insurgents, was no less vehement than Speaker GARNER. And yet the plain, stark fact is that Congress has missed no opportunity to disembowel the policy of orthodox finance.

No need here to state the specifications of its destructive work. That is done admirably in Mr. Hoover's message. And all intelligent people are aware of the details. It is enough to say to Congress that informed voters know that the indictment is true. It is enough to say that Mr. Hoover, with all of his vacillations of the past, all of his feverish spending, all of his dodging of new taxes, all of his borrowing, is entitled to say that in the record of the past month he stands forth as a figure of consistency and stability in contrast with a Congress destitute of purpose and of will.

LEADERSHIP IN WASHINGTON

A Democratic Senator, Mr. HARRISON, calls upon the President to bring order out of chaos. The Budget is not balanced. Tax plans have gone astray. "If ever there was a time," he says, "when the President ought to speak out to his leaders in Congress, it is now." But the President has been speaking out to his leaders, and appealing to his adversaries, vigorously and consistently since Congress convened five months ago. On the importance of Federal retrenchment and the necessity of balancing the Budget he has spoken in no less than 21 messages, statements, and addresses; 4 in December, 2 in January, 3 in February, 4 in March, and 8 last month. Responsibility for the chaos which now exists in Washington rests upon those Members of Congress who have blocked the President at every turn and bolted their own party leadership.

The first act was the decision of the House of Representatives to destroy a tax bill which would have brought the Government's revenues during the next fiscal year within $145,000,000 of its estimated expenditures, leaving only the latter sum to be saved through various economies. The mainstay of this bill, the plan for a manufacturers' sales tax, was beaten by a coalition of insurgents of both parties. A substitute measure was adopted, falling so far short of the desired goal that the amount required to be saved through economies was increased from $145,000,000 to $244,000,000.

At this point the President proposed a plan, worked out in every detail, which aimed to reduce Federal expenditures by more than $225,000,000, and possibly by $250,000,000. The House proceeded to play ducks and drakes with this program, refusing to adopt the Persident's recommendations regarding Federal salaries, rejecting his proposal of a temporary suspension of half-holidays and other privileges, and cutting out of the bill entirely a plan to save $48,000,000 by drawing a sharper line in veterans' relief between disabilities resulting from war service and those postdating the war and in no way connected with it. In the end a patchwork measure was adopted which promises to yield a bare $30,000,000 in savings instead of the $244,000,000 still required. This measure is now before the Senate, where the Finance Committee is changing its mind from day to day on the question of whether to turn a tax bill into a protective tariff.

It is not hard to account for the timidity and evasion which Congress has exhibited up to this point. Taxes are never popular. Economies are distasteful to the well-organized minorities which are always seeking favors. But it is clear that we have reached a point where only determined, bipartisan leadership in the Senate can end the present confusion and restore confidence by presenting the country with a balanced Budget. A great political opportunity, as well as a chance to do a public service, awaits those Members who are bold enough to lead the way to a vindication of the principle that the wishes of special "blocs" must be subordinated to the interests of the Nation.

AMENDMENT OF ANTITRUST LAWS

Mr. WALSH of Massachusetts. Mr. President, I ask to have printed in the RECORD an editrial appearing in the Washington Herald on May 5, 1932, entitled "The Way Out." This editorial approves of Senate bill 3256, which is a bill to modify the antitrust laws.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

THE WAY OUT—IV. MODERNIZE ANTITRUST LAWS

By Merryle Stanley Rukeyser

The social futility of a mere negative attitude toward organized business, in which government wields a policeman's club, is amply demonstrated in the present state of stagnation of industry and commerce.

The old-fashioned panacea of unbridled competition has not assured an equilibrium in which labor is fully employed at high real wages.

Widespread malnutrition amidst surpluses constitutes an indictment against economic management in the large.

To some extent, Government bears a responsibility, for the antiquated antitrust laws still stigmatize efforts toward rational cooperation among business competitors as criminal acts.

The effect is to put a premium on anarchy in business.

The time has come for the American people to envisage business in new terms as a mechanism for enabling large groups, such as factory workers, to exchange the products of their hours of labor with the results of the efforts of other productive groups, such as the farmers.

Functional efficiency under modern complex conditions of mass production and the use of high-tensioned power depends on delicately adjusted social engineering.

To the extent that the rough-and-tumble Sherman Act, conceived in the spirit of 1890, when business organization was more primitive, upsets balance, Federal legislation for regulating business should be thoroughly revamped.

The new goal should be to create an economic equilibrium, on which full-time employment of labor necessarily depends.

Instead of the existing arbitrary principle of law, forbidding business acts in restraint of trade, modern thinkers have proposed the substitute doctrine of making the test of the propriety of business contracts whether they are in the public interest.

The older restraint-of-trade doctrine has sometimes been literally interpreted to sanction antisocial acts such as wastage of oil and other precious natural resources.

Senator DAVID I. WALSH, of Massachusetts, in Senate bill 3256 has translated into proposed law the newer thinking about modes of modernizing the antitrust laws. Instead of acting in the punitive spirit, the Senator has described his proposed measure as law "to protect and foster trade and commerce."

The technique is to leave the Sherman and the Clayton Acts on the statute books, but to lift business from the menace of a legal strait-jacket by the provision that any contracts which the Federal Trade Commission, subject to a review in the courts, holds to be in the public interest will be exempt from prosecution under the antitrust laws.

Little that Congress could do now would have such a beneficial effect on business psychology as prompt passage of a sound measure for modernizing the antitrust laws.

COST OF FEDERAL GOVERNMENT

Mr. FLETCHER. Mr. President, I ask to have printed in the RECORD a statement showing the comparative annual cost of the Federal Government for the period 1923 to 1932.

There being no objection, the matter was ordered to be printed in the RECORD, as follows:

Comparative annual cost of United States Federal Government
[Figures to nearest hundred thousands]

	1927	1932	Amount of increase	Per cent increase
Total expenditures	$3,493,600,000	$4,482,200,000	$988,600,000	28
Less interest and sinking-fund payments (statutory)	1,120,500,000	1,016,800,000	[1] 103,700,000	[1] 9
Less miscellaneous (not included in budgets of major departments)	409,100,000	270,300,000	[1] 138,800,000	[1] 34
Balance (which was expended by major departments, commissions, etc.)	1,964,000,000	3,195,100,000	1,231,100,000	63
Department of Agriculture	156,300,000	333,500,000	177,200,000	113
Agricultural marketing fund—net (Farm Board)		155,000,000	155,000,000	
Post Office deficit	27,300,000	195,000,000	167,700,000	614
Treasury Department	151,600,000	312,900,000	161,300,000	106
War Department	360,800,000	483,700,000	122,900,000	34
Navy Department	318,900,000	378,900,000	60,000,000	19
Shipping Board	19,000,000	60,800,000	41,800,000	220
Department of Justice	24,800,000	53,800,000	29,000,000	117
Department of Commerce	30,900,000	54,700,000	23,800,000	77
Other independent offices and commissions	35,400,000	57,600,000	22,200,000	63
Legislative establishments	19,700,000	32,400,000	12,700,000	64
Department of Labor	9,900,000	14,100,000	4,200,000	42
Adjusted-service certificate fund	115,200,000	200,000,000	84,800,000	74
Veterans' Bureau (Veteran's Administration since 1930)	391,500,000	784,400,000	[2] 392,900,000	100
Interior Department	302,700,000	78,300,000	[2] 224,400,000	[1] 74
Total of major departments, commissions, etc.	1,964,000,000	3,195,100,000	1,231,100,000	63

[1] Indicates decrease.
[2] Since the Bureau of Pensions was transferred from the Interior Department to the Veterans' Bureau in 1931, in order to make a fair comparison with 1927 it is necessary to combine the expenditures of the Interior Department and the Veterans' Bureau for each period, which results in an increase in expenditures in those two divisions of $168,500,000 for 1932 as compared with 1927.

NAVAL BUILDING PROGRAM

The Senate resumed the consideration of the bill (S. 51) to authorize the building up of the United States Navy to the strength permitted by the Washington and London naval treaties.

Mr. NYE. Mr. President, by holding back most of the truth and the facts, and by revealing only part of the facts and exaggerating others, such masters of propaganda as Merle Thorpe, editor of the chamber of commerce mouthpiece, Nation's Business, has driven Congress into a position which at times this winter has resembled hysteria. The weekly radio broadcasts by the spokesmen and errand boys for big business and concentrated wealth have brought to each Senator's desk during the winter letters upon letters protesting against Government expenditures and demanding economy and tax reduction. Many of these communications have come from men and women who never have approximated an income which would be taxed by the Federal Government or who pay more Federal taxes than they have paid in any of the last 20 years. These spokesmen for selfishness and greed have done their work so well that many people have been blinded to their local, county, and State tax responsibilities under which they labor, and have been tempted to believe that their terrible tax burden was occasioned quite alone by expenditures of the Federal Government.

Far be it from me to want to discount the opportunity for vast savings by the Federal Government; there is, to be sure, room for reductions in expenditures; but I merely point out who has been primarily responsible for the planting of the exaggerated thoughts concerning Federal costs which have made Congress such a madhouse on the subject of economy, and how thoroughly inconsistent Congress can be when it is off balance.

The agents for great and greedy American business corporations have set into motion wheels which have caused Congress to see in red letters at every turn the words "Balance the Budget." We must, above everything else, balance the Budget! It does not matter that the Budget has been in the process of being unbalanced for years; we must, just the same, balance it now; not to-morrow, but now.

Rare is the Member of this body who has not at one time or another "deplored" Government spending. Economy committees have been established to effect such savings as would materially help to balance the Budget. We have slashed and slashed and slashed at departmental appropriations, and have not always been too particular as to the number of men and women who would be thrown out of employment by reason of the slashing. We have daily shed tears over the plight of the taxpayer and pleaded for a lessening of the terrible load carried by the Federal income-tax payers of the land. When there have been before us appropriations to enable warfare to be carried on against grasshoppers, barberry, and the like, we have often ridiculed the proposed expenditure and have more often cut the appropriations to the bone. Why? For the purpose of relieving the poor souls for whom Mr. Thorpe speaks with such eloquence. We must balance the Budget, not by increasing the taxes of those whose wealth has grown to gigantic proportions during and since the war but by cutting the expenses of the Government.

If future generations will confine themselves alone to the economy discussions which have occupied this session of Congress, they can not be other than convinced that in 1931 and 1932 the Congress of the United States carried the matter of thrift and economy to the highest degree. But if those same generations follow all that this Congress has done and is about to do, they must of necessity wonder what sort of people were serving in the Congress to accomplish so contradictory a record as we are making.

Here we are now, for instance, about to shut our eyes and swallow without a protest a program which can not do anything other than increase the burden of taxation and further continue the Government in the most wasteful enterprise known to mankind. Under the pending naval construction bill upon which we are about to vote and which, it seems, will pass the Senate with an easy majority, we pledge our country to the business of preparing for more war and to provide the additional burden of taxation which war and preparation for it occasions.

Strangely enough, our chamber-of-commerce spokesmen are not broadcasting urges to the public to write their Congressmen and demand that they vote against this authorization for additional naval expenditures totaling hundreds of millions of dollars. Is it possible that their program is one of that kind of economy that puts men out of work and then goes on building machinery which is intended ultimately to devour and destroy the manhood of the land? I am only asking. Far be it from me to ascribe any more reasons than we know to exist as the background of the present interest in Federal economies of the predatory interests of this country.

If the people of America were given half a chance to know just what is occasioning the large expenditures by their National Government, they would be writing us these days in no uncertain terms in protest of this authorization for the building of scores of new battleships, submarines, and cruisers. If the chamber-of-commerce spokesmen were really sincere in their economy urge, they would broadcast to the people the story of what a terrific part armaments play in our present-day budgets.

There are none to deny that our present-day difficulties in an economic way and our tremendous governmental costs are occasioned by war—wars already engaged in and preparation for more war. And yet to-day we seriously consider practicing our economies against those men who went in and carried the burden of battle and risk, who suffered injury and disease, while we authorize larger appropriations than ever before for the building of more ships to bully the world into more war. It is indeed a fine spectacle we present! What another generation or future generations will think of us and term us remains to be seen. I am quite certain, however, that their thoughts and terms are not going to be altogether complimentary.

Let us once again look to our dollars-and-cents burden of war. Observe its growth. I have before me the statistical statement of expenditures for the Army and Navy by our Government for the years dating back to 1870, taken from the June 30, 1930, report of the Secretary of the Treasury. I ask, Mr. President, that this table which is before me may be made a part of my remarks at this point.

The VICE PRESIDENT. Without objection, it is so ordered.

The table referred to is as follows:

Fiscal year	Army	Navy	Total
1870	$57,655,676	$21,780,230	$79,435,906
1880	38,116,916	13,536,985	51,653,901
1890	44,582,838	22,006,206	66,589,044
1900	134,774,768	55,953,078	190,727,846
1910	189,823,379	123,173,717	312,997,096
1915	202,160,134	141,835,654	343,995,788
1920	1,100,865,606	629,893,116	1,730,758,782
1925	357,937,420	326,365,467	684,322,887
1926	358,329,076	311,611,694	669,940,770
1927	361,987,157	322,620,723	684,607,880
1928	400,345,219	337,608,086	737,953,305
1929	427,229,834	364,806,678	792,036,512
1930	466,284,983	374,052,691	840,337,674
Total	4,140,113,096	3,045,244,325	7,185,357,391

Mr. NYE. I want to point out that back in 1870 we had a total outlay annually for the maintenance of an army and a navy of $79,000,000—speaking now in round figures—in 1880, $51,000,000; in 1890, $66,000,000; in 1900, $190,000,000; in 1910, $312,000,000; in 1915, $343,000,000; in 1920, $1,730,000,000; in 1925, $684,000,000; in 1926, $669,000,000; in 1927, $684,000,000; in 1928, $737,000,000; in 1929, $792,000,000; and in 1930, $840,000,000.

I want to impress upon the Senate, if I can, the thought which is mine growing out of the figures with respect to our expenditures since the World War. We had a right to expect immediately after the war a gradual cutting down and a return to normalcy in the matter of Army and Navy maintenance costs. We find, however, in 1925, six years after the war was over, a total Army and Navy annual cost of $684,000,000. The figures for 1926 showed a little progress toward reduction, as our outlay for that year was only $669,000,000; but instead of that process of reduction continuing from year to year as we were working our way back to normalcy, in 1927 we find an increase to $684,000,000; in the next year an increase to $737,000,000; the next year, 1929, an increase to $792,000,000; and in 1930 to $840,000,000.

Mr. President, during all this time we have enjoyed setting ourselves up as an example to all the civilized nations of the world of a people who were wanting to reduce the terrible burdens incident to the maintenance of Army and Navy Establishments. We have, so to speak, set ourselves forward as the leaders in the cause of peace in the world; but while we have been so leading, we find that we ourselves have been increasing from year to year the cost of the maintenance of our Army and our Navy.

We are told that, even though this may be true, necessity demands that we at least keep pace with the other powers of the world and not let them get any particular advantage over us by reason of their armaments. Yes; we are told we are weak and defenseless; that we have not kept pace with the other nations of the world in the matter of preparation for war. So we are told by those who would write no limit to the war-preparation burden which might be loaded onto the backs of the people. And, of course, because we take that attitude the people of other lands are told by their war leaders that, because Uncle Sam is building more ships, they must build more ships. And so the competitive game goes on and on and on with no recession.

But what are the facts relative to the war-preparation pace of our country as compared with that of other countries?

The relative strengths in 1931 of the five powers in the matter of naval tonnage was as follows, according to returns submitted to the League of Nations:

	Tons
Italy	403,905
France	628,603
Japan	850,328
Great Britain	1,250,247
United States	1,251,840

And what of the percentage of increase placed upon the shoulders of the people by reason of armaments during the past number of years? That burden, that increasing percentage, has been, when one stops now to review it, most staggering.

I have before me a table revealing the national-defense expenditures of the seven great powers in 1913 and then again in 1930, with the percentage of increase or decrease, and an index of the wholesale prices. The table, which I ask to have made a part of my remarks at this point, reveals that the percentage of increase from 1913 to 1930 for Russia was 30 per cent; for France it was 30 per cent; for Great Britain it was 42 per cent; for Japan it was 142 per cent; and for the United States it was 197 per cent.

The VICE PRESIDENT. Without objection, the table will be printed in the RECORD.

The table is as follows:

The following table shows the national-defense expenditure of the seven great powers in 1913 and 1930, with the percentage of increase or decrease and the index of wholesale prices:

	1913	1930	Percentage of increase or decrease	Index of wholesale prices: 1913=100
Great Britain	$375,100,000	$535,000,000	+42	116
France	348,700,000	455,300,000	+30	105
Italy	179,100,000	258,900,000	+44	100
Japan	95,500,000	232,100,000	+142	131
Russia	447,700,000	[1] 579,400,000	+30	185
United States	244,600,000	727,700,000	+197	118
Total	1,690,700,000	2,788,400,000	+65	
Germany	463,300,000	170,400,000	−63	122
Total	2,154,000,000	2,958,800,000	+37	

[1] 1929.

Mr. NYE. So we see how we have been outstripping all others in the matter of increasing the burdens of the people of the various countries with these growing programs of greater armaments.

When one insists that we are falling behind these days in the matter of armaments and ability to compete with other countries, I am inclined to see most clearly that instead of doing that we are really setting the pace which the other powers of the world are feeling called upon to pursue; and a terrific pace it has been, indeed!

Mr. President, if this Congress sincerely desires to cut governmental expenditures, here in the pending bill is the most eloquent chance that has been afforded us all this winter. The defeat of this bill will mean the saving to the taxpayers of the United States of hundreds of millions of dollars. It will mean more than that in dollars and cents alone, for it will mean savings of hundreds of millions to the people of the nations of the world.

There are many very false impressions prevailing relative to the make-up of the outlay which occasions the terrible burden of Federal expense at this time. Those impressions are often given vent in the many letters that Members of Congress are receiving from constituents these days. They seem to think it would be a very simple matter to lop off 25 or 50 per cent of the Federal burden of taxation; but I think for the RECORD I shall offer, in answer to the general spirit that savings would be easy, a table showing where the cutting must be done if material savings are to be effected by the Government.

In 1930 the Department of Agriculture required an appropriation of $79,000,000; the Department of Commerce, $56,000,000; the Department of the Interior, $36,000,000; the Department of Justice, $13,000,000; the Department of Labor, $11,000,000; the postal deficit was $91,000,000; the

State Department had an appropriation of $13,000,000; the Treasury Department had an appropriation of $193,000,000.

I am not going to argue foolishly that there is not opportunity for the saving of money in the appropriations for those various departments; but how small they are by comparison with those departments which are requiring the greater outlays! For here is the Navy Department in 1930 with an outlay of $374,000,000 and the War Department with an appropriation of $336,000,000. There is where our money is going, Mr. President—into preparation for more wars and into the payment of those obligations which are going to be with us a long, long time by reason of past wars.

The part which wars have played in our present emergency I think must be realized on every hand—at least on that hand where study has been given to the actual expenditures by the Federal departments. The estimates of Federal expenditures for the years 1932 and 1933 reveal a plan to spend $4,112,909,000. Of that $4,000,000,000, the sum of $2,903,000,000 is occasioned by wars—wars of the past or wars to be fought in the future, our preparation for those future wars. This division of expenditure for war is occasioned by the appropriations for veterans' relief, appropriations for the national defense such as we are dealing with here now, for the payment of principal of the war debt, and for the payment of interest on the war debt. While we have an outlay of $2,900,000,000 for those purposes alone, our expenditures as a government for all other activities of the Federal Government are but $1,209,000,000, using the round figures which are before me.

Here, then, is a demonstration that of every Federal-tax dollar that is collected and expended by the Federal Government 69 cents is occasioned by wars, making only 31 per cent of it chargeable to the other activities of government which are productive and helpful to the people of our country, or at least we hope that those endeavors are helpful. Yet, in the face of that fact, we would now fasten upon the people of this country an additional burden through a program calling for the launching of an armament program, as it relates to our Navy, the size of which can not be gathered at all at this time.

Is this madness, Mr. President? Is it madness that moves us in this direction? Is it madness which seemingly is making it a comparatively simple matter to pass this naval building authorization bill through Congress at a time when Congress is presumably building a reputation for economy?

Is it madness or is it that more to be despised thing, hypocrisy, which bids us, as sane and honest representatives of the Nation, to clip $10 or $12 from the stipend of a stenographer in Government employ and expend it on battleships to defend her from her foreign foes? We rob such of their overtime pay that the humblest member of a labor union receives; we rob such of the vacation which business concerns give employees, and with tenderness of heart we would force upon such an involuntary furlough in which they may go hungry that their country may have protection against the navies of Japan, France, or Great Britain.

These may need the protection of the vast bulk of steel-armored battleships; but neither we who sit here in the Halls of Congress nor the combined forces of the executive and judicial branches of our Government can hide for an instant from the common people that their greater need is defense from their foes within this Republic. It will require no unlimited expenditure for them to gain that. They are not deceived by our lofty oratory on the glories of the American Navy, nor are they unable to pierce the screen of appeals to patriotism which to-day, as ever, have been the first resort behind which greed lurks and works its eternal purpose against the common weal.

I can hear, we all can hear, the cry of "pacifist" raised because at a time when 30,000,000 idle and their dependents go hungry, and another 30,000,000 farmers and their dependents are in the throes of want, it is demanded that we withhold our hand from this prodigious and apparently unlimited expenditure of public money for a larger navy. It must be a pleasant thought to the innocent victims that the Department of Justice must limit its activities and restrict its services in a real war with crime, to give the Navy the means to battle with enemies without our borders, we know not whom, and if we knew we dare not say. The Commerce Department, which might foster trade, must stay its energies that it may have a navy to guard a vanished commerce! The Department of Agriculture must trim its sails in counseling the farmer that a magnificent navy may plow the deep and protect our world markets which, with prosperity, have withdrawn from our sight.

This is a great, even a criminal folly, that we are about to commit. That we pretend to commit it in the name of peace and self-preservation does not diminish the folly. Rather it increases it, for by it we admit that in crying "peace" we expect war, and persistently ensue it. We provoke the very war we pretend to spend millions to avoid.

At times, Mr. President, I am given to wonder, and quite seriously, where our greatest danger as an American people lies. Is it at home, or is it abroad? I think we have had, during the last 10 years, ample demonstration that our greatest dangers are from within, not from without our borders. I follow with closest interest remarks taken from an address before the Young Men's Lyceum, of Springfield, Ill., delivered by Abraham Lincoln on January 27, 1837. I want to be permitted to read it.

Lincoln said then:

> • • • We find ourselves under the government of a system of political institutions conducing more essentially to the ends of civil and religious liberty than any of which the history of former times tells us. We, when mounting the stage of existence, found ourselves the legal inheritors of these fundamental blessings. We toiled not in the acquirement or establishment of them; they are a legacy bequeathed us by a once hardy, brave, and patriotic, but now lamented and departed, race of ancestors. Theirs was the task—and nobly they performed it—to possess themselves and through themselves us of this goodly land and to uprear upon its hills and its valleys a political edifice of liberty and equal rights; 'tis ours only to transmit these—the former unprofaned by the foot of an invader, the latter undecayed by the lapse of time and untorn by usurpation—to the latest generation that fate shall permit the world to know. This task gratitude to our fathers, justice to ourselves, duty to posterity, and love for our species in general, all imperatively require us faithfully to perform.
>
> How, then, shall we perform it? At what point shall be expect the approach of danger? By what means shall we fortify against it? Shall we expect some transatlantic military giant to step the ocean and crush us at a blow? Never! All the armies of Europe, Asia, and Africa combined, with all the treasure of the earth (our own excepted) in their military chest, with a Bonaparte for a commander, could not by force take a drink from the Ohio or make a track on the Blue Ridge in a trial of a thousand years.
>
> At what point, then, is the approach of danger to be expected? I answer, If it ever reach us it must spring up amongst us; it can not come from abroad. If destruction be our lot, we must ourselves be its author and finisher. As a nation of freemen, we must live through all time or die by suicide.

Such programs, Mr. President, as we do at times engage in here in this Government, here in this Congress, quite thoroughly convince one that we are engaging in a program of national suicide.

It might be pointed out that our domestic conditions are so bad that, like the kings of an early day, when faced with their people's maladjustment and misery, we must plunge into war and preparations for war to distract their attention from the ills at home. Is this the inner and secret program, the last resort to quiet a people distracted and torn by internal ills and domestic wrongs?

I do not now argue that to be the case. One only wonders at times. Cite, if you will, the case of China, which, because it shunned war and boasted no armament, has become the prey of every wild beast in the world's jungles. China has its classes and ranks and, such is its measurement of warfare that, in classifying, it places the soldier below the caste of beggar! China has been conquered many times and fierce invaders from the north and west, not restrained by the great wall, have fallen upon it. Yet in the end, by peaceful means, it has absorbed and swallowed up its conquerors. They are for a moment of time, but its peace is of the centuries, eternal. It may be argued that China has, in part, become modernized, and its recent exploits of arms against Japan may be cited. This is but the edge, the rim of the country which has been touched with modern "civili-

zation"—the civilization of guns, tanks, and high explosives. Deep in the heart of the nation there are millions upon millions who do not know that a war is on and who note neither its beginning nor its end.

Yet China is not a Christian nation. I do not want to be placed in the light of advocating at this stage a program of complete disarmament on the part of the United States. I do advocate only that degree of armaments which are required to amply protect us against possible invasion from abroad. Beyond that point, in times like these, we certainly have no right to go.

In citing the case of China I have said that China is not a Christian nation. It has no book to guide it in the paths of peace. We, the people of the United States, hold as our proudest boast that we are followers of the Prince of Peace. We are Christians—except in practical things. We read and outwardly accept the teachings of that faith, direct from the lips of the Master: "Blessed are the meek, for they shall inherit the earth; blessed are the merciful, for they shall obtain mercy; blessed are the peacemakers, for they shall be called the children of God." Then we close the book with its perfect theory, and, untouched by the essence of Christianity, we come here as Christian men and women, to vote unstinted millions for a haughty and merciless work of slaughter, and having denied the faith before the world, leave this Chamber justified.

Is the cup of our iniquity as a nation not full? Come, let us fill it to the brim that it may be quaffed the sooner.

Mr. President, I know not what the reaction of people generally will be to this movement to authorize an enlarged naval building program. I can only guess that when the facts are known to them every man in public life is going to hear from them. I do know that the people are wondering these days why it is, how it can be, that a program of this kind, at a time such as this, can get through the Congress without any great difficulty, while the distress and the need of the masses of the people of this country are going unchecked, unheeded, and they are left to plod and plot their own way through an impossible situation.

On the farms of America, for example, live 30,000,000 people. In smaller towns and communities are 30,000,000 more, who can not do a thing, who can not progress for a moment, unless they are enabled to do so by the purchases of the people on the farms from their shelves in their towns. Sixty million people are dependent first, last, and all the time upon Mr. American Farmer. Yet when we endeavor to restore prosperity in this country we devote ourselves and with lightning-like speed write legislation intended to help the stock gambler, intended to help the big banker, intended to help the insurance companies, and the railroad companies, seemingly in anticipation that some crumbs are going to drop on down through to these 60,000,000 people, who, for want of buying power, are alone responsible for the distress in American to-day. We would do well to show more solicitude of the needs of the many and vote against this pending bill. [Manifestations of applause in the galleries.]

The PRESIDENT pro tempore (Mr. MOSES). The Chair admonishes occupants of the galleries that they are present by virtue of the rules of the Senate, which forbid demonstrations of approval or disapproval in the galleries. The present occupant of the chair has once not hesitated to clear the galleries when the rule was violated, and he will not hesitate again.

RELIEF OF AGRICULTURE

Mr. HOWELL. Mr. President, the bill under consideration is an authorization, merely an authorization; hence it does not mean that something immediately could be done for the Navy. Nothing can be done until an appropriation is made under that authorization, and there is no possibility of such an appropriation in this session of the Congress.

In short, we are now considering a bill which it is unnecessary to consider in Congress at this time, with an adjournment only five weeks away. Yet we have not time to consider a constructive measure for agriculture. However, farmers continue to lose their homes by the thousands because they can not get enough from their products to pay the taxes and the interest on their mortgages. Yet the Congress, with seeming indifference, is already talking of an early adjournment without doing anything to remedy the price inequality suffered by agriculture.

Nearly three-quarters of a million farms were sold because of delinquent taxes, mortgage foreclosures, bankruptcy, or some other form of forced sale in the 5-year period, 1926 to 1930, inclusive. A total of 682,850 farms, or more than one-tenth of all the farms in the United States, were transferred by forced sale of one kind or another during this period, as shown by the following table, which I desire to insert in the RECORD.

Mr. TYDINGS. Mr. President——

The PRESIDING OFFICER (Mr. BRATTON in the chair). Does the Senator from Nebraska yield to the Senator from Maryland?

Mr. HOWELL. I yield.

Mr. TYDINGS. I suppose the Senator is going to put into the RECORD what I was about to ask him to have inserted. If he has the figures by years showing the number of farms which have been sold, will he not be kind enough to put them in by years, so that we may see how the condition has been accentuated in the last two or three years?

Mr. HOWELL. Mr. President, I request permission to have printed in the RECORD the table which I submit.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

Estimated number of farms transferred by reason of delinquent taxes or mortgage foreclosure, bankruptcies, or other forced sales, by years, 1926–1930

[Statement by Fred Brenckman, Washington representative of the National Grange, before Interstate Commerce Commission, Ex parte 103, August 10, 1931]

Year	Number of farms in United States total	Number of farms per 1,000 transferred as result of—		Estimated number of farms transferred as result of—		Total
		Delinquent taxes	Foreclosure, bankruptcy, etc.	Delinquent taxes	Foreclosure, bankruptcy, etc.	
1925	6,371,640					
1926	6,355,042	4.2	17.4	26,691	110,578	137,269
1927	6,338,443	5.1	18.2	32,326	115,360	147,683
1928	6,321,845	5.2	17.6	32,874	111,264	144,133
1929	6,305,246	4.7	14.8	29,635	93,318	122,953
1930	6,288,648	5.1	15.7	32,072	98,732	130,804
Total		24.3	83.7	153,598	529,252	682,850

Mr. HOWELL. Mr. President, I wish to say to the Senator from Maryland that the data for 1931 are not available. The figures in this table are based upon estimates made by the United States Department of Agriculture. The estimate for 1931 is not yet available, but it is safe to assume that the number of foreclosures and other forced sales during 1931 far exceeded the number in any year during the period covered by these figures.

The annual report of the Federal Farm Loan Board recently made public showed that the number of foreclosures by the 12 Federal land banks increased 72 per cent during the year 1931, reaching an aggregate of 11,258. While the aggregate number is comparatively small, the enormous increase in the rate of foreclosures is striking evidence that conditions were far worse in 1931 than in previous years.

Even assuming that the rate of foreclosures and other forced sales continued at the same rate in 1931 as in 1930, namely, 130,804 farms, the total number of farms sold because of delinquent taxes, mortgage foreclosures, bankruptcies, and other forced sales for the period 1926 to 1931, inclusive, would amount to 813,654 farms, or more than three-quarters of a million, and more than one-eighth of all the farms in the United States.

Visualize what this means in suffering to the farmers of the country. From an economic standpoint, the losses are terrific. In times such as these virtually every forced sale means that somebody takes a heavy loss. In some cases it is the mortgage holder who loses because the farm does not bring enough to pay the amount of the mortgage, due to abnormally depressed values. In other cases the mortgage

holder may not lose anything, but in almost every case, whether the mortgage holder loses or not, the farmer loses by reason of the forced sale because a forced sale in periods of great economic depression such as this usually results in bringing a price far below the real value of the property. In a great many cases valuable farms once worth more than double the amount of the mortgages against them, when sold under the hammer bring no more than the mortgage and sometimes less, with the result that the farmers' equity is wiped out and the savings of a lifetime are destroyed.

The economic loss is by no means the whole story. The mental anguish, humiliation, and social distress must also be considered. Think what it means for three-quarters of a million farm families to lose their homes. Some of these homes have been in possession of families for generations. The farm is more than a place of business. It is a home for a farm family. That explains to a large extent why farmers hold so tenaciously to the business of farming, despite the fact that year after year they are unable to make a profit, and scarcely able to even earn the equivalent of wages for themselves. Their farms are their homes, and many of them, if they gave up farming, for which they have been trained by education and experience, would not be able to go into other vocations successfully, particularly those who are middle-aged or older, and so they hang on, hoping that conditions will improve, but facing a continued and rapid accumulation of economic handicaps.

Despite the distressing conditions which now prevail, the worst will not have been reached, unless something is done to remedy the situation. The depression to-day is bad enough, but it can still become worse. Deflation has not yet run its full course. The wages of workingmen in the cities, the rates of public utilities which are largely fixed by law, the fees and charges exacted for a large number of services, the prices of trade-marked goods or monopoly products, and a great many other services and commodities still remain on a level considerably higher than can be permanently supported under present economic conditions. Unless the forces of deflation are checked, these prices, wages, and fees for services inevitably must come down to the general level. If this occurs, it means a still further reduction in buying power for the products of the farm.

Our farmers have been patient and long-suffering. They have done their best to cope with the situation, but the disaster which has come upon them has been brought about largely by forces and conditions over which they have had no control as individuals and very little control collectively. Congress has the power to act, and thereby bring substantial relief to agriculture. The farmers know that Congress has this power. For five months farmers have waited patiently for Congress to heed their pleas for effective legislation, but thus far Congress has done nothing except to listen to their appeals.

Mr. President, the farmers' patience is just about exhausted. They want action instead of professions of sympathy. It is not sufficient to make promises. The time has come for fulfillment of promises. What promises? The 1928 platform of the Republican Party reads:

> The Republican Party pledges itself to the development and enactment of measures which will place the agricultural interests of America on a basis of economic equality with other industries to insure their prosperity and success.

The Democratic platform of that same year committed the party in the following language:

> Producers of crops whose total volume exceeds the needs of the domestic market must continue at a disadvantage until the Government shall intervene, as seriously and as effectively in behalf of the farmer as it has intervened in behalf of labor and industry. * * * We pledge the party to an earnest endeavor to solve this problem of the distribution of the cost of dealing with crop surpluses over the marketed units of the crop whose producers are benefited by such assistance.

Such were the solemn promises of the two parties. Have they been redeemed? It will not be contended that they have. It may be asked, "Did not Congress create the Federal Farm Board in 1929 and provide it with funds?" Yes; but at the time even a majority of Congress feared the act would prove but a futile gesture, and their fears have been fully justified. The Federal Farm Board has utterly failed. Therefore the pledges made by the Republican and Democratic Parties in 1928 are unredeemed. This has been fully realized for more than 18 months. Since then has Congress provided or even made an effort to provide a constructive measure that might fulfill these pledges made to agriculture by the two great parties? No bill of such a character has been considered on the floor of either body, nor is such a measure pending on the calendar of either body. Yet but 35 days remain of this session, but five weeks. What are we going to do about it? Are we to go home and tell the farmers that political platform pledges mean nothing, at least so far as agriculture is concerned; that Congress has not the will to act? Mr. President, we must act. The welfare of the Nation demands that agriculture be rescued.

NAVAL BUILDING PROGRAM

The Senate resumed the consideration of the bill (S. 51) to authorize the building up of the United States Navy to the strength permitted by the Washington and London naval treaties.

Mr. McNARY. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Ashurst	Costigan	Howell	Patterson
Bailey	Couzens	Hull	Robinson, Ark.
Bingham	Cutting	Johnson	Sheppard
Blaine	Dale	Kean	Shipstead
Borah	Davis	Kendrick	Smith
Bratton	Dickinson	Keyes	Stephens
Bulow	Fess	King	Thomas, Idaho
Byrnes	Fletcher	Lewis	Townsend
Capper	Glass	Logan	Trammell
Carey	Glenn	McKellar	Vandenberg
Cohen	Hale	McNary	Walsh, Mass.
Coolidge	Hawes	Moses	Wheeler
Copeland	Hayden	Oddie	White

Mr. SHEPPARD. I wish to announce that the following Senators are detained from the Senate on official business: The Senator from Ohio [Mr. BULKLEY], the Senator from Arkansas [Mrs. CARAWAY], the Senator from Texas [Mr. CONNALLY], the Senator from Washington [Mr. DILL], the Senator from Oklahoma [Mr. GORE], the Senator from Mississippi [Mr. HARRISON], the Senator from Kansas [Mr. McGILL], the Senator from Nevada [Mr. PITTMAN], the Senator from Oklahoma [Mr. THOMAS], the Senator from Maryland [Mr. TYDINGS], the Senator from New York [Mr. WAGNER], and the Senator from Montana [Mr. WALSH].

The VICE PRESIDENT. Fifty-two Senators have answered to their names. A quorum is present. The bill is open to amendment. If there be no further amendment, the question is on the engrossment and third reading of the bill.

ECONOMY IN GOVERNMENTAL EXPENDITURES

Mr. McKELLAR. Mr. President, the Senator from Utah [Mr. KING] is not quite ready to proceed on the pending bill and, with his permission, I am going to take only a short period of time.

The VICE PRESIDENT. The Chair recognizes the Senator from Tennessee.

Mr. McKELLAR. Mr. President, I wish to call the attention of the Senate, and, if I can, of the country, to certain statements in the President's message of yesterday afternoon. I quote from that message as found on page 9640 of the RECORD, as follows:

> Nothing is more necessary at this time than balancing the Budget. Nothing will put more heart into the country than prompt and courageous and united action in enacting the legislation which this situation imperatively demands, and an equally determined stand in defeating unwise and unnecessary legislation.

Leaving out a portion of the message, I read:

> The details and requirements of the situation are now well known to the Congress and plainly require—
>
> First. The prompt enactment of a revenue bill adequate to produce the necessary revenue and so designed as to distribute the burdens equitably and not to impede economic recovery.
>
> Second—

And I call especial attention to the second requirement—

a drastic program of economy which, including the savings already made in the Executive Budget of $369,000,000, can be increased to exceed $700,000,000 per annum.

Again, omitting two or three lines—

Such a program to accomplish its purpose must embrace the rejection of all measures that increase expenditures unless they be for undoubted emergency; the reduction in appropriations now pending below the figures submitted in the Executive Budget on December 9 last; a reconsideration of the legislation covering those economy projects which require repeal or amendment to the laws; and an effective grant of authority to the Executive to reorganize and consolidate and eliminate unnecessary Government bureaus and establishments.

I call especial attention to the sentence which follows:

In the category of appropriations within the authority of the Appropriation Committees, those committees have given some months to devoted consideration of the Executive Budget, which, as I have said, in itself carried a reduction of $369,000,000 below the expenditures of the current year.

Mr. President, for the second time the President of the United States has asserted that his Budget recommendations for the fiscal year 1933 represented a reduction of $369,000,000 as compared with those for the fiscal year 1932. The President is wholly mistaken in making that statement, and I shall read from official documents in order to prove what I say. When I shall have placed the figures in the RECORD I challenge any Senator, I challenge the President himself, I challenge the Budget Director, I challenge the Secretary of the Treasury, or any other person to refute those figures or to sustain the so-called $369,000,000 reduction of which the President speaks.

Mr. President, on April 5 I called attention to a similar statement in the President's message made on April 4. I quoted from his message of April 4 as follows:

I have in various messages to the Congress over the past three years referred to the necessity of organized effort to effect far-reaching reduction of governmental expenditures.

To balance the Budget for the year beginning July 1 next the revenue bill passed by the House of Representatives on April 1 necessitates that there shall be a further reduction of expenditures for the next year of about $200,000,000 in addition to the reduction of $369,000,000 in expenditures already made in the Budget recommendations which I transmitted to the Congress on December 9.

Mr. President, I went to the clerk of the Appropriations Committee of the Senate for the figures which I present and which are taken from the record. They are not hearsay, not estimates, not good intentions, but the cold figures as furnished by the Appropriations Committee, whose duty it is to recommend appropriations, and here is what they show:

The appropriations for the fiscal year ending June 30, 1932, were $5,178,524,967.95. The President's recommendations were a little more than $28,000,000 above that figure. Now he says in his message of yesterday, as he said in his message of April 4, that he recommended this year a reduction in the appropriations of $369,000,000 below those of last year. I read from the President's own recommendations and those of the Budget Director:

On December 9 the appropriations recommended in the Budget estimates by the President for the fiscal year ending June 30, 1932, including the Postal Service, were $4,601,479,101.

First deficiency act, second session, Seventieth Congress, $126,250,333.

Public Resolution No. 3, Veterans' Administration, $203,925,000.

United States Employment Service, $120,000.

Reconstruction Finance Corporation, $500,000,000.

Appropriation for disarmament conference, $300,000.

Appropriation for the capital stock of Federal land banks, $125,000,000.

Making a total for this year and the coming year of $5,557,074,434.

I challenge the President to show any error in those figures. By a simple calculation of the figures in his recommendations for 1932 and those of 1933, it appears that the recommendations made by the President for 1933 exceeded those for 1932 by $378,549,466.05. Those are the figures taken from the records themselves; there can not be any doubt about them; and yet the President says that he has recommended that $369,000,000 less be appropriated for 1933 than for last year, when, as a matter of fact, not by my statement, not by the statement of anyone else, but by the record it is shown—and, by the way, if any Senator has any doubt about the figures, I have the several printed messages of the President and the estimates of the Budget Director in my hand, which show the correctness of the figures—that, instead of recommending less money to be appropriated this year than last year the President has recommended $378,549,466.05 more than for last year. I may stop here long enough to say that the end is not yet. We may have other recommendations. No one knows.

Mr. COPELAND. Mr. President, will the Senator yield?

Mr. McKELLAR. I yield.

Mr. COPELAND. Has it occurred to the Senator that the President must have known last summer the pressing need of the country for economy, the need for revision of our appropriation bills and our revenue bills?

Frankly—and I speak calmly when I say it—it seems to me very strange that the President did not call the Congress in extra session last fall in order that these matters might be dealt with. Had that been done, long since—probably by the first of the year—there would have been an adjustment of the matters in question. The appropriation bills would have been trimmed, and the tax bill provided for in such a way that instead of being in the great mess that we are in—there can be no doubt of that—a restoration of confidence and a restoration of our economic prosperity would have been permitted.

Does it occur to the Senator that perhaps I am right about this?

Mr. McKELLAR. I think the Senator is entirely right about it. Last summer, when we found that the Government was in the hole the unusual sum of, perhaps nine hundred and some odd million dollars, on running expenses, I gave out an interview that it would have been very proper for the President to have called the Congress in session and to have balanced the Budget then. It would have been very much better. Instead of that, however, with an empty Treasury, when we are behind some $3,000,000,000 in running expenses for both years, instead of curtailing expenses, instead of reducing recommendations, instead of any savings, we find that the President has recommended to the Congress for appropriation this year the enormous sum of $5,557,074,434, or $378,549,466.05 more than was spent even last year, when we had a deficit in the Treasury of nearly a billion dollars.

Mr. COPELAND. Mr. President——

The VICE PRESIDENT. Does the Senator from Tennessee further yield to the Senator from New York?

Mr. McKELLAR. Yes; I yield.

Mr. COPELAND. Has the Senator observed any lack of cooperation on the part of the Democrats of the Senate in every activity that would make for economy and for the relief of the distress of the country?

Mr. McKELLAR. Mr. President, I do not think so. I think the Democrats have cooperated in every way possible. I think both Houses of Congress, irrespective of politics, have sought to cooperate with the administration in every way in the world; and, to my mind, they have gone entirely too far in appropriating money to carry out the plans of the administration. Surely neither the Democrats nor the Congress itself have failed in any way to cooperate; but they have been remarkably agreeable to any plan that was suggested by which the condition of the country might be bettered.

Mr. COPELAND. I thank the Senator for what he has said.

This morning I received 30 or 40 letters and telegrams from citizens of my State asking me to set aside partisanship and to cooperate with the President in all of his plans for economy and taxation. I desire to say, if I may, that I have not seen the slightest evidence on this side of the aisle of a failure of the Democrats to join heartily with our friends on the other side of the aisle in every plan which has to do with economy, in every plan which has to do with the

restoration of prosperity. I think the Senator is doing a notable thing and a proper thing when he calls attention to the fact that it is not partisanship which has delayed recovery of the country so far as we can bring about that recovery, but that it is largely the fault of the President himself; that he was dilatory in calling the attention of the Congress, the responsible agency of government, to the need of legislation. In my opinion, he should have done that last fall, in order that this trouble might be behind us now, in order that we might be going toward recovery instead of in the morass where we find ourselves.

Mr. McKELLAR. Mr. President, I agree with the Senator. When the President found, last June or July, that the Government was going to be over $900,000,000 behind in its running expenses, surely that was the time to have called the Congress into session and to have corrected this matter before it got worse.

Mr. COPELAND and Mr. BANKHEAD addressed the Chair.

The VICE PRESIDENT. Does the Senator yield further?

Mr. McKELLAR. I will yield in just a moment.

It seems that the administration has been proceeding on the plan that it was all poppycock about our having an empty Treasury; that it was merely a vague assertion that we had one, and that all we had to do to bring about prosperity was to continue to get money out of a bankrupt Treasury and distribute it among the people.

In this connection I wish to say that I think the President criticizes both Houses of Congress in this message of yesterday, and he demands that taxation be placed upon the people for the purpose of balancing the Budget. Who brought about this deficit? Who brought about this bankruptcy in our Treasury Department? Of course, it was Mr. Hoover and his administration. It was not a sudden thing. It has been a growing thing. The President must have known it. He must have known the condition of the Treasury. At any rate, anybody could ask and find out. It looks as if nobody has paid any attention to the fact that we have a bankrupt Treasury; but we have had it, and if the fault is anywhere it is in the administration of the Government. It is not a Democratic fault. It is not, perhaps, a Republican fault, except that the Republicans happened to be in control of the administration; and it is the administration's fault that we have a bankrupt Treasury. The President demands that we should remedy his mistake by imposing upon the American people almost unheard-of increases in taxes.

I want to say for one, as I have said on this floor probably a hundred times before, that with our Treasury in the situation it is in, I am a thousand times more interested in cutting down the expenditures of the Government than in seeking new sources of taxation and imposing on the people all kinds of nuisance taxes—a tax on telegrams, a tax on bank checks, a tax on jewelry, a tax on spectacles, a tax on almost everything that the committee can find; also increasing income taxes, increasing taxes on gifts and estates.

To my mind, taxation ought not to be the proposal of the Congress. In my judgment the pitiful condition of the United States Treasury has been brought about by the waste and extravagance of this administration; and it is the duty of the Congress to cut off that waste and extravagance. I do not know whether we will do it. We are making attempts to do it; and I am happy to see that the President admits in this message that we can still further reduce the expenditures by $331,000,000. That, as it seems to me, is an admission that the Congress is on the right track in reducing expenditures. If the Congress reduces the expenditures $331,000,000, as admitted by the President in his message of yesterday, it will constitute a decrease of about $700,000,000 under the estimates that have been sent in by the President at the beginning of this session of Congress—the most unheard-of estimates, the most extravagant estimates, the most wasteful estimates that perhaps were ever sent in by any President in the history of this Republic.

Mr. COPELAND. Mr. President——

Mr. McKELLAR. I yield to the Senator.

Mr. COPELAND. I simply want the RECORD to show—and I know the Senator agrees with me—that so far as we are concerned on this side of the aisle, we are committed to a program of economy. We are willing to cooperate with the President, with the Republicans, with anybody committed to the same program. We are seeking in every way we can on this side to reduce taxation, to reduce the expenses of government; and the country should know that there is no lack of cooperation in every proposal which has in it the hope of restoration of business.

May I ask the Senator if I am right in that?

Mr. McKELLAR. I think so. I know so.

Mr. President, to show that the Congress is cooperating, that the Congress has been uniformly reducing appropriations below the estimates given by the administration, I am going to read some more from the books.

These are figures taken from the books of the Government. I am not talking about hearsay. I am not putting up a straw man and shooting at it. I am talking from the books of the Government.

In 1923 the Congress appropriated $312,361,792.27 less than the President and the Budget Director recommended it should appropriate.

In 1924 the Congress appropriated $10,741,504.15 less than the President and the Budget Director recommended.

In 1925 the Congress appropriated $9,024,637.08 less than the President and the Budget Director recommended.

In 1926 the Congress appropriated $12,596,495.90 less than the President and the Budget Director recommended.

In 1927 the Congress appropriated $6,716,064.34 less than the President and the Budget Director recommended.

In 1928 the Congress appropriated $7,753,939.03 less than the President and the Budget Director recommended.

In 1929 the Congress appropriated $9,139,989.51 less than the President and the Budget Director recommended.

In 1930 the Congress appropriated $8,142,294.71 less than the President and the Budget Director recommended.

In 1931 the Congress appropriated $23,784,185.61 less than the President and the Budget Director recommended.

In 1932 the Congress appropriated $13,169,011 less than the President and the Budget Director recommended.

Or a grand total of $413,428,913.60 less than the President and the Budget Director had recommended during those 10 years of our history. Yet this message of the President would indicate that a wicked and extravagant Congress was wastefully using the people's money and that he alone was striving for economy. This is not true.

While I am talking about the President's alleged striving for economy, let me say that a program was put on in this body several months ago in an effort, in the usual and ordinary way, to effectuate greater economies, and every single member of the President's Cabinet appeared before the committees urging that no reductions be made, making all kinds of extravagant claims as to what would happen if we cut off a few dollars here or a few dollars there.

We have not only received no cooperation from the administration, but we have had the most vigorous opposition from the administration. I have been informed—and I can not give the name of my informant—that very remarkable measures are being taken by the administration to prevent any further reductions. Perhaps Senators can give some information, and if they can, I will be glad to have it. Is every possible measure being taken by him to bring about the economy about which the President speaks? No; the effort is to stop economy. Members of the Cabinet come here and testify against economy. They send out circulars all over the country, at the expense of the Government, urging this officeholder and that officeholder throughout this Republic to write to his Senators not to reduce appropriations, not to have economy.

If the President wants to have economy, he should start to proselyte right in his political family. He should have some weight with his own Cabinet officers. The Secretary of State appeared before the Committee on Appropriations and said in his efforts to prevent any reduction, it would be cruel and inhuman for the Congress not to appropriate $400,000 to enable our representatives in foreign countries to give parties, where wine would be included in the bills. Eight

millions of unemployed in this country and our Secretary of State asking for an appropriation for $400,000 for wine for diplomats.

The Secretary of the Treasury came before the committee and said it would disrupt his department if 10 per cent were cut off the appropriations, and he has been engaged in sending propaganda to Treasury officials in every State in the Union, getting them to urge their Senators and Representatives against any reduction. So the other members of the Cabinet, the Secretary of the Interior, the Secretary of the Navy, the Postmaster General, and other Secretaries, all appeared before the committee fighting to the last ditch any reduction in their appropriations.

Yet the President comes along and talks, not about economy, but "rigid" economy and "drastic" economy. Has he not enough influence with the members of his own Cabinet to convert them to economy? He does not seem to have. It is true that I saw in the paper a day or two ago a statement that the President, while he signed the Interior Department bill reducing the appropriation some $10,000,000, signed it not believing it ought to be signed, but regretting it. Whether that is true or not, I do not know; I am merely giving the newspaper story. Yet that economy has been made, and the President is trying right now to have the Senate change its program about 10 per cent reductions, and a resolution has been offered by the chairman of the subcommittee in charge of the post office appropriation bill and one of his leading supporters in the Senate seeking to set the 10 per cent reduction aside entirely. That is what is actually taking place. Senator ODDIE would not have introduced this resolution without the backing of the President.

If the President is in favor of economy, for Heaven's sake let him get his cabinet officers and his own spokesmen in this body to agree with him, get them to cooperate with the Senate and the House, and bring about such reductions as will not interfere with the proper functions of the Government.

I call attention to another thing. It has been published in the daily press for weeks that the great shipping companies are getting subsidies of $35,000,000 a year, the magazines are getting subsidies of $25,000,000 a year from the Government, the aircraft companies are getting $20,000,000 as subsidies, as gifts, as largesse. They do not need it, they are not starving, they are not unemployed, they are not without jobs. They are living on the fat of the land. Has the President said anything about cutting off those subsidies in this time of trouble? Not a word. Study any message he has sent to the Congress, and there will not be found a word, not a single word, about it. He is as silent as the great sphinx in Egypt on the subject of subsidies.

Eight millions of American citizens are without employment, and a few dozen great, rich, American corporations draw this largesse from the Government without a word being said by the President, without any criticism; and whenever any man rises in his place here and asks for real economy he is said to be a bad actor.

The President lays great stress on taxation. He says, Lay it on. These great interests must be paid their subsidies. Put an additional tax on business, and pay these favorites of the Government for carrying—as one of them expressed it—a hatfull of mail to South Africa. Tax the American people, says the President.

I do not agree with the President. If I were running this matter—and I am not—I would see to it that a reduction of appropriations was made of not less than $350,000,000, and the reduction could be made a half a billion, if we put ourselves to the task, just as well. But let us assume that we can not raise it to a greater figure than $350,000,000. By the way, the President says there ought to be $331,000,000 more added. Surely if the President is willing to make it $331,000,000, we ought to raise it to $350,000,000, as we could, as I said, if we lent ourselves wholeheartedly to the task, cut off half a billion dollars instead of $350,000,000, and we would have a better Government and a more efficient Government. But I will leave it at $350,000,000.

In the second place, for the last 10 years the Treasury Department has been paying out secretly refunds of taxes for the war years. I presented the figures here some time ago as to how much had been paid out, the enormous sum of $3,859,000,000 secretly paid out by the Treasury Department to those who paid taxes during the war years. It has been 12 years and more since the war, and if we had that $3,859,000,000 the Treasury would be in a very much better condition than it is in now. We would not be hunting new sources of taxation if that money were in the Treasury. While it may have been legalized to pay it out, it is nothing in the world but legal graft. We all know that the war profiteers who paid the taxes in 1917 and 1918 included their taxes in the prices they secured for their wares, and as they sold a very large portion of their wares to the Government of this country, as well as to the governments of other countries, whatever they paid in taxes ought to have been retained in the Treasury, because it is making the Federal Government actually pay back twice, and I would suspend the war refund taxation proposal that is in the revenue bill, and by that we would save $200,000,000 more.

We might lay taxes on incomes and gifts and estates, say $250,000,000 more, and that would make $800,000,000. Then I would provide that the $500,000,000 appropriated for the Reconstruction Finance Corporation be made a permanent bond, because it is an investment, and that would be $1,300,000,000.

I would stop there. I would not put on the people the proposed nuisance taxes, or sales taxes, or any other kind of taxes except to rearrange and increase reasonably income and estate taxes. The people of the United States are taxed to the very limit now, and we ought to stop taxing them. It is cruel and inhuman to the American people to levy further taxes.

I want to say right now in this public way that I will have to change my mind radically before I will vote to put any more taxes on the American people other than as just mentioned. I think we ought to reduce these extravagant expenditures rather than to lay taxes on the American people. And that is what I propose to do.

I ask that a table showing the reductions made by the Congress in the Budget estimates sent in by the President for the years 1923 to 1932 be printed as a part of my remarks.

There being no objection, the matter was ordered to be printed in the RECORD, as follows:

Reduction of Budget estimates by Congress

1923	$312,361,792.27
1924	10,741,504.15
1925	9,024,637.08
1926	12,596,495.90
1927	6,716,064.34
1928	7,752,939.03
1929	9,139,989.51
1930	8,142,294.71
1931	23,784,185.61
1932	13,169,011.00
Total	413,428,913.60

CALL OF THE ROLL

Mr. ASHURST obtained the floor.

Mr. WHEELER. Mr. President, I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Ashurst	Couzens	Johnson	Robinson, Ark.
Bankhead	Cutting	Jones	Schall
Barbour	Davis	Kendrick	Sheppard
Bingham	Dill	Keyes	Smith
Blaine	Fess	Lewis	Smoot
Bratton	Fletcher	McGill	Thomas, Okla.
Bulow	Frazier	McKellar	Townsend
Byrnes	Glenn	McNary	Vandenberg
Capper	Hale	Metcalf	Walsh, Mass.
Caraway	Hatfield	Norris	Walsh, Mont.
Carey	Hayden	Nye	Wheeler
Copeland	Howell	Oddie	White
Costigan	Hull	Reed	

The VICE PRESIDENT. Fifty-one Senators have answered to their names. A quorum is present.

TARIFF ON COAL, LUMBER, OIL, AND COPPER

Mr. ASHURST. Mr. President, I give assurances of brevity, as I realize the Senate desires to vote on the naval bill. I am advised that the Senate Finance Committee has just finished its consideration of the tax bill. That committee performed one of the most arduous, one of the most unpopular duties ever performed by a committee in the Senate in our time. My compliments to the Finance Committee that they have brought out a bill at all. It is an encouraging sign that they have had the resolution, the courage to press forward in the performance of their duty. I am gratified that the committee has incorporated into the bill an import duty upon coal, lumber, oil, and copper. I wish to speak upon the necessity of affording adequate safeguards to these commodities.

The Government of the United States owes no man a living. Indeed, it was ordained at the beginning of time that mankind, so far as earning his subsistence was concerned, should be put upon his mettle until the end of the film. Therefore we shall look in vain for any panacea or any heaven-born plan under and by which the Government will give to anyone a living. But it is equally true that this Government owes to every citizen—mark, I say citizen—a fair chance to earn a decent living, and the Government which fails to afford such opportunity neglects and is remiss in one of its most vitally important functions.

Our own country is one of such vast and varied resources that it is or should be able to afford all industrious, well-meaning, and capable persons an opportunity to earn a living and to feel free from the specter of insecurity and distress arising from unemployment. It ought especially to be the concern of American statesmen to see to it that these economic maladjustments which sweep away the savings of well-meaning and industrious persons shall not also deprive them of an opportunity to earn a living.

Mr. President, in debate in forum and in court we learn by instinct to discount the statement of the man who comes speaking in superlatives. I always suspect the soundness of the argument of the man who speaks in superlatives. It argues either a poverty of expression or an indolence of research. But I shall refer now to a speech delivered in the Senate on the 28th of last March by the junior Senator from Michigan [Mr. VANDENBERG], in which speech that Senator dealt in superlatives, but he can not be accused of being deficient in scholarship or of remissness or indolence in research. The Senator said at page 6908 of the RECORD:

> The governors of at least 14 States have laid their petitions upon the bar of the Senate, praying for this vitally essential relief—
>
> A tariff on copper—
>
> It is just as much a relief proposition as it is to protect the victims of fire or flood, or drought or famine. It is a famine and nothing else. It is a matter of life and death.

Skeptical and wary as I am of those speeches abounding in superlatives, this speech of the able junior Senator from Michigan is exempt, and justly exempt, from the general criticism that falls upon speeches dealing in superlatives, because every word he uttered is literally true and within the common knowledge of every well-informed person.

The Senator from Michigan proceeded:

> There can be no criticism of Democratic Senators who join in asking protection for copper under such circumstances, and there can be no defense for Republican Senators who join in denying the relief.
>
> The victims of this copper tragedy confront a lethal menace entirely beyond their control but entirely within our control. It is a menace which has developed since the Smoot-Hawley bill was passed, because it is only recently that the full exposure to ruinous African competition has become apparent—an exposure to fatal competition with unbelievably rich ore and with native labor which the United States Tariff Commission reports to run down as low as 5 and 6 cents a day in compensation. The commission joins in writing a warrant for copper tariff relief.

Mr. President, I am strongly tempted at this time, but I shall not do so, to descant upon the reasons which have transformed America within a space of 150 years from scattered agrarian colonies into a powerful nation. Suffice to say that in this transformation, in which the lamp of Aladdin, the purse of Fortunatus, and the philosopher's stone appear tame and commonplace, free trade made practically no contribution.

In my opinion, it is one of the worthy objects of the American Government to preserve the American market for the American producer, and thus maintain the American wage scale by safeguarding our workmen against ruinous foreign competition. On the 15th of last March there was presented to the Treasury Department a petition—signed by numerous civic, business, political, and patriotic societies throughout the United States—urging that manufactured articles and raw materials produced in Soviet Russia be denied admission into the United States when such manufactured articles and raw materials were produced by slave labor, conscript labor, or convict or forced labor. For example, Mr. President, manganese ore mined in Russia by forced and conscript and convict labor is being shipped to the United States in such quantities as to strangle completely the American production, whereas if it were not for these Russian ores produced by forced, conscript, or convict labor and imported into this country, the American production of manganese would be adequate for our needs, and we would also be relieved of the necessity of depending upon a foreign country for our supply.

Likewise, Mr. President, lumber produced in Soviet Russia by forced, convict, and conscript labor is brought into the United States and sold at such low prices that the American working men in the sawmills and in the lumber woods of this country have been practically beggared.

Here on my right sits the senior Senator from Washington [Mr. JONES], and here is the junior Senator from Washington [Mr. DILL], and I observe also the Senators from Oregon, who may testify with a nearer approach to accuracy than I that the lumber industry in the Northwest has been nearly destroyed and is in danger of extermination by reason of the influx of foreign lumber produced by cheap, by forced, conscript, or convict labor. I lay it down not only as a rule of political philosophy but also as a rule of moral philosophy that the American working man and the American business man should not be required to compete with the ruinous, the insensate, the forced, and convict labor of Soviet Russia or of any other country.

The deadly peril to which the copper, the oil, the coal, the lumber, and the manganese interests of this country are now exposed undoubtedly caused the Finance Committee, unusual though such procedure was, to include tariff duties in the tax bill, and to provide some safeguard for American copper, lumber, oil, and coal. No doubt the Senate Committee on Finance had also in mind that a tariff revenue duty on these commodities would bring into the Treasury of the United States a vast deal, indeed, millions of dollars annually, of much-needed revenue.

Mr. SHORTRIDGE. Mr. President——

The VICE PRESIDENT. Does the Senator from Arizona yield to the Senator from California?

Mr. ASHURST. I yield to the Senator.

Mr. SHORTRIDGE. Will the Senator permit me to corroborate or indorse his thought? There are a number of very intelligent and altogether honorable members of the committee who perhaps are opposed to a tariff for protection purposes but who, without any embarrassment, can vote to put oil, for example, on the dutiable list as a purely revenue-raising proposition. That also would apply to coal, to copper, and to lumber, and would apply to other fundamental great national industries. I favor so dealing with those industries, as sources of revenue and for protection to those industries.

Mr. ASHURST. Mr. President, I now discuss, for example, copper; for it so happens that I know more about the copper-mining industry than I do about coal or oil or even lumber. As has been pointed out, recently there have been discoveries of enormously rich copper deposits in South America and in Africa, where copper is produced by workmen who are paid only a few pennies a day for their labor. This ruinous competition has closed or will within a few weeks close every copper mine in the United States. But,

if the copper-mining industry in the United States may be reasonably secured against the influx of this foreign copper, produced by labor paid 7 or 10 cents a day, the American copper-mining industry will flourish; it will again take its place in the economy of the Nation.

Unless such protection be and speedily is accorded, there will soon be 150,000 American copper miners, copper-smelter men, nearly all of them men of family, who will be denied any opportunity further to earn their daily bread in America, the land of their birth.

Copper is the most important nonferrous metal. It has been mined in the United States for more than 80 years, and during that space of time towns and cities have been builded around the copper mines. In these copper-mining towns and cities will be found beauty and order, a regularity of life, and a culture comparing most favorably with that of any other city or town of like population in the United States. These American copper-mining towns depend solely and only upon the production of or smelting of copper for their continued existence. The unrestricted flow of cheaply mined copper from foreign countries will exterminate not only these towns and cities but, I repeat, will drive to infinite despair those proud and industrious citizens—copper miners—who are not beggars but who are asking only the American privilege of earning a living, and who may justly point the finger of reproach at a quality of statesmanship that does not put forward an effort to relieve this distress.

If the copper-mining industry be safeguarded against the influx of foreign copper, produced by cheap, insensate, slave labor, and if the oil and lumber and manganese and coal industries may likewise be safeguarded against foreign cheap production, the American workman in these industries will have a fair chance.

If you grant an adequate safeguarding tariff duty upon imported copper, you will find new life pulsating in the copper mines; you will find a new hope in the hearts of a hundred and fifty thousand workingmen in the copper mines and smelters, most of them, I repeat, men of family who now see at their doors the wolf with its long white fangs snapping at their dear ones, and they pathetically helpless to move and unable to aid themselves or their families.

Mr. President, if the copper-mining industry shall be revived and restored, then in the shafts and the tunnels of the copper mines, where now there is silence and the darkness of the heart of the pyramids, will come the light of the miner's carbide lamps, and then will be heard again the thud of the drill; the mines will pour the red metal into the veins and channels of trade. Plumes of smoke will be seen by day pouring from the smelter stacks and flashes from the furnaces and slag dumps will illuminate the midnight sky. Then, too, if copper be restored, the cities and towns of the copper-mining regions, now about to be covered with the dust of the valley, now about to be infested by the bats and owls of the mountains or the reptilia of the desert—these copper-mining towns and copper-mining camps, where there have been erected temples to religion, temples to art and to industry, now about to fall into disrepair and ultimate ruin—will breathe anew and throb with a mighty and a cleansing energy, and happy and contented workmen will thank their Creator and will revere their country's flag. So, I say, despite the criticism falling like a flail upon the heads of the Finance Committee, although with their bill in all particulars I do not agree, I wish them to know that I appreciate their efforts and their labors.

Mr. President, when I was a small boy, I went away from home to see the world; I finally reached northern California. There was a political campaign on in that State at that time—it was in 1886 or 1888—and I went out to hear a candidate make a speech. He said, amongst other things, "Send me to the State capital, and I will bring back a tax bill satisfactory to everybody." I nudged my youthful companion and said, "Let us go; this speaker has a leaky brain pan; he says he is going to write a tax bill satisfactory to everybody, when there never was and there never will be a tax bill satisfactory to everybody."

Mr. NORRIS. Mr. President, may I interrupt the Senator?

The VICE PRESIDENT. Does the Senator from Arizona yield to the Senator from Nebraska?

Mr. ASHURST. Certainly.

Mr. NORRIS. The Senator, while giving his beautiful description of the campaign meeting in northern California, pointed so directly, I thought, to the Senator from California [Mr. SHORTRIDGE] that I am anxious to know whether his youthful companion to whom he referred was the great Senator from California himself.

Mr. SHORTRIDGE. No; it was not.

Mr. ASHURST. Mr. President, I have had the honor to be personally acquainted with the junior Senator from California for more than 45 years. When I first met him, I was a rustic youth, not dry behind the ears, and he was then giving evidence of that scholarship and that devotion to the public weal that now mark his career. Likewise, Mr. President, I have known and esteemed the senior Senator from California [Mr. JOHNSON] for a long period. I am proud to say that these two Senators, who, apparently, at times do not agree with respect to their political philosophy, have made great contributions to the public service, and no State represented in the United States Senate as well as is the State of California has a right to complain.

Mr. SHORTRIDGE. Mr. President——

Mr. ASHURST. Just let me finish the sentence.

Mr. SHORTRIDGE. I wanted to pay a tribute to Arizona.

Mr. ASHURST. I have more than an admiration for the Senators from California; I have almost a brotherly affection for them. I owe them a vote of thanks for the efforts they have put forth in the attempt to secure justice for the copper interests of the country, even though California, while a producer of copper, is not a heavy producer.

Mr. President, it has often been said—and I regard the statement as an injustice to myself—that I am filled with bitterness and a desire for revenge, and that what ought to be the milk of human kindness in my system has turned to some sort of sour lacteal fluid because these Senators inflicted upon me a terrific defeat over the Boulder Dam contest. I have not the time in this busy world to examine the scars that I receive in battle, but I press forward to other duties; and I am proud to say that the scars I received in the Senate in the battle, inflicted by California Senators, over Boulder Dam do not appear upon my back or below the belt, but they are on the chest, and no man who is a sportsman or a statesman objects to scars on his chest inflicted by his opponents.

Mr. SHORTRIDGE. Mr. President, will the Senator be good enough to yield to me?

The VICE PRESIDENT. Does the Senator from Arizona yield to the Senator from California?

Mr. ASHURST. I yield.

Mr. SHORTRIDGE. I can not let the incident pass without saying that the distinguished, thoughtful, and ever-courteous Senator from Arizona has paid an undue tribute to the humble representatives in the Senate from California. Permit me to add that no State in this Union has more vigilant, observant, capable representatives in this body than the splendid State of Arizona.

Mr. ASHURST. I thank the Senator.

Mr. SHORTRIDGE. A little before the year 1886 I had the honor of being assistant blacksmith in the old Cold Spring gravel mine, in Nevada County. Later I advanced and lighted the street lamps in San Jose. During that period, however, I had the great pleasure, which has lingered with me, of knowing the Senator from Arizona; and I hope that God will be good to him and that the people of Arizona will keep him here until the final curtain falls.

Mr. ASHURST. The Senator is most kind. I must hurry along; but before I finish let me say that I should be deficient in what I conceive to be my duty if I did not at this time testify to the debt of gratitude or at least make some gesture toward acknowledging the debt of gratitude I owe to the distinguished Democratic minority leader, the Senator from Arkansas [Mr. ROBINSON].

I do not know whether or not he agrees with my philosophy as to the tariff. He has not sought to instruct me as to my duty in the matter. One of the reasons why he has risen to great heights of leadership, one of the reasons why he is the Democratic minority leader, is because of the broad and liberal judgment he at all times employs with respect to his fellow Senators and all other persons. I at least owe him my gratitude, and I now tender to him my thanks for his refusal to permit a Democratic caucus—if anyone ever thought of such procedure on this subject—to commit any Senator on this question. I should, indeed, be most remiss in my duty if I did not here and now say that the Democratic leader of the minority [Mr. ROBINSON] on this subject as on all other subjects has exhibited no censorious attitude toward any Senator for taking any position such Senator sees fit to take with respect to the tariff or any other question; and Senator ROBINSON, by his courageous and exalted leadership, has served his country and his party superbly. He has led his party to that ennobling ideal that truth shall conquer every falsehood.

A vast deal of pessimism is in our land. We are told that America is in the doldrums. That may be; but she will arise, Mr. President. The final chapter has not been written for her. I do not believe our country has reached the point where she belongs exclusively to the past; but we have reached the position where the past belongs to her. If we but extend to the copper producers, the oil producers, the manganese producers, the lumber producers, the coal producers, exemption and freedom from this ruinous, cheap, insensate competition, then the workmen earning a subsistence in these industries will be able to say, "Whatever may have been my distress in the immediate past, mine is now the shining future."

MESSAGE FROM THE HOUSE

A message from the House of Representatives by Mr. Chaffee, one of its clerks, announced that the House had disagreed to the amendments of the Senate to the bill (H. R. 9349) making appropriations for the Departments of State and Justice and for the judiciary, and for the Departments of Commerce and Labor, for the fiscal year ending June 30, 1933, and for other purposes; requested a conference with the Senate on the disagreeing votes of the two Houses thereon, and that Mr. OLIVER of Alabama, Mr. GRIFFIN, Mr. CANNON, Mr. BLANTON, Mr. SHREVE, and Mr. TINKHAM were appointed managers on the part of the House at the conference.

APPROPRIATIONS FOR THE DEPARTMENTS OF STATE, JUSTICE, ETC.

The VICE PRESIDENT laid before the Senate the action of the House of Representatives disagreeing to the amendments of the Senate to the bill (H. R. 9349) making appropriations for the Departments of State and Justice and for the judiciary, and for the Departments of Commerce and Labor, for the fiscal year ending June 30, 1933, and for other purposes, and requesting a conference with the Senate on the disagreeing votes of the two Houses thereon.

Mr. JONES. I move that the Senate insist on its amendments, agree to the conference asked by the House, and that the Chair appoint the conferees on the part of the Senate.

The motion was agreed to; and the Vice President appointed Mr. JONES, Mr. HALE, Mr. MOSES, Mr. MCKELLAR, and Mr. BROUSSARD conferees on the part of the Senate.

NAVAL BUILDING PROGRAM

The Senate resumed the consideration of the bill (S. 51) to authorize the building up of the United States Navy to the strength permitted by the Washington and London naval treaties.

Mr. KING. Mr. President, prior to the adjournment yesterday I secured the floor and discussed for a short time what I conceived to be a question of importance, namely, the stabilization of silver and its restoration to a proper monetary status. Before completing my remarks I yielded the floor to the minority leader, and he was followed by several other Senators, with the result that I was denied an opportunity to conclude what I desired to say upon that subject. However, fearing that if I should now continue a discussion of the silver question, the Senator from Maine [Mr. HALE] would charge me with a design to filibuster against the pending naval bill, which authorizes new naval construction at a cost of approximately $1,000,000,000, I shall therefore address myself to the pending measure.

Mr. President, the Senator from Arizona [Mr. ASHURST] has just paid compliments to Senators, and in effect indicated that peace and prosperity will soon be at our door. I fear that I shall sound a discordant note in expressing opposition to the pending measure and disapproval of the members of the Naval Affairs Committee in favorably reporting the same and urging its passage. At this particular juncture I regard it as unfortunate that a bill should be favorably reported calling for nearly $1,000,000,000 to be expended within the next four years in the construction of war vessels. In my opinion the passage of this measure will have a disturbing effect throughout the world; it is calculated to interfere with the efforts now being made at the Geneva conference to limit naval armaments and promote cooperation among the nations in the interest of peace. I confess to a lack of understanding of the psychology of Senators and others who at this rather critical period in the history of the world demand the passage of a measure which will wring from the burdened taxpayers of the United States $1,000,000,000, in addition to the almost unbearable burdens now resting upon them, to be expended between now and 1936, for the construction of vessels of war.

The introduction of this bill has produced disquietude in the minds of peoples in other nations, and they have been led to wonder why the United States, with its unchallenged material supremacy and its invulnerability to attack, in advance of the report of the disarmament conference now in session at Geneva, should manifest, as they believe, a spirit hostile to the adoption of plans that will eventuate in world disarmament. We invite world criticism by measures of this kind, particularly in view of the fact that the United States not only signed the Kellogg-Briand pact in which there was a renunciation of war as an instrument of national policy, and a solemn pledge to settle all disputes by pacific means, but was, in association with France, the originator of such policy.

In all parts of the world there is economic distress, and poverty and want have laid their cruel hands upon millions. Men everywhere are seeking employment; they want peace and opportunity to labor and to contribute to world prosperity. It is true that there are animosities and rivalries that disturb and divide; there are teachers and preachers of a narrow bigoted nationalism whose influence is an obstacle to national peace and international good will and understanding; but the voice of the overwhelming majority of the people everywhere is for peace.

It has been said that political governments can not be trusted to preserve peace, and that the people alone can destroy the evil forces that produce discord and war. This Government is in a position—as I have often said—to assume world initiative in all great moral and spiritual movements. Certainly it is in a position to aid in bringing about economic revival and in lifting the world from the gloom and depression which everywhere exist. But unfortunately our Nation does not seize the opportunity within its grasp, and drifts, as other nations are drifting, apparently without an objective. There are unorganized moral, progressive, and humanitarian forces sufficient to integrate society and exorcise from the minds of men the fears and despair by which they are bound. Never before was the world in greater need of leaders. Peoples are bewildered, and their bewilderment produces fear and distrust and, in some instances, anger and animosity.

The people are still suffering from the shock of the World War. Its horrors are still before them as a frightful specter. They are oppressed by the burdens which the war has imposed, and bowed beneath debts, national and international, they seek amelioration from physical as well as mental troubles confronting them. They have learned of the treaties that were negotiated pledging the signatories thereto

to the settlement of all controversies without resort to war; they read in the Versailles treaty and other international conventions that nations solemnly declared for disarmament, for the abolition of war. They believed that a new day had dawned and that humanity was to be relieved of military burdens and would no longer be required to fight fruitless battles. I repeat that the world is looking for leadership—men who have vision and understanding and who perceive that if war is to continue among nations, civilization, if not destroyed, will be arrested in its progress.

Mr. President, it seems to me that conditions in our own country, as well as throughout the world, demand that, instead of considering measures such as the one before us, there should be a consideration of plans and policies for economic rehabilitation and for international cooperation. Instead of wringing from the people of the United States $1,000,000,000 for war vessels, we should be devising plans to provide for unemployment, to secure the revival of business and industry, to increase international trade, and to promote fellowship and cooperation among all peoples. We should be strengthening the hands of our delegates who are attending the Geneva disarmament conference; we should be insisting that they should support every proposition looking to the reduction of armament and the relief of the world from military burdens. While our delegates are presumably seeking to bring about world disarmament, we devote our energies to secure legislation calling for $1,000,000,000 for new naval construction and also to secure the passage of Army and Navy bills which call for approximately $800,000,000 more to be expended during the next fiscal year to meet the ordinary expenses of the Army and the Navy.

But the Senator from Maine contends that there is nothing in the bill before us which compels the commencement or the actual construction of the war vessels authorized by the measure before us, and in the report which he submits states that the enactment of this measure into law will have a "stabilizing effect on world affairs." How it will stabilize world affairs it is difficult to conjecture. Undoubtedly it will arouse fears and apprehensions upon the part of other governments and afford arguments for the militarists who are fighting for larger appropriations. Instead of stabilizing conditions, it will, in my opinion, still further tend to unsettle conditions and to provoke further discontent and arouse fears and resentments which will constitute impediments and obstacles to peace and international cooperation.

Mr. McKELLAR. Mr. President——

Mr. KING. I yield.

Mr. McKELLAR. While this bill does not provide for naval construction for this year, unquestionably it will set wheels in motion for large appropriations next year for the purpose of carrying out the program. Otherwise it would not be introduced.

What I want to ask the Senator is, What does the chairman of the Naval Affairs Committee say about this recommendation of the President yesterday?

Such a program—

The one he has just suggested—

to accomplish its purpose must embrace the rejection of all measures that increase expenditures unless they be for undoubted emergency.

Is it claimed that to prepare for appropriations next year is an "undoubted emergency" at this time?

Mr. KING. Mr. President, before replying to the Senator, may I say that the Finance Committee, of which I am a member, have been wrestling for days with the pressing problem of obtaining revenues to meet the expenses of the Government. It is imperative that revenues be obtained to meet governmental expenditures. Unfortunately, during the past few years the expenses of the Government have been in excess of revenues. A deficit unprecedented in any country in peace times, of $3,000,000,000, confronts our Government for the fiscal year ending June 30, 1932. We can not continue in this profligate course. I criticize the party in power for the extravagant appropriations which have been made and the enormous obligations which have been contracted. There must be economies introduced and reforms effectuated or the Government's financial condition will be disastrously affected.

Unfortunately the people are demanding larger appropriations from Congress, and I fear that we are yielding to improper demands, thus adding to the difficulties of the Government and, of course, augmenting the burdens which the taxpayers will be compelled to meet. It is apparent that governmental expenses are entirely too great; that too many bureaus and executive agencies and commissions have been created, and that the personnel of the Federal Government is entirely too large. There must be drastic cuts in Federal appropriations, and the executive departments must materially modify their policies and activities. The expenditures of the Government can not be justified, the executive departments have been extravagant and wasteful, and Congress has too readily responded to the demands for appropriations for projects and activities that can not be defended. As stated, the Finance Committee is attempting to discover sources from which revenue may be obtained in order to balance the Budget. Undoubtedly any bill which it reports will bear oppressively upon the people, but revenues must be obtained to meet legitimate expenditures and Congress must deny the demands of executive departments, and cut the Federal expenses at least $600,000,000 below the Budget recommendations of the President submitted in December last year. Appropriations for the Army and Navy for the next fiscal year should be reduced at least $150,000,000 below Budget estimates. There are many bureaus, commissions, and Federal agencies that should be abolished, including the Classification Board, and the adjustment of salaries upon a sound and fair basis should be effected. Federal expenses can be reduced five or six hundred million dollars with no disadvantage to the public service.

However, "organized minorities" stand in the way of these reforms. The President of the United States yesterday vigorously condemned the activities of these organizations. There are hundreds and, indeed, thousands of letters and telegrams daily received from Federal employees and various organizations protesting against plans that are being considered for the reduction of Government expenses and for the purpose of effecting reforms imperatively needed in executive departments. No one can justify the number of employees whose names appear upon the Federal rolls nor the expenditure of more than $1,200,000,000 to meet the salaries of Federal employees. There is much criticism of Federal bureaucracy, but apparently not sufficient courage to remedy the situation. Our attention has been called to the fact that the expenses of the Federal Government and the States and their political subdivisions for the present fiscal year will be between thirteen and and fifteen billion dollars. This is a burden that the people ought not to be compelled to bear. It is one which justifies them in compelling reforms in our governmental practices. The President in a recent address delivered at Richmond stated that 20 per cent of the entire earnings of the people of the United States will be consumed this fiscal year in meeting expenses of the National, State, and municipal governments. Twenty per cent of all the earnings of all the people of the United States taken from them by the strong arm of the law to meet governmental expenses can not be defended. A recent writer shows that the wealth of the United States to-day does not exceed $150,000,000,000.

In estimating the wealth, however, he does not include debts and obligation, but he considers the value of the buildings and the farms and the mines and the tangible things. As a matter of fact, the debts and obligations of the Federal, State, and municipal governments and corporations and individuals total nearly $150,000,000,000. Indeed, I have seen statements showing a larger indebtedness resting upon the American people; yet, in the face of these stupendous obligations which are obstacles to economic revival, the Senator from Maine and other Senators are now demanding an authorization to expend $1,000,000,000 before the end of 1936 for more war vessels. We are struggling now to find means to meet expenses; to provide for unemployment; to save

banks, business enterprises, and the farmers; and yet a militaristic hand is laid upon us and a demand made for the immediate passage of the bill presented by the Senator from Maine. I warn Senators that sooner or later we will have a taxpayers' strike—a people's strike—against the exactions of Federal, State, and municipal governments and against the demands which are made for the support of our military system.

It is true, as the Senator from Maine has said, that this bill does not directly appropriate $1,000,000,000, but he knows, as all Senators know, that an authorization is promptly followed by an appropriation. Indeed, appropriation committees regard an authorization as a command to include in appropriation measures the amount authorized to be appropriated. Why does the Senator demand the passage of this bill unless he expects an appropriation for the construction of the war vessels provided for? This bill is not a gesture; it is not an idle statement—it is a solemn, specific authorization or requirement that the Appropriations Committees of the House and the Senate provide the amount called for in the bill.

The Senator from Maine is an advocate of a strong and powerful navy. I do not doubt his sincerity. He believes that the United States should have the most powerful navy in the world, and he frequently states that our Navy has so deteriorated that it now occupies a second or third place. He seems to fear an invasion; that our country is liable to be successfully attacked by some other country; and for years he has been urging larger appropriations for the Navy and stupendous sums for more naval craft. There is no emergency that requires the passage of this bill. It is fostered by navalists and agencies that are tainted with a form of militarism hostile to the Kellogg-Briand pact and in opposition to the efforts for disarmament and world peace.

Mr. President, the people are praying for work, for bread, for relief, not for larger appropriations for the Army and the Navy. They are not suffering from a military or naval complex; they are concerned in meeting their daily wants and in satisfying their hunger and in providing shelter for themselves and their families.

Mr. COSTIGAN. Mr. President, will the Senator yield to me?

The PRESIDING OFFICER (Mr. VANDENBERG in the chair). Does the Senator from Utah yield to the Senator from Colorado?

Mr. KING. I yield.

Mr. COSTIGAN. May I ask the Senator whether he has placed in the RECORD any figures indicating the cost of battleships to taxpayers?

Mr. KING. Constructed now or in the past?

Mr. COSTIGAN. Constructed at the present time.

Mr. KING. The United States has not laid down the keel of any capital ship since the limitation of arms conference in 1922, although it has expended large sums on the so-called "modernization" of most of our battleships. The cost of battleships has varied. My recollection is that the battleships projected under the 1916 program were to cost from forty to fifty million dollars each. There have been some battleships, including armament, that cost $50,000,000; and I recall that when there was discussion as to the cost of battleships or battle cruisers of a larger tonnage than those we now have, it was stated that the cost might be as much as $75,000,000. I have no doubt that a 35,000-ton battleship fully armed and equipped constructed to-day would cost approximately $50,000,000.

Mr. COSTIGAN. Is it not also true that the average cost of a battleship during the period of service through reconditioning and otherwise aggregates approximately $250,000,000?

Mr. KING. Mr. President, it is difficult to answer the Senator's question. I do not know all the factors that he includes. Substantially all of our battleships have been materially changed since construction. Their guns have been elevated, their deck protection has been strengthened, and so-called "blisters or sheaths" have been added. Their engines have been overhauled, and numerous changes and modifications made at enormous cost. At the last session of Congress we appropriated $30,000,000 to provide, as I recall, for the elevation of the guns of three of our battleships. Not only is the cost of battleships very great, but the repairs, changes, and modifications require stupendous appropriations. The cost of maintaining our navy yards is a heavy burden. Docks have to be prepared and the cost of their construction and maintenance is no small item. The cost of furnishing oil for our battleships is a large item. Then there are the officers and men employed upon the ships, some of which carry 2,000 officers and sailors. During the life of a battleship, taking into account the items referred to, the cost of a battleship would perhaps reach the figures indicated by the Senator.

In speaking of the life of battleships, the Senator will recall that at the London conference a year ago Premier MacDonald, Dino Grandi, and Premier Briand signified their desire to abolish battleships. They also expressed a wish to limit the tonnage, if no plan for their abolition was agreed upon, to 25,000 tons, the present limit being 35,000 tons, and to prolong the life of the ships to 25 years or more. Unfortunately our representatives refused to even consider these propositions. They seemed to be intent only upon discussing cruisers or submarines. The battleships were too sacred to be touched.

Mr. COSTIGAN. Will the Senator yield further?

Mr. KING. I yield.

Mr. COSTIGAN. Some years ago it was stated rather dramatically, I do not know how accurately, but apparently on responsible authority, that the cost to taxpayers of firing a single shell from the higher-range guns of battleships is the equivalent of the cost to consumers of 20,000 loaves of bread. Has the Senator any figures with reference to such expenditures?

Mr. KING. I have not, but I recall seeing figures somewhat along the line indicated by the Senator, and I have no doubt that the cost of firing a single shot would be about $1,000, to say nothing of the antecedent expenses, which must be taken into account in determining the ultimate cost.

Mr. COSTIGAN. That is even true of the expense of practice shots?

Mr. KING. I think that is correct. The cost of constructing, maintaining and operating capital ships has increased since the day when Lord Fisher evolved the type which subsequently was followed by the United States and Germany. One need only compare the most powerful naval craft of 25 and 30 years ago with our capital ships of the *West Virginia* type to understand the reason for the enormous increase in cost of construction and operation.

I referred a few moments ago to the treaty of Versailles, which declares that the disarmament of Germany was exacted "in order to render possible the initiation of a general limitation of the armaments of all nations." While the United States did not ratify the Versailles treaty, nevertheless the President of the United States was active in having incorporated therein provisions calling for a reduction in armament, with a view to the ultimate settlement of all controversies by peaceable means rather than by the sword. The treaty declares that—

> The requirements in regard to German armaments were not made solely with the object of rendering it impossible for Germany to resume her policy of military aggression. They are also the first steps toward that general reduction and limitation which they seek to bring about as one of the most fruitful preventives of war, and which it will be one of the first duties of the League of Nations to promote.

The covenant of the league provided that plans should be drawn for the reduction of armaments, as it was recognized that "the maintenance of peace requires the reduction of national armaments." Notwithstanding these solemn declarations and the mountain of debt piled upon the nations as the result of the war, we still find our Government appropriating between $700,000,000 and $800,000,000 annually for the ordinary expenses of the Army and Navy, and the measure now before us calls for, as I have indicated, a billion dollars additional.

General Pershing has stated in substance that the lessons of the war should convince anybody of the danger of nations "striding up and down the earth armed to the teeth," and he adds:

Isn't it, then, time for an awakening among enlightened peoples to the end that the leading powers may reach some rational agreement which would not only relieve the world of this terrible financial load but which in itself would be a long step toward the prevention of war?

Mr. President, the address delivered by President Hoover on the 4th of last May before the International Chamber of Commerce met with universal approval. He there stated:

Vast armament continues not only a burden upon the economic recuperation of the world, but, of even more consequence, the constant threats and fears which arise from it are a serious contribution to all forms of instability, whether social, political, or economic.

I commend these words of the Commander in Chief of our Army and Navy to the Senator from Maine, as well as to the militarists in the United States. The President in the same address said:

* * * The destruction of life and property, the great tax burdens, and the social and political instability which resulted from the Great War have had large responsibility in the origins of the present depression. * * * Of all proposals for the economic rehabilitation of the world, I know of none which compares in necessity or importance with the successful result of that conference. * * *

It is not inopportune, Mr. President, to call attention to the armaments truce which was accepted by 56 nations, including all the great powers. This truce went into effect November 16, 1931, and was to continue for one year from that date. Upon a former occasion I invited the attention of the Senate to the terms of this truce, but I think it is so important, and so pertinent to the matter under discussion, that I again bring it to the Senate's attention. It is declared in this document to which the United States assented that there is a crisis which creates a profound disturbance among the nations of the world, in part due to the lack of mutual confidence, "and that a renewal of the competition in armaments would necessarily lead to an international and social catastrophe."

I should have added that the truce originated with the Assembly of the League of Nations. Following the preamble the assembly address a solemn appeal to all those who are desirous that practical effect should be given to the principles of peace and justice upon which the covenant is based and urge—

Them to devote all their efforts toward creating a world opinion strong enough to enable the general disarmament conference to achieve positive results, including in particular a gradual reduction of armaments, to be continued until such time as the object laid down in article 8 of the covenant is attained.

The address further states that an undertaking on the part of all States—

Not to increase their armaments would help to create an atmosphere of confidence, to prevent competition in armaments, and to prepare the ground for the success of the forthcoming conference.

A request was made that the governments invited to the disarmament conference should prepare for the event by means of an armaments truce. Accordingly the council was requested to urge the—

Governments to give proof of their earnest desire for the successful issue of the efforts to insure and organize peace—

And—

* * * to refrain from any measure involving an increase in their armaments and to ask the Governments to state, before November 1, 1931, whether they are prepared for a period of one year from that date to accept this truce in armaments.

I insist that the spirit and, indeed, the letter of this truce, if the bill urged by the Senator from Maine becomes a law, will be violated by our Government. Certainly this important agreement contemplated that nothing should be done by those who were signatories to the same that would "involve an increase in armaments." Does not this bill involve an increase in armaments? Does it not mean a renewal of the "competition in armaments," for the prevention of which for a period of one year the truce was intended? One of the purposes of the truce was to afford one year at least to "organize the nations for peace" and to prepare them for disarmament. I repeat, Mr. President, that this bill is equivalent to a contemptuous disregard of the truce and ought to be defeated.

Mr. President, apropos the statements of President Hoover, I invite attention to the action of the National Grange at its national convention held at Madison, Wis., last November. It demanded:

* * * A drastic reduction in land, naval, and air armaments and progressive reductions of military budgets until all armies of the world are reduced to the status of police forces.

I might add that its committee on foreign relations reaffirmed its support of adherence to the World Court, with proper reservations, and urged the grange as an organization to do everything possible to further the success of the 1932 disarmament conference.

The National Farmers' Union, at its convention in Des Moines, Iowa, during the same month, declared—

* * * that the present world depression makes immediate cut in armament expenditures imperative to lessen the disastrous tax burdens.

It also urged—

* * * the actual reduction of all armaments on land, sea, and air, with reduction and limitation of armament expenditure and the establishment of a permanent disarmament commission.

It also declared that the United States would have a decisive influence on the approaching world conference. I hope that this may be true.

I am told that at a Rotary international convention held in Vienna in June of last year 67 countries were represented, and that a resolution was adopted in which it was declared that—

The maintenance of armaments at their present level was viewed with profound disquiet and as an ultimate threat to the peace of the world and to the incitement to war.

It was further resolved that every possible step should be taken to insure that the disarmament conference now in session—

Shall succeed in bringing about a really substantial reduction in the armaments of the world.

There are accumulating evidences that the desire for disarmaments and world peace is universal, and that the intellectuals, so called, are conspicuous in their demands for world disarmament.

I recall that the Under Secretary of State, Mr. Castle, in an address delivered at Indianapolis, Ind., several months ago, declared—

* * * That the nations are beginning more clearly to realize that war to-day means defeat for all participants. It means defeat, because it means sooner or later a world-wide economic depression such as we have at the present time. * * *

It seems madness for the world to regard war as inevitable and as a part of national and international policies. As peoples and nations march toward the summit of civilization, law and order supersede force, violence, and war. Municipal law prevails among civilized nations, and courts and instrumentalities of peace settle controversies between individuals and communities. The peoples of the world, by reason of modern developments, are neighbors. Invisible boundary lines mark the jurisdiction and the limits of nations, but they do not prove a barrier to friendly cooperation between their respective inhabitants. Jurists of international fame are engaged in the codification of international law and in adapting it to civilized peoples. The great work of Grotius is being added to, and it is inevitable that a just and humane international jurisprudence will obtain throughout the world.

The deplorable economic conditions prevailing in this and other countries supply irrefutable arguments in favor of intergovernmental cooperation and world fellowship. If billions of dollars are annually appropriated for preparations for war, it is obvious that the return of prosperity will be indefinitely postponed. The burdens of militarism hang like a millstone around this and other nations, and the la-

bors of the people are largely devoted to meeting the present military expenditures and the burdens which war have entailed upon them. Various estimates have been made by publicists and economists as to the world indebtedness. By some it is estimated to be several hundred billions of dollars. I have seen many statements to the effect that the World War cost more than $200,000,000,000; but the costs of the World War have not yet been paid, and generations will pass before they are liquidated. Many years will elapse before the United States will have discharged the monetary obligations which will be imposed upon it. Within the next 50 years the United States will, in my opinion, be called upon to pay $100,000,000,000 on account of the World War. Already approximately $6,330,000,000 have been appropriated for ex-service men, and there are manifold evidences that larger annual appropriations will be made in the future until, as I have indicated, the stupendous sum of $100,000,000,000 will have been expended to meet pensions, compensation, hospitalization, and so forth, as a result of our military adventure into the World War.

Between 1788 and 1929 the cost to the United States of wars and the war system was approximately $65,000,000,000. There are figures indicating that there have been expended by our Government in consequence of the World War up to June 30, 1930, more than $38,000,000,000. This does not include, of course, indirect costs, the aggregate of which it is almost impossible to determine. A very large part of our annual Budget is the result of past wars and of military preparations for the present and the future.

Military expenses have materially increased since the World War, and between 1858 and 1914 there was a large increase in the military expenses of the world. The total expenditure of Great Britain for military purposes in 1858 was $110,000,000; and in 1913, $385,000,000. Military expenses of the United States in 1858 amounted to but $39,000,000, and in 1913 they were $335,000,000. Between the dates referred to France increased her expenditures for like purposes from $35,000,000 to $410,000,000, Germany from $25,000,000 to $500,000,000, and Russia from $95,000,000 to $460,000,000.

The claim is now made by many that the military expenditures of all nations approximate $5,000,000,000 per annum, a sum vastly in excess of the expenditures for defense prior to the World War. The great powers expended five times as much on armaments in 1913 as they did in 1858. But, notwithstanding these enormous outlays, peace did not come to the world. As one nation increased its expenditures, ostensibly for defense, other nations felt compelled to augment their expenditures, all in the name of "national defense." The contention that the maintenance of large armies and navies for national defense prevents war is refuted by the history of all nations. Military preparations, the building of war vessels, and the mobilizing of land forces have always aroused distrust and fears which culminated in wars.

If nations desire peace, their objective will not be attained by imposing heavy burdens upon the people for so-called military preparedness. ePace will not be secured by preparations for war; and if the United States desires to promote the cause of peace, it can furnish convincing proof which will influence the world by limiting appropriations for military purposes and exerting its influence with other nations to bring about disarmament and to give to the Kellogg-Briand pact a vitality of which it will be deprived if this and other countries, ignoring the letter and spirit of that solemn declaration, devote so large a portion of their revenues for the building of naval vessels and the arming of land forces.

The United States in 1914 expended less than $340,000,000 for the Army and Navy. In 1929 we appropriated nearly $467,000,000 for the War Department and nearly $395,000,000 for the Navy Department, or a total of $861,525,675. For 1930 we appropriated more than $840,000,000 for the Army and Navy, and for 1931 my recollection is that the appropriation for these two departments was substantially the same. Great Britain appropriated in 1930 for military purposes $535,000,000. As Senators know, the responsibility rests upon Great Britain of protecting her far-flung dominions as well as the British Isles. The military budget of France for 1930 was $455,000,000, and Japan's military expenditures were $232,000,000.

It is obvious that the time has come for an international conference to adopt a concrete plan for the reduction of military burdens of the world. It is not too much to say that the eyes of all nations are turned to Geneva, as representatives of many nations are seeking to discover a formula which will be acceptable and result in material reductions in the military expenses of all nations. On the 29th of June, 1931, Premier MacDonald in the House of Commons delivered an important address upon the question of world disarmament. He called attention to the expenditures of a number of nations for military purposes before and since the World War. He stated that the naval expenses of Great Britain in 1914 were £51,500,000 and in 1930, £52,400,000; that the United States expended on its Navy in 1930, £78,000,000; and Japan in 1914 expended £8,500,000 on its navy, and in 1930, £26,000,000. He stated that in 1914 the British Commonwealth possessed 89 capital ships and to-day but 15; that the number of cruisers had been materially decreased since 1914, and its submarines were far less than they were in 1914. He made an appeal to other nations for a reduction in armaments, and said:

> The peace securities of Europe, we have believed, can be weakened by armaments, but there is a corollary to that, that unless the disarmament conference of next year is going to put an end to those expansions which have been so evident in the figures that I have quoted, a declaration is going to be made that disarmament is a failure and that nations are being doomed to tread the old ruts, which have always ended in battles, in ill will, and, cynically, above everything, in a treaty of peace that demands war and war in order to strengthen it. * * *

If we are to believe the statement of this distinguished statesman, we must look with deep concern upon the work of the Geneva conference. If it should fail, it would be a catastrophe the consequences of which can not be foreseen. We all know, however, that unless the nations of the world come together with a desire for peace, with a determination to reduce armaments, and carry into execution that will, by the adoption of a concrete plan, the world will be asking for further exactions for military purposes, the consequences of which will be to bring nearer to the peoples of the world the horrors and devastations of war. It seems incredible that with the exhausted condition of the world, with millions of men out of employment, with tens of millions without sufficient nourishment, with poverty and despair invading every land and entering millions of homes, that men and women can look with indifference upon the work of the Geneva conference; yet in the face of this situation the Senator from Maine urges the passage of a bill authorizing $1,000,000,000 for naval war vessels. The Senate indicates its approval of the same and the voices of many citizens and powerful newspapers are raised in support of this measure. In every part of our land there should be gatherings of patriotic American citizens demanding that the Kellogg-Briand pact shall not be disregarded and that our Government shall employ every honorable means to crown with success the conference now being held at Geneva. The toilers of the world should unite in an irresistible demand that the Geneva conference shall not fail but shall agree upon a plan that will accomplish the desired result.

I confess to keen disappointment at the reports which come from the conference. The able Senator from Idaho yesterday stated that it was already a failure. I may say that I am not satisfied with the part played by the American delegates. It seems to me that the voices of admirals and military men have been too powerful; that there have been too much fencing and equivocation and striving for advantage. There has been lacking that generous spirit that should characterize a conference, perhaps more important than any that has ever been convened for the consideration of measures promotive of international peace. The confer-

ence has been dominated by so-called experts, by admirals, and men who have devoted their lives to the study of war and the military problems that war presents.

The chances of a successful issue at the conference would be increased if all experts were dismissed.

Let me quote again from the address of Mr. MacDonald:

> The pact of Paris, for instance, eliminates war from our diplomacy. It does not seem to eliminate arms. I am sure that is only an oversight; and when the logical and practical discrepancy is pointed out effectively, the oversight will be admitted by everybody. But still we have to keep our eye upon the oversight. There are certain great forces that we are up against. There is a self-regarding nationalism expressing its nationalist spirit in an exclusive economic policy. There is the nature of peace and there is the problem, the most difficult and intricate of all problems, how you are to readjust not by force, not by wile, not by guile of any kind whatever, but by just allowing ordinary natural processes—I know that word is a very indefinite one, but the handling must also be indefinite—how we are to enable a readjustment of a continent settled by force to be made into one settled and enjoying natural relationships. That is one of the most difficult, intricate, and dangerous problems that any generation can have to face. The transition is bound to be marked by apprehension; and when movements are made of the most simple common sense, they are bound to arouse fears.

He further added that he hoped that an agreement would result from the conference that would strengthen and increase the political security of the world and result in a "complete agreement and most friendly relations between all the nations of the world."

Ex-Prime Minister Stanley Baldwin followed the Prime Minister and heartily approved his statements. Speaking of France, he said:

> I think that where people make a great mistake is in the psychology of the French people. I think, if I read it aright, I would say that to-day and for many years past the French people as a people are as peace loving and domestic a people as exists in Europe to-day.

He then referred to the Napoleonic wars which "bled white the nation." He referred to the League of Nations and stated—

> It is the one medium to-day which brings together the public men, the responsible public men, in the countries of Europe and of the world, and everything that brings them together and gets them into the habit of discussing instead of into the habit of shooting notes at each other through their respective foreign offices is all to the good.

We all realize, of course, that the French thesis is that for the want of an adequate organization of the world for the security of nations, particularly France, alliances are necessary for our protection. France favored the treaty of mutual guaranties and the Geneva protocol in 1924, but they have not become effective. Great Britain, notwithstanding her world-wide possessions, might be said to head the disarmament school and, while recognizing that there is much merit in the security thesis of France, contends that good will among nations is perhaps more important. Great Britain and other nations contend that great armaments foster the feeling of insecurity and are provocative of war. But I think all schools support the view that the expectation of war breeds arms and arms breed war.

Mr. President, within a few days there will be submitted for our consideration two measures carrying in the aggregate more than $700,000,000 for the ordinary expenses of our military and naval forces for the coming fiscal year. Measures of this kind calling for an amount so stupendous can not be otherwise than disquieting throughout the world. No nation in the world presents as large a budget for military purposes as that submitted by the executive department of our Government. France, which is charged by many as being militaristic, will have a military and naval budget more than $200,000,000 less than that which Congress will be asked to approve. In my opinion, we will appropriate for the next fiscal year at least $200,000,000 more for the Army and the Navy than will be appropriated by any nation on earth. I submit there is no justification for a military budget of such enormous proportions. I have heretofore said in discussing appropriation bills that the United States was the most powerful Nation in the world, that no nation could or would attack it, and that if it continued these large military expenditures other nations would become apprehensive and feel constrained to adopt naval and military policies which otherwise would not receive their approval.

It seems to me that some people are still under the spell of war. The smoke of battle is still in their eyes and they refuse to perceive that a new day has dawned and that men everywhere are struggling to emancipate themselves from reactionary chains, and to attain higher levels where they may breathe the pure air of peace and enjoy a broader and truer vision of the purposes and objects of life and the forces that should govern in the affairs of men and nations.

There is in Europe an elevated spot where three countries meet. Looking from this elevation one can see far in the distance, hills and valleys over which and in which mighty armies struggled and brave men fought and died. May this Nation and other countries meet, if not physically, in spirit and thought, and from an exalted point perceive the struggling and heavy-laden peoples of the world who are seeking to gain the uplands where they hope justice and peace may reign.

I referred a moment ago to the Geneva conference and to the statement of the Senator from Idaho that it had already failed. Mr. President, I shall be guilty of repetition when I say that if it should fail it would be because of military and reactionary forces, and such failure would be a setback to the liberal, progressive, and moral forces that are marching forward to conquer the world. We remember that petitions signed by millions of people were presented at the opening of the Geneva conference, in which hopes and prayers were expressed for its success. Shall these prayers and petitions be in vain? I fear that our delegates have not taken the position of leadership which the situation demands. The press reports that one of our distinguished delegates, while urging the abolition of submarines, expressed violent opposition to the suggestion that battleships be abolished. It has been reported that our delegates spent much time talking about poison gases and tanks and matters not of the highest importance. I confess that the reports brought to us afford the Senator from Idaho grounds upon which to base the conclusion which he expressed. If the conference fails, I fear that our Government will not be free from responsibility for such failure.

Senators will remember that at the ill-fated London conference our Government refused to even discuss the question of submarines or capital ships. Upon several occasions during the London naval conference Great Britain indicated its desire to consider the question of eliminating battleships from the fleets of the world. In an address which I delivered in the Senate a year ago when the naval bill was under consideration, I charged that our Government had interposed obstacles to the success of the conference. I showed that MacDonald, for Great Britain, and Grandi, speaking for Italy, and representatives of France had signified their desire to take up for consideration the capital-ship problem. Japan, while not taking an active position, indicated that she was not averse to a consideration of this question. But our representatives, acting, of course, under the direction of the President and the State Department, declined to meet the representatives of other countries for a discussion of submarines and capital ships. Our naval officers and so-called naval strategists and experts have tenaciously clung to the capital ship and refuse to consider any proposition looking toward its reduction in size or its abolishment.

Admiral Sims has repeatedly declared that the development of submarines and torpedo boats and aircraft has reduced the importance of the capital ship as an offensive or defensive instrumentality. The views expressed by him are entertained by some of the leading naval authorities of Great Britain. Sir Herbert Richmond, a naval officer of distinction and ability, earnestly advocates the abolition of battleships of over 10,000 tons. Our Government, notwithstanding the declarations of responsible officers that in the reduction of armaments no nation could go farther than the United States, has refused to consider propositions submitted by other nations calling for a limitation in the size of bat-

tleships or a prolongation of their service or for their abolition.

Mr. President, it is not infrequently charged that the Italian Government has been an obstacle to disarmament and has been animated by a militaristic spirit. The position taken by Mussolini and M. Dino Grandi, the Italian representative at the London, as well as the Geneva conference, is at variance with these statements. At the second plenary meeting of the twelfth ordinary session of the assembly of the League of Nations, on September 8, 1931, Grandi stated, speaking for Italy, that:

* * * Disarmament and arbitration, the rejection of all solutions based on force, and the relative equalizing of the military strength of states at the lowest possible level—that is not just a theory or dogmatic assertion. It lies at the root of the system which the league covenant has evolved with a view to the reduction of armaments; it corresponds essentially to real and pressing demands. Indeed, there is no problem of security distinct from disarmament and arbitration. * * *

He referred to the period preceeding the war and later to the principle of conciliation and arbitration, the establishment of the The Hague Tribunal and treaties based on the same principle as against the policy of armaments, and then added:

When we look back on those tragic happenings, we can hardly be surprised that our nations, which have barely emerged from a war the consequence of which are still crippling them, should refuse to regard international justice as an adequate safeguard for the future.

Nor can we be surprised if the nations ask that international justice shall be safeguarded from the dangers attendant upon a policy of armaments. The covenant imposes upon us the duty of disarming, but the covenant does not possess the only claim to our consideration; there exist other claims, vaster still.

For the last 20 years Europe has been in a permanent state of unrest. Wars and revolutions have succeeded one another, the deaths must be reckoned in millions, national systems of economy have been overturned, and the working classes are without employment.

Our civilization has been periodically saved in different directions by the genius of a few men, and by the power of resistance and the spirit of sacrifice of the peoples, but the time has come to make a collective and concrete effort in the defense of our common heritage.

We have had further proof during the last few months of the need for closer cooperation between nations, and—what is more important—there has been cooperation between the nations which only a short time ago were in armed conflict with one another. They have settled their differences and decided to cooperate in the defense of our common civilization.

Fresh possibilities have been opened up by the negotiations between those countries, which do not differ in any respect from those envisaged by the league. All these means lead to the same common goal. In any case, work is being done, ideas are being clarified and—let us be frank—the interests served by international solidarity are being proclaimed and defined. Our business now is to organize, to safeguard and to clear the way, and that we can not do so long as our efforts at collective organization are paralyzed by the race for armaments.

He then gives utterance to this important declaration:

In my government's view, disarmament is the starting point of many things; the putting into execution of the system of security and peace created by the covenant, the establishment of greater confidence between States, and the reestablishment of laws of economic integration which have suffered such ruthless violation.

That is the most urgent item in the league's program; that is the task most closely in keeping with the league's essential purpose.

The disarmament conference has been convened and will begin work on February 2. My observations may therefore appear superfluous; indeed, I hope that they will prove so. Naturally, they do not refer to the convening of the conference, but to the policy that may be adopted by the governments represented there, to the ideas they may bring to it, and to the methods they intend to follow. Now is the time for courage, moderation, and above all, common sense. Each one of us must realize the difficulties of the others, must state his own requirements frankly, limiting them to what is really essential, and must reduce his armaments to the lowest point consistent with national safety and the enforcement by common action of international obligations, within the meaning of article 8 of the covenant. * * *

In contrast with the reported position of our delegates to the Geneva conference I desire to call Senators' attention to statements made by a number of delegates representing other nations at the Geneva conference. I read from a publication known as Völkerbund, a journal of German League of Nations Union, under date of February 19, 1932. It contains statements made by a number of the delegates at the conference.

Again M. Dino Grandi, representing Italy, submitted an advanced program, one which, if adopted, will crown the conference with success. He said:

* * * My country for its part is therefore ready to accept an organic plan of quantitative limitations comprising:

In respect of naval armaments:

1. The simultaneous abolition of capital ships and submarines.
2. The abolition of aircraft carriers.

In respect of land armaments:

1. The abolition of heavy artillery of all kinds.
2. The abolition of tanks of all kinds.

In respect of air armaments:

1. The abolition of bombing aircraft.

In general:

1. The abolition of all kinds of aggressive means of chemical and bacteriological warfare.
2. The revision of the laws of war so as to insure a more complete and effective protection of civilian populations.

I do not think it necessary to draw your attention to the fact that when once we have come to an agreement for the abolition of certain weapons of war which are the most powerful and the most deadly, we should not only have taken a great step forward in the direction of disarmament, but we should also be in a position to come more easily and more rapidly to an agreement on the quantitative reduction and limitation of other forms of armaments. * * *

Senators will observe that Italy's program included the abolition of capital ships and submarines as well as aircraft carriers. I regret that our delegates did not support this view.

* * * There is a common idea at the basis of peace treaties, and of which the covenant of the League of Nations affords a practical example of what disarmament should be in the spirit of the League of Nations and of the pact of Paris for the renunciation of war.

Those who desire disarmament look with extreme gratification upon this broad and comprehensive view of the Italian representative. It is regretted that our delegates did not challenge attention to the pact of Paris, which called for the renunciation of war and which contemplated as a step necessary to the realization of the purpose of the Kellogg-Briand pact the reduction of armaments to the lowest possible limit and the ultimate disarmament of all nations. He also added:

* * * We have more than once debated the theoretic question whether disarmament should precede security or security disarmament. We have discussed it for the past 10 years; and should we continue the debate during the whole course of our labors, we should inevitably engage in the path described as that of the sophistry of disarmament.

Let us then leave theories on one side and look facts in the face. The facts show that without disarmament there can be no security. Since the close of the war and since we undertook for the first time in a definite way to reduce armaments, armaments have been steadily increasing. To-day all countries are carrying a burden of military expenditures more crushing than that they had to bear immediately before the war. We are, I fear, on the slope leading to a new armaments race at the very time when we were elaborating legal instruments of security. * * *

Sir John Simon, speaking for Great Britain's delegation, declared in favor of a permanent disarmament commission, the abolition of gas and chemical warfare, and also the abolition of submarines. He also stated that his delegation was ready to cooperate in whatever methods are found most practicable for agreed reduction in the size of ships and of maximum gun caliber as well as in any practical application of the principle of prohibiting land guns above a certain caliber.

Japan was represented by distinguished delegates, among them M. Matsudaira, who, speaking for the delegation, said:

The Japanese delegation is in favor of adopting the draft convention as the foundation of the work of the conference.

It is in favor of reduction in the size of battleships and in the caliber of their guns. We would further propose the reduction in the assigned tonnage of the airplane carriers, since their functions would be of the most aggressive nature. We are prepared further to consider the possibility of their total abolition, together with the prohibition of equipping vessels with airplane-landing decks.

As to the proposals for the total abolition of the submarine, the view of Japan was clearly set forth at the time of the London conference. In short, it is this: That it is not so much in the original nature of the submarine to be inhuman as in its wanton

use. A surface craft would be just as inhuman according to its use. As to the use of the submarine a strict limitation was stipulated in the London naval treaty. It is our hope that all naval powers would find it possible to adhere to that declaration, and it is our conviction that an agreement as to a strict similar limitation on the use of all classes of war vessels should be come to. We entirely share the view of the American delegation regarding the prohibition of air bombardment, the use of poison gases, and bacteriological warfare.

M. Zulueta, the Spanish delegate, stated:

* * * Efforts to palliate the evil by attempting to humanize war will prove useless. I am doubtful as to the desirability of the attempts made to proscribe those arms which are called inhuman. We are distracting the conference from its real object, which is not to mitigate but to abolish war. * * *

M. Litvinov, delegate from the Soviet Government, submitted a statement that in my opinion should receive most serious consideration. Senators will recall that at the preliminary conference held about two years ago, called for the purpose of preparing a program for the Geneva conference, M. Litvinov submitted several propositions, one of which called for complete disarmament of all nations. This proposition was treated with contempt by the delegates. He submitted several others which ought to have received consideration. The treatment accorded this representative of the Soviet Government aroused considerable criticism in Russia and was used as a foundation for a rather extensive propaganda against capitalistic nations, the contention being that they were insincere in their avowals of a desire for world disarmament and were intent upon maintaining military forces to be used against the Soviet Government. At the Geneva conference M. Litvinov, speaking for the Soviet Government, submitted the following program as a contribution of his Government to a policy of world disarmament:

* * * The only infallible way to the solution of the problem of the organization of peace, the problem of the averting of war, the problem of assuring security to all nations, is general and total disarmament.

The idea of total disarmament is distinguished from all other plans by its simplicity and by the ease with which it could be carried out and with which its realization could be controlled. Identical security and equality of conditions for all countries could only be arrived at by means of total disarmament. The Soviet delegation has by no means come here merely to put before you yet another time its proposal for total and general disarmament, or to declare that we are determined to have complete disarmament or none at all. We have no illusions whatsoever as to the fate in store for our proposition. Our delegation is ready to discuss with you any proposals tending to reduce armaments; and the further such reduction goes, the more readily will the Soviet delegation take part in the work of the conference. Considering the draft convention drawn up by the preparatory commission altogether inadequate, the Soviet delegation will advocate here its own draft for the reduction of armaments, which, however, it regards merely as the first step toward total disarmament.

I would remind the conference that the Soviet delegation was the first to propose, in its second draft convention put before the preparatory commission, the complete destruction of the most aggressive types of armaments, including:

1. Tanks and superheavy long-range artillery.
2. Ships of upward of 10,000 tons displacement.
3. Naval artillery of over 12-inch caliber.
4. Aircraft carriers.
5. Military dirigibles.
6. Heavy bombing planes, all stock of air bombs, and any other means of destruction for use from airplanes.
7. All means and apparatus for chemical, incendiary, and bacteriological warfare.

The Soviet delegation proposed the complete prohibition of air bombing and not only beyond the limits of a definite area. It also proposed not merely to refrain from chemical warfare but actually from preparing for it in time of peace.

All these proposals remain in full force for the present conference.

I am empowered to declare here the readiness of the Soviet Union to disarm to the same extent and at the same rate to which the other powers may agree.

The delegates from other nations submitted plans for disarmament, but none were as liberal and advanced as those presented by the soviet representative and by the representative of Italy.

I confess that the address of Ambassador Gibson was disappointing to me, and the attitude of our delegates since then has, I fear, deprived the United States of the leadership which it should have assumed.

Not long ago the Navy League, which is an effective propagandist for a big Navy and for battleships, criticized the President, charging him with "abysmal ignorance" because he did not accept the views of the league and of admirals and the Navy Board. Mr. President, if Mr. Hoover adheres to the letter and spirit of the address which he delivered before the International Chamber of Commerce in advocacy of a reduction of armaments, and if he will direct our delegates at the Geneva conference to support a real and effective policy for disarmament, he will receive the support of an overwhelming majority of the American people in that position.

Mr. President, there are not a few militarists in the United States who are constantly demanding increased appropriations for the Army and the Navy. They visit all parts of the United States and avail themselves of every opportunity to urge the people to support measures calling for increased appropriations. The people are told that our country is in danger of invasion; that it is unprepared to meet lurking foes ready to make war upon our country. It is unfortunate that the people are beguiled or influenced by these representations.

There are too many living in the military atmosphere of the nineteenth century; too many followers of the naval philosophy of Admiral Mahan, who asserted that general armament is the road to peace. He argued that an organization of military strength is not provocative of war, and that the powerful armaments of Europe, though onerous, were nevertheless beneficial, "because that created mutual respect and caution, which were the alternative to devastating wars."

I do not think that his philosophy finds vindication in the events that have transpired during this or preceding centuries. Who can doubt that the military forces, both land and naval, of European powers, particularly Germany, led to the World War? This view postulates the triumph of material forces in life over those of a moral and ethical character. It denies the unifying power of religion; the civilizing force of cultural development, and the results of the progressive and democratic forces which, more and more, are manifesting themselves throughout the world. It rests upon the doctrine of the status quo; it ignores the profound philosophy of Spencer which recognizes the operation of evolutionary elements in the social and political life of nations. The multilateral pact of Paris; the meeting together of scores of nations to formulate plans for the betterment and advancement of all peoples; the manifestation of a broader spirit of internationalism; all these manifestations prophetic of important changes that are taking place among the peoples of the earth are ignored by the materialistic philosophy which is accepted by many in this and other lands.

I referred a few moments ago to the proposition made by M. Litvinov at a meeting of the preliminary commission when his plan was rejected—a plan that called for the dissolution of land, sea, and air forces; the destruction of weapons, of military supplies, and means of chemical warfare; the discontinuance of compulsory military training; the destruction of fortresses and naval air bases; the scrapping of war industrial plants and the abolition of military and naval air ministries.

The statement made by the President in March, 1929, I am afraid is being forgotten by our representatives at the Geneva conference, and it is also overlooked by the State Department and the President. In his inaugural address President Hoover stated that—

Peace can be promoted by the limitation of arms and by the creation of the instrumentalities for the peaceful settlement of controversies. I covet for this administration a record of having further contributed to advance the cause of peace.

But our Government and the military and naval authorities are enamored of the word "parity" and seek to apply it to all categories. They are governed too much by rampant nationalism and seem to follow the view that to carry on war is not the sole raison d'être of big armies and navies. When challenged to name the government that is our enemy and

contemplates making war upon us they insist that we must maintain a large Navy and military force because of the moral effect these armaments will have upon the world. In other words, they argue that a powerful military force will not only guard and protect our shores but will be a restraining influence upon other nations. This view postulates that the United States is a sort of world policeman and must stride throughout the world with club and gun in hand and awe smaller nations into a sullen submission. I am reminded of the statement of the Spanish writer and statesman Madariaga, who says:

> It is not so much actually in order to shoot her guns at England that America wants cruisers, nor to defend her supplies from American cruisers that England is so particular about her superiority at sea—it is because naval preeminence means international prestige, preponderance in the counsels of the world, authority in troubled areas such as China; power to have one's way, political backing to financial economic and commercial penetration.

Undoubtedly this view still prevails among many—that a nation to have prestige and to play a large part in the world must possess great military strength. Our Navy Department has at times, with evident pride, amounting almost to pompousness, referred to the operations and activities of the Navy in carrying captains of industries from port to port and promoting trade and commerce.

The United States and Great Britain many years ago entered into the Rush-Bagot treaty which resulted in the destruction of all fortifications and prevented either country from erecting forts and maintaining any weapons of war along a boundary line extending from ocean to ocean. One passes across an invisible boundary from Canada to the United States and vice versa, and both countries are relieved of military burdens in guarding this invisible line. Why may not other nations invoke the same spirit of amity and good will; and why may not all nations, under the benign influence of this vitalizing and inspiring force, devote their energies to industrial and economic development—to cultural and spiritual growth—rather than to dissipate their resources and their energy in devising and constructing instrumentalities of war, devastation, and destruction?

A number of years ago Chile and the Argentine Republic ended their military conflicts and entered into a treaty of peace and amity. To signalize this important and epochal event, and as a pledge that their relations in the future would be governed by a spirit of peace and good will, they erected upon the heights of the Andes a magnificent statue of the Man of Peace. They did not select a great military or naval hero to commemorate the event or to solemnize the treaty of amity by which they were to be governed in the future. They found in the Savior of Mankind the most perfect symbol and the most majestic figure of which mankind had knowledge. Their act was a solemn renunciation of war—a dedication to the policies of peace.

Mr. President, I repeat that the passage of the bill under consideration will arouse fears and apprehensions as to our good faith and our desire for peace. We may avow our devotion to the cause of peace; our determination to engage in no imperialistic or military policy, but our avowals will be discounted and will fall upon deaf ears. I recall the words of Chief Justice Hughes before the American Society of International Law in April, 1927. He was referring to the naval program of 1916, which called for 16 capital ships and corresponding auxiliary craft at a cost of nearly a billion and a half dollars. I might add by way of parenthesis that the attempt to force through this program aroused much opposition in the United States, which, in part, was responsible for the limitation of arms conference of 1922. The words of Judge Hughes were as follows:

> * * * Whatever the motive that inspired our naval program of 1916 it was clear, after the end of the war, that it was unnecessarily extensive and had become essentially provocative. * * * The question pressed, Against whom was it directed? Germany's naval power was destroyed. There were but two other great naval powers—Great Britain and Japan. It was natural for Japan to misinterpret the motives back of the continuance of our ambitious naval force. I am informed that, responsive to ours, Japan's naval expenditure, which was less than $100,000,000 in 1917, had been increased to over $270,000,000 in 1921.

It should have been obvious to the American people that a program of the character referred to would inspire fears and distrust in other countries. May we not look for the same reaction now that we are driving through a bill calling for $1,000,000,000 for naval craft?

Mr. Bywater, in his work on Sea Power in the Pacific, refers to a discussion in the Japanese Diet when it became known that the United States was driving forward the 1916 naval program.

In reply to members of the Diet, representatives of the Government stated that the naval program was not prepared until they had information concerning the naval program of two other countries, one of which, of course, was the United States. In other words, the Japanese Government revised its naval plan and budget to meet the naval policy of the United States.

Mr. President, what justification is there for this bill? And what excuse is there for the United States appropriating, as the administration proposes that it shall appropriate, more than $700,000,000 to meet the ordinary expenses of the Army and the Navy for the next fiscal year? Against whom are we arming; what foe do we fear; what nation is challenging us; what dangers confront us?

Mr. President, no one but a violent, unreasoning "bellofist" can have the temerity to name any nation which menaces our peace or contemplates invading our shores. The Latin American countries desire the friendship and good will of the United States. If they are alienated, it will be because of unwise policies pursued by this Republic. They acknowledge their indebtedness to the United States because of the protection accorded them, when, as revolting and struggling colonies, the Monroe doctrine was promulgated. They learned that the United States desired that they should have full opportunity for self-development and self-expression; that it had no imperialistic designs. When they established free and independent states they adopted, in part, some of the provisions of the fundamental laws of this Republic; they hoped to have a Pan American Union within which the fullest and freest opportunity for economic and political development might be realized. They desired that the channels of trade and commerce between their countries and the United States should not suffer from improper obstacles. The States of Latin America will be animated with a desire for friendly relation with the United States if this country pursues a wise and liberal policy, such as announced by Monroe and by American statesmen and leaders of public thought from his day until the present time.

When the United States entered the World War as a belligerent, substantially all Latin American governments cast their lot with this Republic. There is not a single American who will say that the United States has aught to fear from the people of Mexico or Central or South America. They are not building war vessels or constructing military machines; they desire peace and the good will of this and other nations.

On the Western Hemisphere we have no foe; within its boundaries there lurk no dangers to this Republic. Who dares say that Germany or France or Italy or any of the nations of Europe are projecting military or naval plans which have in view armed conflicts with this country. The smaller nations of Europe are practically disarmed. Norway, Sweden, Denmark, and Holland have neither armies nor navies. Spain has thrown off a monarchial form of government and seeks to establish a liberal and progressive Republic. Do we fear Portugal, Switzerland, Poland, or the Baltic States?

No Senator nor any person familiar with conditions in Germany will contend that we should build battleships and organize military forces for fear of German aggression. The German people have tasted the horrors of war, and with courage are trying to meet the economic and industrial problems that press for solution. They want work, bread, and the opportunity for peaceful development—not war and international conflicts. Under the treaty of Versailles their military and naval forces are restricted; and even if there were no restrictions, the present situation in Germany will

compel the German people to seek the economic and industrial rehabilitation of their fatherland. It is true they are dissatisfied with the terms of the Versailles treaty and will seek to modify the demands for reparations.

I have referred to the position taken by Italy at the Geneva conference and called attention to the plan for disarmament there suggested by M. Dino Grandi.

The Italian Government is giving many evidences of its pacific intentions and its desire to cooperate not only with European nations but with the civilized world in promoting trade and commerce and international peace and good will. It has been the habit of some Americans to indulge in violent criticism of Mussolini and to attribute to him and to the Italian people warlike designs and militaristic aspirations. Gestures have occasionally been made by Benito Mussolini, or some of the Fascist leaders, which were interpreted by some as indicative of an unfriendly attitude upon the part of the political and governmental authorities in Italy toward other countries, but I submit that the Italian Government and the Italian people seek an industrial renaissance. Certainly no one can claim that Italy presents any danger to the United States or that our military and naval budgets should be framed upon the theory that Italy is a menace to this Republic. The Italian people love their homes; they are largely devoted to agricultural pursuits and, as I have indicated, their chief concern is to bring economic recovery to their country.

Does the Senator from Maine [Mr. HALE] contend that the passage of this $1,000,000 authorization is called for because of conditions in France? He knows, as all Senators know, that France has a small navy and did not avail herself of the opportunity given under the disarmament treaty of 1922 of constructing battleships. I might add that Italy did not avail herself of the same permission. France is a nation of agriculturists and the great majority of her people own their own homes and cultivate their own land. There has been much criticism of France in this and other countries since the World War, but in my opinion she has been unjustly charged as being animated by a militaristic spirit.

A few moments ago I read from addresses delivered in June last by Premier Macdonald and Stanley Baldwin. Permit me to quote a few sentences from these addresses. Speaking of France, Premier Macdonald says:

* * * Here one may say that a country in the position of France is in a peculiarly attackable position in that respect. We are an island. Let us be fair. Let us be just. Fairness and justice do not consist merely of logic. We must be able to use our imagination, to make our fairness a full measure of fairness, and our justice a full measure of justice. These people have been invaded again and again and again; their fields have been flattened by the feet of millions of invading soldiers. No channel however thin that trickle may be in view of modern invention and the application of science and research, no channel but a line drawn upon the ground—that is their only frontier. What should we feel like if we were in that position? Anyone who goes over the border country between England and Scotland, especially if he has any imagination, can understand the modern conditions and the modern psychology of large sections of the people of Europe. Therefore while we give our figures and ask for our agreements and negotiate our agreements, do not let us lose that sympathetic touch which is bound to keep France and us together so long as we have the proper imagination to see what a Frenchman feels, and above all what a French woman feels, when war is talked about and disarmament is being negotiated. * * *

Stanley Baldwin in his address stated—

* * * I would say one word in addition to what the Prime Minister said about France. I am glad that he said what he did, because there is a tendency in many quarters to make France the scapegoat for every trouble that occurs in Europe. While I quite admit that there is often much to criticize in France, as in ourselves, I think that where people make a great mistake is in the psychology of the French people. I think, if I read it aright, I would say that to-day and for many years past the French people as a people are as peace-loving and domestic a people as exists in Europe to-day. But let us never forget that twice within 120 years the manhood of France has been bled white. The Napoleonic age crippled the manhood of France. Of the war of 1870, terrible as it was, I do not think I would use the term "bled white" as I do of the Napoleonic age and the recent war. What was the spirit that drove France into the Napoleonic wars? It was not so much that France was seized with imperialistic ideas, whatever may have been in Napoleon's mind. I always regard the spiritual impulse in the French people at that time as the impulse of 1789; it was the feeling that they were the apostles of this new liberty, equality, and fraternity, and they were going to upset all the thrones of Europe and to impose those doctrines upon Europe. One of the dangers, as I see it, of the situation at the other end of Europe at this moment is this: I ask myself, is there a danger of the spiritual ideal which animated France in those years animating Russia and driving her out from her boundaries as France was driven out at that time?

But however that may be, that was, in my view, the impulse which led the manhood of France to its death in those years. It was what so often has caused wars in history; it was a great clash of ideals. The clash took place in Europe, and wherever there is a clash of ideals the Englishman is found in it on one side or the other, and the Napoleonic wars took place with the result that we know. There came 1870 and there came the last war, and those last two years have so burnt into their very souls that the Prime Minister has spoken about. It is difficult for us to realize what it means to be a nation in a vast continent with nothing but it may be a river or a field as the boundary over against your neighbor. We are, of course, from a military point of view, not an island any more. It will be some time before our people realize that, but we have to get the continental mind with regard to the position of our own land, and those of us who have been able to get it can sympathize with France. It is an agricultural country in the main. She has seen her fields, her corn, and her vineyards trampled upon by her hereditary enemies and by the armies of her own Allies. That is an experience which men, women, and children can never forget.

Let us show France that sympathy that she needs and deserves, and, as the Prime Minister said, try to bring her along with us and to convince her that, difficult as the task to which we are all pledged may be, the difficulties and dangers of any other path are greater still.

Undoubtedly France is unwilling that the Versailles treaty should be "treated as a scrap of paper" and that new states such as Poland and Czechoslovakia should be destroyed. She has felt constrained to protect the terms of the treaty, because in so doing believed she was protecting her own territory from further invasions and Europe from another devastating war.

In my opinion the greatest peacemaker of Europe in modern times was the great Briand, whose recent death was an international calamity. He collaborated with Stresemann, Germany's great statesman, whose death was also a blow to world peace, in bringing into closer relationship Germany and France. He attempted to organize a United States of Europe, to remove racial prejudices, traditional animosities, and to make effective as an instrumentality of peace the League of Nations, the World Court, and the Kellogg-Briand pact. He and other statesmen of Europe perceived the importance, indeed the necessity, of the most friendly cooperation, politically and economically, between France and Germany.

As I have before stated, France over and over again has signified her willingness to abolish battleships and to adopt a naval policy that will lighten the heavy military burdens to which the nations are subjected.

Does anyone justify this bill and our naval program because of Russia's naval policies? There may be differences of opinion as to the ambitions and desires of the Soviet Government. I know that there are those who believe that Stalin and his associates are planning the destruction of all so-called capitalistic governments, and that if this can not be accomplished by propaganda and intrigue it will be attempted by force. That the Russian Navy is of inconsequential proportions all must admit.

It would be absurd to urge that our naval expenditures must be increased because of Russia's naval program. I spent several months in Russia a few years ago, and in my rather extensive travels there I obtained considerable information concerning the workings of the Soviet Government and the purposes and policies of the Russian people. Although the Russian Army numerically is perhaps larger than that of any other country except China, the Russian people are not communists. Perhaps the communists of Russia do not exceed in number two or three million, and they and the communist leaders are more concerned now in protecting the gains which they have made in their own country and in preventing the liquidation of the Soviet Government than they are in the formulation of plans for the invasion of other countries. From my association with

the Russian people I am led to believe that Litinov's proposition for disarmament on land and sea and air was submitted in good faith. The deplorable economic condition of Russia would not permit the Bolshevik Government to engage in military operations even if it were disposed to enter upon such enterprise. Recently Russia entered into a number of treaties with European nations, and with Turkey and Persia, providing for nonaggression, and for a recognition of the territorial boundaries of such countries. Finland, Latvia, Estonia, and Lithuania, all bordering upon Russia, so far as I am advised, are not contemplating military conflicts with the Soviet Government. I concede, however, that the communist leaders in Russia believe that communism is destined to conquer the world and that sooner or later bourgeois systems and capitalistic governments will give way to the Marxian philosophy as it is interpreted and applied by the communists of Russia; and it is perhaps true that fanatical and zealous communists believe that the day is not far distant when, unless capitalistic nations accept the philosophy of communism, there will be revolutions within such countries and that the Soviet Government will be in a position to afford aid to such movements. But I submit that the bill before us can not be defended by reason of conditions in Russia or of fears of Russian assaults upon our Government. It would appear, therefore, that by a policy of elimination there are only two countries that we may take into consideration in formulating a naval policy; namely, Great Britain and Japan.

Mr. President, I have called attention to statements made by Sir John Simon and Ramsay MacDonald with respect to the question of disarmament. Certainly Great Britain has shown a disposition of going further in world disarmament than have our representatives at the London or Geneva conferences. I can not conceive of the United States fashioning its military policies upon the theory that war between these two great democracies is probable. It is inconceivable that in this enlightened age there should be war between the English-speaking peoples of the world. The United States and Great Britain are bound together by invisible ties. Senators know that from Great Britain came our jurisprudence, our Bill of Rights, our language, and much of our philosophy, a rich literary inheritance, a love of liberty and freedom that animates and inspires all who live under the Stars and Stripes. It would be impossible for Great Britain, even if a complete transformation should take place in the hearts and minds of the British people, to engage in a military conflict with the United States. The geographical position of the United States makes this Republic invulnerable to attack. Great naval commanders like Admiral Sims have declared that a naval war could not successfully be carried on against a far-distant country. No naval forces that Great Britain or any or all countries combined could bring together could successfully attack the United States. The Commonwealths of Great Britain are bound together by the most tenuous cords; indeed, they are, to all intents and purposes, independent states. Notwithstanding the ties of affinity and consanguinity between Great Britain and some of the British Commonwealths, material interests may become controlling factors in determining the relations between them and the mother country.

If Great Britain were the aggressor in a military conflict with the United States, who can say that Canada, Australia, South Africa, New Zealand, or India would give material or moral support to the British Government? If these great Commonwealths were to engage in combat, the world would be involved in gloom, if not in darkness.

Mr. President, for a number of years there has been a chauvinistic element in our country that has sought to arouse public sentiment against Japan, and the recent occurrences in the Orient have revived the jingo spirit that materially subsided after the World War. Many overlook the fact that in that contest Japan gave material aid to the allied and associated powers. Japan participated in the limitation of arms congress and accepted the restrictions prescribed in the treaty following the conference. Japan's position for many years has been most difficult. She has a growing population—a restricted territorial area and limited resources. The problem confronting her has been and is to provide food for her inhabitants. Legislation excluding Japan from a number of countries has been enacted, and the limited area of Japan has brought the matter forcibly before the people that their future was uncertain unless an outlet for her surplus population could be discovered. Japan, like Great Britain, is unable to produce sufficient food for her population, and is compelled to look to the mainland for food and for raw materials.

It was to be expected that Japan, because of her insular position and lack of food supplies and raw materials, would look with concern upon the policies of other countries which would affect the mainland and particularly that portion of China and Manchuria which were separated from Japan by narrow stretches of water only. From the days of Peter the Great to the organization of the Soviet Government, Russia pushed her conquests eastward to the Pacific Ocean. Not content with her enormous territorial gains, the Russian Government invaded Manchuria and evidenced a purpose to confine Japan to her narrow and restricted limits. Japan in self-defense met the Russian armies and defeated them both upon land and upon sea. Japan won important victories and proved the character, courage, and devotion of her forces. History, I think, will show that Japan was largely deprived of the fruits of victory through the intervention of the great powers, but it is not inaccurate to say that Japan's emergence from a medieval status was the result of her contacts with occidental nations.

Recently, a distinguished Japanese, in an address delivered in New York, replied to critics who condemned his country and his people as having military ambitions and warlike characteristics. He stated in substance that before American war vessels entered Japanese ports and an American commodore demanded that they should be open to the commerce of the world, the Japanese were a quiet, inoffensive, and peace-loving people. He stated that they loved their mountains and their valleys and lived among their flowers, and many devoted their time to literary pursuits and to artistic activities. He further stated that so long as Japan remained in that rather pastoral and primitive condition she was treated with condescension by the occidental nations, but that when she followed the ways of Christian nations and built war vessels and raised and maintained well-drilled and efficient military forces, the Christian nations of the world were willing to receive her into their circle, and Great Britain sought an alliance which was only superseded when a treaty was entered into at the limitation of arms conference in 1922 between the powers, including the United States, and Japan.

The speaker was not defending militarism but was answering what he conceived to be unjust attacks upon his country and misinterpretation of the purposes and desires of the Japanese people.

Mr. President, I hold no brief for Japan, and I think her recent activities in and about Shanghai will be difficult to explain to the world. Undoubtedly the chaotic condition in China has occasioned deep concern upon the part of the Japanese Government. Japan could not look complacently upon China, torn and dissevered and a prey to predatory forces and communistic depredations. I do not believe that Japan seeks political control over China or aims to exclude occidental nations from trade with China. The policy of the open door, I think, Japan hopes to see maintained. It is quite likely, however, that with respect to Manchuria Japan believes that she has peculiar or special interests that may not be disregarded. The Soviet Government exercises more or less of authority over Mongolia. Japan may not feel quite assured that sooner or later there may not be a recrudescence of Russian imperialism which may lead the Russian Government, no matter its form, to covet Manchuria.

The United States has insisted upon maintaining the Monroe doctrine and various interpretations have been placed upon it by succeeding administrations. President Coolidge so interpreted it as to give the United States peculiar inter-

ests in certain Central American states. May not Japan contend that morally and legally she has interests different and distinct from those of other nations in Manchuria? Japan has large investments in Manchuria and more than a million of Koreans and Japanese have homes and property interests there. For several years last past bandits and brigands have infested that country and subjected Chinese, as well as Koreans and Japanese, to indignities and inhuman treatment. Doubtless Japan believed she had a right to defend her railroad and other interests, as well as the Koreans and Japanese, who were materially contributing to the establishment of peace and order and adding to the wealth of Manchuria.

I am not justifying Japan in the course which she has pursued; I am merely calling attention to a number of facts familiar to Senators. In what I have said I do not forget the tragic conditions in China and the efforts which are being made in China by patriotic Chinese to protect their country and to develop a national spirit and to resist every and all encroachments upon the territorial integrity or political rights of China. However, I will not pursue this thought further. I have alluded to these matters only because the contention is not infrequently made that the United States must maintain a powerful Navy because of Japan's alleged aggressive and ambitious projects. In my opinion, we are not justified in assuming that Japan is our enemy and fashions her military and naval plans with reference to the United States. At the London conference, as well as the conference now in session at Geneva, the representatives of Japan have indicated a willingness to materially reduce the military armaments of their country and to join other nations in relieving the people of the frightful military burdens resting upon them.

Mr. President, I return to the question, What justification is there for this proposed legislation? I quoted a statement of the Senator from Maine that—

> * * * The enactment of this bill into law will have a stabilizing effect on world affairs. * * *

Mr. COSTIGAN. Mr. President, is it the contention of the Senator from Utah that the enactment of the pending bill would stimulate the spirit of competitive arming?

Mr. KING. Mr. President, I can reach no other conclusion, nor can I comprehend how any other conclusion can be reached.

Italy has recently announced that she has abandoned for the present the construction of one or more naval vessels which under existing treaties she is not deterred from building. Great Britain on the 3d of March reduced her military budget over $18,000,000. Her naval estimates were lowered, and the average personnel of the navy was decreased 2,300 men. In what manner the passage of this measure calling for $1,000,000,000 to be expended for naval vessels within four years will have a "stabilizing effect on world affairs" the Senator from Maine did not satisfactorily explain. In what manner will it "stabilize world affairs"? Evidently the Senator believes that it is a threat that the United States intends to strengthen its Navy; that because of the greater resources of the United States it can expend larger sums than other nations for military purposes; and that $1,000,000,000 for new war vessels, to be built within four years, involves no serious drain upon the Treasury of the United States or the financial resources of the United States.

Mr. President, I believe that the passage of this bill will, as I have heretofore stated, arouse fears, if not resentments, upon the part of the nations whose representatives are now meeting delegates from the United States. When Germany began the construction of a powerful navy it did not tend to stabilize world affairs, but, on the contrary, produced instability, aroused fears and apprehensions, and, indeed, animosities. Does the Senator think that it will increase our bargaining power at the Geneva conference, and that those participating in the conference in order to obtain our favor will more quickly accept terms which our delegates may submit? Mr. President, I am sure that the suggestion of this view will prove offensive not only to the representatives of other nations attending the conference but to the people generally who are longing for disarmament and for peace.

The Senator from Maine would have the country believe that our Navy has so deteriorated that it deprives our country of proper protection. The fact is, Mr. President, that we have the strongest and most powerful Navy in the world. I have before me a statement prepared by our Secretary of State, addressed to the secretary-general of the League of Nations, dated June 6, 1931. Preliminary to the Geneva conference the participating nations were requested to submit to the secretary-general of the league a detailed statement showing the military forces of each nation. In response to this request the Secretary of State submitted a statement and tables, covering 18 pages of printed matter, which contain complete information regarding the land, naval, and air effectives and air matériel "of the United States Government, as well as information regarding the expenditures for the armed forces of our Government." This report shows that the global tonnage of our Navy is 1,251,840 tons. The capital-ship tonnage totals 523,800. The tonnage of the aircraft carriers totals 95,300 tons. Cruisers with guns of more than 6.1 inch 155 millimeters built, building, appropriated for, or authorized total 206,800 tons. Cruisers with guns of 6.1 inch and less 155 millimeters total 75,900 tons. The number of destroyers is 256, with a total tonnage of 273,360 tons. Our Navy contains 110 submarines with a total tonnage of 80,680. I should add that some of the destroyers are over 16 years of age, and some of the submarines are over 13 years of age and are listed for disposal. There are also various other naval vessels, such as mine sweepers, Eagle boats, submarine chasers, tenders, aircraft tenders, cargo ships and transports, and so forth, numbering 197, having 776,085 tons.

The report also lists a number of special vessels, such as mine layers, monitors, and so forth, numbering 14, with a total tonnage of 88,050 tons. Under the head of Air Materiél the report shows that we have 1,752 airplanes having a total horsepower of 1,028,745. In addition there are dirigibles and other naval accessories. The report further states that the expenditures of the United States on shipbuilding for the year ending June 30, 1930, was approximately $37,000,000, and that the cost of maintenance and repairs was $32,817,000. The report adds that the expenditures for the fiscal year just mentioned, on account of Veterans' Bureau, pensions, and the pay of retired officers of the land and naval forces, amounted to $714,005,086, and that the total expenses for the Navy were $375,291,828, for the air force $110,070,315, and for the land forces $350,457,317.

Senators will perceive from this statement that the United States not only has a large and efficient Navy but that our annual expenditures for military purposes are very great.

I also have a statement submitted by the British Government to the League of Nations bearing date of August 4, 1931, which gives in detail the military and naval forces of that Government. It shows that the global tonnage is 1,250,247 (tons), consisting of capital ships, the total tonnage of which is 555,050 (tons). There are five aircraft carriers with a total tonnage of only 115,350. One of the carriers has a tonnage of only 10,850 and another 14,450. The report shows a cruiser tonnage totaling 163,686, 30 of the number being small cruisers from 3,895 to 4,850 tons each. The total tonnage in the cruiser category is 170,665. The statement shows that the tonnage of the destroyers amounts to 184,370, and the submarine tonnage totals 61,126. Great Britain also has a number of what the statement denominates as "exempt vessels as defined by Annex I to Chapter B of Part II of the Draft Convention (cf. article 8, London Naval Treaty)."

Mr. Charles P. Howland, in his book entitled "Survey of American Foreign Relations," published in 1930, states that Japan, in 1929, had 10 capital ships and 3 aircraft carriers; France, 9 capital ships and 1 aircraft carrier; and Italy, 4 capital ships and 1 aircraft carrier. At the beginning of 1930 Japan had 29 cruisers and 4 were being built. Her

destroyers numbered 101 and her submarines 61. At that time she was constructing six destroyers and six submarines. The United States has more destroyers than Great Britain and Japan combined. Mr. Howland, quoting from the report of Naval Intelligence of the United States Navy, states that no other vessel was more directly responsible for the protection of sea traffic in the Great War than the destroyer. It was an antidote for the submarine menace, "and being thrice armed with ram gun and depth charge as it pursued its prey and with a speed of 40 miles an hour, it was the deadliest foe of the submarine."

Data from the Office of Naval Intelligence of the United States as of December, 1929, shows that the United States had in its Navy 452 ships; the British Empire, 339; Japan, 233; France, 198; and Italy, 174. The total tonnage of the warcraft of the United States was 1,293,972 and that of Great Britain 1,344,412. Japan's total tonnage was 784,877. In the United States Navy there were 93,323 enlisted men; the man power of the British Navy was 89,000; Japan's had 81,595; France's, 60,834; and Italy's, 45,397.

Notwithstanding the superiority of our Navy over that of Great Britain or any other power, Secretary Wilbur in 1927 urged the construction of 71 warships. Of this number 25 were to be light cruisers, 9 destroyer leaders, 32 submarines, and 5 aircraft carriers, the estimated cost of which was between seven hundred and twenty-five and eight hundred millions of dollars. It was remarkable that this recommendation was declared to be "not in conflict with President Coolidge's policy of economy." At the same time Mr. Bridgeman, First Lord of the Admiralty, announced in the House of Commons that Great Britain had decided to drop from the list three cruisers which were to be laid down during that year.

The naval board and the navalists of the United States vigorously pushed the administration program, but opposition was developed in all parts of the United States and the administration was compelled to modify the same. A new bill was offered calling for fifteen 10,000-ton cruisers and one aircraft carrier, the cost to be approximately $300,000,000. The House passed the bill providing for the construction of these vessels, but it was not acted upon in the Senate. In the meantime the Briand-Kellogg treaty was prepared and signed in Paris in 1928. Notwithstanding the terms of this pact and the solemn agreement that the United States, as well as all other signatories, renounced war as a national policy and agreed to settle all disputes by peaceful means, the Senate in February, 1929, passed a bill authorizing the construction of 15 light cruisers and 1 aircraft carrier.

There have been persistent efforts upon the part of our Navy Department and various organizations in the United States to embark upon a stupendous naval-construction policy, and the propaganda carried on in behalf of this program has done much, in my opinion, to nullify international efforts to limit military expenditures and to prevent success in disarmament conferences.

Mr. President, I have, upon a number of occasions, declared, and I insist that the facts support the declaration, that our Navy is superior to that of Great Britain. Mr. Hector C. Bywater, a recognized authority upon naval construction and naval affairs, recently stated that—

> * * * The United States battle fleet of 18 capital ships is the only completely oil-burning fleet in the world, which gives it an immense advantage over all others in steaming radius and strategical homogeneity. It is the only fleet of which every pre-Jutland unit has been, or is being, extensively reconstructed or modernized to embody war experience. It mounts 192 heavy turret guns, as against 166 corresponding guns mounted in the British fleet.

Since Mr. Bywater made the statement just quoted, the United States has expended tens of millions of dollars in improving our capital ships. It is to be noted that six of our capital ships have been completed since the war. Great Britain has completed but three. In our fleet there are 10 ships, each with a tonnage of 30,000 or over. In our Navy there are five capital ships the guns of which outrange the British guns, with the exception of those of the *Rodney* and the *Nelson*. Our Navy has twenty-four 6-inch guns, while the British Navy has but 18.

Further comparisons between the various navies of the world will, in my opinion, establish the fact that the Navy of the United States is superior to that of any other country. In view of this fact and of the growing demand in this and other countries that the military burdens shall be reduced, it seems indefensible for the United States to expend such huge sums for the construction of war vessels and for so-called military preparedness. We should prepare for peace rather than for war.

Mr. President, our children and our children's children will be called upon to pay millions of dollars to meet the obligations of the World War. Though our expenditures to date growing out of the World War exceed $58,000,000,000, the American people have paid but a fraction of what the future will demand at their hands.

The bill before us should be defeated. Its defeat would encourage the friends of peace everywhere and give notice to the world that this Republic is not only dedicated to liberty and justice but to the cause of international good will and to world peace.

The VICE PRESIDENT. If there be no further amendment to be offered to the bill, the question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed for a third reading, and was read the third time.

The VICE PRESIDENT. The question is, Shall the bill pass?

Mr. LA FOLLETTE. Mr. President, I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Ashurst	Cutting	Kendrick	Shipstead
Bailey	Dale	Keyes	Shortridge
Bankhead	Davis	King	Smith
Barbour	Dickinson	La Follette	Steiwer
Bingham	Dill	Lewis	Stephens
Blaine	Fess	Logan	Thomas, Okla.
Bratton	Fletcher	McGill	Townsend
Broussard	Frazier	McKellar	Trammell
Bulkley	George	McNary	Tydings
Bulow	Glass	Metcalf	Vandenberg
Byrnes	Goldsborough	Moses	Walcott
Capper	Gore	Norris	Walsh, Mass.
Caraway	Hale	Nye	Walsh, Mont.
Carey	Hatfield	Oddie	Watson
Cohen	Hayden	Reed	Wheeler
Connally	Howell	Robinson, Ark.	White
Coolidge	Hull	Robinson, Ind.	
Costigan	Johnson	Schall	
Couzens	Jones	Sheppard	

The VICE PRESIDENT. Seventy-three Senators having answered to their names, a quorum is present. The bill having been read the third time, the question is, Shall it pass?

Mr. MOSES. I ask for the yeas and nays.

The yeas and nays were ordered, and the Chief Clerk proceeded to call the roll.

Mr. BULOW (when his name was called). On this vote I have a pair with the senior Senator from New Jersey [Mr. KEAN] and therefore withhold my vote. If permitted to vote, I should vote "nay."

Mr. DICKINSON (when his name was called). I have a general pair with the senior Senator from Kentucky [Mr. BARKLEY]. Not knowing how he would vote, I withhold my vote. If permitted to vote, I should vote "nay."

I desire to announce that the senior Senator from Iowa [Mr. BROOKHART] has a general pair with the junior Senator from Louisiana [Mr. LONG]. If the Senator from Iowa were present and permitted to vote, he would vote "nay," and, I understand, if the Senator from Louisiana were present and permitted to vote he would vote "yea."

Mr. HULL (when his name was called). I have a general pair with the junior Senator from Rhode Island [Mr. HEBERT]. In his absence, I withhold my vote.

Mr. JONES (when his name was called). I have a general pair with the senior Senator from Virginia [Mr. SWANSON], who is necessarily absent. I transfer that pair to the Senator from Vermont [Mr. AUSTIN] and therefore am at

liberty to vote, and vote "yea." I understand if the Senator from Vermont were present and permitted to vote, he would vote "yea."

Mr. McNARY. On this vote I have a pair with the senior Senator from Mississippi [Mr. HARRISON], who is necessarily absent from the Chamber. Being unable to obtain a transfer, I withhold my vote. If permitted to vote, I should vote "yea."

Mr. THOMAS of Oklahoma (when his name was called). On this question I have a pair with the junior Senator from Missouri [Mr. PATTERSON]. I understand that if he were present, he would vote "yea." If I were permitted to vote, I should vote "nay."

Mr. WHEELER (when his name was called). I have a general pair with the junior Senator from Idaho [Mr. THOMAS]. If permitted to vote, I should vote "nay."

The roll call was concluded.

Mr. HATFIELD (after having voted in the affirmative). I inquire if the senior Senator from North Carolina [Mr. MORRISON] has voted?

The VICE PRESIDENT. That Senator has not voted.

Mr. HATFIELD. I have a general pair with that Senator, but I find I can transfer that pair to the Senator from Delaware [Mr. HASTINGS], which I do and allow my vote to stand.

Mr. FRAZIER. On this question I have a pair with the senior Senator from New York [Mr. COPELAND], who is unavoidably absent. I transfer that pair to the senior Senator from Idaho [Mr. BORAH] and vote "nay." I understand that the Senator from New York, if present, would vote "yea," and that the Senator from Idaho, if present, would vote "nay."

Mr. SHIPSTEAD (after having voted in the negative). I inquire if the junior Senator from New York [Mr. WAGNER] has voted?

The VICE PRESIDENT. That Senator has not voted.

Mr. SHIPSTEAD. On this question I have a pair with that Senator. I understand if he were present, he would vote "yea." I, therefore, withdraw my vote.

Mr. FESS. I desire to announce the following general pairs:

The Senator from Colorado [Mr. WATERMAN] with the Senator from Alabama [Mr. BLACK]; and

The Senator from Illinois [Mr. GLENN] with the Senator from West Virginia [Mr. NEELY].

I wish further to announce that both the Senator from Colorado [Mr. WATERMAN] and the Senator from Illinois [Mr. GLENN], if present, would vote "yea."

Mr. SHEPPARD. I wish to announce that the Senator from New York [Mr. WAGNER], the Senator from North Carolina [Mr. MORRISON], the Senator from Nevada [Mr. PITTMAN], the Senator from Mississippi [Mr. HARRISON], and the Senator from Georgia [Mr. GEORGE] are absent from the Senate on official business.

Mr. ROBINSON of Arkansas. I wish to announce that the senior Senator from Missouri [Mr. HAWES] is detained from the Senate on official business. If present, he would vote "yea."

Mr. GLASS. I desire to announce that my colleague the senior Senator from Virginia [Mr. SWANSON] is absent in attendance on the disarmament conference at Geneva.

The result was announced—yeas 44, nays 21, as follows:

YEAS—44

Ashurst	Couzens	Kendrick	Shortridge
Bailey	Dale	Keyes	Smith
Barbour	Davis	Lewis	Steiwer
Bingham	Fess	Metcalf	Townsend
Broussard	Fletcher	Moses	Trammell
Bulkley	Goldsborough	Oddie	Tydings
Byrnes	Hale	Reed	Vandenberg
Caraway	Hatfield	Robinson, Ark.	Walcott
Carey	Hayden	Robinson, Ind.	Walsh, Mass.
Cohen	Johnson	Schall	Watson
Coolidge	Jones	Sheppard	White

NAYS—21

Bankhead	Cutting	King	Nye
Blaine	Dill	La Follette	Stephens
Bratton	Frazier	Logan	Walsh, Mont.
Capper	Glass	McGill	
Connally	Gore	McKellar	
Costigan	Howell	Norris	

NOT VOTING—31

Austin	George	Long	Smoot
Barkley	Glenn	McNary	Swanson
Black	Harrison	Morrison	Thomas, Idaho
Borah	Hastings	Neely	Thomas, Okla.
Brookhart	Hawes	Norbeck	Wagner
Bulow	Hebert	Patterson	Waterman
Copeland	Hull	Pittman	Wheeler
Dickinson	Kean	Shipstead	

So the bill was passed.

INCREASE OF BANKING FACILITIES

Mr. GLASS. I move that the Senate proceed to the consideration of Order of Business No. 604, being Senate bill 4412, the banking bill.

The VICE PRESIDENT. Let the bill be reported by its title.

The CHIEF CLERK. A bill (S. 4412) to provide for the safer and more effective use of the assets of Federal reserve banks and of national banking associations to regulate interbank control, to prevent the undue diversion of funds into speculative operations, and for other purposes.

The VICE PRESIDENT. The question is on the motion of the Senator from Virginia.

The motion was agreed to; and the Senate proceeded to consider the bill.

EXECUTIVE MESSAGES REFERRED

The VICE PRESIDENT, as in executive session, laid before the Senate messages from the President of the United States submitting sundry nominations and a convention, which were referred to the appropriate committees.

(For nominations this day received, see the end of Senate proceedings.)

RADIO ADDRESS BY C. E. HUFF

Mr. NYE. Mr. President, I ask unanimous consent for the incorporation in the RECORD of an address delivered by President C. E. Huff, of the Farmers' National Grain Corporation, by radio, April 15, 1932.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

An open break has occurred between the Chicago Board of Trade and Farmers National Grain Corporation, the national cooperative sales agency for organized grain producers. This contest is not of our choosing, but the only alternative to an open fight seems to be abject surrender.

The cooperative organizations have had too many years of experience in fighting with organized tradesmen, whose profits are threatened by the development of the cooperative movement, to be frightened or dismayed by any new contest.

An attempt is being made to mislead the public and local cooperatives as to the issues in the present difficulty. Officials of the Chicago Board of Trade declare or imply that they are entirely favorable to the cooperative movement itself, but they question Farmers National Grain Corporation's being a cooperative; and they object to Farm Board loans, under the marketing act, which they describe as Government subsidies to cooperatives. This attitude of theirs, they say, is in behalf of the producer himself, for whom they claim to have an undying affection.

Let it be recalled that when the first farmers' elevators were organized not a bushel of grain forwarded to market by them would be accepted or handled by any member of the Chicago Board of Trade unless the sale was authorized by the local cooperative elevator, making the shipment to be made in the name of a local private grain dealer (their competitor) and for his account and with a commission deduction for his benefit. They then thought that even local cooperatives were wrong. It required special action on the part of the Federal Government, the active interest of the then President of the United States and of the Attorney General to secure for farmers' elevators their initial right even to have their grain sold by a member of the Chicago Board of Trade at regular commission rates.

It seems that the board of trade now believes that the proper definition of a true cooperative is one which is small, unrelated to others of a similar character, and whose entire commodity is turned over to members of the board of trade for marketing. Any time a cooperative develops strength enough or a program broad enough seriously to interfere with the private earnings of members of boards of trade and exchanges the cry immediately goes up that they are not truly cooperative and that producers are being misled. When one notes what American farmers have done for the Chicago Board of Trade and its members, he must feel that the farmer is entitled, at least, to their undying friendship. This friendship to cooperatives in the past is not borne out by the facts of history.

The Federal Trade Commission was called to investigate the opposition which the grain exchanges were making against the Farmers Equity Exchange in St. Paul in 1918. The commission

found that the organized grain trade had indulged in false and vicious propaganda and had raised substantial funds which had been expended in devious and underground ways and that a definite boycott had been established against the cooperative and the grain which it offered for sale. To correct this bad condition the Federal Trade Commission issued a permanent injunction, restraining the grain exchanges from any such practices in the future in relation to this cooperative organization. There was not at that time any federation of American business nor any war cry about "getting the Government out of business." The issue to-day is not with regard to the Federal Farm Board nor to the Government in business, but has to do solely with the development of large-scale cooperatives, which are putting the American farmer in control of his commodities in the market places in such a manner as to enable him to bargain effectively upon them and to retain for himself those final values which heretofore have passed to others in the form of commissions, discounts, and so on.

The early opposition to the cooperative movement was hardly more ridiculous than that of the present, and yet, looking backward, the utter unreasonableness of it is more completely apparent. The passing of time will reveal the folly of the present opposition.

I am reliably informed that when livestock producers undertook some 25 years ago to market their livestock in car lots directly to the terminal markets, thus substantially narrowing the spread between the farmer and such markets, an injunction was secured in the courts of Iowa against such action on the part of producers, on the ground that it violated the Constitution of the United States. It was contended that the private dealer had a vested interest in this business which cooperative marketing destroyed without due process of law. I am told that for some little time this court injunction was actually in effect prohibiting livestock producers from even attempting to lessen the tolls which were levied upon their commodity.

For nearly two years now the Chicago Board of Trade and its affiliate, the Chicago Board of Trade Clearing Corporation, have attempted to restrict the operations thereon of Farmers' National Grain Corporation, in absolute disregard of the act of Congress which guarantees to cooperatives equal trading privileges with other handlers of grain. No question as to the cooperative character of Farmers' National Grain Corporation was raised by the Chicago Board of Trade in June, 1930, when it first applied for clearing-house membership and privileges, nor was it raised in connection with our application for memberships on the board of trade itself which preceded this application.

Farmers' National Grain Corporation was organized as a central sales agency for grain cooperatives. Its cooperative characteristics have been subjected to the most rigid and technical examination by the Federal Farm Board and Federal intermediate credit banks, restricted by law to lend only to cooperatives. Its articles of incorporation and by-laws contain all standard cooperative provisions. In practice it is fully cooperative in every way.

In appealing to the Secretary of Agriculture to enforce the law governing contract markets, Farmers National Grain Corporation has taken the only course open to it short of appealing to the Federal courts. Against the charges of discrimination and violation of the grain futures act the Chicago Board of Trade and the clearing corporation attempt as their principal defense to cast doubt as to the standing of Farmers National Grain Corporation as a cooperative. They need have no worry on this score. The president of the Chicago Board of Trade has ample opportunity, if he wishes to makes use of it, to learn that Farmers National Grain Corporation is a cooperative, complying in every respect with the provisions of the Capper-Volstead Act. This act not only places limitations on the volume of nonmember business that may be handled but also provides that a cooperative must be composed of producers and must operate for the mutual benefit of its members. The act further limits the dividends which may be paid on capital stock to a maximum of 8 per cent. Farmers National Grain Corporation conforms to all of these provisions of the national cooperative statue, and is wholly owned by 28 large organizations of grain producers, which comprise in their membership upward of a quarter million actual farmers.

It is pointed out by the president of the Chicago Board of Trade that the rule No. 313, which was invoked to prevent the admission of Farmers National Grain Corporation in the clearing corporation and which is being invoked by the board of trade in an attempt to expel the Updike Grain Co., subsidiary of the national cooperative, was passed for the protection of the public and on the theory that in event of a failure the liability of officers and stockholders of the member corporation would be limited, whereas in a partnership all partners would be equally liable. There are two significant things to be noted in connection with this statement. The first is that the board of trade's interest in thus protecting the public in its dealings with members of the clearing corporation never became apparent until after the Congress of the United States, called in special session early in 1929, had gotten definitely under way legislation designed to support the development of cooperative marketing and to place grain cooperatives in such position as to make them a very important, if not a dominant, factor in the market.

It was as clearly evident to these board of trade officials then as it must be evident to the public now that rule 313 would exclude the cooperatives effectively and would in no way operate against any other individual or group. In the nature of things a cooperative can not become a partnership.

The second weakness in the argument is that a partnership is not necessarily financially sound, regardless of the liability which its members may severally have. The rule does not hinge upon the financial soundness of the member organization. It blindly provides that a corporation, regardless of its financial strength, can not be a member and offers the weak excuse that the stockholders of such corporation are not individually liable and that, therefore, the public has less protection. Farmers National Grain Corporation is certainly as responsible financially as most partnerships, is a member in good standing on the Chicago Board of Trade, and has been able at all times to meet every financial obligation or requirement. With its application for membership in the clearing corporation it submitted a copy of its current balance sheet, showing the net worth of the corporation to be approximately two and one-half million dollars.

The president of the Chicago Board of Trade implies that the national cooperative has not dealt openly and cites the fact that its purchase of the Updike Grain Co. was not revealed until brought to light by officials of the Chicago Board of Trade. When the rule 313, adopted by the board of trade only a few months in advance of the formation of the national cooperative, was cited and the corporation's application was returned, the Grain Corporation realized fully that every effort would be made to prevent its becoming a member of the clearing corporation and to restrict its operations as a member of the Chicago Board of Trade. Not wishing to make the matter one of open contest, it was entirely natural that the cooperative should have purchased the stock of a corporation already enjoying member privileges and to have carried on its business by that means. The cooperative has no apology to make for its failure to notify the board of trade of its purchase of the Updike Grain Co. Neither does that purchase nor the use of the Updike Grain Co. by Farmers National Grain Corporation have any bearing upon the corporation's right in its own name as a cooperative to the privileges of the clearing house.

The president of the Chicago Board of Trade finds the grain markets somewhat improved as to price levels and is fearful that the action of Farmers National Grain Corporation in demanding its rights under the law may result in an unfavorable turn in the grain markets and no end of injury to business in general. He should be reminded that Farmers National Grain Corporation and its affiliated cooperatives are the only agencies consistently attempting to maintain grain price levels against the frequent efforts of speculative bear raiders in the private grain trade to hammer down the level of grain prices. Many believe that these raids upon the market have for a motive the desire to cause grain producers to lose confidence in the agricultural marketing act, the Federal Farm Board, and the cooperatives. It might be stated also that the Chicago Board of Trade takes itself far too seriously if it believes that the business structure of this country is apt to suffer very seriously as the result of any action taken on the part of the Federal Government to protect the rights of producer organizations under the law against the rulings of the officials of the Chicago Board of Trade. If any ill results should follow, responsibility for such results will rest not upon those who insist upon their rights under the law but upon those who stubbornly refuse to comply with the provisions of Federal statutes for wholly selfish reasons.

Farmers National Grain Corporation engages in no speculative operations. It is acting in behalf of American grain producers and with their interests in mind, and its development over a period of only two years has had the effect of diverting such large volumes of grain from old-line to cooperative channels that every possible effort, it is apparent, is to be made by a certain element in the private grain trade to prevent further growth of the cooperative movement.

Every possible attempt is also being made to have it appear that there is some community of interest between the Chicago Board of Trade and certain cooperative groups, and that the cooperatives are themselves opposing Farmers National Grain Corporation and the Farm Board as definitely as is the board of trade. The Farmers Grain Dealers Association of Illinois is frequently quoted in this connection. Such quotations are misleading and are made too comprehensive by those who are quoted. One of the stockholder members of Farmers National Grain Corporation in Illinois is Illinois Grain Corporation, affiliated with the Illinois Agricultural Association. This latter organization has a paid-up membership of more than 58,000 farm families in the State of Illinois, and its grain organization has in its membership 84 farmers' elevators within the State which are fully cooperative under the Capper-Volstead Act. Other farmers' elevators are joining the organization almost daily. It would be interesting to know how many such elevators are actually affiliated with the Farmers Grain Dealers organization.

There can be but one outcome to this present contest. The Chicago Board of Trade will adjust itself to the new facts and factors in marketing or it will disappear. Cooperative marketing is here to serve and to succeed. Farmers will not be misled, nor can their marketing program be defeated. We shall move steadily forward.

ADJOURNMENT UNTIL MONDAY

Mr. McNARY. I move that the Senate adjourn until Monday next at 12 o'clock noon.

The motion was agreed to; and (at 4 o'clock and 30 minutes p. m.) the Senate adjourned until Monday, May 9, 1932, at 12 o'clock meridian.

NOMINATIONS

Executive nominations received by the Senate May 6 (legislative day of May 4), 1932

MEMBER OF THE UNITED STATES SHIPPING BOARD

T. V. O'Connor, of New York, to be a member of the United States Shipping Board for a term of six years from June 9, 1932. (Reappointment.)

MEMBER AND PRESIDENT OF THE MISSISSIPPI RIVER COMMISSION

Col. Harley B. Ferguson, Corps of Engineers, United States Army, for appointment as member and president of the Mississippi River Commission, vice Brig. Gen. Thomas H. Jackson, relieved.

MEMBER OF THE PUBLIC UTILITIES COMMISSION OF THE DISTRICT OF COLUMBIA

Mason M. Patrick, of the District of Columbia, to be a member of the Public Utilities Commission of the District of Columbia for a term of three years from July 1, 1932. (Reappointment.)

UNITED STATES MARSHAL

Arthur Rogers, of Tennessee, to be United States marshal, western district of Tennessee. (He is now serving in this position under an appointment which expires May 29, 1932.)

COAST GUARD

The following-named cadets to be Ensigns in the Coast Guard of the United States, to rank as such from May 16, 1932:

Donald T. Adams.	George R. Leslie.
Joseph A. Bresnan.	Gilbert I. Lynch.
Garland W. Collins.	Walter B. Millington.
Walter W. Collins.	Emil A. Pearson.
James D. Craik.	Oscar C. Rohnke.
Anthony J. DeJoy.	Richard D. Schmidtman.
Theodore J. Fabik.	Loren H. Seeger.
John P. German.	William H. Snyder.
Robert L. Grantham.	Irvin J. Stephens.
Theodore J. Harris.	Carl H. Stober.
John R. Henthorn.	George D. Synon.
Edward T. Hodges.	Hollis M. Warner.
Reinhold R. Johnson.	Frederick G. Wild.
John R. Kurcheski.	Karl O. A. Zittel.

APPOINTMENT, BY TRANSFER, IN THE REGULAR ARMY

TO INFANTRY

Maj. Franklin Langley Whitley, Adjutant General's Department, with rank from July 1, 1920.

PROMOTIONS IN THE REGULAR ARMY

To be colonels

Lieut. Col. Sheldon Webb Anding, Infantry, from May 1, 1932.

Lieut. Col. William Gaither Murchison, Adjutant General's Department, from May 1, 1932.

Lieut. Col. Howard Stanley Miller, Coast Artillery Corps, from May 1, 1932.

Lieut. Col. Clarence Lininger, Cavalry, from May 1, 1932.

Lieut. Col. Edward Murray Offley, Cavalry, from May 1, 1932.

To be lieutenant colonels

Maj. Richard David Newman, Cavalry, from May 1, 1932.

Maj. Thomas Jefferson Johnson, Field Artillery, from May 1, 1932.

Maj. Robert Howe Fletcher, jr., Infantry, from May 1, 1932, subject to examination required by law.

Maj. Frederick Ambrose Barker, Infantry, from May 1, 1932.

Maj. Agard Hyde Bailey, Infantry, from May 1, 1932.

Maj. Sumner McBee Williams, Quartermaster Corps, from May 1, 1932.

To be majors

Capt. Preston Thompson Vance, Field Artillery, from May 1, 1932.

Capt. Philip Coleman Clayton, Cavalry, from May 1, 1932.

Capt. William Hays Hammond, Infantry, from May 1, 1932.

Capt. Halbert H. Noyes, Quartermaster Corps, from May 1, 1932.

Capt. Theodore Russell Maul, Quartermaster Corps, from May 1, 1932.

Capt. John Amos Nelson, Quartermaster Corps, from May 1, 1932.

Capt. Cyrus Wilson Haney, Quartermaster Corps, from May 1, 1932.

Capt. Joseph Leonard Tupper, Infantry, from May 1, 1932.

To be captains

First Lieut. Joseph Jones Yeats, Infantry, from May 1, 1932.

First Lieut. William Henry Buechner, Infantry, from May 1, 1932.

First. Lieut. Arthur Dale Rothrock, Ordnance Department, from May 1, 1932.

First Lieut. John William Monahan, Air Corps, from May 1, 1932.

First Lieut. Ernest Emery Harmon, Air Corps, from May 1, 1932.

First Lieut. Cortlandt Spencer Johnson, Air Corps, from May 1, 1932.

First Lieut. Andrew Reid Duvall, Infantry, from May 1, 1932.

First Lieut. Henry Walter Ulmo, Coast Artillery Corps, from May 1, 1932.

First Lieut. Charles Carl Chauncey, Air Corps, from May 1, 1932.

First Lieut. Julian Meredith MacMillan, Infantry, from May 1, 1932.

First Lieut. Walter Eugene Richards, Air Corps, from May 1, 1932.

First Lieut. Robert Elmer Selff, Air Corps, from May 1, 1932.

First Lieut. Raymond Dailey, Quartermaster Corps, from May 1, 1932.

To be first lieutenants

Second Lieut. George Hall Sparhawk, Air Corps, from May 1, 1932.

Second Lieut. John Felix Guillett, Air Corps, from May 1, 1932.

Second Lieut. Dixon McCarty Allison, Air Corps, from May 1, 1932.

Second Lieut. Joel G. O'Neal, Air Corps, from May 1, 1932.

Second Lieut. Alva Lee Harvey, Air Corps, from May 1, 1932.

Second Lieut. Robert Lee Miller, Coast Artillery Corps, from May 1, 1932.

Second Lieut. John Gross Merrick, Cavalry, from May 1, 1932.

Second Lieut. John Osman Taylor, Field Artillery, from May 1, 1932.

Second Lieut. Frank Neuman Leakey, Field Artillery, from May 1, 1932.

Second Lieut. George Olaf Norman Lodoen, Infantry, from May 1, 1932.

Second Lieut. Lindsey Roscoe Wingfield, Field Artillery, from May 1, 1932.

Second Lieut. Philip James Henderson, Infantry, from May 1, 1932.

Second Lieut. Edgar Richard Curtis Ward, Coast Artillery Corps, from May 1, 1932.

MEDICAL CORPS

To be lieutenant colonels

Maj. Leeson Oren Tarleton, Medical Corps, from April 30, 1932.

Maj. Shelley Uriah Marietta, Medical Corps, from May 1, 1932.

Maj. Harry Hill Van Kirk, Medical Corps, from May 2, 1932.

Maj. Robert Skelton, Medical Corps, from May 3, 1932.

Maj. Omar Heinrich Quade, Medical Corps, from May 4, 1932.

To be captains

First Lieut. Crawford Fountain Sams, Medical Corps, from May 2, 1932.

First Lieut. Mark Tad Morgan, Medical Corps, from May 3, 1932.

PROMOTIONS IN THE NAVY

Capt. John W. Greenslade to be a rear admiral in the Navy from the 1st day of May, 1932.

Lieut. Commander Norman Scott to be a commander in the Navy from the 1st day of July, 1931.

Lieut. Commander Joseph L. Nielson to be a commander in the Navy from the 1st day of November, 1931.

Lieut. Commander Virgil C. Griffin, jr., to be a commander in the Navy from the 29th day of December, 1931.

The following-named lieutenant commanders to be commanders in the Navy from the 1st day of February, 1932:

Ernest G. Small.

Willard E. Cheadle.

Lieut. Edmund D. Duckett to be a lieutenant commander in the Navy from the 4th day of December, 1931.

Lieut. Learned L. Dean to be a lieutenant commander in the Navy from the 4th day of June, 1931.

Lieut. Charles P. Porter to be a lieutenant commander in the Navy from the 4th day of December, 1931.

Lieut. Wilmer W. Weber to be a lieutenant commander in the Navy from the 1st day of February, 1932.

Lieut. (Junior Grade) Justin S. Fitzgerald to be a lieutenant in the Navy from the 1st day of August, 1931.

Lieut. (Junior Grade) Paul B. Koonce to be a lieutenant in the Navy from the 11th day of October, 1931.

Lieut. (Junior Grade) Wallace E. Guitar to be a lieutenant in the Navy from the 21st day of February, 1932.

Lieut. (Junior Grade) Philip D. Lohmann to be a lieutenant in the Navy from the 13th day of February, 1932.

Lieut. (Junior Grade) John H. Brady to be a lieutenant in the Navy from the 1st day of May, 1932.

Passed Asst. Surg. Charles G. Terrell to be a surgeon in the Navy, with the rank of lieutenant commander, from the 1st day of February, 1932.

Passed Asst. Paymaster Charles E. Rappolee to be a paymaster in the Navy, with the rank of lieutenant commander, from the 4th day of June, 1931.

The following-named chief boatswains to be chief boatswains in the Navy, to rank with but after ensign from the dates stated opposite their names to correct the date from which they take rank as previously nominated and confirmed:

Thomas O. Kirby, January 16, 1924.
Svend J. Skou, January 15, 1924.
Frank H. Lemon, February 20, 1924.
Ivan E. Pitman, February 24, 1924.
John O. Strickland, April 23, 1924.
William S. Burns, March 13, 1924.
William H. Fiddler, jr., June 7, 1924.
James F. Jeter, July 22, 1924.
James L. Freese, July 15, 1924.
Edgar J. Hayden, July 15, 1924.
Lyle Turner, November 15, 1924.
Anthony Feher, September 13, 1924.
Harold E. Russell, April 25, 1924.
Albert A. Webb, December 18, 1924.
Marshall M. Angleton, March 3, 1925.
Harold L. Arnold, January 16, 1925.
John T. Sunderman, June 20, 1925.
Harry W. Weinberg, September 19, 1924.
Fred Michaelis, January 3, 1925.
Thomas F. McDermott, February 2, 1925.
Kenneth C. Ingraham, July 6, 1925.
Henry M. Brun, November 26, 1925.

The following-named chief gunners to be chief gunners in the Navy, to rank with but after ensign from the dates stated opposite their names to correct the date from which they take rank as previously nominated and confirmed:

Warren C. Carr, January 16, 1924.
Charles A. Strumsky, March 14, 1924.
Arthur S. Fenton, November 4, 1924.
Charles B. Day, November 29, 1924.
Glen R. Ringquist, July 7, 1926.
Joseph J. Cox, March 9, 1925.
Francis Quotidomine, April 20, 1925.
William M. Coles, February 16, 1926.

The following-named chief electricians to be chief electricians in the Navy, to rank with but after ensign from the dates stated opposite their names to correct the date from which they take rank as previously nominated and confirmed:

Merion E. Hair, March 4, 1925.
Harry C. Woodward, December 12, 1924.
Thomas Q. Costello, March 15, 1925.

Chief Radio Electrician George W. Almour to be a chief radio electrician in the Navy, to rank with but after ensign from the 5th day of August, 1925, to correct the date from which he takes rank as previously nominated and confirmed.

The following-named chief machinists to be chief machinists in the Navy, to rank with but after ensign from the dates stated opposite their names to correct the date from which they take rank as previously nominated and confirmed:

John R. Rayhart, January 16, 1924.
Ralph M. Jeffries, January 19, 1924.
John W. Cunningham, January 30, 1924.
William J. Lowe, February 24, 1924.
Edward J. Sherry, February 25, 1924.
William T. Crone, March 27, 1924.
Clarence C. McDow, March 19, 1924.
Meares B. Cartmell, July 16, 1924.
Edward J. Tyrrell, November 29, 1924.
Virgil B. Duke, December 4, 1924.
John M. Fitzsimmons, August 20, 1924.
David L. Jones, March 19, 1925.
Thomas G. Powers, April 5, 1925.
Jacob F. Matsch, November 28, 1923.
Raymond G. Shively, August 21, 1925.
Clarence J. P. Buckey, August 5, 1926.

The following-named chief carpenters to be chief carpenters in the Navy to rank with but after ensign from the dates stated opposite their names to correct the date from which they take rank as previously nominated and confirmed:

David Somers, March 12, 1925.
William J. Kennedy, March 25, 1925.

The following-named chief pay clerks to be chief pay clerks in the Navy to rank with but after ensign from the dates stated opposite their names to correct the date from which they take rank as previously nominated and confirmed:

Harry S. MacKan, July 7, 1922.
Floyd L. Chapman, May 25, 1924.
Frank L. Bevier, November 1, 1924.
Oscar H. Weyel, December 19, 1925.

Lieut. (Junior Grade) Thomas E. Kelly to be a lieutenant in the Navy from the 1st day of December, 1931.

HOUSE OF REPRESENTATIVES

FRIDAY, MAY 6, 1932

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

Again, O Lord, Thou hast remembered us in our estate. Surely Thy mercies are showered upon us in crowded succession. May a sense of Thy eternal goodness compel us to silence and to confession. In wonder and in gratitude do we thank Thee. We would cherish, Heavenly Father, the greatest of gifts, which is an honest and a contrite heart. Impart a force to our wills and a warmth to our hearts that shall more than compensate for our defects and excesses. Do Thou, O Lord, greatly enrich our country; bless it abundantly with the spirit of good will, with zealous philanthropic

labor, with high ideals, with an earnest, sensitive conscience, with a deep reverence for Thee, and with a charity for all men. Through Christ our Savior. Amen.

The Journal of the proceedings of yesterday was read and approved.

INSURANCE CORPORATIONS IN THE DISTRICT OF COLUMBIA

Mr. LUDLOW. Mr. Speaker, I ask unanimous consent to take up for present consideration Senate Concurrent Resolution No. 27.

The SPEAKER. The gentleman from Indiana asks unanimous consent for the present consideration of Senate Concurrent Resolution 27. The gentleman from Indiana explained this to the Chair this morning. It seems that some mistake was made in passing the bill, S. 3584, to require insurance corporations formed under the provisions of the Code of Law of the District of Columbia to maintain their principal offices and places within the District of Columbia. The Senate has passed the concurrent resolution asking the President to return the bill to the House and the Senate for correction. The Clerk will report the resolution.

The Clerk read as follows:

Senate Concurrent Resolution 27

Resolved by the Senate (the House of Representatives concurring), That the action of the Speaker of the House of Representatives and of the Vice President of the United States in signing the enrolled bill (S. 3584) to require all insurance corporations formed under the provisions of Chapter XVIII of the Code of Law of the District of Columbia to maintain their principal offices and places of business within the District of Columbia, and for other purposes, be, and the same is hereby, rescinded, and that the Secretary of the Senate be, and he is hereby, authorized and directed to reenroll the bill with the following amendment in the nature of a correction, viz: On page 1, line 11, of the engrossed House amendment, after the word "corporation," insert the following: "kept in a branch-office agency of such corporation."

The SPEAKER. Is there objection?

Mr. STAFFORD. Mr. Speaker, through the courtesy of the gentleman from Indiana, I became acquainted with the object of this resolution. I have given careful consideration to his proposal. In view of the fact the Senate has passed the concurrent resolution asking merely for a change of the Senate bill in one amendment, and the gentleman desires to incorporate an additional amendment, I believe it will be necessary to have the Senate concurrent resolution amended also, as well as the Senate bill.

Mr. LUDLOW. Mr. Speaker, I offer the following amendment, which I send to the desk and ask to have read.

The Clerk read as follows:

Amendment offered by Mr. LUDLOW to the Senate Concurrent Resolution 27: In line 11, after the word "following," strike out the word "amendment" and insert the word "amendments," and on page 1, line 12, strike out the words "a correction" and insert "corrections," and at the end of the resolution, strike out the period, insert a semicolon, and add the following:

On page 1, line 12, of the engrossed House amendment, after the word "agency," insert the following: "nor to any corporation created by special act of Congress wherein the principal place of business is fixed pursuant to such act at some other place."

The SPEAKER. Is there objection?

Mr. GILBERT. Mr. Speaker, further reserving the right to object, did the gentleman from Indiana take this matter up with the chairman of the District Committee, Mrs. NORTON?

Mr. LUDLOW. I took the matter up with the chairman of the Senate District Committee and with the gentlewoman from New Jersey [Mrs. NORTON], chairman of the House District Committee, also with the gentleman from New York [Mr. SNELL] and the gentleman from Wisconsin [Mr. STAFFORD], and I believe they are all agreed as to the desirability of this amendment.

The SPEAKER. Is there objection?

There was no objection.

The SPEAKER. The question is on agreeing to the concurrent resolution.

The concurrent resolution was agreed to.

SWEARING IN OF A MEMBER

Mr. TEMPLE. Mr. Speaker, I present Mr. HOWARD W. STULL, of the twentieth district of Pennsylvania, recently elected, who desires to take the oath of office.

Mr. STULL appeared at the bar of the House and took the oath of office.

EXTENSION OF REMARKS

Mr. SNOW. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD by inserting a letter which I received this morning from the chamber of commerce in my home city of Bangor, Me.

The SPEAKER. Is there objection?

Mr. UNDERHILL. Mr. Speaker, we have all received communications, and I object.

CALL OF THE HOUSE

Mr. HOWARD. Mr. Speaker, I make the point of order that there is no quorum present.

The SPEAKER. The gentleman from Nebraska makes the point of order that there is no quorum present. Evidently there is not.

Mr. BYRNS. Mr. Speaker, I move a call of the House.

The motion was agreed to.

The doors were closed.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 71]

Abernethy	De Priest	Kemp	Rudd
Andrew, Mass.	Dickstein	Kendall	Sabath
Andrews, N. Y.	Douglas, Ariz.	Kennedy	Sanders, N. Y.
Arentz	Doutrich	Kerr	Schuetz
Bachmann	Drane	Kleberg	Selvig
Beam	Eaton, N. J.	Kunz	Shott
Beedy	Estep	Kurtz	Smith, W. Va.
Black	Evans, Calif.	Lamneck	Stalker
Boland	Foss	Lankford, Va.	Stevenson
Bolton	Freeman	Larrabee	Stokes
Boylan	Gifford	Lea	Strong, Pa.
Britten	Goldsborough	Lewis	Sullivan, Pa.
Buchanan	Griswold	Lindsay	Sweeney
Buckbee	Haines	Loofbourow	Swick
Canfield	Hartley	McDuffie	Taylor, Tenn.
Carley	Hawley	McGugin	Tierney
Carter, Wyo.	Hess	McLaughlin	Tucker
Celler	Hogg, Ind.	Manlove	Turpin
Chapman	Hornor	Martin, Mass.	Underwood
Clarke, N. Y.	Horr	Murphy	Vinson, Ga.
Cole, Md.	Houston	Nelson, Wis.	Warren
Collier	Hull, William E.	Oliver, N. Y.	Watson
Cooke	Igoe	Palmisano	Welsh, Pa.
Cooper, Ohio	Jeffers	Peavey	White
Corning	Jenkins	Perkins	Wood, Ga.
Crisp	Johnson, Ill.	Pratt, Harcourt J.	Wood, Ind.
Crowe	Johnson, S. Dak.	Purnell	Yates
Crump	Kading	Ransley	
Curry	Karch	Reid, Ill.	
Davenport	Kelly, Pa.	Romjue	

The SPEAKER. Three hundred and fourteen Members have answered to their names. A quorum is present.

Mr. BYRNS. Mr. Speaker, I move to dispense with further proceedings under the call.

The motion was agreed to.

A QUESTION OF PERSONAL PRIVILEGE

Mr. RANKIN. Mr. Speaker, I rise to a question of personal privilege.

The SPEAKER. The gentleman will state it.

Mr. RANKIN. On Tuesday, May 3, 1932, the New York Evening Post, a paper of general circulation throughout the country and especially in New York and Washington, published an editorial headed "Treason," in which it indicted 316 Members of this House of betraying our country.

I will read enough from that editorial to leave no doubt in the mind of anyone that it raises a question of personal privilege.

The editorial states:

An act of sheer treason to the Republic was committed by yesterday's vote in the House.

Under the rascally leadership of RANKIN, of Mississippi, the Members suspended the rules, choked off debate, and, by the overwhelming vote of 316 to 16, plumped for a bill pensioning widows and orphans of World War veterans.

The SPEAKER. The Chair thinks the gentleman states a question of personal privilege.

Mr. RANKIN. The editorial also states that—

Ever since, by legislation, Congress extended the period of the war, almost all pension and bonus bills have been dishonest.

On the same page, under an editorial headed "Write Your Congressman," they published a copy of a post card sent out

to individuals over the country by what they call a "nonpartisan group," asking them to sign this post card and mail it to their Senators. Among other things, that post card has printed on it, "Kill the bonus and stop raids on the Treasury; enact fair sales tax and stamp tax," and so forth.

Then, commenting editorially, it reads:

> This is an excellent idea, but it would be still better to write your Representative as well as one of your Senators. * * * Write both your Representative and at least one of your Senators.

Mr. Speaker, that editorial, as I said, brands as traitors 316 Members of the House of Representatives who voted for the bill for the relief of the dependent, penniless widows and orphans of veterans of the World War.

Permit me to say to you here what I have said elsewhere, that I have never in all my career impugned the patriotism of a single Member of Congress. Members may differ with me, I may disagree with other Members, but I am sure that every Member of this House is at least as patriotic as the slime-monger editor who penned that vicious editorial. [Applause.]

He says that we are pensioning the "favored few." In other words, the widows and orphans of veterans of the World War are considered the "favored few" by this paper that is owned by the Curtis Publishing Co., which also owns the Saturday Evening Post, the Country Gentleman, and the Ladies' Home Journal.

Of all people who are willing to accuse anybody of being the favored ones, the Saturday Evening Post and those who own the Curtis Publishing Co. are the last ones on earth who should make the accusation; and of all people on earth the dependent widows and orphans of the veterans of the World War are the last ones against whom it should be made.

This bill provides compensation for a great many widows and orphans of veterans who died of disabilities which were incurred in the World War. Many of them were unable to prove their service connection. That was the case in many instances in my State and in all other States.

When they finally passed away, their widows and orphans were denied a single penny of compensation. Some of them did not apply. There were a great many men who felt, through patriotic impulses, that they ought not to apply, yet when they passed away and this terrible crash came on, we find their widows and orphans penniless, and we attempt by this Rankin bill to provide a meager compensation of $20 a month for the mother and $6 a month for each child.

There were others who were ignorant, who did not know that they had a right to apply, and who were entitled to service connection on their disabilities. Not only that, but there were a great many of them who had service-connected disabilities and who had been so adjudged but who died from some other malady. I remember one woman wrote a Member of Congress and said that her husband was blind. He was blinded in battle and he drew compensation, but after the war he was accidentally killed or died from some other cause, and she was denied a single penny of compensation.

Therefore those all came within the provisions of this bill, and yet the editor of the New York Evening Post says that the men who voted to give this small compensation are traitors to their country.

I am going to pass this subject on, but let me say that as far as I am individually concerned I will never sit idly by and see the widows and orphans of World War veterans who honorably served their country in time of war begging their bread from door to door. [Applause.]

This bill was indorsed by the American Legion in every State in the Union. Practically every American Legion post from the Great Lakes to the Gulf and from ocean to ocean approved it. They indorsed it at their national convention.

The Veterans of Foreign Wars, every one of whom saw foreign service, indorsed it.

The Disabled Veterans of the World War, those men who were injured in the service, in every State in the Union, indorsed this bill, and it passed this House by an almost unanimous vote. Yet the editor of the New York Evening Post says that those who voted for it committed treason against their country.

This New York Evening Post, as I said, is owned by the Curtis Publishing Co., the president of which is one Cyrus Hermann Kotzchmar Curtis. He is now 82 years old. Arthur Brisbane, perhaps the most brilliant editorial writer in the world, and certainly one of the best-informed men in America, said a short time ago that Mr. Curtis, who was wintering in Florida, has an individual net income of $12,000,000 a year! He is the head of this publishing company that is now denouncing as traitors those who attempt to take care of the distressed widows and orphans of the World War.

This one man with his $12,000,000 a year has a net income greater than that of all the farmers put together in the States of Mississippi, Texas, Illinois, or Iowa.

I pointed out in my speech some time ago that the Curtis Publishing Co. gets a bonus from the Government every week in the form of postal concessions.

A news dispatch from Philadelphia, dated February 10, 1930, said:

> The annual report of the Curtis Publishing Co., publishers of the Saturday Evening Post and other magazines, indicates that its chief owner, Cyrus H. K. Curtis, will have only an academic interest in old-age pensions for another year at least.
>
> Net earnings on invested capital for 1929 ran above 71 per cent. * * * In this connection it should be noted that the United States post office lost $94,000,000 on second-class matter last year. That enormous subsidy to publishers is one reason why such concerns as the Curtis Co. can report 71 per cent profits on investment.

It was shown by the debate on the tax bill that second-class mail, consisting in the main of these large publications, get what you might term concessions of $97,000,000 a year. In other words, it costs the Government $97,000,000 a year more to carry their publications than they pay the Government, and as a result it enables them to send their publications at a cost to the Government and to monopolize advertisements that should go to the local weekly and daily papers throughout the country. I know, because I once owned a local paper, and I was a victim of this perfidious practice, as every newspaperman in a small town is to-day, be he the owner of a weekly or a daily paper. I am reliably informed that $25,000,000 of this $97,000,000 bonus went to magazines such as the Saturday Evening Post and that $3,000,000 of it went to the Curtis Publishing Co. alone.

But I want to show you some of the advertising that they are monopolizing at the expense of the local publisher in your community and in mine and to give you some idea of what the country is paying for it. There [exhibiting] is a double-page advertisement that I am reliably informed brings $10,000 a week. You pay them a bonus or allow them a concession through the Post Office Department in order that such advertisements may be carried at Government expense into every nook and corner, home, and hamlet in the United States. That is not the only one. There are seven of these double-page colored advertisements in this issue of the Saturday Evening Post, that is owned and operated by the Curtis Publishing Co., which owns this New York Evening Post, from which this scurrilous editorial comes.

You might look it over and see how much they are plundering the Government for in order to take their advertisements to every nook and corner of the United States. They do not care anything about the reading matter in that publication. Why, the paper in that magazine costs more than you pay for the magazine. It is an advertising vehicle, and the publishers are getting a rake-off, if you please, from the Federal Government to carry them into your communities to absorb the advertisements that ought to go to the struggling newspapers throughout the country.

Not only that, but there are 14 colored 1-page advertisements in this issue. I did not have time to count up all of this stuff. I am told that each of these 14 one-page advertisements costs $5,000 a week. In addition to that, there are 18 whole-page advertisements such as this one [exhibiting] and a multitude of half-page advertisements and quarter-

page advertisements all the way through it. They get a bonus from the Government every week.

One reason they do not like me is because I exposed that when we were debating the tax bill some time ago. But they say that if you vote to take care of these World War widows and orphans, some of whom are standing in the bread line right in the shadow of the building in which these periodicals are published, you are a traitor to your country.

Mr. GILBERT. Mr. Speaker, will the gentleman yield right at that point?

Mr. RANKIN. I yield for just a question; yes.

Mr. GILBERT. We have heard that. I want to know why something is not done about it. Why raise postage on first-class matter? Is there no way in which we can rectify the matter?

Mr. RANKIN. I want to get to that. This advertisement which this editorial indorses says, "Enact a fair sales tax and stamp tax." They want to put another tax of 1 cent on the poor mother who writes a letter to her son who is out looking for a job, and then add a sales tax to everything she buys. The inspiration for a lot of this support of the 3-cent stamp on first-class mail came from the Saturday Evening Post, the Ladies' Home Journal, the Country Gentleman, and the muck-raking editor of the New York Evening Post, who, by his editorial attacks on Members of Congress, has rendered himself deserving of the just contempt of every decent mind.

Mr. Speaker, this paper represents concentrated wealth. It is the spokesman for the house of Morgan. It is the spokesman for those international bankers who have been trying to force us to adopt a sales tax and to pass the burden of running this Government on to the masses of the American people. We are suffering to-day from concentrated wealth. There has never been a period in all the history of mankind when wealth has concentrated into the hands of a few as rapidly as it has in the last few years.

In 1921 there were 21 individuals in the United States with yearly incomes of $1,000,000 or more. In 1929, the last year for which we have complete figures, there were 513. In 1921 only 21 individuals had incomes of $1,000,000 a year. In 1929 there were 513 with incomes of $1,000,000 or more a year. They had multiplied twenty-five times.

In 1921 there were 63 individuals with incomes of from $500,000 to $1,000,000 a year. In 1929 there were 976. They had multiplied fifteen times. In 1921 there were 162 people with yearly incomes of from $300,000 to $500,000. In 1929 there were 1,641. They had multiplied ten times.

During that time the people in the agricultural States had gone down and down and down in the economic scale, until to-day they are bankrupt; they are hopelessly appealing to this Government to bring them some measure of relief.

During that time the administration reduced income taxes, under the pressure of these big interests, $750,000,000 a year. If we had collected that tax all along and had it in the Federal Treasury to-day, we would have a balanced Budget; we would have sufficient money to pay these widows and orphans; to pay off the veterans' adjusted-service certificates, and to meet the obligations of this Government. But they pressed and pressed until they secured these reductions.

Mr. CONNERY. Will the gentleman yield?

Mr. RANKIN. For a brief question.

Mr. CONNERY. This editorial says this was not done for the benefit of the men who fought in battle. I had a man in my office yesterday who was in a combat unit in France. He is getting $18 a month, although he is 50 per cent disabled. He is getting that small amount because he would not report his injury, but chose to stay in the battle line; and if he should die to-morrow his widow would not get a nickel, would she?

Mr. RANKIN. Not unless this bill becomes a law.

Now, Mr. Speaker, in the last few years, under the pressure of this same element, there has been turned back to these big income-tax payers $3,000,000,000. Three billions that it is claimed they had overpaid. If we had that money in the Treasury to-day—and in my humble opinion if those cases were reexamined we would get most if not all of it back into the Treasury—we would have the money with which to balance the Budget.

In addition to that, these same international bankers, represented by the New York Evening Post and by the Saturday Evening Post, demanded that we fund the foreign debts. Why? In order that they might strengthen their foreign loans. By their pressure they forced through a bill that reduced the foreign debts to an extent that it cost the American people $6,200,000,000. Last year they came in and demanded a moratorium by which we relinquished for the time being, at least, $262,000,000. Now, this same element is demanding a further moratorium, if not further reductions and cancellations of these foreign debts, in order to strengthen their securities, or loans, abroad.

O Mr. Speaker, this concentration of wealth is what is ruining this country to-day. Less than 5 per cent of the people of this Republic own more than 90 per cent of its wealth, and yet we have more suffering, more failures, more foreclosures, more bankruptcies, more hunger, more unemployed, and more suicides than we have ever had in all the history of mankind.

They attack us because they do not want taxes raised on the larger estates of this country. The only way on earth to reach these large estates, to break up these large fortunes, and turn this money back into the channels of our economic life is by raising the inheritance tax, yet they are trying to head that off by demanding in this editorial that we impose a sales tax upon everything the laboring man buys, from the swaddling clothes of infancy to the lining of the coffin in which old age is laid away, and on even the tombstone which marks his last resting place.

Mr. McGUGIN. Will the gentleman yield?

Mr. RANKIN. Yes.

Mr. McGUGIN. Is it not a fact that the sales tax which was voted upon in this House exempted food, clothing, and drugs?

Mr. RANKIN. Oh, that is beside the issue. They merely wanted to establish the policy now. Then they could amend the law later to include everything.

They want to place that tax on the laboring man, on the very pail in which he carries his lunch. Every farmer would be taxed on everything he wears and everything he eats before this sales tax would finally be consummated. They want to press down upon the backs of the American people the burden of running this Government and turn these widows and orphans out into the cold without one penny during this period of the greatest economic depression the world has ever known.

As I said a while ago, the concentration of wealth, together with its twin evil, the centralization of political power, go hand in hand. They have been the wreck and ruin of every nation whose skeleton marks the shores of time.

When Rome fell 600 people owned the Roman Empire. When Cæsar was murdered he was fighting a group of financial Shylocks who were charging the people of Rome 48 per cent interest. They hired their minions to destroy him, and when they had slain the greatest statesman as well as the greatest friend of the common people of ancient times they stooped and bathed their traitorous hands in patriotic blood and said to each other, "How many ages hence shall this lofty scene be acted over in states unborn and accents yet unknown?"

To show you how prophetic they were, to-day we see the editor of the New York Evening Post, this minion of predatory wealth, not bathing his hands in the blood of a Cæsar but in the tears of the suffering widows and orphans of the World War, arrogating to himself the patriotism of the country and denouncing you as a traitor.

When Babylon fell 1 per cent of the people of Babylon owned practically all the wealth. When Egypt fell one family owned the Egyptian Empire. Everywhere that there has been a concentration of wealth and a centralization of power it has resulted in governmental degeneracy, national decay, and the ultimate fall of the country in which it prevailed.

One of the great orators of this country once said that it took Rome 400 years to die; that our death, should we perish, will be as much more terrific, as our intense civilization has given us more bones and sinew and nerve and strength and vitality.

Unless we turn back this wave of wealth control, unless this Congress rises to a level it has not risen to so far, and places the burden of running this Government where it belongs, and relieves the American people from the clutches of those who control the finances of this country, I am not sure that we will not have embarked upon a decline that will end in the wreck and ruin of the most glorious republic that ever existed in the tides of time. [Applause.]

But this editor says that we are dishonest because we advocate the payment of the veterans' adjusted-service certificates. This charge is not new. Ogden L. Mills, the Secretary of the Treasury, speaking before the Ways and Means Committee the other day, branded our motives as dishonest and said we were trying to pay these veterans in dishonest dollars.

Well, we are trying to use the same kind of dollars that were issued by Abraham Lincoln during the Civil War. They were not called dishonest then, and while, as I have said, I am what you might term a radical southerner, I would be very glad indeed if we could swap Ogden Mills for Abraham Lincoln to-day. [Applause.] I would consider it a glorious exchange. [Applause.]

They say this money is not due. If we had paid these boys the same rate of interest that we paid the profiteers and contractors during the war, it would have been due in October, 1931—every dollar of it.

But they say we are trying to issue dishonest money. We have had this hearing before the Ways and Means Committee, and the best economists in America have said that this money would have behind it the same amount of gold that is now behind the money issued through the Federal reserve system. Every one of them agreed that there must be an expansion of the currency or there must be an expansion of credit. There was only one exception, and that was a Doctor Kammeyer, who seems to be the self-appointed guardian of the gold standard throughout the world, and about the only remedy he offered was to let the patient die. He was, apparently, the representative of the house of Morgan, indirectly, at least, in South America, at the time those South American bonds were being issued and unloaded upon the people of this country, and if he was and did not know about it, he is not sufficiently informed on economic matters to follow, and if he did know about it and did not inform the American people, he is unfit to follow.

Again, we propose that if they do not take that bill, to take the Owen bill and issue the money through the Federal reserve system. You would not call it dishonest money then. You did not call it dishonest money when they were financing the stock "jamboree" in 1929.

It has never been dishonest money. That money will be just as honest and worth dollar for dollar with every other American dollar in existence to-day.

But, they say, if you expand the currency the dollar will go down, and they tell us that all the bonds in the United States, including municipal bonds and railroad bonds, are payable in gold. Suppose they are. There is not enough gold on earth to pay them. Nobody ever demands the gold, and to show you that this would have no effect on these bonds, in 1914 we had only $34.93 per capita in circulation. In 1920 we had $53.21, or $18 more per capita, and yet those bonds did not depreciate; but I will tell you what did happen and what will happen again. Cotton went to 30 cents a pound, wheat went to $2.50 a bushel, corn went to $1.75 a bushel, and if you will expand the currency to that extent and put it in circulation, it will do the same thing again.

Some of you may think we are expanding the currency now. I will prove to you that we are not. We are going downward in a vicious circle.

The money that you appropriated here for the $2,000,000,000 corporation goes to the local bank and is immediately paid——

Mr. JOHNSON of Washington. Mr. Speaker, I make the point of order that a discussion of Julius Cæsar and a vicious circle is not discussing the question of privilege.

The SPEAKER. The gentleman from Mississippi will proceed in order.

Mr. RANKIN. I am answering this editorial and the gentleman from Washington is not going to make my speech. [Applause.]

The small banker pays the large banker what he owes him, because he is pressing him; and he in turn goes to the Federal reserve and takes up his bonds and that money is retired, and instead of inflating or expanding, we are moving in a vicious circle and going down and down and contracting the currency every month. To show this, from December 31, 1931, to January 31, 1932, we contracted $5,000,000; and from January 31, to February 29, we contracted $38,000,000.

And from that time to March 31 we contracted $144,000,000.

The Washington Post of April 29 said, speaking about the report of the Federal Reserve Board, that it reported $27,000,000 shrinkage in the currency up to April 29. That brings it up to date. That shows that we are contracting our currency, while conditions are growing worse as a result. Wheat, cotton, and corn and all other commodities are lower to-day than at any time previous; and yet those of us who are trying to remedy the situation by bringing about an expansion of the currency, those of us who are trying to bring back the prices of agricultural commodities, are denounced by the Secretary of the Treasury as attempting to have the Government issue dishonest money.

Something must be done. We can never pay these bonds in gold.

Mr. JOHNSON of Washington. Mr. Speaker, I make the point of order that the gentleman is not speaking to the question of personal privilege.

The SPEAKER. The gentleman from Mississippi must confine himself to the question of personal privilege.

Mr. RANKIN. The gentleman from Washington did not want me to get the floor. That is the trouble with him.

The SPEAKER. Let the Chair make a statement. The gentleman from Mississippi is speaking to a question of personal privilege, where the Members of the House are charged with treason and the gentleman from Mississippi [Mr. RANKIN] is charged with being a rascal and leading them. The question before the House is whether it is a treasonable House and whether or not the gentleman from Mississippi is a rascal. [Laughter and applause.]

Mr. RANKIN. I see that one of the alleged traitors was the gentleman from Washington [Mr. JOHNSON]. I am trying to protect him from his friends. [Laughter.]

Mr. Speaker, we must stop this concentration of wealth. We must bring back the purchasing power of the American people if we are to have a new era of prosperity. When we have done that, Mr. Speaker, when, instead of the rule of gold, we have reestablished the Golden Rule in our national and international relations, we will have stepped forward into a new era and a new civilization. [Applause.]

We can then witness the dawning of that glorious age of which Tennyson dreamed when he said:

For I dipt into the future, far as human eye could see,
Saw the vision of the world, and all the wonder that would be;

Saw the heavens fill with commerce, argosies of magic sails,
Pilots of the purple twilight, dropping down with costly bales;

Heard the heavens fill with shouting, and there rain'd a ghastly dew
From the nations' airy navies grappling in the central blue;

Far along the world-wide whisper of the south-wind rushing warm,
With the standards of the peoples plunging thro' the thunderstorm;

Till the war-drum throbb'd no longer, and the battle-flags were furl'd
In the Parliament of man, the Federation of the world.

There the common sense of most shall hold a fretful realm in awe,
And the kindly earth shall slumber, lapt in universal law.

Godspeed that day when it shall come. [Applause.]

Mr. LUCE. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. LUCE. Do I understand the Chair to rule that language denouncing the Congress gives warrant for a question of personal privilege?

The SPEAKER. No. The Chair did not say that. The editorial read to the House, and which the Chair examined this morning, charged the House with having been guilty of treason and charged the gentleman from Mississippi [Mr. RANKIN] with being a rascal and leading the treason of the House. The Chair thinks undoubtedly that is a reflection upon the character of the gentleman from Mississippi. It calls him a rascal and charges that he was leading a treasonable House. If that is not a reflection on his character, the Chair does not know how to interpret the English language.

Mr. LUCE. May I further inquire if a statement by a Democratic correspondent, printed in a Democratic paper, in respect of the action of which the gentleman from Mississippi has addressed himself, to the effect—

> That is bad enough; but when this economy debacle follows closely upon the 5-to-1 passage of a general pension bill for widows of war veterans, adding millions more to the billion dollars already being paid for soldier compensation, rotten is the only word to use. If this has been matched in cowardice and stupidity, it can not now be recalled—

would give me warrant to rise to a question of personal privilege?

The SPEAKER. Whether the writer of the article referred to be a Democrat or a Republican, or whether the article be published in a Democratic, a Republican, or a Socialist paper, the question is, Has it general circulation in the United States, and does it reflect on the character of a Member? A general indictment against the membership of the House is not a question of personal privilege.

Mr. LUCE. May I further inquire whether language by which the leaders of the House are severely criticized in this article would permit one who is not a leader of the House to rise in their defense?

The SPEAKER. It would undoubtedly permit the gentleman from Massachusetts to do that. [Laughter.]

STATE, JUSTICE, COMMERCE, AND LABOR APPROPRIATION BILL

Mr. OLIVER of Alabama. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill, H. R. 9349, making appropriations for the Departments of State and Justice and for the judiciary, and for the Departments of Commerce and Labor, for the fiscal year ending June 30, 1933, and for other purposes, with Senate amendments thereto, disagree to all of the Senate amendments, and ask for a conference.

The SPEAKER. Is there objection?

Mr. THATCHER. Reserving the right to object, and I shall not object, for I believe that all of these appropriation bills should go to conference, I reserve the right to object in order to ask the gentleman whether the Senate cut in respect to mining activities, amounting to $123,000, and for an air mail route in the Northwest, $200,000, will have the effect of curtailing the appropriations made for the Department of Commerce by the House?

Mr. OLIVER of Alabama. I think the House can rely upon the conferees carrying out the wishes of the House.

Mr. THATCHER. As expressed in the passage of the bill originally?

Mr. OLIVER of Alabama. And I will make this further statement: I have had sufficient information to lead me to conclude that the House would not like the total amount carried by the Senate to be increased, should the conference committee decide to recommend any increase, without the matter being first submitted to the House for approval or disapproval. That will be done.

Mr. LAGUARDIA. The gentleman from Kentucky refers to the increase in the Bureau of Mines. I understand that it was admitted in the House by the gentleman who offered the amendment reducing the appropriation for the Bureau of Mines that that cut was too great and would impair the activities of that bureau. The gentleman has that in mind.

Mr. THATCHER. But these items of increase are in no wise as important as the items of the Department of Commerce unduly decreased in the other Chamber.

Mr. OLIVER of Alabama. My statement related to the total amount carried by the Senate bill, and not to any specific appropriation; but if the conferees should decide to recommend any increases in the total amount, the matter will be first brought back to the House for its approval.

The SPEAKER. Is there objection?

Mr. LINTHICUM. Mr. Speaker, I reserve the right to object. I would like to have five minutes in which to discuss the bill before it is sent to conference.

The SPEAKER. Would the gentleman be satisfied to address the House for five minutes under the unanimous-consent agreement?

Mr. LINTHICUM. Yes; that would satisfy me.

The SPEAKER. Is there objection to the request of the gentleman from Alabama?

There was no objection.

The Chair appointed the following conferees:

Mr. OLIVER of Alabama, Mr. GRIFFIN, Mr. CANNON, Mr. BLANTON, Mr. SHREVE, Mr. TINKHAM.

The SPEAKER. The gentleman from Maryland asks unanimous consent to proceed for five minutes. Is there objection?

There was no objection.

Mr. LINTHICUM. Mr. Speaker, it will be impossible for me to go into this bill in this State Department appropriation in a short time, but I want to call the attention of the conference committee and of the House to the destruction which the Senate has wrought to this bill.

Facts in regard to the appropriations for the Department of State

Appropriations for 1932	$18,365,073.34
Budget estimates, 1933	16,683,071.89
Amount approved by the House, 1933	15,192,148.33
Amount approved by the Senate, 1933	13,658,761.12

The appropriation carried in the bill as approved by the Senate is—

Below the House bill, 10 per cent.

Below the Budget estimates, 18 per cent.

Below the appropriation for the current year of 1932, 26 per cent.

Department of State partially self-supporting

Appropriations in House bill	$15,192,148
Fees received and deposited in the Treasury:	
From the Foreign Service	3,135,226
From passports issued	828,789
Net estimated expenditure in 1933	11,228,133

Appropriations compared with business gained through efforts of the Foreign Service

Appropriations in House bill	$15,192,148
Dollars and cents results of trade promotion by consular officers, 1931	19,361,239
Excess of trade results over appropriation for 1933 as approved by the House	4,169,091

If we take the Senate amount, it shows an excess of $5,702,578.

SOME EFFECTS OF ACCEPTANCE OF SENATE REDUCTION

Officers and employees to be dismissed, distributed among practically all of the States of the Union, 456.

Percentage of entire personnel dismissed, 9 per cent.

Discontinuance of passport agency at Seattle.

Discontinuance of courier service between diplomatic missions in Europe.

Discontinuance of all post allowances.

Discontinuance of all representation allowances.

Reduction of quarters allowances from an average of $800 to $624, or possibly even to $327.

Reduction of commercial work just when our depressed condition makes markets necessary.

Expenditure of additional $200,000 for Foreign Service transportation.

Handicapping of the Mexican and Canadian Boundary Commissions.

Violation of obligation of United States to International Prison Commission, International Commission of Tables of

Constants, International Institute of Agriculture, International Society for Exploration of the Arctic Regions, International Fisheries Commission, International Road Congress, and Gorgas Memorial Laboratory.

Handicapping of the United States Court for China.

I call the attention of the conferees to the fact that in a bill which I introduced in this House during the early part of the session, which passed the House and is now on the Senate Calendar and will pass the Senate, provision is made for $698,000 additional revenue from the passports of persons traveling abroad.

The Senate has appropriated $2,365,438 for salaries of clerks in the Foreign Service. This is a reduction of $351,000 below the Budget estimate and nearly $300,000 below the House appropriation. If the conference committee allows this great reduction to prevail, it will mean that some 130 clerks who have been trained in the service, are efficient, and are highly necessary will have to be dropped from the rolls. Most of them will be American clerks because, receiving the highest salaries, they will likely be dismissed in order to save the most money. This reduction will throw out of employment many persons who have families to support and who have, by legislation enacted by this Congress, been given every right to consider their positions permanent. The irony of the thing, however, is this: The reduction will not be much of a saving, because the Government will be compelled to pay their transportation back home, together with that of their families and their effects. This would amount to probably $60,000 or $70,000, so while you will lose the services of 130 well-trained, able, and efficient clerks you will really gain very little in saving.

Then, again, the Senate has appropriated for salaries of Foreign Service officers $3,075,000, a reduction beneath the Budget of $365,000. Of this, $66,000 was intended to be used for promotions and increases of salaries under the present law, but, according to the bill passed by the House several days ago, all promotions and increases of salaries have been obliterated for the next year. These increases and promotions would have amounted to $66,500, as that has been cut out. There is left a difference of $298,500 in the reduction of these salaries for Foreign Service officers. If this deduction is allowed to prevail, there must be dismissed from the service approximately 140 officers, some 18 per cent of the career personnel. They must be dropped from the service at a time when we are absolutely in need of more business, and this business can practically be obtained only by the Foreign Service officers.

Mr. SHREVE. Will the gentleman yield?

Mr. LINTHICUM. I yield.

Mr. SHREVE. Is there any provision in the law made for bringing those men home?

Mr. LINTHICUM. Yes. They are our men and we are compelled to bring them home just as they went.

It would be a terrible thing to dismiss these clerks and Foreign Service officers at a time when the country needs them most. Moreover, it would have a very deterrent effect upon young men who desire to enter the service who heretofore have considered it a permanent position for life and trained themselves for it to such an extent that they are of little use in any other profession or career. These men, with their clerks, have brought to the country in export business, as I have said, $19,300,000—about $5,500,000 more than the appropriation bill, as it passed the Senate, provided. This reduction would be of little service to the country as a saving proposition, because in their case, as in the case of the clerks, they must be brought home with their families and effects at Government expense, and it is estimated that this would cost around $125,000.

Mr. BLANTON. Will the gentleman yield?

Mr. LINTHICUM. I yield.

Mr. BLANTON. The gentleman knows that the Budget is the agent of the President, to do his will. The President's Budget, which was brought in here last December, asked us to appropriate about $4,000,000,000 and on yesterday he came in and said he had made a mistake; that he wanted us to reduce it $361,000,000.

Mr. LINTHICUM. The gentleman ought not to take my time for that.

Mr. BLANTON. Does the gentleman think we ought to go on doing what the gentleman suggests, regardless of what the President says?

Mr. LINTHICUM. I will be frank with the gentleman and say that I think the House has been doing too much what the President wants done already.

Mr. BLANTON. We have been doing more in the way of economy than he wants us to. We have been reducing expenses and he did not want it done or he would not have brought us his $4,000,000,000 Budget.

Mr. LINTHICUM. If the gentleman will read the President's address to-day he will find that while the House has been following the President, he will bring it back upon the Democrats as a boomerang.

Mr. BLANTON. We are 50 miles ahead of the President on economy at every stage of the proceedings.

Mr. LINTHICUM. Now, I speak particularly to the gentleman from Alabama, chairman of the committee.

Now, my suggestion to the conference committee on the proposition of clerks and Foreign Service officers, is to take the $698,000 which would come into revenue by virtue of H. R. 9393, entitled "To increase passport fees, and for other purposes," now on the Senate Calendar and assured of passage, and with that fund in contemplation, restore to the clerks the $351,000 and to the Foreign Service officers the $298,000, making a total of $649,000, and let us have a continuation of the splendid Foreign Service which we now enjoy. It would not be a bad idea to add to that $649,000 the $32,000 which has been lopped off the contingent expenses so that we may continue that service as heretofore.

As I have said, it will cost around $200,000 to bring these men home so that the appropriation of the $649,000 would be only about $449,000 additional to what has been provided.

Mr. OLIVER of Alabama. Will the gentleman yield?

Mr. LINTHICUM. I yield.

Mr. OLIVER of Alabama. The committee will give very careful consideration to every matter connected with these different appropriations, but may I say to the gentleman there is one matter that his own committee should give attention to, and that is a Senate amendment, adopted without any hearing in the closing days of the last session of Congress, relating to personnel legislation, which I think many Members of the House know nothing about, and into which the gentleman's committee should give some definite information to this House. It was bad legislation, and passed without the House having an opportunity to consider it.

Mr. LINTHICUM. I think so, but that does not affect this appropriation bill.

Mr. OLIVER of Alabama. Yes; it has affected this very appropriation.

Mr. LINTHICUM. I further suggest to the conference committee and to this House that the appropriation of $625,000 for salaries of ambassadors and ministers, which has been reduced some $21,500 below the actual salaries provided by law, that this appropriation be so amended that salaries which were intended for unfilled positions may not be impounded. In that way the appropriation will be sufficient. If this is not done, certainly there must be an additional appropriation, because these salaries are provided by law and must be paid.

I neglected to say that under the contingent expenses there is provided a courier service throughout Europe which seems to me absolutely essential and which every country maintains. It was my pleasure to travel with one of these courier men last year en route to Istanbul—a man named Stevens, who had a most enviable history, a very capable man, and it has been only within the last few days that I heard of his death. His associate in this service is a man named Warren M. Hamilton, who is now carrying on the service.

No successor to Stevens has been appointed so far as I know. It is a service which is generally unknown. These couriers starting from Paris carry bags of mail belonging

to the United States Government and also important documents, and leave them in the hands of some person connected with the embassy or legation in the respective cities. For instance, Stevens was on his way from Paris, Vienna, Budapest, Belgrade, Sofia, Istanbul, and then on the Bosphorus and the Dardanelles to Athens, Italy, and on back to Paris, and so this courier service goes on every two weeks through Europe. Others go to the north, covering all the legations and embassies of the United States in Europe.

Unless this contingent expense account is increased above what the Senate has provided, this courier service will most likely be dropped, which would be a very dangerous proposition on the part of the United States Government.

I think it is very much to be regretted that the Senate has reduced the post allowances to $50,000, one-half of that appropriated in 1932 and $100,000 less than the Budget estimate. This big reduction will work a hardship upon Foreign Service officers who have depended upon it to make both ends meet. It will, moreover, bring about a great uncertainty in regard to compensation and allowances which have been so disastrous in the past. Certainly the conference committee on the part of the House should at least restore the amount to $100,000, which was provided by the House of Representatives when the bill passed.

Representation allowances have been practically wiped out by the Senate. The Budget estimate for 1933 is $125,000, and the House cut it to $25,000, which is totally and absolutely insufficient and just casts us back upon the old policy that these places are intended for the rich and not for the poor or those of moderate means. Young men who may be the ablest in our land, but who have not had the time to amass a fortune, will be completely cut out. At least one-half of the ambassadors and ministers are men who have risen from the ranks, are of long service, found to be absolutely capable, and have been promoted to their positions. Many of them are not men of means, and if too much is taken from their allowances they will not be able to continue in the service.

There are many other items as suggested by the first part of my speech which have been sorely cut by the Senate. I trust the conference committee of this House may examine these provisions carefully and restore to the bill as near as possible the appropriations as made by the House of Representatives. This may be a time of depression, it may be the time for cuts in the various appropriation bills, but this is one service which brings to the Government a very large sum as an offset to the appropriations made. It brings to the country a large export business, and it is the only "peace" department of the Government. Its endeavors to keep in touch with foreign matters and to adjust them in accordance with universal opinion is of great importance. As I say, it is a shame to maim a department of this kind, and it is my sincere wish that the conference committee may remedy the situation as far as possible.

The SPEAKER. The time of the gentleman from Maryland has expired.

WAR DEPARTMENT APPROPRIATION BILL

Mr. COLLINS. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill (H. R. 11897) making appropriations for the military and nonmilitary activities of the War Department for the fiscal year ending June 30, 1933, and for other purposes; and pending that motion I ask unanimous consent that the House proceed to-day with general debate, the time to be divided between the gentleman from California [Mr. BARBOUR] and myself.

The SPEAKER. Is there objection to the request of the gentleman from Mississippi?

Mr. BARBOUR. Mr. Speaker, reserving the right to object, I would like to ask the gentleman from Mississippi if there is any agreement about to-morrow?

Mr. COLLINS. No; but later in the day I will probably make a suggestion that anybody who desires to speak on extraneous subjects speak to-day so that the debate that follows to-morrow will be confined to the bill.

Mr. BARBOUR. Has the gentleman considered adjourning over to-morrow and taking up the bill on Monday?

Mr. COLLINS. No; I have not. I think we ought to proceed with this bill to-morrow.

Mr. BARBOUR. Will the gentleman consider that during the afternoon along with the other matter?

Mr. COLLINS. I will be glad to consider it, but I am afraid I will not be able to act in accordance with the gentleman's wishes.

The SPEAKER. Is there objection to the request of the gentleman from Mississippi?

There was no objection.

The SPEAKER. The question is on the motion of the gentleman from Mississippi.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill H. R. 11897, with Mr. LANHAM in the chair.

The Clerk read the title of the bill.

Mr. COLLINS. Mr. Chairman, I yield to the gentleman from Tennessee [Mr. BYRNS] 30 minutes.

Mr. BYRNS. Mr. Chairman, the pending bill is the last of the annual appropriation bills which will be presented to the House. I have heretofore made statements to the House relative to the amount of reductions which have been made in the previous bills.

I want to take this opportunity to express what I am sure ought to be the appreciation of the House, the country, and their own constituents, to the members of the subcommittee, of which the gentleman from Mississippi [Mr. COLLINS] is chairman, for the work done by this committee and in the preparation of this bill. [Applause.]

I shall not discuss the bill except to refer to the reduction. This bill carries a total appropriation of $386,793,861, as reported to the House by the committee. That constitutes a reduction below the President's estimates of $24,569,901. The total reductions which have been reported to the House by the Committee on Appropriations upon this and all previous bills, and which have passed the House, amount to $161,455,101.56. [Applause.]

In my judgment, that is a most remarkable showing, especially when we are told in the President's message on yesterday that the reductions must come from a sum not exceeding $1,700,000,000.

Let me say again what I have had occasion to say heretofore upon this floor in connection with these reductions, that the reductions have not been made in a haphazard manner.

I want to say to the credit of every member of the Committee on Appropriations on both sides of the Chamber that no committee has ever given more painstaking, more earnest, or more careful consideration to every item of the various appropriation bills than have the members of the Committee on Appropriations who have prepared and reported these bills. For weeks and for months the subcommittees have sat in session holding hearings and examining those who appeared in behalf of the various items contained in the bill.

There was no understanding at the outset that any particular item or any particular bill was going to be reduced in any particular amount. The only understanding that the Committee on Appropriations had when it began the consideration of these estimates was that it was not in any single instance going to increase any item of a bill, and that it was going to cut every item that it possibly could to the bone. [Applause.]

And I want to say to you that from my examination of these items and these bills, and from my long experience of more than 20 years upon the Committee on Appropriations, that no committee has ever performed a better job than your Committee on Appropriations. I say that with reference to the membership on both sides of this Chamber [applause], because, as has been often said, the question of appropriating money is by no means a partisan matter. It has no place in politics, and I am sorry that anyone, no matter how high the position he holds, has sought to drag

it into politics and make it a political football, possibly, in the coming campaign. [Applause.]

I am going to ask unanimous consent to extend my remarks by including the figures which show the various reductions made in the estimate submitted by the President. Let me remind you that had it not been for your Committee on Appropriations and this House, which was so sharply criticized on yesterday, you would have been put in the attitude of appropriating at the request of the President $161,000,000 more than was appropriated for the year 1933.

Mr. BLANTON. More than we have appropriated.

Mr. BYRNS. More than we have appropriated.

Mr. CROSSER. Is it the gentleman's statement that the President recommended $160,000,000 more than has been appropriated?

Mr. BLANTON. We have cut him down that much.

Mr. CROSSER. That is what I mean.

Mr. BYRNS. Mr. Chairman, I wish the further right to extend my remarks by inserting a table that shows a reduction from the appropriations for 1932 of $563,601,223.35.

Mr. LINTHICUM. I did not understand the gentleman's last statement; I did not understand to what the five hundred millions of dollars referred.

Mr. BYRNS. That is a reduction in the appropriations which were made for 1932.

Now, I recall—and I see my friend in front of me—that the only criticism which has been made of the Committee on Appropriations for its reduction came from my friend the gentleman from Nebraska [Mr. SIMMONS]. He told this House that the real reductions did not amount to more than forty or fifty millions of dollars, or some figure like that, and that we would have to come back here next winter and make deficiency appropriations to cover the remainder, when his President and mine in his message yesterday said that these estimates could be cut—his estimates, mind you—$331,000,000. I wonder what the gentleman from Nebraska will have to say to that! It was an unkind blow to the gentleman who made his criticism immediately after a call at the White House.

And while I mention that, let me call your attention to the fact that these estimates were sent up here last December. I say it is an indictment of himself—and I am speaking plainly—and an indictment of his Budget and an indictment of every head of his departments when he tells us within four months after he submitted these estimates that they ought to be cut $331,000,000 below the amount that he told us last December we ought to appropriate. [Applause.] I do not like to talk this way, but the time has come for plain speaking, and if my words can be a criticism of anyone, I will have to let the facts speak for themselves.

Why was it that the President of the United States, last December, did not tell Congress to cut these estimates $331,000,000? [Applause.]

Mr. BLANTON. Why did he not do it himself? It was his Budget, and he had the power and authority to cut it as low as he desired.

Mr. BYRNS. As the gentleman from Texas says, Why did he not go farther and do what the Budget law imposes upon him as a sacred duty and cut them himself, if he thought they could have been cut to that extent?

Mr. MICHENER. Mr. Chairman, will the gentleman yield?

Mr. BYRNS. No; I am sorry, I can not yield now. I will yield later.

Now, gentlemen, it will not do now, when the country is aroused over this question of taxation and expenditures, to come before you with a general statement saying that his estimates should have been reduced to the extent of $331,000,000.

I repeat, I do not know of a greater indictment that could be drawn against the President of the United States, if you permit me to say it, and his Budget than the statement contained in his message of yesterday with reference to what ought to be appropriated.

Mr. PETTENGILL. He indicts himself.

Mr. BYRNS. As my friend the gentleman from Indiana says, he indicts himself in the statement he has made. I am sure that the taxpayers, whether in his party or in mine, are going to wonder why it is that the President has been so long waking up to the real situation which confronts our country.

Mr. HASTINGS. And the Budget is given $190,000 with which to employ experts and clerical help to prepare these estimates for the President.

Mr. BYRNS. Exactly. The Budget law, as every Member of this House knows, was passed for the purpose of providing machinery by which the President might examine into every estimate submitted by the departments, and it placed upon him and upon no one else the responsibility of sending those estimates to Congress. That is the foundation of the Budget law, and the President can not escape the responsibility which rested upon him in December as well as at the present time.

Mr. BLANTON. Will the gentleman yield?

Mr. BYRNS. For a brief question.

Mr. BLANTON. The President could have told his Budget Bureau not to make Budget estimates for more than $2,000,000,000 and they would have been forced to comply with his will.

Mr. BYRNS. Of course. Let me tell you something else with reference to these reductions made by the Committee on Appropriations of the House. Everyone remembers that when the first bill, the agricultural bill, was reported to the House, carrying a reduction of $10,834,000 plus, the Secretary of Agriculture, a member of the President's Cabinet, and supposed to stand for him and represent his views, gave out an interview in which he criticized the Committee on Appropriations for having reduced the estimates in that amount. Then when the Interior Department bill came along, the Secretary of the Interior, generally supposed to be closer to the President than any other member of his Cabinet, gave out an interview in which he harshly criticized the committee and the Congress and in which he said they had absolutely crippled his department because they reduced his estimates in the sum of $5,600,000. Then the Secretary of War added his note of protest against the reduction in some speech he made or some letter he wrote to a paper in Missouri.

That is the cooperation your committee has received from the President's own official Cabinet in its efforts to reduce the expenditures of this Government. [Applause.] Talk to me about cooperation.

Mr. JOHNSON of Oklahoma. Will the gentleman yield?

Mr. BYRNS. For a brief question.

Mr. JOHNSON of Oklahoma. Is it not true that the President's Secretary of the Treasury, along with other Cabinet members, joined in the protest to the House against reducing the estimates of the Budget?

Mr. BYRNS. A number of them did so—I will not include them all, but I remember three of them in number—have uttered a criticism because of reductions made in these estimates.

Mr. BLANTON. If the gentleman will permit, the Secretary of State, the Secretary of Commerce, and the heads of all departments have sent an army up here before the Appropriations Committee seeking to have their Budget estimates granted in full and in every particular.

Mr. BYRNS. Oh, yes. I wish some of you gentlemen—I know you are busy on your own committees and with your own important and responsible duties with reference to legislation pending before them, but I wish some day when you have a moment to spare you would look over these hearings and see how little help the Committee on Appropriations has received from those in the executive departments in its effort to accomplish something in the interest of the tax-paying public of the United States.

Mr. TABER. Will the gentleman yield?

Mr. BYRNS. For a brief question.

Mr. TABER. I understood the gentleman to say that the President in his message last night had suggested that we

might save $700,000,000 below the Budget estimates submitted. As a matter of fact, the President stated this:

A drastic program of economy, which, including the savings already made in the Executive Budget of $369,000,000, can be increased to exceed $700,000,000 per annum.

Mr. BYRNS. I thank the gentleman for that correction. I was not absolutely certain when I stated the figures, and I will correct them before they are printed in the permanent RECORD. However, the point is that he says his own Budget estimates should be reduced by the sum of $331,000,000 from that which he submitted in December, and I submit to my good friend from New York that that in no way relieves him from the indictment which he drew for himself on yesterday.

Mr. FULLER. Why does he not tell us how that $331,000,000 can be saved?

Mr. BYRNS. I am coming to that. There is no use in trying to fool the American people. Do not forget that every man who pays taxes and every man who is suffering back home knows what is going on here, and he is not going to be misled by a lot of glittering generalities or general statements to the effect that this or that can be done.

The gentleman from Arkansas asked why the President did not tell us just where these reductions could be made. Let me tell you something. A few months ago the President sent a message in which he said he would like to have the Congress abdicate its powers and delegate to him the right to legislate in effecting consolidations and eliminating duplications. I am not going to take up your time by doing more than to refer to the fact that for three years the President sat mute, although he ought to have known, as everybody in this House and in the country knew, that a crisis was impending. That we have a deficit is not new knowledge. We have known for several years that your Government and mine was living beyond its income. Whose duty, above all, was it to sound the alarm? Whose duty was it, above all, to have said, "Stop, and let us get back to a situation where we will be able to pay our debts as we go along, without further taxing the people by the issuance of bonds and adding to our already large indebtedness"? Was anything said? Did you hear any note of alarm raised in the last Congress, which was Republican by more than 100 in the House, and there was also a Republican majority in the Senate? Did anybody say then, "Stop"? Did anybody say, "Halt"? Did anybody call attention to the fact that we were heading into the biggest deficit this country ever had in peace times? No.

Mr. McDUFFIE. Will the gentleman yield?

Mr. BYRNS. For a brief question.

Mr. McDUFFIE. On the other hand, the country was misled as to the number of unemployed and misled by figures issuing from the Treasury Department as to the actual conditions obtaining in this country.

Mr. BYRNS. I thank the gentleman from Alabama for the suggestion.

Mr. McDUFFIE. And "prosperity was just around the corner." [Laughter.]

Mr. BYRNS. Yes. As the gentleman from Alabama says, we were not only not told that we were heading into the biggest deficit this country had ever had, but, on the contrary, we were told that "prosperity was just around the corner." It was an invitation to spend rather than retrench.

Mr. FULBRIGHT. Will the gentleman yield?

Mr. BYRNS. For a question.

Mr. FULBRIGHT. In the President's message he refers to his efforts in behalf of the recovery of employment and agriculture and I will ask the gentleman if he has made any concrete suggestion to that end other than that everybody buy a car while he himself bought nine for the White House and for the use of the President? [Laughter.]

Mr. BYRNS. Not that I have heard of.

Mr. BROWNING. Will the gentleman yield?

Mr. BYRNS. Yes; for a question.

Mr. BROWNING. In the President's statement that his Budget should be cut $369,000,000, does the President take into account in that statement the $625,000,000 that he has requested in authorizations since that time?

Mr. BYRNS. No; he does not.

Mr. BROWNING. Then, the Budget he has submitted, plus the items he has requested, would be far above the Budget of last year?

Mr. BYRNS. Oh, undoubtedly; by a billion dollars or more, or certainly by a very considerable sum.

Mr. BLANTON. Will the gentleman yield?

Mr. BYRNS. Yes.

Mr. BLANTON. I have one of the new Hoover coins—almost identical with the one used in 1928—a gold-looking coin, but not gold, that they have just gotten out for the coming campaign. It has the G. O. P. elephant on one side and Hoover written on it and gotten out as a lucky pocket piece, and it says, "Good for four years of prosperity." [Laughter.]

Mr. BYRNS. When was that issued?

Mr. BLANTON. It is something new, although practically identical with one used in 1928. It has been gotten out by Republicans for the coming campaign.

Mr. BYRNS. That is fine. It is so expressive of the reverse of the truth. [Laughter and applause.]

I want to take occasion to make this statement because I have not had the opportunity before. I was not a very important member of the Economy Committee. Unfortunately, owing to my duties on the Committee on Appropriations, I was not able to give it the time that every other Member so industrially and patriotically gave it, but I want to take this occasion to say that no man ever worked more earnestly and more courageously and more ably than did the chairman of that committee, the gentleman from Alabama [Mr. McDUFFIE] [applause], in his efforts to bring to this Congress a bill which would help to reduce the expenditures of the Government.

Every man in Congress has the right to vote his honest and conscientious convictions, and I would not for one moment undertake to question the motive of any Member of this House as to his vote upon any proposition any more than I would expect him to question mine, but I am one of those who regret that the committee's bill met the fate it did upon the floor of this House. As it left this Chamber, if the newspapers in their compilations be correct, it carried more than $42,000,000 of savings, and, therefore, I am not going to say that that bill was a wreck by any means. I am sure that every member of the committee feels that while he would like to have had it reduce expenditures as he had hoped from $200,000,000 to $250,000,000, yet the fact that it only reduced them $42,000,00 in some measure compensates the committee for the work it did.

Mr. GREEN. And in that connection the President not only purchased the automobiles referred to, but while this committee was sitting he submitted a counter program to befuddle the minds of the people and the Government workers, and, apparently, to defeat the efforts of the Economy Committee.

Mr. JOHNSON of Missouri. Will the gentleman yield?

Mr. BYRNS. Very briefly; yes.

Mr. JOHNSON of Missouri. If the economy bill was wrecked in any way, part of the cause was the President's opposition to the Army and Navy consolidation.

Mr. BYRNS. I am coming to that.

Mr. SCHAFER. Will the gentleman yield?

Mr. BYRNS. Let me first answer this question, and then I shall yield to the gentleman for a question; but I have got to ask the Members of the House to excuse me because I do not want to take up too much of your time.

Let me make this statement—and I make it deliberately and without fear of successful contradiction: When you talk about emasculating the economy program of the committee, to which the President has referred and for which he criticizes the House in defeating the committee program along with his own program, there is no man in all the United States who is more responsible for that than the President of the United States himself. [Applause.] Why do I say this? I know that a number of years ago a Presi-

dent of the United States recommended a consolidation of the Army and the Navy in the interest of efficiency and also in the interest of economy.

Mr. MARTIN of Oregon. Will the gentleman yield?

Mr. BYRNS. Not now. Let me get through with my thought, if you please, and then I shall yield. I want to be courteous; but please let me develop the thought that was suggested by my friend from Missouri.

It was assumed at that time, possibly erroneously, that the President, who was a member of his official family and one of the official advisers of President Harding, approved his recommendation. Certainly no one ever heard a suggestion from the then Secretary of Commerce that he was opposed to it; and many therefore thought that since the President had so strongly recommended consolidation that he would support a proposition to consolidate the Army and Navy; which, I say to you from the bottom of my heart, because I believe it, meant more in the saving of money than any other title in the economy bill. [Applause.]

Mr. BLANTON. More saving than all the rest of them put together.

Mr. BYRNS. It would have saved not less than $50,000,000 per annum, and I verily believe $100,000,000, and some have estimated it at more than that amount.

[Here the gavel fell.]

Mr. COLLINS. Mr. Chairman, I yield the gentleman from Tennessee 30 minutes more.

Mr. BYRNS. Some of its opponents admitted that it would have saved $25,000,000. I asked the Secretary of War, when he was before the Economy Committee, if it would not save money, and he said, "Undoubtedly, it would save considerable money."

What does the President say in his message with reference to the consolidation of the War and Navy Departments? He said the savings to be made are "indeterminate but very considerable."

Why, gentlemen, who was it that defeated that consolidation? I said that the President was more responsible than anybody else for emasculating the economy program. I am speaking plainly, because I said a while ago I think the time has come when we ought to speak plainly, and I appeal to every Member of the House if it is not a fact that on last Friday and Saturday, and possibly on Thursday, one of the extrasuperfluous secretaries of the President, known generally as his political secretary, spent his time over here on the floor, buttonholing Members of his own party against it. [Applause.] If it had not been for him there would have been more votes. It was only defeated by 25 votes, and in that number were 149 gentlemen upon the Republican side of the Chamber and 61 Democrats.

Mr. McGUGIN. Will the gentleman yield?

Mr. BYRNS. I can not yield. I am sorry. I hope the gentleman will excuse me. There were 50 Republicans who voted with the 137 Democrats in favor of the consolidation.

Now you talk about emasculating the economy program. Who did it? Why was it the Secretary of the President spent at least two days exercising the privileges which came to him as an ex-Member of this House, sitting here on this floor, buttonholing Members, urging his own party to vote against that bill? If he had not exercised the power and the influence that came to him as Secretary to the President, I dare say the bill would have passed by a big majority. I shall say nothing about the propriety of such action or of Executive interference. Who emasculated it? [Applause.]

Mr. McDUFFIE. Will the gentleman yield?

Mr. BYRNS. I yield.

Mr. McDUFFIE. Instead of voting for the committee plan, the President insisted on his furlough system, which the committee did not approve.

Mr. BYRNS. Absolutely, the furlough plan was injected into the program of the committee, and there was a difference of opinion as to what should be done. It was the first real division of opinion which occurred, although there were differences among Members about various proposals.

The President sent his message here in January, I think. As I said a while ago, did he tell you what consolidations he thought ought to be effected? Did he tell you what duplications should be cut out? Although repeatedly invited and urged to send to Congress a plan, the plan which he was supposed to have formulated, he failed to do so. When did he first send it? It was on the eve of the day when the chairman of the committee, the gentleman from Alabama [Mr. McDUFFIE], was about to present the plan of the Economy Committee that he invited this committee to come down to the White House and talk with him, and he then proceeded to set out his plan, which agreed with many things the committee had already considered. Why did he not tell the committee while it was sitting for six or seven weeks what that plan was? If gentlemen do not believe me, I urge them to read the record. I invite them to do so. Why did not some of the members of the President's Cabinet give us some concrete suggestion as to how we could consolidate in their own particular departments? I appeal to the record. Gentlemen know that outside of the mere general statements, without any specific or personal recommendation, the committee got practically no help from the executives until the President sent for the committee, as I have stated. Oh, Mr. Chairman, there is no use trying to fool the people. There is no excuse for undertaking to play politics in this matter. I would not be here making this speech to-day were it not for the message which the President sent up yesterday, which did the Congress, his own party and mine, a serious injustice.

Mr. BLANTON. And it ought to be stated that of the Republican leaders who led defeat against consolidation were the gentleman from New York, Mr. SNELL, the gentleman from Connecticut, Mr. TILSON, the gentleman from Illinois, Mr. CHINDBLOM, the gentleman from Michigan, Mr. MICHENER, and also Mr. MAPES, and also the gentleman from New York, Mr. TABER. All of the Republican leaders led that assault against consolidation and helped to defeat it.

Mr. SNELL. The reason these Republicans opposed the consolidation of the Army and Navy was they are all for national preparedness and adequate national defense.

Mr. SCHAFER. Mr. Chairman, will the gentleman yield?

Mr. BYRNS. I will yield for just a question.

Mr. SCHAFER. Since the gentleman——

Mr. BYRNS. No; I want the question.

Mr. SCHAFER. Why was your economy bill defeated in the House by the Democratic Party? The gentleman should not berate the Republican Party when the House, which defeated the bill, is controlled by a big majority of Democrats.

Mr. BYRNS. Take the RECORD of last Tuesday. I appeal to it. The gentleman will find that on these various amendments I have referred to, on one of them——

Mr. BLANTON. One hundred and fifty Republicans voted against consolidation.

Mr. BYRNS. Take the amendment offered by a gentleman of your own party, the gentleman from Illinois [Mr. BRITTEN]. The Economy Committee sought to make the exemption $1,000 in the salary cuts, and the gentleman from Illinois offered an amendment to raise the exemption to $2,500. One hundred and thirty-seven Republicans voted for that amendment, and only 101 Democrats.

Mr. SCHAFER. And a Democrat offered the amendment to take out the consolidation of the Army and Navy.

Mr. BYRNS. I do not yield to the gentleman any more. I yielded to him respectfully and courteously for one question.

Mr. McGUGIN. Mr. Chairman, will my good friend yield to me for a question?

Mr. BYRNS. No; I can not yield to my friend from Kansas, and I would rather yield to him than anyone else. The President says, and he repeats with some degree of pride, that there was a saving made and, mark you, he calls it a saving, of $369,000,000 in the estimates for the next year below the appropriations made for this year. Let us see where the $369,000,000 saving comes from, and whether it is really a saving or not. I have referred to it several times, but, like Banquo's ghost, it rises every time we have a message from the President.

The President stated that the Budget submitted in December last provided estimated expenditures for the fiscal

year 1933 that were $369,000,000 less than the estimated expenditures for the current fiscal year. These figures are correct, but the $369,000,000 is largely made up by the reduction in construction work and other nonrecurring items which more than offset any increases that are made for 1933. In a statement which was issued from the Executive on December 14 last, showing estimated expenditures, it was shown that the Budget as submitted in December contained estimated expenditures for the fiscal year 1933 for construction works of $575,000,000 compared with $780,000,000 for construction works for 1932, a decrease for 1933 under 1932 of $205,000,000. This is a part of the decrease of $369,000,000, which the President referred to in comparing 1933 expenditures with 1932 expenditures. In addition to the construction-works decreases there is a reduction in 1933 as compared to 1932 of $140,000,000 in the amounts estimated to be expended from the agricultural-marketing fund under the control of the Federal Farm Board. There is a decrease of $37,000,000 in 1933 as compared with 1932 on account of payments of awards under the settlement of war claims act and $3,000,000 on account of subscription to capital stock of Federal intermediate-credit banks. There was an estimated decrease in the amount of the postal deficiency to be paid from the general fund of the Treasury of $40,000,000. Also a decrease of $26,000,000 in refund of internal-revenue taxes illegally collected. Also a decrease of $5,000,000 on account of completion of work on the last decennial census. These decreases more than account for the $369,000,000 of reduction.

In addition to the $161,000,000 in reduction of estimates this House passed the other day the so-called economy bill, carrying, as the paper stated, a saving of over $42,000,000. That makes more than $200,000,000 that this House has reduced the expenditures for 1933 under the Budget.

To that should be added $5,000,000 which was made by the Senate on the Interior Department appropriation bill; and the other bill which went to conference this morning carries a decrease of $12,000,000. If that is considered, there is over $220,000,000 in reduction of expenditures up to this time; and there are many more to come.

It was said when the tax bill was before us that the Budget would be balanced if there was a reduction of $200,000,000. This House has more than met that requirement, because our reduction is more than $200,000,000. [Applause.] So if the Budget is not balanced, it can not be charged to the House of Representatives for its failure to reduce expenditures in the amount the House was asked to do at the time.

What is it that has caused this necessity for balancing the Budget? If I had the time, I would like to go into it. It is not only the reckless and careless expenditures for the past 10 years but it is the policy which has been pursued by the party in power during those 10 years, and everybody in the country knows it. [Applause.]

Mr. WRIGHT. Will the gentleman yield?

Mr. BYRNS. I yield.

Mr. WRIGHT. With regard to the reductions made by the Budget, the gentleman has referred to the nonrecurring items, and the fact that building-construction programs were not included. Was not the balance of those reductions practically on account of reduction in commodity prices?

Mr. BYRNS. Absolutely. The gentleman is correct.

Mr. HASTINGS. Will the gentleman yield for a question?

Mr. BYRNS. I yield.

Mr. HASTINGS. The gentleman is very properly attempting to emphasize that all the departments and various bureaus are under the President of the United States, and that the President of the United States has a Budget Bureau, and that this Budget Bureau had $190,000 for the purpose of employing experts and clerical assistance. The gentleman from Tennessee therefore insists that instead of platitudinous messages being sent to the House it is the duty of the President to point out specifically where further economies should be effected.

Mr. BYRNS. I think the gentleman is entirely correct, and that is what many of us have been trying to show for the past two or three months, and that is what we did not get and never have gotten up to this time. Read the message of yesterday and find, if you can, where it specifically recommends and suggests that anything should be done. Read any of these messages for the past two or three months and find a specific recommendation or suggestion which has come to Congress asking it to do this or suggesting that it do that.

Mr. HASTINGS. Both the Congress and the country are entitled to specific recommendations.

Mr. BYRNS. Undoubtedly, and the Constitution of our country requires that Congress shall be advised from time to time upon matters pertaining to the state of the Union.

Mr. BLANTON. Will the gentleman yield?

Mr. BYRNS. I yield.

Mr. BLANTON. The President on economy matters is trailing along behind us all the time.

Mr. BYRNS. Absolutely. Now, the President criticized Congress in this language:

> The action of the House, which would increase governmental expenditures by $132,000,000 for road building.

Everybody knows why that bill was passed. I happened to be absent in committee when it was voted upon, but everybody knows that those who voted for that bill did so with the idea that it was going to help the unemployed back in the rural districts where these roads were to be built. That bill is pending in the Senate. But let me tell you that I spent all of this morning, up to the time Congress met, conducting hearings in the Deficiency Appropriation Committee on an estimate for increased expenditures at Boulder Dam. Of course, we all know that the President has a particular interest in that great constructive work there. I did not vote for it, but it was approved by the Congress, and, of course, will be completed, and I hope will prove all that its friends claim for it.

Mr. BLANTON. What is its new name?

Mr. BYRNS. I think they call it Hoover Dam. We were being asked this morning, within less than 24 hours after the President sent his message here criticizing Congress for voting these millions of dollars for the building of good roads, to increase the appropriations for the building of Hoover Dam from eleven million to fifteen million dollars. [Applause.] On what plea? On the plea that it ought to be done in the interest of unemployment. That is exactly the ground upon which Congress passed the road building bill which the President criticizes.

Now, that is just one of the inconsistencies, and I am wondering, when we come to consider the deficiency bill later in this session or next December if we will not find Budget estimates here asking for a great deal of additional appropriations.

I am absolutely so sold on the idea that not only economy would be gained in the amount of millions of dollars but that the efficiency of our national defense would improve that I continue to recur to the question of the consolidation of the Army and the Navy.

I am going to read to you from the President's own message what I regard as at least a partial justification of those who, like myself, supported it on the floor of this House. No one ever contended that by consolidation of the Army and Navy there was any intention to reduce the Army or reduce the Navy. No one ever contended that there was the slightest intent, as far as that consolidation was concerned, to affect the national defense in the slightest except to put the departments under one head and bring about cooperation and coordination, which everybody familiar with the subject knows does not exist at this time. The only claim that its advocates made was that it would save millions of dollars in the administrative expense of the departments without impairing in the slightest the strength and efficiency of the national defense—a position which was abundantly supported by expert testimony. The President told us in January, as an excuse for not sending

to Congress his recommendations for consolidations, that if he made them public, they would meet with opposition in all bureaus and all departments, as if, as its head, he could not stop it if any member of a department sought to oppose it. He told us that was the reason he did not send it. But let us see what he wants to do and see if it does not meet the views of those of us who wanted to consolidate the Army and the Navy and put them under one man, who would be supreme in command and would not be interested in saving one bureau in the Navy to the detriment of a bureau in the Army, or vice versa, but who could pass on it in an impartial way and work those reforms which are so badly needed.

What does he say he wants to do? Among other things, he says that in the categories of economies that can be made by consolidation and reorganization and elimination of the less necessary bureaus is "munitions manufacture." That is what this proposed consolidation was to bring about, a consolidation of munitions manufacture under one head of department, and not have a Secretary of War and a Secretary of the Navy at loggerheads preventing a consolidation of these essential branches of these two departments.

"Army and Navy hospitals." That is what we all said would be brought about.

"Aviation fields." Certainly millions of dollars could be saved that way.

And other specific Army and Navy activities which may advantageously be consolidated for the purpose of economy and more effective administration.

That is the position of the President. He is for everything this consolidation proposed except elimination of the two Secretaries. He is evidently more interested in saving them than he is in bringing about this economy.

Mr. McDUFFIE. Mr. Chairman, will the gentleman yield?

Mr. BYRNS. Certainly.

Mr. McDUFFIE. The peculiar thing about that message is that those words were used within a few days after effort was made on the part of the President to prevent the consolidation of the Army and the Navy.

Mr. BYRNS. Precisely. And it is interesting to note that at last he recognizes, as evidenced by the message on yesterday, to some extent the advisability of recommending to Congress and the country that some of the features of my consolidation bill should be put into effect. I had explained in support of my bill that the very recommendations which he now makes would be effected.

Mr. BLANTON. And after his Secretary of War and his Secretary of the Navy had come up here and lobbied against it, and they defeated the proposition before we got a vote on it in the House.

Mr. BYRNS. Oh, yes; they defeated it just as they defeated President Harding's proposal 10 years ago.

The President says:

The savings to be made are indeterminate but very considerable.

Do you think he means just a few millions of dollars? Of course you know he does not. He means millions and millions of dollars. [Applause.] That is what it would amount to; that is what some of these Army and Navy officers will tell you in private, because anybody who has the least business judgment or sound common sense knows that when you consolidate these great activities, it means the saving of money.

Now, gentlemen, I have talked to you longer than I intended. My time is about up. There are many other things to which I could refer. While my language may have been possibly a little frank, I mean no disrespect to anyone, but I for one am not willing to let anyone criticize the House of Representatives for what it has done in its effort to serve the people. I want to ask you now, and I want you to take it to your hearts and answer the question to yourselves, take every message that the President has sent here since he sent his Budget message and see if you find there one specific recommendation as to any particular amount of money that could be saved? It can not be found.

Oh, it is easy to talk generalities; it is easy to say "reduce expenditures"; it is easy to say that if you do not do it, the country is going to suffer greatly. It is easy to say to somebody else what they ought to do. But when one tells you that something ought to be done, why does he not tell you what he would do if he were in your place? [Applause.] That is what I am complaining about. Since the transmission of these estimates, so far as I know, the executive departments have been of very little, if any, help to Congress in its effort to make these reductions.

Mr. BLANTON. Mr. Chairman, will the gentleman yield?

Mr. BYRNS. I yield.

Mr. BLANTON. Outside of the message being just ridiculous political bunk, where is there a constructive suggestion in the President's message that the Democrats in the House of Representatives have not already been trying to accomplish?

Mr. BYRNS. I will say to the gentleman from Texas that I fail to find any.

Mr. BLANTON. And I am speaking of the Democrats in the House, and not of the 150 Republicans who slaughtered the proposed economy consolidations.

Mr. BYRNS. Yes; I know. I am not criticizing my Republican friends. I know, of course, how these things go here in Congress. We happen to have a Republican President. I have not in my heart the desire to criticize them for any vote they cast in his support, but I do highly commend those Republicans who voted their convictions on these economy measures regardless of the President's position. But I do not think that Republican Members are justified in criticizing a Democratic House for what some have called the wreckage of the economy bill, when every RECORD will show that in every instance a much greater number of Republicans than Democrats voted to wreck it.

[Here the gavel fell.]

Mr. WRIGHT. Mr. Chairman, I yield the gentleman from Tennessee two additional minutes.

Mr. BYRNS. Something has been said about the President's own efforts to economize in his own official household. I do not care to take that up. The Budget does not send to the House any estimates with reference to White House expenditures. Mention has been made of his secretaries. I think he has three or four, something no other President ever enjoyed. I saw in the paper the other day where nine automobiles, large limousines, were purchased to replace others. Everybody knows, of course, that each one of these secretaries has to be provided with a limousine and a chauffeur at the expense of the Government.

The appropriations for personal services at the White House for 1933 will be the same as those for 1932. The President did not ask for a reduction and the committee showed him the courtesy of appropriating the amount which he requested. The appropriations for the White House have increased greatly since 1915, when a Democrat was President, and I shall file a statement showing these increases year by year since that time. The extraordinary expenses for the years 1927 and 1930 were caused by unusual repairs and extensions. [Applause.]

The President, in his message of yesterday, said this:

The Government can not be dictated to by organized minorities.

May I respectfully suggest that he has not so much to fear from organized minorities as he has from the great organized majority in November. [Applause.]

I append hereto statements showing the reductions made by the Committee on Appropriations in the estimates of the President. Also reductions made under appropriations for 1932 and the White House appropriations from the year 1915 to 1932, inclusive.

First deficiency:	
Budget estimates	$139,330,162.75
As passed House	125,159,042.75
Under Budget estimates	14,171,120.00

Agriculture:	
Budget estimates	$186,243,405.00
As passed House	175,408,814.00
Under Budget estimates	10,834,591.00
State, Justice, Commerce, and Labor:	
Budget estimates	129,784,136.89
As passed House	124,215,992.53
Under Budget estimates	5,568,144.56
Treasury and Post Office:	
Budget estimates	1,082,575,905.00
As passed House	1,059,778,163.00
Under Budget estimates	22,797,742.00
Independent offices:	
Budget estimates	1,041,395,041.00
As passed House	985,931,431.00
Under Budget estimates	55,463,610.00
Legislative:	
Budget estimates	22,517,842.00
As passed House	20,223,869.00
Under Budget estimates	2,293,973.00
District of Columbia:	
Budget estimates	44,086,919.00
As passed House	39,913,810.00
Under Budget estimates	4,173,109.00
Navy:	
Budget estimates	341,677,450.00
As passed House	326,353,459.00
Under Budget estimates	15,323,991.00
War:	
Budget estimates	411,363,762.00
As reported to House	386,793,861.00
Under Budget estimates	24,569,901.00
Interior:	
Budget estimates	56,705,352.33
As passed House	50,446,432.33
Under Budget estimates	6,258,920.00
Total reduction under the Budget estimates	161,455,101.56
Agriculture:	
Appropriations for 1932	235,664,694.00
As passed House	175,408,814.00
Under 1932 appropriations	60,255,880.00
State, Justice, Commerce, and Labor:	
Appropriations for 1932	139,001,704.34
As passed House	124,215,992.33
Under 1932 appropriations	14,785,712.01
Treasury and Post Office:	
Appropriations for 1932	1,104,586,890.00
As passed House	1,059,778,163.00
Under 1932 appropriations	44,808,727.00
Independent offices:	
Appropriations for 1932	1,306,196,777.00
As passed House	985,931,431.00
Under 1932 appropriations	320,265,346.00
Legislative:	
Appropriations for 1932	28,127,386.94
As passed House	20,223,869.00
Under 1932 appropriations	7,903,517.94
District of Columbia:	
Appropriations for 1932	45,711,638.00
As passed House	39,913,810.00
Under 1932 appropriations	5,797,828.00
Interior:	
Appropriations for 1932	69,342,606.73
As passed House	50,446,432.33
Under 1932 appropriations	18,896,174.40
Navy:	
Appropriations for 1932	$358,262,123.00
As passed House	326,353,459.00
Under 1932 appropriations	31,908,664.00
War:	
Appropriations for 1932	445,773,235.00
As passed House	386,793,861.00
Under 1932 appropriations	58,979,374.00
Total savings under 1932 appropriations	563,601,223.35

Table showing appropriations for Executive Office, fiscal years 1915 to 1932, inclusive, exclusive of appropriations for White House police and items not properly chargeable as actual administrative expenses

1915	$263,040
1916	263,040
1917	268,880
1918	331,380
1919	284,380
1920	285,180
1921	293,680
1922	310,480
1923	333,040
1924	374,880
1925	333,320
1926	390,560
1927	718,560
1928	337,560
1929	336,280
1930	724,120
1931	409,820
1932	457,380

Mr. BARBOUR. Mr. Chairman, I yield 30 minutes to the gentleman from Nebraska [Mr. SIMMONS]. [Applause.]

Mr. SIMMONS. Mr. Chairman, I have listened with considerable interest, and I might say some amusement, to the statements just made by the gentleman from Tennessee [Mr. BYRNS]. I have asked for this time in view of the fact that I am the only Member on the Republican side to whom he saw fit to refer by name in his 1-hour statement.

Early in this session the President asked for authority and offered to take the responsibility for handling the economic situation and the reducing of expenditures, but the Democratic majority in this House, under the leadership of the gentleman from Tennessee [Mr. BYRNS] and others, refused to give that authority and responsibility to the President. They assumed it for themselves. They have failed miserably in meeting that situation, and now they are trying to blame the President for their own incompetency, mismanagement, and lack of cohesion and leadership in this House. [Applause.]

The President has been blamed for the drought; he has been blamed for grasshoppers; he has been blamed for rebellions and overthrows and troubles in the countries of the world; and now he is blamed for the lack of leadership that exists on the Democratic side of this House, and that by those Democratic leaders themselves. [Applause.]

Let us see what we have. We have this strange situation, if I analyze the speech of the gentleman from Tennessee correctly, that the Democrats having assumed the responsibility for the economy program, having failed to put through their own program, and having failed to put through the President's program, now want to make the President responsible for the situation.

The gentleman from Tennessee [Mr. BYRNS] says there should be no politics in a situation of this kind, in particular a situation dealing with the economies of the country. On the 8th of February, 1932, an article appeared in the Washington Evening Star in which the gentleman from Illinois, the majority leader [Mr. RAINEY], is quoted as saying:

> The demands for relief in the country might offset the millions of dollars saved by the Democratic House through the appropriation bills.

So that the injection of politics into the matter of appropriations and in the saving of appropriations was made by the Democratic leader of this House [Mr. RAINEY]. Within a week of the time Mr. RAINEY made that statement the Democratic organization of the House brought in and put through this House a bill proposing to increase the expenditures of the Government of the United States $132,000,000.

The gentleman from Illinois [Mr. RAINEY] voted for it. The gentleman from Tennessee [Mr. BYRNS], the chairman of the Committee on Appropriations, was on the floor that afternoon, but he neither raised his voice in favor of the bill nor in opposition to it. He paired on it and did not vote. That is the record of the leadership of the Democratic side on that matter.

The gentleman from Tennessee quoted from the President's message of yesterday regarding the possibility of saving $700,000,000. He was wrong only $369,000,000 in his quotation of figures from the President's message. While he may correct his speech in the statement that goes to the printer, the fact remains that he misquoted the President and stands charged on the floor of this House either with not having read what the President said, not having understood it, or not caring to properly interpret it to the House. I want to read now that which the gentleman from Tennessee misquoted or misinterpreted. The President said this:

A drastic program of economy which, including the savings already made in the Executive Budget of $369,000,000, can be increased to exceed $700,000,000 per annum.

The gentleman from Tennessee, in his interpretation of the President's statement, left out of the President's message these words:

Including the savings already made in the Executive Budget of $369,000,000.

And attempts to make the President say that a drastic program of economy can be increased to exceed $700,000,000 per annum, without regard to and in addition to the President's Budget reductions of $369,000,000 over last year's expenditures. What did the President say in explanation of that statement?

Considering that the whole Federal expenditure, except about $1,700,000,000, is for uncontrollable obligations, this would represent an unprecedented reduction. Such a program, to accomplish its purpose, must embrace the rejection of all measures that increase expenditures unless they be of undoubted emergency.

There is no misunderstanding about that. The President has no control over that except the right of veto, and may it be said that Republican Presidents have vetoed over $1,000,000,000 of authorizations which the Congress has passed in these last few years? Then the President said:

The reduction in appropriations now pending below the figures as submitted in the Executive Budget on December 9, last.

Those are the expenditures which the gentleman from Tennessee refers to and about which the President has repeatedly told the Congress that if we can reduce his Budget figures well and good, he is for it. So there is no blame on the President's part there. Everyone here knows that the Budget is made up in the summer months and that we are now considering a Budget that is at least six or more months old. The gentleman from Tennessee has stated privately a number of times, and I think once on this floor, that the President expressed approval of reductions of Budget estimates if they could be made.

Then the President said:

A reconsideration of the legislation covering those economy projects which require repeal or amendment to the laws and an effective grant of authority to the Executive to reorganize and consolidate and eliminate unnecessary Government bureaus and establishments.

There you have a large part of the $331,000,000 that the President includes in his $700,000,000 request, and there again the President has repeatedly asked the Congress—I am told, in 21 different messages this session—to pass legislation which would authorize the Executive to make those savings. In the economy bill the Democratic House, controlled by the Democratic Party, has refused to give the President that authority. Then the gentleman from Tennessee, himself one of that Democratic majority, and a member and former chairman of the Economy Committee, blames the President for the fact that the Congress has not given him the power he has asked. Congress has not granted the power to the President that the President asked in order to make those savings. Congress has not authorized those savings. The President can not make them without that authority. The gentleman from Tennessee has aided in denying the President that authority, and then attempts to shift to the President the burden of the failure.

Some reference has been made here to the consolidation of the Army and the Navy, and out of all the things that the gentleman referred to with respect to the votes on the economy bill, he attempts to place on the Republican minority in this House the responsibility of furnishing the votes to put through a Democratic program. He fails to mention the fact that the elimination of that item was on the motion of a Democrat, that if on any one of those votes the Democratic organization of this House had been able to control its own votes they would have put through their own economy program, and yet, here again, like the drought and the grasshoppers, they are trying to blame the President for it.

I want to now specifically refer to the savings in appropriations that the gentleman from Tennessee [Mr. BYRNS] has referred to.

I have not yet analyzed the appropriations for the Department of War. The gentleman claims savings of $161,000,000 under Budget figures. This includes the War Department appropriation bill, which is not included in the figures that I now have. Up until this bill came through the total reduction in appropriations under Budget figures by the House Committee on Appropriations was approximately $130,000,000. The gentleman from Tennessee claims all of this as a saving to the taxpayer and criticized me because I have said on the floor of the House that not to exceed forty or fifty million dollars of this amount was actual saving to the taxpayer. The gentleman from Tennessee quoted me erroneously. I never gave them credit for saving that much, and I do not now give them credit for it, because the figures are that the actual savings to the taxpayer in all the appropriation bills that have been reported by the Committee on Appropriations to the House up to date, with the exception of the War Department bill, are $38,995,142. This much money is saved. Let us give credit where credit is due. It belongs largely to the Committee on Appropriations of the House, of which the gentleman from Tennessee is the distinguished chairman, but let us be honest about it in telling the country what are the facts as to the amount.

Out of this great total that the gentleman tells you about, $69,111,900, or more than half of it, is a reduction which will force supplemental or deficiency estimates at a later date, where expenditures are definitely required by law, and the curtailment or postponement of such activities is not within the control of the President or anybody in administrative control. In this $69,000,000 are largely three great figures. Fifty million dollars was taken from the Veterans' Administration on loans on adjusted-service certificates and $19,000,000 was taken from appropriations for public roads. None of it represents the saving of a penny to the taxpayer.

Then there is also a reduction in items entailing further or supplemental or deficiency estimates or curtailment, through postponement, of the current rate of expenditure, but where no ultimate saving is accomplished and where a slowing up of the rate of progress is not contemplated or desired by any indication of the Congress.

Appropriations in this class total a reduction of $18,314,100.

Then there is a reduction made possible only by the assertion in the appropriation acts of language suspending or restricting the operation of organic law. These reductions amount to $2,561,563. So let me repeat that out of all the $130,000,000 that the Committee on Appropriations has reported up to the time the present bill was introduced as savings over Budget figures there has been but $38,995,000 of it that is actual saving of money to the Treasury.

Mr. Chairman, I ask unanimous consent to extend my remarks in the RECORD by inserting an abridged tabulation upon which these figures are based.

The CHAIRMAN (Mr. MCMILLAN). Is there objection to the request of the gentleman from Nebraska?

There was no objection.

The matter referred to is as follows:

STATEMENT OF AMOUNTS OF BUDGET ESTIMATES FOR 1933, THE AMOUNTS REPORTED BY THE HOUSE COMMITTEE ON APPROPRIATIONS, AND THE AMOUNTS OF THE REDUCTIONS CLASSIFIED IN THE FOLLOWING FOUR GROUPS

(1) Reductions which will force supplemental or deficiency estimates at a later date—that is, where expenditures are definitely required by law and the curtailment or postponement of activities is not within administrative control—$69,111,900.

(2) Reductions entailing either a future supplemental or deficiency estimate or the curtailing, through postponement, of the current rate of expenditure, but where no ultimate saving is accomplished and where an actual slowing of the rate of progress is evidently not contemplated or desired by Congress, $18,314,100.

(3) Reductions made possible only by the insertion in the appropriation acts of language suspending or restricting the application of organic law, $2,561,563.

(4) Reductions which represent bona fide savings (including indefinite postponements) without suspending or restricting the application of organic law as distinguished from classes (1) and (2), $38,995,142.

Permanent and indefinite appropriations are not included in this tabulation.

Mr. SIMMONS. I have followed the gentleman from Tennessee during the last seven years I have been a member of the Committee on Appropriations, many, many times when I have believed he was right, and I want to read now, for his own benefit, some of the things that on some occasions he has told the House, in order that it may be understood that I am not following an uncharted course and that in the position I have taken in discussing these appropriations I have been following the leadership of the chairman of my committee, the gentleman from Tennessee [Mr. BYRNS].

On the 7th of June, 1924, he is quoted in the CONGRESSIONAL RECORD, on page 11284, as pointing out all of the various cooperative appropriations for public roads, and he points out the fact that the Congress that session had not appropriated all the money that was authorized for public roads, and that the unexpended balances of the Democratic administration therefor had been used, and then he said:

Unless deficiency appropriations are made, the work on road constructions will be greatly delayed, if not altogether suspended in some of the States.

Back during my first term in this Congress the gentleman from Tennessee condemned that which I now condemn; that is, a claiming of savings to the country when no savings are actually made to the Treasury.

The gentleman from Tennessee says there should be no politics in this, and yet there has never been a closing of a session of Congress during the time he has been the ranking minority member of the Committee on Appropriations when he has not made partisan politics out of the appropriation bills, and the statements I am reading now are statements that the gentleman from Tennessee has made at different times at the close of the Congresses.

On the 3d of March, 1927, page 5602, the gentleman criticized the President for not asking for all the funds that were needed, as he alleged, in the regular Budget, and then asking for deficiency appropriations, and then referred to it as "a deceptive policy" and then alleged:

In the meantime the President gets credit for a saving which does not exist.

The gentleman from Tennessee is now claiming to the country and asking credit for savings which do not now exist.

He wants the country to believe between now and election that the Democratic Party is saving the taxpayers of the country multiplied millions. We are going to be met next fall with deficiency appropriations to make up a part of this balance he now claims we are saving, that which he alleged in March, 1927, was "a deceptive policy."

Now, here is another on the 30th of June, 1922, before I became a Member of Congress. The gentleman from Tennessee made a statement with reference to General Dawes, then Director of the Budget, in which he says the statement issued showed that the boast of saving hundreds of millions of dollars were mere "paper savings," and he proceeded to condemn it. The paper saving the gentleman from Tennessee then pointed out was the fact that there had been a reduction in appropriations for public roads, and he said this:

That for that sort of reduction we submit Congress can claim no credit for economy.

He further said that if the reduction in the amount for the construction of good roads should serve to impede or delay improvement to highways such action would be subject to criticism.

Now, when I voice the same criticism regarding public-road appropriations that the gentleman then made the gentleman from Tennessee has seen fit to reprimand me publicly and privately and on the floor of the House.

Again, on the 4th of March, 1925, which you will note was the last day of Congress—and probably it was in an extension of remarks—this was the last day of my first term in Congress, and, of course, I was finding out those men whom I could follow.

There again the gentleman commented upon appropriations, and he said this:

While continuing appropriations are sometimes unavoidable, it is the hope that this practice will not become a fixed policy. The intent of the Budget system is that appropriations for fiscal years shall be readily ascertainable, and where appropriations are made for one year and permitted to lap over into another year, this is impossible. Equally objectionable is the policy of making supplemental appropriations in a deficiency bill for a fiscal year which is to follow, and the Budget should have the necessities of the various activities of the Government for the fiscal year for which appropriations are to be made sufficiently well in hand at the time the estimates are made, so as to avoid this. Deficiency bills should not carry supplemental appropriations for an ensuing fiscal year except in cases where an unavoidable mistake has been made in the original estimate or where an unexpected emergency has arisen or Congress has passed an act subsequent to the estimate requiring increased appropriations. This is important, because appropriations in deficiency bills are not usually given consideration in a survey of the amounts appropriated for any one fiscal year.

How true that is to the situation now. Sixty-nine million dollars of the alleged savings claimed by the gentleman from Tennessee that Congress must appropriate at a later date; and the gentleman from Tennessee is claiming credit for that now.

And because I charged the other day that it had the effect of deceiving the public, and that later on when these things were made up Congress would not notice it, I was reprimanded by the gentleman from Tennessee.

Yet back in March, 1925, he himself pointed out the unfairness of that course.

Again, on page 5558 of the same RECORD, let me read this:

Thus it will be seen that more than 97 per cent of the estimated reduction in expenditures for 1926 over 1925 are either automatic reductions or a deferred appropriation, and can not be claimed or classed as an economy on the part of the administration.

The gentleman from Tennessee criticizes me when I have repeatedly pointed out on the floor of the House that he can not claim economies for deferred appropriations. Yet this afternoon he repeated the old claim that they are making a saving to the taxpayers by deferred appropriations. And again:

With all due respect, this statement is calculated to create a wrong impression as to the actual economy effected under this administration.

I have been contending for an honest, fair statement of fact to the Congress and to the country regarding these alleged savings. I quote again the gentleman from Tennessee [Mr. BYRNS]:

That the reduction of the cost of ordinary peace-time activities of the Government is essential for the relief of the people from their present burdens of taxation, and it is the acid test of true economy.

Applying that rule to the case made by the gentleman from Tennessee, to which he referred to-day, only $38,000,000 of it is a "true economy" by the "acid test" which he himself laid down. In order that I may not be unfair to him I am going to try to quote all of his statements on these matters. This statement that he made on the 3d day of March, 1923, which, of course, again was the last day of

the Congress, refers to President Harding's announcement that there had been a reduction in the deficit in the Treasury, and said that the President frankly admitted a part of it was due to increased revenues, and then the following:

His other statements with reference to alleged reductions in expenditures and to administrative economy, I regret to say, are misleading, because the reductions for which he takes credit are not reductions in the annual recurring expenditures of the Government, but such as they are grow out of the manipulation of revolving funds and the postponement of expenditures, as in the case of the Emergency Fleet Corporation and the construction of post roads, respectively.

Mr. MILLARD. Mr. Chairman, the House is in disorder, and I make the point of order to that effect.

Mr. SIMMONS. Perhaps the gentleman from New York will excuse this aside, but it is quite evident that the gentleman from Tennessee [Mr. BYRNS] does not like to have anybody read his remarks on the floor of the House, and it is quite evident also that some of the things that I am saying do not please my Democratic friends.

Then again in the extension of his remarks the gentleman made this statement, referring again to the $19,000,000 road item that I talked about on the floor of the House. He there was admitting a postponement of expenditures for public roads, and says:

The third item, the estimated reduction of expenditures which needs to be considered, is that of construction of rural post roads. The original estimate was for $126,000,000. In the January 15, 1923, estimate this is reduced to $90,000,000. In other words, some of the States will not cooperate in road construction and others are not cooperating fully, so that the amount now estimated for expenditures on post roads is $36,000,000 less than originally estimated.

And I want the gentleman from Tennessee to listen to this, because it is something that I have said again and again, and I quote now from his remarks:

There is no economy or retrenchment in this. It is simply a postponed expenditure which will be a charge on the Treasury in the future.

There are a number of other statements all the way through all of the gentleman's speeches. For instance, I commend to the gentleman from Tennessee his own remarks, as follows:

Real economies in government are reflected in reduced taxation. This is the question in which the people are vitally interested. The people are not so much interested in methods of Government bookkeeping, the manipulation of revolving funds, and statements of "paper savings." What they are vitally interested in is the question of whether or not there has been any actual reduction of expenditures in the ordinary annual recurring expenses of the Government.

Let me repeat again, I think the thanks of the country are due to the Committee on Appropriations for the retrenchment of expenditures that have been made by that committee.

The President himself in his message yesterday praises those retrenchments, and asks for more of them; but let us be honest, let us be fair with the country, let us not claim savings that are not being made, let us not claim savings to the Treasury that are not reflected in reduced taxes to the American people. Up to date the Committee on Appropriations is entitled to credit for almost $39,000,000 actual saving to the taxpayer under the Budget figure. The President has given that credit and this House has given that credit and the committee is entitled to it, and, using the words of the gentleman from Tennessee himself, to claim more than $39,000,000 as a saving to the taxpayers is a "deceptive policy." That is not "true economy," according to the "acid test" which he himself has repeatedly laid down on the floor of this House.

Mr. Chairman, it is possible that during the afternoon I shall be able to get an analysis of the Department of Agriculture appropriation bill along the line of the same brackets that I have used in the other statement; and if I am able to do that between now and the printing of the RECORD to-night, I ask unanimous consent that I may extend my remarks by including that analysis in my statement. [Applause.]

The CHAIRMAN. Is there objection?

There was no objection.

Mr. CLAGUE. Mr. Chairman, I yield five minutes to the gentleman from Michigan [Mr. MICHENER].

Mr. MICHENER. Mr. Chairman, I had hoped to say something immediately following the remarks of the gentleman from Tennessee [Mr. BYRNS]. The gentleman suggests that there should be no politics in appropriation matters. We are now considering an appropriation bill. I want to call the gentleman's attention to the fact that the gentleman appears in two capacities on the floor of this House. First, the gentleman appears as chairman of the Democratic Congressional Committee, and at other times the gentleman appears as chairman of the great Committee on Appropriations. It is sad to note that every time the President of the United States sends a message to Congress the gentleman from Tennessee [Mr. BYRNS], in his capacity as chairman of the Committee on Appropriations, gains the floor and then, in his capacity as chairman of the Democratic Congressional Committee, proceeds with a tirade which amounts to nothing more nor less than a confession and avoidance of everything in the President's message.

Now, the gentleman has delivered one of those speeches on every occasion during this session when the President of the United States has sent a message. I would ask the membership of the House to get the gentleman's speech, read it, check it up, and to visualize, if you will, the gentleman from Tennessee, pacing back and forth, delivering the same speech time and time again, as an apology and excuse. The gentleman told us to-day he would not be on the floor to-day were it not for the President's message of yesterday.

Mr. BYRNS. Will the gentleman yield?

Mr. MICHENER. The gentleman did not have time when I asked him to yield to me. The gentleman said he was here but for one purpose, and that was to answer the President's message.

I ask the Members if the gentleman has made one single constructive suggestion? The only thing the gentleman from Tennessee did was to refer to water that has gone over the wheel. The gentleman said: "Why had not the President of the United States discovered this condition three years ago? Why has he not done something?" I will tell the gentleman from Tennessee the people of the country are not interested in why the President did not do something three years ago.

Mr. BYRNS. Now, the gentleman has referred to me. Will he not be kind enough to yield?

Mr. MICHENER. Surely.

Mr. BYRNS. Does not the gentleman think it would be a better criticism of my speech if he pointed out wherein I was in error in the statements I made rather than indulging in a personal criticism?

Mr. MICHENER. I will be glad to do that.

Mr. BYRNS. All the gentleman has done is to personally criticize me. The people of the country are not interested in that.

Mr. MICHENER. That is it exactly. People are not interested in personal criticism. They are not interested in the kind of speech the gentleman made on the floor to-day. Not a single constructive sentence escaped his lips; entirely a criticism of the President of the United States.

I will tell you the people of the country are not interested in why President Hoover did not do something three years ago. What the country is interested in to-day is why does not the Democratic Party and why does not the gentleman from Tennessee, who consumed one hour and two minutes of the time of this House to-day criticizing the President, do something.

Mr. BYRNS. We tried to do more, and the gentleman and his side would not permit us to do it.

Mr. MICHENER. What have you tried to do? The first message of the President was urging that something be done. He asked that he be given authority to do something. Immediately the gentleman from Tennessee introduced a bill providing for an Economy Committee, a resolution for an Economy Committee. That fell down before it got started. The gentleman was afraid to permit the President of the United States to effect economies which the President said he would effect if he was given au-

thority, because the gentleman from Tennessee was afraid there might be some little party advantage, and as a result we got the Economy Committee. It was to do something by April 14. It did nothing. Then later it held hearings. They worked night and day. They attempted to find out something, but they found they did not know where they were and that they could not accomplish anything.

The CHAIRMAN. The time of the gentleman from Michigan has expired.

Mr. CLAGUE. Mr. Chairman, I yield to the gentleman from Michigan five additional minutes.

Mr. MICHENER. He then asked that they might be given more time. They took time. They did not get anywhere. The President sent another message urging them to do something, and then they said, "Mr. President, what should we do?" The President said, "Come down and I will help you all I can." The President then gave suggestions. They brought in their program and they failed, and what is the Economy Committee doing to-day?

Mr. McDUFFIE. Will the gentleman yield?

Mr. MICHENER. Yes. I yield to the chairman of the Economy Committee to answer the question as to what that committee is doing to-day.

Mr. McDUFFIE. I will answer the gentleman.

Mr. MICHENER. If the gentleman will answer that, I will yield to him.

Mr. McDUFFIE. The gentleman stated that the Economy Committee was advised by the President, which is true, but the President had sent messages here dealing with generalities, after the Economy Committee was formed, and the Economy Committee promptly wrote him, asking him for some specific suggestions, and then he invited the committee to the White House. We sat with him. We took many of his suggestions, as the gentleman knows. We brought in here what we thought was a nonpartisan effort and presented it to the House, but, as the gentleman also knows, we did not have the cooperation of the President to carry through that entire program.

Mr. MICHENER. Oh, the gentleman from Alabama well knows that the gentleman from Michigan now addressing the House stood by the gentleman's committee more than did the majority's own side. [Applause.] We followed our leaders here and stood by the gentleman in every effort, with one exception, and that was the exception of the consolidation of the Army and the Navy. The leaders on this side told us, and we all believed, there should be certain consolidations as suggested in the President's message, and as suggested to the Economy Committee by the President at the time, and it is the belief of those on this side who opposed the consolidation on this floor, and it is the belief of the President of the United States who opposed that consolidation when talking to the Economy Committee, that there would be no economy if that kind of consolidation were brought about. So there is no difference as to the question as to whether or not there should be consolidation. Certain consolidations of the Army and Navy will prove beneficial and effective. On the other hand, two great departments like these can not be consolidated in 20 minutes on the floor of this House.

You can not do it any more than you can write a tax bill. You can not do it any more than you can eliminate useless bureaus and things of that kind on the floor of this House.

The gentleman from Alabama, the chairman of the Economy Committee, I am sure, has learned by this time that if economies are to be effected, and if consolidations are to be effected, that authority must be given to somebody, some individual, or some executive who has courage and who will not be controlled by organized minorities or groups. Put him in that position and he will find some way, some means to bring about these consolidations, where they can act independently, and that is the only way this is going to be brought about.

Mr. McDUFFIE. Is the gentleman speaking of the next President of the United States?

Mr. MICHENER. Possibly that is the reason why you refuse to let President Hoover proceed. Politics is ever present in the mind of the chairman of the Economy Committee. I heard your good friend the former Governor of New York, Mr. Smith, over the radio the other night criticize most severely the kind of tactics that the Democrats in this House have been playing on the floor to-day, as evidenced by the speech of the gentleman from Tennessee [Mr. BYRNS]. They certainly should not criticize the Republican Party. No party is to blame for conditions in the country to-day, but, as former Governor Smith said, what the country wants is constructive legislation.

I agree with Governor Smith, and the country agrees with Governor Smith.

[Here the gavel fell.]

Mr. CLAGUE. I yield the gentleman five additional minutes.

Mr. MICHENER. Now we are wasting time. As I said, the gentleman from Tennessee talked an hour and two minutes, and what did he say? Let us not forget that for every minute that passes, this country at present is running behind $5,000. During the time that the gentleman from Tennessee criticized and found fault the country ran behind more than $300,000. These figures are appalling, $7,000,000 a day.

Mr. Chairman, I say it is time that we did something. The country demands something more than talk.

Call the majority party together, have that party stand with your majority committee when it comes in here, and put through legislation. If the gentleman can not do that, let us do what the President in the White House says we should do.

Mr. McDUFFIE. What?

Mr. MICHENER. Will the gentleman from Alabama support a resolution, which we will introduce if you will support it, giving the President of the United States authority to make these savings and these consolidations, and save the Government of the United States this next year the $600,000,000 which he mentions in his message? Will the gentleman do that?

Mr. McDUFFIE. I will answer the gentleman. In the bill presented to the House we proposed, and as it passed the House it carried, a provision that does give the President that authority. Furthermore, the President said to the committee that there were many of these consolidations that he could make within 30 days, and yet in his message he said it would take him nearly a year to do it. I wish to ask the gentleman one question.

Mr. MICHENER. What is your question?

Mr. McDUFFIE. Why did not the President send that same message when he sent his Budget to this House? [Applause.]

Mr. MICHENER. Oh, there it goes again! Water over the wheel! Why did you not do something 10 years ago?

The President has said this same thing in a dozen messages. Check them up. After every message your answer is, "Why did he not do it before?" The gentleman is shrewd. He is a good lawyer. He says that in the bill which just passed there are "broad" powers. Oh, that is a deceptive word. There are "broad" powers, but the gentleman well knows that the powers therein contained are not sufficient to permit the President to do that which he says he will do if Congress will give him the authority.

I see that the gentleman from Tennessee [Mr. BYRNS] has come back on the floor.

Mr. BYRNS. I have been here all the time.

Mr. MICHENER. He wants to effect economy when he is acting as chairman of the Appropriations Committee, but he says little about economy when he is talking politics as the chairman of the national congressional committee. I ask the gentleman to answer this question if he really wants results: If we will bring in a resolution to-morrow giving the President of the United States the authority which he craves and which he says will effect these economies, will the Democrats who control legislation on the floor of the House bring up that resolution and will the Democrats support it?

Mr. BYRNS. I want to say—since the gentleman asks me, as he did the gentleman from Alabama—that the bill

which passed the other day carried a provision giving to the President the very authority to which the gentleman refers, with authorization to send it to Congress for its approval. Let me ask the gentleman a question since he has asked me one.

Mr. MICHENER. You have the power and you have the votes.

Mr. BYRNS. We have a majority of but 5 or 6 and when 146 Members of the gentleman's party vote against us how in the name of Heaven can you hold the Democrats responsible.

Mr. MICHENER. We gave you enough Republican votes—and you know it, JOE BYRNS—to put every economy proposed in the bill, but the gentleman did not get enough votes from his own party to put in a single economy provision. I leave that to the chairman of the Economy Committee, the gentleman from Alabama [Mr. MCDUFFIE].

[Here the gavel fell.]

Mr. BARBOUR. Mr. Chairman, I yield the gentleman five additional minutes.

Mr. BYRNS. I want to ask my friend, EARL MICHENER, this question and I want a frank answer. Of course, the gentleman is taking a great delight in criticizing me and criticizing my friend from Alabama.

Mr. MICHENER. Not personally.

Mr. BYRNS. I understand it is friendly criticism, and we enjoy it as much as the gentleman himself; but we are not getting anywhere with that. I want to ask the gentleman this question—something I have propounded a number of times: Why did not the President, if he had any plan for consolidation, submit it to Congress and the country so as to give the Congress and the country a chance to know just what he proposed? [Applause.]

Mr. MICHENER. What I have said already answers the gentleman, because that is just the whole speech which the gentleman made to-day. It is water gone over the wheel. JOE BYRNS, I do not care whether the President of the United States made a mistake a year ago or two years ago or not. I am not interested in that. The American people are not interested in whether or not President Hoover should have had superforesight. No man in the world had such foresight or knew what was coming. The people of the country are not interested to-day as to whether or not he had that foresight; but they are interested in this fact—that the country faces this depression, that the Federal Government is spending this vast amount of money, that we must reduce expenditures, and they are going to hold somebody responsible for it. It is our duty here, in the name of God, to quit talking about what has gone by. We should look to the future. We should look forward. I realize it is always the wounded bird that flutters. The message hit the mark, the fluttering is pathetic.

Mr. BYRNS. Let me ask the gentleman one more question, and may I say this, that I do not blame the gentleman in the slightest for wanting to forget the past and talk about the future [applause], but I do want to ask the gentleman this: The gentleman is one of the leaders on his side, and a good one, and I ask him why, if we could save all this money by consolidation, the gentleman's party did not do it in the last Congress when his party had a majority of over 100 in this House? [Applause.]

Mr. MICHENER. The only answer to that is——

Mr. BYRNS. "Let us forget it; it is behind us."

Mr. MICHENER. There has been talk about consolidations and reductions in the cost of government for years. The actual running expense of the Government was less in 1931 than it was in 1925, but veterans' legislation and other activities have increased our Budget. This is no fault of the President or of the Republican Party. The gentleman from Tennessee has been ranking member on the Appropriations Committee and on many occasions he has pleaded on the floor of the House to increase Budget estimates submitted by the President. In days of prosperity the Government, as well as the individual, is profligate. These bureaus have grown, and now we have reached the stage where it is difficult to raise tax money. The Congress realizes this state, yet because of these organized minorities, as demonstrated during the consideration of the economy bill, we are unable to function. That is, our Democratic leadership in the House can not agree on a program and can not muster enough Democratic votes to carry through any kind of a program. On the Republican side of the aisle we have made every effort to expedite any legislation looking toward economy. The gentleman from Tennessee, as Democratic congressional committee leader, presents a sad spectacle in his feeble effort to criticize the President's message. Of course, his heart is not back of his effort. The whip and spur of his party leaders are the things that compel him to rush onto the floor every time the President asks for action. These messages get action in the way of wails, sobs, and criticism. The country will thoroughly understand from the gentleman's speech the attitude of his party; and if these messages with punch would only come oftener, so that an aroused public opinion might assert itself, possibly the Democratic organization in the House might impress upon its members the necessity for something besides political speeches.

The fellow who has to pay the taxes back home demands relief. He is not momentarily interested in whether this tax burden was created because of the policies pursued in the Wilson administration or in the Hoover administration. That kind of talk might be interesting on the stump, out in the district in the campaign, but it will not save the farmer or the factory from the tax collector. It will not start the wheels of prosperity or inspire the confidence of the people. The demonstration of this House during the consideration of the tax bill and the economy bill has created in the minds of the public a general distrust in the ability of the House to function. Indeed, after the tax bill was ruined the distinguished Speaker, in a last-minute rally, took the floor and controlled his followers to such an extent that we were able to get the bill out of the House, where no more damage could be done, and I shall not be surprised if again in this crisis it becomes necessary for the Speaker, within the next day or two, to take the floor in an effort to stabilize his shattered forces.

The pity of it is that he does not take the floor and rally the cohorts at a time when a united front means much to legislation. This message of the President sounds in a way like Theodore Roosevelt. It has been called a lecture, and I am sure that the country feels that it is high time that the President wields the "big stick"; and the most gratifying thing about it is that the truth of his statements seems to have penetrated; and now I say to my Democratic friends, let us look forward and not backward. Let us plan for the future and be constructive. I realize that as a minority party you have been criticizing so long that you have acquired the habit, and we all sympathize with you in your difficulty, and hope that you will listen to the sound advice and heed the courageous words of that splendid man in the White House, who is conscientiously trying to bring about economies in government.

Mr. CLAGUE. Mr. Chairman, I yield five minutes to the gentleman from Wisconsin [Mr. SCHAFER].

Mr. SCHAFER. Mr. Chairman, I listened with a great deal of patience to the speech of the alleged economy leader, our good friend the gentleman from Tennessee [Mr. BYRNS], the chairman of the Appropriations Committee of this House. The gentleman indicated we had saved about $42,000,000 in the economy bill as it passed the House. That saving did not benefit the taxpayers and the Treasury, because the next day, with his aid and support, you put an obligation on the Federal Treasury of about $68,000,000 in the Muscle Shoals bill. This was all right from the standpoint of the economy experts from Alabama and Tennessee, because it provided for Muscle Shoals work on the Tennessee River, which was of great benefit to the people of the States of Alabama and Tennessee, from which the gentlemen hail.

I opposed the resolution creating this demagogic political alleged Economy Committee, and I stated why at the time. The Democratic Party can not deny responsibility, because it has a majority in this House; and you told the people of

the Nation that, if they put the Democratic Party in the majority in the House and in the Senate, with one magic sweep of the wand you would solve all the problems and bring back prosperity.

You have a majority on the committee in which tax legislation must originate, and you could not function there, and you admitted you could not.

You have a majority on the committee in which tariff legislation must originate and, notwithstanding your vicious attacks on existing tariff rates, you have not passed one reduction or repeal in committee or in the House.

You have a majority of the members on the Appropriations Committee and, with the record of your chairman, the gentleman from Tennessee [Mr. BYRNS], he ought to resign as chairman of that committee; and every member of the Appropriations Committee who has been following some of his ill-advised leadership, be they Democrats or be they Republicans, should resign from that committee.

Just imagine the position taken by the chairman of the great Appropriations Committee of this House. His committee holds extensive hearings on great supply bills, studies the matters day in and day out, reports a bill to the House, which is controlled by a Democratic majority. The Members of the House spend days and days in careful consideration of the recommendations of the committee under general debate and the 5-minute rule and pass the bill on to the other body. This other body, in the name of economy, cripples very essential services of the Government and reduces the total of that great appropriation bill $5,000,000 and incorporates some 186 far-reaching amendments. Then this Member, who is a leader of the Democratic Party, the chairman of your Appropriations Committee [Mr. BYRNS], comes before the House, with a majority of Democratic Members, and under a suspension of the rules, where there is 20 minutes allotted for consideration and discussion of the important bill, you reverse yourselves and swallow the entire bill as it came from the Senate and make this House a rubber stamp for that body.

The gentleman could not have been right both times. Either he was wrong when he asked you to suspend the rules and swallow that appropriation bill for the Interior Department in the form passed by the Senate or he was wrong in the first instance when he recommended to this House, controlled by the Democrats, the bill as originally recommended by the Appropriations Committee.

So I say to you that the gentleman from Tennessee [Mr. BYRNES], in his handling of the Interior appropriation bill, has convicted himself and the Democratic majority of the Appropriations Committee of gross ignorance and inefficiency and incapability; and in the name of justice, in order to protect the sacred rights of this House, if you please, in order to maintain our form of government wherein we have a House of Representatives and a Senate, and in the name of decency, instead of making political, economy speeches on the floor of the House, he should resign as chairman of the Appropriations Committee and the Democratic Party should request him to resign.

[Here the gavel fell.]

Mr. CLAGUE. Mr. Chairman, I yield the gentleman from Wisconsin five additional minutes.

Mr. SCHAFER. In the past, in the other body and in statements in the press, the Democratic leaders have bitterly attacked the Republicans for spending money and have called attention to the great increases in appropriations under a Republican administration, with a resulting Republican deficit. You Democrats fail to realize that when your last Democratic administration went into power there was about $1,000,000,000 of national debt, and when you came out and turned the reins of government over to the Republican Party, after the American people had risen in revolt against your leadership, we had a national debt of over twenty-nine and one-half billion dollars.

Yes; we now have a Treasury deficit, but the total of the interest and the sinking-fund payments and the care and treatment of World War veterans amounts to over $2,000,000,000, or almost the entire amount of the annual deficit. This has not resulted from a Republican-administration activity but from the World War, conducted under a Democratic administration.

Oh, yes; you now attack extravagance and increased cost of government, but the gentleman from Tennessee [Mr. BYRNS], as late as January 20 and January 23, 1925, as the CONGRESSIONAL RECORD will show, led a fight on the floor of the House to increase the Budget estimate for the Bureau of Foreign and Domestic Commerce over $390,000, and was not entirely successful in that attempt.

If you go through the RECORD you will see that this same gentleman led other fights for increases amounting to hundreds of thousands of dollars, many of which were unsuccessful, but he followed them up with attempts to have divisions and with demands for teller votes.

In speaking of the Bureau of Foreign and Domestic Commerce, which the Democratic Party now desires to assassinate in the name of economy—a false economy—as late as 1925, January 20, page 2237, Mr. BYRNS stated, and I quote him briefly, as follows:

> I have always, I think my colleagues will admit, stood for strict economy in the appropriations which are made for governmental activities, but I recognize that it is sometimes false economy to fail to make a sufficient appropriation and hamper some very important activity of the Government which is rendering a great service to the people of the United States. There is sometimes truth in the old adage of "Penny-wise and pound-foolish."
>
> In my judgment, the appropriation which is carried in this bill for the Bureau of Foreign and Domestic Commerce is not sufficient to enable that bureau to properly perform its functions in fostering and promoting our domestic and foreign commerce. If you gentlemen will take the pains to read the hearings—and they are very interesting—and the statements made by Dr. Julius Klein ,the very able and efficient director of that bureau, and Mr. Secretary Hoover, a man of great ability and wide vision, I am satisfied that you will come to the same conclusion to which I have come after reading those hearings and making an investigation as to the work being done by the bureau.

That was not a Republican Member coming into the well of the House and eulogizing Mr. Hoover and Mr. Klein in 1925. It was none other than the alleged expert on economy, the Hon. JOSEPH W. BYRNS, chairman of the Appropriations Committee that failed to function in this Congress, and had the Economy Committee created to perform many of its duties. Oh, the gentleman from Texas [Mr. BLANTON] sniped in, in trying to picture the wrecking of the economy bill as a responsibility of the Republicans. While the Democratic leader was making his political speech, he read that old Jeffersonian Democrat, General MARTIN, out of the party.

Then they tried to put the blame on the Republicans for wrecking the Army and Navy consolidation. That consolidation amendment was offered by General MARTIN, a Jeffersonian Democrat.

Then the amendment to emasculate the veterans' title was offered by another distinguished Jeffersonian Democrat, a distinguished former soldier, Major BULWINKLE, the gentleman from North Carolina.

Do not forget that when the provision of the bill was being considered which would permit the departments themselves to interchange 15 per cent of the appropriations, the distinguished gentleman from Tennessee [Mr. BYRNS] was down in the well of the House crying crocodile tears in opposition to the provision. Oh, he said, it was vicious, and would be giving away the God-given rights of Congress to a bureaucrat.

Mr. BYRNS made this eloquent speech to preserve the rights of Congress from the encroachment by the President. Where was he on the Army and Navy consolidation? He then spoke eloquently in favor of the provision of the bill providing for the consolidation of the Army and Navy. This legislation was chloroformed in the Committee on Expenditures in the Executive Departments, with only two gentlemen appearing before the committee in favor of it, Mr. BYRNS and Mr. WILLIAMSON. Do not blame that action to kill the Army and Navy consolidation on the Republicans, because the Democrats have a majority of members on the Expenditures Committee.

The chairman of the Appropriations Committee, who wanted to preserve the rights of Congress from encroachment by the Executive when he was weeping at the 15 per cent interchange proposition, stood on the floor that same day, and stood on the floor to-day, ready to give, not to the President but to a Cabinet officer, a secretary of national defense, a bureaucrat, the absolute right and authority to consolidate, to expand, to eliminate and create bureaus, and do what he wants to do with almost a billion dollars a year appropriation for the War and Navy Departments, without any saving veto power on the part of Congress. Talk about pure political demagoguery and fakery—why, one of the biggest fakers in a midway could not come anywhere near to the gentleman from Tennessee [Mr. BYRNS] when he charged Walter Newton, a former Member of Congress, with wrecking the bill and inducing men to support the amendment offered by that stanch Jeffersonian Democrat, the gentleman from Oregon [Mr. MARTIN].

Mr. BANKHEAD. Mr. Chairman, will the gentleman yield?

Mr. SCHAFER. Yes.

Mr. BANKHEAD. To inquire how the gentleman voted on the major program recommended by the Executive, the staggered-furlough plan for economy. Did the gentleman support his President in that respect?

Mr. SCHAFER. I was not with the President on that. I am not one of these fellows who yap and yell economy and let somebody else do my thinking for me any more than some of the Democrats on the gentleman's side—and if you talk about responsibility, you have a Democratic majority in the House.

In closing, I want to make a constructive suggestion to the President and to Mr. BYRNS and his Economy Committee, if it is going to try to function, in respect to consolidations. They tell us that we should consolidate, first, bureaus and activities that have the same primary purpose. Notwithstanding that, we have about 18 law-enforcement investigating agencies, with arms reaching out like an octopus throughout the country, with high-salaried pay-rollers, covering the same territory. You can save many millions of dollars by consolidating the prohibition enforcement under the Bureau of Investigation of the Department of Justice. When you have an opportunity to have some real saving and assist to balance the Budget, you ignore it. If you want to get $500,000,000 into this badly battered Treasury each year, I ask you Democratic economy leaders to sign the petition to discharge the committee from further consideration of the two and three-quarters per cent beer bill, if you are really for economy, the taxpayers, and the Treasury. [Applause.]

The CHAIRMAN. The time of the gentleman from Wisconsin has expired.

Mr. WRIGHT. Mr. Chairman, I yield 20 minutes to the gentleman from Texas [Mr. SUMNERS].

Mr. SUMNERS of Texas. Mr. Chairman, Mr. MICHENER has just made the observation that Mr. BYRNS has been playing politics and has consumed about $300,000 worth of time. I believe Mr. MICHENER cost about $50,000, and my friend from Wisconsin [Mr. SCHAFER] must have run up to almost as much as he is worth. [Laughter.] I can not estimate what the total amount would be.

There has been a good deal of complaint here this afternoon about somebody playing politics. Of course, that does shock my friend MICHENER and some other gentlemen on both the Democratic and Republican sides. By the time they have been in Congress a little while longer—my friend MICHENER has been here only about 15 or 20 years—they will learn that more or less politics seems to be played along about this time just before a presidential election. Of course, we have to take care of our duties here, but there is no sense in trying to be innocent about it. We know it and the country knows it. The President yesterday may have had the best sort of unselfish, patriotic motives with regard to his campaign—I mean with regard to the statesmanship of this situation—but I venture it would be a pretty safe wager—I do not think anybody would lose any money on it—that before he sent his message up here he called in his political advisers and they told him they thought there was some pretty good politics in shooting it. There is no use pretending about it. Everybody knows it, everyone in the House and everyone in the country. JOE BYRNS has made a political speech. Mr. MICHENER almost made one, and I would make one if I knew how. The only complaint I have to make of the President's message is that he is expecting a little too much of a Democratic House. [Laughter.] The President said in his message:

> I should not be discharging my constitutional responsibility to give to the Congress information on the state of the Union and to recommend for its consideration such measures as may be necessary and expedient if I did not report to the Congress the situation which has arisen in the country in large degree as the result of incidents of legislation during the past six weeks.

Well, where has he been? Has he just come to town?

Mr. BLANTON. He has been fishing on the Rapidan.

Mr. SUMNERS of Texas. Eleven years ago a very influential political group in the United States took the control of the Republican Party away from the rank and file and put in office Mr. Harding as President, Mr. Coolidge as Vice President, and Mr. Hoover in the Cabinet. They went in at the same time and were put in by the same influence. Then began the reign of the great Harding-Coolidge-Hoover triumvirate, and from that day to this there has not been slightest change in the dominating influences that have controlled those administrations nor the slightest change in the basic policy of those administrations. They started 11 years ago, under full steam, for the rocks. They put the ship on the rocks. Is that not so? [Applause.] Now they complain that the Democratic majority of five in the House can not take that ship off the rocks, remodel it, and start it right in a few months. The President complains that "there is nothing more necessary than balancing the Budget." When did he discover that? During the last Congress the President's party was in control at the White House, in the Senate, and had in this House 267 Members to only 163 Democrats, and we are inheriting from that Congress a deficit of $2,500,000,000 and a country less able to pay taxes. The Democratic majority of only five in this House confronts a very difficult situation. Between this Democratic House and the country there stands a Republican President and a Republican Senate.

I am discussing politics. I am making a political speech now, or attempting to. At least, I am telling the truth about it, and that is something. [Laughter and applause.]

Mrs. NORTON. Will the gentleman yield?

Mr. SUMNERS of Texas. I yield.

Mrs. NORTON. The gentleman is not disguising his political speech.

Mr. SUMNERS of Texas. Not a bit. In fact, I am afraid I am not making a good one. I had to listen to the gentleman from Tennessee [Mr. BYRNS] and all these other Members and I cooled off a little.

As a matter of fact, the Democratic House does confront a difficult situation. There is a Republican President and a Republican Senate. You may say in political criticism of us that we do not have constructive ability, but this you must admit, with the Republicans in control of the Senate and the Presidency, the Cabinet, and the whole executive machinery, and the Democrats in control of only the House by a narrow margin, it is utterly impossible for Democrats to make effective a Democratic program. With the country brought to the brink of a disaster of major proportions, what is the patriotic duty of the Democrats? You may not agree on the eve of election how well we have done it, but it is true that the Democratic House, everything considered, has been doing the best it could, and a pretty good job of it, to help tide over conditions until the people of the United States can have a chance to give to the Democratic Party their commission to govern in this country. [Applause.]

The President in his message said:

> The most effective factor to economic recovery to-day is restoration of confidence.

And I believe that is true. I do not believe the country ever will be confident, continuing under the control of those

influences which have had control in this country for the last 11 years and gotten us in this awful mess. [Applause.]

My friend the gentleman from Michigan [Mr. MICHENER] says all this mess of the past 11 years is water under the wheel. We ought not to talk about it. That reminds me of a story of a colored boy in my county charged with murder. When the case was called he replied to the judge's inquiries that he was not ready for trial, had no lawyer, had no witnesses summoned, and so forth. The judge said, "Sam, what are you going to do about it?" Sam replied, "Jedge, if it is all the same to you all I thought I would jest let the whole matter drop."

If a doctor came to prescribe for you and he had been killing his patients for 11 years, would you not want to know about it? [Applause.]

These people have had unchallenged control of this country for 11 years. When they took charge the people were employed, happy, and prosperous. They have put it on the rocks. As somebody said, "The great engineer has shown his ability by draining, damming, and ditching the whole country in three years." Suppose he has—that does not give him license to send a message down here lecturing a Democratic House because we have not repaired in a few months the ravages of 11 years of Republican rule.

Mr. MICHENER. Will the gentleman yield?

Mr. SUMNERS of Texas. Yes; I yield.

Mr. MICHENER. Does the gentleman think he would be more interested in knowing how many people he killed than in knowing that he could save future generations?

Mr. SUMNERS of Texas. I would want to know, before I took the medicine of a doctor who prescribed for me, how he had been getting along with the folks he had been doctoring before. [Applause.] My friend would not say that is water under the wheel if his folks were being doctored by him.

The President criticizes the action of the House for favoring the expenditures of $132,000,000 for road building.

Now, the President ought to be fair about that, too. I wonder if the President forgot his message to the House just a short time ago? During the last Congress the President sent down a special message asking a hundred and fifty million dollars to be appropriated "to increase employment." The President was suggesting all sorts of appropriations from the Federal Treasury "to increase employment." That seemed to be the medicine which he was then prescribing. There was no talk about balancing the Budget then.

Mr. BLANTON. That was water under the wheel.

Mr. SUMNERS of Texas. Yes; I know. A lot of people would like to forget water under the wheel.

The President, in December, 1930, said:

> I have the honor to transmit herewith for the consideration of Congress an estimate of appropriation for the fiscal year 1931, amounting to $150,000,000, for an emergency construction fund, to enable the Chief Executive to accelerate work on construction projects already authorized by law.

The President should be a little patient with the Democratic majority in the House. The situation is rather difficult for the Democratic majority in the House.

The appropriation in the year before the President went into office was $2,675,000,000. Is that right?

Mr. JOHNSON of Washington. The truth of the matter is that the present deficit is about $5,000,000,000. We might as well all face it, regardless. It is a very bad situation.

Mr. SUMNERS of Texas. And the President expects the Democratic House to balance the Budget, when the deficit, created by a Republican President, Republican Senate, Republican House of 104 majority, the Republican gentleman from Washington tells me, is $5,000,000,000, or will be this year.

Mr. JOHNSON of Washington. No. Now, we will try to get it right again. Reading the first report from the Economy Committee, the gentleman will find that the accrued deficit is $5,000,000,000. Some of that has gone into Treasury bonds.

Mr. BLANTON. But it aggregates $5,000,000,000.

Mr. MILLARD. Did the chairman get those figures the same place that Mr. BYRNS got his?

Mr. SUMNERS of Texas. Yes. The gentleman from Tennessee has been talking to a Republican.

Mr. McCORMACK. Will the gentleman yield?

Mr. SUMNERS of Texas. I yield.

Mr. McCORMACK. For the fiscal year 1931 the deficit was $903,000,000, under a Republican administration. This year's deficit will be approximately $2,600,000,000. The estimated deficit for the coming fiscal year is a minimum of $1,243,000,000, and it will probably be three or four hundred million more. So in the three years of Republican administration it approximates $5,000,000,000.

Mr. SUMNERS of Texas. Now, that is from an authoritative source. Mr. Chairman, my purpose primarily is not to discuss the President's message this afternoon.

Mr. McFADDEN. Will the gentleman yield?

Mr. SUMNERS of Texas. I yield.

Mr. McFADDEN. The gentleman believes in giving credit where credit is due.

Mr. SUMNERS of Texas. Certainly.

Mr. McFADDEN. Is it not a fact that the Democratic Party has cooperated in putting through the Hoover construction program, first by making possible the approval of the moratorium; second, the passage of the Reconstruction Finance Corporation; then the passage of the Glass-Steagall bill, and recently the passage of the Goldsborough stabilization bill and the farm loan bank bill?

Mr. SUMNERS of Texas. But I can not claim any credit for assisting with the moratorium or the Reconstruction Finance Corporation or much of the so-called program. I felt myself compelled to vote against most of the items. Mr. Chairman, the plain fact is that the President has received as much cooperation and more than anybody could reasonably expect under the circumstances from the Democratic Party, and he ought not to have brought in a political message on yesterday. [Applause.]

Mr. SIMMONS. Is it not true that the President in his message yesterday gave full credit to the Democratic majority of the House for cooperation in the early part of this Congress?

Mr. SUMNERS of Texas. I say that anyone who reads the President's message of yesterday would construe it as a lecture of the House of Representatives for not having done its duty under these circumstances. [Applause.]

Mr. SIMMONS. Will the gentleman yield further?

Mr. SUMNERS of Texas. I yield.

Mr. SIMMONS. I repeat, the President specifically gave credit for the cooperation pointed out by the gentleman from Pennsylvania, and in his message he referred to the situation regarding the tax bill and regarding the economy program.

Mr. SUMNERS of Texas. The President, for instance, criticized the House of Representatives in the face of widespread hunger and idleness in this country for exercising its judgment and trying to put a pick in the hand of starving men in appropriating $132,000,000 to help build roads in this country; and the same President just a little while ago came before this Congress asking it to appropriate money to give employment to idle people. This is something he can not claim credit for, so he criticizes it. One would think from this message that the President and his party had just nosed into part control. If there is political responsibility for this awful mess it lies at the door of the President and his party. Where has he and his party been during these 11 years and what have they been doing that he should be coming down here and lecturing a Democratic House, into whose lap he and his Republican Senate and House of last Congress have dumped a deficit of billions of dollars, for not balancing the Budget from the revenues of a country which their government has impoverished?

Mr. WILLIAM E. HULL. Was not this $132,000,000 just a loan to States that were unable to meet their own obligations? It was not to spend the money directly.

Mr. BLANTON. And the $2,000,000,000 was a loan to railroads and to business.

Mr. WILLIAM E. HULL. I would like to have the gentleman answer my question.

Mr. MICHENER. Will the gentleman yield?

Mr. SUMNERS of Texas. I yield.

Mr. MICHENER. The gentleman is chairman of the Judiciary Committee. Does not the gentleman think that the country would be better off if we would handle these matters in the House as the gentleman from Texas handles matters before the Judiciary Committee, and when the President sends a message we do not happen to like, that we go on and do what we think is right whether it follows the President or not, instead of spending our time discussing and quarreling among ourselves as to who should be given credit?

Mr. SUMNERS of Texas. Let me ask the gentleman from Michigan, and I trust much his judgment: When a political message comes on the floor of the House, would the gentleman let a statement that ought to be challenged go unchallenged? The gentleman would not do it. The gentleman did not let the statements of the gentleman from Tennessee [Mr. BYRNS] go unchallenged.

Mr. MICHENER. After the gentleman from Tennessee talked for an hour and said nothing I thought the attention of the country should be called to it. Although possibly I might be human, does not the gentleman, in answer to my question, think that would be the statesmanlike thing to do?

Mr. SUMNERS of Texas. Yes. The statesmanlike thing would be for the President of the United States, when he realizes that he and his party have put this country on the rocks, to recognize the truth and not try to detract attention from that fact and to escape responsibility by criticizing a Democratic House which has not been able to balance a budget in a few months which he and his party unbalanced to the tune of some billions of dollars. Maybe he could not have done any better, but he had the responsibility—he had the political power—and we must remember that the Democratic majority is only five in the House, and the President controls the White House, and the Republicans control in the Senate.

As I said a moment ago, I really do not want to make a political speech. But the President had just as well know that we are not going to allow him to strut his wisdom as a superior brand and put on airs or lecture us when we are doing our best to cooperate in getting this country off the rocks, and when we know that he was a part of the Harding-Coolidge-Hoover dynasty during all the time when they were steering this country straight for the rocks.

One of our difficulties is that the President has been telling the people everything would be all right around the corner. They do not realize the situation. They do not realize the need and are not prepared to make the sacrifices which the President complains the Democratic House has not attempted to compel them to submit to.

He is complaining that a Democratic House has not laid upon the people burdens which he never asked his Republican majority in the last House of over a hundred to impose.

Where was the President and where was the Republican Congress about this time last year and what were they doing? Appropriating public money for any and every thing, piling up some billions of deficit, and telling the people everything would be all right just around the corner. Did he know any better? If he did, he was not candid, to say the least of it. If he did not know any better than to believe what he was proclaiming, then I submit he has not qualified to be lecturing a Democratic House about governmental policy or duty.

But I want to talk to you now, Democrats and Republicans, about a matter which I think is of tremendous importance. JOE BYRNS, EARL MICHENER, and these other people make political speeches, but that is not my purpose. I do not do such things. I am a constructive statesman. [Laughter.]

Mr. JOHNSON of Washington. If the gentleman would only yield, I would like to indorse that statement.

[Here the gavel fell.]

Mr. WRIGHT. Mr. Chairman, I yield the gentleman 10 additional minutes.

Mr. SUMNERS of Texas. Mr. Chairman, we confront—and I think everybody recognizes it—a very dangerous situation in the United States. The program which the President and the members of his party evidently thought was right has not worked. I am not saying that in any spirit of criticism. The President has given assurance from time to time that everything was going to be all right around the corner, and I am not going to charge the President with having deliberately made a false statement about anything.

That leaves us with this fact: That the judgment of the President as to what was going to happen was not a sound judgment. Maybe your judgment and maybe my judgment would not have been sound. That is not important. You created a corporation, the Reconstruction Finance Corporation, and gave it $500,000,000, with a possibility of $2,000,000,000, in order to relieve the railroads, relieve the banks, and so forth. Fundamentally what the railroads need is freight and not borrowed money. Credit is all right in its proper place, but we have entirely exaggerated the efficacy of credit. It is not a medicine which can cure every ill.

When we come to examine our economic difficulties the practical questions are, What is this, where did this begin, from what causes, and what is the remedy? As a practical proposition we know that the remedy which we have applied has not worked. We have got to do something we have not done before in order for there to be a chance for recovery in this country. Where did it begin? It began with the paralysis of the buying power of the farmers of the country. I know this will not prove very thrilling, but we have got to begin to use our thinking powers. One difficulty in America is that for 13 or 14 years we have been on a thinking strike. The difficulty we are in lies deeper than the mere economic difficulty.

I would like to have your close consideration, because, whether I am right or not, I think I am right. I have studied this question and I am going to give you the benefit of my judgment about it. I want you to think about it, because we Democrats and Republicans have got to do something we have not done before. We have tried everything we could think of and we are still going in the wrong direction. I am blaming nobody now, maybe later, but not now.

I noticed in the morning paper that the great Steel Trust had passed its dividend. Nobody, and no interest, is escaping. While the trouble began with the paralysis of the buying power of the farmers of this country, it has not stopped there. It could not stop there. I have been hammering away at that fact, trying to drive its realization home for a good many years. If it is not home now, it will be soon. To me it has been an incomprehensible thing that everybody did not see these conditions coming, especially during the past three years.

I know that gentlemen who come from tariff-protected sections may not appreciate what I am going to say, and I am not going to be unkind about it; but, gentlemen, even though you do come from neighborhoods where they have the benefit of the tariff, I ask you how can my farmers—wheat farmers and oat farmers—swap 15-cent oats, 40-cent wheat, and 6-cent cotton for what you manufacture? It just can not be done.

I think the President has diagnosed our disorder incorrectly, with all due respect to him. He thinks it is a panic. It is not a panic. You go out in the country and you will be surprised to see how calm the people are, everything considered, their suffering and distress. It is not mental in its major characteristics, it is actual. It is not a depression. People have tried time after time to start again. The President has given assurances that everything would be all right; and widows and orphans and people everywhere have dug a little deeper into their savings, hoping to recoup their former losses, but they have lost again and again.

If I am conscious of my motives in these statements, it is not to be partisan at all. I realize it is a matter of concern,

equal concern to Democrats and Republicans and to the country man and town man, though they may not equally realize it. We can not keep on as we are going. This paralysis, which began down there in the country, is going on up. It has kept going on until it has reached great organizations like the Steel Trust. They are on the brink, too. Nobody would have thought that four or five years ago.

In so far as I can discover, the economic body is like your physical body. I know this much. This thing that is wrong with us is not a panic, it is not a depression, but it is a paralysis of the economic circulatory system. Can you agree with that? There is plenty of everything in this country. It is just not circulating. I am talking to thinking people, and I am tremendously appreciative of the intelligent attention you are giving to me this minute.

What the venous system takes out of your body the arterial system has to put back or there will be paralysis. The laws of God, as far as I can discover, are universally the same in their application. We are now interrelated, all of our industries. Every industry in this country is a part of every other industry. The people who work in the fields constitute the root of the tree. That is where the sap comes from more largely than from any other source. Let me give you a test or two of it. Can you conceive of the farmers in the wheat, corn, and cotton belts being prosperous while your people are idle in the cities? You just can not imagine it, can you?

It could not happen. On the other hand, can you conceive of those people unable to buy and your factories not closed? In order for them to buy they must sell at a price which will put back the blood which buying your commodities takes out or their buying power and the circulation of your goods and their crops will become paralyzed.

The trouble is that we have been going about this thing in a haphazard way, loaning money here and there to railroads and banks and so forth. That is not going to remedy things. That is not going to get circulation started. As certain as I live that is the trouble. When people lived under simple conditions and nearly everybody farmed and when the farm constituted the industrial organization and we were in little communities, we might have found our remedies sufficient, but when you have great interrelated industries that make up the economic body, such as we have now, then you have got to use your head.

It is a queer thing that in every human pursuit, in these complex and complicated days, men study the natural laws that govern in their field of activity before they lay their hands to the job. Nobody would dare to offer to be a doctor until he had studied the laws of God Almighty that govern the human body, and when he goes out to practice he has but one job and that is to try to apply his skill in accordance with those laws and in obedience to them.

The same thing is true of a builder or of a farmer and of anybody I know except the legislator or a president. When do we just get right down and figure whether or not a proposed piece of legislation is in accord with the laws of God Almighty, the natural laws that govern governments, just as doctors do before they prescribe? We do not do it, but I want to tell you right now we are going to do it before we get out of the condition we are in now. [Applause.] This condition in which we are has not just happened. Things do not just happen. They come from definite, antecedent, adequate causes. Such conditions as we are in come as a punishment for violation of the great natural laws that govern governments and govern human society. Governments are not accidents. Governments have been provided for in the big economy. There are natural laws that govern governments, but we do not think about them.

Let us see what is happening. I am going to ask for a little more time, because I want to develop this farther. The gentlemen are listening to me, and I appreciate it.

Mr. WILLIAM E. HULL. Will the gentleman yield for a question?

Mr. SUMNERS of Texas. For a question; yes.

[Here the gavel fell.]

Mr. WRIGHT. I yield the gentleman 10 more minutes.

Mr. WILLIAM E. HULL. I want to ask the gentleman one question. The gentleman spoke about the tariff on wheat. And I would like to ask whether the gentleman would advise taking the tariff off wheat?

Mr. SUMNERS of Texas. I am giving no advice on that matter now. I do not want to be led away from the more basic things just now. I will discuss that whole thing if the gentleman will just leave me alone, and I shall give the gentleman my idea about it if I have the time.

My idea may not appear to anybody to be worth a thing, but if I succeed in starting men to thinking constructively and analytically with regard to this problem, my effort will not be lost, even though it is costing $5,000 a minute. It is worth more than a lot of things I have to listen to. Gentlemen, we confront a serious situation. I have no great regard for human intelligence. If ever a people prayed to God Almighty for guidance, it ought to be now [applause] to help us to see what are the great natural laws that govern in the realm of government and, regardless of what we have thought or believed or preached, undertake to put our policies in accord with them.

I want to establish this point by point, and I wonder if the point is established that this paralysis that is extending up through the economic system did begin out in the fields. If you do not think so, just let us check up on that a little bit. You will find that just before their buying power ceased to exist there was lots of money everywhere, and everything was all right. When this thirty and odd million people were no longer able to buy, then the little retail merchant could not buy and could not pay his debts. The little bank began to be unable to borrow money or to extend credit, and such banks began to go broke, and so on and on it has come up like creeping paralysis that I used to hear the doctors talk about when I was a boy, until now it has reached the head and has reached the great steel organization of this country and similar organizations. It was inevitable that it should do this. The strange thing is that their captains of industry did not realize it.

If in your circulatory system your venous system takes out more blood than the arterial system puts back, paralysis is inevitable. This is a law of nature, and it is the law of nature that governs in the great economic structure. It is a law of government, and neither Mr. Hoover nor the Democratic majority in this House can ignore it and escape.

Now, how did this thing come about—this disturbance of our economic circulatory system?

First these people were put under a big economic disadvantage when steam and electricity worked its industrial and economic revolution. I am going to hasten along now. The peoples operating in the cities with cheap and rapid transportation organized great businesses including the selling end of their businesses. This is an important point and do not forget it. They were able to write into this selling cost the cost of production plus a profit. The farmer had to sell to the highest bidder. In other words, when the great agricultural classes exchanged with other peoples, other peoples fixed the price for both commodities and the farmers traded on that basis.

If anybody wants to appreciate how great a disadvantage that is, just swap horses a few times, as we say in the West, and after you have traded a few times you will be toting your saddle home and will understand the proposition.

Now I hope I can get by this without being partisan. Along about that time we established in the United States what was known as the protective-tariff system; I am going to be as gentle with that as I can. It is a thing you have to figure on. We are at the end of the road. While we have been bleeding the farmers to support the tariff system, they have been bleeding the soil. Comparatively speaking, both are bled white. We are at the end of going out to the forks of the creek and making speeches to the farmers every two years with the only interest of getting their votes. This is our business. It is the business of you gentlemen from the cities if you are to keep your people from starving and your factories going. We are exactly like a lot of people living behind a levee. A crevasse is broken in

front of these farmers, and the water is sweeping around behind and putting out the fires in your factories. That is where it broke. Everything was all right everywhere else. I do not underestimate the effect of world conditions. I am speaking of conditions in so far as we are concerned. We proclaimed the general policy in this country of protecting the American producers from the cheap labor of the rest of the world.

Do we agree on that? That was the general policy which we declared, but when we came to apply that policy we said to the producers of grain, the producers of cotton and tobacco, the exportable surpluses, and they cultivate eighty-odd per cent of our acreage, "This does not apply to you." Think of that for a minute. I know it is pretty hard for people who have lived under the influences of a given economic condition to really look at it, to stop and think about it, to test its justice or its soundness, just as it was hard for my parents to think of slavery as they ought to have thought of it. I can not understand how anybody could favor slavery, but my people opened their conscious eyes first on slavery and never stopped to think about it. You have done the same thing with regard to the tariff. You do not stop to think that it is a bounty, although it is the most definite sort of favoritism. This Government says, "We are going to protect our producers against the cheap labor of the rest of the world"; that is the excuse for the policy just like a father with two boys who says that he is not going to let his family work in competition with the cheap labor of his community.

But he says to Tom, "This does not apply to you, you have to go out and sell in competition with your neighbor, but when you sell you bring your money back here and buy from this other boy, John, because I want John to have a higher price than his neighbors get, and the only way that I can bring that about is to have you bring back your money which you have gotten selling in competition with the cheapest labor in the world and pay John more for his stuff than he could get selling it anywhere else." That is the Gold Almighty's truth. No one can controvert that fact. The wheat farmer, the cotton farmer sell in competition with the cheapest labor on earth. I do not want to be offensive, but you gentlemen say that the American market is the best market on earth for your manufactured stuff. Very well. But for the American producer of these products the American market is the cheapest market in which he can sell. And why do I say that?

Do you gentlemen who come from the grain-producing districts suppose anybody would buy in the American market 200,000,000 bushels of wheat in round numbers, our normal export, and send it across the ocean and sell it in a market cheaper than the American market? You do not do it. The foreign market must be at least as much higher than the American market as the cost of transportation and other charges. The situation was bad enough before the war. I am not talking about something far away from your business of the city, whatever it is. This is the root of your plant, and you have just as much interest in what is happening down there with these farmers as a tree would have in what is happening at its root. I know that you can not tear down this tariff wall quickly. I recognize it as a fact. I am not making any free-trade speech this afternoon, but what are we going to do about it? Before the war we were the great debtor nation. We got rid of much of our agricultural surplus by paying the interest that we owed other people. After the war they owed us, and it takes now all of the gold they can get to pay the interest that they owe us.

If these farmers are to get rid of this surplus, they have to swap. To meet that situation the administration policy, expressed in the so-called farm relief bill and the tariff bill increasing rates was put into effect, the effect of which was to increase the blood taking from a part of our economic body already bled white, to further cut them off from market and take a still larger share of the prices they got to pay the bounty provided by the tariff system for the beneficiaries of that system.

However, I shall not discuss that farther, because I do not want to get anybody in an antagonistic mood. I want to help start up the circulation in our national thinking. If we had been thinking, we would not have been doing the foolish things of the recent years.

We have been working at the wrong place. We have made an improper diagnosis. I am as certain as I am of anything on the face of this earth that you have to revive the debt-paying power of these people of the fields before you can put your idle people in the cities to work. That is the root of the difficulty, but we are working at the top. That is why I am talking.

Let me direct your attention to another condition, or rather situation, which adds to the necessity of doing what I am going to suggest. These farmers are at the end of the passing line.

If a manufacturer has a commodity the price of which is increased, he writes that increase into the selling cost and passes it on. It is passed on and on. Everybody who can hand you a bill for what he sells, commodities or services, passes it on. But when it gets to the farmer who sells a bushel of wheat to the highest bidder in competition with the cheapest labor on earth, he can not pass it on, he absorbs it, and is exactly in the situation of a man who is at the end of the line of anything being passed from one to another. He can not pass it. He is at the end of the line.

How can my people buy your commodities with 15-cent oats and 30-cent corn and 40-cent wheat? It can not be done. We may not like it, but so long as we are taking this subsistence, this blood from the farmers by the might of government to support tariff-protected industry there is but one thing to do and that is to put back arbitrarily the blood that you are taking away arbitrarily.

You can not trust nature to do it, because nature is not taking it away. That is where the President has made and is making a serious mistake.

If a doctor came and found a patient being bled, already prostrate, he would not depend upon nature to restore him. Certainly not if blood is continuing to be taken. It is a fact that the farmers in the West, with 40-cent wheat, are compelled to give up a part of that price to pay a bounty which the Federal Government insures to the tariff-protected industries of this country. That is blood. They are bled white already.

If somebody suggests stop the bleeding, that would not be agreed to. You would not give up your tariff bounty. You would not stop taking the blood. This farmer has not got any more. The big job is to restore him. How can it be done? Exactly as a sensible physician would proceed. Reduce the blood taking, lower the tariff toll, and give him a blood transfusion at least equal in amount to the blood being taken. Something like the debenture will have to be adopted to put the blood back. There must be something like that. We must have circulation.

You can appropriate I do not care how many millions for this or that, and it will be like rain falling on a tin roof. Give back to these farmers what is being taken by the might of government and it will be like a rain on the fields of a land. It will make things green and start every little brook flowing. They will start the creeks and they the great rivers. My criticism is that the President's plan is to pour out the life-giving fluid near the mouth of the rivers, apparently expecting it to flow upstream and finally reach up on the hillsides.

People talk about trying to hold up the wage scale. I want them held up, and commodity values up, so we can pay our debts. But how can a carpenter getting $8 a day, for instance, do business with a farmer? How can 40-cent wheat pay for $8 work? Four bushels will feed a person a year. A farmer can not give for one day's work enough wheat to feed two grown people for a year. As a result the farmer keeps his wheat and the carpenter keeps his labor. If you do not get the price of that wheat and the price of that labor closer together there can be no circulation.

How can you expect to sell your automobiles? A farmer can not swap 14 and 15 cent oats for automobiles. The pipe, if I may use that figure, has pulled in two. The man is starving for the wheat, and the other man's barn and house are falling down for the lack of a carpenter. As certain as we live this is the seat of the trouble, the origin of our paralysis.

This will not be cured by nature because an arbitrary thing is being done. Tariff is an arbitrary thing. By might of government my people are being bled to pay out of their 5-cent cotton in order to give a bigger price to the people who are protected by the tariff. By the might of government people who are selling their wheat for 40 cents a bushel are being compelled out of that 40 cents to pay a bounty for those who are protected by tariff industry.

What are we going to do about it? I realize that it is the President's idea as expressed in his tariff bill of last Congress, and this veto in advance of anything akin to a debenture is to bleed them some more and refuse to put the blood back into their veins which is being taken out under governmental supervision and by its might.

I realize that I have suggested a policy which has the President's veto in advance. But I thought that the next time he sends down here to help the House out by giving it a free lecture on its poor brand of statesmanship, you might see if you could not swap work with him a little bit. I do not know whether we will need you after the next election or not, but we would like to have you with us anyway.

The CHAIRMAN. The time of the gentleman from Texas has expired.

Mr. WRIGHT. Mr. Chairman, I yield 10 minutes to the gentleman from Missouri [Mr. LOZIER].

Mr. LOZIER. Mr. Chairman, yesterday afternoon the gentleman from New York [Mr. SNELL], in commenting upon the President's message of that date, said:

> The majority of the Members on this side of the aisle have stood for the economy bill, and if it had received the same support on the other side of the aisle, there would have been no need of this message.

I challenge the accuracy of that statement. I challenge the ethics of the President in assuming to lecture Congress, which, under the greatest difficulties it has encountered in a generation, is honestly endeavoring to solve the many complicated problems which now confront the American people, and for which the administrations of Harding, Coolidge, and Hoover are largely responsible.

I want to preface my remarks with a statement to which I have given utterance on numerous occasions in this Chamber, that this Government and our free institutions are not built around the President of the United States. Our institutions are not built upon or around the executive branch of our Government, but ours is essentially a congressional form of government, and the men who established our independence and who formulated our organic law saw to it that there was incorporated therein language which would unequivocally, in theory, at least, preserve to the American people the congressional form of government.

There was a sound reason for that foresight and action. Our Government has its genesis in the abuse of executive power. From the beginning of history, from the time man first began to dream of freedom, every struggle for human liberty has been fought around the standard of taxation and was precipitated by an abuse of the executive prerogative. Free government had its beginning in the abuse of the prerogatives of the crown or of executive authority. The men who laid the foundations of our institutions saw to it that this would not be an executive but a congressional form of government.

Three of every four words in the Constitution of the United States have reference to the Congress, its prerogatives, its duties, its powers, and the restrictions or limitations upon those powers. The President is given authority to advise, recommend, and veto legislation, but no student of constitutional history, no student of our organic act, can read that immortal document and long entertain the idea that it is the function of the President to determine the legislative and economic policies of this Nation. He has authority to recommend and to advise, but nowhere except in the limited use of the veto power is he given the power to override the will of the American people, reflected in the deliberate judgment and action of their representatives functioning as a House and Senate of the American Congress.

The President in his message of yesterday criticizing Congress, among other things, said:

> The action further to enlarge expenditures in non-service-connected benefits from the Veterans' Bureau at the very time when the House was refusing to remedy abuse in these same services.

Here is a criticism upon the action of Congress in passing the pension bill for widows of World War veterans. Whom is he criticising? Who voted for that bill, and who are now being pilloried, held up to public contempt and public condemnation by the President of the United States? I call attention to roll call 61, where 316 Members of this House are recorded as voting for that measure and only 16 against it. The able and alert minority leader [Mr. SNELL] was only able to muster 13 of the faithful Republicans in the House to vote against this bill which the President in his message of yesterday severely criticizes. Who were the men he criticized? There were 149 Republicans and 167 Democrats who voted for the bill that the President in his message of yesterday condemns. One hundred and forty-nine Republicans, among whom were BACHARACH, BACHMANN, the Republican whip, BARBOUR, BRITTEN, COOPER of Ohio, CROWTHER, the show pony of the Republican Party on the question of tariff.

There was also DARROW, DOWELL, FISH, FRENCH, GIBSON, GIFFORD, GUYER, HADLEY, HARDY, HAUGEN, HOCH, and MICHENER, the gentleman who has just emptied the phials of his partisan wrath on the gentleman from Tennessee [Mr. BYRNS] and lectured this House this afternoon for 30 or 40 minutes. Yes; Mr. MICHENER, the gentleman from Michigan, voted for the bill which the President violently condemns.

Nor is this all, for there is also LEHLBACH and former Leader TILSON, RAMSEYER, and a long list of Republicans who voted for the bill their President so severely criticizes. I do not condemn them. I congratulate them because they had the courage of their convictions and voted as their judgment and conscience dictated. They have been here longer than I, and I respect them. I hope the time will never come in this House when I will not have the courage to vote for or against a measure as my conscience and judgment dictate, and I deny the right, power, authority, and prerogative of the President of the United States to criticize and condemn me or criticize and condemn other Members of this House, Democrats or Republicans, whose judgment may perchance run counter to the imperious will of the gentleman who by a strange fatality has a 1-term lease on the White House, which term will automatically end March 4, 1933, to the great relief of a sorely disappointed and afflicted people.

The so-called economy bill embraced a large number of proposals, all of which were highly controversial. I realized that there were two sides to each legislative proposal embodied in this bill. I could see where sincere, well-meaning men might honestly differ as to the wisdom of this or that proposal. I have, therefore, refrained from criticizing any of my colleagues who saw fit to cast a vote different from mine. I do not challenge their sincerity, as I am sure they will not question mine.

I propose to show by the record that the Democratic Party is not responsible for the defeat of the economy program, the charge of the President, the minority leader, and the Republican newspapers to the contrary notwithstanding. I call your attention to roll call No. 62, on what is known as the Britten amendment. The Britten amendment struck $55,000,000 from the salary-reduction program. It reduced the savings on salaries from $67,000,000 to $12,000,000. It relieved 74 per cent of all Government employees from any and all salary reductions. Who voted for

it? Who voted that $55,000,000 out of the Economy Committee program? Here is the vote as shown by the RECORD:

Roll call 62 shows that of the 239 votes in favor of the Britten amendment, Republicans furnished 138, or 57 per cent, and Democrats furnished 101, or 43 per cent. Of the 153 votes against the Britten amendment, 61, or 40 per cent, were Republicans, and 92, or 60 per cent, were Democrats. The record conclusively shows that the Republican Members of the House are largely responsible for adopting the Britten amendment which reduced the salary savings from $67,000,000 to $12,000,000. A large majority of the Democratic Members voted for a $67,000,000 salary cut, while a large majority of the Republican Members voted for only a $12,000,000 salary cut.

The Republican Members of the House put over the McCormack half-holiday amendment. Roll call No. 63 shows that of the 267 yea votes, 147, or 55 per cent, were Republicans, and 120, or 45 per cent, were Democrats. Of the 132 negative votes on the McCormack amendment, 57, or 43 per cent, were Republicans, and 75, or 57 per cent, were Democrats. So again our Republican colleagues were largely responsible for defeating the Economy Committee program in reference to Saturday half holiday, which would have effected a saving of $9,000,000.

[Here the gavel fell.]

Mr. WRIGHT. Mr. Chairman, I yield the gentleman from Missouri five additional minutes.

Mr. LOZIER. On the Vinson amendment against transferring interdepartmental appropriations from one bureau to another, to the extent of 15 per cent, no real saving was involved whether the original committee plan or the Vinson amendment was adopted; but the committee plan would have given the departmental heads authority to manipulate appropriations, favor some bureaus at the expense of others, and discriminate against certain activities and unreasonably increase bureaucratic abuses. Nearly all the Democrats voted against giving the executive branches this additional power, and most of the Republicans voted to vest the departments with this authority. On the Vinson amendment, roll call 64 shows that 155 Republicans and 27 Democrats voted against the Vinson amendment, while 167 Democrats and 42 Republicans voted for it. Of the votes for the Vinson amendment, the Republicans furnished 20 per cent and the Democrats 80 per cent, while the votes against the Vinson amendment were 85 per cent Republican and 15 per cent Democratic.

On the Barbour amendment, roll call 65, 151 Republicans and 146 Democrats voted in favor of retaining our present transport service, while 47 Republicans and 51 Democrats voted in favor of abolishing the transport service. Of the votes to retain the transport service, 51 per cent were Republicans and 49 per cent Democrats, while the votes to discontinue the transport service were 48 per cent Republican and 52 per cent Democratic. I may add that the distinguished minority leader, the gentleman from New York [Mr. SNELL], voted to retain the Transport Service.

Now, we come to the consolidation of the War and Navy Departments, which would effect a saving of from $50,000,000 to $100,000,000. Who denies that? Who doubts that?

Mr. SNELL. Mr. Chairman, will the gentleman yield for a question?

Mr. LOZIER. No; not now. I will if I get more time. I say that nobody doubts the economies that would be inevitable if we consolidate these two departments. If you consolidate any two departments and put them under one head, you will be enabled to dispense with the services of hundreds or possibly thousands of employees.

In the last Navy bill we appropriated for officers and enlisted personnel of the Navy and Marine Corps $148,000,000. We appropriated $82,000,000 for the civilian personnel. In other words, we are appropriating $82,000,000 for the civilian employees of the Navy, and only $148,000,000 for the payment of the officers and men in the Navy and Marine Corps. For every $2 we pay the men who serve in the Navy or marines, we pay $1 to a civil employee in the Navy Department. Who killed the provision of the Economy Committee program for consolidating the War and Navy Departments? The record shows that the Republican Members of this House must bear this responsibility.

Of the 210 voting against consolidation, 150 were Republicans and only 60 Democrats. Of the 187 Members voting for consolidation, 139 were Democrats and 48 Republicans. Seventy-one per cent of the votes against consolidation were furnished by the President's party and 29 per cent by the Democratic Party. Seventy-four per cent of the vote for consolidation of the Army and Navy Departments were Democrats and only 26 per cent were Republicans.

The distinguished minority leader [Mr. SNELL] voted against consolidation. It is a well-known fact that the President, the Secretary of War, and the Secretary of the Navy used their influence to defeat the Economy Committee program for consolidating these two departments, and Walter Newton, one of the President's many secretaries, came to the House and lobbied against this consolidation which would save the taxpayers between fifty and one hundred million dollars annually. Undeniably, President Hoover and the Republican Members of the House are responsible for the defeat of the plan of the Economy Committee for the consolidation of the War and Navy Departments.

I am pleased that every Democratic Representative from Missouri voted to consolidate the War and Navy Departments. Examine the roll call and you will find the names of ROMJUE, LOZIER, MILLIGAN, SHANNON, DICKINSON, JOHNSON, NELSON, CANNON, COCHRAN, WILLIAMS, FULBRIGHT, and BARTON as having voted to consolidate these two departments, thereby effecting an annual saving of from $50,000,000 to $100,000,000. On this, the largest economy proposal in this bill, the Democratic Representatives from Missouri voted as a unit, and it is regrettable that they were outvoted by many Republicans and a few Democrats.

On the McDuffie motion to recommit, the question at issue was whether Government salaries up to $2,500 should be exempted from the salary slash or whether the exemption should apply to salaries of $2,000 or under. The McDuffie motion sought to limit the exemption to $2,000, which would have meant a saving of many million dollars to the American people. Of the 167 Members voting for the $2,000 exemption, 114, or 68 per cent, were Democrats, and 53, or 32 per cent, were Republicans; while of the 225 Members voting for the $2,500 exemption, 137, or 61 per cent, were Republicans, and 88, or 39 per cent, were Democrats. Here again the Democrats voted for greater salary reductions than the Republicans.

[Here the gavel fell.]

Mr. WRIGHT. Mr. Chairman, I yield the gentleman from Missouri five additional minutes.

Mr. GOSS. Will the gentleman yield?

Mr. LOZIER. Yes; I yield.

Mr. GOSS. I hope the gentleman will complete his statement and then give the percentages on the passage of the bill.

Mr. LOZIER. I have the yea and nay vote on every one of these propositions, including the final vote, and I will be glad to give them.

Roll call No. 68 was on the Ramseyer motion to recommit and for the adoption of the President's staggering plan. Of the 146 Members voting for this plan, 129, or 88 per cent, were Republicans, and 17, or only 12 per cent, were Democrats. Of those voting against the staggering plan, 72, or 29 per cent, were Republicans, and 178, or 71 per cent, were Democrats.

The vote on the final passage of the economy bill was—yeas, 158 Republicans and 158 Democrats; nays, 31 Republicans and 36 Democrats.

On the final passage of the bill 158 Democrats and 158 Republicans voted for it, but before we reached the final vote, the enemies of the bill, a large majority of whom were Republicans, had amended and emasculated the bill so as to reduce the reductions from $200,000,000 to $42,000,000. No man can read the RECORD and justify the statement of the gentleman from New York, the minority leader, to the effect

that the Republicans had given more loyal support to the bill than Democrats. The conclusion is inescapable that the economy bill, as reported by the committee, would have passed the House if the Republican Members had supported the measure as loyally as the Democrats did. The responsibility for wrecking the economy program rests on the Members of the President's party. A word from President Hoover would have lined the Republicans in the House side by side with the Democrats, and the bill would have passed providing for $200,000,000 reduction. But largely as a result of Republican votes the bill as passed only effected a saving of about $42,000,000.

Mr. HOCH. Will the gentleman yield?

Mr. LOZIER. Yes.

Mr. HOCH. As the gentleman has referred to those roll calls, I happen to be one of those who voted for the McDuffie motion to recommit; in fact, I voted, as far as I know, on every vote to protect the economy bill, but the gentleman will recall that we gave to his side of the House 52 votes in support of the McDuffie motion to recommit, which went to the heart of salary reductions, but when it came to the Ramseyer motion, which would have meant a saving of $67,000,000, the gentleman's side was only able to muster 10 votes.

Mr. LOZIER. My friend the gentleman from Kansas [Mr. HOCH] was a steadfast and consistent friend of the Economy Committee bill. He voted right, as is his almost unfailing custom. The gentleman's faith was shown by his works, or votes. I regret that more Democrats and Republicans did not look at this bill from the standpoint of the gentleman from Kansas. But I could not go with him on the Ramseyer motion to recommit, because I believe the President's so-called staggering plan is half-baked and would prove disappointing to both the employees and the Government. I can not see how it could have effected any substantial saving in Government expenses.

Mr. HOCH. Did it not at least reduce the exemption from $2,500 to $2,000?

Mr. LOZIER. Yes; it did have that merit.

Now, this bill when introduced called for salary reductions and other economies amounting to over $200,000,000. In the House it was amended so as to provide for only about $42,000,000 reductions. Why was not the bill put over in its original form? You will say that the Federal employees and other organized groups fought it. That is true, but the forces and influences that emasculated and practically defeated this bill came from the great cities and from industrial, commercial, and big business centers.

I have a feeling of friendship and genuine good will for all vocational groups, no matter where they may live, but I can not shut my eyes to the fact that there is often what is seemingly an irreconcilable conflict between the viewpoint of the industrialist and big city man on the one hand and the agricultural classes and so-called common people and middle classes on the other hand. This economy bill has forcibly emphasized these different viewpoints. The economy bill was defeated largely by Representatives from commercial and industrial sections and great centers of wealth and population. Let us examine the roll calls. On the Britten amendment to exclude salaries of $2,500 or under from reduction the vote was as follows:

New York, 33 for, 8 against.
Pennsylvania, 27 for, 3 against.
Massachusetts, 14 for, 2 against.
New Jersey, 9 for, 2 against.
Ohio, 13 for, 7 against.
Illinois, 17 for, 2 against.

The six New England States cast 25 votes for and 6 against the Britten amendment. The four States of New York, New Jersey, Delaware, and Pennsylvania cast 70 votes for and 14 against the Britten amendment. The 10 Northeastern States—Pennsylvania, Delaware, New Jersey, New York, and the 6 New England States—cast 95 votes in favor of the Britten amendment and 20 against.

The Representatives from the big cities wrecked the Economy Committee program. Greater New York, Buffalo, Syracuse, Rochester, Albany, and other New York metropolitan centers; Philadelphia, Pittsburgh, and other large Pennsylvania cities; Boston and other large Massachusetts cities; Trenton, Newark, Camden, and other metropolitan areas in New Jersey; Chicago and other large Illinois cities; Cleveland, Columbus, Cincinnati, Toledo, and other large Ohio cities; and Los Angeles, San Francisco, and other California cities, and Representatives from other big cities romped all over the Economy Committee program. The large cities in 7 States furnished 104 votes to put over the Britten amendment which reduced salary cuts from $67,000,000 to $12,000,000. Moreover, the influence of the Representatives from these great cities and industrial centers tremendously influenced the vote of Representatives from agricultural sections. It is practically impossible to put over any legislative program in Congress when the Representatives of the industrial areas and large cities oppose it. I ask the newspapers and public generally to examine the roll calls; and when they do, they will realize the difficulties the friends of the economy bill had in trying to enact this legislation over the opposition of these powerful organized groups.

In stating my views as to the causes that practically defeated this economy legislation I am not reflecting on the sincerity and patriotism of the Representatives from the great cities and industrial centers.

I am merely calling attention to their viewpoint and to the fact that their political philosophy radically differs from the economic views of those of us who live in the great hinterland and great open spaces. If half of the Representatives from cities and industrial sections could have seen this economy bill from our viewpoint and voted with us, the bill in its original form would have been enacted.

[Here the gavel fell.]

Mr. WRIGHT. Mr. Chairman I yield the gentleman one additional minute.

Mr. LOZIER. We have in the United States to-day 30,000,000 farmers, who depend either directly or indirectly on agriculture for a livelihood, millions of whom are insolvent and dangerously close to bankruptcy. They have lost the earnings and accumulations of a lifetime. Possibly as many as a hundred million American people have practically no purchasing power. You talk about opening the mills and factories. You talk about starting men to work. That is all right, as far as it goes. You could not operate these factories more than a few weeks or months. Why? Because the goods could not be sold and would accumulate in the warehouses and in the factories. Because the buying power of from 70,000,000 to 100,000,000 people has been practically destroyed. You ask me how long this depression will last. I do not know, but it will last until the buying power of these 70,000,000 or 100,000,000 people is restored, and it will not end until that time. [Applause.]

[Here the gavel fell.]

Mr. CLAGUE. Mr. Chairman, I yield 30 minutes to the gentleman from Massachusetts [Mr. TINKHAM].

Mr. TINKHAM. Mr. Chairman, the outstanding contribution of the United States to civil government was the principle of the complete separation of church and state. During recent years there has been a growing tendency on the part of some ecclesiastical organizations and leaders to forget that the true mission of the church is spiritual. Gradually they have arrogated to themselves the right to enter the political arena, in direct contravention to this American traditional principle, until to-day they constitute a real menace to the liberty of the American people.

Convinced after many years of observation in Washington that the Board of Temperance, Prohibition, and Public Morals was the chief offender against this salutary American traditional principle and was seeking to dominate the political life of the American people, I took occasion in April of 1930 to expose its offensive interference with the State by laying specific charges of its violation of this principle before the Senate lobby investigating committee.

During the investigation that followed and as a mere incident to it, facts came to light that indicated the viola-

tion of the Federal corrupt practices act by Bishop James Cannon, jr., chairman of the Commission on Prohibition and Social Service of the Methodist Episcopal Church South. Another Senate committee, commonly referred to as the Nye committee, after a complete investigation, unanimously reported Bishop Cannon guilty of violation of this act. The evidence in the case was placed before the United States attorney, with the result that Bishop Cannon was indicted by a Federal grand jury for violation of this act. The bishop is now engaged in raising technical objections to the validity of this indictment.

Bishop Cannon, however, may now be dismissed, as nothing is left of him except a number of libel suits in which he claims damages aggregating about $8,000,000 to what he chooses to call his reputation, not one of which suits he will dare to bring to trial.

The political influence of Bishop Cannon has been destroyed, but there does remain in operation the chief offender, the Methodist Board of Temperance, Prohibition, and Public Morals.

An investigation of the affairs of this board by the lobby investigating committee revealed that the board had violated in the most flagrant manner the principle of the complete separation of church and State by engaging in political lobbying activities, by interfering with the Federal judiciary in attempting to dictate appointments and to coerce judges, by taking an active part in political campaigns, and by expending sectarian funds for partisan political purposes.

The principal charges before the Senate lobby investigating committee were made against Clarence True Wilson, so-called general secretary of the board. Although the committee continued its sessions for several months, Mr. Wilson never dared to appear before the committee, where he would have been subject to cross-examination under oath. He sent to represent him and the board Deets Pickett, so-called research secretary of the board.

Mr. Pickett defended the activities of the board in the name of free speech, free press, and the right to petition; but it was developed before the committee that with systematic lobbying and communications to Congress, and with systematic attempts to dictate the appointment of Federal judges and district attorneys, and to coerce the judiciary, this board had grossly abused these rights.

To substantiate the charges of lobbying, evidence was submitted to the committee, from an official publication of the board, that in raising funds for the headquarters of the board directly opposite to the Capitol, erected at a cost of about $500,000, it was stated:

> Fortunately we have the location of all locations, just opposite the Senate wing of the Capitol—

And—

> Of all purchases that have ever been made for Methodism between the two oceans, this is by all odds the most fortunate and the most strategic.

The location of their headquarters "just opposite the Senate wing of the Capitol" is "fortunate" and "strategic" because it enables them to carry out their purpose of maintaining close surveillance upon Congress and intimate contacts with Members of Congress, as the board has continually done.

In a public letter written to the board on April 29, 1929, Senator COPELAND, of New York, a Methodist, denounced the board for "its manifest efforts to dictate and control legislation" and branded Deets Pickett as a lobbyist, charging that he had appealed to him as a "Methodist" to vote in favor of a certain legislative proposal.

There was submitted to the committee also evidence that in the headquarters of the board directly across from the Capitol there was kept a card index of all the Members of the Senate and House on which appeared all the information concerning each Member that could be assembled, including his church affiliation; that the agents of this church board communicated with Senators and Representatives in relation to legislation, and that Clarence True Wilson had appeared before committees of Congress; and that the Clipsheet, which expressed both legislative and political views, and denunciations of public officials with whom the board did not agree, of whom I have been one, was sent regularly to Members of the Senate and House.

To substantiate the charges of interference with the judiciary there was submitted to the investigating committee an article which appeared in the August 3, 1929, edition of Collier's Weekly, in which Mr. Wilson stated with reference to the appointment of judges and district attorneys:

> * * * I do not recall that in a single instance of the 50 that I have been interested in an appointment has been secured. * * *

It will be noted that Mr. Wilson unequivocally states that he was interested in 50 appointments connected with the United States judicial service.

There was submitted to the committee also copy of an address which Mr. Wilson delivered in Massachusetts on April 12, 1929, in which he denounced the Federal judiciary in the following terms:

> The worst anarchists we've got in this country are not the bootleggers, but the judges who won't impose the penalties that they should.

Thus it will be seen that Mr. Wilson not only attempted to appoint the judges but also tried to coerce them after their appointment to do the will of the Methodist board.

Let me review briefly the evidence—the conclusive evidence—that was developed before this committee in support of my charges that the board had violated the Federal corrupt practices act, as had Bishop Cannon.

The Federal corrupt practices act provides that any organization which "makes expenditures for the purpose of influencing or attempting to influence the election of candidates or presidential and vice presidential electors in two or more States" shall file a report of such expenditures under oath with the Clerk of the House of Representatives.

Neither this board nor its officers, Clarence True Wilson or Deets Pickett, reported to the Clerk of the House of Representatives, as required by law, the expenditures which they made during the 1928 political campaign to influence the 1928 election.

They deny that any of their money was spent for political purposes.

Let me submit to this committee and put upon the table for examination, in order that the committee may see for itself that it is wholly political in character, a circular issued by the board during the 1928 campaign. It will be noted that it bears the names of Clarence True Wilson and Deets Pickett as officers of the board. This circular purports to be Governor Smith's legislative record with a political interpretation by the board.

Let me quote from the records of the Senate lobby investigating committee the testimony of Deets Pickett under cross-examination in relation to this circular:

> Senator BLAINE. Now, why did you have such enormous quantities of that literature circulated?
>
> Mr. PICKETT. Because we wanted everybody to get right and know what that record in regard to prohibition was. We wanted that there be no misunderstanding so far as we could make the matter clear.
>
> Senator BLAINE. And you wanted them to know that they should not vote for Governor Smith.
>
> Mr. PICKETT. We wanted them to know what that might mean to the Constitution of the United States.
>
> Senator BLAINE. But it was opposed to Governor Smith?
>
> Mr. PICKETT. It was opposed to his position on prohibition.
>
> Senator BLAINE. This literature was not issued to aid the candidacy of Governor Smith, certainly.
>
> Mr. PICKETT. I do not think it helped him any.
>
> Senator BLAINE. And it was circulated to aid the candidacy of some one else against Governor Smith?
>
> Mr. PICKETT. That was purely incidental. That was purely incidental.
>
> Senator BLAINE. That is rather hairsplitting. I won't go into that. The statement, of course, speaks for itself.

I wish to submit to the committee also, and I hope the committee will examine it, a typewritten copy of a report headed Sixteenth Annual Report of Deets Pickett, research secretary of the Board of Temperance, Prohibition, and Public Morals, December 4, 1928. This report was handed to me by a member of the press gallery within 24 hours of its issuance and is the copy upon which I based my charges

before the Senate committee. On page 8, as you will note, there appears the following:

> The board circulated enormous quantities of Al Smith's record, a detailed account of the governor's attitude toward the prohibition law and liquor restriction since his early days of political activity. This record was supported by photostatic reproductions of each page of the New York Legislature's Journal on which any part of the record appeared.

As will be seen, this statement is directly followed by the sentence—

> The Clipsheet was nonpartisan but unequivocal in its opposition to Mr. Smith on other than partisan grounds.

When Mr. Pickett appeared before the committee six weeks later on behalf of the board there was submitted to the committee copy of this same sixteenth annual report taken from the files of the board, which had this one remarkable change: At the end of the sentence—

> This record was supported by photostatic reproductions of each page of the New York Legislature's Journal on which any part of the record appeared—

had been added the words "and was sold." However, when Mr. Pickett was closely questioned as to whom this material was sold and about the records of delivery, and so forth, he could give no information whatever. In my opinion, these words were added to the report which I had already placed before the committee in an attempt to refute my charge that the board had violated the Federal corrupt practices act in the 1928 presidential campaign by making it appear that the board had not paid for the distribution of this circular.

Even if some copies of this circular were sold as alleged, it was developed before the committee that the board itself had distributed a very large number of copies of it, and this distribution would bring the board within the law as having made expenditures in an attempt to influence a presidential election.

No report of any expenditures for the printing and circulation of this publication, however, was filed by the board with the Clerk of the House of Representatives; therefore, the board was guilty of flagrant violation of this act, a criminal statute.

Violation of the Federal corrupt practices act by the board first came to my attention in 1929. I immediately brought the matter to the attention of the Attorney General of the United States in a public letter dated June 29, 1929, demanding that the board be prosecuted for violation of this Federal statute. The Attorney General took no action and now action is barred by the statute of limitation. At the time, and later before the Senate committee, Deets Pickett defended the distribution of the Clipsheet on the ground that it had the status of a newspaper and therefore did not come within the terms of the Federal corrupt practices act. But when under cross-examination before the Senate committee he was compelled to admit that the Clipsheet was not issued regularly, that there was no obligation on the board to publish it at all, that it had no subscribers who paid anything more than a nominal cost, that most of the Clipsheets were distributed free of charge, that it carried no advertisements, that it was issued for publicity purposes, and that it did not have the mailing privilege of newspapers. The mendacity of Mr. Pickett's defense is characteristic of the man who made it, as will be demonstrated later.

In further proof that this board did participate in a partisan manner in the 1928 presidential campaign, let me quote a statement which Mr. Wilson made in his report at the annual meeting of the board at Washington on December 4, 1928. Mr. Wilson stated:

> It looked six months ago as though I was going to be out of it, as my physician and the committee of our board ordered me to take a complete rest for six months, and, if necessary, for a year, but when I had had six weeks' rest, the Al Smith propaganda had a more stimulating effect than any medicine could, and I was well and at it again.
>
> I addressed 31 Methodist conferences, have given 98 campaign speeches, in all the Western States, and in Kansas, Oklahoma, Kentucky, Tennessee, Indiana, North Dakota, and other States, 30 in all.

No report of the travel and subsistence expenses of Mr. Wilson incident to carrying on this campaign was made to the Clerk of the House of Representatives, as required by law.

In this same report of December 4, 1928, Mr. Wilson stated also:

> * * * We did use all the energy in the planning that we were capable of in bringing about the election of Herbert Hoover as President and Charles Curtis as Vice President.

But over and beyond the violations of the Federal corrupt practices act by this board to which I have drawn attention, there existed what would appear to have been a clear conspiracy between this official board of the Methodist Episcopal Church and Bishop Cannon, chairman of the Commission on Prohibition and Social Service of the Methodist Episcopal Church South, to violate this act.

On September 15, 1928, Bishop Cannon wrote a letter to Mr. W. C. Gregg, of Hackensack, N. J., which read in part as follows:

> Referring to the fact that all funds which are used under the auspices of the Anti-Smith Democrats must be reported by our treasurer as used for political purposes, I would say that if you prefer that your contribution should not appear in the report of the committee, it can be utilized in the literature campaign of the Board of Temperance and Social Service of the Methodist Episcopal Church South, which can concentrate to that extent to the amount of $500, especially in Tennessee.
>
> We are carrying on two kinds of work. Through our board of temperance and social service we are distributing literature which emphasizes very strongly the prohibition issue without calling the names of the candidates, but making, in my judgment, equally as effective an appeal for Mr. Hoover and against Smith as the literature which backs up directly the personal candidacy.

This letter shows that Bishop Cannon had a clear conception of the requirements of the Federal corrupt practices act and a plain intent to violate the act. No person with even a rudimentary sense of moral obligation to obey the law would have written such a letter.

In the annual report of Clarence True Wilson, dated December 4, 1928, to which I have already referred, it was shown that the Methodist board made a contribution of $5,000 for the same purpose, as indicated in this communication to Mr. Gregg. We read:

> * * * Anyway, the next morning I came down to get the mail and got the monthly check for the world service for October, which, instead of being $15,000, as it was the year before, proved to be $35,000. This enabled us to rush $5,000 for the payment of printing Bishop Cannon's messages all over the Southland * * *.

Notwithstanding that this $5,000 was used for political purposes, namely, to influence the election of a President, its receipt was not reported to the Clerk of the House of Representatives by the anti-Smith Democrats, the political committee of which Bishop Cannon was chairman, or by the Commission on Prohibition and Social Service of the Methodist Episcopal Church South, the ecclesiastical committee of which Bishop Cannon was chairman, nor was its expenditure reported to the Clerk of the House of Representatives by the Board of Temperance, Prohibition, and Public Morals.

The money spent for the circulation of "enormous quantities" of Al Smith's record, and for the traveling and subsistence expenses of Clarence True Wilson during his political stumping tour, and the $5,000 contributed to Bishop Cannon for the printing of his literature to influence the choice of presidential candidates in the 1928 campaign were all paid from sectarian or church funds. The use of sectarian or church funds for partisan political purposes is without justification. It is an attempt of the organized church to control the Government of the United States, a most reprehensible thing in a republic, particularly this Republic.

To show what may result from the participation of the ecclesiastical organizations in political affairs and from the expenditure of sectarian funds for political partisan purposes, let me quote a statement made by Deets Pickett in the November, 1928, issue of the Voice, the official monthly publication of the board, and reported on page 4752 of volume 10 of the hearings before the Senate lobby committee. Mr. Pickett said:

The bald truth is that the inefficiency of the Republican political organization in this campaign was startling. Except for the counsel of Senator CURTIS, the Republican management was lacking in the advice of astute and experienced political leaders. The fight was won not by the Republican Party but by the churches, the Woman's Christian Temperance Union, the Anti-Saloon League, and other temperance organizations.

This presumptuous assertion implies that the present political control of the Government of the United States is under ecclesiastical domination and direction, and that the last presidential election was not carried by the people of the United States but by certain sectarian organizations. No political campaign in the United States ever reached such a degree of degrading bigotry and intolerance as the presidential campaign of 1928. I do not hesitate to say that this disgraceful occurrence was due almost wholly to the instigation of this church board and its allies.

Speaking with full deliberation and knowing thoroughly the evidence in the case I am presenting to this committee, I wish to state that, in my opinion, if criminal laws were impartially enforced in this country Bishop Cannon and Clarence True Wilson would be in a Federal penitentiary for violation of the Federal corrupt practices act, a criminal statute, and that Deets Pickett would be in a Federal penitentiary not alone for violation of this same act but also for perjury, of which crime he is unquestionably guilty, as I shall now proceed to demonstrate.

On April 9, 1930, as may be seen from page 3752 of the hearings before the Senate committee, I asked that the books of that organization be subpœnaed by the committee. On April 11 I was informed that the day before there had been delivered at Baltimore 11 packages of documents which had been shipped from the Methodist headquarters here on April 9.

This information was communicated to the late Senator Caraway, chairman, and to Senator WALSH of Montana when he was acting chairman of the lobby committee with requests that an investigator of the committee be sent immediately to Baltimore to ascertain the contents of these packages. This was not done. However, when Deets Pickett appeared before the committee about six weeks later, on May 27, on behalf of the board he was asked to furnish the committee with information concerning the shipment of all packages that had been sent from the Methodist headquarters by other means than by mail or parcel post from January 1 to date. The following day the following colloquy took place between Senator TYDINGS and Mr. Pickett:

Senator TYDINGS. I asked if you would ascertain whether or not there had been any shipments of literature or other material from your headquarters subsequent to January 1 other than by mail or parcel post.

Mr. PICKETT. Yes; I asked everybody who might have any such information over there, and they said no.

Senator TYDINGS. No one knew?

Mr. PICKETT. No one knew. I did not know what you were getting at, Senator, yesterday, but it was brought out a short while ago. There are none of our records in Baltimore or anywhere. We have no office anywhere except right here. Here is all the dynamite on the table.

Senator TYDINGS. That is so far as you know?

Mr. PICKETT. I can state positively I do know.

Senator TYDINGS. Doctor Wilson is secretary of the board, is he not?

Mr. PICKETT. Yes.

Senator TYDINGS. He might have taken occasion to dispose of records without your knowledge?

Mr. PICKETT. Yes.

Senator TYDINGS. You did not communicate with him since yesterday?

Mr. PICKETT. No. I know he has no letters with him except a few letters that relate to this——

Senator TYDINGS. I did not mean with him, but he might have handled records in some way or another without your knowing about it?

Mr. PICKETT. No; I know Doctor Wilson too well for that. He would not know anything about it. He would have to ask Mr. Joiner where his files are, probably.

Senator TYDINGS. Do you ever use trucks as a means of conveying literature or papers?

Mr. PICKETT. No; except to send to the post office.

Senator TYDINGS. I mean you would not use a truck to make a shipment to some other place, would you?

Mr. PICKETT. No.

Senator TYDINGS. And never have?

Mr. PICKETT. No.

Senator TYDINGS. Never have?

Mr. PICKETT. No.

Senator TYDINGS. You have not in the last three months?

Mr. PICKETT. No.

Senator TYDINGS. So that if I were to tell you that there had been a shipment of some boxes that contained books or papers in the last three months you would say that in your opinion I was mistaken?

Mr. PICKETT. I certainly would. Perhaps I can explain it.

Senator TYDINGS. Please do.

Mr. PICKETT. You give me further details.

Senator TYDINGS. No; you say you never used that means of transporting any of your property.

Mr. PICKETT. No; we own no truck.

Senator TYDINGS. I do not mean that. You could hire a truck.

Mr. PICKETT. Oh, yes; certainly.

Mr. Pickett may protest as much as he likes that no packages left the Methodist headquarters from January 1 to May 28, except by mail or parcel post, but here I have photostatic copies of a freight bill and a freight receipt, obtained only a few days ago, which I now place upon the table for the committee to examine, which shows that on April 9, 1930, 11 packages were removed from the headquarters of the Methodist Board here and delivered the next day at Baltimore.

Can there be any other inference drawn from the removal of these packages the day upon which I asked the committee to subpœna the books of that organization than that the board hastened to remove and secrete incriminating documents?

In the light of this indisputable evidence I charge that Deets Pickett was guilty of perjury in his testimony before the Senate committee, and I call upon the Attorney General of the United States to prosecute him for this offense, prosecution not yet being barred by the statute of limitation.

The charge that the board quite possibly had a plan to obtain absolute control of the Government of the United States is not fantastic, as may be seen from the following statement which appears on the last page of the Sixteenth Annual Report of Deets Pickett, dated December 4, 1928, which I have already offered to the House. It reads:

* * * The great need of the temperance reformation in America to-day is a forward movement to capture the administration of every State, county, and town in America for honest, efficient enforcement of all law.

The use of the words "enforcement of all law" by this board, which does not itself obey the laws, is a mere subterfuge which it uses as a cloak for its real purpose, which is ecclesiastical domination of the United States and the substitution of a theocracy—government by the church—for our democracy of representative government.

Whenever the board is attacked because of its political activities and its delinquencies it asserts that an attack is being made upon Protestantism.

As the first principle of Protestantism in the United States is the complete separation of church and state and as Protestantism in the United States is opposed to the expenditure of sectarian funds for partisan political purposes and believes that laws should be obeyed, the claim of this board is an insult to Protestantism. Moreover, it is a danger to the Methodist Church, which I believe is not fairly represented by this board. I know there are a large number of its constituency who do not approve of the political activities and the methods of the board. Most Methodists still believe that American Protestantism should heed the admonition to "Render unto Cæsar the things that are Cæsar's; and to God the things that are God's." [Applause.]

Mr. BLANTON. If the gentleman is yielded two more minutes, will he yield to me for a question or two?

Mr. TINKHAM. Yes; I shall be pleased to yield.

Mr. BLANTON. The gentleman spoke of the Methodist Building being over here on the corner of the Capitol Grounds and of the board influencing Members. Since the 1st of last December I have had the pleasure of occupying an apartment on the fifth floor of that building, where our friend, Doctor CROWTHER, the gentleman from New York,

also has an apartment. I pay $120 a month cash for an apartment there, unfurnished, and I had to buy all of my own furniture. I have never seen Dr. Clarence True Wilson but once since December 1, 1931. How does the gentleman account for his alleged coercing Congressmen so much?

Mr. TINKHAM. I understand the doctor has been sick for a number of months.

Mr. BLANTON. Is that the reason the gentleman is jumping on him now? He was not sick when I saw him.

Mr. TINKHAM. Oh, I would not do it for that reason.

Mr. BLANTON. Has the gentleman from Massachusetts ever wondered why it is that whenever he speaks there are only seven or eight Republican Members here and seven or eight Democratic Members?

Mr. TINKHAM. Perhaps it is because the House knows the honorable Representative from Texas is going to have many questions to ask.

Mr. BLANTON. If they knew that and that you would answer them, a lot of them would be here.

[Here the gavel fell.]

Mr. TINKHAM. Mr. Chairman, I ask unanimous consent to include as an extension of my remarks the three documents which I have offered to the committee.

The CHAIRMAN. Is there objection to the request of the gentleman from Massachusetts to extend his remarks as indicated?

Mr. BLANTON. Mr. Chairman, I shall have no objection to the inclusion of the last document which the gentleman says is a live matter now and concerning which there has been no action with respect to the 11 packages referred to; but as to the long double-columned printed document that related to a back transaction concerning which now there is no valid charge whatever in the courts against Bishop Cannon or anybody else I object to that going in the RECORD. I shall not object to the document relating to the packages or the other typewritten report referred to.

Mr. TINKHAM. Let me state then, Mr. Chairman, that I shall only offer those two documents.

Mr. BLANTON. They were used to elect President Hoover and against the Democratic candidate. The gentleman's Attorney General is a Republican; he has refused to take any action, and he must have had good reason. The gentleman's indictment against Bishop Cannon has been held to be no good, and so there is no charge against him.

The CHAIRMAN. Is there objection to the request of the gentleman from Massachusetts as modified?

There was no objection.

The matter referred to follows:

Vernon 6300; No. 3799. Freight bill, Baltimore Transfer Co., Monument and Forrest Streets, Baltimore, Md. Daily service between Baltimore and Washington.

From Washington, D. C.; date, April 9, 1930; consignor, Board of Temperance.

Consignee, R. J. Taylor, 4104 North Charles Street, Baltimore; articles, 11 packages; charges, paid $4.

No. 387. We, the undersigned, do hereby acknowledge to have received in good order from the Baltimore Transfer Co. the articles set opposite our respective names, and promise to pay the freight promptly on demand.

BALTIMORE, MD., *April 10, 1930.*

BT. 3799; consignee, R. J. Taylor; articles, 11 packages; charges, freight and transfer, paid; signature, Mrs. Ralph J. Taylor.

SIXTEENTH ANNUAL REPORT OF DEETS PICKETT, RESEARCH SECRETARY OF THE BOARD OF TEMPERANCE, PROHIBITION, AND PUBLIC MORALS, DECEMBER 4, 1928

I feel that little time need be used in describing to you much of the work of the research department. You are thoroughly familiar with it. During 1928 we have trod the mill of routine and I trust have ground much good, hard wheat into mental and moral food. Hundreds of hours of work have gone into the collation of crime statistics, a prodigious task attended by peculiar difficulties in this land. Hundreds of letters of inquiry have been answered and material for articles, debates, and study have gone out in quantities. Matter has been prepared for the World Service News and the Church Bulletin, for Sunday school publications, for magazines and religious periodicals. We have circulated during the year a great deal of material on the Canadian system of dealing with the liquor traffic, believing that it had certain campaign implications and a peculiar interest to the people at this time.

The Clipsheet has gone out as heretofore to the newspapers of the country, and the Voice has reached our ministry. I want to say just here that a great deal of loose criticism is made of the newspapers and the news agencies. Our organization has no complaint. Even the great metropolitan dailies which are bitterly opposed to prohibition have, in the main, given us a fair deal in their news columns. As one correspondent said, "We lambast you in our editorials, but we take a pride in giving you a fair show on the news pages." The Associated Press, particularly, has treated us with great courtesy and has given our material such consideration as its news value merited. The Clipsheet increases in prestige year by year until to-day it undoubtedly has a large good-will value. It is being used in the school of journalism of at least one of the great universities as a text of propaganda methods.

Early in the spring Doctor Wilson expressed his opinion, although he gave no definite instructions, that I should go to Europe to attend the Nineteenth International Congress Against Alcoholism. I was very loath to do so, because of an interest in the approaching campaign and because of the fact that Doctor Wilson would necessarily be absent from the office at the same time. But a short time before the last possible day of departure Doctor Doran approached Bishop McDowell, saying that he believed my presence at Antwerp would be of assistance to the Government, and so a quick trip was arranged.

While I was in Europe I was profoundly impressed by the striking contrast between social conditions as affected by drink there and here, a contrast much greater than it was seven years ago. In the words of a leading business man of England, the conditions in that country are "appalling, drunken, hellish"; and while bootlegging in the United States is a distressing problem, it is as nothing compared to the conditions in England resulting from the toleration of public houses, sometimes half a dozen in number within a city block. Nor is it comparable to the evil caused by the drinking places in Belgium and France, where on Saturdays the poorer women customarily pawn articles of clothing or furniture in order to get a few cents to replace the wages which have been looted from the pay envelope by the estaminets and sidewalk cafés. "It is a weekly round of misery and privation, indeed of virtual starvation," among hundreds of thousands of families, and the communities show the results in dirty gutters and despairing faces. But if this be true and it is as distressing to any right-thinking American as it is to the native of the country afflicted, it is just as true that there is in evidence a striking change in sentiment among the leaders of thought, politics, industry, and commerce in Great Britain and Germany, and to a lesser extent in other European countries. Whereas seven years ago the press and politics almost universally voiced nothing but ridicule and contempt for the "American noble experiment," to-day we find here and there a leader who does not hesitate to say that his country must, for its own salvation, follow the American lead, while many hundreds of others are significantly silent. I believe that the political and industrial leaders of Great Britain and Germany are convinced that prohibition is an essential part of the marvelous prosperity of the United States; that, in fact, it is no longer an experiment but a wonderful success from the economic viewpoint; and that the minds of the so-called common people of these countries must be prepared to accept still more drastic restrictions on drink, with prohibition as an eventual and logical goal. One consequential figure in British public life said, "We still believe that you are suffering from great social evils because of your way of handling the drink question; but the advantages of prohibition are not only great enough to outweigh the social disadvantages but are absolutely compelling. Our situation in the face of relatively sober American competition is fast approaching the impossible." The remarkable evidence visible on every hand in Europe of a growing American trade is reenforcing these convictions. It seems to me that the results of the recent election will afford European opinion a final verdict on prohibition. I found the European interest in the American political campaign intense. Nor was the prohibition issue underestimated. The first question asked by a casual acquaintance would inevitably be, "Are the American people going to keep prohibition or will they elect Al Smith?" There is, of course, since the election a disposition on the part of that section of the European press which is still fighting the battle of the drink trade to mislead sentiment. I have a letter from my brother, Dr. J. Waskom Pickett, editor of the Indian Witness, Lucknow, India, in which he says: "The proliquor papers have been trying to tell us in India for weeks that Al Smith would certainly be the next President. But the last two or three days they have been publishing telegrams stating that the betting in New York was 3 to 1 in favor of Hoover. This they are accounting for by the fact that the bootleggers are backing Hoover and that they are so strong and numerous that they will doubtless turn the scales in Hoover's favor." And the London Daily Chronicle of November 8 declares that the enormous vote for Mr. Smith has served an ominous warning on President-elect Hoover, and that "it is virtually certain that Hoover will concede as the next presidential contest approaches that the noble experiment has gone far enough to demonstrate the necessity for some modification of the Volstead Act."

Nevertheless, in my opinion, the overwhelming election of Mr. Hoover will be the final and convincing message from America to Europe that prohibition succeeds, that it is a permanent policy, that it is indeed that greatest of all influences in the world, a victorious idea, and despite the attitudes of the Paris editions of the New York Herald and Chicago Tribune, despite the slumming and reckless conduct of many visitors to Europe, the great body of Americans, resident and touring there, support the policy by word of mouth and, more than is realized, by conduct. At a dinner of the American Club in Antwerp, where nearly

every native drinks as a matter of course, only one glass of intoxicating liquor appeared on the table, although there must have been nearly a hundred Americans present.

Doctor Doran, attended by his State Department adviser, Mr. Anslieger, held numerous conversations as to smuggling with the government officials of Great Britain, Holland, Belgium, and France. I was struck with Doctor Doran's facility in adapting himself, not only to the conditions of his contacts with the governments of these countries, but to the environment of the Nineteenth International Alcohol Congress. This body is composed of representatives of the leading governments and peoples of the world, including legislators, diplomats, executive officials, social workers, church authorities, and specialists in the study of the alcohol problem. The temperance movements are becoming stronger in practically every country of the world. The alcohol question is pressing more and more for a solution. Conferences with these leaders of thought and action were mentally stimulating and vitally informing. I was highly honored by appointment as one of the permanent committee governing the international congress and was also made a member of the executive committee of the International Temperance Bureau, which is carrying forward so actively and intelligently the European temperance propaganda from Lausanne, Switzerland.

Largely through the efforts of the distinguished director of the international bureau, Doctor Hercod, we have been able to initiate study of the alcohol problem in its international aspects by a committee of the League of Nations. I may say, confidentially, that this was accomplished, despite the most vigorous and consistent opposition on the part of the wine-growing countries and that the matter has been so arranged that the actual research and reports will be made by ourselves. I think the board will agree that this should insure an unbiased, exhaustive, and thoroughly sound series of studies.

Returning, we found the contest between the church and the Tiger in full flower. The board circulated enormous quantities of Al Smith's record, a detailed account of the governor's attitude toward the prohibition law and liquor restriction since his early days of political activity. This record was supported by photostatic reproductions of each page of the New York Legislature's Journal on which any part of the record appeared. The Clipsheet was nonpartisan, but unequivocal in its opposition to Mr. Smith on other than partisan grounds.

Perhaps the board would be interested in a brief summary of the results of the election. We all know of the enormous majority of Mr. Hoover, but not all of us have heard that on November 6 the prohibition majority was increased 11 in the House of Representatives and 8 in the United States Senate. This statement, however, is based upon inadequate information as to the position of 21 Members of the House. The probable dry strength of the House of Representatives is 329 and in the United States Senate 78.

Both House and Senate delegations of 22 States are entirely dry. The House delegations of 23 States are wholly dry, and both Senators representing 34 States are dry. Four States are represented by two wet Senators. The Representatives from only one State are all wet.

Eight wet Senators ran for reelection. Four of them were defeated, three being replaced by drys and one by a wet. Senators Bruce and Edwards of Maryland and New Jersey, who have been particularly fanatical in their opposition to the prohibition law and extreme in their abuse of prohibitionists, were defeated.

No dry Member of the Senate was defeated by a wet, although there were 23 dry Senators running for reelection, two of whom were defeated by drys in the primaries and one by a dry in the election. Of the 11 new faces in the Senate, 10 will be dry, and only 1 wet. There is a Kansas vacancy to be filled and a member of this board is highly available.

Will you permit me for a moment to quote with perhaps just a little excusable pride a few words from an editorial of some length in the Boston Evening Transcript of August 13, 1928. It says: "We have thought for some time that the propagandists of the country might learn something from that famous body with the redundant name, the Methodist Board of Temperance, Prohibition, and Public Morals. For many years that organization has issued a Clipsheet which is much more than its name implies. It is carefully edited, and it belies its name by publishing a great deal more original than scissored matter. We are not devoted admirers of all the utterances or doctrines circulated by means of this magic piece of paper, but we are constrained to say in the interest of general education that it is the ablest, most effective instrument for advertising a cause that comes our way. Our prohibitionist friends do not wait for some newspaper or magazine to put forth their argument; they say it themselves, and with such force and ability that they find themselves always in control of a highly efficient medium. They want the country to think their way, and they make a business of telling it what to think.

"Here is a hint not only for the wets but for all political organizations. The silent effect of original arguments and facts steadily dropping in upon the recipient's desk week in and week out is incalculable. Reprints are well enough, but they get nowhere in large newspaper offices, which are able to do their own clipping. But if our Republican and Democratic friends would mass their own ideas and hurl them forth as such into every editorial room in the country, their contributions would command some attention. Our Methodist friends have proved that. They have specialized for years with the news and the latest original thought in their particular line. Why should not the political managers?"

The Voice, going to our ministers, was demanded in quantities for circulation. One issue had to be returned to the press for reprinting five separate times to fill the demand. A speech delivered at a church in Virginia by the research secretary not only received a wide circulation throughout the country but was picked up by opponents of Mr. Smith in Florida and used in truly astounding numbers. I am, however, convinced that other factors entered into the Hoover victory in that State.

The Boston Transcript's tribute to the Clipsheet, which I quoted, tempts me to bring to your attention the significant position of the board as a national social force in contrast to its beginnings and its small resources. Fifteen years ago it was in one room, with an income of much less than $50,000 annually. Its current receipts have never been in excess of $150,000 annually, and yet to-day in that brief space of time the platform influence of its general secretary has become outstanding as the major factor of its kind, its literary organs have acquired a prestige which is unchallenged, it owns a million dollars' worth of property, and its effective participation in national discussions is indicated by the unfriendly words of Mr. Edward S. Martin in Harper's for November: "One of the great issues of this campaign is anticlericalism, not directed mainly against the Church of Rome, but aimed to rescue our Government from the domination of the Methodist Board of Morals." These facts constitute, if I may say so, a tribute to the personality and to the wise leadership of the general secretary, who drives with a loose rein, carries no whip, but always gets to the destination exactly on time.

As in former years, the research secretary has spoken on numerous occasions and has concerned himself in regard to other moral interests. An amusing incident of the year was the suppression of a prize-fight club just across the river. Professional prize-fight managers of the lowest character had attempted to impose their discredited and brutal game upon the District of Columbia, despite the fact that the law defines it as a felony. One of these men is now in the penitentiary at Atlanta. But others, thinking perhaps that Virginia did not have as much regard for its laws as the District, passed over the river and attempted the same thing at the south end of Highway Bridge. The Baltimore Sun, in reporting the stopping of this fight by the Commonwealth's attorney and the sheriff, said in part: "'Herbert Hoover has been elected and this match can not proceed,' cried Sheriff Fields, of Arlington, Va., to-night, as he stopped a fight about to be put on at the Relee Club Hall, just outside of Alexandria. Mr. Gloth, Commonwealth's attorney, said that he had been forced to issue such orders by Deets Pickett, secretary of the Board of Temperance, Prohibition, and Public Morals of the Methodist Episcopal Church. Members of the club asserted that the result of the presidential election had had the effect of making county officials afraid of the power of the Methodist board."

During the year our files have been entirely reorganized and are a magazine of information. I have had loyal and efficient help from Mr. Grant, Mr. Rollins, and Mr. Lattin, and for a brief time from my daughter, who has had special instruction in file organization.

The great temperance need to-day in the Methodist Church is an educational program organized along the best lines of religious education and promoted with religious zeal. And the great need of the temperance reformation in America to-day is a forward movement to capture the administration of every State, county, and town in America for honest, efficient enforcement of all law. Criminals and nullifiers have no right to place and power anywhere in this land, and there are enough patriotic, God-fearing men and women to drive them into oblivion wherever we choose to join battle. May God inspire us to the task.

Mr. WRIGHT. Mr. Chairman, I yield to the gentleman from Oklahoma [Mr. HASTINGS].

Mr. HASTINGS. Mr. Chairman, when the Seventy-second Congress convened on December 7, 1931, business in this country was trembling in the balance. Financial conditions had grown from bad to worse. Our entire financial structure was threatened. Banks were failing all over the country. During the last quarter of 1931 there were 1,049 bank failures in this country. In the month of October, 1931, there were 522 bank failures, the greatest number of failures in any one month in the history of the country. There were 353 failures in December, 1931. For the entire year of 1931 there were 2,291 failures, with deposits of $1,759,000,000. Many of these failures were of entirely solvent banks, with plenty of good notes and other securities, except they were not liquid enough for money to be immediately realized upon them.

The railroads of the country were seriously affected and the thousands of railroad employees were facing unemployment, and a general railroad crash would have resulted in the collection of no taxes from them and would have affected every school district through which they run. Cer-

tain railroads were threatening to surrender their charters and to suspend operations.

Insurance companies carrying 70,000,000 insurance policies, having assets that could not be immediately realized upon, including real estate, were in dire distress.

Building and loan companies, in which millions of our citizens had investments, were facing financial disaster.

The farmers of the country, through losses of 10 years, were unable to meet their obligations and pay taxes, and were even unable to secure funds to make the crop for 1932. All other classes of business were in the same financial distress.

The number of unemployed had increased to about 8,000,000. Thousands had to be fed and supported from public funds or charity. The situation was extremely critical. The truth is no one knew what a day would bring forth.

As soon as the committees of Congress were organized, about December 15, 1931, hearings were immediately begun on emergency legislation, in an effort to save the country from financial chaos and ruin.

The Banking and Currency Committee held hearings during the 1931 holidays. The Secretary of the Treasury and many representatives of all classes appeared before the committee. As a result of these hearings and the recommendations of the President and the Secretary of the Treasury the Reconstruction Finance bill was reported to the House on January 9, 1932. It was patterned after the War Finance bill. It provided for seven members, to form the board of directors, including the Secretary of the Treasury, the governor of the Federal Reserve Board, and the Farm Loan commissioner, and four additional members nominated by the President and confirmed by the Senate.

This bill authorized an appropriation of $500,000,000 to be subscribed by the Secretary of the Treasury and the board of directors was authorized to issue notes, bonds, debentures, or other obligations, in the sum of three times this capital. This authority has not yet been exercised.

Section 5 of the bill states its purpose "to aid in financing agriculture, commerce, and industry," and authorizes loans to be made "to any bank, savings bank, trust company, building and loan association, insurance company, mortgage loan company, credit union, Federal land bank, joint-stock land bank, Federal intermediate credit bank, agricultural credit corporation, and livestock credit corporation," and in addition section 2 of the bill specifically provides that $50,000,000 of the amount so subscribed, and the expansion of the same, through notes, debentures, bonds, or other obligations, which increases the amount to $200,000,000, shall be allocated to the Secretary of Agriculture—

For the purpose of making loans or advancements to farmers—

under such regulations as the Secretary of Agriculture shall prescribe. The Secretary is authorized to make loans on first-lien crop mortgages where no other security can be given. This provision was intended as a direct benefit to the thousands of farmers who have no other security than mortgages on their crops, to enable them to make crops for the year 1932.

This bill was favorably reported from the Banking and Currency Committee of the House, without a minority report, and was taken up and considered in the House on January 15, 1932, and passed by a vote of 335 to 55. A similar bill had already passed the Senate on January 11, 1932, by a vote of 63 to 8. When the House bill was passed, it went to the Senate. The Senate substituted its bill for the House bill, and the differences between the two Houses were adjusted in conference.

The Reconstruction Finance Corporation was organized February 2, 1932, with Gen. Charles G. Dawes, who has had extensive financial experience, as its chairman.

On April 21, 1932, Mr. Dawes appeared before a House committee, where he discussed at length the purposes of the Reconstruction Finance Corporation Act, the emergency it was intended to meet, through assisting the various classes to which loans were authorized to be made. He said:

The object of the President and Congress was not primarily the relief of these corporations themselves as such, but of millions of the people who have entrusted these particular classes of corporations with their funds and who suffer if the power of these corporations to function normally is unduly impaired.

In other words, its primary purpose was to assist the individual citizen.

He called the attention of the committee to the fact that there were deposited in banks, including savings banks and trust companies, $46,000,000,000, which, he stated—

Represent the bulk of the purchasing power now existing in our country and are the ready assets of millions of families. Nothing is more important to the masses of the American people than the preservation of the credit and the normal functioning of banks.

These deposits had decreased $9,000,000,000 in two years.

General Dawes further stated:

In the normal functioning of insurance companies our people are vitally interested, for there are about 70,000,000 insurance policies in force and likewise with building and loan associations with their many millions of families participating.

As to the interest of the public in railroad securities, he stated:

In the securities of railroad corporations, practically all classes of fiduciary institutions dealing directly with the savings of the people are interested, as well as great numbers of individual investors.

As to other classes of loans General Dawes stated:

As to mortgage loan companies, credit unions, Federal land banks, joint-stock land banks, Federal intermediate credit banks, agricultural credit corporations, and livestock credit corporations, the same public interest exists.

In answer to questions General Dawes repeatedly stated that no loan is made by the corporation to any class except upon "adequate security," and that he expected all loans to be repaid. Loans are made to railroad companies at 6 per cent interest and to banks at 5½ per cent interest.

In further discussing the operation of the corporation, General Dawes stated that under this law the matter of loans to be made to the farmers, as provided by the bill, was turned over to the Secretary of Agriculture, who was authorized to make these loans.

In discussing the effect of the loans made by the corporation, General Dawes said:

The evidence of the effectiveness of its work is found in the fact that in the 71 days which preceded February 2, 756 banks with $521,000,000 deposits, suspended in the United States, while in the 71 days from February 2, when the Reconstruction Finance Corporation started its operations, to April 12, there suspended in this country only 182 banks—less than one-fourth as many as in the preceding 71 days—having $79,744,000 deposits, an amount less than one-sixth as much as those in the preceding 71 days.

He further stated:

In addition, during the latter 71 days, with the assistance in many cases of the Reconstruction Finance Corporation, 79 failed banks, with $36,520,000 deposits have reopened.

He also stated that the general withdrawal of bank deposits had stopped and hoarded money to the extent of $250,000,000 had been returned to the banks during the period since the commencement of operations of the Reconstruction Finance Corporation.

General Dawes further stated:

General confidence in our banking system has been restored, which is and always has been an indispensable condition of a succeeding general business and industrial recovery.

In further discussing the organization of the corporation, he stated:

As a matter of fact, however, the bulk of the bank loans in number and amount have gone to the small banks.

And later stated:

Only 5.3 per cent of the money loaned was to banks located in cities of 1,000,000 population or over.

As to building and loan associations General Dawes said:

These institutions gather their funds chiefly from the small savings of people of moderate means and occupy an important place in our financial structure.

He explained that the corporation has 33 loan agencies distributed throughout the country for the purpose of receiving applications for loans and making recommendations to the board of directors.

As to loans to other classes, with peculiar benefit to farmers and livestock men, he testified:

In addition to the above, the corporation has authorized loans to joint-stock land banks, livestock credit corporations, agricultural credit corporations, and mortgage-loan companies in the aggregate number of 24 and in the aggregate amount of $14,400,435.

In summing up General Dawes said:

The corporation has authorized, in the brief period from February 2 to April 19, loans to 1,757 institutions, aggregating $370,437,802, of which $285,456,521 has been disbursed to the borrowers.

And explained that—

Repayments during this period aggregated $11,384,263.

During his statement General Dawes repeated over and over again that these loans were made on "adequate security," and expressed the opinion:

Therefore, my expectation is there will be no loss to the Government.

In answer to the suggestion of the chairman of the committee that there had been some political criticism of the bill, General Dawes stated:

Chairman RAINEY referred to some of the political talk about the Reconstruction Finance Corporation and giving away money to big corporations and discriminating between large and small corporations, and so forth. It would be easy enough for us to form a little committee on the board to report out political buncombe and smut, but we are not in that line of business. A lot of damned demagogues in the country are injuring general business by mixing politics with it.

You want us to do a business job, and we are going to do it, politics or no politics, and it does not make a damned bit of difference what anybody says about it. We will do our duty. We will make our mistakes, but we will do the best we can.

One of my opponents is unfavorably criticising the enactment of this legislation creating the Reconstruction Finance Corporation and is making a futile effort to make politics out of it. I did not know that General Dawes knew him so well or so intimately.

The truth is this opponent criticizes this emergency measure recommended by the Banking and Currency Committees both of the House and Senate, the President of the United States, the Secretary of the Treasury, and which was enacted in the House by a vote of 335 to 55 and in the Senate by a vote of 63 to 8. He assumes to criticize a measure enacted to stabilize business conditions in this country. He knows more than all of them combined. Why does he not state the kind of a bill he would enact?

In further discussing the operation of the corporation General Dawes said:

The Reconstruction Finance Corporation is endeavoring to do business on a proper basis as it sees it. Democrats and Republicans both joined in enacting the law, creating it, and it was a joint accomplishment. It was born of high patriotism and national idealism. Political differences should not involve this nonpartisan Reconstruction Finance Corporation.

After stating the rate of interest charged on loans is 6 per cent to railroads and 5½ per cent to banks, following an inquiry by Congressman RAGON, of Arkansas, General Dawes further stated, in reply to questions by Mr. RAGON:

Mr. RAGON. In your judgment as a business man you think the Government of the United States will make money out of this in place of losing it?

General DAWES. I think so; yes, sir.

Mr. RAGON. Whenever you help a bank, can you figure any institution that you can help in a community that would be more beneficial than helping a bank?

General DAWES. No, sir. I think that is our most important work.

Mr. RAGON. You not only help the directors of the bank, the stockholders of the bank, but the depositors of the bank and the business of practically every man, whether he is a merchant or laboring man, in that community?

General DAWES. Certainly.

The benefits and the effectiveness of this legislation are shown by the following:

Mr. RAGON. I want to say to you that before you went into operation there was hardly a day in my State of Arkansas that there was not a bank failure, and since that day I do not think we have had a single failure. That is how effective it has been in Arkansas.

This is measurably true of my own State of Oklahoma. Unfortunately, conditions brought about many bank failures. We have had them in practically every community. I have heard of none in my district since the enactment of this law. The depositors and business men, the people in the community generally, know the financial gloom that follows a bank failure.

Discussing the general benefits of the bill, General Dawes said:

Anybody sitting on the board where I am sees things are getting better in this country, and we are in a damned sight better position to see it than people over there on the stock exchange fooling at present with a peanut stand. We on the board get a cross section of the whole country.

This is an encouraging statement.

Then, directing attention to the benefits this legislation has been to agriculture, Mr. RAGON made the following inquiry:

Mr. RAGON. Under this same act we provided $50,000,000 to be loaned to the farmers, and that it could be expanded by the bond issue provisions up to $200,000,000.

In answer to this inquiry General Dawes stated that this was correct, but that this amount had been turned over to the Secretary of Agriculture to be loaned to the farmers, as provided by the bill.

Mr. RAGON. I wonder if you know that money is going to the very poorest class of farmers we have in this country, men who are unable to get supplies from merchants, men who are unable to get any discount whatever from the bank—that the very poorest class of people in this country are the ones this is being made most available to?

General DAWES. Yes. I think the average loan—what is it now, $450?

Mr. RAGON. They limited it to $400 and the average loan, I judge, is far less than $100. I think that is true.

In further discussing the matter, Mr. RAGON stated:

Mr. RAGON. Here is a note that has just been sent up to me by a Congressman here, which states that in the State of North Carolina, information comes to his desk this morning that under this law there have been advanced loans to over 30,000 farmers in the State of North Carolina.

The Secretary of Agriculture reports loans made to farmers in Oklahoma aggregating $590,524.

I do not have the figures showing the amount of loans made to other classes, other than farmers, in the State of Oklahoma.

Of the $200,000,000 specially set aside for loans to farmers for the purchase of seed, stock, and to make needed improvements, $63,342,103.81 has already been distributed throughout the United States.

Additional loans made through the intermediate credit banks, agricultural credit corporations, and live stock credit corporations, will increase the amount loaned to farmers to more than $75,000,000.

In an effort to prejudice the people against the Reconstruction Finance Corporation and to make political capital out of it, the provisions of the bill are not explained showing that $50,000,000 has been turned over to the Secretary of Agriculture, with the expansion limit of three times that amount available to be loaned to farmers of the country without any security other than liens on their crops. This will reach the very poorest farmers in the country.

Nor is it stated that there are 70,000,000 life insurance policy holders, and the benefits that come to them are not explained.

An effort is made to prejudice the minds of the people against the loans made to the railroads under this bill, without advising that millions of people throughout the country own railroad securities and that hundreds of thousands of laboring people depend upon the railroads for employment. Nor is it explained to them the taxes they pay for the support of schools, and county, city, and State expenses.

This bill was enacted as an emergency measure. Conditions were critical. It was imperative to stabilize all classes of business.

General Dawes makes it clear throughout his entire statement that no money is being given away by the Reconstruction Finance Corporation to any individual, bank, or corporation, and that not a single dollar is being loaned except upon "adequate security," and that he did not ex-

pect any loss to result to the Government; but that, as in the case of the War Finance Corporation, the Reconstruction Finance Corporation should lose no money but should make a profit for the Government.

General Dawes further asserted:

Confidence in the credit structure of our country and in the banks of the United States has now returned. In general, bank deposits have ceased to fall and bank failures have been reduced to the minimum.

Every man who aspires to public office should inform himself on the questions he discusses and be fair enough to state all of the facts.

When we review the conditions existing when Congress convened in December and then analyze the provisions of this bill, showing the purposes for which it was enacted, and finally, when we read these encouraging statements by General Dawes to the effect that confidence is being restored and that conditions are being stabilized, and when we further consider the fact that this legislation was enacted, not for the benefit of the larger corporations primarily, but for the benefit of the common man—the farmers, the investors in railroad securities and laborers, the holders of life-insurance policies, and the depositors in the savings banks—and when we know all of the facts, I am sure we will agree that its enactment as emergency legislation was justified.

Mr. Chairman, I ask unanimous consent to extend my remarks and to include therein an address by former Speaker Champ Clark at the Washington Press Club to the newly elected Members of Congress, of whom I was one, emphasizing the value of experience which comes from long service in the House.

Mr. SNELL. Mr. Chairman, reserving the right to object, just what is the purpose of putting that address in the RECORD again?

Mr. HASTINGS. I want to put it in the RECORD for the information of the Members of the House.

The CHAIRMAN. Is there objection to the request of the gentleman from Oklahoma?

There was no objection.

Mr. HASTINGS. Mr. Chairman, ex-Speaker Champ Clark is affectionately remembered by the people of the country for his lofty patriotism and his long, honorable service in the Congress of the United States.

On March 16, 1916, he delivered an address at the Washington Press Club to the newly elected Members of Congress, of whom I was one, emphasizing the value of experience which comes from length of service.

The address is as follows:

THE MAKING OF A REPRESENTATIVE

REMARKS OF CHAMP CLARK AT THE WASHINGTON PRESS CLUB RECEPTION, THURSDAY, MARCH 16, 1916

[Printed in CONGRESSIONAL RECORD, March 17, 1916]

It is a high honor to be a Representative in Congress, if for only one term, and with the number of terms the honor increases in geometrical rather than in arithmetical proportion. A Member's usefulness to his country should increase in the same proportion. A man has to learn to be a Representative just as he must learn to be a blacksmith, a carpenter, a farmer, an engineer, a lawyer, or a doctor.

"Poeta nascitur non fit"—a poet is born, not made—says Horace; but Congressmen—that is, useful and influential Congressmen—are made largely by experience and practice.

The old Charlotte district in Virginia knew this and kept John Randolph of Roanoke in the House till he became a great national figure. Then the Old Dominion sent him to the Senate and General Jackson sent him to St. Petersburg. There are sporadic cases of similar action in other districts.

It is an unwise performance for any district to change Representatives at short intervals. A new Congressman must begin at the foot of the class and spell up. Of course, the more brains, tact, energy, courage, and industry he has the quicker he will get up. If he possesses these qualities, and if his constituents will keep him in the House, he is as certain to rise as the sparks are to fly upward. No human power can keep him down. It is only fair and rational to assume that every Representative's constituents desire to see him among the "topnotchers."

Let us take the present House and see how long the men who hold the high places have served. I can not name all, but will cite a few as samples.

Mr. Speaker Cannon is serving his fortieth year. He holds the record, or, in pugilistic parlance, "he holds the belt," for length of service in the House in our entire history. In several Congresses he was chairman of the great Committee on Appropriations and then was Speaker eight years, only one man, Henry Clay, having been Speaker longer.

I am serving my twenty-second year; Minority Leader Mann is serving his twentieth year; Mr. Kitchin, chairman of Ways and Means, his sixteenth; Mr. Fitzgerald, chairman of Appropriations, his eighteenth; Mr. Moon, chairman of the Post Office and Post Roads, his twentieth; Mr. Jones, chairman of Insular Affairs and "father of the House," his twenty-sixth; Mr. Flood, chairman of Foreign Affairs, his sixteenth; Mr. Hay, chairman of Military Affairs, his twentieth; Mr. GLASS, chairman of Banking and Currency, his sixteenth; Mr. Adamson, chairman of Interstate and Foreign Commerce, his twentieth; Mr. Stephens, chairman of Indian Affairs, his twentieth; Mr. Slayden, chairman of the Library, his twentieth; Mr. Henry, chairman of Rules, his twentieth; Mr. Lever, chairman of Agriculture, his sixteenth; Mr. Padgett, chairman of the Navy, his sixteenth; Mr. Lloyd, chairman of Accounts, his twentieth; and Mr. Sparkman, chairman of Rivers and Harbors, his twenty-second. There are other big chairmanships, but these will suffice to show that as a rule the big places go to old and experienced Members, for most of the men who rank close to the chairman are old-timers. The same thing holds good with reference to members of the minority. As an illustration, Messrs. Gillett and Cooper, who are serving their twenty-fourth year, are the ranking Republicans on Appropriations and Foreign Affairs, almost certain to be chairman thereof should the Republicans ever again have a majority in the House, as in that event, in all probability, Mr. Mann will be Speaker, unless he is nominated for President next June.

Go through the whole list and you will find, with few exceptions, that the men of long service have the high places.

New England and the cities of Philadelphia and Pittsburgh have understood the value of long service all along, and, having elected a fairly good man to Congress, they keep him in the harness.

The Member of longest consecutive service is called "the father of the House." Five Philadelphians in immediate succession bore that honorable title—Randall, Kelly, O'Neill, Harmer, and Bingham. Then it went to Mr. Dalzell, of Pittsburgh. When General Bingham announced the death of General Harmer, his immediate predecessor as "father of the House," he stated that the five Philadelphia "fathers of the House" had served a total of 147 years, and he served 8 or 10 years after making that interesting statement.

In the second and third Congresses in which I served, Maine, with only four Members, had the Speakership and the chairmanship of the great Committees on Ways and Means, Navy, and Public Buildings and Grounds—a most remarkable circumstance, giving the Pine Tree State an influence in the House and the country out of all proportion to her population and wealth. These four men, Reed, Dingley, Boutelle, and Millikin—each served in the House 20 years or more. Other States might profit by her example.

No man should be elected to the House simply to gratify his ambition. All Members should be elected for the good of the country.

The best rule, it seems to me, is for a district to select a man with at least fair capacity, industrious, honest, energetic, sober, and courageous, and keep him here so long as he discharges his duties faithfully and well. Such a man will gradually rise to high position and influence in the House. His wide acquaintance with Members helps him amazingly in doing things.

I can speak freely on this subject without violating the proprieties, for my constituents have kept me here 22 years, and for 20 years have given me nominations without opposition, for all of which favors I thank them from the bottom of my heart. Their generous action and unwavering friendship have enabled me to devote all my time to the public service. I have not been compelled to spend any portion of my time in "mending my fences." My constituents have attended to that. God bless them.

The speech of ex-Speaker Champ Clark is deserving of the thoughtful study of every voter of the country.

In the present Congress, Speaker JOHN N. GARNER is serving his twenty-ninth year; Mr. JOSEPH W. BYRNS, chairman of the Committee on Appropriations, is serving his twenty-fourth year; Majority Leader HENRY T. RAINEY is serving his twenty-eighth year; JOHN W. COLLIER, chairman of the Ways and Means Committee, is serving his twenty-fourth year. The same is true of the chairmen and ranking members of all the important major committees of the House. I am a member of the Committee on Appropriations and have been assigned to two subcommittees: (1) Interior Department bill, which makes appropriations for all bureaus under the supervision of the Interior Department, the Indian Service, including schools and health work; and (2) Independent Offices, which makes appropriations for all bureaus not under the supervision of a Cabinet officer, which

includes the Veterans' Administration, which handles all claims for disability compensation, pensions, hospitals, and all appropriations for the ex-service men.

Everyone appreciates that a Member of Congress should (1) know conditions in his district; (2) keep in touch with and be in sympathy with the people of his district; and (3) be honest and have the capacity to represent them.

No one should be elected to serve in any capacity who is dishonest or incompetent. No one would think of employing an attorney unless he thought he was capable of representing him or calling in a physician unless he had confidence in him, and, for that matter, no one would contract for the services of anyone in a business capacity, as a carpenter, a machinist, or a laborer, or to work on the farm, without making some inquiry into the ability and experience of the person to serve them. The prudent person carefully investigates the record and qualifications and ability to serve of the person applying for employment in addition to the statements of the person interested in his own behalf. We should exercise the same care in the selection of our public servants that we use in the selection of those who serve us personally.

Mr. COLLINS. Mr. Chairman, I move that the committee do now rise.

The motion was agreed to.

Accordingly the committee rose, and the Speaker having resumed the chair, Mr. LANHAM, Chairman of the Committee of the Whole House on the state of the Union, reported that that committee had had under consideration the bill H. R. 11897, the War Department appropriation bill, and had come to no resolution thereon.

MESSAGE FROM THE SENATE

A message from the Senate by Mr. Craven, its principal clerk; announced that the Senate insists upon its amendments to the bill (H. R. 9349) entitled "An act making appropriations for the Departments of State and Justice and for the judiciary, and for the Departments of Commerce and Labor, for the fiscal year ending June 30, 1933, and for other purposes," disagreed to by the House, agrees to the conference asked by the House on the disagreeing votes of the two Houses thereon, and appoints Mr. JONES, Mr. HALE, Mr. MOSES, Mr. MCKELLAR, and Mr. BROUSSARD to be the conferees on the part of the Senate.

The message also announced that the Senate agrees to the amendments of the House to the bill (S. 283) entitled "An act to provide for conveyance of a certain strip of land on Fenwick Island, Sussex County, State of Delaware, for roadway purposes."

A TRIBUTE TO MOTHERHOOD

Mr. LUDLOW. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD on the subject of Mother's Day.

The SPEAKER. Is there objection?

There was no objection.

Mr. LUDLOW. Mr. Speaker, as we approach the anniversary so sacred to the memory of mother, I am reminded that Indianapolis, the splendid city which I have the honor to represent in Congress, is indissolubly linked with Mother's Day. In the spacious English Opera House of our city in 1904, 28 years ago, a public ceremony was held that impressed upon untold thousands throughout the world the significance of mother love, for on that occasion the first known public plea for a nation-wide observance of Mother's Day was made. The orator on that eventful occasion, who has since become known throughout America as the "Father of Mother's Day," was Frank E. Hering, of South Bend, Ind., teacher, orator, and humanitarian.

On May 10, last year, a wonderful celebration took place in the same opera house in commemoration of Mother's Day and in honor of Mr. Hering, whose eloquent and impassioned plea 27 years before had been heard around the world. The ceremony was under auspices of the Fraternal Order of Eagles, a great humanitarian organization that places the name of "mother" high above all things else to be revered.

The orator of 1904, the "Father of Mother's Day," his hair now tinged with silver, was present and modestly received the honors heaped high upon him. A beautiful bronze tablet, erected on the spot where 27 years before he had uttered his thrilling plea for a nation-wide "Mother's Day," was unveiled with elaborate ceremonies. There was much speaking, and among the participants were 4 distinguished representatives of the American War Mothers—Mrs. W. E. Ochiltree, Mrs. S. C. Gibson, Mrs. E. May Hahn, and Mrs. W. W. Gates, and 17 men and 2 women who attended the 1904 services that marked the birth of "Mother's Day." J. Pierce Cummings, worthy president of Indianapolis Aerie of Eagles, presided, and Otto P. Deluse, of Indianapolis, past grand worthy president, and one of the most beloved members of the order, was master of ceremonies and introduced the speakers.

Boyd Gurley, the brilliant editor of the Indianapolis Times, in a speech profoundly sentimental and eloquent, voiced the spirit of Mother's Day and Dr. John Cavanaugh, former president of Notre Dame University, followed with an address on mother's love that reached the very heights of sublimity, closing with a beautiful tribute to the "Father of Mother's Day," to which Mr. Hering responded with such feeling that for once his tongue found it impossible to speak the language of his heart and his voice choked with emotion.

It was my privilege to be one of the speakers on that impressive occasion.

By unanimous consent of the House, my address, which was entitled "A Tribute to Motherhood," is herewith printed in full, as follows:

There is no language known to men that can describe a mother's love. Of all emotions that influence the human mind it is the sweetest and the best. The bitterness and sorrow that would be the common lot in this vale of tears if it were not for mother love melt into happiness and joyous inspiration in the radiance of its tender flame.

Mother love has no yesterday and no to-morrow, but reigns eternal. There is no limit to its bounds. There is no plummet that can sound its depths. It reaches all the way from earth to heaven. With ineffable tenderness it leads the tottering infant past the dangers and pitfalls of life and guides him through the struggling years of childhood and maturity so that when the miracle we call death ends his earthly journey he is fit to take his place among the stars by the side of his Creator.

ORIGIN CAN'T BE TRACED

No tongue can explain mother love or trace its origin. The least we can say of it is that it is one of the mysteries that spring from God. We know that it is something real because there is no sacrifice too great for it to make.

Think of the widow who bends her aching back over a tub day in and day out to earn a washwoman's pittance that she may keep her children together and feed them and send them to school like other children—oh, there are many such in this land of ours! Does anyone doubt the quality of her mother love? Does anyone know a mother of a deformed child who is not all the more attached to him on account of his deformity? He may be a hunchback, or infantile disease may have rendered him a hopeless and pitiable physical wreck, but to mother he is all there is in the world. Reason may have left him forever, and he may be doomed to wander in mental darkness all his life, but, oh! how she loves him!

FORGIVES EVERY ERROR

Mother heart forgives the error of a wayward child before it is committed. The last thought of a convict who faces the noose or electric chair is of his mother. In his anguish he cries for her; to her he piteously pleads every extenuating circumstance so that she will remember him at his best; his only relief in his desperation is when he is enfolded in her encircling arms. Any trinket he may possess, a ring or watch or lock of hair or other treasured keepsake he leaves to mother. In all such cases mother love is tempered with pity, and what a potent, merciful, wonderful combination it is. Imagine the depths and sanctity of a mother's thoughts when she rocks her baby in his trundle bed and sings her lullabies until the sandman leads him gently into the realm of slumber and then lifts her eyes from his innocent little face toward heaven and prays to the Father of us all:

"Father, lead him not into temptation, but deliver him from evil."

SYMBOL OF DEVOTION

From the time of Eve, who laid her very own on the altar of grief, down through the ages to Mary, who witnessed the unspeakable tragedy of the cross, and on and on, century after century, the word "mother" has always been the symbol of devotion, every age presenting in myriad repetitions and varying forms the solicitudes and sacrifices of mother love. Millions have been touched by the tribute paid by Abraham Lincoln, when that great, tender-hearted man who groped his dark way to a martyr's

grave, paid to his mother the deathless tribute of saying that all that he was or hoped to be he owed to her.

We have met to-day for a very holy purpose. Although no time or century or cycle in the history of the world can claim a monopoly of veneration for mother, it is more than passing strange that not until 27 years ago did anyone in a position to reach the ears and hearts of men and women propose that a day be set aside in the calendar to be known as Mother's Day, when by appropriate observances, both private and public, the nations of the world could show their gratitude for mother love. We who are fortunate enough to be here to-day are thrilled with pride when we realize that this suggestion, so in keeping with the highest ideals of the human race, was first made in this very room by a great humanitarian who honors this occasion with his presence, Mr. Frank E. Hering.

We are here to dedicate a tablet to mark the spot where on February 7, 1904, this silver-tongued orator made a speech that has echoed since around the world. His eloquent plea for the recognition of motherhood which went out from this room has now reached every land in the circle of civilization and has found a responsive echo in hovels and in palaces. Out of it has come Mother's Day, the holiest day save Christ's Birthday on all of our list of special days, a new institution in the intricate web of custom and in uplifting power and sentiment, the apex of them all—a day which is the accompaniment and the precursor of other movements that will rob motherhood of much of its sorrow and leave it only its glory.

It is entirely fit and proper that we should erect this historic tablet. May it stand here forever as a shrine to remind oncoming generations of the place where Mother's Day was born. May it stand here forever as mute testimony of man's gratitude to mother. May its influence radiate into ever-widening circles so that those who behold it and those who hear from the lips of others the story of the origin of Mother's Day will feel themselves drawn close to mother, for that means close to God.

ECONOMIES IN THE FEDERAL GOVERNMENT

Mr. OLIVER of Alabama. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and insert therein an address by my colleague the gentleman from Alabama [Mr. McDUFFIE].

The SPEAKER. Is there objection to the request of the gentleman from Alabama?

There was no objection.

Mr. OLIVER of Alabama. Mr. Speaker, my distinguished colleague and personal friend the gentleman from Alabama [Mr. McDUFFIE] always speaks interestingly on any subject. Last night he delivered in Washington, by invitation, over the National Broadcasting System, a nation-wide address relating to economies in the Federal Government, which I feel will be very instructive and informing to the general public, and which I ask unanimous consent to insert in the RECORD.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

RADIO ADDRESS OF HON. JOHN M'DUFFIE, OF ALABAMA, MAY 5, 1932

It is not my purpose to discuss this evening the causes of the gravest economic crisis the Nation has ever confronted; nor do I propose to enter into a discussion of any lack of decision which might have been exercised when it was obvious after the dark days of October, 1929, that a terrific reduction in incomes would follow, and the question of balancing the Nation's Budget would become the outstanding national problem. Likewise, I shall refrain from discussing any failure of those charged with the responsibility to see and realize that then was the time for the Government to begin to cut its expenditures rather than let things rock along for two or three years with governmental costs constantly growing, and governmental income constantly diminishing.

I shall not even discuss the manner in which the membership of my own party have rallied to the President and in a nonpartisan way carried through his every worthy suggestion for the country's relief. That was only our plain duty.

The evils of a panic are upon us, and, regardless of the side of the aisle on which we sit, the time has come for the membership of the Congress, acting as a board of directors for the great business of the United States Government, to adjust the finances of the Nation with a view to balancing its books and thereby protecting its credit. Every citizen must know that when the credit of Uncle Sam is imperiled, every individual is affected and no business is secure.

Our country finds itself to-day in the position of a merchant who, under the stimulus of a number of profitable years, hired a lot of additional clerks and obligated himself for a bigger stock of goods only to find that his business boom was over. There is nothing for him to do but to remodel his establishment on a smaller basis and bring his books to a balance if he can.

The Economy Committee of the House of Representatives studied within its limited time the obligations of the Government and the steps necessary to bring the Nation's finances back to where there will be some relationship between income and expenditures. After working eight weeks we presented to the House a nonpartisan program for economy, which, if carried through, would have saved more than $200,000,000 to the taxpayers.

OMNIBUS BILL

It is unfortunate that all of the economy program was thrown together in one bill. I protested against this course. However, the President, Secretary Mills, and other administrative officials, together with a few Democrats, urged an omnibus bill containing many controversial matters. I warned them against the very results that followed, suggesting, in view of the many controversial items in the bill, the possibility of a coalition of those opposed to various items which would endanger, if not destroy, the entire program. As the bill finally passed the House of Representatives it was a hollow pretense, a sham, and a farce. Members of the House did not capriciously wreck it, but each voted conscientiously and doubtless responded to what he believed to be the sentiment in his district. This, however, is now water over the wheel.

No Member of Congress finds any satisfaction in raising taxes or increasing the burdens of the American people. But we have reached a period when it must be done, and in order that the burden may be lightened, it is imperative that the cost of Government must be cut ruthlessly, even though it bring temporary hardship to a considerable number of people.

DIFFICULTY IN CURTAILMENT

In the course of the committee's deliberations we have found that it is difficult, if not almost impossible, to curtail the multiplied activities of the Federal Government. Every item we touched appeared to be a sore spot, and every representative of each bureau under consideration protested vigorously against its restriction. In some instances even members of the President's Cabinet protested against bills designed for economy. Our committee set about in a nonpartisan way to consolidate and coordinate within departments, and to eliminate activities which are not now absolutely essential. In the committee's deliberations, we invited the cooperation of the President of the United States and many of his suggestions were included in our program. And yet, in addition to objections of the bureaus themselves, in almost every instance, we were deluged with telegrams from every section of the country urging that this or that bureau be not disturbed. Of course, much of this is chargeable to the high-powered propagandist, the organized minority, and the bureaucrat himself, these three who have always successfully forced legislation for the benefit of classes and groups, and who are gradually destroying the representative form of our Government.

DANGEROUS TENDENCIES

The tendency within recent years to have the powerful hand of Uncle Sam reach out and touch almost every phase of human life is not only a costly but a dangerous one. Such a tendency is lulling into inertia and indifference our local governments and community responsibility and is challenging the perpetuity of our form of government, which we would all preserve for our children's children.

After the Great War the Old World needed our raw materials and finished products at our own price. Our business expanded, industries multiplied, values enhanced, and our people grew wealthy. The humblest citizen of America enjoyed in his everyday life comforts and conveniences which were luxuries in every other nation in the world. Money came easily, it went recklessly, while thrift seemed to have been entirely forgotten. The time has now come for those of us connected with the Government to get our feet on the ground. Of course, many millions of our citizens not only now have their feet literally on the ground but are actually barefooted.

COSTS HAVE MOUNTED

I have no desire to call names nor make charges, but I confess it is appalling to review the extravagance of the past 12 years in the conduct of Federal affairs. It would seem that those who expanded our departments and bureaus to their present swollen proportions conceived there was no bottom to the national purse. Despite continued talk of economy during recent years we have had constant increases in the maintenance cost of every branch of the Government, while bureaus and commissions have multiplied, until there are now approximately 200, which are ever demanding more expansion and more authority.

OVERMANNED AND TOP-HEAVY

Time will not now permit the recital of even a partial list of the items of this spendthrift orgy; yet I might sight, merely as an example, that the number of Federal employees in the District of Columbia has increased from approximately 32,000 in 1915 to 70,000 in 1932. It is a mystery to me why any branch of the Government that was able to function with smaller appropriations at a time of huge prosperity should require so much more or even as much money to administer its affairs in a period of poverty. Congress has been accused of callous indifference to the sufferings of the people because we suggested a reduction in the Federal pay roll, which is now $1,315,000,000 in round numbers, or approximately one-fourth of the total cost of government. How much is a billion? To give you an idea, it has been, including this hour, only 1,013,446,800 minutes since Jesus Christ was born.

No one will deny that our Government is overmanned and top-heavy, and the taxpayers who pay for all government activities, as well as the salaries of Federal employees, are demanding the elimination of all extravagances despite the protests and almost tearful remonstrances from every department and independent establishment to which it is sought to apply the pruning knife.

Whatever criticism that may apply to Congress in its efforts to reduce Government expenses should apply to those who made these expenses necessary rather than to Congress, on whose doorstep a $2,000,000,000 deficit has been dumped with a demand that we enact legislation to meet it. It is regrettable the message of the President, which you will read to-morrow, was not sent to Congress with his Budget message when we first convened instead of it at this late hour.

Is our President willing to play politics with a question so vital as economy at a time like this?

While former Congresses and administrations must assume responsibility for the expansion of governmental activities, in fairness it must be said that much of this expansion has come through a demand of the people themselves. Therefore, the question now arises, Are the people of the United States willing to deny themselves at least some of the many benefits now extended to them by the Federal Government? These benefits must be denied or the people must continue to furnish the money with which to pay for them. We can not have our pie and eat it, too.

REDUCTION IN SALARIES

One of the methods proposed by the Economy Committee to reduce expenditures was to make a small cut in Federal salaries. On our total Federal pay roll of $1,315,000,000 a 10 per cent reduction for the next fiscal year would mean a saving of $131,500,000. The cost of living has been reduced far more than 10 per cent in the last year. With due deference to our Federal employees, who are patriotic, it would seem that any man or woman who is fortunate enough to be on the pay roll of the Government should be willing to make some small sacrifice in this hour of the Nation's financial distress.

The Federal employee in Washington, under present statutes, gets paid for 365 days in the year while he may work only 221, counting his annual leave with pay, his sick leave, Sundays, legal and half holidays. In some field services outside of Washington the leave is less, but, taken as a whole, Federal employees as a class are the most favored workers in the United States. After all, fellow citizens, who is the Government? It is all the people, and all of us, in the last analysis, pay the bills, regardless of where or to whom the taxes are applied.

Industries, business, State, counties, municipalities, schools, and even the churches have been compelled to cut the salaries of their employees, while 2,000,000 railway employees have already accepted a 10 per cent wage reduction. Then why should not we, the employees of the Federal Government, assume our proportionate share of the burdens of government in the hour of its need?

A PATRIOTIC DUTY

Effecting economies in government is not a partisan task. It is a patriotic duty. Without regard to party lines, without any effort to claim partisan credit or evade responsibility, this tremendous problem challenges our best thought and rests not only on every Member of Congress but upon the entire citizenship of the United States. I thank you.

THE MORATORIUM

Mr. WILLIAMS of Missouri. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD by printing a radio address by my colleague, Mr. ROMJUE.

The SPEAKER. Is there objection?

There was no objection.

Mr. WILLIAMS of Missouri. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include the following address delivered over the radio by my colleague from Missouri [Mr. ROMJUE] on April 26, 1932, together with the introductory remarks:

INTRODUCTION BY THE ANNOUNCER OF RADIO STATION WJSV

To-night I am to have the pleasure of presenting to you one of our typical American citizens whose ancestory dates back in this country to the days of the Revolution, when those from whom he is directly descended helped to win our independence. In times like these we turn with special interest to the opinions of the old original stock that formed the foundation of our country.

Mr. ROMJUE has spent a great deal of time in the study of foreign affairs. He has promised to answer some of the questions that are arising in the minds of most of us as June 30 approaches. I refer, of course, to questions concerning the moratorium on foreign debts to the United States that must soon either terminate or be continued.

Ladies and gentlemen, I have the honor of presenting the Hon. M. A. ROMJUE, of Missouri.

RADIO ADDRESS OF HON. MILTON A. ROMJUE, OF MISSOURI

Mr. ROMJUE. Ladies and gentlemen of the radio audience, it gives me pleasure to attempt to answer the questions which are to be propounded to me this evening, and I shall endeavor to answer them to the best of my ability.

Question. Mr. ROMJUE, to refresh our memories, will you describe briefly what is meant by the moratorium?

Answer. At the end of the World War there was an adjustment on paper of the terms and conditions that formed the basis of settlement of obligations and liabilities existing between the nations directly involved in the war. Since that agreement to pay the indebtedness and meet the obligations in a manner stipulated, the professed attitude of the Allies has been that they are willing to pay the war debts to the United States, provided Germany would pay the reparations due the Allies. The general attitude of our own country has been that the war debts due us have no official connection with the reparations due by Germany to the Allies, that they have been contracted independent by the various countries, and that if the Allies do not pay, this burden will have to be shouldered by the American taxpayers. While legally no connection exists between the reparations and allied war debts, the two problems have in recent years been handled as one. The declaration of the moratorium by President Hoover was an indication of the connection between the reparation and war debts. The moratorium granted to the foreign governments by President Hoover for a year will expire about the last of June this year. The moratorium amounted to a postponement of the payments by the foreign governments to this country of the indebtedness due us, which they had promised to pay in installments.

Question. Do you consider that the moratorium on foreign debts has had any effect on the financial conditions of our country?

Answer. Yes; the effect has been quite the opposite to what it was represented it would be by those who favored it. It has been almost a year since the moratorium was granted, and instead of conditions improving, just the reverse has happened. England to-day has a surplus in her treasury and our country has a deficit of about $2,000,000,000. England is paying to private parties the debts she owes them, but as to our country we wait for her to pay us, meantime we tax our own people to meet our deficiency. It is a bit strange that a nation with an empty treasury should postpone payment of a debt to it by a nation which has a surplus in its treasury. France has so well managed her business affairs and given the farmers of her country the same consideration that industry has received, and her credit and stability is as good as can be found in the world; her bonds are selling at a greater premium than our own in the markets of the world, yet we granted a moratorium to France.

Question: If the moratorium were to be continued after the expiration of the year for which it was granted, what would be the effect upon the United States?

Answer. If such happened it would lead our country just that much nearer to the ultimate cancellation of debts which the foreign countries owe us. They should not be canceled, but that's the road laid out for the people to travel, even though the bitterness of a business depression is used in persuasion.

Question. If the moratorium were discontinued, is it true that we should lose more than we gain through the loss of good will?

Answer. Nations are like individuals; if you have to give them something to have their good will, you are never sure of their good will even after you have given them something; and the more you give them, unless you indefinitely continue the policy of giving, the more sure you are to have their ill will in the last analysis.

At the close of the World War Germany was obligated to pay according to the treaty made at the time. Since that time the Dawes Commission made a readjustment of the indebtedness which not only this country but Germany felt sure, so far as expressions went, that the revised amount could be paid. And again the question was raised as to Germany's inability to pay and another readjustment was had under what is known as the Young plan. It was the judgment of our country and Germany and other nations involved, that the indebtedness could be paid. Then again in due time incapacity to pay was asserted; then the granting of the moratorium, and it will continue to be inability to pay, inability to pay, inability to pay, for the purpose of getting Uncle Sam to cancel the indebtedness.

Question. Do you consider there has been any flight of capital from this country?

Answer. Yes; American capital or money in considerable quantities has been invested in foreign industry and foreign securities. The fact is that there is more American money invested in foreign territory and their foreign securities and enterprises than the entire indebtedness amounted to on the part of our own Government at the end of the World War. The investments are sufficient in amount to have entirely liquidated all the indebtedness of our own Government existing at the end of the world conflict, and enough would be left over were it in the United States Treasury to constitute a handsome surplus.

Question. What significance has this flight of capital and what are some of the causes?

Answer. It signifies that American money has been going into foreign fields and leaving the home markets, business, and industry, the owners of American capital evidently believing that a better return might be had on their investment. They have not taken into consideration that their capital was created and their vast wealth accumulated and their business developed and protected in our own country. The greater reason, however, that American capital has gone abroad in the last two or three years is due to the fact that much of our trade and our own home or domestic market have been seriously impaired, and in fact wellnigh destroyed in some particulars. And especially is this true as to the value and selling price of farm products and labor, and this policy has brought a large amount of unemployment.

Question. Do you think the present tariff law has any bearing on our trade and unemployment?

Answer. In my opinion the extraordinarily high tariff law that was passed in this country in 1929 caused many other leading nations of the world to retaliate against us, and since by our high tariff law we have prohibited them from selling or exchanging

goods or commodities with us they have raised their tariff so high that we can not sell and ship to them the products of our own farms and factories, for the reason that we are unable to pay the high tariff set up against us. Thus the country's trade has been largely destroyed and broken down, leaving in our own country many people unemployed and hungry while our granaries and stores are filled with a surplus.

This high-tariff situation has resulted in one of the greatest automobile manufacturers going to other countries increasing its output of tractors, automobiles, and automobile accessories. Paying American capital to foreign labor in foreign fields while our own American men in many instances are unemployed. For the same reason has an aluminum factory been established in Canada on American capital, operating there and paying wages to Canadian labor for work that could and should be done in our own country by American workingmen. Examples of this kind could be multiplied by the score. But what is the use of multiplying them, we have reached that period when people must suffer much before they think. We are living in the tongue age it seems, and it has been notably said, "Men have lost their reason."

Question. Mr. ROMJUE, as your time is short and you will not have time to go into detail, would you mind to state briefly what you think should be done to better our country's present condition?

Answer. The President of the United States should call a conference of representatives of the various leading nations of the world to work out a paring down of present high tariffs existing between countires, and such legislative enactments should then be recommended as to put the judgment of that conference into operation. If such were done, trade would be revived, commerce would begin to move, transportation would be enlivened, men would begin to obtain employment, Germany and other nations could exchange their commodities and sell them in the markets, and likewise our own country would be getting rid of its surplus farm and factory products. Credit would soon begin to expand, and nations that owe us could begin again to pay their obligation, and the Government would not have to be burdening the people with more taxes. Business would soon be restored to its past activity, and our country would be getting out of debt instead of in.

The hour demands another Jackson, the only President that ever got our country entirely out of debt; a Jackson of courage, a Jackson from the ranks, a fearless Jackson, one who could swear a bit if nothing else would sufficiently emphasize what had to and must be done.

We have lost our foreign markets and they must be regained. There has been a reduction in our factory output and the demand for the production of the farm has declined, since men have been unemployed; and as I said before, our factories and capital are moving to other countries to get beyond our Chinese tariff wall. Last week the representative of a British chamber of commerce came to this country to pick up American factories for England, and offering desirable sites. Think of it, my friends! American money to be used in employing British labor to reduce the unemployment in England and to help the English farmers and merchants by increasing the purchasing power of English workmen, while our own workmen remain idle.

MUSCLE SHOALS AND MEN OF MARK

Mr. McSWAIN. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD.

The SPEAKER. Is there objection?

There was no objection.

Mr. McSWAIN. Mr. Speaker, taking a retrospective view of the long years of struggle to bring about legislation on Muscle Shoals, I am forcibly reminded of several men whose work upon the Committee on Military Affairs in connection with Muscle Shoals legislation has been outstanding.

I stand with bared head and reverent heart in memory of Julius Kahn, distinguished as chairman and as legislator; of Percy E. Quin, beloved and loyal Representative and chairman of this committee; and Harry W. Wurzbach, faithful Member and prudent legislator. These good and true men have gone to their reward, but all that we hope may come in the way of blessing and betterment to at least a large part of our country through the ultimate operation of Muscle Shoals will be, in part at least, a monument to their memory.

Let me also bear testimony to the fidelity and industry of FRANK JAMES, of Michigan, in his work for Muscle Shoals. This patriot, this public servant, this friend, has through all the years since the Muscle Shoals project was inaugurated held firmly to his faith in its useful future. When others became discouraged, Mr. JAMES continued to work and to plan. When others felt disposed to give up the fight against special and selfish predatory interests, it was FRANK JAMES who rallied unselfish and patriotic men around him to continue the struggle to lease the plant for private operation upon terms that would protect the present and future generations of this Nation. FRANK JAMES mastered every detail of the intricate subject. He seems to know almost by memory tens of thousands of pages of printed hearings. Facts long since forgotten by others stand out clear in the memory of FRANK JAMES.

We believe that the bill yesterday passed by the House of Representatives, if enacted into law without serious modification, will begin the development of a great fertilizer and chemical industry at and near Muscle Shoals. By reason of the ultimate construction of Cove Creek, many other power developments will be made along the Tennessee River, and in less than 50 years that valley, so rich in mineral resources and in power possibilities, will prove to be one of the richest sections of the world.

With unrivaled climate, with the purest of water, with productive soil, and with a population of pure Anglo-Saxon strain to draw upon from the surrounding country, the Tennessee Valley holds a promise for greatness that will rival, if not surpass, any other industrial section of the world. When this comes to pass the name of FRANK JAMES should be writ large upon and last long in the hearts of a grateful people.

In this connection the work of our beloved friend and colleague, DANIEL E. GARRETT, of Texas, deserves not mere mention but highest commendation. With profound legal attainments, with unusual common sense, with unselfish devotion to national defense and the cause of agriculture, Mr. GARRETT through all the years of his membership on the Committee on Military Affairs gave his best in seeking to work out some sound and sane solution of this long-standing Muscle Shoals problem. It was highly fitting that the Speaker should call DANIEL E. GARRETT to preside as Chairman of the Committee of the Whole House on the state of the Union in the consideration of this Muscle Shoals bill, and the dignity, ability, and alertness with which he presided reflected additional credit upon his career in Congress.

Mr. Speaker, I dare not conclude this retrospect without recording my sincere appreciation of the splendid services rendered by the Hon. LISTER HILL, of Alabama. Though relatively young in years, all of his service as a Member of Congress for about 10 years has been upon the Committee on Military Affairs, and during that time first and foremost in his affection and effort has been Muscle Shoals. I testify that through all these years he has consistently stood by the high principles of national defense and the genuine relief of agriculture through the production of concentrated fertilizers at the lowest possible prices.

LISTER HILL has labored with us faithfully and enthusiastically to preserve Muscle Shoals as a great heritage of the people, as a great God-given natural resource, and to prevent it from falling into the hands of selfish and designing interests. When the present Congress convened and the Democratic Party took control of the machinery of the House of Representatives, and when untimely death robbed us of the leadership and inspiration of beloved Percy Quin, I, as his successor, appointed LISTER HILL chairman of a subcommittee of seven, consisting of four Democrats and three Republicans, to prepare, under general instructions, a bill to provide for the disposition of Muscle Shoals. The committee had already held hearings continuing through a month or more, and the subcommittee was in almost continuous session for four or five weeks.

Though I did not attend the sessions of the subcommittee and was in its presence only twice—for a few minutes each time—yet I kept closely in touch with the work going on in that subcommittee. I, therefore, know of the great tact and the splendid leadership manifested by Mr. HILL in that difficult and trying position. Naturally, there were many conflicting views as to what ought to be done and as to how it ought to be done. It was a difficult and tedious task to reconcile these views. Many times whole days would be consumed in trying to settle one single proposition. Then it would take other days to find language appropriate to express the principle already agreed upon. During these weary weeks of hard work, LISTER HILL preserved amiable patience, and displayed a spirit of conciliation that marks

him as a man of great usefulness. The debate upon the floor of the House demonstrated to all Members that LISTER HILL knows the facts concerning Muscle Shoals, the "ins and outs" of its history, the forces and influences that have heretofore prevented action, and the bill that bears his name blazes the way for the settlement of a question that the people of all sections and all parties and well-nigh all interests now demand shall be disposed of and the decks cleared for development and industrial progress, not only at Muscle Shoals but up and down the whole Tennessee Valley.

ORDER OF BUSINESS

Mr. SNELL. Mr. Speaker, I would like to ask the gentleman from Mississippi about the program to-morrow.

Mr. COLLINS. It is our thought to let the general debate run through to-morrow.

Mr. SNELL. Is the gentleman going to explain the bill or just have politics the same as we had to-day? A great many Members would like to know, because they would like to do something else if that is the program.

Mr. COLLINS. It is our thought to let general debate run through to-morrow.

Mr. SNELL. The gentleman does not expect to explain the bill himself to-morrow?

Mr. COLLINS. No.

The SPEAKER. Is there any disposition to close debate at any particular time?

Mr. SNELL. There does not seem to be.

Mr. COLLINS. Mr. Speaker, I ask unanimous consent that general debate may continue throughout to-morrow, and on Tuesday the gentleman from California [Mr. BARBOUR] may be permitted to speak on the bill, and I be permitted to explain the bill to the House.

Mr. SNELL. How long are those two speeches to be? Will they take an hour apiece?

Mr. COLLINS. It will take longer than an hour for me to explain the bill.

Mr. SNELL. Why does not the gentleman use to-morrow instead of wasting the whole day?

The SPEAKER. The gentleman from Mississippi does not make a definite request. Will it occupy more than three hours?

Mr. COLLINS. Well, Mr. Speaker, I will ask unanimous consent for three hours on Tuesday.

Mr. LUCE. Mr. Speaker, may I ask when the new rule relating to private bills will go into effect?

The SPEAKER. That is a question of recognition.

Mr. COLLINS. I will say, Mr. Speaker, that we have many requests for time, and if granted it will take longer than the working hours of to-morrow.

Mr. LAGUARDIA. Reserving the right to object, I have asked for some time, and the gentleman from California has graciously given it to me. I shall not take that time, however, if, as my colleague from New York says, we are wasting time. The President of the United States has made a statement to the country. It seems to me that Members of the House who have taken an active part in legislation at which the President slurs ought to have an opportunity of replying by giving facts and figures without being referred to as wasting the time of the House, and I resent that insinuation by the gentleman from New York [Mr. SNELL]. And I might say in passing that perhaps if the gentleman from New York had informed the President of the real conditions in this House, the President would perhaps have known that there was no need or justification for that message.

Mr. SNELL. I thank the gentleman.

The SPEAKER. The gentleman from Mississippi asks unanimous consent that general debate on the Army appropriation bill continue through to-morrow and for three hours on Tuesday, to be equally divided between himself and the gentleman from California. Is there objection?

Mr. GOSS. Mr. Speaker, reserving the right to object, are the gentleman from Mississippi [Mr. COLLINS] and the gentleman from California [Mr. BARBOUR] to be the only two gentlemen who will speak on the merits of the legislation?

The SPEAKER. Gentlemen getting the floor in general debate control their own remarks. Is there objection?

There was no objection.

ADJOURNMENT

Mr. COLLINS. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; and accordingly (at 5 o'clock and 28 minutes p. m.) the House adjourned until to-morrow, Saturday, May 7, 1932, at 12 o'clock noon.

EXECUTIVE COMMUNICATIONS, ETC.

552. Under clause 2 of Rule XXIV, a letter from the Secretary of War transmitting a report dated May 4, 1932, from the Chief of Engineers, United States Army, on preliminary examination and survey of old channel of the River Rouge, Mich., was taken from the Speaker's table and referred to the Committee on Rivers and Harbors.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of Rule XIII,

Mr. PALMISANO: Committee on the District of Columbia. H. R. 8627. A bill to amend an act of Congress approved June 18, 1898, entitled "An act to regulate plumbing and gas fitting in the District of Columbia"; with amendment (Rept. No. 1217). Referred to the Committee of the Whole House on the state of the Union.

Mr. ROGERS: Committee on Military Affairs. H. R. 11174. A bill to restore to their former retired status in the Regular Army of the United States persons who resigned such status to accept the benefits of the act of May 24, 1928 (45 Stat. 735), and for other purposes; without amendment (Rept. No. 1225). Referred to the Committee of the Whole House.

REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS

Under clause 2 of Rule XIII,

Mr. ROGERS: Committee on Military Affairs. H. R. 1579. A bill for the relief of Orville E. Clark; without amendment (Rept. No. 1218). Referred to the Committee of the Whole House.

Mr. PARKER of Georgia: Committee on Military Affairs. H. R. 1617. A bill for the relief of John S. Abbott; with amendment (Rept. No. 1219). Referred to the Committee of the Whole House.

Mr. ROGERS: Committee on Military Affairs. H. R. 2246. A bill for the relief of John G. Dwyer; without amendment (Rept. No. 1220). Referred to the Committee of the Whole House.

Mr. PARKER of Georgia: Committee on Military Affairs. H. R. 2803. A bill for the relief of John S. Stotts, deceased; with amendment (Rept. No. 1221). Referred to the Committee of the Whole House.

Mr. MONTET: Committee on Military Affairs. H. R. 3459. A bill for the relief of Leonard Theodore Boice; without amendment (Rept. No. 1222). Referred to the Committee of the Whole House.

Mr. MONTET: Committee on Military Affairs. H. R. 4395. A bill for the relief of Harry C. Anderson; with amendment (Rept. No. 1223). Referred to the Committee of the Whole House.

Mr. FITZPATRICK: Committee on Military Affairs. H. R. 10070. A bill for the relief of Beryl M. McHam; without amendment (Rept. No. 1224). Referred to the Committee of the Whole House.

Mr. PARKER of Georgia: Committee on Military Affairs. H. J. Res. 223. A joint resolution granting permission to Lieut. Col. Dan I. Sultan, Corps of Engineers, United States Army, to accept decorations and medals bestowed upon him by the Government of the Republic of Nicaragua; without amendment (Rept. No. 1226). Referred to the Committee of the Whole House.

Mr. PARKER of Georgia: Committee on Military Affairs. H. J. Res. 224. A joint resolution granting permission to First Lieut. Leslie R. Groves, jr., Corps of Engineers, United

States Army, to accept certain medals bestowed upon him by the Government of the Republic of Nicaragua; without amendment (Rept. No. 1227). Referred to the Committee of the Whole House.

Mr. PARKER of Georgia: Committee on Military Affairs. H. J. Res. 225. A joint resolution granting permission to Paul R. Hawley, major, Medical Corps, United States Army, to accept certain medals bestowed upon him by the Government of the Republic of Nicaragua; without amendment (Rept. No. 1228). Referred to the Committee of the Whole House.

Mr. THOMASON: Committee on Military Affairs. S. 4235. An act to aid the Grand Army of the Republic in its Memorial Day services, May 30, 1932; without amendment (Rept. No. 1229). Referred to the Committee of the Whole House.

Mr. MONTET: Committee on Military Affairs. H. R. 817. A bill for the relief of Irving Lindsay Leafe; with amendment (Rept. No. 1230). Referred to the Committee of the Whole House.

Mr. BLACK: Committee on Claims. H. R. 919. A bill for the relief of Charles J. Eisenhauer; with amendment (Rept. No. 1231). Referred to the Committee of the Whole House.

Mr. BLACK: Committee on Claims. H. R. 10101. A bill for the relief of Don C. Fees; without amendment (Rept. No. 1232). Referred to the Committee of the Whole House.

Mr. THOMASON: Committee on Military Affairs. S. 1975. An act to amend an act entitled "An act to recognize the high public service rendered by Maj. Walter Reed and those associated with him in the discovery of the cause and means of transmission of yellow fever," approved February 28, 1929, as amended, by including Roger P. Ames among those honored by said act; without amendment (Rept. No. 1233). Referred to the Committee of the Whole House.

Mr. PARKER of Georgia: Committee on Military Affairs. H. R. 4109. A bill for the relief of Abram L. Gerson (Abe A. Gerson); with amendment (Rept. No. 1234). Referred to the Committee of the Whole House.

Mr. ENGLEBRIGHT: Committee on the Public Lands: H. R. 637. A bill to relinquish the title of the United States to certain lands in the county of Los Angeles, State of California; without amendment (Rept. No. 1235). Referred to the Committee of the Whole House.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of Rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. HOWARD: A bill (H. R. 11922) to authorize the Secretary of the Interior to make payment of part of the expense incurred in securing improvements in drainage project of drainage district No. 1, Richardson County, Nebr., and for other purposes; to the Committee on Indian Affairs.

By Mr. KNUTSON: A bill (H. R. 11923) to cancel all interest charges upon loans made upon adjusted-service certificates and for other purposes; to the Committee on Ways and Means.

My Mr. DIES: A bill (H. R. 11924) to provide for the exclusion and expulsion of alien communists; to the Committee on Immigration and Naturalization.

By Mr. GARBER: A bill (H. R. 11925) conferring jurisdiction on the Court of Claims to adjudicate the rights of the Otoe and Missouria Tribes of Indians to compensation on a basis of guardian and ward; to the Committee on Indian Affairs.

By Mr. LEWIS: A bill (H. R. 11926) to provide for cooperation by the Federal Government with the several States in assisting persons, including veterans of the World War, who are suffering from hardship caused by unemployment, and for other purposes; to the Committee on Ways and Means.

By Mr. KURTZ: A bill (H. R. 11927) to authorize the erection of a United States Veterans' Administration hospital in the county of Blair, Centre, Clearfield, or Cambria, State of Pennsylvania; to the Committee on World War Veterans' Legislation.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of Rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. COLE of Maryland: A bill (H. R. 11928) for the relief of Carl F. Meinecke; to the Committee on Military Affairs.

By Mr. GREENWOOD: A bill (H. R. 11929) granting a pension to Anna Fletcher; to the Committee on Invalid Pensions.

By Mr. HADLEY: A bill (H. R. 11930) to provide a preliminary examination of the Green River, Wash., with a view to the control of its floods; to the Committee on Flood Control.

By Mr. HANCOCK of New York: A bill (H. R. 11931) granting an increase of pension to Bridget Haley; to the Committee on Invalid Pensions.

Also, a bill (H. R. 11932) granting an increase of pension to Jennie V. Myers; to the Committee on Invalid Pensions.

Also, a bill (H. R. 11933) granting an increase of pension to Catherine B. McCarthy; to the Committee on Invalid Pensions.

By Mr. LINTHICUM: A bill (H. R. 11934) granting a pension to Lydia E. Boehmer; to the Committee on Pensions.

By Mr. MAY: A bill (H. R. 11935) granting a pension to William Patrick; to the Committee on Pensions.

By Mr. NORTON: A bill (H. R. 11936) granting a pension to Benjamin C. Reeve; to the Committee on Pensions.

By Mr. PARSONS: A bill (H. R. 11937) granting an increase of pension to Nancy Fopay; to the Committee on Invalid Pensions.

By Mr. PRALL: A bill (H. R. 11938) providing for an examination and survey of New York and New Jersey Channels, N. Y. and N. J.; to the Committee on Rivers and Harbors.

By Mr. Reid of Illinois: A bill (H. R. 11939) to renew and extend certain letters patent to Charles Douglas Caughron; to the Committee on Patents.

By Mr. TAYLOR of Tennessee: A bill (H. R. 11940) granting a pension to James G. Elza; to the Committee on Pensions.

By Mr. THOMASON: A bill (H. R. 11941) for the relief of A. C. Francis; to the Committee on Claims.

PETITIONS, ETC.

Under clause 1 of Rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

7565. By Mr. CHRISTGAU: Resolution adopted by the Albert Lea Chapter of Future Farmers of America, Albert Lea., Minn., urging the continuance of the Federal appropriation for maintaining the program of vocational education in the United States; to the Committee on Appropriations.

7566. Also, resolution adopted by the Caledonia Post, No. 1757, Veterans of Foreign Wars of the United States, Caledonia, Minn., urging that favorable action be taken on the measure providing for the immediate cash payment of the adjusted-compensation certificates; to the Committee on Ways and Means.

7567. Also, petition adopted by the members of the Wabasha Post, No. 50, American Legion, Wabasha, Minn., urging that favorable action be taken on the measure providing for the immediate cash payment of the adjusted-compensation certificates; to the Committee on Ways and Means.

7568. Also, resolution adopted by members of the Wells Peterson Post, No. 384, of American Legion, Dodge Center, Minn., at a meeting held on February 18, 1932, urging that favorable action be taken on the measure providing for the immediate cash payment of the adjusted-compensation certificates; to the Committee on Ways and Means.

7569. Also, petition signed by members of the Wells-Peterson Post, No. 384, Dodge Center, Minn., urging that favorable action be taken on the measure providing for the immediate cash payment of the adjusted-compensation certificates; to the Committee on Ways and Means.

7570. Also, resolution adopted by the Hugh Watson Post, No. 190, American Legion, St. Charles, Minn., at its regular meeting on March 30, 1932, urging that favorable action be taken on the measure providing for the immediate cash payment of the adjusted-compensation certificates; to the Committee on Ways and Means.

7571. Also, resolution adopted by the Leon J. Weitzel Post, No. 9, Department of Minnesota, American Legion, Winona, Minn., urging that favorable action be taken on the measure providing for the immediate cash payment of the adjusted-compensation certificates; to the Committee on Ways and Means.

7572. Also, petition signed by various members of the Langemo Post, No. 295, American Legion, West Concord, Minn., urging that favorable action be taken on the measure providing for the immediate cash payment of the adjusted-compensation certificates; to the Committee on Ways and Means.

7573. Also, petition signed by various members of the American Legion Post, No. 90, Lewiston, Minn., urging that favorable action be taken on the measure providing for the immediate cash payment of the adjusted-compensation certificates; to the Committee on Ways and Means.

7574. Also, resolution adopted by members of the Arnt Dyrdahl Post, No. 249, American Legion, Spring Grove, Minn., urging that favorable action be taken on the proposal providing for the immediate payment in full of the adjusted-compensation certificates; to the Committee on Ways and Means.

7575. Also, petition signed by various members of the Arnet Sheldon Post, No. 423, American Legion, Department of Minnesota, Houston, Minn., urging that favorable action be taken on the measure providing for the immediate cash payment of the adjusted-compensation certificates; to the Committee on Ways and Means.

7576. By Mr. CULLEN: Petition of the Joshua Earl Sipes Post, No. 505, American Legion, Curwensville, Pa., urging the Congress to favor the immediate passage of the cash payment of the adjusted-compensation certificates; to the Committee on Ways and Means.

7577. By Mr. ENGLEBRIGHT: Petition of Hon. George J. Hatfield, secretary-general Republican Service League of California, opposing Senate bill 3769; to the Committee on Military Affairs.

7578. By Mr. JAMES: Telegram from James A. Byrne, commander Upper Peninsula Association of American Legion Posts of Sault Ste. Marie, Mich., opposing contemplated elimination of 2,000 Army officers, Reserve Officers' Training Corps, and citizens' military training camps from Army appropriation bill now before the House; to the Committee on Appropriations.

7579. Also, telegram from Mrs. Irving Field, legislative chairman American Legion Auxiliary, Department of Michigan, Crystal Falls, Mich., protesting curtailment of funds for elimination of citizens' military training camps and Reserve Officers' Training Corps; to the Committee on Appropriations.

7580. By Mr. LINDSAY: Petition of Ryder & Brown Co., Boston, Mass., referring to wool and mohair; to the Committee on Ways and Means.

7581. Also, petition of Joshua Earl Sipes Post, No. 505, Curwensville, Pa., favoring the cash payments of the adjusted-service certificates; to the Committee on Ways and Means.

7582. Also, petition of the American Bankers Association, New York City, favoring certain amendments to the Glass bill, S. 4412; to the Committee on Banking and Currency.

7583. Also, petition of the National Economy Committee, New York City, favoring drastic reductions in appropriations for non-service-connected disabilities; to the Committee on Appropriations.

7584. By Mr. McCORMACK: Petition of Yankee Division Post, No. 290, the American Legion, 200 Huntington Avenue, Boston, Mass., H. Guy Watts, adjutant, unanimously recommending enactment of legislation for the immediate payment of the remainder of the adjusted-compensation certificates; to the Committee on Ways and Means.

7585. By Mr. NIEDRINGHAUS: Petition of 36 citizens of St. Louis, urging immediate cash payment of adjusted-service certificates; to the Committee on Ways and Means.

7586. By Mr. RUDD: Petition of the National Economy Committee, favoring immediate drastic reduction of appropriations for veterans with non-service-connected disabilities; to the Committee on Appropriations.

7587. Also, petition of Joshua Earl Sipes Post, No. 505, Curwensville, Pa., favoring the immediate cash payment of the adjusted-compensation certificates; to the Committee on Ways and Means.

7588. Also, petition of Chamber of Commerce of the Borough of Queens, city of New York, opposing the payment of the so-called soldiers' bonus; to the Committee on the Judiciary.

7589. Also, petition of National Wholesale Food Distributors' Association, New York City, opposing House bills 8874, 8875, and 10674; to the Committee on Merchant Marine, Radio, and Fisheries.

7590. Also, petition of Raisler Heating Co., New York City, favoring the passage of House bill 9975 and Senate bill 4342; to the Committee on Public Buildings and Grounds.

7591. Also, petition of the American Bankers' Association, New York City, approving certain amendments to the Glass bill, S. 4412; to the Committee on Banking and Currency.

7592. Also, petition of R. E. Earnest, president Association Army Employees, Governors Island, N. Y., opposing the elimination of the citizens' military training camps; to the Committee on Appropriations.

7593. Also, petition of Ryder & Brown Co., Boston, Mass., referring to wool and mohair; to the Committee on Ways and Means.

HOUSE OF REPRESENTATIVES

SATURDAY, MAY 7, 1932

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

We pray Thee, our Father in Heaven, that we may always abound in understanding, in wisdom, and in achievements for the stability of the Republic. It is thus that the fruits of the industries of life are wrought out which abide in success and satisfaction. For these we lift our heart and voice to Thee, O God. Direct all the labors contemplated by this Congress. Vouchsafe Thy special presence in the deliberations of all committees. Withhold not Thy counsel, O God. In Thee we live and move and have our being, and from Thee let the inspiration flow. Keep us steadfast, unmovable, always abounding in the work of the Lord. Through patience may we endure and enter into that fellowship which is beyond all other blessings, even as the flower transcends the leaf. In the name of our Savior. Amen.

The Journal of the proceedings of yesterday was read and approved.

MESSAGE FROM THE SENATE

A message from the Senate by Mr. Craven, its principal clerk, announced that the Senate had passed a bill of the following title, in which the concurrence of the House is requested:

S. 51. An act to authorize the building up of the United States Navy to the strength permitted by the Washington and London naval treaties.

SENATE ENROLLED BILL SIGNED

The SPEAKER announced his signature to an enrolled bill of the Senate of the following title:

S. 283. An act to provide for conveyance of a certain strip of land on Fenwick Island, Sussex County, State of Delaware, for roadway purposes.

CONSTRUING SECTION 503 (B), TARIFF ACT 1930

Mr. CRISP. Mr. Speaker, I ask unanimous consent for the present consideration of an emergency United States Government resolution (H. J. Res. 336) construing section 503 (d) of the tariff act of 1930. This joint resolution has

the unanimous support of the Committee on Ways and Means. I do not think it will require 10 minutes.

Mr. SNELL. Reserving the right to object, what does the joint resolution deal with?

Mr. CRISP. Under a decision of the United States Court of Customs and Patent Appeals, recently rendered in the Friedlaender case, whenever goods are entered into the United States, and the United States Government and the importer differ as to the appraised value and an appeal is taken, under a construction of provision 503 of the tariff act the court has held that all future entries of similar goods can not be delivered, but must be held in the customhouse awaiting final decision on the test case. Sometimes it will be one or two years before the goods are delivered.

Mr. SNELL. And this will help get some money into the Treasury?

Mr. CRISP. Yes, it will; and it saves the Government the expense of holding all of these packages. The Government will lose nothing, for future importers must give a bond to pay the duty on goods imported.

The Treasury is very much interested in it, and the business world is interested in it, and it is an emergency proposition.

The SPEAKER. The Clerk will report the joint resolution.

The Clerk read as follows:

House Joint Resolution 336

Resolved, etc., That it was and is the true intent and meaning of section 503 (b) of the act entitled "An act to provide revenue, to regulate commerce with foreign countries, to encourage the industries of the United States, to protect American labor, and for other purposes," approved June 17, 1930, that imported merchandise entered in accordance with the provisions of said section 503 (b) shall be appraised and reappraised in the same manner as though the merchandise was not so entered; that the appraisement and reappraisement of such merchandise shall have the same force and effect as in the case of merchandise not so entered; and that entries covered by certification of the importer as provided in said section 503 (b) shall be liquidated in accordance with the final appraised value of the merchandise covered by such certificates.

The SPEAKER. Is there objection?

There was no objection.

The joint resolution was ordered to be engrossed and read a third time, was read the third time, and passed.

A motion to reconsider was laid on the table.

Mr. CRISP. Mr. Speaker, I ask unanimous consent to insert in the RECORD at this point the report which contains a letter of the Secretary of the Treasury in explanation.

The SPEAKER. Is there objection to the request of the gentleman from Georgia?

There was no objection.

The report is as follows:

[House of Representatives, Rept. No. 1216, 72d Cong., 1st sess.]

Construing section 503 (b) of the tariff act of 1930

Mr. CRISP, from the Committee on Ways and Means, submitted the following report to accompany H. J. Res. 336:

The Committee on Ways and Means, to whom was referred the resolution (H. J. Res. 336) construing section 503 (b) of the tariff act of 1930, having had the same under consideration, report it back to the House without amendment, and recommend that the resolution do pass.

The purpose of this legislation is fully set forth in the following letter from the Secretary of the Treasury:

THE SECRETARY OF THE TREASURY,
Washington, March 15, 1932.

Hon. CHARLES R. CRISP,
Acting Chairman Ways and Means Committee,
House of Representatives, Washington, D. C.

MY DEAR MR. CHAIRMAN: I wish most respectfully to call your attention to a serious situation affecting the administration of the revenue laws which seems to require remedial action by the Congress.

Under the tariff administrative laws the importer is required to declare in the entry the proper value of his merchandise, under pain of having additional duties imposed if the value declared is too low. The declared value is not binding upon the Government, but, except as provided in section 503 (b) of the tariff act of 1930, and similar provisions in previous acts, it is binding upon the importer. Section 503 (b) permits an importer who has an appeal to reappraisement pending to enter subsequent shipments under certificate at the value found by the appraiser in the appeal case, thereby avoiding the possibility of additional duties if the appraiser is sustained on final reappraisement and at the same time escaping the binding force of his entered value if the importer's contention in the appeal case is sustained.

In a recent decision of the United States Court of Customs and Patent Appeals, in the case of Friedlaender Co. *v.* The United States (not yet published), it was held that the appraiser must suspend appraisement of merchandise covered by entries made under certificate until the appeal in the so-called "test" case is finally decided, and that any appraisement of the merchandise prior to that time is illegal and void.

The principal result of this decision will be that the packages designated for examination by the appraiser, which may amount to 10 per cent or more, can not be released until the final decision in the test case, inasmuch as section 499 of the tariff act provides that imported merchandise shall not be delivered until it has been examined and appraised.

The attention of the court was invited to the fact that a ruling such as made by it would render the statute impracticable of administration and would cause endless delay in the release of examination packages and, no doubt, would necessitate the leasing of additional storage space and the payment of storage charges by the Government. The court, however, stated that:

"It is argued here, with much vigor, that to hold duress entries in abeyance until the test cases referred to have been decided will entail upon the Government the burden of keeping in the appraisers' stores at the ports, for long periods, the packages forwarded for examination; that frequently long periods elapse before the test case or cases are decided; that such a holding prevents the importer, for long periods, from obtaining his said examination packages.

"These are not matters which we may remedy here. The remedy, if any is needed, lies with the legislative and not with the judicial department of the Government. If delays exist in the trial of duress cases, extending into years, as detailed by affiants Thomas and Thurston, and as insisted upon by counsel for the Government, this is an unfortunate condition and one that should enlist legislative assistance. This court, however, is concerned alone in attempting to properly construe the laws which Congress has enacted, so that their provisions may be effective if possible."

In view of all the circumstances, it is believed that the appropriate remedy is a legislative construction of section 503 (b) which will render it workable and obviate the difficulties heretofore enumerated. It is also believed that such legislative construction should take the form of a joint resolution rather than an amendment to the law. A joint resolution has, therefore, been prepared, the text of which is as follows:

"Joint resolution construing section 503 (b) of the tariff act of 1930

"*Resolved by the Senate and House of Representatives of the United States of America in Congress assembled*, That it was and is the true intent and meaning of section 503 (b) of the act entitled 'An act to provide revenue, to regulate commerce with foreign countries, to encourage the industries of the United States, to protect American labor, and for other purposes,' approved June 17, 1930, that imported merchandise entered in accordance with the provisions of said section 503 (b) shall be appraised and reappraised in the same manner as though the merchandise was not so entered; that the appraisement and reappraisement of such merchandise shall have the same force and effect as in the case of merchandise not so entered; and that entries covered by certification of the importer as provided in said section 503 (b) shall be liquidated in accordance with the final appraised value of the merchandise covered by such certificates."

The construction placed upon the law by this proposed resolution is in accord with the department's view as to the intent of the Congress in enacting section 503 (b) and with the practice which has been followed by it since this legislation was first adopted in the act of 1913.

In view of the importance of this matter, I suggest that, if it may be consistently done, the proposed joint resolution be given immediate consideration and be passed without delay. If you desire any further information or explanation, I shall be glad to designate an official of the department to confer with you.

A copy of this letter has been sent to the Hon. REED SMOOT, chairman Committee on Finance, United States Senate.

Very truly yours,

OGDEN L. MILLS,
Secretary of the Treasury.

Section 503 (b) of the tariff act of 1930 is as follows:

"Entries pending reappraisement: If the importer certifies at the time of entry that he has entered merchandise at a value higher than the value as defined in this act because of advances by the appraiser in similar cases then pending on appeal for reappraisement or rereappraisement, and if the importer's contention in such pending cases shall subsequently be sustained, wholly or in part, by a final decision on reappraisement or rereappraisement, and if it shall appear that such action of the importer or entry was taken in good faith, the collector shall liquidate the entry in accordance with the final appraisement."

WAR DEPARTMENT APPROPRIATION BILL

Mr. WRIGHT. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill (H. R. 11897), making appropriations for the military and

nonmilitary activities of the War Department for the fiscal year ending June 30, 1933, and for other purposes.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill (H. R. 11897), with Mr. LANHAM in the chair.

The Clerk read the title of the bill.

Mr. JAMES. Mr. Chairman, I ask unanimous consent to extend my remarks on the subject of national defense.

The CHAIRMAN. Is there objection to the request of the gentleman from Michigan?

There was no objection.

THE IMPORTANCE OF COPPER TO NATIONAL DEFENSE

Mr. JAMES. Mr. Speaker, copper is of importance in military activities because of its direct use in the manufacture of munitions, equipment, and military articles and its indirect use in the manufacture of generators, motors, steam power plants, engines, telephone, telegraph, and many similar commercial articles which are of extreme importance in war time in connection with the manufacture of the military requirements. The fact that practically 90 per cent of the copper output of the United States was used for both direct and indirect military purposes during the World War indicates better than anything else the intimate connection between an available supply of this material and the execution of a military munitions program.

The various items of equipment and supply for the Army require the use of copper or copper alloys in many ways and for many reasons. The qualities of the metal and its alloys which have led to its adoption are the combination of ability to resist corrosion, the easy working by machining, deep drawing, moderate strength, ductility, low electric resistance, and others.

The use of copper or brass in soldiers' equipment, clothing, and gas masks has been dictated by the noncorrosive qualities as compared with steel. In ordnance it is its easy machinability, its deep-drawing qualities, its noncorrosive qualities as compared with steel or iron, and its ductility which require its use in cartridge cases to prevent escape of powder gases to the rear, combined with sufficient strength to hold those gases without rupture and to hold the bullet or projectile in a single unit to form the complete round for the rifle, machine gun, and field gun. Its ductility in the case of bullet jackets and projectile rotating bands permits the generation of the rotary motion essential to stability and accuracy. In aircraft and automotive engines the quality of noncorrosiveness is paramount in its use in such parts as fuel lines and radiators. In electrical apparatus, transmission, and communication lines the low electrical-resistance property is the one which had dictated its use. In all types of mechanical devices an alloy for use as a bearing or bushing is needed to prevent damage which would result from steel bearing on steel.

The ability to draw copper alloy into thin tubes or to make thin wall castings makes its use highly desirable for this purpose. The use of any substitute is usually attended by a sacrifice of service, strength, ability to produce in quantity, higher cost, or some other equally potent objection. In most cases because of the fact that it has been selected for its various uses as a result of test and experience, substitution would be attended by a loss of efficiency, increase in weight or bulk, and in extreme cases by the possibility of absolute failure. The necessity for making any such change in time of an emergency should be prevented because of the interference with efficient production possibilities that would be caused by making changes and using materials that had not been tried out in practice.

Any situation which will reduce the copper-producing industry of this country to a position where it is unable to supply normal consumption, with a possibility of sufficient expansion to meet the increased demands of an emergency, will add to the difficulties of adequate preparation for national defense. How serious such a situation might prove to be can not be foretold, but it is conceivable that it might place the country in a very difficult position until idle mines could be put into operation and plants rehabilitated. All of this, of course, would mean serious delay and tremendous expense.

Meanwhile the country would have to depend upon stocks on hand, the output of operating plants, and in extremity the gathering of copper and copper alloys from such sources as statues, bells, decorative portions of buildings, roofing, household utensils, and similar sources. This is well illustrated by the following quotation from the Strategy of Minerals, by Smith, which reads as follows:

> The preservation of copper and its conversion to other uses is well illustrated in the Central Empires, where the supply of new copper was very deficient during the war and the deficiency had to be met by taking copper previously in use. Thus roofs were stripped of their copper sheathing, and brass hinges, door trimmings, and other brass, bronze, and copper articles, much used by the Germans and Belgians in building, gave place to substitutes. Some of the copper employed in the telephone, telegraph, electrical, and transportation industries was replaced by substitutes and went into munitions. Articles of sentimental as well as of practical value were sacrificed, such as the household utensils of copper and brass that are so generally used in Germany, many of them highly prized as family heirlooms. Bells of churches and cathedrals in Belgium and northern France, as well as those in the Central Empires, which had summoned generation after generation to worship, were melted to supply the demands of war. It is reported that the monument which for three generations marked the place where the ambitions of Napoleon were shattered on the field of Waterloo was melted down for the copper derived from the French cannon of which it was made, which was thus again used for military purposes.

Any severe restriction on normal uses would, however, have far-reaching consequences in industrial enterprises. There would be need of much redesign of product where substitutions are required with consequent interference with industrial output and the furnishing for commercial use of inferior material.

It is possible that many contemplated uses of copper and copper products can be replaced without material loss of efficiency. Others are absolutely essential and must be provided. Therefore, an operating copper industry producing the major portion of the country's normal needs from domestic materials is one of the greatest aids to national defense. It has been said with correctness that copper is second only to steel as a basic metal required for war. This might be extended so as to list the most essential metals for war as steel, copper, zinc, and lead, of importance in the order named.

The principal ordnance use of copper and copper products is in the manufacture of ammunition. All ordnance design is based on a plentiful supply of steel and copper. These two metals may justly be termed the foundations upon which the ability of the Nation to make war is built. The availability of a supply from domestic sources has been the reason for present developments of war-making materials. Should the supply of copper from domestic sources ever become materially less than the normal peace-time consumption a great change in ordnance design must result.

The rifle of the infantry soldier, the machine gun and automatic rifle which he uses to deliver concentrations of fire impossible to effect from the slow-firing rifle of the individual soldier, the light artillery which supports him in offense and defense, the heavier artillery used for the destruction of enemy guns and longer range fire on roads, railroads, troop concentrations in back areas, ammunition dumps, and all the other important targets located at long distances behind the fighting fronts would all be useless without the ammunition. In fact, the artilleryman deems that his principal weapon is not the gun but the ammunition.

Some of the most essential parts of ammunition are made from copper or alloys consisting largely of copper.

The jacket of the small-arms bullet is of gilding metal, 90 per cent copper. This jacket is essential to contain the lead or steel core and must be a soft metal capable of taking the rifling and yet be stronger than the lead core which by itself would become so deformed in the high-powered rifle or machine gun as to be useless as an accurate projectile. No other metal than a copper base metal can serve this

purpose. The cartridge case which holds the propelling charge is of brass composed of about 70 per cent copper. No other alloy or metal so cheap or so available in quantities required possesses the strength, the ability to be drawn to the required shape, and the ability to be crimped to the bullet as brass or some other alloy consisting largely of copper. The primer which holds the igniting charge must be made of copper or a copper alloy. It is true that other metals or alloys could be used, but none would possess the qualities of cheapness, ease of manufacture, ability to be produced in the quantities required, and the satisfactoriness of performance.

In artillery ammunition the brass cartridge case and the primer fulfill the same functions as in the small-arms ammunition. The projectile is given its rotary movement by means of a copper, cupro nickel, or gilding metal band forced into a groove near the base of the projectile. The band, made larger than the bore of the gun, is forced into the spiral grooves of the rifling and gives the projectile a rotation about its axis as it passes down the bore. Point fuses are largely of brass or other copper alloy. No other metal is so satisfactory for the combination of cheapness, strength, and ease of manufacture.

The ordnance ammunition program contemplates the use of approximately three-fourths of the War Department's requirements. A prospect of any lack of adequate supplies of copper will involve a research program to determine usable substitutes and a probability that the quality of our munitions will suffer greatly as a result of substitution. The production of these substitutes would involve a large expenditure of money, power, and labor, an interference with production of needed supplies, and the necessity of using inferior munitions, which in a major emergency may be serious enough to mean the difference between success and failure.

CORPS OF ENGINEERS

Copper and its alloys are also of vital importance to the munitions program of the Corps of Engineers. The majority of the items making up the requirements of this corps are of a commercial nature and require copper because of its outstanding qualifications for the uses to which it is put The low electrical resistance of copper combined with its cheapness have always made it the ideal metal for use in the transmission of electric current and in the construction of electrical generating machinery. A sufficient supply for these purposes is of vital importance. A list of articles used by the Corps of Engineers requiring the use of copper is as follows:

Searchlights; generators; motors; wire and cable; fuses, electric; transformers; switches, electric; electric lights and accessories; miscellaneous electrical appliances; demolition equipment; locomotives; cars, railroad; map-reproduction equipment; drawing instruments; surveying instruments; brasses, car and journal; boilers; engines, gas, oil, and steam; construction plant; cranes and hoists; machine tools and machine-shop equipment; pumps; valves and pipe fittings.

SIGNAL CORPS

In considering the military importance of any raw material one instinctively thinks in terms of the quantity required. To the Signal Corps, however, the importance of copper is not measured in terms of quantity alone, although the estimated requirements disclose figures of impressive size; its importance is that of the entire system of military communications—for without copper electrical communications would not exist.

Of the twenty thousand and odd items of Signal Corps equipment and supplies, copper forms an essential component of over 95 per cent. From the humble dry battery to the superpowerful radio transmitter, copper plays its indispensable rôle in military communications.

Let us as an illustration consider a single item of supply, twisted pair, field telephone wire, known to the service as wire, type W–110. This wire consists of 2 stranded conductors, each consisting of 5 steel and 2 copper strands—a simple description of no particular significance. But let us see what it means in terms of a major military effort. First of all, we see that our estimate of requirements for such an effort calls for over 80,000 miles of field wire in the first 30 days of war and for a war of 2 years' duration this figure grows to over 800,000 miles. In terms of copper, this means that in the space of 2 years, for this one item alone, 10,500,000 pounds of copper must be rolled and drawn into over 3,500,000 miles of wire—over fourteen times the distance from the earth to the moon.

But this figure, impressive though it be, represents only approximately one-sixth of the total copper needed for communications in war, and so far there has been discovered no substitute.

A few years ago we were assured from every billboard, every newspaper, and every theater screen that "Food will win the war." It is perhaps too much to say that "copper will win a war," but we can say without fear of contradiction, that even though copper may not win a war, the lack of copper will most certainly lose it.

The most important items of Signal Corps equipment requiring copper in their manufacture are wire; telephone and telegraph equipment; dry batteries; radio equipment; cable; battery-charging set, ¾-kilowatt, with gas engine; meteorological items; range-finding equipment; and photographic items.

AIR CORPS

A large number of important articles used by the Air Corps require a plentiful supply of copper. Copper sheet is used in aircraft radiators for shims, washers, and sheathing. Wire is employed for electrical purposes. Tubing is found in radiators, and in oil, water, gasoline, and oxygen line connections. In bronze alloys it is used for landing-gear and tail-skid fittings, caps, brackets, and so forth. It is particularly useful in this form in turnbuckles because of its resistance to corrosion, excellent machinability, and tensile strength. In red brass it is used for carburetors and oil-line fittings. In gun metal, copper alloyed with tin and zinc, it is an important bearing material and finds application in airplane wheel bushings and in general for bearings closely fitted and run against hardened and ground steel surfaces.

As phosphor bronze it is also important as a bearing alloy. Alloyed with nickel, iron, and aluminum it is used in aircraft parts requiring extreme hardness and resistance to wear such as valve seats. The use of copper and its alloys is so intimately connected with the design of the equipment in which it is used that a supply of copper must be available for this use to avoid interference of the most serious kind with the manufacture of this equipment. It would not be possible to determine the practicability of using other metals as substitutes without a vast amount of expensive research work and the probability of successful substitution is very doubtful to say the least.

The most important articles of Air Corps equipment requiring copper or its alloys in their manufacture are:

Airplanes, aircraft engines, airships, balloons, engines, generators, airplane wheels, bomb racks, bomb sight, bomb shackle, engine controls, radiator filler unit, protographic truck, all electrical connections, photographic developing and printing apparatus, fuel pumps, fuel fittings, landing light, mooring mast, gasoline tank truck.

MEDICAL CORPS

The Medical Corps of the Army uses approximately 125 items which require copper in their manufacture. Some of the more important articles are:

X-ray field unit; X-ray field unit and X-ray machine complete; copper condensers; X-ray machines of various types, such as bedside, dental, and so forth; water bath for large variety of purposes, such as inflammable liquids, inoculations, serological, and so forth; ovens, pathological and drying; distillery apparatus.

QUARTERMASTER CORPS

A large quantity of copper is used in a great variety of articles of military equipment furnished to the soldier by the Quartermaster Corps.

Some of these articles are:

Uniforms, gloves, raincoats, shoes, bandoleers, cartridge belts, canteens, pack carriers, cups, forks, haversacks, meat cans, and water bags.

The indirect relation of copper to a munitions program is of equal importance to the direct one. Commercially, copper is employed in a vast number of ways, especially in the electrical and allied industries, where its high conductivity renders it of greatest value. Its corrosion-resisting property also accounts for its use in boiler and condenser apparatus. The close connection between the need for equipment of this type and the expansion of facilities to meet the increased needs of a military program in war time hardly needs explanation. In fact, there are few, if any, peacetime uses that would not be essential in the indirect activities connected with manufacturing military needs in time of war.

All of the military needs are also essential for naval activities. Here again the corrosion-resisting property of copper and its alloys, combined with strength and toughness, makes it indispensable for use in the manufacture of such items as marine engines, pumps, rams, boiler and condenser tubes, and marine propellers.

Mr. WRIGHT. Mr. Chairman, I yield 10 minutes to the gentleman from Alabama [Mr. BANKHEAD].

Mr. BANKHEAD. Mr. Chairman, I think, in view of the developments in the last two or three days, with reference to one official message that has been sent to the Congress of the United States by the Chief Executive, and also in view of the public statement issued through the press upon yesterday by the President of the United States, both of which, both by direction and by inference, directly attack either the ability and integrity of the Congress of the United States, or by implication, the weakness of the Members of the House of Representatives of the United States, that it is permissible for one who has an old-fashioned conception of the real provisions of the Constitution of the United States to make a few observations with respect to what I conceive to be a gross abuse upon the part of the Executive of the provisions of the Constitution and an invasion of the rights of the Congress of the United States.

The gentleman from Missouri [Mr. LOZIER], upon yesterday, made a brief and able reference to the inherent powers of the Executive and to the limitation and restraint imposed by the Constitution upon the powers of the Executive. The gentleman from Missouri ably pointed out in his brief discussion of this phase of the proposition that the founders of our Constitution, in their conception of a Republic dedicated to popular government, intended that the real government of the people of the United States be vested in the law-making branch of the Government and not in the Executive.

The gentleman from Missouri further pointed out how brief were the powers conferred upon the Executive by the provisions of that instrument, and it might well be pointed out that practically all of the powers conferred upon the Executive are those of negation and restraint. I think, in all justice to the Executive, he should take some quiet hour, I think he might well use a few minutes of the time he is writing his indictment against the Congress of the United States, to peruse the provisions of our organic law. [Applause.]

I call your attention to this provision of the Constitution:

> That he shall from time to time give to the Congress information of the state of the Union and recommend to their consideration such measures as he shall judge necessary and expedient.

There has never been any construction of the real vitality of that provision, either in public forum or by judicial interpretation, that has undertaken even to clothe the Executive, under the authority of that power, to constitute himself into a common scold and to undertake not only to interpret his own powers but to place rebuke and contumely upon the law-making branch of the Government as he has done in the message that he sent to the Congress.

Although disclaimer is entered that there is any spirit of partisanship actuating the President in these messages that he has sent to the Congress, it is my opinion that it was deliberately conceived as a political maneuver. There is an old impression extant in this country that the Executive is always more popular with the people than the Congress of the United States. I believe that I am justified in asserting from all of the circumstances and surroundings now confronting the country that the President is undertaking to play a last trump card in invoking that belief.

Where does the Executive of this country derive his powers from this Constitution to undertake to set up public opinion in this country in favor of the Executive and against the popular branch of the Government, the representatives of the American people, as he did directly and almost brutally in this message which he sent? There is political reason for it, my friends, because I think it is apparent to the Executive and to his political advisers that his administration in public esteem has been driven against the wall. [Applause.] It is my opinion—for which I alone am responsible, and it may not be supported in the views of other gentlemen—that this is a deliberate effort to resort to the old subterfuge and strategy of undertaking to draw a very malodorous herring across the trail in order to mislead as to the real pursuit.

What is the complaint of the President against the Congress of the United States? He undertakes to set out that we have failed because we refused to go along with him in all of his recommendations. I assert, gentlemen—and I believe the country upon a fair examination of the facts will sustain the assertion—that the Democratic Party in this House and at the other end of the Capitol has voluntarily surrendered some of the political advantage it might have obtained by opposing some of his policies and going along with him as a matter of broad general patriotism, based upon the desperate emergencies of the country. We fell in—at least most of us did on this side—and assisted in passing his moratorium bill, which many of us now look back upon with great regret. We assisted him in passing the great Reconstruction Finance Corporation bill, based as it was upon the broad principle of undertaking, first, to establish confidence in the great financial institutions of the country, with the hope that maybe some of the benefits of that stabilization would trickle down to the common masses of the people of this country. But when we ceased to cooperate with the President in the things he conceives and for which he stands sponsor—if we for one moment, in the exercise of our official functions and under our oaths of office, differ with him, then he issues a great public political manifesto, the purpose of which is to organize public opinion against the Democratic majority in this House and the Congress of the United States. No other legitimate inference can be drawn from it, although there may be some words of disclaimer in the utterance.

When we came back here to assume our duties in this Congress, what situation did we find? Ah, the gentleman from Michigan, the new leader of the Republican side, asserted yesterday, when we undertook to chide the administration for its failure to economize, for its failure to recommend to the Congress of the United States these great reductions which he is now asking—and that was legitimate criticism, because he was supposed to have the facts to sustain these great recommendations of reductions in the public expenditures—when we on this side undertook upon yesterday to point out some of the failures and omissions upon the part of the President himself, the gentleman from Michigan gets up and answers that legitimate indictment by the mere casual suggestion, "Oh, let us forget it; that is water over the wheel."

[Here the gavel fell.]

Mr. WRIGHT. Mr. Chairman, I yield the gentleman 10 additional minutes.

Mr. BANKHEAD. It has not been long since the leadership on the majority side was vested in the capable hands of the distinguished gentleman from Connecticut, who, for some reason which has never been satisfactorily explained as far as I know, certainly nothing discreditable to the character and capacity of that distinguished gentleman, was demoted from the Republican leadership. I assume it was upon the presumption that the distinguished titular leader, the gentleman from New York, was a more 2-fisted fighter

and that he would be more capable of directing the strategy, policies, and maneuvers of the minority party in this session of Congress, but the gentleman from New York has been strangely silent and inactive during the course of this Congress. I think, knowing him as I do from long and intimate acquaintanceship, the reason for that is that he is an honest and conscientious man, and that he has not been able to find the stomach to stand up here and undertake to take care of this administration. [Applause.]

So the mantle of leadership, the mantle of Elijah, has fallen upon the narrower but no less capable shoulders of the gentleman from Michigan. He gets up here and says, "Oh, let us forget it." Ah, gentlemen, there are a lot of things, I am sure, which the gentleman from Michigan, his administration, and his party associates on this side of the Chamber, would like to forget. They would like to forget the 8,000,000 or 10,000,000 hungry, starving, hopeless, and disillusioned men and women in America to-day without employment. They would like the people of this country to forget the miserable debacle of the President's major program of farm relief, as incorporated in the farm relief bill, which he insisted upon against the advice of all the farm organizations of this country, and through which there has been a willful squandering of that half billion dollars. That is gone and no results have been attained.

They, I am sure, would like to forget the disastrous results upon our foreign trade and upon our domestic economic life of the operation of the Smoot-Hawley bill. I shall not find it necessary to quote any figures to show those disastrous results. They are too well known. Oh, yes; there are a lot of things that my friend from Michigan would like the country to forget. I am sure that even in his sleep he thinks of the language of that Shakespearean tragical character who said, "Out, damned spot! Out, I say!" but it will not out, my friends, in the recollection of the American people.

Now, after that blast that was directed against us in the official message, the President, no doubt thinking he had wielded the big stick a little too hard, undertook to apply a little salve and palliative to the bruises and wounds, and on yesterday, by another statement in which he forgets another provision of our Constitution—the right of petition for the redress of grievances—he says that all of these terrible catastrophes that have fallen upon this Congress have been because the membership has been intimidated by a small group of lobbyists that infested the corridors of the Capitol and persuaded them to do things merely for political effect that in their best judgment were wrong.

Gentlemen, you hear about this swarm of locusts representing labor and men out of employment and Federal employees—they have had no effect on me because I have gone ahead and supported the major economic program—but the President of the United States, my friends, does not take occasion to issue a public manifesto when these lobbyists, not necessarily swarms of lobbyists like swarms of locusts come down here, but when this small and more select and more capable group of lobbyists come down when the Ways and Means Committee is in session making up a tariff bill and when the Ways and Means Committee is in session making up the tax bills of the country—the shrewd, capable, sinister representatives of the great vested interests of the country are here and you know it, but the President does not find it necessary in his conception of his rights for the protection of the weak and tottering American Congress to make any reference to that by a public statement.

Mr. MAY. Will the gentleman yield?

Mr. BANKHEAD. For a very brief statement.

Mr. MAY. And the President made no reference to the members of his Cabinet who were protesting against the programs of the committees to bring about economy.

Mr. BANKHEAD. Oh, no; and it has been pointed out here time and time again that if the President of the United States were as anxious to achieve practical economy through legislative enactment as he professes, he would take up the question of silencing the members of his own immediate, official family when they come up and attempt to frustrate the honest efforts of the Appropriations Committee to curtail and reduce appropriations. [Applause.]

Ah, gentlemen, another way has been found to relieve us of all our troubles—a simple, short, direct method.

This has been supposed to be a constitutional government. It is supposed to be based upon three great coordinate branches of government, separate and distinct in their jurisdiction and in their field of action, but we must discard that now, and a new program is offered. It was suggested in the Senate of the United States a day or two ago by a distinguished Senator who is supposed to be the mouthpiece and spokesman of the administration upon the floor of the other body. I quote his exact language:

> Mr. President, I do not often envy other countries their governments, but I say that if this country ever needed a Mussolini, it needs one now.

Gentlemen, has democracy failed in America? Has representative government, framed and fashioned by our fathers, collapsed in America? Are we to discard the genius of Jefferson and Madison and those who concerted with them in the establishment of our great fundamental law? Has it become necessary, because of some temporary emergency upon the part of the economic situation of our country, to forget all of the judicial interpretations of Marshall and Taney and the great men who have honored the ermine of this country in their interpretation of the Constitution?

Is it possible we have arrived at that evil day when the chief spokesman of an American administration in the Senate of the United States suggests we put off all the forms of constitutional government and try the advantages of a dictator for the American people?

The effort has been made, and I charge again that it was deliberately made, to discredit the Representatives of the American people here in the Congress of the United States simply because, forsooth, acting under their oath of office, acting as they conscientiously concluded after a full consideration of all the facts involved in every particular issue, representing as they did what they conceived to be the best interests of their constituencies, because on some of these problems of government, in all their complicated nature, they have desired to assert the privilege and liberty of expressing their views, it seems it has become necessary for the President of the United States to rebuke and lecture the Congress of the United States for its omission of duties; and they would almost leave the impression we ought to sit here and take it and make no reply.

The House of Representatives, in my opinion, has not yet degenerated to that low level when they shall sit silent, like a bunch of whipped spaniels, under this sort of rebuke and make no reply. As a Representative of a small, rural, humble constituency down in the hills of Alabama, representing men and women dedicated to our system of constitutional government, revering the memories of all the great men who have established it and perpetuated it, believing that in democracy alone, as we have it in our form of government, will be the ultimate salvation of our people, I resent and repudiate the efforts of the President of the United States to bring this body into public disrepute and scorn. [Applause.]

Mr. DYER. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. DYER. I would like to inquire how much time has been devoted by the majority in control of legislation to political stump speeches, and the attack on the President——

Mr. BLANTON. Mr. Chairman, I make the point of order that that is not a parliamentary inquiry.

The CHAIRMAN. It is not a parliamentary inquiry, and the point of order is sustained. The Chair will state for the information of the committee that the gentleman from California has used 1 hour and 36 minutes, and the gentleman from Mississippi 2 hours and 29 minutes.

Mr. BARBOUR. Mr. Chairman, I yield 15 minutes to the gentleman from New York [Mr. SNELL].

Mr. SNELL. Mr. Chairman, it is quite evident from the speech made by the gentleman from Alabama and other

Democratic leaders that the Democratic fold is in some consternation and disturbance over the President's message. There is another thing that is absolutely true—there must have been some kick in that message, because it has evidently got under the hide of the Democrats at both ends of the Capitol, and they are trying to make some explanation for their actions thus far during the present session of Congress. [Applause.]

The only hope I have in the matter is that the sting is deep enough and will stay there long enough, so that they will appreciate the obligation that they owe to the country, and will give these matters before us at the present time the careful and considerate attention which the country demands. [Applause.]

Now, just a word about the economy program. The President gave out a message two months ago, but unfortunately gave it to the press on Saturday, and it was not to be read to the House until next Wednesday morning.

The Democratic leaders got hold of that statement, and they went into a huddle on Monday morning, and said, "We must beat the President on his economy program." So they rushed around and got a special rule from the Rules Committee for an Economy Committee in the House. For some reason or other that failed, and it did not get set up until the program of the President went to the country.

Unfortunately for the Democratic majority, the country thought that they were carrying out the program of the President, and the President got the better of it, and the Democrats have been sore ever since. [Laughter and applause.]

There has been a good deal said about the President's message.

Mr. FITZPATRICK. Will the gentleman yield?

Mr. SNELL. Gladly.

Mr. FITZPATRICK. How far in round figures would the President's program go toward balancing the Budget?

Mr. SNELL. Which program does the gentleman mean?

Mr. FITZPATRICK. The economy program.

Mr. SNELL. But which one?

Mr. FITZPATRICK. Any one.

Mr. SNELL. You people challenged the President's economy program, and the President told you where the economy could be made. He did not insist on his own program but was willing to take any program suggested.

Mr. FITZPATRICK. But——

Mr. SNELL. I do not yield any further at the present time. After I get through I will gladly yield for any question by any Member.

They have criticized the President's program and the President's message. I want some one to tell me one sentence, one paragraph, that is not a true statement of facts. [Applause.] I want some one to point to a single sentence that does not paint the picture exactly as it is. Because the President told the truth it hurt you Democrats, and I do not blame you for wincing. Your criticism is that he was not specific, as voiced by my distinguished friend from Alabama, now standing in the center aisle.

Mr. BANKHEAD. The gentleman has invited an interruption.

Mr. SNELL. I yield to the gentleman from Alabama.

Mr. BANKHEAD. The President in his message attacked the Congress of the United States for passing the Goldsborough bill. I say to the gentleman from New York that this bill went through the House with practically the unanimous support of his own party. Does the gentleman think that the President was justified in assailing the integrity—I will not say that—but the ability of the Congress of the United States to legislate?

Mr. SNELL. Before I get through this speech, I will tell the gentleman what the newspapers in his own country think about it. I am going to take the Democratic press of the country, and not the partisan Republican press, and tell the gentleman what they think about it, and whether they support the President's criticism or not. My view might be partisan, but certainly the Democratic press is not.

Mr. BANKHEAD. I ask the gentleman not to answer me by citing newspapers. I want the gentleman to give his own answer to it.

Mr. SNELL. I think it is all right. I voted against the bill, and there are a great many other Members wish they had.

Mr. DYER. And we did not know the bill was to be considered until about an hour before it was brought on the floor.

Mr. LAGUARDIA. That is a fine confession for a legislator to make. [Laughter.]

Mr. SNELL. My friend from Alabama said the President found fault because we did not go along with him. I want the gentleman to show a single sentence in that message that finds fault because we did not go along with him. The only thing he found fault with was because we did not go along with somebody and do what the country demanded we do at the present time.

As a matter of fact, what the country is finding fault with is that Congress evidently does not appreciate conditions in the country and act accordingly. The gentleman talks about the unity on the Republican side. That is almost to laugh. During the first month of this session this Hall resounded every day with Democratic orators telling about the unity and the great leadership on the Democratic side of the House, and until to-day, for some two months, I have not heard a single word about it, and the gentlemen did not say very much about it then. Even the distinguished Speaker had to get down and take the floor the other day after his troops had been routed and they were in ignominious retreat, and it did not do very much good at that. To talk about unity on the Republican side as compared with what it is on the Democratic side is a joke, for on your side you neither have leadership nor unity, and everyone knows it. I say to the gentleman once more, I want him to point out one single statement in that message that is not an actual picture of what exists in this country at the present time.

Mr. BANKHEAD. The gentleman says that the country is complaining that the Congress is not doing the things they want done. Does the gentleman not think that the country wants the Budget balanced?

Mr. SNELL. And what have we done so far toward balancing it?

Mr. BANKHEAD. We have passed a bill through this House.

Mr. SNELL. Yes; you have passed a bill; but what a bill! You can not do it by simply passing a bill; it must be a measure that will produce something. What did you do with your economy program that your own party brought in here? You scuttled it before it got started.

Mr. McDUFFIE. What did you do with it? [Laughter.]

Mr. SNELL. Yes; I will tell you. I am very glad that the gentleman from Missouri [Mr. LOZIER] made the speech that he did. I expected some such speech as that, and I was getting ready for it all through the consideration of that bill. The bill was written in the Committee of the Whole, and gentlemen know it. There was a time when the chairman of that committee had two men besides himself on the Democratic side supporting his contention, and there were three members of the committee besides himself. Whether they were all on the floor at that time I do not know, but from beginning to end in the Committee of the Whole we had almost 2 votes to 1 in supporting it.

Mr. McDUFFIE. Mr. Chairman, will the gentleman yield?

Mr. SNELL. Yes.

Mr. McDUFFIE. I invite the gentleman to read the record of the votes on the question of the salary reduction and the exemption, and I invite the gentleman to scan the pages of the RECORD with reference to one of the big items in the proposal, which evidently now has the approval of the President, or at least a part of it has his approval, even at this late day, in respect to the Army and Navy. Read the RECORD.

Mr. SNELL. I am glad the gentleman spoke about the exemption. One of the important leaders on the Democratic side told me, "While all of our fellows stood up for that high exemption, they will run when it comes to a roll call," and they did run, and the gentleman knows it.

Mr. McDUFFIE. Oh, I think there was just about as much fleetness of foot on the gentleman's side when it came to running, and a little bit more than on the Democratic side.

Mr. SNELL. Oh, no; the gentleman not only knows it but every Member of this House knows it and the newspaper fraternity knows it and the country knows it; and that is why you are being so severely criticized at the present time. You just failed to make good.

Mr. BLANTON. Mr. Chairman, will the gentleman yield?

Mr. SNELL. I will take care of the gentleman from Texas a little later.

Mr. BLANTON. Just one question.

Mr. SNELL. Not now. Talk about the Army and Navy proposition! That was put in there as a political proposition, and everybody knows it. The Republican Party is opposed to joining the Army and Navy because they stand for national preparedness and defense, and they do not think the proper way of accomplishing that is by joining the Army and the Navy. [Applause on the Republican side.]

Mr. McDUFFIE. And yet a former President of the gentleman's party recommended——

Mr. MILLARD. Mr. Chairman, I rise to a point of order. The gentleman from New York has not yielded to the gentleman from Alabama.

Mr. McDUFFIE. Oh, I beg the pardon of the gentleman from New York [Mr. MILLARD].

Mr. SNELL. If you will give the President the authority that he is asking for, he will make every reduction and do away with every duplication and overlapping there is between those two services, and that is what we can do, and in that way you will accomplish every economy that is possible and not destroy your national defense.

Mr. McDUFFIE rose.

Mr. FITZPATRICK. Why did not you give it to him last session when you were in power?

Mr. SNELL. I did not yield to the gentleman from New York. I yield to the gentleman from Alabama [Mr. McDUFFIE].

Mr. McDUFFIE. Of course, seeing the necessity to economize even before this Congress convened, as the gentleman has suggested, the President might have made that suggestion as to consolidations at a little earlier date.

Mr. SNELL. There is not a statement in his message delivered the other day that he did not suggest to your Economy Committee, that he has not made through the press and in his several messages to Congress. He told us four months ago, and he sent at least 20 messages to Congress telling you what he thought we ought to do, and we have not followed him, and he had a right to appeal to the country. And what is disturbing you Democrats is the fact that the people are with the President and condemning the Democratic-controlled House of Representatives. His punch came at just the right time, and, as the New York Times says, "If it is politics, let us have more politics."

Mr. McDUFFIE. The gentleman knows that up until the time the Economy Committee called on the President for his specific suggestions he had never made a specific suggestion to the committee or to Congress.

Mr. SNELL. You tried to call what you thought was the President's bluff, and the President met you at every point; and he went farther than you wanted to go and farther than you could get your own men to follow, and, instead of putting him in the hole, he put your committee in and you did not get out.

Mr. McDUFFIE. And after helping us frame a program, he sent his private secretary, or one of them, up here to help break it down. [Applause.]

Mr. SNELL. Now, let me tell you about that. The gentleman knows the Army and Navy proposition was not the President's program. The President told you when you were down there that he was opposed to it. He has always been opposed to it, and, as far as I know, Mr. Newton did not do anything to break it down, as it was not necessary. This House is for adequate national defense.

Mr. McDUFFIE. Now, will the gentleman yield further?

Mr. SNELL. Certainly.

Mr. McDUFFIE. As a matter of fact, all of the President's suggestions were not agreed to by every member of the committee, for that matter.

Mr. SNELL. That is true, and the President did not find fault with you because you did not do it.

Mr. McDUFFIE. This committee did not seek to make this proposition a partisan matter. We recognized this was no time for playing politics, such as the President evidently is trying to do with his belated message. We tried to cooperate with the President and we presented a nonpartisan bill.

Mr. SNELL. Well, I do not yield to the gentleman for a speech, but want to say again that there were more votes in the Committee of the Whole to support his bill than on his own side.

Mr. McDUFFIE. And we had a right to expect support on the part of the President and the gentleman's party.

Mr. SNELL. The President did not make any partisan suggestions in his recommendation. The President sat down with you gentlemen and went over it, item by item, and when you did not agree with him he did not find any fault with you because you did not. The only question that the President is finding fault with Congress about is that it did not establish some program. He does not care whether it was his program or yours, but the Congress did not deal any more carefully with your program than it did with the tax legislation proposed by the gentleman from Georgia [Mr. CRISP]. The only thing the President says is that we have not performed our duty, and I say on my responsibility as a Member of this House that I am not satisfied with the way Congress has performed its duty so far, and I have as much respect for this body as any man living. But, as a matter of fact, in the consideration of the tax bill, in the consideration of the economy bill, which to a certain extent the majority are more responsible for than the minority, your majority did not do a very good piece of work, and this country knows it.

Mr. LOZIER. Will the gentleman yield?

Mr. SNELL. I yield.

Mr. LOZIER. The President was Secretary of Commerce for eight years and he has been President for three years. That has given him an opportunity to familiarize himself with duplications and overlappings in the bureaus. Now, the question is, Has the President suggested to Congress or to the American people a single board, bureau, or commission that could be eliminated, or a single activity the expense of which could be reduced.

Mr. SNELL. Yes. That is right there in the message which the gentleman has been criticizing so much. [Applause.] The President asked this Congress over two months ago to give him the authority and he would do it, but the Democratic side of the House refused to give him that authority.

Mr. McDUFFIE. Will the gentleman yield?

Mr. SNELL. I yield.

Mr. McDUFFIE. The gentleman has not read the bill. We have given the President almost unlimited authority.

Mr. SNELL. Yes. You have given him unlimited authority nothing. Either Senate or House can veto anything he does at any time in 60 days. That is fine authority.

The CHAIRMAN. The time of the gentleman has expired.

Mr. McDUFFIE. Does the gentleman want to surrender the constitutional powers of the House?

Mr. BARBOUR. Mr. Chairman, I yield to the gentleman from New York 10 additional minutes.

Mr. SNELL. I do not want to surrender any of our constitutional powers, and it is not necessary to do so, but every man in this House, every man who thinks, knows the only

way we will ever do anything to bring about economy in the various departments is to put the responsibility up to some man and tell him to take it and produce economies which the country is asking for, and the President asks for that authority, and the Democratic Members have refused it.

Mr. BLANTON. Will the gentleman yield to me?

Mr. SNELL. Very well. I yield.

Mr. BLANTON. The gentleman knows that yesterday the President suggested that we cut his Budget $361,000,000. Why did not the President reduce that Budget himself? It is his Budget. Why did he not reduce it $360,000,000 himself last December when he brought it up here?

Mr. SNELL. That is a very fair question. That Budget was prepared last summer early, when conditions were not as bad as they are at the present time, and no one knew how much income taxes were going to fall off.

Mr. BLANTON. Why, they were just as bad.

Mr. SNELL. No; they were not just as bad.

Mr. BLANTON. There were nearly 7,000,000 men out of employment.

Mr. SNELL. No; there were not, and no one claimed there were. The same conditions did not confront Congress. Furthermore, no one knew what the income of the Government would be at the time the original Budget was prepared.

Now, the President has been absolutely fair about that. I do not want to misquote the gentleman from Tennessee [Mr. BYRNS], but if I remember correctly, the gentleman from Tennessee told me early in this session that he had been down and talked with the President of the United States, and the President said, "I will cooperate with you in any reductions you can make, even farther than the Budget has gone, in regard to governmental expenditures."

Now, what could be fairer than that? That came from your own chairman of the Committee on Appropriations.

Mr. BLANTON. Will the gentleman yield for one further question?

Mr. SNELL. Surely.

Mr. BLANTON. The President waited until the Appropriations Committee, headed by the gentleman from Tennessee [Mr. BYRNS], had reduced the supply bills $161,000,000 before he ever came and asked us to reduce them.

Mr. SNELL. Now, as a matter of fact, you have not reduced them $161,000,000.

Mr. BLANTON. The gentleman should consult Chairman BYRNS's facts in yesterday's RECORD.

Mr. SNELL. That does not make any difference about yesterday's RECORD. That was in part a paper reduction and not an actual reduction. Everyone knows that part of that reduction will have to be made up in deficiency bills. And certainly no one knows that better than the man who made the statement, the chairman of the committee.

Mr. BLANTON. I doubt whether we will ever appropriate any additional sums to meet them.

Mr. SNELL. I do not know anything about that, but I do know the Federal Government is still good for its obligations, and when it makes a contract for $70,000,000 or $80,000,000 it will meet it, and you will have to appropriate the money.

Mr. BLANTON. But the money is not ever paid out until the Appropriations Committee makes the appropriation.

Mr. SNELL. You have not saved anything, and the gentleman knows it; and the best part of it is everyone else knows it.

Mr. MOUSER. Will the gentleman yield?

Mr. SNELL. Yes.

Mr. MOUSER. We passed a bill involving $132,000,000 for road building in addition to the $75,000,000 heretofore provided, which wiped out practically all of the reductions which were made below the Budget estimates.

Mr. SNELL. It wiped out even the paper reduction, and was put through largely by Democratic votes.

Mr. KELLER. Will the gentleman yield?

Mr. SNELL. Yes.

Mr. KELLER. I would like to ask whether a budget has reference to purely current expense or whether it includes capital investment?

Mr. SNELL. I suppose it includes all.

Mr. KELLER. In other words, the gentleman contends that road building is a part of the Budget?

Mr. SNELL. Surely.

Mr. KELLER. It certainly is not, because a budget has only to do with current expense.

Mr. SNELL. Then I do not agree with the gentleman at all, and we can not get on common ground with respect to that.

Mr. CHINDBLOM. Will the gentleman yield?

Mr. SNELL. Yes.

Mr. CHINDBLOM. I am interested in knowing what my friend from Illinois means by capital investment on the part of the Federal Government. I suppose he means something like Muscle Shoals.

Mr. KELLER. If the gentleman will permit, I will answer that.

Mr. SNELL. I can not yield to the gentleman to make a speech. I can not yield any farther, and I think I have been quite generous in yielding. Some gentlemen seem to be a little disturbed about how the country feels in regard to Democratic actions in Congress so far, the Democratic-controlled House of Representatives. I have a long list of statements made by various newspapers throughout the country. I will not quote anything from a Republican newspaper; I will just quote from Democratic newspapers. I suppose they are honest and represent the sentiment of the communities in which they are published.

Mr. COLTON. Will the gentleman yield before he goes to that?

Mr. SNELL. Yes.

Mr. COLTON. Some of us who listened to the very able and distinguished gentleman from Alabama over the radio the other night have a feeling that he criticized the Congress about as strongly as the President has. [Applause.]

Mr. SNELL. As I hastily looked over that speech in the RECORD, the speech of the gentleman from Alabama [Mr. MCDUFFIE], I came to the conclusion that he criticized Congress more severely than the President did, and I think he had reason to do it. [Applause.] Nobody on the Democratic side has risen as yet to condemn the gentleman from Alabama for the statements he made.

Mr. McDUFFIE. It depends on what sort of glasses you were using when you read my speech.

Mr. SNELL. I was using my regular ones.

Mr. McDUFFIE. They were very good from a partisan standpoint.

Mr. SNELL. I am a partisan, but my glasses are regular.

Mr. CONNERY. Will the gentleman yield?

Mr. SNELL. Yes.

Mr. CONNERY. Does the gentleman think the editorial read by the gentleman from Mississippi [Mr. RANKIN] represents the sentiment of the people of New York?

Mr. SNELL. I did not hear it.

Mr. CONNERY. That editorial said Congress was made up of traitors and rascals.

Mr. SNELL. I have never gone that far. I have never made any such statement. Now, listen to what the St. Louis Globe-Democrat has to say. It says:

President perfectly justified.

Mr. PARSONS. Will the gentleman yield?

Mr. SNELL. I yield.

Mr. PARSONS. Does the gentleman consider the St. Louis Globe-Democrat a Democratic newspaper? It has always been a Republican paper.

Mr. SNELL. It is published in the southwestern part of the country, which is largely Democratic.

Mr. SCHAFER. Will the gentleman yield?

Mr. SNELL. Yes.

Mr. SCHAFER. Would it not be a good idea to dissolve this Economy Committee and let the regular standing committees of the House get down to earth and perform the duties which they should perform, so that they can bring out intelligent legislation? I know they would be able to do that if some members of the President's Cabinet would come before the Committee on Expenditures in the Executive De-

partments and tell them where in their respective departments these consolidations can be made. [Applause.]

Mr. SNELL. I took that position about two or three months ago, but the Democratic majority did not agree with me at the time. However, after they had made peace with the chairman of that committee, he went along with them.

Mr. SCHAFER. It is not too late now if the Republican membership would join in a movement to provide for the abolition of this fake Economy Committee and let the regular standing committees function. If that were done, I know we could get a sufficient number of intelligent Jeffersonian Democrats to join with us and get down to business. [Applause.]

Mr. SNELL. Some of my friends found fault with the paper from which I was going to quote, the St. Louis Globe-Democrat. I will see what they will do with this one. What about the News Press, of Dallas, Tex.? Is that a Republican paper or a Democratic paper?

Mr. BLANTON. It is a Mugwump paper. The Dallas News is the Democratic paper.

Mr. SNELL. It is supporting the distinguished Speaker for President. It is the headquarters of the Garner-for-President Club, so we will see what you have to say about this.

Mr. BLANTON. It is not a Democratic paper at all.

Mr. SNELL. This paper says:

With infinite patience Mr. Hoover explains once more that this can not be done by merely taxing anew what may turn out to be mythical incomes, corporate and individual, and hypothetical production. Present expense must be reduced and no new expense beyond unavoidable necessity added.

The President had nothing new to tell the Congress on means of saving. This message becomes in effect a recapitulation of the sins of the House of Representatives in leaving undone the things which it ought to have done and in doing the things which it ought not to have done.

This comes from the headquarters town of the Garner-for-President Club.

Mr. BLANTON. Will the gentleman yield?

Mr. SNELL. Not now.

Mr. BLANTON. That is not a Democratic paper. I want the gentleman to name some Democratic paper.

Mr. DYER. Will the gentleman yield? I know the gentleman wants to have the RECORD correct.

Mr. SNELL. Yes.

Mr. DYER. The St. Louis Globe-Democrat is not a Democratic paper; neither is it a Republican paper. It is an independent paper, in the interest of the whole country, and all the people.

Mr. SNELL. I thank the gentleman for the information, and that is the reason it is supporting the President.

What about the paper in Charleston, S. C.? Is there any Republican paper down there? Does anyone deny that it is Democratic.

Mr. PARKS. Will the gentleman yield? The gentleman has asked a question.

Mr. SNELL. Yes; if I have asked a question.

Mr. PARKS. Will not the gentleman join with us in electing Speaker GARNER President of the United States? Does not the gentleman think that would be quite an improvement? [Applause.]

Mr. SNELL. Of course, I might be a candidate against him myself. So I do not want to foreclose all chances.

Mr. McDUFFIE. Will the gentleman permit me to interrupt him for just one question?

Mr. SNELL. I must decline to yield. I have been very generous——

Mr. McDUFFIE. Indeed, the gentleman has.

Mr. SNELL. And I want to tell you what some of the Democratic papers have said. This is your Charleston, S. C., paper:

The President has proposed reduction in governmental expenses of $369,000,000, which, he says, can be increased to $700,000,000. The House of Representatives has "ripped to shreds" the bill presented by its own Economy Committee and reduced its proposed savings from $200,000,000 to $38,000,000.

Never mind the details. The fact is that the House fails to face the country's emergency and adopt measures to balance the Budget and that "fear and alarm prevail in the country because of events in Washington." If the House referred the problem to the President, he would balance the Budget. In the right or the wrong way he would balance it.

The responsibility is on the Congress and first on the Democratic House. It is heeding organized minorities, its Members are working to make good with the boys in their respective bailiwicks. It won't listen to Hoover and it won't listen to itself.

[Laughter and applause.]

[Here the gavel fell.]

Mr. BARBOUR. Mr. Chairman, I yield the gentleman from New York five more minutes.

Mr. SNELL. What has anybody got to say about the Baltimore Sun? Has that paper ever said anything in favor of the Republican Party?

Congress deserves what it has been given. It asked for all that it has been given. No need here to state the specifications of its destructive work. That is done admirably in Mr. Hoover's message. And all intelligent people are aware of the details.

It is enough to say to Congress that informed voters know that the indictment is true. It is enough to say that Mr. Hoover, with all of his vacillations of the past, all of his feverish spending, all of his dodging of new taxes, all of his borrowing, is entitled to say that in the record of the past month he stands forth as a figure of consistency and stability in contrast with a Congress destitute of purpose and of will.

This is what it says about your Democratic Congress here.

Here is a paper down in New Orleans. Is that Mugwump, too?

Mr. BLANTON. Partly; yes.

Mr. SNELL. This is headed "Voices 'Desire of the Majority'":

In appealing to Congress for prompt enactment of a Budget-balancing revenue bill plus many of the Federal retrenchment measures junked by the House, President Hoover voices the desire of the American majority, whose confidence in Congress has been visibly shaken by the weird performance of the House.

Now, my friends, if you need any indictment or if it is necessary to indict the Democratic Party for their activities in the House during the present session of Congress, this has been done by your own papers from your own part of the country. [Applause.] I have several more here, but will not take time to read them, for they are all the same. Your own papers condemn you.

Now, as a matter of fact, I am not particular how this economy comes about. It does not make any special difference to me what special program is adopted, but I feel there is an important obligation on this Congress at the present time to get together and to do something definite and to act in accord with the will of the people. [Applause.]

The people of this country at the present time are looking here for stability, they are looking for careful, considerate attention to the needs of the Nation, and they believe we should reduce Government expenses and that we should do it at once. If I understand the position of the President of the United States, it is that he is not particular what program you adopt as long as you adopt some program that will promote stability and confidence in the Congress of the United States, and I approve his position entirely in making that statement. [Applause.]

Mr. BARBOUR. Mr. Chairman, I yield 20 minutes to the gentleman from New York [Mr. LAGUARDIA].

Mr. LAGUARDIA. Mr. Chairman, I was on the train Friday morning in the dining car of the B. & O. when I first read the President's message. I must have betrayed my feelings, because the courteous porter came up to me and said, "What is the matter, sir; are your eggs bad?" I said, "No; but there is something around here of extremely bad taste."

When the distinguished gentleman from New York, the Republican floor leader—and he is the leader—took the floor I thought he would come to the defense of the men of his party who stood by him and who are now the subject of an unjustified attack upon the part of the President of the United States.

Mr. SNELL. Will the gentleman yield?

Mr. LAGUARDIA. Yes.

Mr. SNELL. Anyone who has stood by me in connection with these measures needs no defense whatever at this time.

Mr. LAGUARDIA. We will see about that. We will come to just that real soon.

The gentleman from New York suggests that we itemize and particularize the parts of the President's message that are not justified or where he made any incorrect statement, and I shall proceed to do that.

I do not know who advised the President of the United States, who furnished him with the facts and figures; but whoever did was not well informed, and I believe put the President in a most embarrassing position.

I agree entirely with the position taken by the gentleman from Alabama [Mr. BANKHEAD] that ours is a representative Government, and that after all the people in this country are represented in this House; that every Member of this House is in touch with the wishes and conditions of the people, and represents them. This is their Government. I challenge my colleague from New York [Mr. SNELL], who states that a majority of the American people are in favor of the misinformation and propaganda that comes from the New York Stock Exchange—to indicate where Congress has failed to act for the best interest of the American people.

Mr. SNELL. Will the gentleman yield? Have I mentioned the New York Stock Exchange?

Mr. LAGUARDIA. No; but I have. I will say that the information contained in the President's message is not only in spirit but in many instances similar to the language of statements which appeared in the public press on Sunday by prominent stock brokers of New York, and I will refer to that in a minute. [Applause.]

First of all, let us take the President's message categorically. He says:

> The most essential factor to economic recovery to-day is the restoration of confidence. In spite of the unquestioned beneficial effects of the remedial measures already taken and the gradual improvement in fundamental conditions, fear and alarm prevail in the country because of events in Washington which have greatly disturbed the public mind.

Congress has made every effort to cooperate. Did it not immediately ratify the moratorium? Did it not instantly pass the Reconstruction Finance Corporation? Did it not immediately appropriate $100,000,000 additional to take care of farm loan bank bonds? Did it not immediately pass the Glass-Steagall inflation bill, to which I will refer later? Not a word of this in the President's message when he talks about cooperation. Does the President not know that the culprits who have swindled the American people in selling them worthless South American and foreign securities are now seeking to hide their shame by blaming Congress for a tax bill and talking about balancing the Budget? The real condition should have been exposed instead of blaming Congress. If the President would cooperate with Congress as Congress is cooperating with the President it would be conducive to restoring confidence. But the lack of confidence is not in Congress. The lack of confidence is in the people who control money, in the banks that have failed, in the underwriters who have handed out worthless securities, in the stock brokers who have inflated and rigged the stock market—there is where confidence is lacking. The President should not give comfort to these very people who are now attacking Congress.

I say it is not conducive to confidence when the President of the United States seeks to arraign the American public against its own Congress. [Applause.]

Then he says:

> The manner in which the House of Representatives rejected both the revenue program proposed by the Treasury and the program unanimously reported by the Committee on Ways and Means; the character of the tax measures passed; the action of the House which would increase governmental expenditures by $132,000,000 for road building * * * have all resulted in diminishing public confidence.

Let us take that up seriatim. First, his own Secretary of the Treasury, Ogden Mills, stated on December 14, 1931, that the administration had rejected the sales tax. That is a matter of record. It appeared in the CONGRESSIONAL RECORD December 15.

And we put it in during the discussion of the tax bill again. To be specific, this is what Mr. Mills said on December 14, 1931, on the sales tax:

> In the development of a program we considered many forms of taxation. We weighed, for instance, the merits of the general sales or turnover tax, but rejected it, not only because it bears no relation to ability to pay and is regressive in character, but because of the enormous administrative difficulties and the almost inevitable pyramiding of the tax in the course of successive sales. * * * The tax is unquestionably passed on, and adds therefore to the cost of living.

How can the President criticize Congress when his own Secretary of the Treasury publicly stated that the administration had rejected the sales tax? [Applause.]

Now, to the President's next point. He refers to the additional appropriations, $132,000,000 for roads passed by the House. His reference to this additional cost is correct with his statement of diminishing public confidence. The idea for roads as a means of furnishing employment as a relief measure first came from the President of the United States. He said in his message of December 3, 1929 (CONGRESSIONAL RECORD, p. 24 of that date):

> Federal aid in the construction of the highway system in conjunction with the States has proved to be beneficial and stimulating. We must ultimately give consideration to the increase of our contributions to these systems, particularly with a view to stimulating of farm to market roads.

The idea of increased appropriations for public works in this period of depression has not only been sponsored by the best minds in the country but has been approved—has been universally approved. The President himself was one of the first to recommend it. He has repeatedly urged the additional appropriations for public works, and during 1930 and 1931, and up to the time of the revenue bill when the "balance the Budget" slogan was coined to prevent increased taxes, the President had never spoken in opposition to additional appropriations for public works.

The additional appropriations for public roads which he now criticizes were in keeping with his own program to stimulate work and the purchase of material in periods of depression.

The first additional appropriation was in January, 1930, when the Republican Party had control of this House—from a mere glance of the RECORD—and an additional $50,000,000 was brought in under a rule on January 21, 1930. It will be seen that every leader on the Republican side of the House rejoiced in this constructive legislation, and it met the whole-hearted support of the President of the United States.

Again, in a communication by the President of the United States on December 4, 1930, he asked for additional appropriation of $150,000,000 for emergency-construction fund. This is what the President then said:

> In my annual message to the Congress I requested that an appropriation of from $100,000,000 to $150,000,000 be granted for this purpose, and this estimate is in furtherance of that request. As I stated in that message, the application of this money to work already authorized by the Congress not only limits its application to work already directed by Congress but assures its use in directions the economic importance of which has already been determined by Congress. This plan also avoids the long delays incident to selection of new projects by Congress, and the further long delays in technical preparation which new projects would require, both of which would render such action of no purpose in emergency relief of unemployment. (Doc. 655, 71st Cong., 3d sess.)

On March 14, 1932, only a few weeks ago, the President called upon Congress to expedite the appropriation for the river and harbor work of $60,000,000 and making it immediately available. (Doc. No. 272, 72d Cong., 3d sess.)

On February 27, 1931 (Doc. 788, 71st Cong., 3d sess.), the Secretary of the Treasury and the Postmaster General submitted their report of the interdepartmental committee relating to public-buildings construction, which called for appropriations of several hundred million dollars; in fact, the detailed statement at the end of the report showed an allotment of $505,000,000, all of which has the approval of the President of the United States.

As late as April 27, 1932, in a memorandum from the Director of the Budget, which was sent to our colleague

the distinguished gentleman from California [Mr. SWING] and inserted in the RECORD of May 2, 1932, it is pointed out with pride that the expenditures for public works in 1932 are $623,000,000. I point this out to show that these abnormally large appropriations for public works are unusual and are made by Congress with the approval of the President, on his recommendation, to stimulate work and industry during this terrible period of depression.

The additional appropriations authorized by the House for roads, which he singles out in his message, would lead the country to believe that it was a wasteful, unnecessary, extravagant appropriation. That is not so. As a matter of fact it was simply one of the items contained in the general program of public works and related measures for which the President himself shared in the credit with Congress.

This is another instance I point out where the message is misleading and unfair.

This item is intermingled with the criticism of the House in reference to the tax bill. The connection between the two is difficult to explain. Both are misleading. I have already read to the House the statement from the Secretary of the Treasury on the sales tax. The revenue bill as it passed the House was nearer the Treasury recommendations than the bill as it came from the committee. Then why the criticism? Gentlemen, that brings us up to this whole real attack on Congress. Since the defeat of the sales tax there has been an organized attack on Congress, starting with the Du Pont letter, with misrepresentations, figures, and comparisons that are incorrect, to such an extent that a memorandum to which I have referred from the Director of the Budget was put into the RECORD last Monday showing these flagrant discrepancies. This form letter has been copied, sent out throughout the land, post cards have been printed for citizens to sign and send to their Congressmen, all leading up to one thing—the placing of additional taxes on those unable to pay and relieving big business of its share of taxation.

It is a most strange coincidence, all these attacks leading up to the President's message and the lobbying on the Senate side against the tax bill with an artificially stimulated rally of the stock market of yesterday. Now, what happened? After the House passed the revenue bill many stockbrokers whose customers have been victimized hundreds of millions of dollars, yes, billions of dollars, with South American securities, German securities, Kreuger bonds, and even our domestic bonds and stocks, jumped on Congress to becloud the issue and, to repeat a phrase used by the gentleman from Alabama [Mr. BANKHEAD], "drew a most malodorous herring across the trail of their own misconduct by blaming everything on the revenue bill." The revenue bill passed the House on April 1, 1932, and the stock market has been shot to pieces and steadily declining since 1929.

So the criticism of the President toward Congress seems to be in complete harmony with the stock brokers in their assault against Congress on account of the proposed stock-transfer tax. These statements, to which I have referred, were contained in most of the newspapers of last Sunday, May 1, 1932. I read from the quotations contained in the New York Herald Tribune of that day. Here are a few which will give the House an idea of the attacks on Congress by these very men who have cost the American investors billions and billions of dollars. What alibi did they have in 1929? What alibi did they have in 1930? What alibi did they have in 1931? All of this time, when stocks and securities have been going down, many securities have been wiped out entirely because they were peddled wholly on misrepresentation and misinformation, and the investors were swindled out of their money.

Here are some of the statements issued Sunday by members of the New York Stock Exchange in reference to Congress:

[New York Herald Tribune, Sunday, May 1, 1932]

J. R. Williston & Co.: The news coming from Washington during the past three weeks has seemingly destroyed what little confidence investors have left in the security market, and has no doubt been a large factor in the heavy liquidation in the entire list which is taking place daily. With the tax question being pushed to the foreground, and the unsettled conditions abroad much intensified by recent happenings, little may be expected in the way of an improvement in the market until these problems are solved.

John Muir & Co.: The absolute lack of comprehension on the part of certain congressional elements with respect to the needs of the present situation, together with the weakening of many security holdings by recent persistent declines, brought about a resumption of the liquidating movement. Declines were quite general throughout the list, with bids scarce in some instances. Rails, which had been giving a relatively good account of themselves for several days, were among the weakest.

Carreau & Snedeker: It seems incredible that petty politics, personal prejudices, and similar motivations should be placed above duty in the present circumstances. Yet there is no other explanation to us of tactics which, instead of making reconstruction easier, render it infinitely harder if not wholly impossible. Until a definite change sets in, a child could forecast the trend. Matters are bound to become progressively worse. We continue to recommend caution.

Butler, Herrick & Marshall: The outlook for a balanced Budget and Government retrenchment daily becomes more discouraging. The benefits to be derived from the Federal reserve's antideflation campaign have been made infinitely more difficult of accomplishment by the House's mangling of the economy bill and the failure of the Senate to revise the tax measure along fundamentally sound lines. We are convinced that Congress alone is responsible for the majority of the recent losses suffered by business and securities.

W. J. Wollman & Co.: The principal influence of the last week continued to be the lack of any definite progress being made in Washington toward arriving at a tax measure and an economy measure that would assure the balancing of the Budget. It was hoped that the Senate in its consideration of the new revenue bill would avoid many of the unsound provisions adopted by the House, but from current reports it would seem that it too is using the same fallacious reasoning that the House did.

Jackson Bros., Boesel & Co.: Renewal of liquidation, which has hit the security and commodity markets, unquestionably is due partly to fears that recent developments at Washington will delay balancing of the Federal Budget and other measures aimed to improve the Government's credit by reducing expenditures. Another factor making for unsettlement is the reluctance of banks to make use of surplus funds at a time when the Federal reserve system's policy of easing credit through increased buying of Government securities is gaining momentum. This reluctance may be attributed to the indications that the House is likely to upset the administration's economy program, the necessity of absorbing new Treasury financing, and the provision in the Glass bill governing the purchase of investment securities.

E. F. Hutton & Co.: The conditions under which the Interstate Commerce Commission approved granting a loan to the St. Louis-San Francisco Railroad by the Reconstruction Finance Corporation are constructive, in our opinion. It implies that the Interstate Commerce Commission and the officials of the Reconstruction Finance Corporation do not intend to postpone continually the reckoning date for a number of railroads, but are determined to adjust railroad capitalizations to a size that can be reasonably supported without recovery of 1928–29 traffic volumes. If other Government commissions and trade boards would show the same willingness to face inescapable facts, we think recovery would be brought substantially closer.

Hirsch, Lilienthal & Co.: Anxiety continues on the part of investors as to whether or not the Federal Budget finally will be balanced; another upsetting influence is the apparent inability of Congressmen to invoke worth-while Federal economies. Under such circumstances it is foolhardy to recommend commitments.

Now, just what happened in the last few days? Last Sunday a number of brokers, all members of the stock exchange, sent out statements blaming Congress for the decline in stocks, and referring to the tax bill at the other end of the Capitol. Now, get this: This was on Sunday. On Thursday following the President's message came. Yesterday the Secretary of the Treasury appeared before the Finance Committee of the Senate, and the word went to the stock exchange, "We have balanced the Budget." Do you know what they did? They reduced the surtax on incomes over $2,000,000 and added a tax on 10-cent admission to movies. That is what this false propaganda and vicious lobby succeeded in doing yesterday. Then the word went out to the stock-ticker boys, "Everything is all right; the President scolded Congress, the Senate has knocked out the stock-transfer tax." It was proclaimed that the Budget had been balanced, although the Senate tax bill is $230,000,000 less than ours. But that is not all about this stock game, and it is nothing but a stock-exchange scheme. Get these three things: The appeal sent out by the stock brokers, the President's message on Thursday, the Secretary of the Treasury appearing before the Senate committee Friday. What hap-

pened yesterday? Bad news or good news, the gamblers make money. Now I read from this morning's Washington Post:

STOCKS STAGE ROUSING RALLY ON TAXES AND BONUS NEWS—GAINS OF $3 TO $5 PER SHARE RECORDED, WHILE BOND AND CURB MARKET JOIN GENERAL ADVANCE

NEW YORK, May 6.—A rousing rally in the stock market to-day greeted a batch of encouraging news items from Washington.

This again is misleading. It is deliberately misleading the American public. It served the purpose first of selling more stocks, of creating the impression that the President's message rallied the market, it misrepresented the fact that the Senate committee's tax bill eliminating the stock-transfer tax was the cause, all of which did not have the direct effect of raising the market at all. What happened? The New York Times of this morning tells the true story. Now I read from the New York Times:

STEEL PAY CUT AGAIN; STOCKS RISE BRISKLY—15 PER CENT SLASH FOR 200,000 WORKERS A FACTOR IN WIDEST MARKET ADVANCE SINCE FEBRUARY 13—GAINS OF 1 TO 6 POINTS—BETHLEHEM TO MAKE SIMILAR REDUCTIONS—ENTIRE INDUSTRY EXPECTED TO ADJUST WAGES

The wages and salaries of more than 200,000 employees of the United States Steel Corporation will be reduced by approximately 15 per cent on May 15, it was announced yesterday. It was the second cut announced in less than a year, a 10 per cent reduction in wages having been placed in effect last October 1, while the pay of salaried workers had been decreased the same amount on August 1.

I need not read further. It will be seen that the stock-ticker manipulators must have so arranged with the United States Steel Corporation as to synchronize their announcement of a 15 per cent wage reduction with the President's message. That was the cause of a rally in Steel stocks, followed by a statement that Bethlehem would follow, and as Steel and Bethlehem are leading stocks others followed with a raise of from 1 to 6 points. What glory, what satisfaction can any real, true American take from an announcement that stocks have gone up on the strength of a 15 per cent reduction in the pay of 200,000 workers laboring in foundries and furnaces in the steel plants of the country? It is another proof that salary reduction of the Federal employees has been urged by these big interests; it is another proof that the working people and the wage earners are expected to pay the whole cost of this depression.

Now, I will say that it makes no difference how much these stocks rallied yesterday, it did not put a single solitary man to work, and this is the proof absolute of this program to bleed the weak. That is all there is to it. They said that Congress went out to soak the rich. Here is a definite, complete program synchronized in its efforts to bleed the weak and take it out of the working people of this country. [Applause.]

Some one suggested a bill of particulars. I am giving one. Here is the next point in the President's message. He refers to the veterans' bill. Let us be fair. Was it fair of the President of the United States to make that reference to the widows' pension bill, when in his statement in opposition to the bonus, and in his annual message and in public statements he has repeatedly stated that it is the solemn obligation of the American people to take care of its disabled veterans, their widows, and dependents? The President of the United States should have known from his advisers the parliamentary situation which brought that bill before the House. I submit it was manifestly unfair for the President of the United States to proclaim to the people of the country that he was in favor of proper relief and proper care for veterans of our wars, and after that was passed, and he knew the bonus was killed, to make any such reference to the widows and orphans bill in his message to Congress.

Then the gentleman refers to the Goldsborough bill. I am sorry the gentleman from Massachusetts [Mr. LUCE] is not here now. The President in his message said:

The passage of legislation by the House placing a burden of impossible execution upon the Federal reserve system over the protest of the Federal Reserve Board—

I submit to the gentleman from New York who asked if there was any mistake or incorrect statement made, that there is an unpardonable misstatement of facts. What is the situation? Gentlemen will remember the Glass-Steagall bill which we passed. Was not that an inflation bill? Did it not have the backing and support of the administration; did it not have the support of the Federal Reserve Board? Were we not told, "If Congress does not pass that bill within a few hours a catastrophe will happen," and did we not pass it? Is not that the truth? What does the Goldsborough bill do? It does nothing except to declare in legislative enactment the policy of the United States Government as to the value of currency, the same principle contained in the Glass-Steagall bill.

Mr. MICHENER. Mr. Chairman, will the gentleman yield?

Mr. LAGUARDIA. Yes.

Mr. MICHENER. Does it not go a lot farther and direct the board to peg the price? I voted for the bill, but let us be fair about it. All the President says is that which I think the gentleman believes—a thing that the board can not possibly do.

Mr. BLANTON. Then why did the gentleman vote for it?

Mr. MICHENER. He relied entirely upon the committee, because no one knew anything about it until it was brought up here in the House.

Mr. STRONG of Kansas. The gentleman did not know anything about it, but that does not mean that nobody else did.

Mr. LAGUARDIA. Let us take the explanation offered by the leaders' first lieutenant, the gentleman from Michigan, and see what it does. The Glass-Steagall bill permits inflation to the extent of the satisfaction of the bankers. The Federal Reserve Board is at this very moment inflating currency. This was frankly stated to the Committee on Banking and Currency by George L. Harrison, governor of the Federal Reserve Bank of New York City. He testified that the Federal reserve banks were purchasing Government securities at the rate of $25,000,000 a week, and had been so doing on April 13, 1932, for the past seven weeks, and I have it on pretty good information that the President himself, believing that this amount was too small, had the Federal Reserve Board increase it in one week to $100,000,000. In the face of that, how can any criticism be properly leveled at the House in passing the Goldsborough bill?

The Goldsborough bill carries out that policy so that it will be beneficial to the farmers who are in debt several billion dollars. [Applause.] It fixes commodity prices. In other words, it makes gold subordinate to the necessaries of life, instead of making gold absolute master of our economics in this country. Prof. Irving Fisher succinctly states the intent of the bill in one short paragraph:

It is the fallacious and common opinion of the average man, until he is waked up by studying the subject enough to realize that the only real stability is stability of purchasing power, that what you really want is a commodity dollar, that what you really want is a market-basket dollar, a stability in purchasing power of our commodities in general, not of one commodity only, gold. In other words, what you want is a stable price level.

The President knew about it. It was before the Banking and Currency Committee for several weeks. The committee held hearings on nine days. It was discussed on the floor of this House.

The President of the United States and the distinguished Republican floor leader in this House are under no political obligation to me. I do not need their defense, but I say it was most ungracious, most unkind, to condemn two such loyal party men, two men who are so devoted to the administration, two such personal friends of the President himself as the distinguished gentleman from Kansas [Mr. STRONG] and the distinguished gentleman from Massachusetts [Mr. LUCE], both members of the Banking and Currency Committee, who came here on the floor of the House after years of study on the subject and approved and supported the bill and asked our votes for it. [Applause.] Both of these gentlemen have at the risk of great political sacrifice defended the administration time after time, and the reference of the

President to that bill was most unkind, to put it mildly, to these gentlemen and the majority of his own party who voted for it. I resent any insinuation that the House of Representatives did not know the contents of a bill as important as that.

Perhaps some individual Members who are sufficiently unashamed to declare their ignorance of legislative matters may not have known the contents, but I say the majority of the Members who voted for that bill knew what was in that bill, knew what it would do, and voted for it because they believed in it. There is no justification for the President's slur on that bill until we have an opportunity to see how it will work out.

No matter what it does, the economic condition of the country can not be in a worse state than it is or was before the bill was ever thought of. [Applause.]

Now we come to another question of fact, which shows the careless use of figures. This is what the President says in his rebuke message to the Congress on economy:

> A drastic program of economy which, including the savings already made in the Executive Budget of $369,000,000, can be increased to exceed $700,000,000 per annum.

Now, get this:

> Considering that the whole Federal expenditure, except about $1,700,000,000, is for uncontrollable obligations, this would represent an unprecedented reduction.

In other words, the President of the United States knows that reductions can be made only from appropriations totaling $1,700,000,000, and he asks this Congress, and he sends word out to the country, to reduce from that amount of $1,700,000,000 over 40 per cent, or $700,000,000, and any legislator with experience knows that that is impossible and can not be done. [Applause.]

The gentleman from New York [Mr. SNELL] asks us to point out one specific instance where the President's message is not correct.

The CHAIRMAN. The time of the gentleman from New York has expired.

Mr. WRIGHT. Mr. Chairman, I yield to the gentleman from New York 10 additional minutes.

Mr. LAGUARDIA. Mr. Chairman, I submit the unfairness of the incorrect conclusion that $700,000,000 may be cut from $1,700,000,000.

Now as to the Budget message, the question was raised during the remarks of the gentleman from New York [Mr. SNELL]. The President signed his Budget message on December 7, and in that message he knew of the deficit now confronting us. The President in the Budget message said that the deficit for 1931 was over $900,000,000 and that for 1932 it would be well over $2,000,000,000, so that when the President submitted the Budget message he had all the facts. Again I submit that the frantic cry for economy is the result of efforts to bring down tax rates in the pending revenue bill. I am sorry to see the President fall into that trap.

In addition to that, we all know that in the latter part of 1931 there were issued $1,000,000,000 of 24-year bonds. In order to meet the deficit then and in the early part of this year, $900,000,000 additional long-term bonds were issued to meet indebtedness incurred for current expenses and the failure of our foreign debtors to make their regular annual payment.

Mr. SCHAFER. Will the gentleman yield for a brief statement?

Mr. LAGUARDIA. I yield.

Mr. SCHAFER. Within the last three months five members of the President's Cabinet appeared before the Committee on Expenditures in the Executive Departments, before the Economy Committee was created, and the members of the Expenditures Committee asked where savings could be made, and not one of them could indicate a saving of one-half of 1 per cent of what the administration now claims can be saved, according to press releases. [Applause.]

Mr. LAGUARDIA. Now, in keeping with that, let me say, what does the President ask us to do? To give him power to "combine munition manufacture, the Army and Navy hospitals, and aviation fields, and other specific Army and Navy activities."

Now, pardon a personal reference, but in my humble way and in my ineffective efforts in sustaining the Economy Committee's program for consolidating the national defense, I pointed out that there would be savings in munitions; that there would be savings in ordnance; that there would be savings in hospitals; and that there would be savings in aviation. Did I not do that? It will be found at page 9333 of the CONGRESSIONAL RECORD.

Mr. BLANTON. And the President now agrees with the gentleman?

Mr. LAGUARDIA. Yes; but the point I make that he criticizes Congress for failing to act on these particular consolidations, when it is and was no secret that the President and administration officials were opposing the Army and Navy consolidation. This is another instance where the message is incorrect. And that brings us to another point.

To-day the President in his statement to the public refers "to a swarm of lobbyists like locusts who haunt the Halls of Congress." The lobbies of the House Office Building and this Capitol were never so crowded with admirals and generals who appeared here in opposition to the consolidation of the Army and Navy. [Applause.] I submit to the President, if he wishes to stop lobbying, here is one group of minorities that he can immediately stop. As Commander in Chief of the Army and Navy, he needs no legislation to stop this class. He can issue an order and tell his admirals and generals and his military and naval lobbyists to keep away from the Congress and let us legislate. [Applause.]

And, talking about lobbyists, my friends, do you remember during the discussions on the tax bill, when we placed a tax on stock transfers, the pressure that was brought to bear on us? Do you remember the abuse that we got because we opposed the sales tax? Is it not an unfortunate synchronization when, on the next day after the President makes his appeal to keep lobbyists away from Washington, the lobbyists of the special interests had already done their dirty work in emasculating the tax on the other side of the Capitol? [Applause.]

Now, as to the reference in the message to the Special Economy Committee's bill. The main difference there was on the reduction of wages. It would appear that no wages were reduced. Is there one word in the message that shows that all salaries over $2,500 are reduced by 11 per cent? In a word, the country would be led to believe by this message that Congress refused to reduce salaries. Is that not misleading? Is it not true that 70 per cent of the employees of the Federal Government are drawing less than $2,500? That being so, in accordance with the figures and taking living conditions into consideration and the additional fact that industry and commerce throughout the country have repeatedly stated, and in many instances already informed their employees, that salaries and wages would be reduced as soon as the Government did so, and this in many instances would mean an additional reduction of wages. Congress was justified, the House was justified, and the votes on both sides of the aisles show the majority of the House knew what they were doing when they exempted $2,500 from the salary reductions.

Is there anyone that is so heartless as to regret that the $1,100, the $1,200, the $1,300 employees have not had their pay reduced? The mere fact that 70 per cent of the employees of the Federal Government are under the $2,500 class, and that the average pay of all Government employees is $1,440, is another evidence of the desire to make the underpaid, the small-salaried, the low-waged workers pay the cost of this depression, and in this instance contribute more than their share to the deficit in the Treasury.

The House by its vote reduced the pay over $2,500 of every Government employee 11 per cent, and in addition to that abolished extra pay for night work and overtime—a saving to the Government and a direct loss to thousands of loyal Government employees of over $20,000,000.

Now, just a word as to lack of cooperation. The charge may very well be reversed. It is no secret, and I am sure the gentleman from New York [Mr. SNELL] will bear me out when I say that many Members of this House made frantic efforts to bring about a compromise acceptable to the President and his administration and to organized labor. I personally appealed to two members of the President's Cabinet and to the Director of the Budget, and repeatedly offered my good offices in bringing the representatives of American labor and administration together on this subject of economy and salary reduction.

My offer was well received at first, but then in the hope of being able to slash salaries, regardless of merit, in the hope of reducing the low, underpaid employee, in the hope of being able to put through a so-called "staggering" plan that would have taken $88,000,000 from the pockets of the employees of the United States Government, all efforts of conciliation, all attempts of bringing about a compromise were spurned.

Gentlemen, I will state that up to 2 o'clock of last Saturday, April 30, the day we voted on the bill, I still held out an offer of compromise to the gentleman from New York [Mr. SNELL] and other Members that I know. The gentleman from California [Mr. WELCH], the gentleman from Virginia [Mr. LANKFORD], the gentleman from Missouri [Mr. COCHRAN], and the gentleman from Massachusetts [Mr. CONNERY] were exerting every effort to bring about a satisfactory settlement, and every effort was refused, rejected, and spurned.

It can not be said in this instance that hindsight is better than foresight, because I and many of my colleagues did have the foresight to attempt to bring about an acceptable adjustment. The 5-day plan was acceptable. It was not fair to make the employee pay the entire cost. The compromise suggested was along the lines of the Cochran amendment. Naturally, labor conditions which have taken labor 50 years to obtain should not have been summarily eliminated.

A 5-day week, with Government taking half the cost and employees taking half the cost, would have been satisfactory to organized labor, and it would have made a saving of $44,000,000 to the Government. Who was the President of the United States consulting with then? Is it right to take the House to task, criticize it, abuse it before the whole country when his administration and spokesmen refused to confer, refused to conciliate, refused to consider this matter in a constructive, fair, and equitable manner?

It may be asked, why organized labor?

The American Federation of Labor represents labor in this country.

As I have stated so many times on the floor of the House, labor and the wage earners throughout the country are interested in this reduction. The reason is that it does not affect the Government employees alone—the workers in the navy yard, the technicians, skilled and unskilled wage earners—but it affects wage earners and the salaries throughout the whole land.

Labor had a right to be heard, and this time it was not. Therefore I submit that this is another instance where the message is incomplete.

High wages! Stabilized industry and stabilized wages! Where did we get our cue? Where did we get our inspiration for the necessity of maintaining high wages in order to maintain the purchasing power of the country? From the President himself. Now, please listen to this. On November 21, 1929, in a White House announcement, this statement went to the country:

The White House announcement, in full text, follows:

"The President was authorized by the employers who were present at the morning's conference to state on their individual belief that they will not initiate any movement for wage reductions, and it was their strong recommendation that this attitude should be pursued by the country as a whole. They considered that aside from the human considerations involved, the consuming power of the country will thereby be maintained.

"The President was also authorized by the representatives of labor to state that in their individual views and as their strong recommendation to the country as a whole no movement beyond those already in negotiation should be initiated for increase of wages, and that every cooperation should be given by labor to industry and the handling of its problems.

"The purpose of these declarations is to give assurance that conflicts should not occur during the present situation which will affect the continuity of work, and thus to maintain stability of employment." (United States Daily, November 22, 1929, p. 3.)

President Hoover on December 23 announced that the policy of the Federal Government in connection with the payment of wages on Government contracts will be to insist that contractors for Government work shall pay the prevailing wages in their respective communities.

President Hoover, in commenting upon the subject, said that at the time of the business depression a year ago and as a result of the White House conferences that followed with business and industrial leaders an understanding was reached whereby the leading employers would maintain the existing wage scales. That action, the President said, has been one of the most constructive contributions made during the business depression.

The example set by the business and industrial leaders was followed by the Government in the maintenance of wage scales, the President added, with one or two minor exceptions, which have since been corrected. (United States Daily, December 24, 1930, p. 1.)

[Extract from address of President Hoover before the American Federation of Labor, Boston, Mass.]

* * * at the White House last November for mitigation of the effects of the present depression.

* * * the leaders of business and industry undertook to do their utmost to maintain the rate of wages. They also undertook in case of shortened employment to distribute work as evenly as possible over their regular body of employees. The leaders of labor undertook to urge effort in production and to prevent conflict and dispute. The public officials and the managers of industries and utilities undertook to expand construction work to mitigate unemployment.

We have now had nearly a year in which to observe the working of these arrangements. These, the first undertakings of this character in our history, have been carried out in astonishing degree. There are, of course, exceptions; but in the large sense our great manufacturing companies, the railways, utilities, and business houses have been able to maintain the established wages. Employers have spread their employment systematically. For the first time in more than a century of these recurring depressions we have been practically free of bitter industrial conflict. (United States Daily, October 7, 1930, p. 2407 (yearly index).)

President Hoover was described at the White House April 2 as being highly gratified that the Nation's principal industries have been successful during the period of the economic depression in keeping up existing wage scales.

This statement, in effect, was made on behalf of President Hoover when his attention was called on April 2 to published statements that he was understood to be apprehensive over the apparent determination of some industries to force the wage level down. The administration, it was explained, has constantly advocated the maintenance of existing wage scales. The President was said to feel that the leading industries have stood by in maintaining these wage scales.

As a result of conferences President Hoover had with representative business men there have been no strikes, no general wage reduction, and no social disorders, it was said. The period of the business depression has been unique in this matter, it was added. (United States Daily, April 3, 1931, p. 1.)

WHITE HOUSE STATEMENT

No member of the administration has expressed the view or holds the view that the policy of the administration in advocating maintenance of wages should be changed. It has not been changed. (United States Daily, July 29, 1931, p. 1.)

Despite announcements of wage cuts in the steel and other industries, President Hoover's anxiety to maintain American standards of living is unaltered and has been consistent, it was stated on his behalf September 23 at the White House. The White House declined to amplify this statement. (United States Daily, September 24, 1931, p. 1.)

That is on wages. Let me tell you something about confidence. The President of the United States appeals to Congress as to the necessity of maintaining confidence. The American people know whom they can rely upon when it comes to appeals for confidence. Let us go back two years. Listen to this. On October 25, 1929, President Hoover said:

The fundamental business of the country—that is, production and distribution of commodities—is on a sound and prosperous basis.

On November 22, 1929, Alexander Legge, chairman of the Federal Farm Board, said:

It looks as if industry would have to begin scraping around to get employees instead of laying off anybody.

In November, 1929, President Hoover said:

Any lack of confidence in the economic future or the basic strength of business in the United States is foolish.

On January 21, 1930, a press dispatch said:

Definite signs that business and industry have turned the corner from the temporary period of emergency that followed deflation of the speculative market were seen to-day by President Hoover. The President said the reports to the Cabinet showed that the tide of employment had changed in the right direction.

On May 1, 1930, President Hoover said:

While the crash only took place six months ago, I am convinced that we have now passed the worst, and with continued unity of effort we shall rapidly recover. There is one certainty of the future of a people of the resources, intelligence, and character of the people of the United States—that is, prosperity.

On August 7, 1930, JAMES J. DAVIS, then Secretary of Labor, said:

Courage and resource are already swinging us back on the road to recovery. And we are fortunate in having a President who sets us a shining example of that courage and initiative.

In September, 1928, Andrew W. Mellon said:

There is no cause for worry. The high tide of prosperity will continue.

Go on, you suckers, buy bum stocks and buy worthless bonds. On December 5, 1929, Mr. Mellon said:

The Government's business is in sound condition.

Yet in less than two years we have a deficit of $2,150,000,000. Mr. Mellon, on January 1, 1930, said:

I see nothing, however, in the present situation that is either menacing or warrants pessimism. During the winter months there may be some slackness or unemployment, but hardly more than at this season each year. I have every confidence that there will be a revival of activity in the spring, and that during the coming year the country will make steady progress.

We have got rid of him, and yesterday he pulled the same thing in England. [Applause.] Robert P. Lamont, Secretary of Commerce, on March 3, 1930, said:

As weather conditions moderate we are likely to find the country, as a whole, enjoying its wonted state of prosperity. Business will be normal in two months.

Mr. Lamont, on September 22, 1930, said:

It is perfectly clear that business, on the whole, has ceased the marked decline which was characteristic of a number of earlier months, and there are some distinctly encouraging features.

Mr. Lamont, on December 6, 1930, said:

We have already weathered the worst of the storm, and signs of stability and recovery are already appearing.

Now, get this. SIMEON D. FESS, chairman of the Republican National Committee, made a statement, and if there ever was a time that I agreed with Senator FESS it was this time. Oh, listen to this boy:

Persons high in Republican circles are beginning to believe that there is some concerted effort on foot to utilize the stock market as a method of discrediting the administration. Every time an administration official gives out an optimistic statement about business conditions, the market immediately drops.

Gentlemen, I say that statement is true, and if President Hoover would have taken the stand which President Wilson did when he stated to the country in 1912—I have referred to it several times—when he heard that certain people were threatening a panic unless certain legislation was enacted, "If anyone dares to do it, I will hang him higher than Haman." [Applause.]

If President Hoover had taken the admonition of Mr. FESS and followed through, the people of this country might have been saved several billion dollars. If the President had followed Mr. Wilson's lead and fought these fellows back instead of surrendering to them he would have had all of Congress and all of the American people back of him in that fight. [Applause.]

Gentlemen, after all, what is this all about? Is it not only a certain few privileged bankers and a few brazen stockbrokers who have caused our present misery? Did they not attempt to write the revenue bill so that $660,000,000 would be placed on the backs of the working and unemployed people of this country? When we defeated that they smarted under the lash of defeat, and because we put a tax on stock transfers they started a cruel, cowardly bear market, coupled with the most vicious propaganda that was ever started in any country of the world. The other day, because they succeeded in knocking out the transfer tax, they had this jubilee at the stock exchange, but the tax bill is far from completed.

The time has passed when the stock ticker is any indication of the soundness or the prosperity of this country. [Applause.] We can only measure the prosperity of this country by the number of men we are employing who are able to maintain happy American homes. I appeal to my colleagues, let us not lose courage because some sinister person with selfish interests has misrepresented the facts to the President of the United States and he in turn has sent this ill-advised message. Let us proceed on our way. Let us strive to legislate for the welfare of the great masses of the American people.

Our country is in a bad and in a critical economic condition. We can not save it by helping the stockbrokers, we can not save it by helping the very men who defrauded the investors of this country of billions and billions of dollars, but we can help it by legislating to stimulate and to create employment for the millions of men who are now unemployed and by keeping up the American standard of wages and the American standard of living. [Applause.]

Mr. BARBOUR. Mr. Chairman, I yield 10 minutes to the gentleman from Nebraska [Mr. BALDRIGE].

Mr. BALDRIGE. Mr. Chairman, we have been having a sort of cat-and-dog fight for the last day and a half. I believe that most of the spellbinders have had their say. I feel there is important legislation before us, and as I understand from both sides of the House, politics is over and we should get down to discussing the bill before us. I believe most of us west of the Hudson are not particularly interested in the stock exchange, but we are very much interested in the Army appropriation bill, which is the matter we started out to discuss yesterday. So I take it, it is not improper for me to leave this political discussion and get down to the pending business, which is the Army appropriation bill.

When I first saw this bill I was surprised and amazed, because in my estimation the Army appropriation bill which has just been reported by the committee emasculates our national defense. I find among other things it takes out 2,000 officers and does away entirely with the citizens' military training camps, and cripples the Reserve Officers' Training Corps, and the Officers' Reserve Corps. I would like to speak for 10 minutes in regard to these items, particularly the citizens' military training camps.

Our memory is long enough to recall what happened to our country in 1917 when we entered the war. You can describe in one sentence our national-defense system. The national-defense system of our country is a reasonable amount of military training for our citizens, coupled with an appropriate Regular Army that can expand sufficiently in time of war to become the skeleton of our National Army. Anyone who cripples one part of this system strikes at the very heart of the safety of our country.

The thing that arouses me particularly is doing away with the citizens' military training camps. Will you pardon me for making a special reference to my own experience, but it is the best example I know, and is the reason I feel so strongly about this matter. I was not a Member of the Congress when we declared war. I did spend the two best years of my life in the Army, and I lost a great many of my personal friends in the war. When I see the committee bring out this bill to-day after having had the experience I have had, it burns me up and I can not help but express myself.

When we went to the training camps at first we were a group of young men who had had no experience. There were scattered among us a group of Regular Army sergeants and corporals and officers, enough to whip the organization

into shape in two or three months. Following this experience I was a captain in the Field Artillery, located at Camp Dodge. I had 190 men given to me. They were men from off the farms and we did not have one person to help us. I can not describe the difficult time we had with a group like that. Now, in case of a national emergency, if we had to bring such men into action, with such lack of training, it would be disastrous. But with a sprinkling of men with a little citizens' military training it would be vastly different.

The answer to this is the citizens' military training camp. Every year 37,000 of our boys spend one month under Uncle Sam's guidance and under the direction of Regular Army officers, and this outpouring of young men follows along from year to year. After their experience in these camps they become members of the Reserve Officers' Training Corps, and after that experience they are ready to help out in a time of national emergency.

The citizens' military training camp is the greatest institution in our country to-day. We started out with it in 1922, when we had 12 camps and 10,000 boys.

Last year we had 38,500 boys enter the 53 camps. If we stop the training for one year, our work is absolutely gone. We could never take up the thread again. It is just that important.

I spoke a while ago of losing quite a number of my friends. I know what happened—most of our officers were not trained men.

One young English officer told me that his father and brother were killed alongside of him. He shook his head and said, "That is not what I am complaining about. The thing that hurts me is that they never had a chance; the officers were young men who had only had a training of one month, and they ordered their company up the hillside with no protection right in front of German machine guns. My father and brother might be alive to-day if these officers had had experience."

To you pacifists let me say that our greatest insurance against war is to be able to put on the field quickly a well-trained large citizens' army.

Mrs. ROGERS. Will the gentleman yield?

Mr. BALDRIGE. I will yield to the lady.

Mrs. ROGERS. I want to state to the gentleman that two years ago one of the finest Members that we had in Congress, a World War officer, who served overseas, told the House of Representatives that one of his young privates came to him just before he went over the top and said, "I do not know how to load a rifle. Will you show me?" This could not have happened if the boy had had citizens' military training camp training.

Mr. BALDRIGE. I thank the lady. That is exactly the point. Now, think of it; here is the one possible chance we have to recruit noncommissioned officers and officers for service in time of national disaster, and yet this committee comes along and in one blow wipes out entirely the military training camps. Gentlemen, I say that is wrong.

Here is a bill carrying millions of dollars. We are all for economy, but let us cut it along the proper lines—if training-camp appropriations have to be cut some, that is all right—I think the Army appropriations ought to have reasonable cuts. I am not asking to spend a large sum on these training camps, but let us have enough so that we can carry on.

Mr. SNELL. Will the gentleman yield?

Mr. BALDRIGE. I yield.

Mr. SNELL. Is it not a fact that we are getting along on a small standing Army because of the efficiency of the second and third lines of defense—like the National Guard and the citizens training camps and the Reserve Officers' Training Corps?

Mr. BALDRIGE. Absolutely.

Mr. SNELL. And if you cut off any part of it you disturb the whole system.

Mr. BALDRIGE. That is true. Now, this is a small amount. I know that some amendment will be offered putting back the training camps.

Mr. PETTENGILL. Will the gentleman yield?

Mr. BALDRIGE. I will.

Mr. PETTENGILL. How many were in the training camps last year?

Mr. BALDRIGE. Thirty-eight thousand five hundred.

Mr. PETTENGILL. How many would be affected in the Reserve Officers' Training Corps cut?

Mr. BALDRIGE. I think about 7,200; and in these two groups, totaling 45,700, are many students who will be clamoring for jobs which should go to men with families.

Mr. MAY. Will the gentleman further yield?

Mr. BALDRIGE. I yield.

Mr. MAY. Is it not a fact that the training camps develop not only the military capacity of the young men but contribute largely to their general health?

Mr. BALDRIGE. Yes; under our Regular Army officers they not only learn military tactics but obedience, loyalty, and efficiency. It is the greatest thing in the world for future citizens. No one can state that we have a large Army. With a population of 122,000,000 we only have 118,000 enlisted men and 12,000 officers, about four-tenths of 1 per cent of our population, while Italy has 14 per cent of her population organized for military service; Switzerland, 15 per cent; and France 14 per cent. Our isolated position does not demand as large a military establishment as these other countries. I live in the Middle West. My part of the country would feel the ravages of an invasion last of all, but I can not stand idle and see our national-defense plan crucified. I want the utmost protection for my wife and family.

Mr. HOWARD. Mr. Chairman, will the gentleman yield?

Mr. BALDRIGE. Yes.

Mr. HOWARD. As I understand the attitude of my colleague, he is not in favor of a large standing army, but he feels that the maintenance of these training camps will render unnecessary a large standing army, that we shall always be prepared if we keep up the training-camp service.

Mr. BALDRIGE. Absolutely. That is the life saver for our country, that is the purpose of our national defense act—a large citizen military army trained sufficiently to take the field quickly and efficiently. As in a gang of little boys, the bully never picks on the one who can defend himself. The weak kid gets the trouble.

Mr. MARTIN of Oregon. Mr. Chairman, will the gentleman yield?

Mr. BALDRIGE. Yes.

Mr. MARTIN of Oregon. Does the gentleman know how General Pershing feels with reference to this service?

Mr. BALDRIGE. I know that he is greatly in favor of it. At one time he asked for 500,000 trained officers, and none over 45 years of age.

Mr. MARTIN of Oregon. Our great leader in the war. I was Assistant Chief of Staff and in almost constant contact with him for several years in the War Department. I know that he considers no element of training in this country to-day more important than the training of these young men in the citizens' military training camps, these great camps that saved our organization during the World War, these so-called Wood camps.

Mr. FULLER. And does the gentleman think that we can afford to retain these officers and at the same time carry out the economy program of the President?

Mr. BALDRIGE. I do. It is not economy when you strike at the heart of our Army.

Mr. McCORMACK. I call the attention of my friend to the fact that in every war we have ever been in our history shows that never were we prepared, and the national defense act of 1920 was passed as the result of experience in the World War, having in mind the conditions that confronted us at the time of the declaration of war. That act was passed for the purpose of assuring reasonable preparation in the event of war in the future.

Mr. BALDRIGE. Yes. The proper amendments will be offered to put back the citizens' military training camps, the Officers' Reserve Corps, and the Reserve Officers' Train-

ing Corps, so that we may carry on. We have to take a cut all along the line, and we expect that; but I ask you gentlemen to give this careful consideration and to save the military training camps, the Officers' Reserve Corps, and the Reserve Officers' Training Corps.

Mrs. ROGERS. And does not the gentleman feel that they are a wonderful influence in creating good citizenship?

Mr. BALDRIGE. Yes.

Mrs. ROGERS. And at the present time, with world-wide unrest and the recent assassination of the President of France, it seems to me that it is important to create the wish to give service. It is important to make good citizens, and nothing does more than citizens' military training camps and Reserve Officers' Training Corps to foster good citizenship.

Mr. BALDRIGE. Of all times for Congress to do away with our national defense, this is the worst time.

Mr. PARKS. The gentleman knows that we are not doing away with the Reserve Officers' Training Corps and, in addition to that, that we only ask that the citizens' training camps subside for a matter of one year.

Mr. BALDRIGE. But if we break the thread of them, we are gone. You are crippling the Reserve Officers' Training Corps and demolishing the citizens' military training camps.

Mr. PARKS. And where would you take the money away from the military department to carry these camps on?

Mr. BALDRIGE. The proper amendments will be offered that will answer the gentleman's question. I have seen them.

Mr. PARKS. On the committee we were endeavoring to find somebody that would give us those proper amendments, but we were not able to find anybody.

Mr. BALDRIGE. I shall be glad to offer them if nobody else will.

Mr. BARBOUR. The amendments will be offered to restore these things. I shall show the gentleman how we can do it when the proper time comes.

Mr. PARKS. I shall be delighted.

Mr. BALDRIGE. I yield back the remainder of my time.

Mr. WRIGHT. Mr. Chairman, I yield 20 minutes to the gentleman from Alabama [Mr. HUDDLESTON].

Mr. HUDDLESTON. Mr. Chairman, I rise to make another plea for Federal aid for those who are in distress. The time is near at hand when Congress will consider adjourning of the present session. I feel that it would be exceedingly dangerous, as well as inhumane, if we should come to adjournment without having done anything more than merely the vote of wheat for the relief of those who are suffering for the necessaries of life.

Employment conditions have not improved. On the contrary, they are growing worse. The vast army of unemployed remains undiminished. Indeed, it is increasing. The streets of our cities and the highways of our industrial communities are thronged with honest and industrious men who can not find work to do wherewith to support their families. The slender reserves of those out of employment are still further diminished. The funds which communities have been able to make available for relief are now approaching exhaustion. The charity funds in practically all of our industrial communities are about gone. There is scarcely a relief organization in the whole country that has resources that will last beyond the next 30 to 60 days. We are about to come to the 1st of July with the communities exhausted in their resources and with no lessening of the number of those who are in distress.

I received yesterday a report from the relief society of an industrial community in my district which showed that in November of last year there were 163 families that were being supported. That number had increased to 340 families in January; and instead of diminishing with the coming of warmer weather it had in April increased to the appalling total of 747 families.

That marks the progress of the suffering and the exhaustion of private resources and public funds which might be devoted to relief. I feel that Congress can not afford to adjourn without making some provision for the emergency which seems to me to lie just in front of us.

On the 3d of March the House passed a resolution providing for the distribution of 40,000,000 bushels of publicly owned wheat to those who were in need. That measure was subsequently approved by the Senate and signed by the President. Perhaps the money value of that relief did not exceed twelve to fifteen million dollars. It seems quite likely that $15,000,000 in cash could have been expended to such advantage as to have given relief equal to that of the 40,000,000 bushels of wheat.

It was a mere drop in the bucket, and yet it did great good. Men, women, and children are alive in the world to-day who would have been dead from starvation had we not made that contribution. The measure passed the House by a vote of 344 in the affirmative and 2 in the negative. The gentleman from Illinois [Mr. ADKINS] and the gentleman from Kansas [Mr. HOPE] were the only two whose votes were recorded against it.

The contribution was small, but in one respect it was highly valuable. The chief value which lay in that measure was in the precedent which was established—the principle which it laid down—the path which it marked out. The significance of it was that it recognized that the National Government had a responsibility in this crisis, and that it was the duty of the Government to come to the aid of those who are suffering. That was the first principle established. The second significance was that the time was ripe when something should be done.

The Congress which passed it and the President who signed it having recognized this principle of national duty, found as a fact that the situation throughout the country required that the Government should extend aid to those who were in distress. By that principle and by that finding of fact every Member of Congress who voted for it and the President of the United States, if they have regard for consistency, are now bound. It is useless to argue longer that there is a Federal duty and that the time has arrived when it should be discharged. Those issues are settled.

I remember that at the beginning of the present session I introduced a bill placing $100,000,000 in the hands of the President for the relief of the starving among our fellow citizens. My bill gave the President the fullest and widest discretion. It authorized him to use any agencies that he might select for the distribution of the fund and authorized him either to distribute it in the form of cash or in commodities, either by way of gifts or by way of loans.

The bill which I introduced was identical in principle with the measure which the House adopted in voting the wheat. I advocated the passage of that measure here, even on the threshold of the present session, with such poor arguments and pleas as I was able to advance. When I had concluded my remarks I found myself charged upon by the three horsemen from New England, the gentleman from Maine [Mr. BEEDY], the gentleman from Massachusetts [Mr. LUCE], and the gentleman from Massachusetts [Mr. UNDERHILL].

I was even apologized for by some on my own side who feared that I would taint our party with advocacy of the principle of relief through Federal aid for starving Americans. None were there so poor to do me reverence.

The gentleman from Maine [Mr. BEEDY] in almost plain terms charged me as a socialist. The gentleman from Massachusetts, Mr. LUCE, said that the measure was of communism. Of course, I did not take them to heart, because I knew that neither of them knew socialism or communism from rheumatism or anything else that ended in "ism." [Laughter.] I was also the object of the delicate attentions of the gentleman from Massachusetts, Mr. UNDERHILL, who said that I had forgotten the principles of Jefferson and a lot more stuff along lines of which he was entirely ignorant. [Laughter.]

A few weeks passed. We took a vote upon the wheat resolution, and when I look at the record of the votes of Members I am amazed to find that "Lo! Ben Adhem's name

led all the rest!" BEEDY, from Maine, on this piece of socialism, "aye." LUCE, from Massachusetts, "aye," for a measure of communism. The gentleman from Massachusetts, Mr. UNDERHILL, was either conveniently or inconveniently absent and did not vote at all.

So, Mr. Chairman, let us have done with those subterfuges. Let us have done with pretenses. Let men no longer cloak themselves with high principle to justify denying bread to the starving. Let Mr. LUCE, to whose better and more thoughtful self the wheat resolution was addressed, and who in the latter capacity rendered a wise and humane decision—I call upon him now, in consistency and in line with his vote on March 3, to support a measure which will permit some provision against the ruin and despair and starvation and death which may stalk the streets of our cities and our industrial communities within the next few months. [Applause.]

The Congress can not afford to adjourn and leave the President without means in his hands which, in the exercise of a wise discretion, he may use for such an emergency. In his excoriation of the House in his message of two or three days ago he makes provision for just that situation. He uses the expression, "for undoubted emergency."

The measure which I have proposed is one which can not be objected to except by those who feel that the National Government should not intervene in such a situation no matter how desperate the need. The man who feels that the Government should sit here in Washington and allow citizens throughout the country to starve to death, and has that adherence to high principle, then he can insist upon leaving nothing in the President's hands. But none of those 344 Members, including the gentleman from Massachusetts [Mr. LUCE], who voted for the wheat measure, can now consistently take that position.

My measure would place this money in the hands of the President and give him a free hand in its distribution. I am willing to trust him. I am willing to place this money in his hands and allow him to distribute it.

We have had a great deal of talk in opposition to the creation of a Federal bureau to dispense aid to the people Certain gentlemen in another place, which shall be nameless here, have stood upon that high principle and have refused to vote relief to the distressed. Those same gentlemen a few days later voted for this wheat resolution, which turned the matter over to the President, to be distributed through the Red Cross to the distressed people at home, just as they had previously voted to make crop loans through the Department of Agriculture and just as they had previously voted in another session in favor of similar measures. They are willing to have Federal bureaus dispense aid for the building of roads, the raising of animals, and whatever else they might want money for in their States. They are willing to have a Federal bureau make loans to the people. It is only when the time came that starving women and children reached out their hands and begged for bread that they suddenly found a high principle which forbade their going along.

Mr. Chairman, I am not a politician and am in quite indifferent odor here on my own side. So no partisan interpretation can be given to anything I have said or that I am now going to say.

[Here the gavel fell.]

Mr. WRIGHT. Mr. Chairman, I yield the gentleman 10 additional minutes.

Mr. HUDDLESTON. In his message on the 5th the President said:

> The most essential factor to economic recovery to-day is the restoration of confidence.

There seems to be some confusion of thought in that. Confidence in what? Confidence in whom? Is it confidence in the future of business? Is it confidence in the stability of our Government? Is it confidence in the legislative branch of Government? Where is the confidence needed? I am sorry the President was not plainer in what he had to say.

My own thought is that confidence in our fiscal system is the thing which is most urgently needed. Having that in my mind, I have voted for every measure proposed in this Chamber which had for its purpose the balancing of the Budget. I went through on the tax bill to the bitter end. I went through on the economy bill to the bitter end. I voted with the committee on every question that was submitted upon this floor. I did so feeling that it was of the very highest importance that we make the world and our own citizens to know that our Treasury was on a sound basis and that our fiscal affairs were above criticism. I also voted against the Goldsborough bill. So that nothing the President has said reaches me. I am not guilty.

The President indicts the House of Representatives. He indicts the majority, a majority composed of Members on both sides of the aisle. In some instances the majority was of Republicans and in other instances the majority was of Democrats. But he indicts the majority wherever it was and whoever it was. He charges them, in effect, with crimes and misdemeanors of the most serious nature. As I have said, I am not guilty. Yet, Mr. Chairman, I can not fail to resent on behalf of my associates in this House the affront which has been put upon them and the cruel injustice with which they have been pilloried before the world.

I supported the measures for taxation and for economy. They did not suit me in all respects, but I was willing to go along and to sink any doubt or any question that I might have as to the particular propriety of a certain detail. In doing so, it brought me into antagonism both with my personal and my political friends. I had to break from those with whom I had previously kept company. I had to set my face against a shower of propaganda second to none that may have fallen upon other Members of this House.

So it is with a clean conscience that I now say—and I now speak of only one detail of the economy program—the reduction in compensation to Federal employees, that provision died by the President's own hand. It was his hand that slew the effort to cut $40,000,000 or more from the Federal pay roll.

The President invited the Economy Committee to confer with him. They did confer; they exchanged views; they accepted some of his ideas; and they had a right to expect him to accept some of theirs and to go along with them. It was not fair or reasonable that he should expect them to surrender to him on every particular point—a mere matter of detail. Yet we find that when the committee had made their report and were beleaguered in this Chamber by every selfish interest which was touched by the economies proposed, under the President's influence and instigation a fight was brought on between those favoring the economies—a fight between those who favored the furlough plan of the President and the level percentage cut—and as a result of that division of its friends this $40,000,000 was lopped off of the proposal for economy.

The President's statement is an indictment of the House of Representatives. Waiving the matters of taste and of his abuse of his constitutional authority through cloaking himself in his constitutional prerogative and striking over the heads of Congress to public opinion—for that was the deliberate purpose—waiving the fact that this is Mr. Hoover's deficit; that it was he who was responsible for the maladministration which had produced this situation—when he presents his indictment against the Members of this House for the butchery of the economy bill, I say that if the Members are guilty, he is particeps criminis and the most guilty of all. [Applause.]

I do not object to criticism, and I should not object to a frank appeal by the President to the people of the country. I should not object to what the President has said if he had not said it in such a manner as he did. His manner was polemic, it was controversial, it was a challenge, it was provocative, it was intended to be an affront and was an affront to every Member of the House and should be resented as such.

It was a demagogic appeal to the galleries. Oh, we have had plenty of demagogues in Congress; we have them now,

have had them always, and always will have them. But not all the demagogues are in Congress. Some of them have occupied the position of Chief Executive.

And whenever a President, under the cloak of his constitutional prerogative to address the House, flaunts us and misrepresents us with half truths and misleading statements, all intended to advance his political fortunes, then I am prepared to call such a man, whether President, Congressman, or whatever he may be, just a plain, ordinary, everyday, garden variety of demagogue, such as grace the soap boxes and the country schoolhouses. [Applause.]

[Here the gavel fell.]

Mr. WRIGHT. Mr. Chairman, I yield the gentleman five additional minutes.

Mr. HUDDLESTON. Mr. Chairman, we do need a restoration of confidence. We need it badly. The lack of it is taking the color out of little children's cheeks. It is taking the clothing from men's backs. It is taking shelter from over their heads. It is driving men forth from every walk of life naked and barehanded, the fruits of a lifetime of toil and frugality wiped away with a sweep of the hand.

We need a restoration of confidence, most important of all, a restoration of confidence in the Government's fiscal system. We need a restoration of confidence in the stability of our Government—and let me say I have heard speeches made upon this floor during this session which were aimed right at the heart of public confidence in the Government of the United States.

We need a restoration of confidence in business—faith that there will soon come a time when we will be on an even keel with a fair and reasonable amount of good living for those who are industrious and saving.

We need all this; but may I call to the attention of the President of the United States that, more than all this, we need a restoration of confidence in Mr. Hoover. [Applause.]

The people of this country and Members of Congress, ourselves—because we are citizens like everybody else—need to have more faith in the fairness of the President, in his justice, in his sincerity, in his willingness in a time like this to forget partisan politics and his ability to rise like a statesman to do something for the common welfare of our country. [Applause.] What he has done in this message, with the reiteration of the unjust criticism in his appeal to the people which followed, is to diminish the confidence which the country must feel in him. The people may not know the facts now. They may give him the temporary applause, but the time will come, upon second thought and sober consideration, when they will know.

We need to restore the confidence of the people in this country. We need for the common man to know that the Government of the United States is sympathetic with suffering, that it recognizes its responsibility to every citizen, that it feels that no honest and industrious man should be allowed to starve because he can not find work to do. The people need that—oh, my God, how much they need that assurance. They stand to-day, millions of them, upon the brink of an awful fear—the fear of starvation. It is in the homes of millions of our people and gnawing at the hearts of the best of men.

At a time like this nothing could give such reassurance to the average citizen as for the Government to announce as a fundamental of its policy that no honest American shall be allowed to starve. [Applause.]

Nothing, Mr. Chairman, could give this reassurance better than for Congress, before it adjourns, to place this fund in the hands of Mr. Hoover, for the relief of the people when the failing resources upon which they depend have been exhausted and nothing remains to save them from starvation. [Applause.]

Mr. BARBOUR. Mr. Chairman, I yield to the gentleman from Pennsylvania [Mr. BECK] 20 minutes.

Mr. BECK. Mr. Chairman, I imagine there is no one in this House who has a greater distaste for controversy than the one who now claims your attention for a short time. There was a time when controversy was a matter of keen delight to me, but that time has long passed. I rise now with great hesitation.

I do so for the purpose of commenting very briefly on a speech made yesterday by the gentleman from Mississippi [Mr. RANKIN] and also on some observations as to the prerogatives of the President which were made this morning by the gentleman from Alabama [Mr. BANKHEAD].

Before addressing myself to this double purpose, let me make one comment on the speech of the gentleman from Alabama [Mr. HUDDLESTON], who just addressed the House with his characteristic eloquence. He said that nothing would be quite so reassuring to the country as the assurance that no one in this country would be allowed to starve. Of course, translating the gentleman's expression into its intended application, he means assurance that the Federal Government will relieve the constituent States of their primary duty to attend to the destitute.

Let me say that, in my humble judgment, a reassurance could be given that would be far more stimulating to industry and trade—that is that Congress, after passing the appropriation bills, would adjourn and spare the country such "soap box" oratory as we have had this session. [Laughter and applause.]

The gentleman from Mississippi [Mr. RANKIN] took occasion to make an attack upon a leading citizen of my own State, one of the most generous and noblest philanthropists of our time, Cyrus H. K. Curtis.

His incentive for his attack was an editorial in the New York Evening Post, of which Mr. Curtis happens to be indirectly an owner, in which some too vehement and hasty language was used with respect to Mr. RANKIN. I do not criticize Mr. RANKIN for rising to a question of personal privilege and answering the extreme language in a part of this editorial. But the gentleman from Mississippi went farther and made an attack on Mr. Curtis as a rich man and on the rich as such.

He mentioned the fact that Mr. Curtis happens to be a man of considerable means, and stated that when wealth becomes unduly concentrated a nation is threatened with extinction, citing the school-boy illustration of ancient Rome. In my judgment ancient Rome did not perish so much from its rich men as from its idlers, who frequented the circus and the theater and forgot the sterner duties of the state in idle pleasures. The Roman people lost their sense of the stern values of life.

To the offense of being a rich man Mr. Curtis must plead guilty. No dollar he ever earned has any taint. To be rich is a new and unheard of crime in this land of opportunity. Our institutions make the honest accumulation of wealth a possibility. A "fair field and no favor," the "tools to him who can use them," the "square deal," import the right of a man to earn and retain the legitimate results of his skill in industry, and are basic principles in American society or else I wholly misapprehend the nature of our institutions. But the gentleman from Mississippi could have indicted Mr. Curtis even more severely. He might have said that Mr. Curtis is guilty of the additional crime of having started as a poor boy, selling newspapers at 2 cents apiece on the streets of Portland, and then by a long life of industry, patience, skill, judgment, and foresight amassing the large fortune that he has. So he might also have added a count to the indictment that Mr. Curtis has made the most generous use of that wealth, for members of the Curtis family have been among the outstanding philanthropists of this generation. His daughter, Mrs. Edward W. Bok, has given about twelve millions to found a music school, in which no one is asked to pay a penny for tuition, and in which those who have not the means of study, even with free tuition, are supported by the school in order to develop their talent. Mr. Curtis has been foremost in nearly every great public movement for the benefit of mankind in Philadelphia and Pennsylvania, and to some extent in the United States. If he has a large income, he has given it, save the modest expenses of his own life, to the public good. Such rich men would never destroy this or any nation.

I would not say so much if it were not for the fact that the speech of the gentleman from Mississippi has not been the only speech made in this session in which there has been, intentionally or otherwise, an appeal to class passion, in order to array the poor and the unfortunate against those who by honest industry have amassed a greater or lesser fortune. Let me say such utterances are far more fatal to the public peace than the mere possession of wealth by individuals in this country. It is easy to make these speeches, and then, like Mark Antony, say:

> Now let it work. Mischief, thou art afoot,
> Take thou what course thou wilt!

If there ever was a time in our history in which inflammatory appeals to class passions are dangerous to the Republic, it is at this time, when millions are without work and therefore peculiarly susceptible to such appeals. Conceding the just provocative of an intemperate attack by a subeditor of a New York paper in Mr. RANKIN'S case, the fact remains that this is the time when all classes of America ought to be like the instruments of an orchestra, each playing his part, whether it be the drum or the first violin, or even wielding the baton, but each playing his part and contributing to a symphony of good will in America and not a hymn of social hate. [Applause.]

Let me now briefly comment upon the speech of the gentleman from Alabama [Mr. BANKHEAD] delivered by him with characteristic force this morning. It was a criticism of the President's conception of the high prerogatives of his great office. The gentleman suggested that the President ought to read the Constitution of the United States. I will so far agree by saying that not only the President but the Members of this Congress and every citizen of the Republic could very profitably reread the Constitution of the United States, because, like the Bible, I suspect it is generally more respected than read. At all events, it would not do any harm to any official, from the highest to the lowest, to view the wise grants of power, which the master builders of the Republic prescribed in that Constitution. Indeed, this terrible situation in which we find ourselves, with a deficit of over $2,000,000,000, is, in the last analysis, attributable to the fact that the representatives of the people, whether in executive or legislative departments of the Government, have so enlarged and extended the boundaries of Federal power by the creation of unconstitutional bureaus, that if Hamilton, Jefferson, Franklin, or Washington were to revisit this world and consider the Constitution, as it is now interpreted and applied, he would not recognize his own handiwork. The gentleman from Alabama [Mr. BANKHEAD] could profitably reread not merely the Constitution but its historic background in this matter of the presidential prerogative. That historic background was the tragic impotence of the Continental Congress to be a legislature, an executive, and a judiciary at the same time. One of the great objectives of the Constitutional Convention was to create a strong and powerful executive, and they did so with characteristic simplicity and elasticity of language. They said:

> The executive power is hereby vested in a President of the United States.

That meant a great deal to those who are familiar with the history of the English-speaking race. They said he should have the power and duty of giving information to the Congress. "Information to the Congress" meant that the President must, like the captain on the bridge of a ship, view the entire state of the Union, and from time to time advise the Congress as to the conditions, which required a declaration of legislative policy. The Constitution further imposes upon him the duty to recommend measures for the welfare of the Union, and the power "to recommend," necessarily made the Chief Executive the leader of the American people in primarily suggesting public policies. Then, above all, it said that he should carry out and execute the policies of Congress. How can a President, if he is confronted with compulsory expenditures and no adequate revenues, do otherwise than advise Congress that with a deficit and consequent inability to carry out its mandates, their action is required, either in restricted expenditure or in enlarged revenues?

That is all the President has done in this case. If President Hoover has made any mistake, it has been in too great solicitude for what might be called the proprieties of procedure between the President and the Congress. In other words, he is the leader of the American people, respected as such, and chosen by their free suffrages; and it is his duty, even in normal times and, a fortiori, in abnormal times like the present, to take the lead, to be the captain on the bridge, and advise the Congress not only what they should do, but to bring to their attention their failure to do the things which the public good imperatively requires.

This he has done and nothing more; and the suggestion that the President has in any way violated the prerogatives of Congress has no basis, either in the Constitution or in the history that is its great background and chief interpreter.

What has our President done to cause the violent criticism? The ship of state—when he took the helm—started out with clear skies and blue seas. Almost immediately it ran into possibly the most terrific and cyclonic storm of depression in our history, and certainly the greatest that can be recalled by the memory of living man. In those three years, under most trying circumstances, he has stood on the bridge, enveloped by a fog of misrepresentation, assailed by an icy sleet of bitter and partisan misrepresentation, never sparing himself, always on the bridge by night and day, trying to navigate the ship through the terrific gale in which it found itself; and all the thanks he gets, if we can judge from some of the speeches from the right side of the aisle, is that because, during those three years, he did not loudly claim that the ship was going down, that we were all doomed, he is to be criticized because the gale has lasted longer than anyone anticipated.

Mr. Chairman, some of you and I have been on the Atlantic when our ship was confronted by a gale of three or four days, and with all of the attendant perils of the mighty sea, and if there is one thing that is essential to bring the ship out of the storm and into the safe harbor of its destination it is that the captain and the crew should work loyally together. If the officers and subordinate seamen slur the captain, sneer at him, and whisper that he does not know how to navigate the ship, then the ship is indeed in danger. This is true of the present cyclonic storm. Similarly our captain would be unworthy of his position as one charged with the chief responsibility to bring the ship to a safe harbor if he said, "We are going down; there is no hope; we can not outride this storm; the icy waves will soon submerge us."

What is wanted is faith and courage, and such President Hoover has had through these three trying years in high measure.

The policy of despair would make a craven of any captain. As I have said, the President of our good ship has stood bravely on the bridge, and to argue now because two years ago he said better times were coming he should be a subject of legitimate criticism seems to me a strange conception of the duty of a captain in a great storm.

Gentlemen, in my judgment all parties and all generations of Americans are responsible, so far as governmental policies are responsible, for the truly critical condition in which we find ourselves. This is no time for one party to criticize the other or *vice versa* for mere considerations of party expediency. I say that because, in the first place, the vulnerable heel of our form of government, otherwise as strong as Achilles, is the power of appropriation. Our fathers vainly thought they were creating a government of limited powers. If they were alive to-day, they would see that by the abuse of the power of appropriation, as to which any censorship of the judiciary is impracticable, we have become a Government of almost unlimited power, with a socialistic character, almost as great as that of Russia itself in its intimate meddling into the life of the individual and his activities. That has led to the creation of 150 bureaus, at least 50 of which have no possible sanction in any grant of power in the Constitution. [Applause.]

I would like to commend a suggestion to my good friend from Alabama [Mr. McDUFFIE], who has done such valorous and excellent work as the chairman of the Economy Committee. I supported the action of that committee in every vote that was taken with the one exception of the consolidation of the Army and Navy, and I even voted for that in the Committee of the Whole, although I confess on the motion to recommit I changed my vote and voted against the consolidation. Believing that this session began with a fine exhibition of bipartisan patriotism, when high-minded leaders of both parties had loyally worked together without any selfish interest except to save this country in its present deplorable condition, I supported the recommendations of that committee with this one exception.

[Here the gavel fell.]

Mr. BARBOUR. Mr. Chairman, I yield the gentleman 10 additional minutes.

Mr. BECK. I was about to suggest to my friend from Alabama that there ought to be created a bipartisan commission to consider the true powers of this Government, to report next December as to the constitutional justification of some of these bureaus. I know that commissions have generally been rather abortive and suggest those promissory notes, which Micawber used to give his creditors with the exclamation, "Thank God, that debt is paid." Many commissions are promissory notes that are never ultimately paid. But I would like to see a bipartisan commission of the Senate and House, composed of the leading lawyers of both Houses, which would consider between now and December the justification under the Constitution of the many bureaus of this Government, which usurp the functions of the States and interfere in a most socialistic way with the intimate life of the individual, as, for example, the bureau which tells the American mother how she shall sew Willie's pants or how window curtains are to be hung in order to insure privacy and how in 10,000 ways the life of American citizens should be regulated by unconstitutional Federal bureaus, I was about to say from the cradle to the grave. But, as a matter of fact, the one thing for which there is not a Federal bureau is the grave. I hesitate to make that statement, because the way all of these bureaus are created makes me fear that this speech may suggest the creation of another bureau. If my speech is read—which it will not be—some one of the class that we used to call undertakers but who are now called morticians will get some Members of Congress to slip in an appropriation of $20,000 to inquire into sanitary methods of interment. That will result in a new bureau, the head of it, presumably, the mortician, and he will be called the chief mortician of the United States. He will then subdivide it into a half dozen bureaus, one of which will investigate the method of Etruscan burials, another the method of Roman burials, and another the method of Aztec burials.

The bureau will have its full complement of employees and its own methods of propaganda and "ballyhoo," and presently you will find the Congress will be appropriating about a quarter of a million dollars a year for this mortician's bureau, and the Chief Mortician of the United States, having a little brief authority, will become one of the great bureaucrats of the United States. [Laughter.]

Thus these bureaus are born and thus they die. But no; they never die. Like the immortal Cleopatra, they have "immortal longings."

This is a fanciful illustration, but I could duplicate it a hundred times; and if we could once restore this Government to its original channels of power, as prescribed by the wisdom of the fathers, we could save this country at least one-fourth of a billion dollars. [Applause.]

There is a second suggestion that I want to make, in which respect I think the Executive has a greater responsibility than we have, and I want to commend this to the attention of the Executive.

It can not be questioned, since the removal-from-office case of Meyers *v.* The United States (272 U. S.), which I happened to argue, that the President has the constitutional power to remove, a power which can not be controlled or restricted by Congress in any way. This high prerogative means that if the President deems it in the public interest that any member of the executive departments should be removed such is his power. The Supreme Court has so stated.

This gives him a power, directly or indirectly, to remove any official in the executive department for whom the public service has no real need. He need not appoint a successor and can not be compelled to do so.

I do not believe that the average Federal employee is overpaid. I think those who have eight hours' work to do and work that requires skill and judgment are grossly underpaid, but I say, and I say this as one, who at four different times and under four administrations has served in the executive department of the Federal Government, that these departments all have upon their rolls many Government employees, some of whom have not an hour's work to do a day. They fool around in the corridors, speculate between themselves how to raise themselves in classification, and in general kill time.

Mr. BLANTON. Will the gentleman yield?

Mr. BECK. No; please let me continue.

Mr. BLANTON. I wonder why the President does not remove them.

Mr. BECK. If the gentleman will allow me, that is exactly what I am coming to. I wish I had a little more time, because this is a feature of this economy program that has received very scant discussion and admits of a very summary remedy.

Let me illustrate by stating that in the administration of that great and wise President, Grover Cleveland, he knew that the departments had thousands of useless employees who were feeding at the public crib and doing little or nothing in return for their salaries, and he instructed his Secretary of the Treasury to make an examination of the Treasury Department. Secretary Carlisle did so, and as a result of a careful canvass he developed that there were some hundreds—I have forgotten how many—who had sinecures. Thereupon, one Monday morning, Secretary Carlisle removed these useless employees. Then Congress was empty for the next two or three days. There were no Members here. They were all hurrying to the Treasury Department, and the pressure of Congress was so great upon the administration that the order was revoked. Thus the wise policy of economy of Grover Cleveland was defeated by Congress. How often that has happened since.

If the President would tell each member of his Cabinet to appoint three discreet men to go through each department and ascertain the employees that did not have an honest day's work, it would develop at once why this Government is the most overmanned government in the world, with its 800,000 civilian employees.

The President thus, by the power of removal, could eliminate the deadwood from the department.

Ah, but you say that would add to the unemployed. Yes; that is true; but let me say that the failure of this Congress to economize and the appeals to class passion, of which I have spoken, have done more to swell the volume of unemployment in this country than any other cause. [Applause.] The bread lines are lengthening because confidence in industry is being destroyed by inflammatory appeals in this Congress to class passion and because this Congress is halting and obstructing and defeating the wise measures for economy and reform to please professional lobbyists and special classes.

Mr. KELLER. Will the gentleman yield?

Mr. BECK. Yes.

Mr. KELLER. I would like to know who does the thing the gentleman is charging here, and who has done it.

Mr. BECK. Who?

Mr. KELLER. The gentleman is charging here that this Congress is working to arouse the passions of men, and I would like to have the gentleman point out who has been doing that.

Mr. BECK. It would be invidious to do so. I have so kindly a feeling for every Member of this House that if I should individuate the speeches from the beginning of this Congress that have been appeals to class passion I would hurt many a good friend. If there be any doubt in the

mind of any Member on this subject, let him read the CONGRESSIONAL RECORD, and he will see appeals to the passions and despair of the masses that would have caused a revolution in any other country. The sober self-restraint of the Americans in this crisis has been admirable beyond words, and this has saved this country from bloody riots in the cities. If my friend does not know of these speeches, then he has not been present when they have been delivered, and I commend him to the reading of the CONGRESSIONAL RECORD.

Mr. NOLAN. Will the gentleman yield?

Mr. BECK. Yes.

Mr. NOLAN. The gentleman mentioned the creation of 150 bureaus, most of which we are to assume are unnecessary, and the gentleman stated that some 50 of them are actually unconstitutional. Would the gentleman be willing to give the House the names of some of these bureaus? So far the statements that have been made on the floor of the House have been very general, and I would like to know what are some of these bureaus.

Mr. BECK. I will give the gentleman one—the Maternity Bureau. No one who has voted for it and who has ever studied the Constitution can question the fact that no power was ever granted by the Constitution to the Federal Government to prescribe for American mothers how they could either bear or care for their children, and my own belief is that the unmarried ladies who run that bureau can not teach the average American mother anything on the subject of maternity. [Laughter and applause.]

Mr. LAGUARDIA. Will the gentleman yield?

Mr. BECK. Certainly.

Mr. LAGUARDIA. The gentleman, while Solicitor General, defended the constitutionality of that act.

Mr. BECK. The gentleman from New York is quite right. I am glad the gentleman referred to that. It involves quite an amusing story. I was Solicitor General, and it was my duty to defend the constitutionality of any legislation presumably valid. One band of ladies, who were against the legislation, called on President Harding and said I was too prejudiced to argue it, and another band, in favor of it, made the same statement. However, that kindly President allowed me to argue the case. The argument I made, and which prevailed, was that the Supreme Court could not *ex necessitate rei* sit as a censor of appropriations. That is a vulnerable part of the Constitution.

Mr. HUDDLESTON. Will the gentleman yield?

Mr. BECK. I yield.

Mr. HUDDLESTON. The gentleman suggests the Children's Bureau, which has a trifling appropriation and small activities. I wonder why the gentleman picks on that instead of the Department of Commerce and the Bureau of Roads. Why strain at a gnat and swallow a camel?

Mr. BECK. My answer is that when our colleague, Mr. NOLAN, suddenly launched the question, the Maternity Bureau was the first illustration that came into my mind, possibly because it is the most glaring, but my friend from Alabama is right in regard to many bureaus in the Department of Commerce and in the Department of Labor. The Department of Agriculture is the worst offender. Over its grandiose structure should be written: "Sacred to the memory of the Constitution of the United States." Many of its bureaus can find no possible justification in any grant of Federal power.

Mr. YON. Will the gentleman yield?

Mr. BECK. I yield.

Mr. YON. Does not the gentleman think that if appropriations made for Federal aid for roads could be distributed to the States themselves under the authority of Congress without being tied up and prescribed with so much red tape, it would be better?

Mr. BECK. That is another question, but without much reflection, I think my friend is right; we had better give it to the States, if we are thus to misapply the public revenues for the benefit of sections.

Mr. LAGUARDIA. Will the gentleman yield?

Mr. BECK. I will.

Mr. LAGUARDIA. The gentleman from Alabama suggested the abolition of the Bureau of Roads, and the gentleman from Florida has added his contribution. The State of Alabama has been a beneficiary of the aid to roads, and the only restriction we put on it is that they shall not use convict labor.

Mr. BECK. The State of Pennsylvania contributes $2 to the cost of these roads and gets back $1, while the State of Texas contributes $1 and gets back $7. [Laughter.]

Gentlemen, I have taken entirely too much time.

SEVERAL MEMBERS. Oh, go ahead.

Mr. BECK. It is rather tempting to do so.

The CHAIRMAN. The time of the gentleman from Pennsylvania has expired.

Mr. BECK. And, besides, there are other demands for time on my side.

Mr. McSWAIN. Mr. Chairman, will the gentleman yield?

Mr. BECK. If I have the time to yield.

Mr. BARBOUR. I yield the gentleman two minutes more.

Mr. McSWAIN. If the gentleman went out house cleaning for the President, and went to the Veterans' Bureau, which disburses 25 per cent of the total Federal revenue, and found that the chief legal adviser is a man who had never tried a case in court, does he not think that he would exercise the power under the case of United States against Meyer and at least put one more unemployed on the road?

Mr. BECK. I know nothing about the merits of that particular matter; but it is fair to say that the President, notwithstanding this very great power of removal, is the President of a nation of 120,000,000 people and he can not give attention to the details of so many great departments. However, if the gentleman's facts are as stated, and I believe they are, I would remove such a man before the dawn of the morning. [Applause.]

Finally, let me say this: I came into this discussion without any adequate preparation. I only wanted to defend a friend, a very noble man. I refer to Mr. Cyrus H. K. Curtis. By the way, the gentleman from Mississippi [Mr. RANKIN], whom I advised I intended to reply to his speech, jokingly said, "You will give a Shakespearean quotation about Mr. Curtis." I had not thought of it, but here is one:

> His life is gentle, and the elements
> So mix'd in him that nature might stand up
> And say to all the world "This is a man!"

I have taken the liberty in this quotation of changing the tense of the quotation.

If we are to preserve the priceless heritage of the fathers, the Constitution, and save ourselves from sinking into the mire of a bureaucratic socialism, then "back to the Constitution." [Applause.]

Mr. WRIGHT. Mr. Chairman, I yield 10 minutes to the gentleman from South Carolina [Mr. MCMILLAN].

Mr. MCMILLAN. Mr. Chairman, I am sure every Member of the House has been profoundly impressed with the remarks just made by our friend, the distinguished gentleman from Pennsylvania [Mr. BECK]. I have always admired his brilliancy; and his ability, I think, is respected and recognized by every Member of this body.

We have had now for a couple of days, as I believe everyone will agree, what might be termed a "tea party," discussing the pros and cons of political strategy recently called into being as a result of certain messages this body has received from the President of the United States. For a few minutes I shall undertake something of a constructive character. [Applause.]

I desire to discuss H. R. 11677, a bill to amend section 15-a of the interstate commerce act, and for other purposes. The Committee on Interstate and Foreign Commerce of the House has recently concluded its hearings on this bill and has favorably reported same to the House for its consideration. I desire at this time to congratulate the membership of this committee for its action, and to express the hope that the distinguished chairman, Mr. RAYBURN, of Texas, will press for immediate consideration on this proposed legislation.

The ordinary student, I believe, of our national affairs has been able to observe during the past few years a very decided shift in the center of gravity in our transportation facilities. It is well, perhaps, to abolish many useless regulations that have been prescribed by authority of Congress and the Interstate Commerce Commission. Many millions of dollars have been appropriated, for regulatory purposes, to a commission composed of experts, to superregulate what is now almost a defunct and bankrupt industry. This question, like many others, has challenged the initiative and intelligence of every Member of this House, and I am sure I can state without fear of contradiction that every single Member of this body has made an effort, and will continue to do so, as far as is humanly possible, to find the trouble.

Business is on a dead center, and we owe it to the Nation, individually and collectively, as Members of Congress, to try to start it again in motion by removing every possible handicap. Never before, in my judgment, has business been for so long a time in need of all of the cooperation and encouragement it is possible to give it. Various Members, I am sure, have entertained different ideas, different opportunities, privileges, and desires to study and observe the character of legislation as has been proposed during the past few years, and its probable effect upon business. The reaction of the membership, it seems to me, would be valuable in our joint efforts to lift this country out of the business chaos which is now everywhere very evident. For myself, I have undertaken to give considerable thought and study of the effect of many of the commission's regulations regarding the railroad industry. Long before I was honored to sit as a Member of this body I questioned the ultimate value of our "overproduction" of this class of legislation. Everyone having an impartial attitude will, I believe, agree that the railroads to-day are on the brink of bankruptcy. Proof for this statement is revealed by a casual observation of the decline of the value of railroad securities on the stock exchanges. Business conditions generally, of course, have played their part which has brought about a decline in railroad stocks, but in a very large measure such declines, in my judgment, have been due entirely to superregulation.

Under the transportation act of 1920 the railroads of this country were given little opportunity or inducement to protect themselves against the lean years with which they are now confronted. Congress, of course, is responsible, therefore, for the passage of this legislation. It is our duty as a result for this Congress to try to remedy a condition that the act of a former Congress has brought about. Careful study of the act of 1920 will convince you that it is nothing short of a Chinese puzzle and the question of revenues contained therein flagrantly violates every fundamental economic law. The railroads, it must be remembered, are subject to the same economic forces as any other business activity or concern. They, like any other firm or corporation, will have good years and bad years, and unless they are granted a subsidy, which I do not favor, should be permitted under this act to build up a surplus in their operations in prosperous years to enable them to survive in times of depression. The recapture clause of the transportation act of 1920 deprives them of this privilege. If I am any judge of the financial conditions of our railroads to-day, the Federal and State Governments are going to have to release without delay the strangle hold on their operating methods, if we are ever to expect them to come back with any degree as going business concerns of even fair rank and importance. Unless given some degree of cooperation, relief, and encouragement, the railroads of our country will never again regain their former position of stability and permanency nor their stock or bonds be attractive as an investment to the public, nor will they appeal to the best operating talent of executives and employees.

Everyone, I believe, will admit that the future expansion and development of this country will continue as heretofore to demand modern railroad facilities, not so much perhaps as in the past, but still they are indispensable. Undoubtedly this is a serious problem, and it does not require a wizard or prophet to determine the fact that it is necessary to give immediate consideration and relief to the railroad industry as a whole or take them over under Government operation and control. The total book value of the railroads of the country to-day is approximately $20,000,000,000. Which horn of the dilemma shall the Government take? Will we give them a chance for their life or run the risk of taking our own? This question naturally suggests itself in the light of our present financial difficulties. The Government's devastating experience in the operation of the railroads during the World War and immediately thereafter should serve as ample notice to us to keep out of the transportation business.

In the light of our past experience regarding this problem, and under existing conditions, I am convinced that it is only the part of wisdom and economy to curtail and eliminate many of the costly and unnecessary activities of the Interstate Commerce Commission, reserving, of course, a sufficient organization to protect the public against any possible discrimination or unfair practices. All of this meddling, accounting, and useless regulation in its numerous forms is costly and reflects itself in tariff rates that your constituents and mine are called upon to pay.

The truth is the day of usefulness of the Interstate Commerce Commission to our country has about passed. No longer are stringent regulations by the Federal Government essentially necessary. Railroad competition of a serious character should not now arise in the transportation industry. Any student of economic questions must recognize that competition itself is a safe, sure, and inexpensive regulator to all avenues of business; but, when associated, as the railroads are, with unregulated and uncontrolled competition, as we observe now, our railroad regulations assume a form of strangulation.

The railroad industry in normal times and under normal conditions employed more men, bought more goods and equipment, and suffered more from "our legislative overproduction" than any other industry in America. To-day this same industry has more work waiting to be done as soon as business demands justify than any other two industries combined we might name. Their sidetracks and terminals are literally loaded with "bad-order" cars and locomotives, but their present and past experience with our avalanche of superregulations has been disastrous to their very interests. Naturally they are doubtful and discouraged over the outlook far beyond the present effect of the current depression. The financial morale of the railroads is one of the most important factors in the affairs of this Nation, and for one I am ready to help restore what I am constrained to believe the Congress has in a major part destroyed.

Our railroads are no longer in a strict sense a monopoly. Rigid regulations are no longer a necessity. Initial encouragement I believe desired by them, is less meddling and interference by Congress and the Interstate Commerce Commission. What they desire, in my judgment, the opportunity they want, is more latitude and the privilege of running their own business. Such, if permitted, would restore to them the initiative and incentive of former years, and which if permitted would return to the public as much or more benefits now in this competitive age of transportation than any regulations or restrictions that may be imposed by law or by the Interstate Commerce Commission.

We, now, specify the rates of charge, scales of pay, and limit their net income. Gentlemen, such rules and regulations will destroy every vestige of incentive, initiative, and interest, in any individual or business industry in the country. It does more than that. It oftentimes encourages dishonest practice. Moreover, basing tariffs on limited or reduced income is wrong in principle.

I have already made some references to the inconsistencies found in the transportation act of 1920, but in addition I want to make a few direct observations on its many intricacies, unworkable features, multitude of doubts, and violations of the most fundamental laws. A comprehension of many of the provisions of the act in its practical application makes its continuance unwise and unfair for regulatory purposes. It is an elaborate piece of machinery, so

elaborate as to be unworkable in many of its parts. I am constrained to believe that the commissioners themselves regard the provision of this act in the same manner as I do with respect to its practical application and operation.

Listen to what Commissioner Aitchison had to say on this point on October 14, 1919, then chairman of the commission, and quoted recently by Commissioner Eastman, on page 5 of the hearings before the committee. Commissioner Aitchison was speaking to the National Association of Railway and Utilities Commissioners. Here is what he says:

Some practical difficulties occur in carrying out a legislative direction to raise a precise sum of money or to produce a certain percentage of return. Stability in rates is regarded by the users of railroads as of great importance, as investments are made, and contracts are undertaken upon long-established relationships, and unforeseen rate fluctuations often have an extremely disturbing effect. Great financial hardships have followed unanticipated rate changes. If a certain fixed percentage is to be yielded each carrier, or each group of carriers, year by year, periodical rate fluctuates will be inevitable.

Whether a schedule will yield a certain percentage of return depends on the growth or shrinkage of business, the rise and fall in the prices of manufacture and labor, the extent to which shrinkage in traffic can be met by reduced operating expenses, and the efficiency of management and labor. Each of these variable factors has a marked effect on the net income in the railroad business, and each is beyond the control of the rate regulatory tribunal.

An examination of the hearings will disclose other similar statements, and all of them have caused me to doubt the ability of the act being applied with any degree of accuracy or fairness to the railroad industry. To prove the uncertainty, the unworkable, and unexpected results of the recapture clause of the act of 1920, I will read again from the hearings before the committee a part of Commissioner Eastman's statement found on page 8 of the hearings:

It may be of interest to know that, treating each year for each carrier as a separate examination, the Bureau of Accounts has made, up to January 1, 3,854 accounting examinations to determine recapturable income. In 3,015 cases there has been a final determination and in 839 cases a tentative termination. Combining these 2,386 cases the bureau increased and in 1,155 cases it decreased the income reported. In 313 cases it made no change. The aggregate net railway operating income determined was $3,828,615,930.05, which was $62,141,125.54 more than the amount reported by the carriers.

And then, in the next paragraph of his statement to the committee, he makes this significant remark:

It is impossible to make any accurate estimate of the amount due under the recapture provisions, prior to final reports and orders. And even then the orders may be upset by the courts. It is only possible—

He says:

to make a rough estimate, which must be given with all manner of reservations and to which it would be a mistake to attach much weight.

Later on, in Commissioner Eastman's testimony before the committee, he makes another significant statement. He said:

Present conditions are brought sharply into the foreground, which is perhaps the strongest objection of all. For the moment practically all the railroads are financially weak, and nobody knows how long this condition will continue. It is probable that the revival of their credit will lag very considerably behind the revival of business conditions. While I believe that their traffic and earnings will ultimately be restored, they have a hard struggle ahead, not only with business conditions but also with competing forms of transportation. Repeal of recapture for the future is not of much present importance, for there is likely to be little, if anything, to recapture for some time to come. Retroactive repeal covering the past is of very great importance. To the extent that we find amounts of any considerable size, due in the proceedings now pending, there are few, if any, railroads which have cash enough on hand to pay them and still fewer which could do so without robbing Peter to pay Paul. To obtain the necessary cash it would for the most part be necessary to issue securities to replenish their treasuries, and there are few which are now able to issue securities on reasonable terms, if at all. Some will have to borrow money from the Reconstruction Finance Corporation to meet maturities, and it is probable that among them will be roads of past excellent credit. There are better uses to which the slender railroad credit, so far as it is available, can be put than to raise cash to pay to the Government excess income of the past, which in most cases is more than balanced by the income deficiencies of the present.

Then summing up the situation, Commissioner Eastman said:

We are of the opinion that the difficulties, disadvantages, and dangers of recapture far outweigh its possible advantages. This is true of the future, but it is even more true of the past, particularly under the conditions which now exist and may be anticipated for some time to come. This being our conclusion, we see no escape from the conclusion that the present recapture proceedings should be discontinued and the money returned which is now in the contingent fund. This money can not in fairness be retained unless we are prepared to go ahead with recapture and treat all roads alike. That we do not recommend, for the reasons which I have given.

You will observe from Commissioner Eastman's testimony before the committee, as I have read to you, that it is impossible to do this, and to do that, and the courts are then likely to do the other. It is observed, also in his testimony before the committee, the records of the Interstate Commerce Commission show that the Seaboard Air Line, one of the trunk lines of the South, the sheriffs of the country have been about to padlock for years, is due the Government materially more under the recapture clause than the Louisville & Nashville, one of the most successful railroads of the country.

Gentlemen, I wish to propound this one brief question: Do you believe there is any commission under high heaven that can make rates for railroads in order to produce certain returns in season and out of season? If not, then an essential function of the Interstate Commerce Commission, in my judgment, has been an expensive and misguided philosophy.

In summing up my remarks, here are my concrete conclusions on legislation affecting the transportation lines of the country: If the railroads now have to meet competition of a very intense nature and they do, we must return to the sound principles of competition in business and remove some of the restrictions, laws, and regulations that empower the Interstate Commerce Commission to fix and determine rates and return to policies which prevailed in former years, retaining for the Interstate Commerce Commission, however, sufficient veto power to correct any discrimination and rates which may appear excessive and unfair. Under such a policy we would allow the railroads in certain fields at least to meet competition without regulation or restriction. With a hope of eliminating some of the cost of government, we now hear so much about, and to offer again an opportunity within reasonable limitations to business initiative and ingenuity in the railroad industry are the reasons which have prompted me to make these observations on this vital subject.

I, therefore, express the hope that Congress may soon have an opportunity of considering and passing H. R. 11677, and other legislation to rehabilitate and to bring about greater confidence and stability to America's greatest and most indispensable industry—the railroads of the country. [Applause.]

The CHAIRMAN. The time of the gentleman from South Carolina has expired.

Mr. BARBOUR. Mr. Chairman, I yield five minutes to the gentleman from Ohio [Mr. CABLE].

Mr. CABLE. Mr. Chairman, the Washington Star last Sunday contained an instructive article on the employment situation by William Green, president of the American Federation of Labor. Mr. Green rightly suggests that the depression is not so much the cause of unemployment as unemployment is a cause of the depression. He stated:

The calamity has not been brought about solely by business depression. The depression more probably has been one of its effects, rather than one of its causes * * *. For several years before the stock-market crash turned business into a downward swing industrial unemployment was on the steady increase. It started two or three years after the World War and climbed steadily during the intervening years * * *. Even in the prosperous years of 1925 and 1926 more than 1,600,000 wage earners were out of employment and in 1929, at the peak of prosperity, the number had grown to 2,400,000.

For example, out of the 2,000,000 men employed on Class I railroads in 1920 only 1,300,000 were employed in the first six months of 1931. Larger engines and cars, longer trains and improved equipment enabled the railroads to transport more freight and passengers in 1931 with fewer men than 10

years before. Prior to the stock-market collapse of 1929 labor-saving processes had already caused many railroad employees to be laid off. These folks had to find work in other industries or go unemployed.

Another example is the automatic signal at railroad crossings, which is replacing the crossing watchman and gateman. From 1924 to 1930 there was an actual decrease of 3,172 workers in this class, despite the fact that 7,963 more crossings were protected in 1930 than in 1924.

Consider the change in telephone operation. In 1930 the Bell companies employed 143,979. If the number of calls per operator had remained the same in 1930, as it has been before, 69,421 more operators than were employed would have been required; but the substitution of the dial-call system has greatly increased the number of calls one operator can handle and has brought about a decrease of two-thirds in the employment afforded by the old manual operation of switchboards.

In 1923 the average number employed in coal mining was 860,000. By 1929, as a result of the use of coal-mining machinery, the number fell to 654,000, a decrease of 24 per cent.

The farm population is now 4,000,000 less than in 1920, and the number of persons gainfully employed in agriculture has probably dropped more than 1,000,000, although farm production has increased.

On the other hand, in public utilities, in building construction, and in some branches of industry, manufacturing new inventions, such as airplanes and the radio, it has been possible to employ men and women who otherwise would have been without work because of the increased use of labor-saving machinery and processes. Counteracting the benefits of this class of increased employment, however, is the increased use of child labor. Fully a million children who should be at school now are gainfully employed. This is not only an economic anomaly, it is a national disgrace.

We are now in a period of readjustment. We see new industries developing, and these take up some of the slack in employment caused by transition from the manual labor system to that of labor-saving processes. Ultimately the slack will thus be taken up altogether, if children are removed from the labor market; but in the meantime we have many people suffering the hardship of unemployment because of the slowness of the readjustment.

The present depression creates an emergency which requires prompt governmental action. What is the remedy? There is no one remedy, no cure-all or panacea. Mr. Green suggests the 5-day week in industry. The President's Organization on Unemployment Relief, headed by Walter S. Gifford, likewise has recommended the spreading of work, and this plan has already been approved by M. J. Florsheim, president of the Florsheim Shoe Co., and Robert A. Weaver, president of the Ferro Enamel Corporation. Many other proposals for relief have been made. No one remedy, however, is adequate. A separate plan will be necessary to improve each individual phase of the problem.

My suggestion is registration of aliens. It would afford relief for American workmen from competition with those 400,000 or more aliens who are here unlawfully and who are filling the positions of Americans. Admittedly, registration of aliens will not cure all our ills, but it will aid materially in improving employment conditions in this country. Our first duty is to Americans, and American workmen we must protect.

For 100 years after the signing of the Declaration of Independence there was no restriction of immigration to the United States. In 1820, the first year of any record, only 8,385 aliens came here. By 1882 the number had increased to 388,992. In that year Congress passed an act excluding undesirable aliens. Thereby our selective and restrictive immigration policy was first instituted.

In 1917 Congress increased the classes of inadmissible aliens; by that act the physically, the mentally, and the morally unfit were barred from coming to our shores. In 1921 all Europe, war torn and depressed, seemed to wish to come to the United States and compete with the workmen of this country. American consuls, through the State Department, reported this situation to the House Committee on Immigration and Naturalization. America then for the first time limited by number those who could be admitted from Europe. The European quota was set at 352,000 per year. The public, however, continued to demand further restriction for the protection of the workingman, and the House of Representatives, by a vote of 323 to 71, passed the present Johnson quota law of 1924, reducing the number of admissible Europeans to 153,821 per year.

It is commonly believed that immigration problems no longer exist in the United States. It is true that last year, for the first time since the Civil War, the net fiscal gain in population by lawful immigration was but 35,000. During the month of February, 1932, under the administration's policy of enforcing the "likely to become a public charge" provision of the immigration law, only 6 per cent of the quota was issued, 94 per cent being unissued.

The number of lawful admissions has gradually been reduced since 1921, but the number of aliens coming to this country in the same period of time has greatly increased. The more legal restrictions imposed, so much the greater becomes the pressure to enter this country. Many nations now are overcrowded. Attracted by America's wealth and resources, and being denied lawful admission, thousands have come here each year unlawfully.

The restrictive-immigration policy to protect workers of this Nation is threatened. There is great danger of a breakdown in the effectiveness of our laws. Conspiracies to violate our immigration measures extend not only into Canada and Mexico but also into the countries of Europe and Asia.

Barred by the 1921 quota act, bootlegging of immigrants into the United States started on a great scale. Wholesale racketeering sprang up. Smuggling aliens into this country and blackmailing them after their unlawful entry has rapidly increased from year to year. Investigations by the Department of Labor have disclosed that aliens have been hidden away on incoming ships, packed and crated as ordinary freight, hidden in the coal, or concealed in empty ship tanks; they also were brought in by automobile and by airplane.

They have been coming on passports, reentry permits, identification cards, birth and other certificates, all of which are forged, and such documents for use in unlawful entry are sold at high prices by racketeers. Even offices and agencies have been established, so that unsuspecting persons are led to believe that they are dealing with officials of the Immigration Service. The bootlegging-of-aliens racket has gone so far that price lists for illegal entry have been published, and these prices run into the hundreds of dollars.

Illegal entry, however, is by no means the only danger. Thousands of alien seamen enter the United States lawfully, subject only to the requirement that they reship to a foreign port within 60 days from the date of entry. It is estimated that in some years as many as 25,000 alien seamen desert their ships and remain here, lost in the great centers of our population. There are others, too, who are lawfully admitted and who remain here after their allotted time has expired. I refer to those who come here temporarily as students or for business or pleasure. It is estimated that more than 400,000 aliens are now in this country in violation of our law.

If Congress at the time it passed the 1921 quota act had also required the registration of aliens in the United States, there would not to-day be such widespread and defiant violation of our immigration laws. I have introduced a bill, H. R. 10669, providing that every alien lawfully in the United States shall each year be registered by public-school teachers in charge of citizenship classes or by clerks of naturalization courts. The fee required would be waived in event the alien is without work. A certificate of registration, containing his photograph, fingerprints, and description, would be issued to each registrant. These certificates would identify the alien and protect him. The holder would be secure against the racketeer, and the fee could be used for his education.

If we had had a registration law during the last 11 years, most of the aliens who have entered the United

States illegally would have stayed at home. Those who did enter unlawfully could have been detected and deported; alien seamen would have reshipped within the time required by law.

We can strengthen our deportation policy by alien registration. Not one of those 400,000 or more aliens now here unlawfully has qualified for admission. Some of them may be criminals or believe in the doctrine of overthrowing this Government by force or violence. Others may be mentally unfit and therefore public charges; many of them undoubtedly are physically unfit, a menace to the public health.

It is unfair to permit these aliens, who have entered in defiance of our law, and whose presence here is coupled with a contempt for our ideals and institutions, to remain here. Their competition is unfair to American workmen and to aliens lawfully in the United States. Last year the Department of Labor deported 20,000 aliens. Let us facilitate their work by passing an act which provides for alien registration.

Registration of aliens in the United States is neither a new nor a novel proposition. In 1906 Congress provided by law that each arriving alien be registered and issued a certificate of identification. That law, however, was not enforced until July, 1923. On March 2, 1929, a law was enacted which authorizes the registration of any alien who entered the United States prior to June 3, 1921, if there is no record of his admission for permanent residence. Certificates of identification are issued to all aliens who register under that law. Certificates of registration also are issued for use along the Canadian border. It is apparent, therefore, that Congress already has made some progress toward the enactment of a general registration law.

The principal opposition to registration comes from those who opposed the enactment of our restriction laws. This shows that registration would further strengthen our restriction policy.

During the World War millions of soldiers, sailors, and marines were fingerprinted. The great value of fingerprints as means of positive identification is clearly shown by an Associated Press dispatch, which appeared in the Washington Post. A World War veteran, suffering from a mental disorder incurred during the war, had so completely lost his memory that he could not remember his name, the place where he lived or the names of his relatives. After an absence of 11 years from his home in Chicago, his relatives located him in Philadelphia yesterday and positively identified him by the War Department's record of his fingerprints at time of enlistment.

Registration or enrollment of aliens and the issuance of cards of identification have had the support of many of the Presidents of the United States. President Theodore Roosevelt signed the act of 1906, requiring every alien upon arriving in this country to be registered and issued a certificate of identification.

President Harding said in his annual message to Congress December 8, 1922:

> There are pending bills for the registration of the alien who has come to our shores. I wish the passage of such an act might be expedited. Life amid American opportunities is worth the cost of registration if it is worth the seeking, and the Nation has the right to know who are citizens in the making or who live among us and share our advantages while seeking to undermine our cherished institutions. This provision will enable us to guard against the abuses in immigration, checking the undesirable whose irregular coming is his first violation of our laws. More, it will facilitate the needed Americanizing of those who mean to enroll as fellow citizens.

President Coolidge, when he personally delivered his message to Congress, said:

> American institutions rest solely on good citizenship. They were created by people who had a background of self-government. New arrivals should be limited to our capacity to absorb them into the ranks of good citizenship. America must be kept American. For this purpose it is necessary to continue a policy of restricted immigration. * * * We should find additional safety in a law requiring the immediate registration of all aliens. Those who do not want to be partakers of the American spirit ought not to settle in America.

President Hoover in his annual message to Congress on December 8, 1931, said:

> I recommend that immigration restriction now in force under administrative action be placed upon a more definite basis by law. The deportation laws should be strengthened. Aliens lawfully in the country should be protected by the issuance of a certificate of residence.

If we are to protect American workmen and aliens lawfully in the United States from the competition of the 400,000 or more aliens unlawfully in this country, we must have alien registration. Such registration is no cure-all, but it will dovetail with other remedies being proposed and worked out. It would bring substantial relief to unemployed Americans. Alien registration must come and will come.

DIGEST OF LAWS OF OTHER COUNTRIES ON ALIEN REGISTRATION AND EMPLOYMENT OF FOREIGNERS

GREAT BRITAIN AND NORTHERN IRELAND

From being primarily designed for purposes of national defense, the aim of registration in Great Britain and northern Ireland has been shifted so that now the chief ends sought are:

First. To relieve the public welfare and penal authorities of the burden of caring for alien paupers or criminals, and

Second. To protect the domestic labor market.

All foreign visitors to the United Kingdom who are over 16 years of age, who remain more than 90 days, are required to register immediately upon the expiration of three months from date of arrival.

When a permit has been issued by the Ministry of Labor to enable an alien to enter the United Kingdom for the purpose of employment, a period is always specified and a corresponding time condition is attached to his leave to land by the immigration officer.

Violation or failure to comply with any provisions of the aliens' order is punishable by fine of not more than £100 or imprisonment with or without hard labor for not more than six months.

FRANCE

Alien permits are granted only to aliens when there are no French workers available for the positions offered, and under this system, the control of employment of foreign laborers is effective. The director of public safety in France is given full authority to expel any alien considered undesirable or a menace to the welfare of the country.

It is reported now that very few alien-labor permits are being granted to Americans at the present time, and close watch is constantly kept of all permits. Employers who engage alien workmen without official permits are subject to a fine of 500 to 1,000 francs for each offense, and in addition are likely to be subjected to constant visits from labor inspectors.

From the worker's point of view, the usual penalty for violation of the law is expulsion from the country.

RUMANIA

No institution or industry in Rumania is permitted to employ aliens who are not in possession of a valid permit. All aliens wishing to be employed must be in possession of a permit granted by the ministry of labor.

NORWAY

Aliens seeking employment in Norway are investigated regarding their past record, habits, and character, and if anything of an adverse nature is discovered, the permit is summarily refused. * * * If the police investigation proves satisfactory, the Norwegian employer must conclusively prove that he has made a determined effort to obtain a Norwegian to fill the vacancy, and that his efforts have proved fruitless.

The mere statement of the employer to this effect is not satisfactory. He must exhibit documentary evidence that he has advertised in the local papers for a suitable Norwegian employee, and must furnish the police with the names of the papers in which the advertisement was inserted and describe in detail the results obtained. He must then apply to the employment bureaus in Oslo, Trondheim, and Bergen, as well as to the unemployment bureau of the municipality, and if there is no such organization, to the mayor or county magistrate.

The Norwegian Government has definitely refused to extend the working permit of one American citizen employed

by a local subsidiary of a large British corporation as manager of its local branch on the grounds that there are unemployed Norwegians capable of filling the post.

DENMARK

According to Danish law, any alien resides in Denmark on condition of a permission for a limited time granted by the police authorities, which may be revoked at any time under the law of 1930.

SWITZERLAND

The chief purpose of the Swiss system, after the control of undesirable persons, is the regulation of employment of foreigners, and to prevent their taking work and filling positions which might be given to qualified unemployed Swiss. * * * There is close cooperation between the registration authorities and the labor offices.

BELGIUM

Special regulations of inhibitory effect are in force at the present time with respect to aliens who attempt to enter Belgium for the purpose of seeking work, and in this connection the Ministry of Labor is consulted in each case which may seem to include a purpose on the part of an alien to accept employment under contract previously made or to seek work after arrival.

ALBANIA

Article I of the decree law, dated May 18, 1931, reads: "Beginning on the date of the promulgation of this decree law, the entry of any foreign laborer in territory of the Albanian Republic shall be prohibited." Article II provides: "No foreign laborer, whatever his nationality and the purpose of his journey, shall be admitted to Albania."

FINLAND

Due to the limited economic resources of Finland, the entry of persons seeking remunerative occupations is discouraged; and now, indeed, cabaret artists, musicians, and others in this general class are no longer issued permits to reside in this country if seeking to gain their livelihood there.

SWEDEN

If an alien in Sweden wishes to remain in the country, or to take employment, he must file application with the county board or with the police authorities.

YUGOSLAVIA

Residence in a given place in Yugoslavia must be reported to the local police authorities. * * * If visitors desire to remain for an extended period, they must apply for a permit of sojourn. If they wish to take employment, they must have the employment permit issued by the Labor Inspection Office or by the Ministry of Social Politics and Public Health.

POLAND

Aliens resident in Poland are subject to two systems of registration:

First. * * * The obligation of all foreigners desiring to remain in Poland for a period of three months or more to execute a foreigner's registration declaration within eight days after their arrival in the country, and

Second. * * * The obligation to comply with the rules and regulations concerning a change of address.

GERMANY

All persons who take up permanent residence in Germany are required to register with the police authorities of their district. Failure to conform to this regulation is punishable by a fine or imprisonment.

ITALY

Registration of aliens in Italy has been compulsory in one form or another since the unification of the kingdom, the details of which are incorporated in the law dated June 18, 1931, relating to public safety.

Not only is registration compulsory but the responsibility for compliance with the law and the penalty for failure to do so are placed on the alien, on the employer, and on the person who receives the worker in his home or rents him living quarters or who leases or sells lodging or property to him.

The provisions for deporting persons who have failed to comply with the law regarding registration supply a simple means of ridding the country of undesirable aliens.

LITHUANIA

Aliens must pay $0.50 a month for permits to reside in Lithuania; an equal fee is paid by each member of the family over 16 years of age.

TURKEY

All foreigners in Turkey are required to register with the police authorities within 15 days of their arrival.

BULGARIA

All laborers and specialists who wish to obtain employment must present permission permits from the ministry of commerce; professional artists must have permission from the ministry of education.

LATVIA

Every person residing in Latvia has to be registered with the police authorities of his place of residence. * * * Any foreigner who wishes to remain for a period longer than indicated in his visa must procure from the ministry of the interior a special permit. * * * These permits are issued for a period not exceeding one year.

POLAND

Permission may be refused to foreigners to enter, remain, or pass in transit in Poland if the foreigner can not show that he has means of support in the Republic of Poland * * *. Foreigners can obtain permission to stay only through the medium of Polish consular offices prior to their arrival in Poland.

HUNGARY

All aliens must be registered with the local police authorities in Hungary within 24 hours of their arrival.

AUSTRIA

All persons, whether residing temporarily or permanently in Austria, are subject to the law on registration in Austria.

SPAIN

Registration of aliens in Spain is provided for under a law which further requires that destitute and indigent aliens be taken before their consuls and, if refused aid, they will be compelled to work under surveillance.

ESTONIA

The system of registration now in force in Estonia is based upon regulations enacted by the state assembly under date of July 11, 1930. At the present time German nationals are the only foreigners who are not obliged to pay sojourn fees in Estonia.

GREECE

Aliens over 16 years of age intending to reside permanently in Greece must at least one month before the expiration of their permit submit a petition to the service of foreigners, and, in the absence of such service, to the police authorities of their place of residence.

CZECHOSLOVAKIA

All arrivals and departures of aliens in this country are required to be registered with the police authorities.

SOUTHERN RHODESIA

All aliens are required in Southern Rhodesia to sign a declaration concerning their origin, past, and intended movements, and in certain instances there are inquiries concerning their character.

NETHERLANDS

There is no registration as such of aliens in the Netherlands.

CANADA

The only registration of aliens in Canada is registration for resident Chinese.

NEW ZEALAND

In 1917 an act of Parliament was passed providing for the registration of all aliens. This act and other later acts were suspended on August 20, 1923, until revived by the governor general by a proclamation approved in executive council.

Mr. BARBOUR. Mr. Chairman, I yield five minutes to the gentleman from New York [Mr. PARKER].

Mr. PARKER of New York. Mr. Chairman, in the last two days there has been a lot of politics discussed, one side criticizing the President of the United States and the

other side criticizing the Democratic majority in the House of Representatives.

Anybody with a grain of sense knows that neither the President of the United States nor the Democratic majority of the House has got one thing to do with the general depression in this country. The general depression in this country is world-wide, due entirely to the aftermath of the World War. We are living in an age when prices in London, prices in Paris, prices in Berlin, even prices in Shanghai and Tokyo are reflected in our prices. Prices there to-day are reflected in our prices to-morrow. We are not living in an isolated age like 100 years ago, in the days of sailing vessels. This depression is world-wide.

The President has been severely criticized for saying that prosperity was just around the corner. Let me ask the membership of this House how many of you thought last summer that we had reached the bottom, and have paid for it with your real good hard dollars? Many of us have.

Mr. HART. Will the gentleman yield for a question?

Mr. PARKER of New York. I yield.

Mr. HART. Does the gentleman know what the price of wheat is in Germany and France to-day?

Mr. PARKER of New York. No; I do not.

Mr. HART. It is $1.65; and there is no depression in agriculture over there.

Mr. PARKER of New York. Very well. But still the price over there is reflected here to-morrow. The price is not made there. It is made in Liverpool, as the gentleman knows, and the price is based on transportation, tariff, and other facts in the equation.

But it seems to me as Members of Congress we have a duty imposed upon us very much greater than to stand here and bicker with each other about political questions—minor political questions. It seems to me the thing for us to do is to get together and reduce the cost of government and raise taxes and balance the Budget. Then after that, if we want to make a political fight, let us have it, but let us do the patriotic, honest thing first.

Mr. YON. Will the gentleman yield?

Mr. PARKER of New York. I yield.

Mr. YON. What would the gentleman suggest in the way of reducing Government expenses?

Mr. PARKER of New York. I will refer that question to the gentleman from Alabama [Mr. McDUFFIE], who has had very much more experience along those lines than I have had. I have made no particular study of it and I do not pretend to know.

Mr. YON. The gentleman has been a Member of Congress for quite a number of years.

Mr. PARKER of New York. I grant the gentleman that, but I have not been on the Appropriations Committee.

Mr. YON. The gentleman has had something to do with the spending of money.

Mr. PARKER of New York. As the gentleman well knows, a Member of Congress pays most of his attention to affairs which come before the committee of which he is a member. He can not give particular attention to other matters. He must follow the committee who have considered the bill. I will leave the answer to the gentleman from Alabama, who has given the question most careful consideration.

[Here the gavel fell.]

Mr. BARBOUR. Mr. Chairman, I yield the gentleman five additional minutes.

Mr. McDUFFIE. I have not a cure-all, of course, neither did the Economy Committee have a perfect cure.

Mr. PARKER of New York. I did not say that, nor did I criticize the committee.

Mr. McDUFFIE. I want to compliment the gentleman on his suggestion that we must get together. It was unfortunate that politics was injected into this thing at this particular time. I wish to say to the gentleman that it seems to me his President took the lead in that regard; that his President caught the psychology of this country; that his President knew the leadership in this House on both sides has urged the balancing of the Budget, and they have urged the Economy Committee program. I am talking about the Speaker of this House, the majority leader on my side, the gentleman himself, and the leaders on his side. They have urged both of those programs. The thing I am troubled about and the thing I can not quite agree with the gentlement upon is that he assumes that his President has committed no sin when he undertook to inject politics into this question at a particularly inopportune time.

Mr. PARKER of New York. In answer to the gentleman from Alabama I wish to say that his answer proves exactly the point I tried to make, that until we leave out politics we will never get anywhere, be it from this side of the House or that side. We have got to come here and deal with this question as statesmen and as patriots, not as politicians. I did not get up to accuse anybody. I simply got up to plead with the House to consider this question as it would any business proposition. We should try to get into a condition where the Budget will be balanced, because, gentleman, no business can run in the red all the time, not even the Federal Government.

Mr. McDUFFIE. I entirely agree with the gentleman.

Mr. PARKER of New York. And until we can get away from the political aspect and until we can forget that, at least for the time being, I think it will be very deplorable for the whole country.

Mr. VINSON of Kentucky. Will the gentleman yield?

Mr. PARKER of New York. Yes.

Mr. VINSON of Kentucky. We have heard that confidence is the thing that is needed. We have just had a message brought to us that confidence is the thing that is most needed. Could the gentleman tell me anything that would tend more toward the disturbance of confidence than this blast which the President has made against the integrity and intelligence of the House of Representatives?

Mr. PARKER of New York. Gentlemen, I started out not to get into any political argument, and I refuse to be drawn into one.

Mrs. ROGERS. Will the gentleman yield?

Mr. PARKER of New York. Yes.

Mrs. ROGERS. Does not the gentleman think it would be extremely helpful if we taught the children in our schools in America to budget, to realize the value of a dollar, and how to spend that dollar? We would then have a Nation of budget-minded people if money management, how to spend, and where to save were taught in every school in the land. Then when people wrote to us they would realize some of our problems and would understand our problems and would make intelligent suggestions to us.

Mr. PARKER of New York. I will answer the lady from Massachusetts by saying that it would be very much better if we did not stop with the children but went right on to the adults.

Mrs. ROGERS. Exactly, but if you teach the children they always take it home to their parents, and we would have a budget-minded Nation, and when the children grow up and become Members of Congress, they will know how to balance the Federal Budget.

Mr. PARKER of New York. In conclusion, as I said before, many of us guessed wrong on the duration of this depression. I can tell you of an instance. I know a man who borrowed a sum of money. He put up over 200 per cent of collateral. He has paid $10,000 in money and put up $13,000 more in collateral. That happened last August. Very many of the securities of the country have dropped 50 per cent. They have dropped clear below their value. It is our fault, and when I say our fault I assume as much responsibility as those on the Democratic side. It is our fault that we do not get together and consider this question in a businesslike way, cut general expenses, and raise the money with which to balance the Budget.

[Here the gavel fell.]

Mr. BARBOUR. Mr. Chairman, I yield the gentleman one additional minute.

Mr. OLIVER of Alabama. Will the gentleman yield?

Mr. PARKER of New York. Yes.

Mr. OLIVER of Alabama. Anyone speaking from a high official position should be fair enough to at least remember

that since the budget system has been in force the House, acting in a nonpartisan way through its Appropriations Committee, has at every session made substantial reductions in departmental budget estimates submitted by the President, and any official who undertakes to write an economy message to the American people should never overlook that fact if he wishes to be fair to the Members of the House and its Appropriations Committee.

Mr. PARKER of New York. As I have said, I refuse to be drawn into a political controversy.

[Here the gavel fell.]

Mr. WRIGHT. Mr. Chairman, I yield five minutes to the gentleman from Arkansas [Mr. FULLER].

Mr. FULLER. Mr. Chairman, ladies, and gentlemen, the President's recent message to Congress demands high taxes to take care of the deficit caused by Republican misrule. After what this Democratic House has done at his instance it shows ingratitude, cheap politics, absolutely void of statesmanship. Evidently some one has told him to abuse Congress to detract attention from the miserable failure of his administration.

Congress is accused of a lack of courage but, as a matter of fact, it, like the people of this country, lacks confidence in any measure which the President recommends. When the people of this country begin paying these unwarranted and exorbitant taxes they will fully realize the tribute they are paying due to the reign of "King Herbert." Each and every dollar of this extra billion-dollar tax will be paid to balance the billion-dollar deficit created this session at President Hoover's command. His spokesman at the other end of this Capitol Building claims that this Nation needs a Mussolini. No doubt he speaks the sentiment of the most expensive Executive this Government has ever known, and would be pleased to gratify the ambition of President Hoover by conferring upon him the authority of a dictator, the authority of a Mussolini.

The House is chastised for passing a bill appropriating $132,000,000 for the building of good roads, to give employment to the unemployed, and at the same time leave a monument in every county in the Nation. When the Democratic House asks for its favorable consideration it is claimed by the President as a raid on the Treasury. But when he demands and obtains billions for big business he and his Wall Street controlled newspapers call it statesmanship. In his first message to Congress this session, at a time when 8,000,000 people were out of employment, he offered no measure of relief, no appropriation to take care of the hungry and poor or to give them employment, but in his kingly way guaranteed that no man would starve during the winter. The guaranty could only be backed by the local community in which the poor, hungry, and unemployed resided.

This panic has been in existence for three years. Why did not the Republicans while in power set up an economic program and stop unwarranted and unnecessary expenditures? Why did not the President send a message to Congress when the House was controlled by over a hundred majority of his political faith? Not until after it was definitely known that the Democrats would control the House did the President or any of his Cabinet members let the deficit of this country become known or ask for a balanced Budget. Had the Republicans controlled this House there would have been no effort made to balance the Budget.

No one can truthfully claim this deficit is due other than to Republican administration. A few days ago the gentleman from Michigan [Mr. MICHENER], referring to our financial debacle, said, "Rome was on fire." I sought an opportunity to ask him who started the fire. No smoke was discovered and no fire was visible until after the passage of the Smoot-Hawley tariff law. The President asked Congress for a limited revision of the tariff laws, but did not have the courage, which he accuses Congress of lacking, to veto this bill when he knew that a thousand economists were denouncing it, when he knew that it was a 20 per cent increase over the existing law, and when he should have known that it would kill our foreign commerce, bankrupt industry, and bring on this panic.

In retaliation the nations of the world erected similar tariff walls against America. Our import duties and exports have reached the bottom, industries became idle, and business bankrupt; 8,000,000 men were thrown out of employment; banks failed, and thus the panic.

The administration did nothing except to acquiesce in the other two causes: The wicked conduct of our international bankers in selling to Americans seventeen billions of worthless obligations of foreign nations, and the conduct of the stock-exchange brokers in cleaning up and ruining the stock and bond market. The American people believed in our President when he said stocks and bonds could not go too high; that prosperity was guaranteed and poverty was banished. The people fell for the statements; the brokers used the argument to sell inflated and worthless stock, and then the crash.

It is true Europe is financially impoverished, but Europe is not the cause of our panic. France is most prosperous, notwithstanding the loss and ravages of the World War, fought mostly on her soil.

Every measure and commission the President has demanded at the hands of Congress has either been a joke and a farce or wholly in the interest of big business. What he wants now is a sales tax in order that he can levy a tribute upon the middle and poor class of this country to take care of a deficit caused by lack of leadership and foresight. His Wickersham Prohibition Commission, created for the purpose of passing the buck and avoiding responsibilities, cost this Government $500,000 and it made no finding other than those well known to the people of this country. The Farm Board, created by the Republican Congress and at his request, carried out a political obligation and has cost the taxpayers $400,000,000 and accomplished nothing. Why did not he practice economy with this board and see to it that employees were not permitted to draw $50,000 and $75,000 a year as salaries?

The moratorium was granted at his request, due to the fact he had committed Members of Congress by telegrams at a time when they were not informed of the deficit in the Public Treasury and relied upon his judgment, which has proven to be bad. As a result Europe was given an extension for the $252,000,000 past due, at a time when they had the money and could and would have paid except for the action of the President. This huge amount has been passed into the deficit, and a tax is to be levied upon the American people to pay it. I will always be proud that I voted against this measure, as I did against the Federal farm-land bank appropriation of $125,000,000 demanded by the President. This amount must now be collected in taxes from the American people. The people of the country have received no benefit from this act. It was simply passed for the purpose of increasing the selling value of outstanding bonds of these banks. These banks have not granted extensions to farmers, who are behind with their payments, but are proceeding systematically to foreclose the farm mortgages.

The Reconstruction Finance Corporation, carrying an appropriation of $500,000,000, was another measure wholly and entirely in the interest of big business, and this amount must now be collected from the people. We were assured by the President that this money would not be loaned to big business, as they were able to take care of themselves, but we find that under the administration of this law big business is first to be taken care of.

Mr. BARBOUR. Will the gentleman yield?

Mr. FULLER. No; I can not yield. If the gentleman will give me more time, I shall yield.

Mr. BARBOUR. I will give the gentleman one minute if the gentleman will yield.

Mr. FULLER. All right; I yield.

Mr. BARBOUR. Why were those appropriations during the administration of Herbert Hoover, as the gentleman says, carried at the figures that they were? I will answer the question if the gentleman will allow me.

Mr. FULLER. All right.

Mr. BARBOUR. They came by reason of the fact that when those appropriations were before the House of Rep-

resentatives, Members on both sides of the aisle, Democrats and Republicans, raided the appropriation bills time and again and added moneys to the appropriations.

Mr. FULLER. I am not talking about the appropriations for the various departments. I am talking, for instance, about the measure that was passed here for a moratorium that took a burden off of Europe of $250,000,000 and placed it upon the American people. I am talking about your Reconstruction Finance Corporation measure.

Mr. OLIVER of Alabama. Will the gentleman yield?

Mr. FULLER. Yes.

Mr. OLIVER of Alabama. The gentleman from California [Mr. BARBOUR] would be put to great embarrassment if the gentleman from Arkansas should ask him to point to all appropriations which this House has recklessly added to appropriation bills reported by the Committee on Appropriations. If the gentleman from California will read the statements made by two former chairmen of the Committee on Appropriations, namely, Mr. Madden and Mr. WOOD, in which they have listed the reductions made by the Committee on Appropriations and approved by the House, the gentleman would be still further embarrassed by the very general question he has just propounded to the gentleman who now has the floor.

Mr. HART. If the gentleman will permit, let me add another suggestion. The assistant minority leader on this side and the spokesman for Mr. Hoover in the Senate have now asked for another $100,000,000 for the Farm Board.

Mr. PARKER of New York. Will the gentleman yield for one question?

Mr. FULLER. I yield.

Mr. PARKER of New York. Did I understand the gentleman to say that this is not a world-wide depression?

Mr. FULLER. No; I did not say that. I said that so far as our financial condition in America is concerned, it was not caused by the depression over the entire world. France is in fine shape to-day. She has more money per capita than the United States, even though just a few years ago her land was destroyed where battles had been fought upon her soil. France has money and is in good condition. Her agriculture is in fine shape. Wheat is selling there for $1.65 a bushel, while in the United States it is selling for 40 cents a bushel. Why? Because of the Hawley-Smoot tariff bill, which set up a barrier against France and therefore they only allow us a certain quota, and we can not get in there with our products.

Mr. GLOVER. Will the gentleman yield?

Mr. FULLER. I yield.

Mr. GLOVER. Was there anything in the message which the President sent to Congress at the beginning of Congress indicating that there was to be a deficit, or has there been anything about an unbalanced Budget until after $252,000,000 for the moratorium, $500,000,000 for the Reconstruction Finance Corporation, $125,000,000 for the Federal land banks, and $125,000,000 for the Steagall-Glass bill, making $1,200,000,000, and then the cry went up to balance the Budget?

Mr. FULLER. No; it has run along for years without any suggestion of balancing the Budget.

VOCATIONAL EDUCATION

The President recommended to Congress withholding appropriations for vocational education. His policy is to appropriate millions for big business at home and millions for Europe, but not one cent for agriculture and the distressed and poor of this country.

Under the present law Congress is appropriating $8,000,000 a year for vocational education, which is distributed to the States and Territories, of which amount my State received approximately $160,000 a year. Soon after the enactment of the Smith-Hughes Vocational Education Act farming communities all over the Nation took advantage of this law, and in many instances they have built new schoolhouses, enlarged the old one, and installed special equipment for this work at the expense of $1,500 to $5,000 in each school. In many instances smaller districts have been abolished and added to the vocational school, and practically all of the districts, by reason of this course, have large outstanding mortgages. It was contemplated that this policy of assistance from the Government should be permanent and not be withdrawn. A failure to comply with this obligation would be a breach of good faith and bring ruin to these schools. It is not fair to say that the districts and the States should finance these schools. The Government induced them to embark upon this new venture. The States and special school districts are in a worse financial condition than the Federal Government.

It is false economy to endeavor to save money for the Government at the sacrifice and expense of the farm boys and girls of this Nation. In every farming community 4-H Clubs have been organized, and in my State there are over 35,000 members. For the last two years an Arkansas boy has won first honors as the best farmer belonging to these clubs. We can no longer farm as our fathers. Competition is great and farm products are selling for less than the cost of production. The successful growing and marketing of grain, hogs, and cattle require education and the exercise of better judgment than in former days. Farm soils need treatment, fruits and berries need special care and attention due to insects, pests, and parasites.

We can not hope to prosper as a Nation unless we begin at the bottom and build up. Farming is the basic and greatest industry in this Nation. America can never be prosperous until the farming industry can yield fair returns. We can not hope to collect money and pay into the Treasury sufficient funds to operate the Government unless we build up and maintain the farming industry. When the farmer prospers the Nation and everyone in it prosper. When the farmers suffer from drought and panic and are unable to make a decent living and pay their obligations all other business suffers. No more profitable investment was ever made than the money invested in vocational education. Unless we educate the boys and girls of the farm upon the best methods of farming, we can not hope to retain them on the farm, and to do this we must give them some of the same privileges, opportunities, and advantages their friends in the cities enjoy. By reason of their education and interest in vocational training they are instilled with the virtues of farm life and the real benefits to be received. It will do more to keep them on the farms and out of the cities among the unemployed than any other measure. We should bear in mind the student of the present is the governing influence of the future, and the tendency of the present mind promises fundamental changes in the very structure of our Government.

Now the House is chastised for its failure to accept the President's advice and withhold this small amount of money from the farmer and his family.

SALARY REDUCTION

I fully agree that economy should be practiced, and as the record shows, I voted for practically every economic measure submitted by the Economy Committee. The time has come when the people of this country are justly demanding economy in every branch of government. The time has come when bureaus and useless commissions should be abolished, all overlapping agencies should be eliminated, and when public officials should take a cut in salary. The Government is now losing $5,000 a minute and over $7,000,000 a day by reason of its income not equalizing its disbursements. I supported the measure providing for a 11 per cent reduction in salaries after an allowance of a $1,000 exemption. I voted against the exemption of $2,500. This measure would have amounted to a saving of $67,000,000, and reduced Congressmen's salaries, together with other reductions in the program, much over $1,000 a year. This meant where one drew a salary of $1,800 a year that he would suffer a reduction of $88. This plan is much preferable to the furlough plan offered by President Hoover. To me it means more saving and at the same time less hardship to the employee. Under the President's plan one drawing $1,800 a year would be required to take 30 days' vacation without pay, which would be a reduction of $150; but inasmuch as that vacancy would have to be filled by

some one else, I can not figure out the savings as claimed for the plan. Certainly, the rural mail carrier would suffer much more under the Hoover furlough plan. I am opposed to cheap labor and am opposed to a reduction in salaries of the lower-paid employees of the Government, and in most instances in the smaller communities the Government employees are not overpaid. They render most efficient and courteous service. But since it is evident that economy must be practiced and salaries cut, the committee's proposal is more economical and at the same time better for the employees. All of us have received petitions and letters in great number from our districts protesting against reduction in salaries. Since the Government employees have felt the effects of the panic less than anyone else, and the cost of living has been reduced 30 per cent in the last two years, I feel they should uncomplainingly accept a cut and be patriotic enough to help out in these trying times. Those in my district will join with me in this sentiment.

Most of the protest is due to the propaganda instigated by the representatives of the various groups here in Washington, heads and directors of the various bureaus, and through their representatives. If the President is so strong for economy, why does he not straighten out and curb the influence of the membership of his own political house? Those working in the departments and bureaus in Washington are allowed 30 days' vacation and 30 days more in case of sickness, and many of them manage to take advantage of both. They work only seven hours a day and are granted half holidays on Saturday. At the expiration of 30 years they are retired on good pay, the Government contributing approximately $25,000,000 for this purpose. Those in the service outside of Washington are not granted these same privileges, and by reason of the demands upon Congress and the favors granted it works a hardship and injustice upon most of those outside of Washington, and causes criticism of these employees in the communities in which they live.

The purpose of the President's message is to chastise Congress for failing to do the things that he does not do himself; a failure to balance the Budget, when the President is unable to point out specific instances, and the few recommendations that he has made are even ignored by a majority of the Republican Members. The Democrats are not accountable for this panic nor for this deficit, neither are they accountable for the lack of confidence in the Republican administration.

A few days ago it was reported that the Committee on Banking and Currency had unanimously reported the Goldsborough measure which would increase commodity prices. This measure passed by an overwhelming vote, and no criticism was heard from the White House. Yesterday the daily papers carried a big picture of J. Pierpont Morgan with an account that he was a guest at the White House discussing financial matters with the President. Immediately following his visit the President condemns the Goldsborough bill. Is Congress going to enact laws and run this Government, or are we going to intrust it to the Morgans and to Wall Street? It is true the people of the Nation lack confidence, and they will continue to lack confidence just as long as Ogden Mills and Morgan, as representatives of Wall Street, dominate, and just as long as the Hoover Republican administration remains in power. [Applause.]

Mr. BARBOUR. Mr. Chairman, I yield 10 minutes to the gentleman from New York [Mr. FISH].

Mr. FISH. Mr. Chairman and gentlemen of the committee, I am in entire accord with the views expressed by my colleague from New York [Mr. PARKER]. I think this is the time to pour oil on the troubled waters. We are in the midst of the greatest national emergency that this country has ever seen, affecting the happiness and security of the American people far more seriously than the World War, and I hope that Democrats and Republicans in this House at least will try to cooperate for the national welfare and put partisanship aside until we have balanced the Budget, and have adopted the necessary legislation that is required in this economic crisis. We Members of Congress are not blind to the deplorable economic conditions of the country and to the suffering and privations of 8,000,000 unemployed. It is far more important than the welfare of the Republican Party on the one hand or the Democratic Party on the other. It is a national issue affecting the interests and lives of 125,000,000 American people, which is above and beyond mere partisanship. The only way that we can restore confidence and even a small degree of prosperity is by balancing the Budget, and we ought to send out word from the Democratic leaders on one side and the Republican leaders on the other that we propose to stay in session until the Budget is balanced, and amply balanced. I for one, after 12 years' service in the House, have the utmost confidence in the desire for the public welfare by both the majority and the minority and in the honesty, intelligence, and patriotism of all of the Members of the House, and in their capacity and ability to legislate and to balance the Budget in one way or another, either through new taxes or through economy; but the word should go out and it should go out immediately to the American people that we will not adjourn until the Budget is balanced.

I am calling on the leaders of both the Democratic and the Republican parties to send that word out to the people back home and then to combine both parties in defense of the honor and fair name of the House of Representatives and its rights and prerogatives, and above all, of its ability to control and pass legislation for the welfare of all of the people of the United States.

Mr. VINSON of Kentucky. Mr. Chairman, will the gentleman yield?

Mr. FISH. Yes.

Mr. VINSON of Kentucky. Who raises any question that the Budget is not going to be balanced except the Secretary of the Treasury and the President of the United States?

Mr. FISH. My reason for rising to-day is to pay my respects to certain large New York newspapers, controlled by the big interests, that have viciously and maliciously sought to undermine our representative system of government, and particularly the House of Representatives, by publishing editorials that are false, malicious, and absolutely contrary to the fact. Nothing is more needed at this time than confidence and faith in our country and in our republican form of government and in the Congress of the United States.

Mr. McDUFFIE. Mr. Chairman, will the gentleman yield?

Mr. FISH. Yes.

Mr. McDUFFIE. The gentleman has referred to certain editorials. They followed the message of the President of the United States.

Mr. FISH. No; I differ with the gentleman. These editorials to which I refer preceded the statement by the President, but I do not propose to discuss that question now within my limited time. That will be discussed by a great many Members on both sides of the House. I think I am more familiar perhaps than any other Member of the House with the propaganda and activities of the communists in the United States. I know what the communists, the socialists, the pink intellectuals, the radical college professors, and other visionaries are trying to do. They are seeking to break down the belief and faith of the American people in both their economic and political systems, and above all in our republican form of government, and I hate to say that the ultra conservative New York newspaper editorial writers join in and lead the way, holding up Republicans and Democrats in this House as traitors to our Government and to our country, to such an extent that the people back in New York are utterly muddled as to the issues and confused by unfair, misleading, and false editorials.

Let me read a brief letter which I received to-day, addressed to me by a woman from New York who has been completely confused by certain editorials in a New York City newspaper:

DEAR SIR: Treason is the word used by one of our great New York dailies for the act of those in our national councils who voted for the iniquitous bonus bill, just passed. We have, un-

fortunately, no punishment in time of peace for this terrible crime, but perhaps next election when our so-called representatives need the vote of those who have the interest of our beloved country at heart they will find that the people know by whom they have been betrayed.

This unfortunate woman who has written me believes that the bonus bill has been adopted by the House of Representatives. She evidently meant to refer to the so-called pension bill. I do not know whether she is a constituent of mine or not; I hope not, because my constituents are somewhat more intelligent. Why are these people misinformed? Because they read these inspired and vicious and untruthful editorials. Here is one from the Evening Post, of New York, and that paper, although limited in circulation and catering to special privilege, is by far the worst offender. As a matter of fact, that is the only newspaper that I am referring to. I exonerate Mr. Curtis, the owner. He does not know anything about these editorials, but he ought to select more competent and trustworthy editorial writers. Here is an editorial headed "Stop Spending Our Money."

Then it goes on to show that $150,000,000 of the people's money has been appropriated for the widows and orphans, giving the people to understand that the House appropriated $150,000,000 annually for pensions for the widows and orphans, which, of course, is not the case but over a long period of years. That is what causes the misunderstandings, the bitterness, and the lack of faith in Congress. This is not the first offense of this newspaper. Its editorials are often yellower than any other newspaper in the country, more contemptible and more false, although it claims to be the most conservative in the United States. It is the same paper that called Speaker GARNER muddle-headed a few weeks ago in another abusive editorial. It is the same paper that referred to the congressional report on the activities of communists as un-American and cowardly. I said at that time, and repeat now, that the editor or the subeditor who wrote that editorial, who says that deportation of these alien communists is cowardly and un-American, is either a coward or a liar.

This is not the first time the New York Evening Post has published malicious and false editorials, and when it charges nine-tenths of Members of the House with being traitors it is merely adhering to its editorial policy of personalities and abuse.

The CHAIRMAN. The time of the gentleman from New York has expired.

Mr. BARBOUR. Mr. Chairman, I yield the gentleman from New York two additional minutes.

Mr. YON. Will the gentleman yield?

Mr. FISH. I yield.

Mr. YON. Did this same newspaper back in 1928 and 1929 warn the people of the United States of the possible climax that was approaching when they were interested in speculations that brought this ruin?

Mr. FISH. I imagine not; it caters to Wall Street. I shall conclude, Mr. Chairman, simply by saying that this conservative newspaper is doing a great disservice to the American people by its vicious attacks upon the Congress of the United States and by undermining the faith of the American people in the honesty and integrity of both Republican and Democratic Members of the House as if we were traitors to the Nation. It is such treasonable editorials that cause the public to lose faith in our republican form of government and to turn to communism of fascism. This is the time for Republicans and Democrats alike to combine, not only to balance the Budget but in defense of the honor and integrity of the House of Representatives against these vile and malicious and untruthful attacks. [Applause.]

Mr. LOZIER. Will the gentleman yield?

Mr. FISH. I yield.

Mr. LOZIER. The gentleman, of course, well knows that the old régime of editors, when we had great editors, is past; the days when we had such men as Dana and Greeley, and Joseph Medill, and the other great editorial writers.

Mr. FISH. Most unfortunately, yes.

Mr. LOZIER. At that time there was no connection between the editorial room and the counting house, but at the present time there is absolutely no independent action as far as the editorial staff is concerned. They take orders from the counting house, and as a result we have no independent editorial thought in America. There is not a great editor in America at the present time, because all of them are under the influence of the business department of these great newspapers.

Mr. FISH. The gentleman probably is correct, as far as that is concerned.

The CHAIRMAN. The time of the gentleman from New York has again expired.

Mr. WRIGHT. Mr. Chairman, I yield 10 minutes to the gentleman from Kentucky [Mr. GILBERT].

Mr. GILBERT. Mr. Chairman, I wish to take a few minutes to speak on the subject which is the underlying cause of all our troubles—farm relief. I know that farm relief as a subject is somewhat as Mark Twain said about the weather, something about which we all talk but nobody seems to do anything about it. In fact, in this Congress "farm relief" and "balancing the Budget" have become so trite that they dispel rather than invite interest.

I speak not only as the Representative of an agricultural district, I speak not only as the friend of the farmers and the tobacco growers, but as one of them. I speak as a tobacco grower who last year did not receive enough for his crop to repay what he had advanced tenants in order to live while the crop was produced.

On yesterday the gentleman from Texas [Mr. SUMNERS] went into the matter of farm relief in a most able and fundamental way. I hope, in the few minutes I have, in my feeble way, to enlarge upon what the gentleman from Texas said. I invite a careful reading of the gentleman's remarks by all who are sincerely the friend of the farmer. The farm relief that we get in this Congress is not worthy of the name.

I see the gentleman from Alabama [Mr. MCDUFFIE] before me. I want to say that I supported the gentleman's economy program in every one of its proposals. I would have gone much farther had I the chance. I know that the country is clamoring for economies in Government, but, after all, that is negative. Agriculture can not be relieved in that way or any other negative way alone. The cure must be more radical and fundamental. The gentleman from Texas [Mr. SUMNERS] yesterday explained how through the years agriculture had been strangled by our American industrial system. The condition that agriculture is in to-day is not due to the depression. Agriculture was paralyzed before the depression came. Industry in greed and folly first paralyzed agriculture and then in turn is being paralyzed by the havoc it has wrought.

The trouble with agriculture is so serious that it will not recover or be alleviated by the temporary and superficial remedies suggested. It is not the depression now or any temporary result of world-wide conditions. Agriculture was paralyzed before the depression set in. It will not be relieved until that system of American Government giving artificial stimulus through tariffs and subsidy to industry is discontinued. This relief will probably not be realized so long as this continues to be a Government dictated and controlled by organized minorities; possibly it may never be realized. It has been the history of the world that the tiller of the soil has in all ages gradually become unimportant and uninfluential in the government. In Europe he is a peasant, elsewhere a peon, and in this country he has gradually for a generation been following the course history seems destined for him to follow. Even here his representatives, when loyal and courageous to his interests, are gradually losing their power. Year by year their number in legislative assemblies grows smaller. When reapportionment dictates that a district is to be lost, the country counties are divided and tacked on to some city, and now in legislative halls the representatives of rural districts are in small minority. These representatives on the floors of Congress

express sympathy for his plight and are sincere, yet better-organized and more influential groups prevent him from that character of relief which can alone restore him to his position of equality among the industries of the country.

The other day we saw inserted in a revenue bill a tariff on oil. The farmers' oil and gasoline will now cost him a little more. The oil men were here; they have besieged Congress for this relief with letters and pamphlets and interviews. They were prepared to oppose in the Congressman's district his reelection. This particular item alone did not hurt the farmer a great deal, yet when one after another of similar benefits is given to industry, all of which the farmer must pay, and never receive in return a reward, and this goes on through the years, the farmer is doomed to peasantry.

We have seen in the present administration a Congress called in special session for the benefit of agriculture, and we have seen that Congress only add to the farmers' already unbearable burdens; pursued by powerful industrial lobbies they raised the price on everything the farmer must buy, and in return gave him either in folly or deceit the same kind of tariff bounties when it was obvious that this same kind of remedy had driven him to bankruptcy because the tariffs to industry he had to pay and the tariff to him he received not. They gave him a tariff of 42 cents on wheat, and wheat sells for less than 42 cents, and yet that was given him in exchange for a tariff on wire fencing which he had to pay in full.

Let me read the observations of one not interested in American politics, an unprejudiced observer. I read from a Tokyo newspaper, the Japan Advertiser:

> It is not difficult to see, in part at least, why economic conditions have operated against the farmer. In so far as protection has accelerated the development of industrial America it has done so at the expense of agriculture. For protection could not protect the farmer. The things which he had to sell were things of which, until yesterday, America had a surplus; he had to sell them at the world price. But everything which he had to buy—not merely his clothes and cutlery, but his machinery, wagons, harness, railway freights—he bought at the protected price. No industry could stand this generation after generation.
>
> Those marvelously rich cities with their incredibly luxurious hotels and railroad stations that are superpalaces have grown up in some measure at the expense of rural America; the town has bled the country.

That is the truth. It may be a desirable condition, but I do not think so. It may be thought by some to be preferable to have an industrial rather than a rural civilization. Again I do not think so.

It is an old story that you have heard about what the tariff has done to the farmer, but it is a true one. I would say to those who deny it, "Go to the rural sections and look at the pictures and see what has happened to agriculture since we began this tariff-fed industrial policy." In my own district is the magnificent home of Cassius M. Clay, deceased, White Hall. Clay was minister to Russia. His home was famous all over the land for its hospitality, its refinement, and luxury. I say to you that this afternoon the great halls of that mansion in the bluegrass of Kentucky are filled with hay.

The farm relief we get here is so incidental and superficial as to be of little effect. When we were discussing the revenue bill one gentleman made an eloquent plea for the removal of taxes on power that is used on the farm for the benefit of the farmer. I wrote the chairman of the Ways and Means Committee suggesting that by adding to taxes on manufactured tobacco and cigarettes they could get large revenue from the great tobacco companies of this country and relieve the farmer from some of his tax bill, and then exempt all manufactured tobacco from taxation up to 100,000 pounds. This would enable small local tobacco companies to compete and restore the little factories that have been crushed out of existence. This would have added revenue to the bill and aided at the same time the farmer and small factory. It could not be done because industry continually holds out to agriculture the bait that if you relieve us of our burdens it will indirectly benefit you. Sincere friends of the farmer are persuaded to become the cat's-paw of industry. Let us see if relieving the tobacco companies has resulted in benefits passing on to the farmer.

No; this depression has not been general. The American Tobacco Co. made last year more than $45,000,000. It had its biggest year. See their report of March 18, 1932. When it made its manufactured products out of tobacco last year it made them out of the cheapest crop it had bought up to that date. It was at that time assured of the best and biggest crop ever grown, yet I say to you that at the same time it raised the price of its manufactured tobacco to the consumer and lowered the price it paid to the producers.

[Here the gavel fell.]

Mr. WRIGHT. Mr. Chairman, I yield the gentleman five additional minutes.

Mr. GILBERT. After padding its overhead and paying a 10 per cent dividend on its common stock, rather than to give the farmer a decent price for his tobacco, it paid a bonus to its president of approximately $1,000,000. Yet they took from me tobacco at 2 and 3 cents a pound.

If you will take the tobacco in a package of Old Gold cigarettes and weight it, you will find it weighs five-eighths of 1 ounce.

If you will calculate it, you will see that the price of that tobacco sold to the consumer is $3.85 a pound. So in the year 1931 they sold to me tobacco at $3.85 a pound that they bought from me the previous year for less than 10 cents a pound.

I have had a resolution pending since Congress began asking to be permitted to bring these facts before the Congress and the country, but I have received little sympathetic consideration. Any man who goes on the tobacco breaks, if he knows anything about tobacco, can see a plan in execution which absolutely fixes the price of every pound exposed for sale. One great company will buy a certain grade of tobacco and pay a certain price for it, and the other companies will refrain from bidding on that grade of tobacco. Another company will buy on another day. There is a concerted action obvious on its face. We have tried in vain to have some prosecutions and some investigations made by the Department of Justice.

I speak for the tobacco growers of the United States, of whom I am proud to be one. We have no protection. We have no sympathy, and I repeat that they are every year robbing the tobacco grower of his crop.

I say to this House that the profits of the great tobacco companies of this country have gradually increased for 10 years, and I have the figures before me, until they reached their greatest year last year, the year they paid starvation prices to the growers.

But to return to the general farm condition, let me say in conclusion that last year, in early June, before the freshness of spring had given way to summer and the country in this climate was at its prettiest, I had occasion to travel the side roads in Virginia and Kentucky. Here, in times now gone forever, dwelt a people who loved the country. Here were the homesteads, from which came the influence that controlled the affairs of state. Here dwelt a people educated and refined, who delighted in the virtues, the simplicity, and strength of rural life.

Dotted along the highways stood the old colonial homes, out of repair, neglected, and forsaken. In reverie I could recall the scenes of former prestige, prosperity, and happiness; the big rooms and halls lighted, food aplenty, music and laughter as the boys and girls were welcomed home from college. There were flowers in the garden and along the walks, herds grazed upon the hill, squirrels frisked on great poplars, and colts frolicked in the waving bluegrass.

Such was the state of country life two generations ago. This was in the day when Jeffersonian principles of government—equal rights to all, special privileges to none—were believed in and administered. The Democratic Party had conducted the affairs of the Nation, without exception, since the days of Jefferson. No one industry or class was permitted to exploit any other industry. No panic ever happened under a low tariff.

In my reverie I could see cultured women coming from these farms to adorn the highest places in our social life. I could see the men from them filling the highest offices in the county, the State, and the Nation. In those days men like Washington, Jefferson, Madison, Monroe, Jackson came from the farms to become President of the United States.

Then a new party came into power by reason of the war. Though its first President taught of a government "of the people, by the people, and for the people," that party soon forgot the people as a whole. It inaugurated policies of special privilege. It sought to build up the manufacturer at the expense of the grower. It passed high tariff laws, which destroyed the purchasing power of the farmer's dollar. Rural life in America began to decline. The Federal census began to count millions leaving the farms. Great cities were built up at the expense of the country. While farmers grew poorer, the most stupendous growth of industrial enterprises took place.

Discriminatory legislation continued. The manufacturer's tariff was built higher and higher. Not only was vicious legislation persisted in but policies of administration, equally as destructve, were put into practice. In 1920 this Republican Party, hostile to agriculture, approved in its platform a policy of deflation which, under President Harding, destroyed the farmer's capital. It manipulated the Federal reserve system, under President Coolidge, so as to destroy his credit. Every conceivable advantage was given to organized interests making campaign contributions, to the disadvantage of the great unorganized mass of farmers. Witness the growth of the great tobacco companies, while the farmer's tobacco is taken from him for a song. Duke, the tobacco manufacturer, after a life of luxury, left an estate of $200,000,000, while Hayseed, the tobacco grower, after a life of hardship and toil, left a penniless widow and three uneducated children. As a result of legislation and administration we see the farmer paying higher interest than any other industry, taxes levied against others passed on to be paid by him, his credit destroyed and capital gone.

Why should this be when there are more people to be fed? The world is now hungry. There is famine in other countries, undernourished school children in ours. There has never been a surplus of farm products. Under the present policies of crop distribution and market manipulation the farmer can not exist on the low prices he gets, while the poor can not buy for the high prices they must pay.

I charge the passing of prosperous, happy country life in America directly to the later-day policies of the Republican Party.

But I am aroused from my reverie. I see the old house as it is. It is different now. The stately old avenues, with the giant trees and bluegrass have been destroyed, for new land had to be supplied to pay the interest on the farm mortgage. There are no herds on the hill, for the large old rooms and halls now house the tobacco grown where they used to graze. The children do not go to college any more; they must work on the farm. The old lilac bush swaying in the wind is all that remains of the forgotten flowers. The old farm is to be sold to satisfy the debt to the Government or the insurance company. The old house, with shutters ajar, is a mere reminder of former greatness, when those who loved it not only lived in that house but in the "white house." It stands as a ghastly reminder of what has been done to the old farm home by the Republican Party.

Mr. WRIGHT. Mr. Chairman, I yield 10 minutes to the youngest Member of the House, the gentleman from Georgia [Mr. MOBLEY], who will deliver his maiden speech in the House. [Applause.]

Mr. MOBLEY. Mr. Chairman, for some time now the interest of the country has been concentrated upon the position of the United States Treasury. The question is asked, What created the deficit? The answer is simple. Revenue sources broke down at a time when expenditures were exceeding all peace-time precedents.

In 1929 the total expenditures of local, State, and Federal Governments reached the stupendous sum of $13,048,000,000, as compared with total expenditures of $2,919,000,000 in 1913. This shows an advance in per capita cost from $30.24 to $107.37 in 16 years.

Taxes during this period showed a corresponding increase. In 1913 total taxes levied by Federal, State, and local governments amounted to $2,187,000,000, and in 1930 to $10,251,000,000, of which $3,468,000,000 was collected by the National Government, $1,765,000,000 by State governments, and $5,018,000,000 by local governments. You will note, however, that this tax levy, the most stupendous that ever faced any nation in history, fell short of what we spent by about $3,000,000,000.

These figures are terrifying enough, but the story as it stands to-day is even worse. The tax bill of 1930 consumed 14.4 per cent of our national income, but we may expect the 1932 tax bill to consume at least 30 per cent, since our national income has shown a distressing shrinkage and taxes are being increased. Such a burden leaves capital without a fair return, and unless checked means confiscation of property for tax purposes. In a time of high prosperity such a burden could be borne, but is impossible now.

While statistics show that the percentage of increase in expenditures and in levy of taxes by State and local governments is much greater than by the Federal Government, it is a fact that the Federal Government has exceeded all bounds of reason. We have problems which transcend in importance even the urgent necessity of balancing the Budget by unearthing new sources of revenue. Supreme among these is the necessity for a reduction in expenditures. You may not doubt that the eyes of the country are upon us at this time and that the conviction of the business community is that the supreme fiscal calamity would not be our failure to balance the Budget, but our success in balancing it by levy of high taxes while sustaining the present scale of public expenditures. We are duty bound to reduce expenses in proportion to the reduction in income and property values in this country. We must set the example for the State and local governments to follow.

I voted for the tax bill; but had I known that this House would not show the political courage to pass an economy bill making up the $200,000,000 which the tax bill as it passed the House lacked in balancing the Budget I would never have cast my vote for it, because I do not believe we are justified in placing additional burdens upon the taxpayers without at the same time reducing expenses as much as possible. Provision after provision was stricken from the McDuffie bill, taking a total of $160,000,000 from the $200,000,000 saving which its enactment would have effected.

Those who voted to strike the $67,000,000 saving from pay cuts failed to offer anything to substitute for what was knocked out. Likewise, the Republicans in this House, joined by a few Democrats, who seemed to be more interested in looking after the interests of the Army and Navy than the welfare of the people of the country, as a whole, and in economy, offered nothing for the $100,000,000 saving that would have been effected by a consolidation of the Army and Navy, which their votes prevented. Not one Member who offered an amendment to strike provisions and economies from this bill offered a substitute. It does seem that if economy was desired, but not at the expense of their pet department or class, that they should have at least tried to make some other department carry their burden, and their failure to do so would indicate a lack of interest in economy.

While we have reduced appropriations for the departments around $160,000,000 below Budget estimates, and $42,000,000 was saved by the economy bill, there is still room for further reductions. The public has reached the conclusion that the reduction of expenditures on projects and agencies once started is an impossibility. The moral, they say, is do not start new governmental projects or agencies. I am in accord with the suggestion that no more projects or agencies be started, as I think we have carried that too far already; but to say do not start them because once started they can never be stopped, even where they have outlived the stage of usefulness and are no longer needed, presents a situation which questions the very fundamental validity of

democracy. We must curtail the activities of the Government in order to save.

If we do not about face and show the people of this country that we have the courage to face the situation and reduce expenses, then we may as well admit that this Republic has become a government of, for, and by the politicians rather than of the people.

I am afraid that during the last few years the test of a Member of Congress's popularity and right to represent his district in the Congress has been the amount of appropriations he could dig out of the Federal Treasury for his district and for certain classes of people in this country. I am inclined to believe, gentlemen, that that sentiment is changing and that during the next few years it will not be how much he has succeeded in pulling out of the Treasury but what he has done to prevent raids upon it. [Applause.]

Gentleman of the committee, I agree with David Lloyd George when he said that the only test of high success in political life is service. Without genuine service the memory of those who hold the most glittering offices soon perishes, but it is he who serves that endures. We have a duty to our country to perform at this time, and we should meet the situation fearlessly and with the one purpose in mind of serving our country and our people in this time of great emergency and reduce governmental expenses. [Applause.]

Mr. WRIGHT. Mr. Chairman, I yield to the gentleman from Oklahoma [Mr. McCLINTIC].

Mr. McCLINTIC of Oklahoma. Mr. Chairman, at the beginning of this session of Congress, realizing the serious condition that existed among our farmers, I called the Oklahoma delegation together to meet with the Hon. John Simpson, president of the National Farmers' Union, for the purpose of agreeing upon a suitable agricultural bill. I knew then, as I know now, that our farmers were in a more distressed condition than ever before. I knew that they had been compelled to sell the fruits of their labor at a price much lower than the cost of production and that legislation should be enacted into law that would at least cause them to receive cost of production on that part which is needed for home consumption or they could not very much longer survive. The Oklahoma delegation agreed upon a program, and bills to carry out the same were immediately introduced. Since that time I have rewritten the pending legislation by providing a new section which would prohibit speculation on such farm products as would be designated by the Secretary of Agriculture unless there was an actual delivery of such commodity from the seller to the buyer, having in mind that the Farm Board lost millions of dollars of the money appropriated by this Government in such practices and that the only persons to profit were those who received commissions on such transactions. I am advised that now the Farm Board admits that bad judgment was used in adopting this policy and that the same will be abandoned in the future.

Everyone knows that the expenses of this Government should be reduced. Expenditures in the Department of Agriculture in 20 years has increased from $19,000,000 to $296,000,000. That of independent offices from $166,500,000 to $1,306,000,000. The Department of Commerce has increased from $15,000,000 to over $61,000,000; the Department of Justice from $9,000,000 to $41,800,000; the Treasury Department from $122,000,000 to $1,346,800,000; the War Department from $187,000,000 to $386,794,452; and practically this same ratio applies to all other departments and bureaus of the Government. At present there are over 1,000,000 on the Government pay roll, and the annual salaries amount to $1,315,000,000. I voted for the amendment which would have reduced the salaries of Members of Congress and those in the higher brackets 25 per cent. I also voted on roll call for every reduction sponsored by the Economy Committee. These will be found in the CONGRESSIONAL RECORD of May 3, pages 9510 to 9518. It is unfortunate for the country that the Representatives from the big cities and industrial centers were able to defeat proposed reductions which would have amounted to over $100,000,000. I performed my duty, and no one can lay this blame at my door.

Mr. Chairman, there are over 53,000,000 of our citizens that depend directly or indirectly on agriculture for a livelihood. The source of practically all of our revenue comes from the ground, and it will be impossible to ever restore this Nation to normalcy unless proper attention is given this subject. The policy of beginning at the top and working down will have to be reversed. The value of the farmers' income since 1927 has been reduced more than 50 per cent, the amount of farm mortgages has increased more than 100 per cent, and at present practically all farms are a liability rather than an asset, yet no one will deny that prosperity can never return until those who till the soil are able to obtain a fair price for that which they produce.

This session is fast approaching the end, and the proposed farm legislation is still sleeping in the committee. I am amazed at the lack of interest in this subject, and there is one thing sure, I am not going to shoulder any blame for the failure of this legislation, as I have repeatedly urged the necessity for such legislation and am now ready to vote for a bill that will guarantee to our farmer cost of production on such yields as will be necessary for home consumption. I realize that it would be useless to pass such a law unless some bureau of the Government is given control over the marketing of all products. Otherwise importers could ship to the United States products of the farm sufficient to undersell our own products and defeat the principle established. Last year wheat in Germany and France brought to the producer over $1.50 per bushel. If other nations can protect their farmers, certainly no one can say that the United States should not give the same measure of relief to those entitled to it.

The most pitiful situation I ever witnessed now exists among those who live on the farm. I am sure every Member of this House who represents an agricultural district has said to his constituents that he will do everything in his power to see that some kind of legislation was passed that would make conditions better in the future.

In 1918, during the World War, Congress passed legislation for the purpose of providing not only cost of production but a profit on certain crops that were grown in this Nation. Likewise, speculation on the big exchanges to a certain extent was prohibited. The financial condition of our Nation was much better then than now. I can not understand why any Member of the House would not be willing to support a measure that would at least give to our farmers similar relief to that which was extended during the World War. Anyhow, sufficient to guarantee the cost of production on such crops as are needed for home consumption.

We have been wasting a lot of time here in quibbling over various matters that should have been sidetracked. In every letter I have received from those interested in this subject, they are asking why we do not do something to help the farmer. Why can't we stop all of this useless debate and perform some real service to the people? I hope that the leaders of both parties will soon realize that we are getting nowhere by throwing rocks back and forth at each other when time should be employed in behalf of legislation that will be beneficial.

I think President Hoover has used very poor judgment in giving out newspaper statements criticizing the House of Representatives, when he could have performed a real service by keeping the army of Government employees and the head of executive departments from lobbying against the economy bill. He could have done much better by inviting the leaders of both parties to the White House for a conference, and saying to them that an emergency exists, "Let us put our heads together and do something to help those who are in need of aid." All of us remember that President Wilson continuously called the leaders of both parties together and by so doing worked out a program which took care of the emergency condition. There may be some who will forget that my party has not been in power since the elections of 1920, and that no legislation could be enacted into a law unless it met the approval of the party leaders.

Notwithstanding this was true, I have voted for every bill in the interest of agriculture, and I now call upon my colleagues to join with me and pass the kind of relief legislation that will start at the bottom and work upward. Our people are more disturbed than ever before. They can not even pay their taxes. Many of them will lose their homes, and I venture to assert that if some kind of appropriate legislation is not passed during this session, the casualty list after the next election will be similar to that which existed after the Battle of the Marne.

Let us cut out all of this criticism that is coming first from a Democrat and then a Republican, and get together in a spirit of cooperation and complete this legislative program so we can go home. [Applause.]

Mr. WRIGHT. Mr. Chairman, I yield to the gentleman from Alabama [Mr. ALLGOOD].

Mr. ALLGOOD. Mr. Chairman, I wish to congratulate my friend the gentleman from Oklahoma [Mr. MCCLINTIC] on his remarks that the time for talking ought to be over and the time for action is at hand.

I wish also to commend this body upon the constructive step it took some two months ago in regard to appropriating 40,000,000 bushels of wheat owned by the Government to be used and handled through the Red Cross for the poor. It was a constructive step that was taken by the Congress and has proven very beneficial to millions and millions of people who could not buy food and could not buy the other necessities of life and had not the wherewithal to sustain life.

We have another bill that is pending before this body that is constructive and is along the same line. It was introduced by the gentleman from South Carolina [Mr. FULMER] on January 4, and authorizes the distribution of Government-owned cotton by the governors of the various States through the Red Cross and other organizations to be used for people in distress.

The bill authorizing the use of wheat has proven beneficial, as the Red Cross will tell you, and thousands of people throughout the Nation will tell you that it has been a life-saver.

Then why not come along and give the poor people of this Nation a chance to get clothing to put on their backs, a chance to even get overalls? Why not give them the advantage of this cotton owned by the Government, just as we did the wheat? If there is justice in the wheat bill, then there is equal justice in the cotton bill.

If it is fair to relieve the western farmers of the surplus of wheat so as to get a better price for this year's crop, it is equally fair to the cotton farmer of the South to dispose of this surplus to people who can not buy. It will help poor people in towns, cities, and in the country, and will help the cotton farmer secure better prices for his cotton this fall.

To-day cotton is selling for the ridiculous price of 5 cents a pound. Yet, to-day in an Alabama paper I see that Mr. Williams, the cotton representative of the Federal Farm Board, states he is pleased at the reaction of his cotton plan. His plan is to sell 650,000 bales of Government cotton, beginning August 1, and to put it gradually on the market. He says that this plan of selling 650,000 bales is favorably received and generally accepted and is an assurance that there will be no dumping on a glutted market. I would like to know what he calls dumping if this is not dumping.

The 1932 crop will be going on the market in some sections on August 1, and the dumping of this 650,000 bales of Government cotton on the market just at the beginning of the cotton season certainly will further depress the market and injure the cotton farmer.

I, therefore, insist that the Agricultural Committee bring out the Fulmer bill so that this 500,000 bales of cotton can be made into clothes for those who are out of employment and who can not buy clothes, and also to the end that this cotton will not be dumped on the market just as the selling season begins for the new crop. [Applause.]

Mr. WRIGHT. Mr. Chairman, I yield five minutes to the gentleman from Massachusetts [Mr. CONNERY].

Mr. CONNERY. Mr. Chairman, I will take very little time. The Ways and Means Committee this morning stood by their position of yesterday in making an adverse report to the House on the Patman veterans' adjusted-compensation cash payment bill.

The information I have received is that this is the first time in 140 years that the Ways and Means Committee has reported a bill adversely to the House.

Now, when a resolution is offered for adjournment the last of May or the first of June, I hope all Members, all those who believe in having a vote on the Patman bill—I do not care whether you are for it or against it—but all of you that are for a vote I hope will vote against adjournment. I do not intend to ask the House to vote against the recess for the conventions, but I do intend to ask the House to vote against adjournment until a vote has been taken on the Patman bill. If the House desires to take a recess and then come back and vote on the Patman bill, that will be satisfactory to me; but I believe that certainly the House should be entitled to the chance to vote on this most important measure. If the Judiciary Committee of the House saw fit not to bring in an adverse report in order to give the House a chance to vote on the prohibition submission bill, I think the country at least is entitled to know how their Representatives in Congress stand on the soldiers' bonus.

The way the situation stands now, if it had not been for the adverse report we could get a vote on May 23 by signing a petition of 145, but now you can not possibly get a vote before June 13, and the papers have carried the statement that it is the intention to adjourn by June 10. Yesterday by voting to report the bill adversely to the House the Ways and Means Committee made it impossible to get a vote on the bill before June 13.

Mr. SPARKS. Mr. Chairman, will the gentleman yield?

Mr. CONNERY. Yes.

Mr. SPARKS. Does not the gentleman think it would be fair, in view of the circumstances, that Congress may adjourn before the matter could be brought before the House, that the rules be liberalized so that it could be brought before the House?

Mr. CONNERY. I say this, in justice to the Ways and Means Committee and to the acting chairman of the committee, Mr. CRISP. Mr. PATMAN and I went to him yesterday and we asked him to call the committee together to-day. We spoke to the Speaker and also to the gentleman from Illinois [Mr. RAINEY]. Then we asked Mr. CRISP if he would call the committee into session this morning to take up the question of whether, under the conditions, the committee would reconsider and allow a vote to be obtained on this matter on May 23. Mr. CRISP was kind and fair enough to call the committee to-day. I have no knowledge of what occurred in the executive session of the committee to-day, but I asked Mr. CRISP whether things were just the same as yesterday, and he said they were.

Mr. GOSS. Has the gentleman thought of asking the Speaker to recognize the gentleman to move to suspend the rules and pass the bill?

Mr. CONNERY. I would be glad to do that; but then you would have to have a two-thirds vote to pass the bill, and I do not believe in bringing in such a controversial bill in that manner.

Mr. GOSS. Is not that the only way that you could get recognition before the time of adjournment, as the gentleman suggests.

Mr. CONNERY. That is the only way that I can see; but, as I understand, in view of the precedents in the past it would be an unheard-of precedent for the Speaker to recognize anybody to pass a bill which had been adversely reported by a committee.

Mr. MCKEOWN. The committee was not quite as generous as some of the dry members of the Committee on the Judiciary on the liquor question.

Mr. CONNERY. That is true. I know that the gentleman from Oklahoma and other members of the Judiciary Committee, who are dry, were in favor of allowing this

matter to go to a vote on the question of the eighteenth amendment. I do not wish to criticize the Ways and Means Committee particularly, but I can not understand why any committee of the House of Representatives on a proposition as big as this, which the people of the United States are watching and want to see Congress vote on, should not give the House that opportunity. I do not care whether gentlemen are for or against the bonus, but is there a Member in this House who is afraid to stand up and vote for the bonus or vote against it? I would like to see Congress function as a representative body; and I am asking all of you, whether you believe in the bonus or not, if we can not get this matter up before the resolution for adjournment comes in, to vote down the resolution for adjournment.

Mr. VINSON of Kentucky. I want to suggest as a reason why it will not come up the vote of the 13 out of the 25 who signed the adverse report.

Mr. CONNERY. I understand that; but I do not understand why they should, for the first time in 140 years, pick on the veterans to bring in an adverse report. I do not know who voted which way, and I do not care.

Mr. VINSON of Kentucky. The report is on the table and it is signed by the 13 members.

Mr. CONNERY. That is all that I wish to say, Mr. Chairman. I have no feeling of bitterness toward anyone, but I hope, unless we can get a vote on this in the House, that the friends of the veterans will vote against adjournment when the resolution to adjourn comes in and keep the House in session until a vote is had. [Applause.]

Mr. WRIGHT. Mr. Chairman, I yield five minutes to the gentleman from Alabama [Mr. OLIVER].

Mr. OLIVER of Alabama. Mr. Chairman, I would not have risen but for the question asked of the gentleman from Arkansas [Mr. FULLER] by the gentleman from California [Mr. BARBOUR], and I really feel that the gentleman from California, on further reflection, will withdraw his question and statement made in reference thereto. The question indicated that in many bills reported by the Committee on Appropriations this House had recklessly and oftentimes added to the amounts recommended by the Committee on Appropriations. I do not think the gentleman can sustain such a charge against the Members of the House. As to bills reported by the subcommittees on which I have served, to wit, the Departments of State, Commerce, Labor, Justice, and Navy, I have found the membership of the House willing to follow these subcommittees in practically all of their recommendations. If you will check statements made by the present and by former chairmen of the Committee on Appropriations since the Budget system has been in force, you will find that these several chairmen of the committee have taken pride in the fact that the House has saved not $100,000,000 but many hundred millions of dollars by sustaining the committee in reducing the estimates submitted by different Presidents. I am not aware of but comparatively few increases made by the House in the many bills reported by the Committee on Appropriations since the Budget has been in force. Certainly the charge would not apply to any of the five bills which I am thoroughly acquainted with. The members of the Committee on Appropriations have been called on sometimes to oppose reductions in appropriations proposed by some individual Member of the House under that recommended by the committee, and I make that statement in fairness and justice of the membership of the House as a body, irrespective of party. The Appropriations Committee has often referred with pride to the fact that the committee acts always in a nonpartisan way in dealing with appropriations, and we have appealed to the House for a nonpartisan support, and such support has usually been given. Who can forget the record of this House in saving not $9,000,000 not $50,000,000, but $100,000,000 or more in reference to one appropriation alone, namely, that relating to the Government's contribution to appropriations for the District of Columbia? It was the action of the House in upholding the recommendations of the House Committee on Appropriations that made it possible to save more than $100,000,000 in that one appropriation alone. I could list many other appropriations where the House has responded in a splendid, nonpartisan way to uphold our Appropriations Committee in reducing Budget estimates and which in the aggregate have exceeded $500,000,000 under Budget estimates since the Budget system was inaugurated.

This fiscal year you have supported the Committee on Appropriations to the extent of more than $140,000,000 under Budget estimates; and when the gentleman from California suggests that the House has largely added to the appropriations recommended by the House Committee on Appropriations, I feel it is unjust to the present and former membership of the House, and I am unwilling for the charge to go unanswered. [Applause.]

Mr. WRIGHT. Mr. Chairman, I move that the committee do now rise.

The motion was agreed to.

Accordingly the committee rose; and the Speaker pro tempore [Mr. RAINEY] having resumed the chair, Mr. COOPER of Tennessee, Chairman of the Committee of the Whole House on the state of the Union, reported that that committee, having had under consideration the bill H. R. 11897, the War Department appropriation bill, had come to no resolution thereon.

FRATERNAL INSURANCE IN THE DISTRICT OF COLUMBIA

Mr. LUDLOW. Mr. Speaker, I ask unanimous consent to vacate the procedure by which the House on yesterday adopted Senate Concurrent Resolution 27, my purpose being, if that request is granted, to ask unanimous consent to vacate the order by which the amendment was adopted to that resolution.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Indiana?

There was no objection.

Mr. LUDLOW. Mr. Speaker, I ask unanimous consent to vacate the procedure by which the amendment to Senate Concurrent Resolution 27 was adopted.

Mr. CHINDBLOM. Reserving the right to object, may we learn something about the legislation?

Mr. LUDLOW. I will be glad to explain it if the House will indulge me for a few moments. This amendment to the resolution was designed to make it unnecessary to tear up in the city of Indianapolis and reestablish in the city of Washington, D. C., the insurance department of the National Fraternal Order of Knights of Pythias. In Indianapolis the order owns property worth over a million dollars, and the insurance department has over 100 employees who would be disastrously affected. There is perfect agreement among all interested parties that this is worthy legislation. It developed that there were some phases of it that were objectionable to one of the gentlemen of the Committee on the District of Columbia, and we have arrived at an understanding. An agreement will be reached on a form of legislation that will obviate all disagreements and that will be brought up for consideration later. The purpose of this is to clear the decks for that subsequent legislation.

Mr. CHINDBLOM. The concurrent resolution will go back on the calendar in the original form?

Mr. LUDLOW. It will be on the Speaker's desk. It is a concurrent resolution and has already passed the Senate.

Mr. CHINDBLOM. It will not be taken up for disposition to-day?

Mr. LUDLOW. No, sir.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Indiana?

There was no objection.

Mr. CHINDBLOM. Mr. Speaker, as I understand it, the matter will lie on the Speaker's table, to be taken up for consideration at some future time, as I understand the Members who were interested in the matter are not here to-day.

The SPEAKER pro tempore. That is correct.

ADJUSTED-SERVICE CERTIFICATES

Mr. VINSON of Kentucky. Mr. Speaker, the bill H. R. 7726 was reported adversely by the Committee on Ways and

Means to-day and now lies on the Speaker's table. I ask that it be taken from the Speaker's table and referred to the calendar.

The SPEAKER pro tempore. The Chair will refer it to the Committee of the Whole House on the state of the Union under the rule.

Mr. VINSON of Kentucky. In addition to the bill H. R. 7726, 18 other bills were reported adversely by the Committee on Ways and Means to-day. I ask unanimous consent, Mr. Speaker, that the members of the Committee on Ways and Means other than those who signed the majority report have five legislative days in which to file minority views.

Mr. GOSS. Reserving the right to object, would it be possible to bring up the bill before those minority views were printed?

Mr. VINSON of Kentucky. I do not think that the time in which the minority views may be filed will have any adverse effect on the consideration of the bills.

Mr. GOSS. But the bills might be acted upon before the minority views are printed, under the request made by the gentleman.

Mr. VINSON of Kentucky. I very much regret to say that I do not think the legislation will be presented within that time.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Kentucky?

There was no objection.

THE DEFICIT AND HOW TO MEET IT

Mr. GRIFFIN. Mr. Speaker, I ask unanimous consent to extend my remarks upon a House joint resolution which I introduced to-day, providing for an amendment to the income tax law.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. GRIFFIN. Mr. Speaker, with 6,000,000 facing starvation this winter, the only plan to receive the approval of smug tax dodgers is the proposal to throw men and women out of work or cut down their wages, thus lessening the consuming power of those affected and further slowing down the machinery of production and exchange.

This is no time to lessen Government activities, but rather the crucial moment when the Government should throw every ounce of its energy into stimulating every form of productive activity.

Private and local agencies are almost exhausted. Local relief is on the verge of collapse.

This is a national calamity and needs Federal initiative, intelligent planning, and coordination.

Picayune trimming of salaries may conserve a few dollars in the Treasury, but it can not put bread into the mouths of the starving.

This cry for economy is stupidly emphasized and misdirected. There is such a thing as being penny-wise and pound-foolish.

The depression is an economic penalty and must be met by measures analogous to those required in times of war. But in war times nobody has ever been foolish enough to breed discontent by cutting down wages.

TAKE UP THE SLACK BY MAKING WORK INSTEAD OF SLOWING DOWN BY CHEAP ECONOMIES

When private industry and commerce slow down so as to throw millions out of work, that is the very time when Government should increase instead of diminishing its activities and make up for the shortage of work by an extensive program of public improvements which will take up the economic slack and make jobs for those out of work. I am sure it is much better to build public buildings, public roads, and engage in other lasting enterprises than to spend billions for ordnance and ammunition that are only created to destroy and be destroyed.

Instead of taking a broad view of the situation, why engage in the petty undertaking of throwing men and women off the pay roll or of cutting down salaries to further lessen the purchasing power of the people?

THE FACTS OF THE CASE

There is a great hue and cry for economy in administration. The commotion is unjustified.

The startling fact is that in the last 10 years the actual cost of government has steadily decreased. Eliminating pensions, soldiers' compensations, grants to States, and other statutory or permanent appropriations, the actual cost of the Government in 1931 was $259,178,952 less than it was in 1921. Please study this table:

Actual cost of government has decreased in 10 years between 1921 and 1931

1931 Budget	$3,846,605,149
Deducting permanent appropriations, pensions, grants to States, and miscellaneous	2,571,744,682
Actual cost of government	1,274,860,467
1921, separating and deducting the permanent appropriations (i. e., pensions, grants to States, etc.) the actual cost of government was	1,534,039,419
Excess of running government in 1920 over 1930	259,178,952

The essential thing in this crisis is to raise more money, either by bonds or by increased taxes. Our trouble is due to lack of national income, not to lack of national wealth!

"BALANCING THE BUDGET"

This is a fine alliterative phrase and it is a question how far its euphony has affected its popularity. To my mind, it is rather overemphasized. The great paramount issue is unemployment and starting the wheels of industry and commerce.

This is not the first time the Nation has been in a financial hole, and it has invariably pulled itself out by a resort to various expedients.

Direct taxation is the most logical, on the theory that each generation should bear its burdens—particularly where those burdens are the result of their own folly. But where the burdens are of an unavoidable nature, such as of war, the outlay for the balancing of the Budget ought to be spread over a number of years.

There is no question as to the causes of the present panic—it arises from our own economic bungling:

a. The provocative Smoot-Hawley tariff, which cut down our customs revenue, provoked retaliatory tariffs in other countries, and literally wiped out our foreign trade.

b. The eighteenth amendment and the Volstead Act, which since their enactment have sacrificed billions of dollars in excise taxes. These, together with the profits, have gone into the pockets of bootleggers and racketeers instead of into the National Treasury, which has been further depleted by $500,000,000 directly spent in futile attempts at enforcement. In addition to this, we must add to the debit side of the column an incalculable amount of indirect expenditures connected with the increase of judges, increase of courts, of jails, and of all the other incidents of enforcement. For instance, the apprehension of offenders, their trial, conviction, incarceration, and maintenance.

There is one peculiar feature of the present financial situation which distinguishes it from every other panic in history.

In the past there have been failures of crops and famine. In the present emergency there is no scarcity of crops; no scarcity of money. Granaries are filled to overflowing; warehouses stocked with commodities for which there are no markets. Six million workers out of work with no money to buy the products of the farm or factory. The banks to-day hold more money in deposits per capita than at any time in our history. And yet banks fail—2,200 of them in the last year—depriving the thrifty of their savings and thus further diminishing the purchasing power of the Nation.

To top these disasters has come the loss of customary revenues to the National Treasury—loss of customs' duties, due to lessened imports; loss of income taxes, due to the closing of factories, unemployment; and finally loss of excise taxes and other accustomed revenues.

So the people are in a hole and the Government is in a hole.

With this analysis of the situation before us, it would seem that whatever the plan decided upon, the primary and most essential move ought to be in the direction of increasing the buying power of the Nation, to take up the surplus of farm products and manufactured commodities which fill the granaries and warehouses.

This should be coupled with a contemporaneous effort to reestablish foreign trade and open up foreign markets.

I am sorry to have to concede that the consideration of this class of remedial measures must necessarily be laid aside for the present owing to the divergent policies of the two Houses and of the Executive. If something could be done in that direction, it would be materially helpful; but when leaders of party politics are committed to high-protective doctrines, there is no use in arguing with them. We must look for remedies purely domestic in their nature on which there is some probability of agreement.

MAKE WORK INSTEAD OF STOPPING IT

Being confined, therefore, to purely domestic remedies, what is the most natural policy that invites our approval? The natural thing to do is to increase the buying power by putting the idle to work. How should that be done? Obviously not by producing things of which there is an overabundance, but of things that will have a permanent value and add to the wealth of the Nation.

In this category are roads, highways, bridges, reforestation, and public buildings. Yet through some strange perversity of reasoning we find programs for these improvements deliberately scuttled and abandoned, inspired by an utterly false and ill-considered notion of economy. In other words, an unmistakable lapse into a policy of "penny-wise and pound-foolish."

WHY NOT ISSUE BONDS?

Here is a case where public bonds might well be issued for such permanent improvements.

The sale of these bonds would draw out hidden hoards, give employment, put money into circulation, and increase the purchasing power of vast numbers.

Prof. Edwin R. A. Seligman, of Columbia University, in an address delivered before the American Institute of Consulting Engineers on January 18, 1932, asked a very pertinent and pregnant question. He said:

> I venture to ask why is it not better to lean backward a bit, to go a little slow, to do in this peace crisis what we did in the war crisis? In the crisis of war we had no difficulty in maintaining the credit of the United States We borrowed about 80 per cent and taxed about 20 per cent in order to raise the thirty-five or forty billions of dollars that we shot away in a year and a half of warfare. Why is it not desirable to go a little more heavily on the debt side and a little more lightly on the tax side in meeting the present emergency?

I repeat, "Why not?" The Treasury Department a few days ago opened the bids for an issue of several hundred million dollars of United States short-term notes. It was found that the issue was oversubscribed ten times, which shows that investors are hungry for the opportunity to take out their hidden hoards and put them at the disposal of the country.

There is one way to bridge us over the present difficulty and lay the foundations for a plan of public improvements of great and permanent value. But, no! Instead of undertakings to make work and furnish employment, we are presented with a foolish program of so-called economies, the cutting down of appropriations, the reduction of salaries, and a general slowing down of Government activities—the inevitable effect of which will be to throw thousands out of work and diminish the purchasing power of all whose incomes are affected.

It is true that cutting down appropriations will lighten the expenditures from the National Treasury, but that is only one side of the picture. It may help the inanimate Treasury, but how about the living, hungry man?

The Government owes a duty to the people and to itself in an emergency such as this, and that is to put as much money in circulation as possible—I do not mean by printing it—and enhance as far as possible the purchasing powers of the Nation, to take up the slack in the channels of commerce, taking inactive commodities out of the warehouses and putting them into the market.

THE REAL SOLUTION

The real solution of the problem is not to hold money out of circulation or curtail the Nation's buying power, thus enlarging the pool of stagnation into which business has been driven, but rather to stimulate the currents of commerce into a healthy, normal flow of activity.

In other words, the present plan of economy, so much heralded, is the exact reverse of the course which both common sense and past experience unquestionably demand.

Are we so blind as not to see the plain markers in the channels of progress which should direct our course?

NOW FOR TAXATION

Our situation points directly toward the adoption of a plan of direct taxation, simpler and more reliable than our present system. The banks show deposits greater per capita than at any time in our history—in other words, plain, unsocial, unpatriotic hoarding.

It is childish to stand helplessly by and plead with the hoarders to put their money into circulation. The way to handle these hoarded funds is to put it into circulation by the processes of taxation.

Deprived as we are of the customs duties from foreign trade, of the excise taxes by prohibition, we are compelled to throw all our dependence on the income tax.

NOW LET EVERYONE "CHIP IN"

I want to show how this can be done. It may seem like heresy, but the conviction is beginning to dawn on the average voter that there is something radically wrong with the income tax.

How much is needed to balance the Budget? Two billion two hundred million dollars, which means $18 per capita. This is a situation where everybody should "chip in."

The plan I propose is embodied in the following House joint resolution which I introduced to-day:

> *Resolved, etc.*, That there shall be levied, collected, and paid by individuals and corporations, irrespective of and in addition to, the income tax they are subject to under the existing law, or any amendment thereof, a special tax of 1 cent on each dollar of gross income for the calendar years 1932, 1933, and 1934.

The object of this bill is to do away with doctoring of incomes by paid revenue experts, many of whom learned all the wrinkles while working for Uncle Sam in the Treasury Department.

This vocation has become an art, and is abused to such an extent that in 1930 out of 498,110 corporation returns only 214,412 show taxable incomes and paid taxes.

Out of 3,376,552 individual income-tax returns only 1,429,877 paid taxes. The rest dodged!

Out of $101,812,529,678 gross incomes—individual and corporation—taxes were paid on only $22,848,066,615. The rest got off by deductions and exemptions.

See details in following table:

Analysis of 1930 income returns

	Total returns	Returns taxed	Taxes dodged (not taxed)	Gross incomes	Net incomes	Deductions not taxed	Taxes paid
Corporations	498,110	214,412	283,698	$79,147,023,818	$5,627,312,995	$73,519,710,823	$618,246,431
Individuals	3,376,552	1,946,675	1,429,877	21,665,505,860	17,220,753,620	4,444,752,240	473,689,563
Total	3,874,662	2,161,087	1,713,575	100,812,529,678	22,848,066,615	78,164,463,063	1,091,935,994

NOTE.—A tax of 1 cent on all gross incomes will raise $1,000,000,000.

The plan, in short, is to get back to the direct system.

The key to a just tax is to deal with gross income, because that is always ascertainable. A dark curtain hides the deductions used to reach a net income; behind that curtain is all the mechanism of fraud. Exemptions are generally inequitable, no matter how plausible they seem.

Let the individual subordinate his expenses to his obligations to the Government.

It will be impossible for a while, at least, to abandon tariff duties and other forms of special taxation for the benefit or protection, so called, of favored interests.

Protective tariffs now justify exemptions from income taxation in the lower brackets of those upon whose backs the burdens of all taxes fall. When favoritism in taxation is abandoned, we will be ready, perhaps, for a direct and equitable tax upon all classes of earners.

If my proposal is written into the law, it will raise an income of $1,000,000,000 a year.

With this revenue assured, it will afford an opportunity to avoid the increase of the 2-cent postal rate to 3 cents, a harassing and stupid proposal, which does much to hamper mail advertising and charitable drives.

If the 3-cent rate goes into effect, it will drive advertisers into the columns of bulky magazines (weighing 16 ounces) which are carried at a loss by the Post Office Department for a fraction of a cent each. (Perhaps that is the true object of the increase?)

THE PROPOSED LAW WILL BE SELF-REGULATORY AND INESCAPABLE

The tax is self-regulatory. It is figured on the income-tax returns and paid at the same time and in the same manner as the income tax. It can not be evaded. There will hereafter be "no taxless income-tax returns." All will pay on the basis of business done whether they show a net profit or not. It is absurd for a corporation doing a business of $100,000 a year not to show a net income which is taxable.

A 1-cent per dollar addition to the income tax will spread the burden and the steadiness of revenue obtained will enable Congress to eventually get away from the intricate bracket schemes in the present law a thing that every honest business man is anxious to accomplish.

By arranging their budgets, corporations and individuals will be able to figure on this disbursement as a part of their overhead. It is not an arbitrary tax, but one depending on the business done, or salary received.

INSURANCE OF BANK DEPOSITS

Mr. SHALLENBERGER. Mr. Speaker, I ask unanimous consent to extend my remarks on the question of insurance of bank deposits.

The SPEAKER pro tempore. Without objection, it is so ordered.

There was no objection.

Mr. SHALLENBERGER. Mr. Speaker, I have been requested to submit for the information of the House some excerpts from a statement made by myself concerning the Nebraska bank guaranty law to a subcommittee of the Banking and Currency Committee while it was considering H. R. 11362, the Steagall bill, for the guaranty of bank deposits.

Mr. Chairman and gentlemen of the committee, I have been much interested and have given considerable study to the proposition of the insurance of bank depositors against loss because of bank failures. In 1909 the Nebraska State Legislature passed a bill which I approved, known as the Nebraska bank guaranty law, which provided for the insurance of bank deposits by a guaranty fund which was created by the banks of Nebraska by special assessments levied for that purpose.

In 1929, because of many bank failures, the Legislature of Nebraska passed a special act authorizing an investigation of the entire banking situation in the State, and appropriated $150,000 to carry out the purposes of the law. The bill authorized the governor to appoint a chief examiner to have charge of the work of investigation. I was appointed to that position by Gov. A. J. Weaver in May, 1929.

For about a year and a half thereafter, I was engaged in the investigation authorized by the special act. All of the offices in the various divisions of the department of banking were made subject to the supervision of the chief examiner and a corps of competent certified public accountants were employed as special auditors to assist in the work.

Notwithstanding the fact that the Legislature of Nebraska repealed the State guaranty law in March, 1930, I am still of the opinion that a law to insure bank depositors against loss is necessary if we are to maintain the American system of independent bank units. The fact that more than 8,000 banks have suspended in the last 10 years in the United States with over two billions of the people's money placed in jeopardy because of these failures is warrant for additional legislation to better protect depositors in the banks of this country.

Such a law is essential to the return of confidence in the security of our banking institutions. Until depositors are made confident that their deposits are safe, there can be no restoration of prosperity. The profits in the banking business are made from the use of the people's money deposited in the banks. For that reason depositors are entitled to every possible protection the law can afford. Bank profits do not come from the use of the bank's capital. The capital investment required of banks is a provision of law for the security of the depositors. Bank deposits supply both the money and credit that are the lifeblood of trade and commerce.

The Steagall bill proposes to create a guaranty fund to insure against loss the depositor whose money makes possible all the profit in the banking business. A depositors insurance law has been twice sustained by the Supreme Court of the United States in decisions declaring the Nebraska bank guaranty law constitutional. Therefore the legality of the guaranty principle is beyond question.

Mr. Chairman, I will make a brief statement as to the results of the Nebraska law. It became effective in 1911. From that date until 1920 only three banks failed in Nebraska. The deflation policy begun in 1921 was a deadly blow to the prosperity of the agricultural States. By 1929, 273 Nebraska State banks had failed, and the ability of the guaranty fund to pay the losses from these failures became a serious question.

Banking insurance is vitally different from life insurance, to which it has sometimes been compared. There is an average death loss among persons without much change throughout the years. This is not at all true as to banks. In the last three years more banks failed in the United States than during the 15 prior years.

The tremendous losses caused by a multitude of failures require unusual resources and a large insurance fund if depositors are to be fully protected from loss. State guaranty laws, being pioneers in bank guaranty legislation, did not build insurance funds big enough to stand the great financial strain which comes in times of national panic.

The administration of State banking laws because of the interference of politicians is often weak and ineffective. It can not be denied that if there had been competent supervision of the banks of Nebraska, a supervision insistent upon strict observance and enforcement of banking laws, a supervision that would not permit bankers to violate recognized sound business principles, the failures would not have occurred that wrecked the bank guaranty fund of the State.

If a sound depositors' insurance law were in force to-day, under the supervision and control of the Federal reserve system, deposits in the member banks of the United States would double in a few years. When the bank guaranty law was passed in Nebraska the Nation had just gone through the panic of 1907. Deposits in the State banks amounted to about $75,000,000 in the 615 banks then in operation. In 1920, after 11 years under the guaranty law, deposits had grown to $250,000,000. Deposits in State banks were not only increased by more than 300 per cent, but Nebraska was steadily drawing deposits from other States because of the protection of the guaranty law.

I was appointed to the position of chief examiner of banks in Nebraska in 1921. A call for bank statements was made in March of that year; although 273 banks had failed during the years immediately prior to 1929, there was only four millions less of deposits in the State banks of Nebraska in March, 1929, than there was at the peak of the war boom in 1920, when over 1,000 State banks were in operation.

The fact that deposits did not decline in the face of a multitude of bank failures showed the sustaining power of the bank guaranty law. If a State bank failed in Nebraska during that period, depositors were paid in full and the money was deposited in another bank protected by the guaranty law. Under such a system there are no runs on banks. Officers who failed as guardians of the trust imposed upon them might wreck their institutions, but the people of Nebraska refused to withdraw their money from the State banks so long as they experienced the benefits of the guaranty system.

I will include in my remarks a part of a report I made to the Governor of Nebraska on August 1, 1930, in which I attempted to point out some of the reasons for the failure of the State guaranty fund law. "Banking laws, no matter how sound and carefully drawn, will not insure depositors against loss if bankers are permitted to continually violate the most important provisions of the laws enacted to protect them. The bank guaranty law of Nebraska established an insurance fund for the protection of depositors. The annual assessments for the payment of losses were based on Federal reports of the average losses of depositors in national banks from 1862 to 1929. In 67 years only sixty-seven millions were lost to depositors in national banks."

For many years before the war boom multiplied the number of banks in Nebraska and inaugurated an era of wild speculation, depositors in Nebraska State banks lost no money and public

confidence in the guaranty fund was complete. Enforcement of four sound banking principles are essential to the success of a guaranty of deposits law. First, limitation of bank charters of depository banks to the necessary requirements of business and the safe credit of the community served. Second, bank earnings of sufficient amount must be made to insure a fair return upon invested capital and the charging out of losses that come in periods of business depression. Third, competent, fearless, and efficient supervision by the executive department in charge of the administration and management of banks. Fourth, complete authority of the department of banking to grant or refuse bank charters and to require proper certificates of character and ability from officers and managers of banks.

Failure to observe and enforce these essentials of sound and safe banking undermined and wrecked the Nebraska guaranty law. During the war boom, 315 additional State banks were chartered in Nebraska. The courts decreed that under existing law, the State banking department could not refuse bank charters. This decision denied to the State's officers a power essential to the safety of banking and the security of the bank guaranty fund. The legislature later passed a law to correct this defect, but the act was suspended by referendum petition and later was defeated at the polls. Subsequently hundreds of banks were chartered for which there was no economic justification.

Too many banks and too few bankers bred bankruptcy in the banking business in Nebraska. Banks which were hopelessly insolvent were permitted to continue in operation and receive deposits. A governor stated in a message to the legislature that early in his administration the bank commissioner reported to him that more than 125 State banks were hopelessly insolvent.

A bank commission of another administration stated that he made a report showing that 150 State banks were at that date insolvent. Permitting these broken banks to remain open only delayed the deluge of bank failures. Lax law enforcement did not save the insolvent banks. It did cost depositors millions in losses and piled up a mountain of bankruptcy when these conditions could no longer be concealed.

The greatest weakness in our State and National governments to-day is failure to enforce laws enacted for the protection of property and the punishment of crime. Unsafe expansion during the war-boom period led to an extraordinary and dangerous inflation in both loans and credits. Too many banks led to ruinous competition. Bad loans became common because there were not enough safe borrowers to absorb the funds that must be loaned to make a show of profit. These paper profits disappeared when deflation had done its work. Millions of dollars of worthless loans encumbered the note cases of the banks audited during the investigations. Very often more than half the loans in failed banks were found worthless because the officers making them were speculators rather than bankers.

Destruction of agricultural credit, dishonest and incompetent banks, weak supervision, and lack of law enforcement were the chief causes of the bank failures which destroyed the bank guaranty law of Nebraska. The law brought prosperity and strength to the State banks and saved depositors from losses of millions of dollars. It was discredited and destroyed by those who should have been its stanchest defenders, because it brought them tremendous increases of both business and profit.

Bad banking and inefficient supervision finally nullified the law and destroyed the confidence it had established. My report to the legislature, dated August, 1930, showed a total liability because of losses in failed banks of $101,981,000 against the guaranty fund. Payments from the fund and assets still on hand left the estimated deficit in payment of losses at a sum of about $20,000,000.

A so-called depositors' settlement law was passed by the State legislature in 1930, which required the banks to pay a large part of the losses then due. On that proposition the legislature repealed the law. The protection and benefits the law afforded depositors in the State banks during the years it was properly enforced are not forgotten by the people of Nebraska. They will gladly welcome a Federal law to insure their money against loss because of the failure of banks intrusted with their savings.

BUDGETS—NORMAL AND ABNORMAL

Mr. CABLE. Mr. Speaker, I ask unanimous consent to extend my remarks by inserting a radio address by David Lawrence on normal and abnormal budgets.

The SPEAKER pro tempore. Without objection, it is so ordered.

There was no objection.

Mr. CABLE. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include the following address by David Lawrence delivered over the network of the National Broadcasting Co. system on May 1, 1932, from 9 to 9.15 p. m., eastern daylight saving time:

During the last few weeks a number of corporations have sent out to thousands of their stockholders and friends printed circulars, more or less identical, discussing Government expenditures. While we all agree with the major objective of such a discussion, namely, to bring about a reduction of expenditures, still it is apparent from the letters I have been receiving lately that these circulars have not been fully understood.

First, let me tell you what the circular says. It makes the point that we spent $1,231,000,000 less in 1927 than we did in 1932, and asks the very interesting question why the Government can not now live under the same Budget that it did in 1927; and, hence, why can not all new taxes be avoided, especially since the amount of money expected to be raised by new methods of taxation is an equivalent sum, namely, about $1,200,000,000.

Well, first, we must draw a distinction between the fiscal year 1932 and the calendar year. The Government's year is from July 1 to July 1 of the next year. Thus, the expenditures for the fiscal year ending on June 30, 1932, have been nearly all made, and what Congress is discussing now is the new Budget which takes effect July 1 next. We can not recover the money already spent or effect any economies on a fiscal year that is nearly over.

Indeed, to understand the expenditures for the fiscal year ending June 30, 1932—the one referred to in the circular—we must go back to the summer of 1930. The Budget Bureau began work then on estimates. Congress met in December, 1930, and began passing appropriation bills, so that by January, 1931, many of the bills had become law and all were out of the way by March 4, 1931. That is when consideration was being given to the expenditures classified under the heading of 1932 in that circular.

Now, what was the situation in the summer of 1930? The depression became a matter of public concern in November, 1929, and during the following two or three months Congress was besought by business people as well as by citizens generally to stem the tide of unemployment by construction of public works. The theory that public works would give not only employment but would help the purchase of raw materials was dominant. It was not until April or May, 1931, when the policy of spending for public works began to be attacked. Indeed, in the same winter of 1931, the soldier bonus bill was passed over a presidential veto, too, on the petition of many business as well as veterans' organizations who believed it would help put money into circulation.

I have examined the so-called 1932 Budget, and compared it with the 1927 Budget, to discover why it was we had an increase of $1,231,000,000 in expenses. Practically all of the increase was due to emergency appropriations in the interest of construction or agricultural relief or public roads or veterans' expenses. For example, in the fiscal year 1927 the expenditures for public works were approximately $188,000,000, while the expenditures for the same thing in the 1932 Budget will have amounted to $623,000,000. This is an increase of about $435,000,000. Now, this includes Federal aid for highways and the public-building program of the Treasury Department, river and harbor and flood-control work, and other nonmilitary activities of the War Department.

I come now to the next big increase, which is about $155,000,000 for the agricultural marketing fund, spent largely on stabilization operations in an effort to prevent the failure of hundreds of banks in the Middle West. This was another emergency operation due to the depression.

Then we find $167,000,000 increase due to the postal deficit. The postal receipts always fall off when business declines. So here, too, the depression accounts for another increase. Thus far we may total up the increases of $435,000,000 for public works, $155,000,000 for agricultural marketing, and $167,000,000 for postal deficit, and we have $757,000,000 toward that unexplained item of $1,231,000,000.

Well, now add $246,000,000 for the adjusted-service veterans' certificates known as soldier bonus, and this brings the total increases of 1932 over 1927 up to more than $1,003,000,000, and you can add to that $75,000,000 for Navy construction and shipping construction loans to keep the shipyards busy and shipbuilding employees at work, and $47,000,000 for additional aircraft construction and aviation activities, $37,000,000 in settlement of war claims, and, finally, $69,000,000 scattered through various departments for increased expenses, some of them due to the decennial census and some to immigration and naturalization activities, strengthening of the departments engaged in the detection and prosecution of crime, thus adding up to about $1,231,000,000.

Of course, you are interested in learning whether these same items are to continue in the new Budget, which is now under consideration, and what has been done by way of economies, as compared with the Budget that comes to an end June 30 next.

I promised last Sunday night that I would try to-night to trace the work that has been done on the new Budget, known as the 1933 Budget but beginning July of this year. The Budget Bureau began the making of estimates for this last summer, and by the time Congress met last December the 1933 Budget was submitted. It showed a cut of more than $369,000,000, as compared with that so-called 1932 Budget. Congress has been busy trying to cut it still further. There are differences of opinion as to how it should be done. The Executive, through the Treasury, has submitted one plan, the House of Representatives has another, and the Senate has its own ideas about how to make economies, and judging by the 30,000 telegrams that came in on one day when Congress tried to eliminate the $9,000,000 appropriation for vocational education there are groups and organizations throughout the country which still have other ideas on the subject.

To date there are nine appropriation bills, some of which have become law and others of which are in their latest stages, which reveal a total economy of about $139,000,000 under the Budget as submitted last December, and the general expectation is that this economy will be increased to about $200,000,000 when all the bills become law. So the $200,000,000 added to the $369,000,000, which I said was cut by the Budget Bureau itself, reveals a total saving

of $569,000,000 over 1932, which would make the new Budget for 1933 about $3,900,000,000.

Now, if we look at the same items in the 1933 Budget that we found had increased the 1932 Budget so considerably over 1927, we discover that these alone would run about $772,000,000. To put it another way, we still have with us expenses on account of the depression, abnormal expenses, which if subtracted from the new 1933 Budget, would bring us down to $3,136,000,000 for 1933, which is the figure that should be used in comparing with 1927 expenditures, when we had no depression. Actually, if we eliminate only veterans' relief and public construction and roads and items having to do with creating labor for the unemployed, the proposed Budget with the pending economies is the lowest the Government of the United States will have operated on since pre-war days.

I used the figure $3,136,000,000. Now, of that sum about $500,000,000 is to be borrowed to pay sinking fund on war debt, so the total amount that would have to be raised by taxation would be $2,636,000,000. Bear in mind that the present fiscal year—that is, the present rates of taxation—will have brought in by next July something under $2,000,000,000, so even if we were able to eliminate the $772,000,000 for public works and construction and unemployment relief and veterans' expenses, altogether we still would find that we had to increase taxes so as to get nearly $700,000,000 more revenue to balance what would be a normal Budget.

Here again the depression enters into our calculations, and the shrinkage of income of more than 50 per cent puts the Federal Government in the position, even if it eliminated all abnormal expenses due to the depression, of being required to increase taxes or borrowings to take care of its deficit.

So the circular which I referred to at the outset of this talk might have better compared the expenses of 1927, not with fiscal year ending June 30, 1932, for which plans were made in the summer of 1930, when we had our first few months of depression psychology, but with the proposed Budget which will take effect on July 1 next and which will cover governmental expenses until June 30, 1933. And in that Budget will be found economies of more than a half billion as compared with the present fiscal year.

There is no doubt that these circulars distributed by business corporations to their stockholders, employees, and friends serve to focus attention on Federal expenditures, and the effect of such discussion unquestionably is being registered in the current debates in Congress, but we are apt to forget that the biggest items of expense arise out of city and State budgets, which, combined, account for three-fourths of all the taxes collected or money spent for governmental purposes in America.

I spoke a few weeks ago about the importance of voting between elections, of registering your opinion with your Senators and Representatives. But I also said that it is not helpful unless you are specific. Now, it has no particular value at this juncture merely to tell Congress expenses ought to be reduced. Congress knows that now. Public opinion has crystallized on that point quickly and effectively. What Congress wants to know is specifically what items you would like to see repealed or rejected.

For instance, if all the corporations in question were to send out letters to all their stockholders and employees and friends saying they want the soldier bonus law repealed and the commitments made to veterans repudiated, that would be a specific recommendation which Congress would understand though I doubt whether any company depending on the patronage of the public would care to antagonize organized groups any more than Members of Congress apparently wish to do. If any of these corporations would like to send letters out to their stockholders, employees, and friends asking the Government at Washington to repeal every form of Federal aid, including money for aviation, for ship construction, for public roads, for agricultural aid, for aid to the banks or railroads; indeed, for any form of governmental subsidy or help, why Congress would understand that, too, and know what it meant, but I doubt whether any single corporation or group of corporations would care to do so because of the antagonism created among their own customers who, directly or indirectly, are affected either in the purchases of raw materials or by-products.

Then what can a worried executive, responsible for a big corporation, do about it? Must he face the increased tax burden without a protest? There is no doubt that insistence by the people on reduced expenditures would get further if a scientific study of governmental costs were undertaken by disinterested groups and their recommendations were to be supported by the citizenry of the Nation. There is no doubt, too, that Congress is troubled by the groups back home which plague it for specific legislative aid in one form or another.

Attention to what the organized groups are doing back home would relieve the pressure on Congress, especially if the communities argued these questions out for themselves, and if on the same day that one group was asking Congress to economize another group from the same city was not sending telegrams and letters asking Congress to appropriate money quickly for that post-office building which has been neglected and on which the blue prints are all ready and for which hundreds of hungry workmen are patiently waiting for their long-anticipated job.

I have been receiving letters from some people who think I have not been sufficiently indignant about Government extravagance and waste. I can only say that Government does not exist for the few but for the many; that Government money is spent on the theory of benefiting all the people and not a special class; that Government employees, including clerks and letter carriers, are human beings, too, with families to educate and babies to feed, just like the rest of us; and that there are two ways to cut a budget—one is with the surgeon's knife and the other with the hatchet of human misery.

A crippled governmental machinery demoralizes personnel, causing a turnover and loss exceeding the amounts theoretically saved. We know there is suffering outside the Government on the part of those unemployed, those who have had their pay cut. So also will there be hardship upon many in the Government service who will also have their wages cut down materially, as is now indicated by pending legislation. But what shall we say of a system of budget cutting that throws forty or fifty thousand more people out to the soup kitchens and bread lines to be supported by taxes coming out of the city and State and county treasuries? There is no net gain there to society, but an increase of the people's net expense.

We must balance the Budget, yes; but we need not and will not destroy the Government in doing it. And in the course of the next 8 or 10 months, even after the new Budget is adopted, there will be pressure to find further economies; and this will continue, as it must be, backed by an alert and aroused public opinion. But these things will be accomplished not by hysteria, not by disregard of the facts, not by withdrawing from one group what ungrudgingly is granted to another group, but by patient and unremitting study on the part of public servants and disinterested groups of an economy program that is continuous and within the limits of efficient government.

JOHN VANDLING LESHER

Mr. MAGRADY. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD to pay tribute to a former Member of this House who represented the sixteenth district in Pennsylvania from 1913 to 1921, Mr. John V. Lesher.

The SPEAKER pro tempore. Without objection, it is so ordered.

There was no objection.

Mr. MAGRADY. Mr. Speaker, John Vandling Lesher was born July 27, 1866, in Union Township (Blue Hill), Union County, Pa. His parents were Robert Lesher and Sara Vandling. He was one of a large and highly respected family of which 10 members—7 sisters and 3 brothers—still survive. His early education was acquired in the public schools of the vicinity where he was born. He prepared for college in Bloomsburg State Teachers' College, known at that time as Bloomsburg State Normal School.

After several years of service as a public-school teacher, John Lesher entered Bucknell University, Lewisburg, and was graduated with the class of 1897. He was a noted football player at the university in those early days of the game.

When Company K of the emergency regiment, National Guard of Pennsylvania, was organized in 1898, John Lesher enlisted and served during the Spanish-American War. Upon transfer of the company to the Twelfth Regiment, he was made a first lieutenant and later appointed captain and quartermaster, in which capacity he served until about 1902 when he retired from the guard.

John Lesher was admitted to the bar of Northumberland County July 2, 1900, and to the Supreme Court of Pennsylvania January 5, 1903. He practiced his profession and served as assistant district attorney of Northumberland County for one term. He was one of the organizers of the State Bank at Hummels Wharf, Snyder County; and served as a vice president and director of it.

He was a member and past master of Lodge No. 632, Free and Accepted Masons, in Sunbury; a member of Northumberland Royal Arch Chapter, No. 174; Mount Hermon Commandery, No. 85, Knights Templar, of Sunbury; the Temple Club; the Susquehanna Valley Country Club; and Sunbury Lodge, No. 267, Benevolent and Patriotic Order of Elks.

Hon. John V. Lesher was elected as a Democrat and served the sixteenth congressional district of Pennsylvania, composed of Northumberland, Columbia, Montour, and Sullivan Counties (later known as the seventeenth district), in the Sixty-third, Sixty-fourth, Sixty-fifth, and Sixty-sixth Congresses (March 4, 1913, to March 3, 1921), with credit to his party and satisfaction to his constituents as well. His service extended over the troublesome times of the World War.

After suffering an illness extending over a number of years, he departed this life on May 3, 1932, at 7 a. m. at the Geisinger Memorial Hospital, Danville, Pa.

It was my personal privilege and pleasure to be associated with John V. Lesher during his school days while he was preparing for college. We occupied the same room; slept in the same bed; and wrestled with the same problems, frequently on opposing sides. It can truthfully be said that John Lesher was the type of man who could be relied upon to do the fair and correct thing when it became his duty to assert his judgment in affairs concerning public welfare or activities among his acquaintances and fellow men. He was an outstanding citizen and public official who will be missed in the community where his business activities were quite noted. During his entire illness his courage never faltered and he bore his affliction with a good nature that but few persons possess.

This brief recital of the passing of a dear friend, Hon. John V. Lesher, is but a note indicating that the Grim Reaper is gathering us in, one by one, not telling who shall be called to answer his next roll.

REGULATION OF BUSSES, TRUCKS, AND WATER CRAFT

Mr. BRAND of Ohio. Mr. Speaker, I ask unanimous consent to extend my remarks and insert in the RECORD a letter which I have myself written to W. W. Atterbury, president of the Pennsylvania Railroad, on the subject of the regulation of trucks and busses, in answer to one from him.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Ohio?

There was no objection.

Mr. BRAND of Ohio. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include the following correspondence between Hon. W. W. Atterbury, president of the Pennsylvania Railroad Co., and myself, relative to the regulation of trucks, busses, and water craft.

THE PENNSYLVANIA RAILROAD CO., GENERAL OFFICE,
Philadelphia, March 15, 1932.

Hon. CHARLES BRAND,
House of Representatives, Washington, D. C.

MY DEAR CONGRESSMAN BRAND: As you are, of course, aware, the hearings before the Interstate Commerce Commission on the report proposed by Attorney-Examiner Flynn, as to the coordination of rail and highway transport, have been completed, bringing to a close the commission's prolonged and painstaking investigation of this matter. Presumably the commission, in the light of the suggested report and its thorough discussion, will now proceed to decide upon definite recommendations to Congress, which also has before it the Couzens bill.

I am already indebted to you for two letters in reference to the subject, prompted by your reading a copy of a talk which I delivered in Birmingham, Ala., during January. In the course of it I commented briefly upon the proposed Flynn report, and adverted to what I considered to be the urgent necessity for fair and proper regulation, not only of commercial highway service but of transportation upon the inland waterways and by vessels in the coastal, intercoastal, and Great Lakes trades.

The interest and concern which you have manifested toward these extremely important questions command my sincere admiration. Ultimate disposal of the problems involved lies in the hands of Congress. My present purpose in writing further to you upon the subject is to make my own views better understood.

First of all, I ask you to accept my assurance that I do not now advocate, and never have advocated, making highway or water transportation artificially expensive in order that traffic may be returned to the rails. Our position in this respect is on record in the testimony presented on behalf of the Pennsylvania Railroad before the Interstate Commerce Commission, March 4, 1931, in the proceedings which led up to the tentative Flynn report. Our spokesman, Mr. J. F. Deasy, vice president of the Pennsylvania Railroad's central region, said: "Under no circumstances do I advocate regulation for the purpose of restricting highway competition for the benefit of rail carriers."

This thought was reiterated and emphasized several times in the course of the testimony. It expresses our policy to-day, and is the only one which, in my opinion, could be justified. It is also the policy of the railroads in general, as was set forth with great particularity and reaffirmed on several occasions by counsel for the Association of Railway Executives during the hearings before the commission.

I gather from your two letters that, unfortunately, you have interpreted it to be my position that rates for highway and water transportation should be made "as high as the present railroad rates." Nothing could be further from my thoughts. What I do believe is that regulation should be so applied that all rates, by all agencies of service, should be reasonable and compensatory, which is by no means universally the case at present. If that condition were brought about, and substantial equality established in other respects, then under the working of natural economic law each form of transportation would automatically tend to gravitate to those fields of service for which it is inherently best fitted, i. e., in which it can render the kind of service which, all things considered, is cheapest and best for the public.

Just how highway and water rates would, under such conditions, compare with the present railroad rates is a question which I do not think anyone can answer specifically at this time. Undoubtedly some would be higher and others would be lower. The determination of what constitutes a compensatory rate would be the duty of the regulative authority, and it would be necessary to take into consideration all of the real costs of the service.

This would involve the determination, for instance, of the question whether or not vehicles operating for hire upon the highways are contributing in taxation their fair share of highway costs, both for construction and upkeep. As Attorney-Examiner Flynn has pointed out, the basis for an authoritative answer to this question does not now exist, because such vehicles are not now required to keep accounts and make reports of their operations. Hence, their relative use of the highways is unknown. Regulation, by requiring such reports and accounts, would make it possible to determine the adequacy or inadequacy of taxation upon the basis of proved facts. I agree with Mr. Flynn's view that the necessary information should be obtained in order that this often bitterly controverted question might be settled.

In the case of the inland waterways, determination of compensatory rates, based upon true costs, would involve frank recognition of the fact that all transportation upon these waterways is now subsidized, because it pays no capital charges on the investment in the artificially constructed channels, with their accompanying dams, locks, etc., nor does it contribute anything to the annual cost of maintaining these works. Every common carrier, including the Inland Waterways Corporation, engaged in service on these waterways, is therefore in a position comparable to that of a railroad company for which the Government, at the taxpayers' expense, provided and maintained a right of way, and improved and extended it from time to time.

The inland waterways are built and maintained at the expense of all the taxpayers of the country, including the railroads—the largest single group of all taxpayers. Yet the waterways benefit only selected communities and limited areas, while the railroads, the chief contributors to waterway development, are forbidden, under the Denison Act, to use them at all or participate in their benefits.

Railroad rates and fares are intended to cover all the real costs of the service, including operating expenses, taxes, depreciation, and such return as may be permitted upon invested capital. The permitted return on the railroad investment has for many years been inadequate, nor has it ever been earned, taking the railroads as a whole or by rate districts. However, railroad operations are nonsubsidized, and must be self-sustaining to continue adequate service to the public. Hence, subsidized competition against the railroads by the Government, or by private interests profiting from the use of free facilities furnished by the Government, is not only a moral injustice, but an economic wrong.

"Compensatory rates," as applied to the waterways, would imply that the interests rendering service upon them for hire should make reasonable and just contributions to the capital and maintenance costs of the waterways. These contributions would necessarily be included in the rates, which would, of course, also cover the operating expenses and taxes on the equipment used and the charges upon the invested capital represented by it. The burdens of the subsidies now enjoyed by the patrons of these carriers (including the Government-owned Inland Waterways Corporation) would be lifted from the shoulders of the public and the users would be required to pay the total real costs of the service. The economic soundness of such requirement I do not think can be successfully disputed.

I note that you are under the impression that I am desirous of "perpetuating the rates now in effect," meaning the rates and fares at present charged on the railroads. Let me hasten to assure you that my position is quite otherwise. I fully realize, and have publicly so stated, that, both for the good of the country and of the railroad companies, ways and means must be found in the future for them to carry passengers and haul freight at lower charges than those now in effect.

I see no way in which this can be done except by lessening the waste involved in unnecessary duplication of facilities and service, and destructive competition. Part of the answer, I believe, will be found in the economies and more efficient operation which will be possible under sound railroad consolidations, such as have been proposed for the eastern trunk lines. Another part will be realized by terminating subsidized and unregulated competition against the railroads, the effect of which is to drain away a substantial portion of the most desirable forms of traffic from the railroads, leaving the less remunerative to bear increased burdens in order to support the service required by the public.

A fundamental necessity for carrying on the commerce of the country, and sustaining its social organization, is stable, continuous, dependable, nation-wide transportation service. Up to the present time the duty of performing that service has devolved chiefly upon the railroads. I think there can be no question in your own mind that they must continue for many years in the future to meet a very large part of the Nation's transportation needs, especially for the longer hauls and heavier mass movements of both freight and passengers; also, that anything imperiling their ability to do so constitutes a national menace.

The railroads can not pick and choose their traffic. They must take all that is offered—the less desirable with the more de-

sirable—and to all destinations. They must operate in all weathers, through even the worst storms, if it is physically possible to do so, and wholly regardless of increased costs.

The unregulated truck is bound by none of these restrictions or obligations. It can curtail or cease operations in periods of unfavorable weather. It can take, and does take, the cream of the traffic and refuse that which is less desirable. It can accept a load to a given destination or not, according to the convenience of its operator, the prospect of a return load, or any other purely selfish considerations which may enter into the decision. It can underbid the railroad for the business of one patron, perhaps at an actual loss, and charge another a higher rate for a similar service where there is no effective rail competition. Sniping operations of these kinds are going on every day and are unquestionably increasing. The fact that many truck operators fail through miscalculation of their costs, especially when endeavoring to pay for vehicles out of earnings, does not deter others from immediately entering the field.

The injury done to the railroads, in the effect of net earnings, is greatly out of proportion to the amount of traffic actually diverted because, as indicated, the diversions are for the most part traffic of the most desirable nature. All of this not only tends to make more difficult than ever before the problem of establishing a fair return upon railroad investment and hence stabilizing their credit, but actually threatens to impair the ability of the railroads to render the physical service needed by the public.

Years ago this country learned an unforgettable lesson. It was that if business is to function smoothly transportation rates must possess four definite characteristics: They must be reasonable; they must be nondiscriminatory; they must be stable; they must be publicly known. In those words we sum up the basic reasons which led the country to place the railroads under effective Federal regulation. Only with such assurances as to rates can business men make forward commitments with safety. They can not do so with safety unless they know what their own transportation costs are going to be and those of their competitors.

For more than a quarter of a century railroad rates have answered these characteristics, with inestimably valuable resulting advantages in the carrying on of industry and commerce. Now, the unregulated truck, varying its charges at will, and with no obligations as to publicity for its charges or for treating all patrons alike under like circumstances, is in no small degree bringing back all the evils of secret rates, discrimination, and rebates. In certain industries, where trucking has come to play a large part (whether temporarily or permanently we can not, perhaps, at present say), the resulting disorganization and confusion have become exceedingly serious.

These are all reasons why, from the viewpoint of the public interest, the forms of transportation now unregulated by Federal authority should be made amenable to regulation. It should not be destructive or harmful regulation. It should be fair and just. Its purposes should be to produce as nearly as possibly equality of opportunity in the different fields of transport and purge the country of the returning evils of rebates and secret and unstable rates. Such regulation is absolutely necessary to protect the unregulated forms of transport themselves from destructive competition among themselves.

Let us suppose a group of financiers, joining forces, buy up a bankrupt railroad system for, let us say, the face value of its mortgage bonds, thereby wiping out half or more of its capital liability. Then let us suppose that they propose to operate this system in competition with a solvent and successful parallel and competing line, but on a basis of rates and fares one-third lower. If they were permitted to do so, it is quite likely they might make profits, even very large profits, but they would assuredly bankrupt the other road. We all know the Interstate Commerce Commission would not permit the reduced rates and fares to go into effect, because they would constitute cutthroat, unfair, and unsound competition against a soundly financed and properly managed line and would also demoralize industry and commerce throughout a wide section of country.

I am sure neither you nor any other Member of Congress would approve such a practice in the case of a railroad. Yet exactly this identical thing is done every day in the field of trucking, where the vehicles of bankrupt operators are sold and resold to other operators, who then compete for business upon a basis of rates impossible to be met by rivals who must earn carrying charges upon the normal prices of their trucks. Such practices not only may be but are a serious disturbing factor in the conduct of business by reason of the resulting instability of rates and are an obstacle in the way of placing the trucking industry upon a sound economic foundation.

The transportation act adopted in the early part of 1920 does not deal at all with highway service. At that period commercial highway transportation was a matter of relatively little consequence. But were Congress confronted to-day with the problem of drafting such a comprehensive law it is scarcely conceivable that highway transportation would be left out of the picture. In any event, the intent of Congress was quite clear to establish a public policy of developing a national transportation system for this country. I do not see how that result can ever be accomplished with effective Federal regulation confined simply to the railroads.

I can not share your view that the problem of unregulated competition can be met by withdrawing the power of the Interstate Commerce Commission to fix minimum railroad rates and then allowing the railroads to go in and fight the trucks, busses, barges, and ships to the death, as they would be obliged to do. That would not be mere competition. It would be ruthless, barbarous, industrial warfare. I have no doubt whatever that it would end in the general bankruptcy of the country's entire distribution machinery.

As a practical railroad manager for a good many years, I have, in common with a number of my colleagues, often felt that the railroads were overregulated, and that the activities of the commission frequently crossed the line of regulation into the province of management. I have never at any time, however, questioned the propriety of controlling minimum rates, or doubted that the exercise of that power by the commission has saved the railroads from a repetition of the rate wars among themselves which marked the history of the last century.

Withdraw the power to fix minimum rates and the railroads will be reduced to a choice of one of two alternatives—either secret violations of the antitrust laws or fighting each other, and the trucks, busses, barges, and ships as well, to financial exhaustion. That is exactly the position in which highway and, to a large extent, waterway transport are placed at the present time. It is not healthy for those services themselves or for the country, or, in the long run, for the industries which, like motor-car manufacturing, for example, are dependent upon those services for a considerable part of their markets.

I would think it a distinct step backward to withdraw the principle of minimum rates in application to the railroads. Instead, I think one of the things chiefly needed is to apply the same principle, through regulative authority, to highway and waterway transportation.

I assume you do not question the wisdom of requiring proof of public need and obtaining a certificate of public necessity and convenience before an additional line of railroad can be built. Experience during the days when virtually the entire responsibility for rendering the Nation's inland transportation service fell upon the railroads showed beyond question that needless multiplicity of facilities was, in the long run, a burden upon the public. Does not that inevitably apply with even greater force now, when the advent of other means of transportation makes it so much easier to establish duplicate and multiple facilities and services?

As I see it, there can be only one logical answer to that question, which is that the need is greater now than ever before. It is for that reason that I believe the operators of commercial trucks and busses for hire should be required to obtain permits or certificates of public necessity and convenience before starting business, and that in determining the actuality of the public necessity and convenience to be met the adequacy of existing facilities, whether on the rails or on the highways, is at least an element to be taken into consideration.

I have already referred to the requirement, in the public interest, of maintaining a stable and continuous transportation system to sustain industry and the social organization. An equally important requirement is the maintenance of a stable and continuous marketing system to supply the needs of citizens and their enterprises. Here again unregulated trucking is a disorganizing social force, by reason of the threat which it carries to the ability of the public to rely upon the continued existence of established markets. I have reference to the recently introduced practice of combining truck transportation with the irregular performance of the functions of a merchant.

For example, in an area now extending quite a number of miles from the anthracite coal regions of the State of Pennsylvania, there has very lately grown up an intermittent traffic in coal for household purposes carried direct from the mines to the consumer by truck, the owner or operator of which is also the merchandiser of the coal, purchasing it at the mine and reselling to the consumer. It is an entirely unorganized and haphazard traffic and depends largely upon the existence of special conditions, such as ability to obtain return loads of other merchandise to the mining regions, or vice versa. It has already seriously injured the business of many established retail coal dealers, but has not substituted in their place a dependable and regular source of supply of household coal.

In other instances attention has been called to a practice of trucking manufactured products from an industrial center to a fruit or vegetable growing section. After the industrial products were delivered to the consignee, the truck operator would purchase fruits and vegetables and then peddle them wherever he could find a market; sometimes in the town from which he began his journey—sometimes at other points. This again cuts in on the business of local dealers, threatening their credit and ability to continue their service to their public, but offering no stable or dependable substitute for it.

I think it may well be questioned whether these forms of itinerant trucking, in which the function of merchandising is combined with that of transportation, are really in the public interest. The railroads were long ago forbidden to transport products of which they were the owners. If it is a sound principle to keep separate the functions of transportation and merchandising in the case of the railroads—and I, for one, have no question that it is—why is it not equally sound in the case of other forms of transportation?

I am not an enemy of the truck or bus. On the contrary, I am proud to be counted among their good friends. The railroad with which I am associated participates in extensive truck and bus operations, and we expect to extend their scope in the future, if public demand warrants. We recognize the automotive industry as one of the greatest in the country and fully appreciate the

immense traffic which its development and operations have brought, directly and indirectly, to the railroads.

We know that many commercial bus and truck enterprises in private hands are on a sound basis and are profitable, just as we know that many others are not soundly conducted from the viewpoint of the public interest, and in numerous cases are not upon a soundly remunerative basis, because their operators lack the transportation knowledge and experience necessary to compute costs properly. They are a dead weight, tending to drag down both the soundly conducted highway operations and the railroads, and threatening serious injury to both and to the public.

I believe commercial vehicles operated for hire, whether as common carriers or contract carriers, should be regulated as to their rates, practices, and accounting, in manner appropriate to the character of the various services rendered, relying for guidance largely upon the wealth of experience gained in regulating the railroads. I believe this to be necessary for the same reason that regulation of the railroads was necessary, viz, to prevent secret or discriminatory rate making, to assure stability of rates, to protect the adequacy and continuity of transportation service, and, finally, to build up a coordinated national system of transport in which each agency of service shall find incentive for specializing in the particular fields in which it most adequately meets the public needs.

I also believe the regulation of all forms of service crossing State boundaries, should be assigned to the Interstate Commerce Commission, which should be charged with the impartial encouragement of all, in the sound public interest. I hold this view partly by reason of the commission's long background of experience, and partly because I do not believe it possible to create a truly national system of coordinated transport with the regulative authority divided.

I am equally satisfied that fair, properly conducted, constructive, and equitable regulation of all forms of service would give the country, as a whole, a greatly reduced transportation bill, eliminate many uncertainties from the conduct of business, and place every branch of the transportation industry itself upon a sound basis, so as to permit well-managed transportation enterprises, whether large or small, to sustain their credit and make reasonable profits in serving the public.

Again thanking you for your interest, and for the opportunity to discuss the matter with you, I am

Very truly yours,

W. W. ATTERBURY, *President.*

CONGRESS OF THE UNITED STATES,
HOUSE OF REPRESENTATIVES,
Washington, D. C., April 13, 1932.

Gen. W. W. ATTERBURY,
President the Pennsylvania Railroad, Philadelphia, Pa.

MY DEAR GENERAL: Your letter of March 15 received and I recognize it as a well-written statement of the difficulties and ambitions of the railroads. I recognize that the railroad business is at low ebb, that you have lost much business to the trucks, busses, and water craft, and that it is your right to take account of the situation and to make an attempt to improve your condition.

Your idea is to put the busses, trucks, and water craft under regulation for a purpose that does not seem clear to me, for you disclaim any idea of raising the rates of these means of transportation as a result of regulation. I am unable to see the value of this regulation to you unless by this means you get rid of the low rates offered by your competitors.

And I venture to say that if regulation of trucks, busses, and water craft comes about the Interstate Commerce Commission will find no way to protect the railroads and advance their revenue except to make rates uniform for all carriers.

This will force rates for busses, trucks, and water craft very much beyond the cost of the service.

I do not know much about the cost of water-craft transportation and it is hardly thinkable that the rates would be raised on water transportation to the level of the rates by rail, but I do know a little about the cost of carrying goods by truck.

A few years ago you took off the milk train which carried milk from my farms and asked me to find another means of transportation and I bought a truck and called at the various farms and delivered the milk. You had been charging me 40 cents a hundred for delivering this milk, and I had to bring it to your stations, and after years of experience I find that I can collect this milk at the farms and deliver it for 20 cents a hundred, which is one-half of your rate.

It is argued by some that the trucks do not have to pay for a right of way and that the railroads do, but to-day this is, at least, a debatable question. The high gasoline taxes and the high license-plate charges have changed that situation. On the main roads, which are the competitors of the railroads, we are spending annually about a billion dollars and these same roads are yielding almost identically that amount from gasoline taxes and license-plate charges so the traffic is paying the entire cost of the main roads.

Should the rates charged by trucks be raised to the rates charged by you? That is the question in my mind—in order to avoid this unfair competition as you call it. I know this increase would not apply to the man who owns his own truck, but it would apply to all those whose business is not large enough or continuous enough to own his own means of transportation.

I would like to draw from my own experience again. I have been connected with a manufacturing plant that was worth many thousands of dollars a year to you, but your rates on short-haul business have been held so high that you have lost a large part of that business. You retain the long-haul business at rates about three times what you charged years ago, but under these circumstances we find ourselves developing plans to split our factory, locating so that practically all hauls will be short hauls, so that trucks can handle the business.

My experience outlined is the experience of everybody.

The regulation of your rates by the Interstate Commerce Commission has made your rates so high that in effect an umbrella is held while your competitors take your business away from you and you are more or less retiring from the field at least of local transportation, both passenger and freight. You are closing up your small stations, discharging your agents at these points, discontinuing both passenger and freight service, and even in the larger stations reducing your force to one-fourth what it formerly was and depending upon your long-haul business for your revenue.

When this revenue proves insufficient you come to the Government and ask for higher rates and secure them. When these higher rates develop diminishing returns you come to the Government and ask it to finance you and this is being done, with adequate security, I hope.

Now, shall we raise all transportation rates to equal yours in the hope of protecting your revenue, or shall we ask you to reduce the cost of running railroads?

In looking up the salaries of the chief executives of the railroads I find they run about $75,000 a year. I suppose your other important officials are paid in proportion.

I find the people you pay by the day are paid $8.53 per day and the people you pay by the hour are paid 64 cents per hour.

Your railroads run through the farms of the Nation and the wage there is $1.35 per day for 10 hours. I do not have the wage scale for other people for whom you haul goods, but just how long can the farmer on a wage scale of 13½ cents per hour pay the one who hauls his product at least 64 cents an hour, and if there is a cheaper means of transportation, shall we take it away from him by regulation?

The railroads of the country are paying out some $400,000,000 a year for executives, officials, and professional men and their assistants who run the railroads.

In addition the railroads have an expensive lobby operating in every State in the Union in order to maintain your advantages, spending many millions of dollars which contributes to your high rates.

At the same time the Government is spending $9,000,000 a year on the Interstate Commerce Commission, and it does, in my mind, the most important work relative to the railroads, because it decides the rates you are to charge for your services, and the Board of Mediation finally decides the wages you are to pay, and the Government itself decides the hours of labor. The work left to you is a matter of keeping the records and operating the railroads. Certainly the need for high-salaried men is reduced by these circumstances.

You are unfortunate in having most of your supplies produced by the steel plants where the wage scale and salary standards are similar to the railroads. Your cars are steel and your rails are steel.

Is not an adjustment absolutely necessary? Higher rates for you bring diminishing returns. Forcing natural competition to accept your rates is certainly unfair to the people of the country. The railroad people are on a platform above other people as a rule, and you receive for your services more than the traffic will bear. You receive more than your share of the value of a delivered article. You are out of line with general conditions, and, to my mind, there is no real remedy except for you to go "pot-luck" with all the people.

Railroad men admit there is no way to haul goods as cheaply as on two steel rails, and the reason you fail is because your entire business-expense structure is away above the general condition of those for whom you haul goods.

There are other lines that are trying to continue on a platform artificially raised above the general level, and an adjustment is necessary in order that a fair exchange of commodities may proceed, or, in other words, this adjustment must take place before the ordinary flow of business is resumed in the United States.

Yours very truly,

CHARLES BRAND.

CONTESTED-ELECTION CASE OF KENT *v.* COYLE

Mr. CLARK of North Carolina. Mr. Speaker, I present a privileged report from the Committee on Elections No. 1 in the contested-election case of Kent against Coyle.

The SPEAKER pro tempore. Referred to the House Calendar and ordered printed.

ADJOURNMENT

Mr. WRIGHT. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 4 o'clock and 53 minutes p. m.) the House adjourned until Monday, May 9, 1932, at 12 o'clock noon.

COMMITTEE HEARINGS

Tentative list of committee hearings scheduled for Monday, May 9, 1932, as reported to the floor leader by clerks of the several committees:

LABOR

(10 a. m.)

To amend the act approved March 31, 1931, relating to the rate of wages for laborers and mechanics employed by contractors and subcontractors on public buildings (S. 3847).

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of Rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

553. A letter from the Secretary of War, transmitting a report dated May 5, 1932, from the Chief of Engineers, United States Army, on preliminary examination and survey of Agate Bay Harbor (Two Harbors), Minn.; to the Committee on Rivers and Harbors.

554. A letter from the Secretary of War, transmitting a report dated May 4, 1932, from the Chief of Engineers, United States Army, on preliminary examination of Bellingham Harbor, Wash., including the Nooksack River, with a view to determining the effect of silt carried by this stream on shoaling in Bellingham Harbor; also with a view to the construction of a breakwater; to the Committee on Rivers and Harbors.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of Rule XIII,

Mr. CONDON: Committee on the Judiciary. H. R. 8577. A bill to amend section 95 of the Judicial Code, as amended; with amendment (Rept. No. 1236). Referred to the Committee of the Whole House on the state of the Union.

Mr. RAYBURN: Committee on Interstate and Foreign Commerce. H. R. 11677. A bill to amend sections 5, 15a, and 19a of the interstate commerce act, as amended, and for other purposes; without amendment (Rept. No. 1238). Referred to the Committee of the Whole House on the state of the Union.

Mr. NORTON: Committee on Agriculture. H. J. Res. 377. Joint resolution making funds available for grasshopper control; with amendment (Rept. No. 1239). Referred to the Committee of the Whole House on the state of the Union.

Mr. CLARK of North Carolina: Committee on Elections No. 1. A report on the contested-election case of Everett Kent *v.* William R. Coyle, from the thirtieth congressional district of the State of Pennsylvania (Rept. No. 1264). Referred to the House Calendar.

REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS

Under clause 2 of Rule XIII,

Mr. BUTLER: Committee on Claims. S. 1705. An act for the relief of Samuel C. Davis; without amendment (Rept. No. 1237). Referred to the Committee of the Whole House.

Mr. JONES: Committee on Agriculture. H. R. 8395. A bill to grant a right of way or easement over lands of the United States within the Upper Mississippi River Wild Life and Fish Refuge to the Savanna-Sabula Bridge Co., a corporation, for the construction, maintenance, and operation of a highway between Savanna, Ill., and Sabula, Iowa; without amendment (Rept. No. 1240). Referred to the Committee of the Whole House.

Mr. HILL of Alabama: Committee on Military Affairs. H. R. 11685. A bill authorizing the Secretary of War to lease or to sell certain lands and buildings known as Fort Schuyler, N. Y., to the city of New York; without amendment (Rept. No. 1241). Referred to the Committee of the Whole House.

Mr. SINCLAIR: Committee on War Claims. H. R. 3380. A bill for the relief of Edwina R. Munchhof; without amendment (Rept. No. 1262). Referred to the Committee of the Whole House.

Mr. WOLVERTON: Committee on Military Affairs. H. R. 7986. A bill for the relief of William N. Fishburn; with amendment (Rept. No. 1263). Referred to the Committee of the Whole House.

ADVERSE REPORTS

Under clause 2 of Rule XIII,

Mr. RAINEY: Committee on Ways and Means. H. R. 1. A bill to provide for the immediate payment to veterans of the face value of their adjusted-service certificates (Rept. No. 1242). Laid on the table.

Mr. RAINEY: Committee on Ways and Means. H. R. 27. A bill to provide for the immediate payment to veterans of the face value of their adjusted-service certificates (Rept. No. 1243). Laid on the table.

Mr. RAINEY: Committee on Ways and Means. H. R. 94. A bill to provide for the immediate payment to veterans of the face value of their adjusted-service certificates (Rept. No. 1244). Laid on the table.

Mr. RAINEY: Committee on Ways and Means. H. R. 4493. A bill to provide for the immediate payment to veterans of the present value of their adjusted-service certificates (Rept. No. 1245). Laid on the table.

Mr. RAINEY: Committee on Ways and Means. H. R. 4535. A bill to provide for the immediate payment to veterans of the face value of their adjusted-service certificates (Rept. No. 1246). Laid on the table.

Mr. RAINEY. Committee on Ways and Means. H. R. 4539. A bill to provide for the immediate payment to veterans of the face value of their adjusted-service certificates (Rept. No. 1247). Laid on the table.

Mr. RAINEY: Committee on Ways and Means. H. R. 5461. A bill to provide for the payment to veterans of the face value of their adjusted-service certificates in four equal quarterly installments (Rept. No. 1248). Laid on the table.

Mr. RAINEY. Committee on Ways and Means. H. R. 6180. A bill to provide for the immediate payment to veterans of the face value of their adjusted-service certificates (Rept. No. 1249). Laid on the table.

Mr. RAINEY: Committee on Ways and Means. H. R. 6584. A bill to provide for the immediate redemption of World War adjusted-service certificates with bonds of the United States, and for other purposes (Rept. No. 1250). Laid on the table.

Mr. RAINEY: Committee on Ways and Means. H. R. 6693. A bill to provide for the immediate payment to veterans of the face value of their adjusted-service certificates, the elimination and refunding of interest on said certificates, and for other purposes (Rept. No. 1251). Laid on the table.

Mr. RAINEY: Committee on Ways and Means. H. R. 7726. A bill to provide for the immediate payment to veterans of the face value of their adjusted-service certificates (Rept. No. 1252). Referred to the Committee of the Whole House on the state of the Union.

Mr. RAINEY: Committee on Ways and Means. H. R. 8016. A bill to provide for the immediate payment to veterans of the face value of their adjusted-service certificates, without interest deductions (Rept. No. 1253). Laid on the table.

Mr. RAINEY: Committee on Ways and Means. H. R. 9593. A bill to provide for the payment to veterans of the face value of their adjusted-service certificates (Rept. No. 1254). Laid on the table.

Mr. RAINEY: Committee on Ways and Means. H. R. 9694. A bill to provide for the immediate payment to veterans of the face value of their adjusted-service certificates (Rept. No. 1255). Laid on the table.

Mr. RAINEY: Committee on Ways and Means. H. R. 9929. A bill to provide for immediate payment of adjusted-service certificates without interest deductions (Rept. No. 1256). Laid on the table.

Mr. RAINEY: Committee on Ways and Means. H. R. 10096. A bill to provide for the immediate payment of World War adjusted-service certificates, and for other purposes (Rept. No. 1257). Laid on the table.

Mr. RAINEY: Committee on Ways and Means. H. R. 10367. A bill to provide for the payment to veterans of the face value of their adjusted-service certificates (Rept. No. 1258). Laid on the table.

Mr. RAINEY: Committee on Ways and Means. H. R. 11117. A bill to provide for the immediate payment of World War adjusted-service certificates, and for other purposes (Rept. No. 1259). Laid on the table.

Mr. RAINEY: Committee on Ways and Means. H. R. 11300. A bill to provide for the payment to veterans of the present value of their adjusted-service certificates (Rept. No. 1260). Laid on the table.

Mr. RAINEY: Committee on Ways and Means. H. R. 11674. A bill to provide for the redemption of adjusted-service certificates issued to veterans of the World War, and for other purposes (Rept. No. 1261). Laid on the table.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of Rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. COLTON: A bill (H. R. 11942) to authorize an exchange of lands between the United States and the State of Utah; to the Committee on the Public Lands.

Also, a bill (H. R. 11943) granting certain public lands to the State of Utah for reservoir purposes; to the Committee on the Public Lands.

By Mr. JONES: A bill (H. R. 11944) to facilitate execution of and economy in field season contracts of the Forest Service; to the Committee on Agriculture.

By Mr. ARENTZ: A bill (H. R. 11945) to provide that tax laws of Nevada and Arizona shall apply to construction and reserved areas at Boulder Dam; to the Committee on Irrigation and Reclamation.

By Mr. DIES: A bill (H. R. 11946) to provide for exclusion and expulsion of alien communists; to the Committee on Immigration and Naturalization.

By Mrs. WINGO: A bill (H. R. 11947) to authorize the Secretary of War to erect one marker for the graves of 85 Confederate soldiers, buried in the Old Rondo Cemetery in Miller County, Ark., in lieu of separate markers as now authorized by law; to the Committee on Military Affairs.

By Mr. SIROVICH: A bill (H. R. 11948) to amend and consolidate the acts respecting copyright and to codify and amend common-law rights of authors in their writings; to the Committee on Patents.

By Mr. BRUNNER: A bill (H. R. 11949) to amend the passport act pertaining to the furnishing of passports to male persons, etc.; to the Committee on Foreign Affairs.

By Mr. HASTINGS: A bill (H. R. 11950) granting consent to the several States to tax property employed, and business done, in interstate commerce; to the Committee on Ways and Means.

By Mr. SHANNON: Resolution (H. Res. 214) providing for an investigation of Government competition with private enterprise, and for other purposes; to the Committee on Rules.

By Mr. GRIFFIN: Joint resolution (H. J. Res. 381) to provide a special additional income tax of 1 cent on each dollar of gross income for the calendar years 1932, 1933, and 1934; to the Committee on Ways and Means.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of Rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. ADKINS: A bill (H. R. 11951) granting an increase of pension to Harriet M. Finney; to the Committee on Invalid Pensions.

By Mr. BOWMAN: A bill (H. R. 11952) granting an increase of pension to Mary M. Kantner; to the Committee on Invalid Pensions.

By Mr. CARTWRIGHT: A bill (H. R. 11953) for the relief of Henry Charles O'Dell; to the Committee on Claims.

By Mr. CULKIN: A bill (H. R. 11954) granting an increase of pension to Addie M. Eggleston; to the Committee on Invalid Pensions.

Also, a bill (H. R. 11955) granting an increase of pension to Frances E. Mack; to the Committee on Invalid Pensions.

By Mr. JENKINS: A bill (H. R. 11956) granting a pension to Everett Horton; to the Committee on Invalid Pensions.

Also, a bill (H. R. 11957) granting an increase of pension to Jane Defoe; to the Committee on Invalid Pensions.

Also, a bill (H. R. 11958) granting an increase of pension to Sophia Hoffman; to the Committee on Invalid Pensions.

By Mr. MOUSER: A bill (H. R. 11959) granting an increase of pension to Salinda Reidenbaugh; to the Committee on Invalid Pensions.

By Mr. PARKER of New York: A bill (H. R. 11960) granting an increase of pension to Josephine W. McCullough; to the Committee on Invalid Pensions.

Also, a bill (H. R. 11961) granting a pension to Bessie S. Bragg; to the Committee on Invalid Pensions.

By Mr. SHREVE: A bill (H. R. 11962) granting an increase of pension to Fanny C. Burdick; to the Committee on Invalid Pensions.

Also, a bill (H. R. 11963) granting an increase of pension to Helen Dougherty; to the Committee on Invalid Pensions.

By Mr. SOMERS of New York: A bill (H. R. 11964) granting an increase of pension to Georgianna Furey; to the Committee on Pensions.

By Mr. SUMNERS of Texas: A bill (H. R. 11965) for the relief of Robert Luther Milam; to the Committee on Naval Affairs.

PETITIONS, ETC.

Under clause 1 of Rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

7594. By Mr. BARBOUR: Petitions signed by residents of the seventh congressional district of California, who are borrowers from the Federal land banks, urging the amendment of the Federal farm loan act so as to provide extensions of time for the maturity of loans, etc.; to the Committee on Banking and Currency.

7595. By Mr. CULKIN: Petition of Charles F. Kennard and 77 other citizens of Cazenovia, N. Y., asking for the immediate repeal of the eighteenth amendment and a tax on the liquor traffic as a means of alleviating the present tax situation; to the Committee on the Judiciary.

7596. By Mr. FITZPATRICK: Petition of the Westchester County Council, Veterans of Foreign Wars, Mount Vernon, N. Y., favoring the immediate cash payment of the World War adjusted-service certificates; to the Committee on Ways and Means.

7597. By Mr. GARBER: Petition of R. J. French, Boise City, Okla., regarding agricultural conditions and imperative necessity for immediate action to relieve its distressing condition; to the Committee on Agriculture.

7598. Also, petition of W. R. Ramsey, Ramsey Petroleum Corporation, Oklahoma City, Okla., indorsing move to bring United States Navy up to the full strength allowed by the Washington and London pacts; to the Committee on Naval Affairs.

7599. Also, petition of Col. Ralph R. Jarboe, president, Garfield County Chapter, Reserve Officers' Association, Enid, Okla., protesting reduction in appropriations for national defense; Homer P. Peck, commander, Enid Post, No. 2270, Veterans of Foreign Wars, opposing any further reduction in personnel of the Regular Army and any reductions in the appropriations causing elimination of Reserve Officers' Training Corps and citizens' military training camp activities; and president Department of Oklahoma Reserve Officers' Association of the United States, opposing any reduction in national defense; to the Committee on Appropriations.

7600. Also, petition of Hon. Henry G. Bennett, president Oklahoma Agricultural and Mechanical College, Stillwater, Okla., urging exemption of radiobroadcasting stations owned and controlled by State or land-grant educational institutions, from the provisions of House bill 7716, providing for license fees from radio stations; to the Committee on Ways and Means.

7601. Also, petition of C. L. Carrell, manager radio station WBBZ, Ponca City, Okla., protesting against the imposition of a 5 per cent tax on gross receipts of broadcasting stations; to the Committee on Ways and Means.

7602. Also, letter from A. W. Anderson, Woodward, Okla., regarding the repeal of the recapture clause of the transportation act of 1920; to the Committee on Interstate and Foreign Commerce.

7603. Also, petition of the Oklahoma City Chamber of Commerce, Oklahoma City, Okla., urging reduction in the expenses of our National Government; to the Committee on Economy.

7604. By Mr. LINDSAY: Petition of Nugents the Garment Weekly, New York City, opposing the postal rate on the advertising portions of magazines and newspapers as approved by the Senate Finance Committee; to the Committee on Ways and Means.

7605. By Mr. MURPHY: Petition of W. A. Neitzelt and 85 other residents of Glencoe, Ohio, and surrounding community, urging the passage of the Davis-Kelly coal bill; to the Committee on Interstate and Foreign Commerce.

7606. By Mr. PARKER of Georgia: Petition of J. H. Jarrot, of Savannah, Ga., and 13 other citizens of Georgia, urging the passage of railroad pension bill, H. R. 9891, and voicing opposition to House bill 10023 and Senate bill 3892; to the Committee on Interstate and Foreign Commerce.

7607. By Mr. PEAVEY: Petition of Harold C. Peterson and numerous other citizens of Merrill, Wis., opposing Senate bill 1202, providing for the closing of barber shops on Sunday in the District of Columbia; to the Committee on the District of Columbia.

7608. Also, petition of Mrs. I. J. Atwood and other citizens of Bruce, Wis., urging the maintenance of the prohibition law and its enforcement, and against any measure looking toward its modification, resubmission to the States, or repeal; to the Committee on the Judiciary.

7609. By Mr. REID of Illinois: Petition of over 300 residents of Aurora, Kane County, Ill., urging continued support of the prohibition law and its enforcement, and protesting against its modification, resubmission to the States, or repeal; to the Committee on the Judiciary.

7610. By Mr. RUDD: Petition of Hudson River Trust Co., Hudson, N. Y., opposing the proposed 2-cent tax on all checks, and favoring the first proposed sales tax; to the Committee on Ways and Means.

SENATE

MONDAY, MAY 9, 1932

The Chaplain, Rev. Zebarney T. Phillips, D. D., LL. D., offered the following prayer:

Most merciful Father, who dost ever draw us to Thyself with cords of love, whose blessings are exceedingly abundant, even more than we know or think; make us to be keenly alive to Thy purposes as again we invoke Thy guidance in the duties of the day. Kindle in each one of us the desire to live nobly, with equal reverence for ourselves and others, with a readiness to be poured out in service, and give us the unconscious radiance of a life animated by the spirit of kindness, that with one heart and mind we may be held under the sway of a supreme passion for the welfare of our beloved country. Help us so to employ our talents that we may be found faithful in all things and receive that blessing which Thy well-beloved Son doth pronounce upon all who love and fear Thee, saying, "Well done, good and faithful servant; enter thou into the joy of thy Lord." We ask it in His name and for His sake. Amen.

THE JOURNAL

The Chief Clerk proceeded to read the Journal of the proceedings of the legislative day of Wednesday last, when, on request of Mr. FESS and by unanimous consent, the further reading was dispensed with and the Journal was approved.

MESSAGES FROM THE PRESIDENT—APPROVAL OF BILLS

Several messages in writing from the President of the United States were communicated to the Senate by Mr. Latta, one of his secretaries, who also announced that the President had approved and signed the following acts:

On May 6, 1932:

S. 2967. An act to extend the times for commencing and completing the construction of a bridge across the Missouri River at or near Randolph, Mo.; and

S. 1047. An act authorizing the Secretary of the Navy, in his discretion, to deliver to the custody of the Historical Society of Montana, for preservation and exhibition, the silver service which was in use on the gunboat No. 9, *Helena*.

On May 7, 1932:

S. 460. An act to give war-time commissioned rank to retired warrant officers and enlisted men;

S. 2396. An act to amend section 11 of the act approved February 22, 1889 (25 Stat. 676), relating to the admission into the Union of the States of North Dakota, South Dakota, Montana, and Washington;

S. 2428. An act to provide for the confirmation of a selection of certain lands by the State of Arizona for the benefit of the University of Arizona; and

S. 3953. An act to amend the act approved February 7, 1927, entitled "An act to promote the mining of potash on the public domain."

MESSAGE FROM THE HOUSE

A message from the House of Representatives by Mr. Haltigan, one of its clerks, announced that the House had passed a joint resolution (H. J. Res. 336) construing section 503 (b) of the tariff act of 1930, in which it requested the concurrence of the Senate.

ENROLLED BILL SIGNED

The message also announced that the Speaker had affixed his signature to the enrolled bill (S. 283) to provide for conveyance of a certain strip of land on Fenwick Island, Sussex County, State of Delaware, for roadway purposes, and it was signed by the Vice President.

CALL OF THE ROLL

Mr. FESS. Mr. President, I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Ashurst	Connally	King	Shortridge
Austin	Coolidge	Logan	Smith
Bailey	Couzens	McGill	Smoot
Bankhead	Dale	McKellar	Steiwer
Barbour	Dickinson	McNary	Stephens
Bingham	Dill	Metcalf	Thomas, Idaho
Blaine	Fess	Moses	Thomas, Okla.
Borah	George	Norbeck	Townsend
Bratton	Glass	Norris	Tydings
Broussard	Hale	Oddie	Vandenberg
Bulow	Hastings	Patterson	Walcott
Byrnes	Hebert	Pittman	Walsh, Mont.
Capper	Howell	Reed	Watson
Caraway	Johnson	Robinson, Ark.	White
Carey	Jones	Robinson, Ind.	
Cohen	Kendrick	Sheppard	

Mr. SHEPPARD. I wish to announce that the following-named Senators are necessarily detained from the Senate on official business:

The Senator from Kentucky [Mr. BARKLEY], the Senator from Ohio [Mr. BULKLEY], the Senator from New York [Mr. COPELAND], the Senator from Colorado [Mr. COSTIGAN], the Senator from Florida [Mr. FLETCHER], the Senator from Oklahoma [Mr. GORE], the Senator from Missouri [Mr. HAWES], the Senator from Arizona [Mr. HAYDEN], the Senator from Florida [Mr. TRAMMELL], and the Senator from Montana [Mr. WHEELER].

The VICE PRESIDENT. Sixty-two Senators have answered to their names. A quorum is present.

UNEMPLOYMENT, TAXATION, AND PROHIBITION—SPEECH BY GOVERNOR RITCHIE

Mr. TYDINGS. Mr. President, I ask unanimous consent to have printed in the RECORD a speech recently made over the radio by Gov. Albert C. Ritchie, of Maryland, dealing with three domestic issues—unemployment, taxation, and prohibition.

The VICE PRESIDENT. Without objection, it will be so ordered.

Governor Ritchie's speech is as follows:

THREE DOMESTIC ISSUES TO-DAY—UNEMPLOYMENT, TAXATION, AND PROHIBITION

There are three outstanding domestic issues to-day: Unemployment, taxation, and prohibition.

UNEMPLOYMENT

Of the three, unemployment is the most disastrous in its effects and seemingly the most baffling in its cure. In considering what to do, remember that one great danger of bad times is that they produce bad remedies. We must aim to achieve social justice, of course, but this does not mean that we must try out new and unsound panaceas, or rush headlong into the ways of communism, socialism, or sovietism, or embrace un-American practices like public ownership or unnecessary excursions of Government into the domains of private business, or adopt Government unemployment insurance like the British or German system, or attempt to change the laws of supply and demand.

So, in the present emergency, we should be guided by the sound principle that real relief can never come through governmental doles. It can only come through work.

Industry and Government should join in doing their utmost to create and provide all additional work that can be justified. To the extent this does not suffice to relieve the distress, then by a system of shorter days or shorter hours or both the work there is should, until normal conditions return, be spread out and distributed among the available workers, both employed and unemployed.

If, for illustration only, employment where practicable was on a basis of 30 hours a week, divided, again for illustration only, into 6 hours work per day for a 5-day week, this would definitely relieve unemployment, and might very well be the basis for its elimination.

The only thing necessary to make this proposal effective is the cooperative spirit and the concerted will and teamwork of American industry and Government to do it, the real desire to solve constructively and humanely our present unemployment problem.

There would be some inconvenience and some interference with existing business organizations, but the plan would be for the benefit of society as a whole. It would be to the advantage of industry too, for the burden of continued unemployment will come back on industry in the end, if in no other way, then in taxes.

The proposal has the advantage of squaring with the American ideals of self-reliance and self-help, and of recognizing the right of every American citizen to a job.

TAXATION

What this country must consider in the field of taxation is whether we can afford a National Government which costs the taxpayers $4,000,000,000 a year; whether we can go on with a governmental structure which has grown fifteen times faster than the population and which costs seven times more than in pre-war days, while commodity prices are back at the pre-war level; whether we can spend progressively increasing amounts on government while our national income has been almost cut in half.

In 1913 the combined earnings of the American people were $34,000,000,000, and of that sum $3,000,000,000, or 9 per cent, went to pay the expenses of government—National, State and local.

Last year the combined earnings of the American people were $70,000,000,000, and of that $14,000,000,000, or 20 per cent, went to pay the expenses of government.

Billions are too big to grasp, so put it this way: Out of every $5 the American people earned their governments got $1, and this charge amounted to $466 per family. That is something we can all understand. And with reduced pay checks or no pay checks at all, with failing incomes and falling values, with tax sales and mortgage foreclosures of city home and country farm, we can understand, too, that the burden of these vast governmental expenditures is more than the American people can bear.

The Federal Government's current deficit is on its way to $2,000,000,000, while its accumulated deficit is several billions more. The Government can not go on borrowing to meet such losses without impairing its credit and public confidence in its securities, and new taxes or increased taxes are fast reaching the point of confiscation and diminishing returns.

The time has come when the Federal Government must do what individuals and industry are compelled to do. It must retrench. It must spend less. It must stop taking on new activities. It must cut down to those activities of government which are essential and eliminate those which are not.

This can be done if there is the will to do it. In the fiscal year ended June 30, 1922, the year of the first Republican Budget after President Wilson, the total expenditures of the Federal Government, after deducting certain left-over war explosives, charges for the public debt, and payments to ex-service men was $1,651,000,000. For the fiscal year ended June 30, 1931, the like expenditures with like deductions were $2,155,000,000, an increase of $504,011,000, and there will be a considerable further increase this year.

Time does not permit an analysis of where this vast increase went, but this may be illustrated by what happened in the Department of Commerce, built up by Mr. Hoover himself as Secretary. For Mr. Hoover's first year, 1922, the expenses of this department were $21,688,000. In his last year, 1928, they were $34,383,000, and in 1931 they were $61,477,000, not including the new building erected at a cost of $17,500,000, which constitutes our country's most extravagant monument to bureaucracy.

There is no use saying that this sort of thing can not be stopped. It must be stopped. When business was running full steam ahead and prosperity abounded, our Government was costing us millions and millions of dollars less than it costs us to-day, when business is on part time or on no time and when 8,000,000 people or more want and need work and there is no work for them. It is preposterous that this should be so.

Every unnecessary dollar spent in taxes is more than a burden upon the taxpayers. It means waste and extravagance in government. Such dollars are not devoted to turning the wheels of industry. They are economically inert or lost. And millions of such dollars help drive millions of other dollars into hoarding and tax-exempt securities.

On the other hand, every dollar cut from the expense of Government means not only increased efficiency but also a dollar less in taxes imposed upon American railroads and banks and industry and labor and agriculture, all of which are taxed to the breaking point already.

Without the opportunity of first-hand study and effort, no one mindful of the responsibilities of the situation would say exactly how much could be saved or exactly where. Perhaps it would not be considerable if left to a Cabinet whose members, like Mr. Hoover's, can see no way to retrench in their own departments.

But if given the opportunity I would pledge a Cabinet whose members would realize that the expenses of their departments are not all sacrosanct, and a Budget which would lift from the shoulders of the American taxpayers as a minimum $500,000,000 of the taxes they now pay.

For the future consideration should be given to a permanent fiscal policy which will center the responsibility for a balanced Budget squarely on the President and end the danger of deficits.

The only way to do this is to adopt the Maryland plan. This would require the President to submit to Congress a Budget which would provide for all the governmental expenditures he considered necessary, and which would at the same time supply the funds necessary to meet them. Congress could strike out or reduce items in the President's Budget, but could not raise items or add new ones. Congress would, however, be entirely free to appropriate amounts, or to appropriate for purposes not in the Budget, by the simple method of passing separate appropriation bills which would carry their own special taxes.

In other words, the President's Budget would always balance, because it would furnish the revenues for meeting all the expenditures the President recommended; and Congress would provide the means for meeting any expenditures outside the Budget which Congress chose to authorize.

It is under a budget of this kind that, with other States in the red, their credit gone, and their securities unsalable, Maryland has been able to keep State expenses within State revenues, with a Treasury balance at the beginning of the current fiscal year of one-tenth of the budgetary requirements, with a net State debt of 1 per cent of the assessable basis and with the State's credit authoritatively rated at 100 per cent.

PROHIBITION

Finally, a word about prohibition. My own conviction, as often expressed, is that the eighteenth amendment should never have been put in the Constitution and that, therefore, it should be repealed and taken out of the Constitution and the whole subject turned back to the States, so that each State, within its own borders, may be free to determine the question as its own people will; the Federal Government confining itself to the function of seeing that each State is protected against shipments from other States which would contravene its laws.

Under this system any and all States in the country whose people feel that prohibitory legislation of whatever kind is best adapted to their conditions and problems will be free to have it and will be both undisturbed and protected in their right to be as dry as they want.

But other States whose problems are different, and which are entitled to consideration too, would not be forced to accept a Federal mandate which, while it might work all right elsewhere, would be contrary to what their people found best for their needs and their conditions. These States, like the others, would be free to enact for themselves such laws as in their experience are best adapted to promote temperance, morality, and order among their own peoples.

Think of the restoration of national self-respect and morale, the relief of the young from pitfalls and temptation, the real progress toward temperance, and the reestablished regard for law and order, all of which I am convinced would follow this return to the sound theory of the American Government.

And think of this, too: On the basis of revenues prior to the eighteenth amendment, when 33 States were dry—making no allowance at all for an increase in population of more than 17,000,000 and for other factors—and taking the Government's own figures as to the expense of enforcement, it is clear that the eighteenth amendment is costing the Federal Government at least $532,000,000 a year.

The actual cost is undoubtedly much more than this and is reliably estimated as more than $900,000,000, or nearly the amount of the 1931 Federal deficit.

If national prohibition were repealed and State control substituted, the Federal revenues thus derived would go far toward

balancing the Budget. It would be entirely unnecessary to consider many of the emergency taxes which now Congress will have to impose. Indeed, this would be the case if Congress under the eighteenth amendment would legalize light wines and beer.

Bring it home to yourself in this way: The Federal Government is about to charge you 3 cents postage on your letters instead of 2, and is about to tax you on your movie tickets, your checks, your stock transfers and land transfers, your automobile, your radio, and so on. The Government is about to do all this because it must make up the revenue which it lost because of national prohibition. That is what national prohibition is costing you.

Do away with it, and not only will the American people be relieved of these new taxes when they are taxed more than they can stand already, but, in addition to the benefits already referred to, there will be employment for thousands and thousands of people now out of work, new markets will be opened for the farmer, and crime and the gangster and the racketeer will no longer be financed by an outlaw trade, to victimize and prey upon peace-loving and law-abiding citizens.

CONCLUSION

Other matters, of course, concern very vitally the country today, and have their relationship to some of the subjects previously discussed.

One of these is the present tariff, which is really an abuse of the protective system itself, and which must be readjusted—through international negotiations, if necessary—so as to let us do business with the world again. Another relates to the foreign debts, which, I believe, we should not cancel, because that would transfer the burden of what other nations justly owe us to the already overburdened shoulders of the American manufacturer, laborer, and farmer. Still another relates to the railroads, which are so vital to our national prosperity and to the savings and investments of the American people, and which we subject to governmental control on the one hand and to governmental-permitted competition on the other.

But time permits no more. So I close with the conviction that, after all, the virtue we most need to-day is the virtue which brought our country from small beginnings to high estate. It is the homely virtue of faith—faith in American institutions, faith in the worth and integrity of the average American man and woman. Let us maintain that and cherish it, not as an abstract thing, but as the thinking, believing, fighting faith which has realized the promise of American life and fulfilled the dream of American democracy.

RELATION OF DUTIES TO VALUE OF IMPORTS (S. DOC. NO. 91)

The VICE PRESIDENT laid before the Senate a letter from the chairman of the United States Tariff Commission, transmitting, pursuant to law, a report on the relation of duties to value of imports, comparing the average ad valorem equivalents of duties in the year 1929 under the act of 1922 with the average ad valorem equivalents in the year ended September, 1931, under the act of 1930, which, with the accompanying report, was referred to the Committee on Finance and ordered to be printed.

DEPRECIATED EXCHANGE (S. DOC. NO. 90)

The VICE PRESIDENT laid before the Senate a letter from the chairman of the United States Tariff Commission, transmitting in further response to Senate Resolution No. 156, present session, information and illustrations supplemental to the basic material submitted to the Senate under date of May 2, 1932, relative to the effect of the depreciation in value of foreign currencies upon the importation into the United States of all of the more important commodities, which, with the accompanying material, was referred to the Committee on Finance and ordered to be printed, with illustrations, as part of Senate Document No. 90.

PETITIONS AND MEMORIALS

Mr. CAPPER presented a petition of sundry citizens of Council Grove, Kans., praying for the passage of legislation providing for the cash payment of adjusted-compensation certificates (bonus) of World War veterans, which was referred to the Committee on Finance.

He also presented a resolution adopted by the fourth district, Department of Kansas, American Legion, of Strong City, Kans., protesting against the passage of legislation reducing the benefits provided by law for disabled ex-service men, which was referred to the Committee on Appropriations.

Mr. ASHURST presented a telegram in the nature of a memorial from the Southern Arizona Bank & Trust Co. and United Bank & Trust Co., of Tucson, Ariz., remonstrating against inclusion in Senate bill 4412, the so-called Glass banking bill, of the section providing branches for national banks throughout States of domicile and 50 miles from the home city into neighboring States, etc., which was ordered to lie on the table.

He also presented a telegram in the nature of a memorial from the Arizona Republic and Phoenix Gazette, by Charles A. Stauffer, of Phoenix, Ariz., remonstrating against inclusion in the pending tax bill of increased postage rates as applied to newspapers, which was ordered to lie on the table.

He also presented a memorial of sundry citizens of Gila Bend, Ariz,, remonstrating against reduction in the compensation of Federal employees, which was referred to the Committee on Appropriations.

He also presented a telegram in the nature of a memorial from Delmar W. Sands (on the Tucson-Nogales (Ariz.) postal run), remonstrating against the passage of legislation providing compulsory retirement of railway postal clerks, which was referred to the Committee on Appropriations.

He also presented a telegram in the nature of a memorial from Floyd E. Thomas, lieutenant colonel, etc., president of the Arizona Reserve Officers' Association, Tucson, Ariz., remonstrating against the adoption of proposals to eliminate officers' reserve camps or otherwise curtail the national defense, which was referred to the Committee on Appropriations.

He also presented a telegram in the nature of a memorial signed by the deans of the separate colleges of the University of Arizona, Tucson, Ariz., remonstrating against cuts in the Army appropriation bill which would cause withdrawal of Army officers and the cavalry unit from the University of Arizona, which was referred to the Committee on Appropriations.

He also presented a telegram in the nature of a memorial from G. V. Hays, post adjutant, John C. Greenway Post, American Legion, of Phoenix, Ariz., remonstrating against cuts in appropriations for the national defense or the removal of Army posts from Arizona, which was referred to the Committee on Appropriations.

He also presented telegrams in the nature of memorials from H. E. Spencer, president of the Arizona State Federation of Labor, and Oscar Irvin, of Phoenix, and Leslie C. Hardy, of Tucson, all in the State of Arizona, remonstrating against cuts in the appropriations for air mail service, which were referred to the Committee on Appropriations.

Mr. WALSH of Massachusetts presented papers in the nature of petitions from 950 citizens of the State of Massachusetts, praying for the modification of the Volstead Act and the repeal of the eighteenth amendment of the Constitution, which were referred to the Committee on the Judiciary.

He also presented papers in the nature of memorials from 64 citizens of the State of Massachusetts, remonstrating against the modification of the Volstead Act and the repeal of the eighteenth amendment of the Constitution, which were referred to the Committee on the Judiciary.

He also presented a letter in the nature of a petition from Allan Strachan, of Holyoke, Mass., praying for the balancing of the Budget, the repeal of the eighteenth amendment of the Constitution, and opposing payment of the so-called soldiers' bonus at the present time, which was referred to the Committee on Appropriations.

He also presented the memorial of Local No. 173, American Federation of Musicians, of Fitchburg, Mass., remonstrating against cuts in the compensation of Federal employees, which was referred to the Committee on Appropriations.

He also presented a letter in the nature of a memorial from the American School Citizenship League, signed by its secretary, Mrs. Fannie Fern Andrews, of Boston, Mass., remonstrating against the passage of the so-called Oddie bill, being the bill (S. 4080) to regulate the manufacture and sale of stamped envelopes, which was referred to the Committee on Post Offices and Post Roads.

He also presented petitions of sundry citizens of Boston, Mass., praying for the adoption of the manufacturers' sales tax in the pending tax bill, the repeal of the eighteenth amendment of the Constitution, and the imposition of taxes on wines and beer, which were ordered to lie on the table.

He also presented a letter in the nature of a memorial from the American Writing Paper Co., signed by S. L. Willson, of Holyoke, Mass., remonstrating against increase in the first-class postage rate in the pending tax bill, which was ordered to lie on the table.

He also presented a letter in the nature of a memorial from Clarence J. Green, of Worcester, Mass., remonstrating against the passage of House bill 7716, providing for charging license fees on amateur radio stations, which was ordered to lie on the table.

REDUCTION OF FEDERAL EXPENDITURES

Mr. MOSES. Mr. President, I present enrolled resolutions adopted by the board of mayor and aldermen of the city of Manchester, N. H., which I ask may be printed in the RECORD and referred to the Committee on Appropriations.

There being no objection, the resolutions were referred to the Committee on Appropriations and ordered to be printed in the RECORD, as follows:

Resolution relative to reduction of Federal expenditures

CITY OF MANCHESTER, 1932.

Resolved by the Board of Mayor and Aldermen of the City of Manchester as follows:

Whereas it is the conviction of this board that burdensome taxation, resulting from excessive public expenditure by municipalities, counties, and States, and by the Federal Government is one of the chief causes of the present economic depression and a well-nigh insuperable obstacle to recovery therefrom; and

Whereas cities and other administrative divisions of this country have made and are making earnest efforts to curtail expenditures and thus to assist in securing relief from this oppressive tax burden, even though such economies involve considerable hardship and sacrifice of privileges formerly enjoyed:

Resolved, That this board regards it as imperatively necessary that Federal expenditures at once be drastically curtailed, in the interest of Federal tax reduction, before prosperity can again return to this Nation; and further

Resolved, That members of the New Hampshire congressional delegation be respectfully urged and besought to use their utmost efforts toward the reduction of the Federal Budget, for the reasons above set forth; and still further

Resolved, That the city clerk be directed to transmit a copy of this resolution to each Member of the delegation.

This resolution shall take effect upon its passage.

May 3, 1932. In Board of Mayor and Aldermen. Passed to be enrolled.

DR. DAMASE CARON, *Mayor.*

A true record.
Attest:

M. J. BRUNN,
Deputy City Clerk.

NOMINATION OF JAMES H. WILKERSON TO BE CIRCUIT JUDGE

Mr. WHEELER presented a telegram from C. R. Vandervort, secretary of Fort Keough (Mont.) Lodge, Brotherhood of Railroad Trainmen, which was referred to the Committee on the Judiciary and ordered to be printed in the RECORD, as follows:

MILES CITY, MONT., *May 7, 1932.*

BURTON K. WHEELER,
United States Senate, Washington.

HONORABLE SIR: In behalf of the members of Fort Keough Lodge, Brotherhood of Railroad Trainmen, and their dependents, more than 400 persons, residents of Miles City, Melstone, Roundup, and Harlowton, Mont., request is made that you oppose the confirmation of Federal Judge Wilkerson to the United States Circuit Court of Appeals, Seventh District. Records indicate that he is a judge of the extremist antilabor class. His use of the injunction power has been intolerable. The administration of justice depends upon the selection of men for judicial positions who are not class conscious, who do not consciously or unconsciously favor special interests.

C. R. VANDERVORT, *Secretary.*

RESOLUTIONS OF JACKSONVILLE (FLA.) CHAMBER OF COMMERCE

Mr. FLETCHER presented resolutions adopted by the board of governors of the Jacksonville (Fla.) Chamber of Commerce, which were referred to the Committee on Appropriations and ordered to be printed in the RECORD, as follows:

Whereas the Jacksonville Chamber of Commerce has been advised by the Superintendent of Lighthouses, Lighthouse Service, Department of Commerce, that, due to the proposed reductions in appropriation for the fiscal year beginning July 1, 1932, thought is being given to the discontinuation of the lights along the channel of the St. Johns River above Jacksonville; and

Whereas statistics showing tonnage shipped indicate conclusively that the savings effected to the public and shippers are many times the economies that could be effected should the lights be discontinued: Therefore be it

Resolved, That the Superintendent of Lighthouses be urged to continue in service these lights, so necessary to the commerce on the river.

Copies of this resolution, together with supporting data and communications, to be forwarded to the superintendent of lighthouses, sixth district, Charleston, S. C., and to Hon. DUNCAN U. FLETCHER and Hon. RUTH BRYAN OWEN.

Passed this 6th day of May, 1932, by the board of governors of the Jacksonville Chamber of Commerce, Jacksonville, Fla.

J. H. DANIELS.

Whereas it has been brought to the attention of the military and naval affairs committee of the Jacksonville Chamber of Commerce that the Subcommittee on Appropriations for Military Activities for the year 1933 has made certain recommendations as to the curtailment of the budget of the War Department for the year 1933; and

Whereas, after carefully analyzing these recommendations, it is clear to the committee that if these cuts are carried out as recommended it will mean the total destruction of certain civilian components of the Army: Therefore be it

Resolved, That the committee feels that the elimination of the components as proposed by the Appropriations Committee would be a catastrophe for the Government. The committee feels that the present policy of the War Department as to the activities of these components have been reduced to the very minimum, and can not, with safety to the Government, be further curtailed; be it further

Resolved, That the committee, after studying the recommendations of the Subcommittee on Appropriations for Military Activities, does feel that it is possible to accept the recommendation of the committee concerning the elimination of certain nonmilitary activities of the War Department, but the committee wishes to recommend to the board of governors that it vigorously protest any action on the part of Congress that will tend to destroy and completely eliminate any components of the Army; be it further

Resolved, That the committee is in sympathy with all moves regarding our National Government that will tend to reduce expenses, but reduction should not come from forces of the Government that are charged with the national defense.

Passed this 7th day of May, 1932, by the board of governors of the Jacksonville Chamber of Commerce.

J. H. DANIELS.

Mr. FLETCHER also presented resolutions adopted by the board of governors of the Jacksonville (Fla.) Chamber of Commerce, which were referred to the Committee on Commerce and ordered to be printed in the RECORD, as follows:

Whereas it is reported to this body that in the considered opinion of competent authority, Senate Joint Resolution 139 proposes to repudiate all ocean mail contracts heretofore granted and to prohibit the granting of any further ocean mail contracts; and

Whereas if such purposes be consummated, severe and crippling handicaps would be imposed upon our American-flag services: Be it

Resolved, That the board of governors of the Jacksonville Chamber of Commerce urge the Florida Senators and Representatives in Congress to oppose the passage of this act.

Passed this 6th day of May, 1932, by the board of governors of the Jacksonville Chamber of Commerce, Jacksonville, Fla.

J. T. DANIELS.

Whereas it has been reported through the press that there was under consideration the suspension, for one year, of the operation of all Shipping Board lines; and

Whereas it is the carefully considered opinion of the Jacksonville Port Bureau, acting as a special committee of the Jacksonville Chamber of Commerce, that such action would serve to break down unnecessarily the American merchant marine and would bring comfort to such interests as seek to destroy 100 per cent American lines; and

Whereas the tying up of ships for such a period would incur rapid depreciation and cause expenditures of large sums of money for renovation of such ships for ocean service; and

Whereas it is in the public interest that a strong merchant marine be kept available for use of this country in case of war emergency: Be it

Resolved, That this board urge upon the Secretary of Commerce, the chairman of the Shipping Board, and the Florida Senators and Congressmen to use their best efforts to prevent discontinuance of operation of Shipping Board lines, as proposed.

Passed this 6th day of May, 1932, by the board of governors of the Jacksonville Chamber of Commerce, Jacksonville, Fla.

J. T. DANIELS.

Whereas there are now pending before Congress measures designed to place the river and harbor work of the United States in charge of others than the United States Engineers Corps; and

Whereas the United States Engineers Corps have successfully handled all river and harbor work of the United States for a

long period of years with a remarkable record of achievement, honesty, and satisfaction to the American people, and its work is so safeguarded as to remove it from political influence; and

Whereas we believe that no real economy can be effected by removing this work from trained engineers who will still continue in Government service at their regular compensation, even should such a change be consummated; and

Whereas such a change might be the means of politics entering into the river and harbor work, with unfortunate results to the entire river and harbor program of the Nation: Now, therefore, be it

Resolved, That the Jacksonville Chamber of Commerce urges that no change be made in the present method of handling river and harbor work, and that copies of this resolution be sent to all Florida Representatives in the Congress of the United States and other members of such committees of Congress as these measures may come before.

Passed this 6th day of May, 1932, by the board of governors, Jacksonville Chamber of Commerce.

J. T. DANIELS.

Whereas the operation of air mail between the United States and South America, Central America, and the West Indies is of vital necessity for the promotion of the commerce of the United States, and every consistent effort should be made to continually improve and expand this service, and

Whereas the training of a large number of fliers and the development of improved types of aircraft resulting from the operation of this service is of great value for national defense: Now, therefore, be it

Resolved, That the aviation committee of the Jacksonville Chamber of Commerce, while approving all reasonable moves for economies in the Federal Government, does not favor any further curtailment of the present operations of air lines carrying domestic and foreign mail, which should be operated at the lowest possible cost.

Passed this 7th day of May, 1932, by the board of governors, Jacksonville Chamber of Commerce, Jacksonville, Fla.

J. T. DANIELS.

Mr. FLETCHER also presented resolutions adopted by the board of governors of the Jacksonville (Fla.) Chamber of Commerce, which were referred to the Committee on Interstate Commerce and ordered to be printed in the RECORD, as follows:

Whereas it has been brought to the attention of the Jacksonville Port Bureau, a special committee of this body, that the Interstate Commerce Committee of the Senate has, as the result of its consideration of H. R. 7716, voted to add to this bill an amendment providing, amongst other things, for the collection from each applicant for a license under the radio act of 1927 of a fee for each ship station of $15 per year plus an additional fee of $10 as an administrational charge for handling the application; and

Whereas under the terms of this amendment unreasonable and expensive fees and charges would be assessed to the detriment and hindrance of the development of devices for the protection of human life at sea: Be it

Resolved, That the board of governors of the Jacksonville Chamber of Commerce vigorously oppose the passage of such an amendment of the bill, and that copy of this resolution be forwarded to the Florida Senators and Representatives in Congress.

Passed this 6th day of May, 1932, by the board of governors, Jacksonville Chamber of Commerce, Jacksonville, Fla.

J. T. DANIELS.

Whereas H. R. 9390, placing inland waterway carriers in interstate commerce under the jurisdiction of the Interstate Commerce Commission has been considered by the Jacksonville Port Bureau, acting as a special committee of this body; and

Whereas there is doubt concerning the nature of the jurisdiction which would be conferred upon the commission over such inland-water carriers in interstate commerce: Be it therefore

Resolved by the board of governors of the Jacksonville Chamber of Commerce, That the bill as drafted is not in the public interest and should be opposed; and that copies of this resolution be forwarded to the Florida Senators and Representatives in Congress.

Passed this 6th day of May, 1932, by the board of governors, Jacksonville Chamber of Commerce, Jacksonville, Fla.

J. T. DANIELS.

REVENUE AND TAXATION

Mr. SMOOT. Mr. President, from the Committee on Finance, I report back favorably with amendments the bill (H. R. 10236) to provide revenue, equalize taxation, and for other purposes.

I am not able to file a report this morning, but I expect to file the report on the bill Wednesday morning. I will say also that it was impossible to have copies of the bill placed upon the desks of Senators this morning, but the bill will be printed and a copy will be found on the desk of each Senator on Wednesday morning.

(When filed the report on the bill will be No. 665.)

Mr. NORRIS. Mr. President, may I ask the Senator from Utah a question?

The VICE PRESIDENT. Does the Senator from Utah yield to the Senator from Nebraska?

Mr. SMOOT. Certainly.

Mr. NORRIS. When is it the intention of the Senator to take up the bill?

Mr. SMOOT. I would like to take it up Thursday morning, if possible.

The VICE PRESIDENT. The bill will be placed on the calendar.

REPORTS OF COMMITTEES

Mr. VANDENBERG, from the Committee on Commerce, to which was referred the bill (S. 1930) to extend the times for commencing and completing the construction of a bridge across Lake Champlain from East Alburg, Vt., to West Swanton, Vt., reported it without amendment and submitted a report (No. 666) thereon.

Mr. McNARY, from the Committee on Commerce, to which was referred the bill (S. 4262) to provide for the establishment and development of American air-transport services overseas, to encourage construction in the United States by American capital of American airships and other aircraft for use in foreign commerce, and for other purposes, reported it with amendments and submitted a report (No. 670) thereon.

Mr. TYDINGS, from the Committee on the District of Columbia, to which was referred the bill (S. 571) for the relief of Jennie Bruce Gallahan, reported it without amendment and submitted a report (No. 667) thereon.

Mr. COPELAND, from the Committee on the District of Columbia, to which was referred the bill (S. 4023) providing for the closing of barber shops one day in every seven in the District of Columbia, reported it with amendments and submitted a report (No. 671) thereon.

Mr. KING, from the Committee on Immigration, to which was referred the bill (H. R. 10600) to exempt from the quota husbands of American citizens, reported it without amendment and submitted a report (No. 668) thereon.

PAYMENTS UNDER THE SETTLEMENT OF WAR CLAIMS ACT

Mr. SMOOT. Mr. President, from the Committee on Finance I report back favorably, without amendment, Senate Joint Resolution No. 97, extending for one year the time within which American claimants may make application for payment, under the settlement of war claims act of 1928, of awards of the Mixed Claims Commission of the Tripartite Claims Commission, and I submit a report (No. 669) thereon.

I ask that a letter from the former Secretary of the Treasury, Mr. Mellon, may be printed in the RECORD.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

TREASURY DEPARTMENT,
Washington, February 2, 1932.

The honorable PRESIDENT OF THE SENATE.

SIR: I have the honor to transmit herewith for consideration by the Congress, a draft of a proposed joint resolution to amend the settlement of war claims act of 1928 for the purpose of extending for one additional year from March 10, 1932, the time within which American nationals, who have obtained awards from the Mixed Claims Commission, United States and Germany, or from the Tripartite Claims Commission, United States, Austria, and Hungary, may make application to the Treasury for payment of such awards.

The settlement of war claims act of 1928 originally required that an application for payment of such awards be made within two years from the date of the enactment of that act (March 10, 1928). Due principally to the so-called "late claims agreement" with Germany whereby American claimants were given an additional time within which to file claims against Germany with the Mixed Claims Commission, the act was amended by Public Resolution No. 48, Seventy-first Congress, approved March 10, 1930, providing that application for payment be made within four years from the date of the enactment of the settlement of war claims act. Thus the time limit for making application for payment of awards of the Mixed Claims Commission and the Tripartite Claims Commission will expire on March 10, 1932.

The proposed legislation is believed necessary for the following reasons:

(1) The Treasury holds 67 awards entered in favor of American nationals by the Mixed Claims Commission aggregating, with accrued interest, to September 30, 1931, about $300,000 for which no applications for payment have been received. Thus far the

department has not been able to locate some of these claimants. In addition, the Mixed Claims Commission has not yet completed its work, and, in view of the untimely death of Hon. Roland W. Boyden, the umpire, it is not possible to estimate the time required to finish it, but it is almost certain to extend beyond March 10, 1932. The questions pending before the commission involve claims aggregating approximately $40,000,000. If these claims are allowed it is essential that the American claimants concerned be given sufficient time within which to make application for payment.

(2) While practically all of the awards entered in favor of American nationals against Austria by the Tripartite Claims Commission have been paid, the awards entered by such commission against Hungary have not yet been certified to the Treasury for payment because of the provisions of the settlement of war claims act of 1928, requiring the commission at the same time to certify that the funds deposited by Hungary in the Hungarian special deposit account are sufficient to pay such awards. The Treasury has received from the government of Hungary the sum of $8,250 in partial satisfaction of these awards, but that Government can not make further payment until a waiver has been obtained from the government of France of a "most-favored-nation" clause contained in the debt agreement between that government and Hungary. The matter is being actively kept before the Government of France but in view of the uncertainty when favorable action by that government may be forthcoming, it is believed essential that the settlement of war claims act be amended as indicated in the inclosed draft, that is, by extending the time for making application for payment for one additional year.

Respectfully,

A. W. MELLON,
Secretary of the Treasury.

EXECUTIVE REPORTS OF COMMITTEES

As in executive session,

Mr. BORAH, from the Committee on Foreign Relations, reported favorably the nomination of Erle R. Dickover, of California, now a Foreign Service officer of class three and a consul, to be also a secretary in the Diplomatic Service of the United States of America.

Mr. SMOOT, from the Committee on Finance, reported favorably the nominations of the following-named persons to be members of the Board of Tax Appeals:

Eugene Black, of Texas, for a term of 12 years from June 2, 1932 (reappointment); and

William D. Love, of Texas, for a term of 12 years from June 2, 1932 (reappointment).

Mr. SMOOT also, from the same committee, reported favorably the nomination of Dr. Estella Ford Warner to be a surgeon in the Public Health Service, to take effect from date of oath.

Mr. REED, from the Committee on Finance, reported favorably the nomination of J. Edgar Murdock, of Pennsylvania, to be a member of the Board of Tax Appeals for a term of 12 years from June 2, 1932 (reappointment).

Mr. ROBINSON of Indiana, from the Committee on the Judiciary, reported favorably the following nominations:

Paul W. Kear, of Virginia, to be United States attorney, eastern district of Virginia, to succeed Robert H. Talley, resigned; and

George S. Pitman, of Virginia, to be United States marshal, eastern district of Virginia. (He is now serving in this position under an appointment by the court.)

Mr. AUSTIN, from the Committee on the Judiciary, reported favorably the nomination of James C. Vickers, of Maryland, to be associate justice of the Supreme Court of the Philippine Islands, vice Charles A. Johns, deceased.

He also, from the same committee, reported favorably the nominations of José Abad Santos, of the Philippine Islands, and John A. Hull, of Iowa, to be associate justices of the Supreme Court of the Philippine Islands, to fill original vacancies, pursuant to law.

Mr. JOHNSON, from the Committee on Commerce, reported favorably sundry nominations of ensigns in the Coast Guard of the United States.

The VICE PRESIDENT. The reports will be placed on the Executive Calendar.

BILLS AND JOINT RESOLUTION INTRODUCED

Bills and a joint resolution were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. BAILEY:

A bill (S. 4595) providing for the recognition and enrollment as Cherokee Indians of certain Indians in the State of North Carolina; to the Committee on Indian Affairs.

By Mr. FRAZIER:

A bill (S. 4596) to credit the Klamath Indian tribal funds with certain amounts heretofore covered into the Treasury for reimbursement of appropriations; to the Committee on Indian Affairs.

By Mr. SHEPPARD:

A bill (S. 4597) to restore to their former retired status in the Regular Army of the United States persons who resigned such status to accept the benefits of the act of May 24, 1928 (45 Stat. 735), and for other purposes; and

A bill (S. 4598) for the relief of Blewett M. Goode; to the Committee on Military Affairs.

By Mr. TYDINGS:

A bill (S. 4599) for the relief of Aubrey Lealand Riele; to the Committee on Military Affairs.

By Mr. COUZENS:

A bill (S. 4600) to amend section 5 of the Interstate commerce act, as amended; to the Committee on Interstate Commerce.

By Mr. DILL:

A bill (S. 4601) for the relief of F. A. Hoffman; to the Committee on Claims.

By Mr. WAGNER:

A bill (S. 4602) for the relief of the heirs and legal representatives of Hervey W. Lathrop and James W. Lathrop; to the Committee on Claims.

By Mr. HALE:

A bill (S. 4603) granting a pension to Martha W. Keeler (with accompanying papers); to the Committee on Pensions.

By Mr. McNARY (for Mr. BROOKHART):

A bill (S. 4604) granting an increase of pension to Mary L. Yoakem (with accompanying papers); to the Committee on Pensions.

By Mr. WHITE:

A bill (S. 4605) granting a pension to Isidore H. Smith; to the Committee on Pensions.

By Mr. COPELAND:

A bill (S. 4606) granting a pension to Martin H. Hansen; to the Committee on Pensions.

By Mr. BANKHEAD:

A bill (S. 4607) authorizing an appropriation of $100,000,000 for the relief of persons in destitute circumstances; to the Committee on Education and Labor.

By Mr. GLENN:

A bill (S. 4608) granting an increase of pension to Tabitha J. Byfield (with accompanying papers);

A bill (S. 4609) granting an increase of pension to Mary F. Chestnut (with accompanying papers); and

A bill (S. 4610) granting an increase of pension to Malinda J. Denny (with accompanying papers); to the Committee on Pensions.

By Mr. WHEELER:

A bill (S. 4611) granting a pension to Marie Taylor; to the Committee on Pensions.

By Mr. COHEN:

A bill (S. 4612) for the relief of M. Brown and S. H. Brown for losses sustained on schooner *Ninnetta M. Porcella*; to the Committee on Claims.

By Mr. WALSH of Montana:

A bill (S. 4613) for the relief of Amy Turner; to the Committee on Public Lands and Surveys.

By Mr. McNARY:

A bill (S. 4614) to amend section 14 of an act entitled "An act to adjust water-right charges, to grant certain other relief on the Federal irrigation projects, and for other purposes," approved May 25, 1926 (44 Stat. 636), as amended (46 Stat. 249); to the Committee on Irrigation and Reclamation.

By Mr. HEBERT:

A bill (S. 4615) granting a pension to John Madden (with accompanying papers); to the Committee on Pensions.

By Mr. REED:

A bill (S. 4616) imposing upon consignors of liquid fuels the duty of making monthly reports in certain cases to the Bureau of Mines of the Department of Commerce, and imposing penalties; to the Committee on Interstate Commerce.

By Mr. McNARY:

A joint resolution (S. J. Res. 154) to provide information in regard to utilization of farm lands under prevailing conditions; to the Committee on Agriculture and Forestry.

REDUCTION OF GOVERNMENT EXPENDITURES

Mr. BAILEY. Mr. President, I introduce a joint resolution to provide for the reduction of governmental expenditures by bipartisan cooperation, and I ask that the joint resolution, which is a brief one, may be read.

There being no objection, the joint resolution (S. J. Res. 155) to provide for reduction of expenditures by bipartisan cooperation was read the first time by its title, the second time at length, and referred to the Committee on Expenditures in the Executive Departments, as follows:

Whereas it is imperative that the expenditures of the Government shall be reduced to the end that agriculture, commerce, and industry may be encouraged and revived by diminishing so far as possible the handicap of the excessive load of taxation which is manifestly such as to discourage and in some cases to destroy enterprise; and

Whereas, notwithstanding there is a general desire in the Congress to reduce the public expenditures, there is difficulty in consummating this desire because of the number of plans and the diversity thereof; and

Whereas there is immediate necessity of enacting a revenue act that will tend to raise revenue in a sum that will balance with public expenditures, and it is recognized that additional taxation at this time ought to be reduced to the minimum consistent with the efficiency of administration and the necessities of national defense: Now, therefore, be it

Resolved, etc.,

1. That a committee shall at once be provided, to consist of the President of the United States of America, or a representative designated by him, two Senators, one a Republican, the other a Democrat, each to be named by the President of the Senate; two Members of the House of Representatives, one a Democrat, the other a Republican, each to be named by the Speaker of the House.

2. That said committee shall at once proceed to review the expenditures of the Government and within 10 days of the approval of this resolution shall recommend in detail by departments, independent establishments, etc., reductions in the public expenditures for the fiscal year 1932–33 amounting to not less than $500,000,000 (and as much more as may be practicable) in addition to the $365,000,000 proposed in the President's message to the Congress December 7, 1931, transmitting the Budget for the year ending June 30, 1933. That said committee shall proceed with the view to eliminating unnecessary activities of the Government, the abolishing of unnecessary offices, and the reduction of salaries rather than adding to unemployment by dismissal of useful public officials and employees.

3. That said committee shall prepare and present a bill or bills providing for such reductions as it shall recommend hereunder, and the Congress shall give precedence to their consideration over all other proposed legislation save and except the bill to raise revenue, in connection with which it shall consider such bill or bills.

HOUSE JOINT RESOLUTION REFERRED

The joint resolution (H. J. Res. 336) construing section 503 (b) of the tariff act of 1930 was read twice by its title and referred to the Committee on Finance.

REHABILITATION OF AGRICULTURE

Mr. HOWELL submitted a resolution (S. Res. 210), which was ordered to lie over under the rule, as follows:

Resolved, That the Senate request the Committee on Agriculture and Forestry immediately to report a measure or measures having for its or their purpose the constructive rehabilitation of agriculture.

MOTHER'S DAY—ADDRESS BY SENATOR DILL

Mr. SHEPPARD. Mr. President, on the evening of May 8, 1932, the junior Senator from Washington [Mr. DILL] delivered an eloquent address on the subject of "Mother's Day" over station WRC of Washington, D. C. I submit it for publication in the RECORD.

The VICE PRESIDENT. Without objection, it is so ordered.

Senator DILL's address is as follows:

I am glad that the celebration of Mother's Day comes on a Sunday, and that it is a Sunday in the springtime. It comes between Easter, the Sunday when we celebrate the Resurrection, and Memorial Day, the day when we pay tribute to the Nation's honored dead.

On Mother's Day we pay tribute to motherhood and all it includes and represents. Every man and boy away from his mother should write her a letter or send her flowers on that day. The women and girls need not be reminded, because they will do that anyhow.

The glorification of motherhood is not new in human history. Mother worship with its rites and ceremonies, dates back to pagan times, when the people of Asia Minor worshipped the great goddess, Rhea, as the mother of all the ancient gods. "Honor thy father and mother" is a divine command. For centuries in England, the people observed what was known as "mothering" Sunday. It was a day set aside for apprentices and young servants to honor their mothers. They celebrated it with gifts and feasts at the Ides of March, the date that marked the beginning of spring, when all nature awakened to the processes of life.

In this country the people never had any particular date for mother ceremonies as such until 1904, when Mr. Frank E. Hering of Indianapolis, in an address to a large meeting of members of the Fraternal Order of Eagles in the English Theater there urged the observance of Mother's Day. The Eagles lodges all over the country carried out the suggestion and it soon became a national institution. The American people owe Mr. Hering and this great fraternity a debt of gratitude which can only be repaid by a renewed reverence for mothers year by year.

In 1913, Miss Anna Jarvis of West Virginia and later of Philadelphia, started agitation for official recognition of Mother's Day, and in 1914 Congress passed a resolution and President Wilson issued a proclamation setting the second Sunday in May for observance of Mother's Day. Since then the custom has spread to all parts of Europe and to China, Japan, and Africa.

Mother's Day is a day of sentiment. Mothers never asked for it nor expected it, because mother love gives and gives without any thought of receiving anything in return. Rather it is a day for those who are not mothers to make them realize the place which mothers hold in our civilization and the part they play in our country's future.

Nothing could be more fitting than paying tribute to motherhood. Through all the ages, motherhood has been the fondest hope and the proudest boast of woman—the soul and center of her life—a part of the Divine plan of the universe.

It is well that a people who too often scoff at sentiment and pride themselves on their practicality, should reverence this everflowing source of idealism and love which motherhood personifies. It is well, too, that they should never be allowed to forget that to little children, the word "mother" is another word for God, and that no other human being can ever believe so strongly in the possibilities of a little child as the mother of that child.

The progress of mankind can be traced by the progress of woman. In the state of savagery it was woman who provided for and protected her young, while her cave-dwelling consort roamed through the forest or engaged in battle. Tradition tells us that woman first discovered how to start a fire and first developed methods of preparation of skins of animals for protection from the elements. She tamed and domesticated the dog, the horse, and the cow. She was a servant and a slave, and she did these things, because of the human instinct to lessen her labor and better the conditions of her children. Woman invented weaving, painted the first pictures, and crooned lullabies to her children, and thus she planted the first seeds of what we call civilization.

The distinctive feature of our own time is the emancipation and individualism of woman. To-day she has become the peer of man, not only in intelligence, but in social privileges and political power as well. This has become necessary in a democracy like ours where the dangers that beset the home and the family are not in the open but lurk and hide in the results and products of social injustice and industrial greed.

The word "mother" calls to mind sweetheart and wife, lover and husband, children and family, schools and churches. The mother is the fountainhead of the family, whose waters gladden, sweeten, and purify or sadden, embitter, and pollute the world. Just as water can not rise above its source, so no nation can rise above the standards of its home life.

I would not deny or belittle the love which a father has for his children, but no father can love a child as the mother does. The reason for this is found in the Bible: "Where your treasures are, there will your heart be also." The mother invests her life in the child. It is her tenderest treasure as long as she lives.

Her life trembles in the balance at its birth. She spends her force and energy in that infinite care that only a mother can give. She endows it with the wealth of her love. She dreams of what the child is to do and to become. She prays for it long after it is grown, no matter where it goes or what it does. Oh, if only all of mothers' dreams and mothers' prayers came true! What a different world this would be! There would be no more crime, no more exploiting of the poor, and no more war. The mother heart of the world cries out against war to-day as never before. War destroys love and mothers rule by love. War destroys life and mothers create life.

When I think of the mothers in America to-day, I think of them in the homes throughout the land, teaching the children their first lessons of obedience to authority. We can not overestimate the importance of such teachings in this country.

I recall in reading the life of Richard Cobden, the great corn-law leader of England, the story of his visit to America. He

traveled all over this country, and when he returned to New York and was about to leave for England, a newspaperman asked him what was the most wonderful thing he saw in America.

Mr. Cobden replied, "The most wonderful thing I saw in America was a country school out west." "Out west," in 1858, was in Minnesota.

"Well, what was so wonderful about that country school out west?" asked the reporter.

Whereupon Mr. Cobden replied, "I saw out there a country school with a woman teacher, who was only a slip of a girl, weighing not more than a hundred pounds, and I saw the pupils of that school, several of them great big farmer fellows 6 feet tall, any one of a dozen of whom could have taken her with one arm and thrown her through the window, obeying her with all the cheerfulness and all the willingness of children of 8 and 10 years of age." Then he added, "I say to you a people who rear their sons with such a sense of obedience to authority are invincible in the civilization of the future."

Mr. Cobden was simply stating an old truth in a new way. That truth is this: The child who is obedient to the authority of its parents at home will more likely be obedient to the teacher and the rules of the school. The child who is obedient to the teacher and the rules of the school will more probably be obedient to the laws of his country in later years.

But I can see these American mothers doing more than simply teaching their children obedience to authority. I can see them teaching the old, old stories of opportunity and hope which have been the boasted heritage of the youth of this Republic since it began as a nation. I can see them sowing the seeds of purpose and ambition in those youthful lives, helping them to weave their first dreams of love and happiness, pointing the way to chances for success and a better lot in life than their parents have had.

If men make our world big, then women make it beautiful. If men provide the food and clothes for the child, women feed the soul. If men are strong, women are skillful. If men make the Nation, women make the home. If we get our ideas of life from our fathers, we get our ideals of life from our mothers.

In all this world there is nothing to compare to a mother's love. Poets, artists, sculptors, all have tried to portray it in artistic creations, but all have failed. It can not be done. It is immortal. It is so Godlike it can not be caught in a materialistic form.

It is the north star of all the many kinds of love that human beings can ever know. It never changes. It is always there, a guiding light after all the storms and earthquakes of existence have passed.

A mother's love is like the sunshine. It illuminates the peak and glorifies the valley. It mirrors the stream, colors the flowers, and beautifies the grass, and yet never disdains to shine on the refuse of the street or the mud of the gutter.

Sam Jones, the great preacher and lecturer, has told a story to illustrate the place which mother love holds in the universe. He said an angel once flew down from the skies to view the beautiful things of earth.

After he visited the mountains and the waterfalls, the fields of flowers and fruit and grain, the lakes and the oceans, he decided to take back the most beautiful things he could carry. He looked about him and saw some beautiful flowers, so he gathered a great arm load of flowers.

Then just before he started, he saw a baby in its cradle looking up at its mother with a beautiful smile. He said, "There's that baby's smile. That's beautiful. I'll take that, too."

Just as he plumed his wings for flight, he saw the great current of that mother's love rushing down into the cradle, and he said, "There's that mother's love. That's beautiful. I'll take that, too."

So with the pretty flowers, the baby's smile, and the mother's love, he flew away to paradise. When he arrived at the pearly gates, he stopped to examine his treasures. He found the flowers had withered and lost their fragrance; the baby's smile had faded; but that mother's love was as constant and as strong as when he left the earth below. So he threw away the withered flowers, he cast aside the baby's smile, and he flew into Heaven with the mother's love, and there at the great white throne of God it reigns eternal still.

In conclusion I desire to repeat a poem by Joaquin Miller entitled "The Bravest Battle That Ever Was Fought":

"The bravest battle that ever was fought,
Shall I tell you where and when?
On the maps of the world you will find it not;
'Twas fought by the mothers of men.

"Nay, not with cannon or battle shot,
With sword or nobler pen;
Nay, not with eloquent word or thot
From mouths of wonderful men.

"But deep in a walled-up woman's heart—
Of woman that would not yield,
But bravely, silently bore her part—
Lo! there is the battlefield!

"No marshaling troop, no bivouac song;
No banners to gleam and wave!
But oh! these battles they last so long—
From babyhood to the grave!

"Yet faithful still as a bridge of stars
She fights in her walled-up town—
Fights on and on in the endless wars,
Then silent, unseen goes down!

"Oh, ye with banners and battle shot,
And soldier to shout and praise,
I tell you the kingliest victories fought
Are fought in these silent ways!

"Oh! spotless woman in a world of shame,
With splendid and silent scorn,
Go back to God as white as you came,
The kingliest warrior born."

EXECUTIVE MESSAGES REFERRED

The VICE PRESIDENT, as in executive session, laid before the Senate messages from the President of the United States submitting several nominations, which were referred to the appropriate committees.

(For nominations this day received, see the end of Senate proceedings.)

POLICY OF SENATE IN REDUCTION OF APPROPRIATIONS

The VICE PRESIDENT. The Chair lays before the Senate a resolution coming over from a previous day, which will be read.

The Chief Clerk read the resolution (S. Res. 207) submitted by Mr. ODDIE on the 4th instant, as follows:

Resolved, That the resolution (S. Res. 197) favoring a 10 per cent reduction by the Committee on Appropriations in the amount of appropriations in the bill (H. R. 9699) making appropriations for the Treasury and Post Office Departments for the fiscal year ending June 30, 1933, and for other purposes, be, and the same is hereby, rescinded.

Mr. ODDIE. Mr. President, the resolution before us provides for the rescinding of the former resolution of the Senate which calls for a 10 per cent cut in the appropriations for the Treasury and Post Office Departments below the House bill. I do not intend to go into details at this time in regard to this matter; it has been thoroughly thrashed out on the floor of the Senate for the last few weeks; Senators have heard arguments pro and con on the subject; but I want to say a few words regarding the "high spots" of the controversy.

We all are in favor of the strictest kind of Government economy—I am for it; I am working with my colleagues for it; we are earnest in our desire that the strictest governmental economy shall be brought about; but, Mr. President, we have found, after weeks of study of this matter, that the resolution providing for a 10 per cent cut in governmental expenditures will not bring economy but that it will cause millions of dollars of loss of revenue to the Federal Treasury and the taxpayers of the United States can not at this time stand that loss and should not have to. What we desire is that expenditures shall be reduced wherever possible; I have pointed out, among other things in connection with this bill, that the Secretary of the Treasury has stated that in case this proposed cut shall be made it will be necessary for him to curtail operations and reduce expenditures all down the line, which means throwing many men out of employment. He has shown that if the cut shall be made, as proposed, over 2,000 revenue collectors and agents will have to be discharged. The result will be the loss of practically $95,000,000 of revenue to the Government. So, in order to bring about a saving of about $14,000,000, which will be effected under the 10 per cent cut in the Treasury Department appropriation bill our Government will have to face a possible loss of $95,000,000. We know that customs offices all over the country in the interior States will have to be abolished. That is one of the ways by which the 10 per cent cut may be effected. We have shown that it will not be in the interest of economy or of the Government service if those offices shall be closed.

We have also shown in the case of the Post Office Department appropriations, that if this 10 per cent cut shall be made, it will mean either the cancellation of contracts for ocean mail and air mail, involving a repudiation by the Government of its obligations and contracts—and appropriations bills are not the proper vehicles for taking such action, if it is contemplated—or the discharging of many thousands of Federal employees. It will mean reducing and crippling the service to the people of the United States to a very serious extent. It will hurt the farmers, because their Rural Free Delivery Service will be seriously curtailed. It will

mean the throwing out of employment of practically 40,000 Federal employees, both men and women. In this period of distress we can not afford to take such a step by adding largely to the army of the unemployed.

Mr. DILL and Mr. McKELLAR addressed the Chair.

The VICE PRESIDENT. Does the Senator from Nevada yield; and if so, to whom?

Mr. ODDIE. I yield first to the Senator from Washington.

Mr. DILL. I want to ask the Senator a question. If we rescind the resolution providing for a 10 per cent cut, that will, of course, be a backward step in the matter of the reduction of expenditures. I wonder if the Senator has any assurance from the White House that the Senate will not be attacked as the House has been attacked because we are not saving money as fast as we started out to save it?

Mr. ODDIE. The Senator is evidently under a misapprehension. I do not consider rescinding the previous action of the Senate would be a backward step. I consider it would be a forward step in the interest of economy and in saving money to the taxpayers.

Mr. SHIPSTEAD. Mr. President——

The VICE PRESIDENT. Does the Senator from Nevada yield to the Senator from Minnesota?

Mr. ODDIE. I will yield in a moment. I have not discussed this matter in detail at the White House as the Senator intimates. This question is one that has been brought up on my own initiative. I believe, after a careful study, that it should be brought up and the action of the Senate ordering a 10 per cent cut in this bill rescinded. It will be a step in the interest of economy. I now yield to the Senator from Minnesota.

Mr. SHIPSTEAD. I think the Senator has already answered the question I was going to ask. I was going to ask the Senator whether or not the proposal of his was in line with the President's so-called economy program?

Mr. ODDIE. I can not say that it is, because I have not discussed this matter with the President, except in a very general way. I will state that last night I told the President I expected this resolution to come up this morning. I do not know whether the President is in sympathy with it or not. Other matters were discussed rather than this one.

Mr. SHIPSTEAD. May I ask the Senator if the appropriation bill to which the resolution refers has not been passed upon by the Bureau of the Budget?

Mr. ODDIE. The Bureau of the Budget has passed on this appropriation bill and has cut to the bone the various items. Then the House cut them further. Now, under the action taken by the Senate, there is called for a further reduction of 10 per cent below the Budget figures and below the House figures.

Mr. SHIPSTEAD. The Senator is aware that the Budget is entirely in control of the executive department of the Government, and if the President since he sent the bugetary message to the Congress has come to the conclusion that the Budget estimate was a mistake, would it not be a good idea to turn all the appropriation bills back to the Director of the Budget in order that he may revise these requisitions in a businesslike and orderly way?

Mr. ODDIE. Mr. President, I do not know what the President desires in regard to this bill. I know he has stated that it will be a wicked thing to discharge a large number of Federal employees.

Mr. KING. Mr. President, when did the President make that statement?

The VICE PRESIDENT. Does the Senator from Nevada yield to the Senator from Utah?

Mr. ODDIE. I yield; and I will ask the Senator to repeat his question.

Mr. KING. I ask the Senator to tell us when and where the President of the United States made the statement which the Senator now has put into his mouth about the wickedness of the course being pursued?

Mr. ODDIE. The President has told me, I heard him state that he thought it would be a wicked thing for thousands of Federal employees to be turned out of employment, because they are giving their lives to the service; and he thought it would be a grave mistake if they should be turned out.

Mr. McKELLAR. Mr. President, will the Senator yield?

The VICE PRESIDENT. Does the Senator from Nevada yield to the Senator from Tennessee?

Mr. ODDIE. I yield.

Mr. McKELLAR. Why did not the Senator say to the President that it was not the purpose of the promoter of the 10 per cent reduction in appropriations, in the Senate, at any rate, to discharge employees, but the purpose was to reduce expenditures, especially such expenditures as the subsidies that are now being paid? Why did not the Senator inform the President of that fact?

Mr. ODDIE. Because this question was not before the President at that time, and it was not my place to do it. I was with several other Members discussing with the President various questions, in a very general way, and we did not come to the point of discussing this bill.

Mr. McKELLAR. Mr. President——

The VICE PRESIDENT. Does the Senator from Nevada yield further to the Senator from Tennessee?

Mr. ODDIE. I yield.

Mr. McKELLAR. Will the Senator say whether or not the President is in favor of the motion the Senator is now advocating—that is, to rescind the action taken by the Senate ordering a 10 per cent reduction in the appropriations? Is the President in favor of the Senator's resolution?

Mr. ODDIE. I have not the slightest idea what the President of the United States thinks about it.

Mr. McKELLAR. Did not the Senator ask the President whether or not he was in favor of rescinding the action taken by the Senate?

Mr. ODDIE. No; because it is something the President has nothing to do with.

Mr. McKELLAR. The President is giving out interviews every day in favor of economy, and here is a motion of the Senator to do away with bringing about economy, at least to the extent of 10 per cent. Is it possible that the Senator discussed the question with the President and did not get an idea from the President as to whether or not the President is in favor of his motion or against it?

Mr. ODDIE. No; because very general things were discussed, and I do not know how the President feels about the pending resolution.

Mr. NORRIS and Mr. COUZENS addressed the Chair.

The VICE PRESIDENT. Does the Senator from Nevada yield; and if so, to whom?

Mr. ODDIE. The Senator from Nebraska was first on his feet, and I yield to him.

Mr. NORRIS. I should like to ask the Senator a question. How in the world can we be expected to follow the ideas of the President if we do not know what he thinks about this motion?

Mr. ODDIE. The Senate is an independent body.

Mr. NORRIS. Oh, no; it is not.

Mr. ODDIE. That is a matter of opinion. I feel that we have a right to our own individual opinions and a license to do as we think best.

Mr. NORRIS. The Senator did not dare tell the President that, did he? [Laughter.]

Mr. ODDIE. It was not necessary for me to tell him that.

Mr. McKELLAR. Will not the Senator be good enough——

The VICE PRESIDENT. Does the Senator from Nevada yield to the Senator from Tennessee?

Mr. ODDIE. I am glad to yield to the Senator from Tennessee.

Mr. McKELLAR. Will not the Senator be good enough before he asks for a vote on his resolution—and we will probably not dispose of it in a day—to have a conference with the President and find out whether or not the President is in favor of the Senator's resolution?

Mr. ODDIE. No, I will not; because I consider myself an independent factor in this matter. I belong to the legisla-

tive branch of the Government, and, as I respect the President of the United States, it is not necessary for me to discuss this matter with him. The resolution has been offered on my own motion.

Mr. KING. I understood the Senator to say a moment ago that he did discuss this matter with the President last night, but that the President did not commit himself. Why was the Senator conferring with the President? Was it for the purpose of ascertaining his views, or was the Senator anxious to convey his views to the President?

Mr. ODDIE. No, Mr. President; I did not say that. I said that in a general discussion on ways in which economy can be brought about in a practical manner this subject was mentioned very briefly. I do not know the President's opinion regarding this resolution, however, and I did not ask him, because he may not agree with me; I have a perfect right to bring up this matter irrespective of his opinion.

Mr. TYDINGS. Mr. President, will the Senator yield?

The VICE PRESIDENT. Does the Senator from Nevada yield to the Senator from Maryland?

Mr. ODDIE. I yield to the Senator.

Mr. TYDINGS. I appreciate the frankness of the Senator from Nevada; but I am wondering if anybody on the other side of the aisle knows where the President stands on this resolution.

Mr. ODDIE. That is a very broad question. I do not want to get far afield in this matter. We are discussing one problem; and I hope we can have a vote on this question. It has been before the Senate for weeks. We want to get down to business on other matters after this is disposed of. If we can get a favorable vote on this matter, the Senate Appropriations Committee can get together without having its hands tied, and write into this bill certain practical economies which will be effective.

The Senator from Tennessee [Mr. McKELLAR], as I have said before, is earnest and sincere in his effort to bring about real economy. We may not agree as to certain of the methods of procedure, but he is on the subcommittee of the Appropriations Committee, and he will be active in the matter. When the bill is written up as the subcommittee feels that it should be written up, it will be brought to the Senate in whatever form it may be, and the Senate can attack it and tear it to pieces if it chooses in any way it wishes.

Mr. McKELLAR. Mr. President——

The VICE PRESIDENT. Does the Senator from Nevada yield to the Senator from Tennessee?

Mr. ODDIE. I yield to the Senator.

Mr. McKELLAR. I will say to the Senator that I am on the subcommittee and on the full Committee on Appropriations, and I shall be very happy to go into this matter. I do not see why in the world the Senator does not call his subcommittee together and let the subcommittee pass upon these questions. We did that in the other cases. Why is it that we balked at the Treasury and Post Office Departments?

Subcommittees of the Appropriations Committee have already passed upon five departments. They have already made a 10 per cent reduction in five departments. Why are the Treasury and Post Office Departments to be excepted from the rule we have already applied in the Interior Department, the State Department, the Commerce Department, the Labor Department, and the Department of Justice? Why not go on? What is keeping the Senator from calling the subcommittee together?

It has been probably two weeks since we had a meeting. All of a sudden the meetings just stopped, right short off. Another meeting has not been called. We have had no further hearings. There are one or two witnesses still to come before the subcommittee, but the Senator will not call it together. He wants to stop the whole works. Why not let the Committee on Appropriations pass upon this matter? I think that is the only thing to do under the circumstances.

Mr. ODDIE. Mr. President, after careful study I have found that in the case of this particular bill the 10 per cent cut can not be made without doing serious injury to the governmental services in question and to American industry and the American people, and that tens of thousands of men will have to be discharged and thrown into the army of the unemployed. I do not think we should have a hand in a thing of that kind.

Mr. McKELLAR. Mr. President——

The VICE PRESIDENT. Does the Senator from Nevada further yield to the Senator from Tennessee?

Mr. ODDIE. I yield to the Senator from Tennessee.

Mr. McKELLAR. Does not the Senator trust his colleagues on the committee? There are both Democrats and Republicans on it, and all of them are high-minded men. They want to do the right thing, the fair thing, the square thing, and the thing that is just and proper under the circumstances.

Has not the Senator any confidence in his colleagues on the committee? Can he not discuss the subject with them? Can he not bring us together and let us pass on the matter, or let us talk about it, at any rate, and see what we can do? Why does the Senator want to rescind the action already taken by the Senate, simply on his own judgment? Why is he not willing to trust it in part to his colleagues on the committee?

Mr. ODDIE. Mr. President, I have implicit confidence in my colleagues; and I have too high a regard for them to put an impossible, inhuman task up to them—because this is an inhuman task. Throwing 40,000 Federal employees, men, and women, out on the streets—which we will have to do in this case, in my opinion—I do not think is the right thing to do. I feel that the Senate will change its view about the matter.

Mr. BYRNES. Mr. President—

The VICE PRESIDENT. Does the Senator from Nevada yield to the Senator from South Carolina?

Mr. ODDIE. I yield to the Senator from South Carolina.

Mr. BYRNES. Let me say to the Senator from Nevada, as a member of the Appropriations Committee, that I am anxious to cooperate with the President of the United States in making further economies. I should like to know whether the Senator, as a result of his conferences, can tell us, should we vote for the Senator's resolution, whether it will receive the approval of the President, or whether we will be charged with not cooperating with him in economizing in Government expenditures?

Mr. ODDIE. I will say frankly to the Senator that I do not know. The President may feel one way about the matter and I may feel another way about it.

Mr. BYRNES. May I ask the Senator another question?

Mr. ODDIE. Yes.

Mr. BYRNES. Does not the Senator think that in justice to his colleagues in the Senate he should not ask us to refuse to vote for the 10 per cent cut when we may thereby bring down the criticism of the President upon us? Will not the Senator communicate with the President, find out what he wishes, and let us know? If he is in favor of 15 per cent, I will vote for it.

Mr. ODDIE. Mr. President, I do not think it is fair to tie me up in a proposition of this kind. I do not think it is necessary for me to ask the President. If we follow our own consciences in this matter, and do something that we think is the wise and proper thing to do, I do not think we have to look further for approval.

Mr. ROBINSON of Arkansas. Mr. President, will the Senator yield to me?

The VICE PRESIDENT. Does the Senator from Nevada yield to the Senator from Arkansas?

Mr. ODDIE. I yield.

Mr. ROBINSON of Arkansas. The propositions underlying the effort to diminish Government expenses are associated with difficulties; and I think that fact has come to the consciousness of all of us. I am wondering if an arrangement could not be effected to set up a subcommittee of the Committee on Appropriations with authority to deal with the entire problem.

Mr. ODDIE. Mr. President, I feel that a subcommittee can do very efficient and useful work after studying this entire problem; but——

Mr. ROBINSON of Arkansas. Mr. President, will the Senator yield further?

Mr. ODDIE. Yes.

Mr. ROBINSON of Arkansas. I feel like saying to the Senator that after all the time the Senate has spent in the discussion of these various amendments, and after the action that has been taken, in my judgment it is wholly impractical now to pass this resolution. I content myself with that statement at this time.

Mr. WATSON. Mr. President——

The VICE PRESIDENT. Does the Senator from Nevada yield to the Senator from Indiana?

Mr. ODDIE. I yield.

Mr. WATSON. Personally, I trust very much that the suggestion of the Senator from Arkansas may be agreed to. The legislative appropriation bill came over from the House with the economy program attached to it as an amendment. That bill is now pending in the Appropriations Committee and can be dealt with by that committee. It can be separated from the bill and made an independent matter if desired. If a subcommittee can be appointed, consisting of an equal number of Democrats and Republicans, to deal with the economy program in a nonpartisan way and then have it reported to the Senate by the committee, I believe that is the best way to deal with the problem at the present time.

I heartily concur in the suggestion made by the Senator from Arkansas. I deem it to be a very wise one.

Mr. BORAH. Mr. President——

The VICE PRESIDENT. Does the Senator from Nevada yield to the Senator from Idaho?

Mr. ODDIE. I yield to the Senator from Idaho.

Mr. BORAH. There was so much noise in the Chamber that I did not understand the proposition which was submitted by the Senator from Arkansas.

Mr. ROBINSON of Arkansas. It has not been definitely worked out. My suggestion was that a subcommittee of the Committee on Appropriations be authorized to study these various proposals and to suggest others and to make a report upon the matter. I am not suggesting that as a substitute for this resolution, because the plan that I have in mind would require some consideration to work out the details.

Mr. BORAH. The suggestion is that the Committee on Appropriations appoint a subcommittee to deal with the economy program?

Mr. ROBINSON of Arkansas. And, if necessary, that the Senate define the jurisdiction of the committee. The committee perhaps now has power to deal with the matter if it chooses to do so; but I do not see how the Senator from Nevada can expect the Senate to rescind the action it has deliberately taken on a number of these bills, and, for my part, I shall vote against his resolution if it comes to a vote.

Mr. BORAH. Mr. President——

The VICE PRESIDENT. Does the Senator from Nevada yield further to the Senator from Idaho?

Mr. ODDIE. I yield to the Senator from Idaho.

Mr. BORAH. If a subcommittee is appointed, as has been suggested, I think the subcommittee ought to bear in mind that very much of this economy program so far, and much of the economy program that is in the economy bill, is a mere postponement of the day of appropriation. If we are going to have an economy program, let us have an economy program—something that entirely eliminates the expenditures of government instead of merely postponing them for an emergency appropriation bill. It is more or less a shame to cut expenses now unless we are going to eliminate the things which demand or require expenditures.

Mr. McKELLAR. Mr. President——

The VICE PRESIDENT. Does the Senator from Nevada yield to the Senator from Tennessee?

Mr. ODDIE. I yield to the Senator from Tennessee.

Mr. McKELLAR. The Committee on Appropriations is really the committee to bring about these reductions. When it comes down to the last analysis, if there are any reductions they will have to be reported by the Committee on Appropriations. That must be clear to every Senator.

Under the rules, the Committee on Appropriations delegates to various subcommittees the duty of passing on appropriations first, before they are reported to the full committee. That is all we are doing under this procedure. That is what should be done. The matter should be left to the Appropriations Committee.

For instance, under the rule the so-called economy bill, which is attached to the legislative bill, has been referred to the Committee on Appropriations. The subcommittee can take the recommendations made in that bill and utilize them in bringing about a reduction of expenditures. In my judgment the only possible way in which we can make a real saving is for the Committee on Appropriations to pass on the matter, because they have the power to do it; and when such proposals are passed on by the committee, as we have already seen, they are enacted into law.

Mr. BORAH. Mr. President, the Senator from Arkansas suggested that the Senate define the jurisdiction of the subcommittee. I was talking this morning with one who I think knows as well as anyone about the Government, and after my conversation I was convinced that very little economy has been accomplished or will be accomplished in this economy bill——

Mr. McKELLAR. I think the Senator is mistaken.

Mr. BORAH. For the simple reason that we are simply postponing the time for appropriations. We are not eliminating the institutions or bureaus which make necessary the appropriations. We are simply postponing appropriations at the present time. If the institutions or bureaus remain, the appropriations must come.

Mr. McKELLAR. Mr. President, will the Senator yield?

Mr. ODDIE. I yield.

Mr. McKELLAR. I imagine the Senator from Idaho has in mind the appropriation for the Boulder Dam. That is the only one which, I think, comes within the category of which he speaks. In my judgment, there will not be an appropriation for the Boulder Dam in the deficiency bill. I just do not believe there will be.

We are in this attitude, so far as this particular bill is concerned. Here is the chairman of the subcommittee, who refuses—and I mean no disrespect to him at all, because he feels he has the right to do it—who refuses to call the subcommittee of the Committee on Appropriations into session for the purpose of considering the matter even; and while he is refusing even to meet with his associates on the committee to discuss the matter with them as to how the reductions could be made, he comes with this resolution to rescind the former action of the Senate. In my judgment, if the Senator from Nevada would call his subcommittee together within two or three days, or three or four days at the outside, the subcommittee would report to the Committee on Appropriations, and that committee would report to the Senate a bill which the Senate would be glad to deal with. I assure the Senator from Idaho and every other Senator here that it would mean a real reduction in the expenditures of the Government, and not a fancied one.

Several Senators addressed the Chair.

The VICE PRESIDENT. Does the Senator from Nevada yield; and if so, to whom?

Mr. ODDIE. Mr. President, I want to make a statement, because several statements have been made in the last few minutes which should be answered.

I have not called the subcommittee together because I felt that it would be working against the tide. This impossible resolution of the Senator from Tennessee—he did not offer it with any other object than to bring about intelligent economy—this impossible resolution has tied the hands of the subcommittee. It can not make the reductions directed without seriously crippling the Federal Government activities and throwing thousands of men out of employment and doing serious injury to industry. We can not afford to do a thing of that kind to-day. It is inhuman, and it is uneconomical.

Mr. COPELAND. Mr. President, will the Senator yield?

Mr. ODDIE. I yield.

Mr. COPELAND. I find myself in accord with the suggestion made by our leader on this side, and I want to point out to him and to others that the Committee on Appropriations can not proceed in any scientific and businesslike manner to reduce the total appropriations, those appropriations which are included in all the bills, if requested in each instance to take 10 per cent from a pending bill.

This is what I have in mind. There is recommended in the Treasury appropriation bill the expenditure of $108,000,000 for public buildings, and by reason of the Tydings resolution the committee can not touch that appropriation; it must be left intact. It might well be that if we took all the appropriations and considered them together we could make not a 10 per cent reduction in the aggregate but perhaps a 15 or 20 per cent reduction.

It is a change of heart on my part; but I am convinced that we can not build $100,000,000 worth of public buildings this year, and we can reduce the Budget substantially. Then, besides that, if the Committee on Appropriations were left to consider all the bills, it might well be found that 50 per cent could be taken from one and 1 per cent from another.

If the committee were freed from restrictions and authorized to proceed with reference to all the appropriation bills, I believe we could bring back to the Senate measures which would bring the relief which we wish, and that the reduction would not be 10 per cent, but might be much in excess of that. But if the committee having in charge the Post Office and Treasury appropriation bill is prohibited from taking anything from the public-buildings appropriation, and told to take 10 per cent from what is left, there must come inequities, as suggested by the chairman of the subcommittee.

I would be very glad, myself, if the Senator from Arkansas could formulate a resolution directing the Committee on Appropriations to consider all the appropriation bills; and the agricultural appropriation bill must be considered along with the others, because it was passed before any cut was proposed. The Committee on Appropriations, authorized to consider all the appropriations, might very well bring in a bill which would effectuate the economies which we all desire.

Mr. ROBINSON of Arkansas. Mr. President——

The VICE PRESIDENT. Does the Senator from Nevada yield to the Senator from Arkansas?

Mr. ODDIE. I yield.

Mr. ROBINSON of Arkansas. In addition to what I have already said, it seems pertinent to remark that such a committee as I have suggested might find it necessary to recommend legislative provisions in order to facilitate the economies which they think are sound, and that one group could recommend a policy which might be made applicable throughout the Government. I have no pride of opinion about the matter. We all look to the same end, but look in so many different directions that my fear is that we shall not see anything at the same time, and that the result will be failure.

Undoubtedly there are sound economies which can be inaugurated. The difficulty is to find them and to find the best way of putting them into effect. We are not going to accomplish any substantial reductions in Government expenditures without some violent opposition from certain sources.

Mr. KING. Mr. President, will the Senator yield?

Mr. ODDIE. In just a moment. Referring to what the Senator from Arkansas has just said, if my resolution is adopted, the Committee on Appropriations will not have its hands tied. I can not see any objection to adopting the resolution. There are impossible provisions in the resolution under which we are instructed to proceed now. If we pass my resolution, the committee will be free to act intelligently. Then, when economies are suggested, they can be applied to this particular bill under consideration, and I know the committee has many economies in view which can be applied to the bill now pending. But now its hands are tied.

Several Senators addressed the Chair.

The VICE PRESIDENT. Does the Senator from Nevada yield; and if so, to whom?

Mr. ODDIE. I yield to the Senator from Utah.

Mr. KING. I want to ask the Senator whether at the Republican caucus last night at the White House a nonpartisan tax bill or nonpartisan economy plan was agreed upon?

Mr. ODDIE. That was suggested, in view of the seriousness of the economic condition to-day, but nothing was agreed on, that I know anything about. A general discussion went on. There was no caucus.

Mr. KING. Does the Senator think it was quite fair and quite ethical for the Republicans to have a caucus at the White House and agree upon a nonpartisan plan for economy and then come and suggest it to us as a nonpartisan plan which we must follow?

Mr. ODDIE. It was not a caucus, and I did not agree to anything and did not hear anything agreed to; and I do not think that the question should be brought up in this way.

Mr. McKELLAR. Mr. President, will the Senator yield?

Mr. ODDIE. I yield.

Mr. McKELLAR. The Senator knows that if his resolution shall be agreed to it will be a blow to the economy program of the Senate as developed thus far. Is the President in favor of striking down economy?

Mr. ODDIE. I do not know about the President's viewpoint in regard to this resolution. I am speaking as an individual, as a Member of the Senate. I consider that this 10 per cent cut in this bill is not an economy program. Anything that will result in saving a certain number of millions to the Government and costing the Government several times that number of millions is not an economy program.

Mr. GLASS. Mr. President, will the Senator yield?

Mr. ODDIE. I yield.

Mr. GLASS. I am not disposed to object to the suggestion offered by the Senator from Arkansas, but I would like to inquire, in the event the Senate should adopt his suggestion, what assurance have we that the chairman of the subcommittee thus constituted will not assume the extraordinary jurisdiction which the chairman of this subcommittee has assumed, to say whether we shall meet and consider these matters or not? I would like to know when the Senate conferred jurisdiction upon the chairman of any of its subcommittees to say, despite the opinion of his associates to the contrary, that a thing is impossible, and that to accomplish it would be "brutal." The only thing of a brutal nature I know anything about as having been suggested, has been suggested by two Cabinet officers who appeared before the subcommittee, and who have started propaganda, and who have insisted that the curtailed expenses would involve a discharge of nearly 50,000 employees.

I deny that there is a word or a suggestion in any action taken by the Senate that involves the dismissal of a single employee, and I do not think that the chairman of the subcommittee has a right to assume complete jurisdiction of this problem, and to say to his associates that they shall not convene to consider the various aspects of it.

Mr. COUZENS. Mr. President——

The PRESIDING OFFICER (Mr. BINGHAM in the chair). Does the Senator from Nevada yield to the Senator from Michigan?

Mr. ODDIE. I yield.

Mr. COUZENS. I am shocked at what the Senator from Virginia says. I assumed that the Senator from Nevada was speaking for his subcommittee. I had not been able to be here because of Finance Committee meetings, but now I am confronted with the proposition that one single individual, one Senator on an Appropriations subcommittee, asserts the power to speak for the full subcommittee. Am I correct in that?

Mr. ODDIE. Mr. President, I am being misinterpreted in this matter. I am chairman of a subcommittee, and it is up to me to decide when that subcommittee will meet.

SEVERAL SENATORS. No, no!

Mr. ODDIE. That subcommittee has had meetings for many weeks and I have already called attention to the large amount of work that has been done by it. In the meantime I have been gathering data for the use of the subcommittee. I have presented those data to the Senate, and I have assumed, and I think rightly so, that the Senate will not fly in the face of something that is impossible and impracticable. I have done a great deal of hard work in getting these data, and I refer the Senator to the CONGRESSIONAL RECORD for much of the material.

Mr. COUZENS. I am not speaking about what work the Senator has done, but I am trying to find out whether this proposal of the Senator is his individual proposal, or the proposal of the subcommittee of which he is chairman.

Mr. ODDIE. It is my individual proposal.

Mr. COUZENS. In other words, the Senator wants the Senate to act on this resolution of his without any committee action whatever?

Mr. ODDIE. I have requested that.

Mr. COUZENS. It is the most astounding proposal I have ever heard.

Mr. ODDIE. The Senator has not been here as long as some of the rest of us. The Senator, with his great responsibilities, his great wisdom and knowledge, and the hard work he is doing in connection with his duties in the Senate, has not had the time, evidently, to study the various problems involved as he should have.

Mr. McKELLAR. Mr. President, will the Senator yield?

Mr. ODDIE. I yield.

Mr. McKELLAR. The Senator will admit, however, that he voluntarily stopped any meeting of the subcommittee, and there have been no meetings of the subcommittee for the last two weeks, all on account of the particular proposal the Senator now has in mind. Is not that true?

Mr. ODDIE. Mr. President, I have found that the data which have been placed before the subcommittee will make it impossible for the committee to make the 10 per cent cuts in this bill without seriously injuring the service and throwing thousands of men and women out of employment.

Mr. GLASS. Mr. President, I assert that no data have been presented to the subcommittee. The Senator from Nevada has what he alleges to be data, and we have not been enabled to examine them to see whether they are accurate or inaccurate.

Mr. ODDIE. Mr. President, plenty of the data have been placed in the RECORD to substantiate all the statements I have made, and I refer the Senator to those data. The published reports of the subcommittee contain that data. The Senator knows it. He attended the meetings where they were presented.

Mr. KING. Mr. President, will the Senator yield to me?

Mr. ODDIE. I yield.

Mr. KING. I ask the Senator—and it is not in any offensive sense at all—whether the Senator has not refused to convene the subcommittee in order that he might, by preventing action, force through the Senate this resolution which he has proposed?

Mr. ODDIE. Mr. President, I have not refused anything. It has been suggested by one of the members of the subcommittee that meetings be called, but that is all I can remember of such a request or suggestion. I do not think any other Member has suggested a meeting.

Mr. McKELLAR. I have suggested quite a number of them.

Several Senators addressed the Chair.

Mr. ODDIE. I will yield to one Senator at a time.

Mr. FLETCHER. Mr. President, will the Senator yield?

Mr. ODDIE. I yield first to the Senator from Florida.

Mr. FLETCHER. I have been very much impressed with the high-class and able and enlightening discussion on the general subject which took place in the House of Representatives on Saturday. Among the statements made there, which I have no reason to doubt, was one that there are 150 bureaus now operating in the Government, created or grown up as the years have gone by, and that at least 50 of them are without constitutional warrant or authority. That statement was made by one of the able Members of the House, a gentleman of high standing, who has served in an official position under three administrations of the Government, and he is consequently familiar with the subject which he was discussing.

The program with which we are dealing here does not seem to get us anywhere, as the Senator from Idaho [Mr. BORAH] suggested a while ago. It simply means a postponement of appropriations to a very large extent, it seems to me. But if we want to get some real economy, if we want to have some real practical basis of adjustment, we ought to deal with the superfluous and unnecessary bureaus which have been established from time to time. I am wondering if the committee has been considering that problem at all. It seems that at least 50 bureaus now operating out of 150 are without constitutional warrant.

Mr. ODDIE. The Appropriations Committee has no authority over those matters. I am satisfied many effective economies can be accomplished, and I think should be; but that is beside the point now under discussion. The Appropriations Committee can not exceed its authority.

Mr. McNARY. Mr. President——

The PRESIDING OFFICER. Does the Senator from Nevada yield to the Senator from Oregon?

Mr. ODDIE. I yield.

Mr. McNARY. I think we are all anxious to complete the routine morning business. I am going to ask the Senator from Nevada and other Members of the Senate if they will not agree by unanimous consent to postpone further consideration of this matter at this time.

Mr. McKELLAR. If the discussion continues until 2 o'clock the resolution will go to the calendar. Why not let it go to the calendar now and take its regular place? I am willing that that should be done.

Mr. NORRIS. Mr. President——

The PRESIDING OFFICER. Does the Senator from Nevada yield to the Senator from Nebraska?

Mr. ODDIE. I yield.

Mr. NORRIS. I want to suggest to the Senator that the resolution be referred to the committee of which he is chairman, the Committee on Post Offices and Post Roads. The charge has been made that the committee has not had any opportunity to consider these matters. The committee can then refer the resolution to a subcommittee if it desires to do so. Why not meet these objections by letting the resolution now pending be referred to the Committee on Post Offices and Post Roads?

Mr. ODDIE. But this is a matter pending before a subcommittee of the Committee on Appropriations.

Mr. NORRIS. All right; then let us refer it to that committee.

Mr. ODDIE. I have no objection to that, because I want to give everyone on that committee an opportunity to be heard and to express himself. That subcommittee has studied these questions at length.

Mr. McNARY. Then I ask unanimous consent that the pending resolution be referred to the Committee on Appropriations.

Mr. ODDIE. I have no objection to that.

The PRESIDING OFFICER. Is there objection? The Chair hears none and the resolution is referred to the Committee on Appropriations.

Mr. COPELAND. Mr. President, I have a motion which I should like to submit at this time and have referred to the Committee on Appropriations together with the resolution which has just been under discussion by the Senator from Nevada. If I may be heard, I would like to state briefly the purpose of the motion. It is that in lieu of all previous instructions the Senate request the Appropriations Committee to review all the appropriation bills collectively and bring back a report which aggregates at least 10 per cent reduction over the total of the bills passed by the House.

The purpose of the motion, of course, is to give the Appropriations Committee latitude. They may find that 50 per cent is the amount they can take out of one appropriation, 25 per cent out of another, and perhaps not more than 4 or 5 out of a third; but at least the Appropriations Committee should have latitude enough to review the matter in a full and fair way. The purport of the motion, as I said, is that in lieu of all previous instructions the Senate request the Appropriations Committee to review all of the appropriation bills collectively and bring back a report which aggregates at least a 10 per cent reduction over the total of the bills passed by the House. It will accomplish exactly what we have in mind. We shall get a 10 per cent reduction in the aggregate and it will give the Appropriations Committee some latitude.

Mr. ASHURST. Mr. President, I am glad to hear the able Senator from New York make clear the purpose of his resolution. Over a month ago I tried to point out that a 10 per cent reduction on all appropriations was like trying to fit a bill into a Procrustean bed. It can not be done. The philosophy of the Senator from New York is correct. I can name appropriations that ought to be cut 50 per cent, and I did name some of them. I can name some that should be cut 80 per cent, and I can name some that ought to be increased 10 or 20 per cent. I think the Senator from New York has pointed the way to a solution of the matter, leaving the committee at liberty to exercise their discretion to make such cuts, so that in the aggregate it may be done rather than by a 10 per cent arbitrary reduction.

Mr. COPELAND. Mr. President, I ask that the motion be referred to the Committee on Appropriations.

The PRESIDING OFFICER. Is there objection to the motion being received and referred as requested by the Senator from New York? The Chair hears none, and it is so ordered.

The motion was reduced to writing in the form of a resolution (S. Res. 209) and referred to the Committee on Appropriations, as follows:

Resolved, That in lieu of all previous instructions regarding appropriation bills the Committee on Appropriations is hereby requested to review all the appropriation bills collectively and bring back a report which aggregates at least a 10 per cent reduction in the total of the bills as passed by the House of Representatives.

AGRICULTURAL RELIEF

Mr. HOWELL. Mr. President, I invite the attention of the Senate to a news item which appeared in the public press of my State on May 4:

OLD EWES SELL AT A DIME EACH—WARN SHIPPERS

Shippers and feeders of sheep were warned by the Omaha Live Stock Exchange to send no more old ewes to the Omaha market Tuesday, when 58 head sold for 10 cents each. This was the lowest price ever paid for sheep on the Omaha market. When the figure dropped to 10 cents a ewe one commission firm reported to the exchange that it had refused to accept one carload of aged ewes.

Prices of this class of sheep have been steadily declining for several months. Six weeks ago, when 400 of them brought only 35 cents a hundred, it was thought they would go no lower.

That gives a notion of the situation existing in the agricultural sections of the country. Think of a farmer shipping sheep to market and finding he can only get 10 cents apiece for them.

Here is a letter from a man who has been time and again the mayor of one of the conservative and heretofore prosperous little cities of about 5,000 inhabitants in the midst of one of Nebraska's best farming regions. He said in part:

When you consider that sheep were sold in Omaha at 10 cents per head, and that commission men refused to accept one carload because they wouldn't bring enough to pay the freight, and a farmer from near Thayer, who shipped to Omaha 39 sheep, had to send $2 to pay the balance of the freight and other expenses, and to-day old corn, if it were shipped from this county to Chicago, would not bring over 8 cents per bushel, and oats about 7 cents, and the very best hogs are only bringing $2.75 per 100, you can realize what a hopeless condition the majority of the people are in and the frame of mind they are in against the people at Washington. Not a day goes by but people come to the door begging for work or a bite to eat. Drove yesterday with Mr. ——— to Clay Center, Fairfield, and Harvard. He was looking after some farm mortgages * * * and the parties could pay neither the interest nor taxes. The sooner the Farm Board goes out of business the better. The taxpayers will never get a dollar back of the Farm Board money, and it will be lucky if it don't ruin everyone who has money borrowed from them.

He ends with this statement:

I am not lying or joking, HOWELL. Conditions are deplorable.

That is the situation with which we are confronted in the agricultural regions of the country to-day.

Last Friday I called the attention of the Senate to the alarming rate at which farmers have been losing their farms and their homes. Not only have the foreclosures and forced sales of farms greatly increased in number, but the farmers' basis of credit has been wiped out entirely in a great many instances, and in many other cases greatly impaired. This has been due almost entirely to the enormous decline in the prices of farm products, which in turn have forced down the values of farm land and farm buildings.

Since the farmer obtains most of his credit with the collateral of farm land and farm buildings and the value of the products of the farm, his basis of credit rises or falls as the value of his collateral rises and falls. Farm prices have dropped from 205 in 1920 to approximately 60 at the present time. The values of farm lands have shrunk $22,000,000,000 since 1920, while taxes have mounted rapidly to a level of two and one-half times the pre-war level, and the farm-mortgage debt has increased to a total of nine and one-half billion dollars.

The difficulty of farmers obtaining necessary credit to continue farming operations is strikingly shown by recent data issued by the Federal Farm Loan Board. During the first three months of 1932 the Federal farm-loan system, embracing the Federal land banks, the joint-stock land banks, and the Federal intermediate-credit banks, extended 26 per cent less credit than during a similar period in 1931. The total amount of credit extended by all these institutions during the first three months of 1932 totaled $64,074,000, compared with $86,847,000 during a similar period of 1931. In the first three months of 1932 the Federal land banks advanced $5,507,000, as compared with $15,809,400 during a similar period in 1931, or a decrease of 65 per cent. The joint-stock land banks advanced only $887,800, compared to $2,013,800, or a decrease of 55 per cent. Intermediate-credit banks advanced $57,679,153, compared with $69,024,231, or a decrease of 16 per cent.

Couple with this situation the fact that a large number of small banks in the rural communities and towns have closed their doors and are no longer able to extend credit and some idea of the gravity of the situation may be gained. In many farm communities there is no longer any local credit agency, except the limited resources of individual lenders. The local bank has either failed or closed its doors and other lending agencies have stopped lending. In other communities where the local bank is still open for business its credit facilities are sharply curtailed.

During the period 1921 to 1931, inclusive, there was a total of 9,285 bank suspensions. Most of these were small banks in rural areas and small towns. Out of the total of 9,285 bank suspensions for the entire country, 36.47 per cent, or more than one-third, were in towns of less than 500 population; 56 per cent, or more than one-half, were in places of less than 1,000 population; 65.66 per cent, or nearly two-thirds, were in places with a population less than 1,500; and 74.34 per cent, or slightly less than three-quarters, were in places with a population of less than 2,500.

I request, Mr. President, unanimous consent to have printed in the RECORD a table showing the bank suspensions for the period from 1921 to 1931, inclusive, as reported by the Federal Reserve Board.

The PRESIDING OFFICER (Mr. LA FOLLETTE in the chair). Without objection, that order will be made.

The table is as follows:

Bank suspensions, by size of town or city, 1921–1931

Places with population of—	Number of suspensions												
	1921	1922	1923	1924	1925	1926	1927	1928	1929	1930	1931	Total	Per cent of total
Less than 500	181	120	331	335	226	372	266	207	240	442	666	3,386	36.47
500 to 1,000	99	75	104	158	130	204	142	93	128	278	402	1,813	19.53
1,000 to 1 500	47	23	58	71	67	115	61	48	77	128	202	897	9.66
1,500 to 2,500	39	44	55	75	56	88	65	52	63	137	225	899	9.68
2,500 to 5,000	33	30	35	55	60	79	53	33	35	119	214	746	8.03
5,000 to 10,000	32	18	24	28	32	30	22	18	35	60	140	439	4.73
10,000 to 25,000	21	12	14	22	18	22	30	17	24	57	134	371	4.00
25,000 and over	49	32	27	32	23	46	23	23	40	124	315	734	7.90
Total	501	354	648	776	612	956	662	491	642	1,345	2,298	9,285	100.00

Mr. HOWELL. Mr. President, one reason why more loans are not being made to farmers is that the farmer has lost his basis of credit. Banks and other lending institutions naturally will not lend money to any individual unless he has satisfactory collateral to offer as security. A great many farmers, due to the slump in value of farm land, are no longer able to offer any security for additional credit. Others who could offer satisfactory security are reluctant to do so and to place themselves deeper in debt when the prices of farm products are so low that there is little prospect of making any profit, while the prospect of incurring a loss is much greater.

For several years, farmers have been eating into their capital investment, borrowing money to refinance previous debts and cover losses. The only way the farmer has to repay a debt is to produce something from his farm, but under existing prices he is unable to secure enough from his products to pay even the cost of production. Consequently, he has suffered from cumulative losses.

This is reflected strikingly by data compiled by the Federal Farm Loan Board from applications of borrowers in connection with loans submitted by Federal land banks to the board. In 1931 these applications showed that 57.7 per cent of the proceeds were used to pay off mortgages and other liens; 22.2 per cent to pay off other debts; 8.6 per cent to purchase lands; 3.3 per cent for buildings and improvements; 3.2 per cent for equipment, fertilizer, livestock, and irrigation; and 5 per cent for stock in national farm loan associations. Approximately 80 per cent of the loans were made for the repayment of debts. Adding another 5 per cent for purchase of stock in farm loan associations, a balance of only 15 per cent is left for loans made for productive purposes.

All these data go to show that something must be done immediately to increase values. It is of little permanent help to pass measures to extend more credit to the farmers. The farmer should have credit wherever necessary, and I do not criticize any of the measures that have been passed to provide additional credit. They are all right so far as they go, but they are mere palliatives—temporary makeshifts. Furthermore, there are a lot of farmers who will receive no benefit from such measures because they no longer have a basis of collateral left upon which a loan can be made. The heart of this problem is to raise the prices of farm products. Until that is done, credit measures will be of little avail.

If this Congress had devoted half the time and exerted half the effort and zeal in restoring farm prices which it has manifested in extending credit to the banks and the various industries of this country, we would have passed legislation which would have gone a long way toward solving the real difficulty confronting the farmer, and then having rescued agriculture, we would have gone a long way toward restoring prosperity to the entire country.

Mr. KING. Mr. President, will the Senator from Nebraska yield?

The PRESIDING OFFICER. Does the Senator from Nebraska yield to the Senator from Utah?

Mr. HOWELL. I yield.

Mr. KING. I am interested in the statement made by the Senator. The picture which he has presented is a tragic one. I was wondering, in view of his last statement, what recommendations, if any, he intends to submit to the Senate for legislation that will alleviate the situation and raise the commodity prices of agricultural products pari passu—commodity prices generally.

Mr. HOWELL. Mr. President, whereas I have introduced a bill which I feel would be effective in the circumstances, and particularly desirable because it might be passed, yet in the remarks I have been making on the floor respecting agriculture for some days past, I have not been advocating a particular measure. What I have been trying to bring to the consciousness of the Senate is that we have been in session approaching six months; and we have not considered one constructive measure for the farmer. Upon the calendar of the Senate there is not a bill now pending of such character. I have stood here and repeatedly asked, What are we going to do about it? Are we going to adjourn without attempting to do anything constructive for the farmer?

Mr. President, early in the session we passed a measure—I am now referring to the moratorium for the banks. Then we passed a bill for the establishment of the Reconstruction Finance Corporation to aid banks and railroads. Then we passed a bill, introduced by the Senator from Virginia [Mr. GLASS]—the so-called Glass-Steagall bill—again for the banks. Now, Mr. President, when I look at to-day's calendar of the Senate I find on the front page that another bill for the benefit of the banks will have the floor at 2 o'clock. What are we going to say to the farmers?

Mr. KING. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Nebraska yield further to the Senator from Utah?

Mr. HOWELL. I yield.

Mr. KING. That is why I am inquiring of the Senator if he has any suggestion to make. The tragic condition of agriculture must appeal, it seems to me, not only to Senators but to all classes of people throughout the United States. If no relief is obtained by the farmers, they will soon be at the end of their resources, and if we can do anything rational and constructive to relieve them from their terrible plight there should be no delay in acting.

May I say with reference to the Senator's implied criticism of the Reconstruction Finance Corporation measure, I feared that it would fall short of the expectations of some of its earnest supporters?

Mr. HOWELL. But, Mr. President, may I say to the Senator, I voted for that bill and I was merely calling attention to the fact that the Senate passed three measures for the benefit of bankers, and in one of these bills included the railroads, and that now we are to consider a fourth bank measure before doing anything for the farmer? That is the point I wished to make clear.

Mr. KING. The point I was going to suggest was that it was contended—and I think with some force—that the Reconstruction Finance Corporation measure would afford relief to many large and small banks and prevent them from suspending. It was important to prevent, if possible, fur-

ther bank failures and provide means to reopen some that had been closed.

All classes were deeply concerned in saving our banking institutions, and in preventing the collapse of industrial plants that furnished employment to thousands of people.

With respect to the railroads, obviously if they ceased to operate or went into the hands of receivers, the economic and industrial conditions would be aggravated, tens of thousands of men would be thrown out of employment, and the industrial fabric further weakened. That would add to the tragic condition that exists in the United States. The bonds and stocks of the railroads are owned largely by insurance companies, widows, orphans, estates, small investors; and anything that would injuriously affect railroads would injure the masses of the people.

So I have believed that anything that would prevent such a catastrophe as the destruction of the railroads demands our consideration. The farmers, as well as all classes, are interested in preserving our transportation companies. Farmers need railroads to transport their commodities, and are advantaged by hundreds of thousands of railroad employees receiving wages in order that they may be purchasers of farm products.

Mr. HOWELL. But, Mr. President, I call the Senator's attention to the fact that the railroads have been operating, they operated last year, and that while the farmer was receiving 62 for what he sold he was paying 121 for what he bought as compared in each case with the years prior to the war. I want to ask the Senator if he does not think that we are putting emphasis upon what we should do for the creditor? What about the debtor?

Mr. KING. Mr. President, I agree with the Senator. The debtor is under the harrow, and if not saved he will drag creditors down with him. Whatever will promote the interests of those bound beneath burdens of debts will advance the interests of all. I am urging consideration of the silver question, in order that the credit structure of the country may be strengthened and that commodity prices may be raised to higher levels.

Mr. HOWELL. Let me ask the Senator another question. Does not the Senator think that we ought also to do something constructive in the way of assuring the farmer a higher price relatively for what he sells?

Mr. KING. Mr. President, I should be happy to see agricultural prices advanced to the level which they attained several years ago.

Mr. HOWELL. Why should not the farmer have the benefit of the tariff rates that have been afforded him by Congress?

Mr. KING. He should have.

Mr. HOWELL. He has not that benefit now. Agricultural tariffs are not effective.

Mr. KING. And he should have foreign markets for his surplus products. May I say to my friend that we have followed the fetish of protection so far that we have almost destroyed our foreign markets, our foreign trade is rapidly diminishing, and our ships will soon be idle in our harbors. The farmers are the victims of embargoes, of tariff policies that destroy our international trade.

Mr. HOWELL. But, irrespective of what the Senator's view and my view may be respecting the tariff—and I think we both voted the same way in connection with the last tariff bill—the tariff is a fact. It does not protect the farmer so far as his products are concerned. Therefore, ought we not to endeavor, at least, to adopt a constructive measure that might assure him the benefit of the tariff?

Mr. KING. I agree with the Senator.

Mr. FLETCHER. Mr. President, will the Senator yield?

Mr. HOWELL. I yield to the Senator from Florida.

Mr. FLETCHER. The Senator has stated that we have done nothing for the benefit of the farmer. I think we have done a few things that ought to help him.

For instance, we appropriated $125,000,000 for increasing the capital of the Federal land banks with the idea that that would enable them to make new loans and also enable them to grant extensions in meritorious cases.

The Senate has also passed a bill which makes eligible for rediscount, attached to paper as collateral, the debentures of intermediate credit banks. That, I think, will be very helpful to the intermediate credit banks.

As the Senator has said, these are all matters of facilitating loans and extending credit, which after all does not get to the real basis of the matter, as the Senator says, which is to devise some means whereby the farmer can enjoy an adequate return, or some living return, from what he produces. That is the great problem.

We have helped the farmer in giving him financial accommodations. We have tried to help him in marketing and distribution. We have not made much of a success of that. The real problem is to determine how we can arrange matters so that the farmer will get something more than the cost of production out of what he produces; but we have done the things I have mentioned.

Mr. HOWELL. Mr. President, I will ask the Senator if it is not a fact that what we ought to try to do is to give the farmer a United States price for what he sells, inasmuch as he must pay a United States price for what he buys? Is not that a fact?

Mr. FLETCHER. I agree with the Senator.

Mr. HOWELL. I have recently been speaking upon this subject on the floor of the Senate on a number of occasions, because I feel that we can not go home, face the farmer, and tell him that we have been in session for six months, but that the Senate would not even consider a bill for his constructive relief. Something must be done.

Mr. SHIPSTEAD. Mr. President——

The PRESIDING OFFICER. Does the Senator from Nebraska yield to the Senator from Minnesota?

Mr. HOWELL. I do.

Mr. SHIPSTEAD. It must be quite plain to the Senator that official Washington does not want to do anything for the farmer.

Mr. HOWELL. Mr. President, I hesitate to accept that view, and yet I must admit that though I have talked and urged that something be done for agriculture before we adjourn, nothing has been done, and other measures are given the right of way. Now, with the fourth bank bill before us and the tax bill in the offing, I do not see how we can reach an agricultural measure, even if it were on the calendar at this time, before two weeks; yet we are to adjourn about June 10.

Remember that we can not go home and offer an alibi. We have none. We have had the time. We have had the opportunity. We considered and passed a bill the other day authorizing the building of the Navy up to the standard provided by the treaty of 1922, but we have had no time to consider, let alone pass, a constructive measure for the American farmer.

Mr. ASHURST. Mr. President——

The PRESIDING OFFICER. Does the Senator from Nebraska yield to the Senator from Arizona?

Mr. HOWELL. I yield.

Mr. ASHURST. I am very much impressed by the Senator's earnestness and zeal. I wish he would inform us what is the bill that he wishes the Senate to consider. I should be inclined to consider the bill under the Senator's leadership.

What is the bill that the Senator wishes us to consider?

Mr. HOWELL. Mr. President, if I stood on this floor and talked every day on one bill I could hardly justify my course. I have simply urged that the committee report something. I am for any bill that will constructively aid the farmer. I have not a child that I am talking for. What I want done is that the Agricultural Committee shall report and place upon the calendar a requisite measure or measures. Mr. President, I now offer a resolution to that effect, namely, that the Senate request the Committee on Agriculture and Forestry to report immediately a measure or measures having for its or their purpose the constructive rehabilitation of agriculture.

The PRESIDING OFFICER. Is there objection to the present consideration of the resolution?

Mr. McNARY. Mr. President, it is impossible to consider this matter to-day. I ask that it go over under the rule.

The PRESIDING OFFICER. Under objection, the resolution will go over under the rule.

Mr. McNARY. I have no objection to the resolution itself.

Mr. HOWELL. I regret very much that the Senator should ask that the resolution go over.

Mr. McNARY. There are only a few Senators here. There is not time in which to act. I insist on my objection.

Mr. HOWELL. Mr. President, as I have said before, the Senate has done nothing. It has been in session nearly six months, and unless action is immediately taken it will be impossible to get a bill through this Congress. Now, I ask again, What are we going to do about it? What are we to say to the farmer?

Both of the great political parties are on record with promises and pledges to rescue agriculture.

Mr. KING. Mr. President, will the Senator yield?

Mr. HOWELL. I yield.

Mr. KING. Does the Senator think that the debenture plan which was under consideration at the last session of Congress, as I recall, and which the President opposed, would afford relief to agriculture?

Mr. HOWELL. Mr. President, the debenture plan has been in effect in Germany for a great many years. There is no question but that it would aid agriculture; but, unfortunately, we are trying to fill up the Treasury barrel, and because such a measure would constitute the removal of another bung from the barrel I fear that this Congress could not be induced to adopt that form of aid.

Mr. KING. Does the Senator think that the equalization plan, which was also under consideration, and which was vetoed, as I recall, by a distinguished President, would meet the situation or alleviate the condition of the farmers?

Mr. HOWELL. I believe that plan is worthy of experiment. I believe that we ought to experiment with that plan. Furthermore, I believe it is probably the measure most likely to pass both Houses of Congress, because it is understood in both Houses of Congress. Therefore, if they should pass upon the question, they would do so with full knowledge. We would not have to go through months of education, as would be necessary with a new measure.

Mr. KING. If the Senator will permit me, while I voted for the proposition first mentioned—the debenture—it seems to me that we ought to pass a measure that would not be considered as an experiment but which would give reasonable promise of accomplishing the object which the Senator has so much at heart. I should be very happy to support him in any rational and feasible measure that would aid agriculture and restore the prices of agricultural products in the United States.

Mr. HOWELL. Mr. President, I wish there were some measure that the able Senator from Utah and I might be absolutely confident would bring about the result to which he has referred; but I look upon any measure that may be proposed as an experiment. Governmental business is not different from private business; and when we make a marked departure in some direction in private business, we usually do it in the way of experiment. Therefore it is not because I merely want an experiment that I make the suggestion, but it is because it seems to me that probably that would prove the most direct route to our objective.

Mr. McNARY. Mr. President, I do not think it is necessary for the chairman of the Committee on Agriculture and Forestry to refer at length to the proposal made by the Senator from Nebraska [Mr. HOWELL].

I may say that after a great many years the three great farm organizations—the Farmers' Union, the National Grange, and the Farm Bureau Federation—have finally pooled their interests and have come to a general accord and agreement with respect to remedies. This information probably is not unknown to the Senator from Nebraska; but one of the reasons why agriculture has been unsuccessful in persuading Congress to bring about something in the nature of a relief measure is because of the division of agricultural organizations among themselves.

This plan was matured only a few days ago; and on Thursday the chairman of the Committee on Agriculture and Forestry introduced a bill covering three major amendments to the farm marketing act which probably will be reported out from the committee within a few days. That is an accomplishment, from the standpoint of the agriculturalist, beyond any that heretofore has been known. Those who are advised in the matter consider that no such headway has ever been made by those interested in farm relief as has been made this year.

I have no objection to the proposal made by the Senator from Nebraska. It is a perfectly harmless thing; but the thought that is embodied in it has already been acted upon by the agricultural people who are sincerely interested in their own condition and will be followed out, in my opinion, by the committee. To-morrow, when the proper time comes, if we have an adjournment to-day, the Senator's resolution having gone over for the day at my request because of the absence of a great many Senators, I shall interpose no objection to the passage of the proposal made by the Senator from Nebraska.

EVERGLADES NATIONAL PARK

Mr. FLETCHER. Mr. President, I ask permission to have printed in the RECORD an editorial appearing in the Florida Times Union, of Jacksonville, Fla., on Tuesday, May 3, 1932, relating to the creation and maintenance of a national park in the Everglades section of Florida.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

EVERGLADES PARK CREATION URGED

Cogent reasons for the creation and maintenance of a national park in the Everglades section of Florida were presented in a series of resolutions adopted by the Florida Entomological Society, in session in Gainesville during the recent annual meeting of the Florida Horticultural Society. It was set forth in the preamble to the resolutions that were offered, and unanimously adopted, that as the Congress of the United States has before it a bill providing for the establishment of such a park, "The Florida Entomological Society wishes to express its unqualified approval of the project, and to call your (the Congress) attention to the following reasons why such a park should be established."

Because expression, coming from such an important organization as is the Florida Entomological Society, which also is so well qualified to judge of the needs and value of such a national park as is the one proposed for establishment in the Florida Everglades, is worthy of considerate attention, it is in order to reproduce the resolutions referred to above, as follows:

"1. This is a unique region, the only territory in the continental United States where tropical vegetation and animal life are an undisturbed possession. It is the most northern extension of wild tropical life and contains many animals and plants to be found nowhere else on earth.

"2. The area needs protection, especially from fire and hunters. It has already been seriously injured by fire and there is danger, unless prompt protection is forthcoming, of its early destruction.

"3. Such destruction, either by fire or by industrial development, would be an irreparable loss to science, as there is no other area on earth where the same combination of plant and animal life can be found.

"4. The area is of little commercial value, but is a rich field for scientific investigation by naturalists and other lovers of nature.

"5. Its upkeep would be inexpensive. To protect it from the ravages of fire and selfish or careless man is the chief thing, and then to let it alone as a place where nature, untouched by the hand of man, will be allowed to take her course. Aside from the practical ones, such as the investigation of plant and animal life under wild conditions in its relation to agriculture, animal industry, and horticulture, the study of nature in a virginal condition has its æsthetic and cultural values.

"6. It has been the policy of the Government in the past to preserve and protect such unique areas in various parts of the United States by setting them aside as national parks. Such a commendable procedure should be continued by the present Congress for this equally unique territory—the Everglades of Florida, the largest grass marsh in the world and the 'hammocks' of the region, containing the only tropical vegetation in the continental United States and the only place in the United States where crocodiles and many other unique animals are to be found."

Florida can not present more urgent reasons for desiring establishment and maintenance of this proposed national park in this State than the ones above so briefly and yet so comprehensively and convincingly stated. Nor should the Congress require additional reasons to justify the passage of the tropic Everglades National Park bill which now is awaiting final action in the

House, it having been passed in the Senate. This final action is all that is required to make the bill a law, there being reasonable assurance that it will be approved by President Hoover if and when presented to him, especially as no additional expenditure of public funds is involved, the proper department being able to take over this park project and carry it into establishment with money appropriated by the Congress for its regular functioning. The Congress has good and sufficient reasons, including those adopted by the Florida Entomological Society, for making this proposed park available for millions of people who are anxious for its creation and for unnumbered millions, who, in the centuries to come, will enjoy its blessings.

ORDER OF BUSINESS

The PRESIDING OFFICER (Mr. LA FOLLETTE in the chair). The calendar under Rule VIII is in order.

Mr. McNARY. Mr. President, there are only a few moments remaining before the expiration of the morning hour. I ask unanimous consent that we take up the calendar and consider unobjected bills only.

The PRESIDING OFFICER. Is there objection?

Mr. KING. Mr. President, I appreciate that under the rules of the Senate the Senator is entitled to ask that the calendar be considered during the morning hour, but I hope that he will permit me to take up for consideration Senate Joint Resolution 137. This resolution has been before the Senate for some time and I am very anxious to have it acted upon. The resolution authorizes and requests the President to call an international conference for the purpose of considering and devising plans to increase the use of silver and for other purposes, and to consider plans to restore silver to its proper monetary status as a part of the primary and basic money of the world. It also authorizes the President to appoint five or more commissioners to represent the United States at such conference. It carries an appropriation of $100,000 to meet the expenses connected with the conference. If the resolution passes this body and the House, it will go to the President, who, of course, will either sign or veto the same.

There is a growing feeling in this and other countries that an international conference should be held for the purpose of considering this important matter. The resolution refers to the fact that for centuries gold and silver at a substantially uniform ratio were used interchaneably and discharged all the functions of money, and further that the demonetization of silver was followed by disastrous economic, industrial, and political consequences.

The resolution also refers to the heavy burdens of debt resting upon the peoples of the world and to the fact that the quantity of basic or primary money in the world is inadequate to support credits and currencies and has caused distress and fears as to existing financial policies and the ability of nations and individuals to discharge their indebtedness. The resolution also refers to the acts of Congress passed in 1893, 1897, and 1900, wherein it is declared that the policy of the United States is to continue the use of both gold and silver as standard money, and that the efforts of the Government should be steadily directed to the establishment of a safe system of bimetallism. One of these acts also authorized the President to appoint commissioners to represent the United States at any international monetary conference called by the United States or other countries with a view to securing by international agreement a bimetallic system, and appropriated $100,000 to meet the expenses of such international conference. It seems to me that the economic condition of the world demands a proper solution of what some are pleased to call the silver question and for that purpose an international conference should be called.

Mr. McNARY. I should like to accommodate the Senator from Utah, but I think his proposal is already on the calendar.

Mr. KING. It is not yet on the calendar.

Mr. McNARY. Is it on the table?

Mr. KING. It is on the table. I ask unanimous consent for the present consideration of Senate Joint Resolution 137.

The PRESIDING OFFICER. Is there objection?

Mr. McNARY. There is one unanimous-consent request now pending.

The PRESIDING OFFICER. Is there objection to the unanimous-consent agreement proposed by the Senator from Oregon, that the Senate now proceed to the consideration of unobjected bills on the calendar?

Mr. KING. Mr. President, in view of the parliamentary situation, I can not successfully interpose an objection to the request of the leader on the other side. I wish, however, that he would permit the consideration of the joint resolution to which I have referred.

Mr. McNARY. The difficulty, I apprehend, is that there are a number of Members of the Senate who would want to have the calendar taken up, and there are only 12 minutes of the morning hour remaining. If the Senator's proposal is pressed, I shall have to suggest the absence of a quorum, and there would be no time given for its consideration. I promise the Senator, however, that some day this week, probably in two days, we shall have a call of the calendar again, and his measure will be taken up. Is that agreeable to the Senator from Utah?

Mr. KING. My friend is so amiable that I can not oppose his request, particularly in view of the limited time and the probability that my resolution could not be acted upon before the hour of 2 o'clock.

Mr. McNARY. I am speaking in the interest of the joint resolution of the Senator, and I would like to accommodate him. But we would not have an opportunity this morning to consider it. During the morning hour some time later in the week, after an adjournment has been taken, the Senator will have an opportunity, so far as I can give it to him, to have his joint resolution taken up.

Mr. KING. I appreciate the situation, and at the earliest opportunity I shall renew the request which I have made, to proceed to the consideration of Joint Resolution 137.

Mr. McNARY. I suggest that the President submit my request for unanimous consent.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Oregon?

RELIEF OF AGRICULTURE

Mr. SHIPSTEAD. Mr. President, in order not to interfere with the request of the Senator from Oregon, I shall refrain from making some remarks on a letter I have in the nature of a petition, but I ask that the letter be printed in the RECORD at this point.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

Hon. HENRIK SHIPSTEAD,
Senate Building, Washington, D. C.

MY DEAR SIR: We, the officers and members of the Lake Shore Local, No. 147, Farmers Educational and Cooperative Union of America, desire hereby to present a plain statement of the following facts and conditions and earnestly petition for relief as outlined below, or for other adequate measures of financial assistance which will remedy the evils enumerated:

First. Farming under the present business conditions can not be made to pay. All farmers losing money rapidly. Farms going at an alarming rate by mortgage foreclosures. Unless speedy and efficient relief is afforded, then two or three years at the most will see all individual farmers bankrupt.

Second. Cause of farmers' failure is monopoly and unfair corporation control of our markets. Prices for farm products are far below the cost of production. Farmers can not meet expenses. For a decade we have been farming at a loss. At present we can not meet the cost of the barest living.

Third. Due to the blundering business management of the present administration the railroad freight rates have been marked up so high that the marketing of farm products, grain and livestock is done at a loss.

Fourth. Taxes are so high and applied in so many ways that the tax burden has become in itself a cause of bankruptcy.

RELIEF MEASURES WHICH ARE IMPERATIVE AND MUST BE FORTHCOMING AT THIS SESSION OF CONGRESS OR INDIVIDUAL AND BUSINESS DESTRUCTION STARES THE NORTHWEST IN THE FACE

Fifth. Immediate passage of the Frazier bill to afford temporary financial aid to the farmers is an outstanding need and must be forthcoming at once as a foundation for other helpful measures.

Sixth. We must have a law to break the monopoly control of our markets and establish a fair price for farm products. A minimum price standard must be established to meet the present financial crisis and thus allow the farmers to hold their farms against the forces of organized monopoly and against the high factory prices and the high prices of imported articles. We hereby emphatically indorse the Swank-Thomas bill, H. R. 7797.

Seventh. Congress must immediately pass a law either abolishing the Interstate Commerce Commission or a law compelling that body to reduce freights to a rational business basis. Present freight rates are breaking both the railroads and the farmers of the Northwest. Freight rates so high that all the business is going on the highways by trucks. Passengers by bus. Freight rates so high that nothing is left for us farmers who produce bulky products like grain and livestock. The people of the Northwest have gone bankrupt this winter paying freight on coal absolutely required to keep us from freezing. The only relief is immediate reduction in freight rates to a common-sense business basis. The idea of pampering railroads until everyone is bankrupt is high treason to the American people. The transportation question must be regulated to a sane and reasonable rate.

Eighth. Some means must be found to transfer the tax burden from the farms, which are now almost worthless, to the shoulders of the corporations and millionaires of the East. A system which will allow one man to accumulate more than a billion of dollars and then transfer this capital to Europe is a high crime against our citizens and treason to this Republic. The money grabbers and the overwealthy must be made to pay the taxes while yet there is time to succor and help some of the farmers.

Ninth. The money system of the country must be made adequate to meet the demands of business and investment. The best method with which to meet the present emergency would seem to be the remonetization of silver as provided in the Wheeler bill—S. 2487. Relief must come quickly, which means that the present Congress must act during the present session or the United States is doomed to become a nation of paupers ruled by overlord millionaires.

CONCLUSIONS

Conditions in the Northwest are rapidly growing worse. We regret to be sending trouble reports to Washington, but an honest appraisement of deplorable conditions now existing in the Northwest compels plain speaking. Not over 10 per cent of the farmers are solvent. At least 50 per cent of them are hopelessly bankrupt. Large numbers are losing everything they ever had.

Causes: Wheat sells for 30 cents a bushel; even lower. Hogs, $3. Cattle, $4 per hundredweight. Butter, 15 cents a pound. Eggs, 6 cents a dozen, and everything else that the farmer has to sell is down on the pauperizing scale. On the other hand, coal costs $20 a ton. Freight rates so high as to be a damper on business. We emphasize the following evils: The high prices of merchandise; the high taxes; high freight rates and the high tariff have broken the farmer financially, and now low prices for everything that the farmer has to sell are finishing the job not only of making bankrupts of the farmers and every business but breaking everyone and everything in the Northwest.

Relief must be sure and speedy and of sufficient amount to materially help or else the condition is hopeless. No makeshift aid or blatant promise of help will be of avail at present. Material and worth-while help must come from the present Congress at the present session or the wreck will be complete.

Certainly the present administration in Washington should be condemned and ostracized. They started in 1920 with business and the Nation in good shape and now all we have left is wreckage.

Here is hoping that Congress will be able to afford relief from the business chaos which we have encountered as a result of Hoover's and Coolidge's lack of wisdom.

America can not, and never will, be a nation of serfs ruled by despotic billionaires. Americans are home-loving, square-shooting, and God-fearing people. They will not see this Nation further disgraced by gangster rule and millionaire dictatorship. The god of greed and gold has headed the good old United States on the downhill path toward the same destruction which overtook the Roman Empire, but the man in the field, the man in the shop, and the man on the street is girding himself for the task of rehabilitating our Government or rescuing our Nation from the hands of the destroyers.

We hereby petition Congress for help in the great task of reestablishing human justice and political freedom and equality before the law. The people of America will never submit to a government by the rich and for the rich. Human greed and avarice must be brought to the bar of simple justice and that speedily.

Signed for the Lake Shore local by

ALFRED O. BORAAS, *President*,
OSCAR S. PEDERSON, *Secretary*.

MADISON, MINN., *May 5, 1932*.

THE CALENDAR

The PRESIDING OFFICER. Is there objection to the request of the Senator from Oregon that the Senate shall proceed to the consideration of unobjected bills on the calendar? The Chair hears none. At what point does the Senator desire to begin on the calendar?

Mr. McNARY. I ask that we may begin where we left off on the last call of the calendar.

The PRESIDING OFFICER. The next order of business is 629, and the clerk will report the bill.

EDGAR H. TABER

The Senate proceeded to consider the bill (S. 2434) for the relief of Edgar H. Taber, which had been reported from the Committee on Military Affairs with an amendment, on page 1, line 9, after the word "disability," to insert the words "*Provided*, That no compensation, retirement pay, back pay, pension, or other benefit shall be held to have accrued prior to the passage of this act," so as to make the bill read:

Be it enacted, etc., That in the administration of any laws conferring rights, privileges, and benefits upon honorably discharged soldiers Edgar H. Taber, late staff sergeant of the Eighty-eighth Aero Squadron of the Air Service, United States Army, shall hereafter be held and considered to have been honorably discharged March 30, 1921, from the military service of the United States, on account of physical disability: *Provided*, That no compensation, retirement pay, back pay, pension, or other benefit shall be held to have accrued prior to the passage of this act.

The amendment was agreed to.

Mr. KING. Mr. President, I should like to have an explanation of that measure.

Mr. FLETCHER. Mr. President, Edgar H. Taber enlisted June 12, 1919, and was honorably discharged on October 22, 1920, at Walter Reed General Hospital, on certificate of disability, a staff sergeant, Eighty-eighth Aero Squadron, character "excellent." His disability was due to an airplane crash while on duty. He reenlisted on October 23, 1920, at the Army Medical School, Washington, D. C., and was discharged March 30, 1921.

Mr. KING. I ask the Senator whether under existing law this man is not entitled to some compensation, if he was in the Army?

Mr. FLETCHER. The authorities claim he was not entitled to compensation because he had not stated, when he last enlisted, that he had at one time had a "blue discharge," which they claim is neither honorable nor dishonorable. He enlisted the last time without specifying his disability, and when the authorities found that out they said, "You fraudulently enlisted. You ought to have mentioned this disability when you enlisted the second time." That was the only offense he committed. He had the service record, he had the disability, was treated, and all that, and that is all certified to. The only objection was that he had this "blue discharge," because of an alleged fraudulent enlistment, in that he did not tell of his disability.

The PRESIDING OFFICER. The question is on ordering the bill to be engrossed, and to be read the third time.

The bill was ordered to be engrossed, and to be read a third time.

The bill was read the third time and passed.

BILL PASSED OVER

The bill (H. R. 7233) to enable the people of the Philippine Islands to adopt a constitution and form a government for the Philippine Islands, to provide for the independence of the same, and for other purposes, was announced as next in order.

Mr. VANDENBERG. Let that go over.

The PRESIDING OFFICER. The bill will be passed over.

MIDDLE TENNESSEE JUDICIAL DISTRICT

The Senate proceeded to consider the bill (H. R. 10277) to transfer Lincoln County from the Columbia division to the Winchester division of the middle Tennessee judicial district, which was ordered to a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That Lincoln County of the Columbia division of the middle district of the State of Tennessee is hereby detached from the Columbia division and attached to and made a part of the Winchester division of the middle district of such State.

CRATER LAKE NATIONAL PARK

The Senate proceeded to consider the bill (S. 4070) to authorize the acquisition of a certain building, furniture, and equipment in the Crater Lake National Park, which had been reported from the Committee on Public Lands and Surveys with an amendment, on page 1, line 4, to strike out "(Incorporated)" and to insert in lieu there "Inc.," so as to make the bill read:

Be it enacted, etc., That the Secretary of the Interior is authorized to acquire from Kisers, Inc., a corporation organized under the laws of the State of Oregon, free of all incumbrances and at a price of $1,000 (1) the building in the Crater Lake National Park formerly used by such corporation as a photographic studio and now used by the United States in connection with the administration of such national park, and (2) all furniture and equipment, including a Kohler lighting plant, located in or belonging to such building. The sum of $1,000 is hereby authorized to be appropriated for carrying out the provisions of this act.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

The Senate proceeded to consider the bill (H. R. 9970) to add certain land to the Crater Lake National Park in the State of Oregon, and for other purposes, which was ordered to a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That all of that certain tract described as follows: Beginning on the south boundary line of Crater Lake National Park at 4-mile post No. 112; thence west along the south boundary line of said park 4.26 chains which is the northwest corner of this tract; thence south 114.42 chains; thence south 40° 50′ east, 84.39 chains; thence east 15.13 chains to highway stake No. 130; thence north 89° 30′ east, 18.6 chains; thence north 20.83 chains; thence north 19° 40′ west, 126.04 chains; thence north 27° 52′ west, 43.50 chains to the south boundary of Crater Lake National Park; thence west 24 chains following the south boundary of said park to the place of beginning, in the State of Oregon be, and the same is hereby, excluded from the Crater National Forest and made a part of the Crater Lake National Park subject to all laws and regulations applicable to and governing said park.

The Senate proceeded to consider the bill (H. R. 10284) to authorize the acquisition of additional land in the city of Medford, Oreg., for use in connection with the administration of the Crater Lake National Park, which was ordered to a third reading, read the third time, and passed, as follows:

Be it enacted etc., That the Secretary of the Interior be, and he is hereby, authorized to acquire on behalf of the United States for use in connection with the present administrative headquarters of the Crater Lake National Park, that certain tract of land in the city of Medford, Jackson County, Oreg., adjoining the present headquarters site and described as lot 4, block 2, central subdivision to said city of Medford, Oreg., which tract of land has been offered to the United States for the purpose aforesaid by the city of Medford, Oreg., free and clear of all encumbrances for the consideration of $300.

SEC. 2. That not to exceed the sum of $300 from the unexpended balance of appropriations heretofore made for the acquisition of privately owned lands and/or standing timber within the national parks and national monuments be, and the same is hereby, made available for the acquisition of land herein authorized.

FINAL PROOF BY HOMESTEAD ENTRYMEN

The Senate proceeded to consider the bill (H. R. 9591) to extend the period of time during which final proof may be offered by homestead entrymen, which was ordered to a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the Secretary of the Interior is hereby authorized to extend for a period of not to exceed two years the period during which final proof may be offered by any homestead entryman upon public lands of the United States if the date requiring the submission of such final proof by any such entryman under existing law falls within the period beginning July 1, 1931, and ending December 31, 1933: *Provided*, That any such entryman shall be required to show that it is a hardship upon himself to meet the requirements incident to final proof upon the date required by existing law, due to adverse weather or economic conditions.

SEC. 2. The Secretary of the Interior is authorized to make such rules and regulations as are necessary to carry out the purposes of this act.

PATENTS FOR LANDS IN COLORADO

The Senate proceeded to consider the bill (H. R. 10744) to authorize the issuance of patents for certain lands in the State of Colorado to certain persons, which was ordered to a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the Secretary of the Interior, in his judgment and discretion, is hereby authorized, after due inquiry, to issue patents in the manner hereinafter provided for any of those lands situated in the State of Colorado which were, as a result of the adjustment of the land grant to Leavenworth, Pawnee & Western Railroad Co., to which the Union Pacific Railroad Co. succeeded, restored to the public domain by the Secretary of the Interior on May 20, 1931, to be disposed of under existing applicable public land laws.

SEC. 2. That any person, association, corporation, or municipality which, in good faith under color of title prior to the date of said restoration, placed valuable improvements upon, occupied or cultivated, or otherwise exercised dominion over any of the lands so restored, or who on or since said date of restoration became the grantee, transferee, or assignee of such person, association, corporation, or municipality, shall have a preference right to purchase the lands so held by him upon the filing of an application therefor and payment of $1.25 per acre or fraction thereof within six years from the date of the passage of this act: *Provided*, That upon any such application filed within three years from the date of the enactment hereof payment of said $1.25 per acre is hereby waived. Every such application must be accompanied with satisfactory proof that the applicant is entitled to such preference right and that the lands which he applies to purchase are not in the legal possession of an adverse claimant: *Provided further*, That any such applicant may, if he so elects, perfect his title under any applicable public land law, if qualified thereunder.

SEC. 3. That the Secretary of the Interior is authorized to issue all necessary rules and regulations for the purpose of carrying out the provisions of this act.

ANNE B. SLOCUM

The bill (S. 3191) for the relief of Anne B. Slocum was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay to Anne B. Slocum, widow of Clarence Rice Slocum, late American consul at Fiume, the sum of $3,500, being one year's salary of her deceased husband, who died while in the Foreign Service; and there is hereby appropriated, out of any money in the Treasury not otherwise appropriated, a sufficient sum to carry out the purpose of this act.

PASSPORT FEES

The Senate proceeded to consider the bill (H. R. 9393) to increase passport fees, and for other purposes.

Mr. KING. Mr. President, I would like to have an explanation of this bill. We have had so many complaints about the very heavy charges in regard to passports that I was wondering whether we were justified in increasing the rate.

Mr. VANDENBERG. Mr. President, the chairman of the committee which reported the bill is absent, and I can only say to the Senator that this measure provides for a fee of $9 for a passport, which obtained prior to 1930, when the fee was reduced, and it provides for a 2-year period of renewal at a cost of $5. The State Department, which has always been exceedingly proud of the fact that the fees from this source have enabled the passport section of the department to be self-sustaining, feels that it can continue to be so if the former basis is restored; and probably that action should be taken, in the present financial situation of the Treasury.

The bill was ordered to a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That section 2 of the act entitled "An act to regulate the issue and validity of passports, and for other purposes," approved July 3, 1926, as amended by the act entitled "An act to provide for the renewal of passports," approved July 1, 1930, is amended to read as follows:

"SEC. 2. That the validity of a passport or passport visa shall be limited to a period of two years: *Provided*, That a passport may be renewed under regulations prescribed by the Secretary of State for a period, not to exceed two years, upon payment of a fee of $5 for such renewal, but the final date of expiration shall not be more than four years from the original date of issue: *Provided further*, That the Secretary of State may limit the validity of a passport, passport visa, or the period of renewal of a passport to less than two years: *Provided further*, That the charge for the issue of an original passport shall be $9."

CAMPAIGN EXPENDITURES

The resolution (S. Res. 174) for an investigation of campaign expenditures of presidential and senatorial candidates in 1932 was announced as next in order.

Mr. GEORGE. Let that go over.

The PRESIDENT pro tempore. The resolution will go over, under objection.

CLAIM OF OSAGE NATION OF INDIANS

The bill (S. 2352) amending the act entitled "An act authorizing the Court of Claims to hear, determine, and render judgment in the civilization fund claim of the Osage Nation of Indians against the United States," approved February 6, 1921 (41 Stat. 1097), was announced as next in order.

Mr. VANDENBERG. At the request of the senior Senator from Pennsylvania [Mr. REED], I ask that the bill may go over.

The PRESIDING OFFICER. The bill will be passed over.

LAC DU FLAMBEAU INDIAN RESERVATION LANDS

The Senate proceeded to consider the bill (H. R. 8637) to authorize the sale, on competitive bids, of unallotted lands on the Lac du Flambeau Indian Reservation, in Wisconsin, not needed for allotment, tribal, or administrative purposes.

Mr. KING. Mr. President, I would like to ask the chairman of the Committee on Indian Affairs whether this bill is in the interest of the Indians. I am wholly unfamiliar with it. I am reassured when I see that it was reported by the able senior Senator from Wisconsin [Mr. LA FOLLETTE], who is now in the chair; but, having propounded the question, I shall be very glad if the Senator from North Dakota will briefly explain it.

Mr. FRAZIER. Mr. President, this is a House bill, which I think is in the interest of the Indians. It provides for the sale of some of the land on their reservation. It has been so long since the bill was considered by the committee that I really have forgotten the particulars of it.

The PRESIDING OFFICER (Mr. LA FOLLETTE in the chair). The present occupant of the chair will state to the Senator from Utah that as the bill is now drawn it refers to only one tract of land on the reservation, and the Indians have indicated that they have no objection to the enactment of the bill.

Mr. KING. I have no objection to it; but I want to make this observation: I consider the policy of the Government in dealing with the lands allotted to the Indians to have been unwise and very harmful to the Indians. The course which is being pursued will eventuate within a few years in having the great majority of the Indians landless, poverty stricken, without homes, and without means of support. Unless we change our policy in dealing with the allotted lands of the Indians we shall soon have upon our hands 190,000 Indians, most of whom will be without any means of support.

The bill was ordered to a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That authority is hereby granted the Secretary of the Interior, in his discretion, with the consent of the Indians and under such terms and regulations as he may deem proper, to sell on competitive bids that portion of the unallotted lands in the Lac du Flambeau Indian Reservation in Wisconsin comprising lot 5, section 7, township 40, range 5 east, containing 21 acres, more or less, title to be transferred to the purchasers by deed or by patent in fee.

CLAIMS OF WISCONSIN INDIANS

The Senate proceeded to consider the joint resolution (S. J. Res. 125) authorizing the attorney general of Wisconsin to examine Government records in relation to claims of Wisconsin Indians, which was ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Whereas by chapter 144 of the Session Laws of the State of Wisconsin for the year 1931 the attorney general of said State is directed to investigate and prosecute to a conclusion all legitimate claims against the Federal Government of Indians residing in Wisconsin; and

Whereas in conformity with said statute the attorney general desires to examine records of the Federal Government relating to Indians within the State of Wisconsin: Now, therefore, be it

Resolved, etc., That the attorney general of the State of Wisconsin, or his duly accredited representative, is authorized to examine official letters, papers, documents, and records of the United States Government, and to make copies thereof, without expense to the United States; and the departments and the independent establishments of the Government shall give access to the attorney general of Wisconsin, or his duly accredited representative, to such official letters, papers, documents, and records as may be needed by the attorney general of Wisconsin in carrying out the provisions of the aforesaid chapter 144 of the Session Laws of Wisconsin of 1931.

The preamble was agreed to.

C. B. BELLOWS

The Senate proceeded to consider the bill (H. R. 615) for the relief of C. B. Bellows, which was ordered to a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay to C. B. Bellows, out of any money in the Treasury not otherwise appropriated, the sum of $1,141 in full settlement of damages sustained on January 31, 1930, at the Municipal Airport, Long Beach, Calif., when the hangar owned by said C. B. Bellows was damaged by the crash of *0–2–U–I Landplane No. 7543*, operated under the jurisdiction of the Navy Department.

G. CARROLL ROSS

The Senate proceeded to consider the bill (H. R. 1554) for the relief of G. Carroll Ross.

Mr. FLETCHER. Mr. President, perhaps I should not say this, but it is very strange for the Senate to be passing House bills when we can not get any action in the other body on Senate bills. With all due respect to that body, they do not seem to take up our bills over there at all.

We are passing House bills in the Senate right along. Half a dozen of them have been passed this morning. I am willing that the Senate shall act on those bills, irrespective of the way the House treats us; but I do want to say, in protest, that we are entitled to some consideration in the other body in connection with the bills which we pass here and send to them. We pass House bills without any question at all, and we are glad to do it; but, in all fairness and justice, they ought to deal with the Senate in the same way.

Mr. KING. Mr. President, I would like to supplement what the Senator has said. We passed a Senate bill some time ago and sent it to the House. Instead of the House Committee to which it was referred considering it, a House bill textually the same was reported from the committee and the House then passed it and transmitted it to this body. The Senate referred it to the same committee that had reported the Senate bill; the committee has reported the House bill back to the Senate. Another bill the Senate passed was by the House referred to a committee, which pigeonholed it, and reported out a bill textually the same. The House thus passed the House bill and it is now before the Senate committee that reported the Senate bill. I am inclined to think if this course is continued by the House, some of the bills sent to the Senate may not be acted upon by Senate committees.

The PRESIDING OFFICER. The question is on the third reading of House bill 1554.

The bill was ordered to a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to G. Carroll Ross, of the city of South Haven, Mich., the sum of $200 to reimburse him for money expended in payment of a fine levied against Captain Quickfall, master of the British steamship *Errington-Dunford*, on October 8, 1925, for violation of section 8 of the act of June 19, 1886, as amended.

CHARLES LAMKIN

The bill (H. R. 2704) for the relief of Charles Lamkin was announced as next in order.

Mr. JONES. Mr. President, I think we should have a brief explanation of this bill, what it is for, and what it would accomplish.

Mr. CAPPER. Mr. President, this is a bill which comes from the Department of Agriculture providing for the payment of $66 to Mr. Lamkin as reimbursement for equipment, building, and improvements destroyed by fire while being used in an attempt to save Government property. Mr. Lamkin was temporarily employed on the San Bernardino National Forest, and sparks from a near-by brush pile were falling on a haystack——

INCREASE OF BANKING FACILITIES

The PRESIDING OFFICER. The hour of 2 o'clock having arrived, the Chair lays before the Senate the unfinished business, which is Senate bill 4412.

The Senate proceeded to consider the bill (S. 4412) to provide for the safer and more effective use of the assets of Federal reserve banks and of national banking associations to regulate interbank control, to prevent the undue diversion of funds into speculative operations, and for other purposes.

Mr. McNARY. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Austin	Costigan	Johnson	Robinson, Ark.
Bankhead	Cutting	Jones	Robinson, Ind.
Barbour	Dickinson	Kendrick	Schall
Barkley	Dill	King	Sheppard
Bingham	Fess	La Follette	Shortridge
Blaine	Fletcher	Logan	Smith
Bratton	Frazier	McKellar	Smoot
Bulkley	George	McNary	Thomas, Okla.
Bulow	Glass	Metcalf	Townsend
Byrns	Gore	Moses	Vandenberg
Capper	Hale	Norbeck	Wagner
Caraway	Hastings	Norris	Wheeler
Cohen	Hawes	Nye	White
Connally	Howell	Oddie	
Coolidge	Hull	Patterson	

The VICE PRESIDENT. Fifty-eight Senators have answered to their names. A quorum is present.

Mr. GLASS addressed the Senate in support of the bill. After having spoken with interruptions for more than two hours he yielded the floor for the day. His speech will be published entire after it shall have been concluded.

Mr. ROBINSON of Arkansas. Mr. President, I understand the Senator from Virginia is very tired and wishes to suspend his remarks. I do not know whether anyone else is prepared to proceed at this time.

Mr. McNARY. Mr. President, I have canvassed the situation and find that no Senator is prepared to proceed with the discussion of the measure at this time. The Senator from South Dakota [Mr. NORBECK] does not wish to proceed until to-morrow. Under the circumstances I move that the Senate take a recess until 12 o'clock noon to-morrow.

The motion was agreed to; and the Senate (at 4 o'clock and 15 minutes p. m.) took a recess until to-morrow, Tuesday, May 10, 1932, at 12 o'clock meridian.)

NOMINATIONS

Executive nominations received by the Senate May 9, 1932

SECRETARY IN THE DIPLOMATIC SERVICE

Orsen N. Nielsen, of Wisconsin, now a Foreign Service officer of class 5 and a consul, to be also a secretary in the Diplomatic Service of the United States of America.

PROMOTIONS IN THE NAVY

MARINE CORPS

Maj. William C. Powers, jr., to be a lieutenant colonel in the Marine Corps from the 1st day of May, 1932.

First Lieut. Clinton W. McLeod to be a captain in the Marine Corps from the 1st day of May, 1932.

Second Lieut. Con D. Silard to be a first lieutenant in the Marine Corps from the 29th day of April, 1932.

Second Lieut. Ward E. Dickey to be a first lieutenant in the Marine Corps from the 1st day of May, 1932.

HOUSE OF REPRESENTATIVES

MONDAY, MAY 9, 1932

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

O God of Our Fathers, Thy merciful providences go far beyond our utmost expectations and our hopes. Thou dost bestow them not according to our merits or prayers but because of Thy holy, compassionate nature. Strengthen us to-day with the actual, transforming faith in Thee. Thou and Thou alone art the most precious source of vision and energy. One touch of Thy Spirit, one flash from Thy throne will reveal unto us the way and bring to our tasks a clearness and a certitude which will enable us to grip the truths by which we must work and live. Thus with Thy presence and with confidence may we approach our labors. In Thee may we always find the index to character and the way to the highest attainments. Amen.

The Journal of the proceedings of Saturday was read and approved.

MESSAGE FROM THE PRESIDENT

A message in writing from the President of the United States was communicated to the House by Mr. Latta, one of his secretaries, who also informed the House that on the following dates the President approved and signed a joint resolution and bills of the House of the following titles:

On April 29, 1932:

H. J. Res. 375. Joint resolution to provide additional appropriations for contingent expenses of the House of Representatives for the fiscal year ending June 30, 1932.

On May 2, 1932:

H. R. 231. An act to grant certain lands to the State of Colorado for the benefit of the Colorado School of Mines;

H. R. 9598. An act to authorize expenditures for the enforcement of the contract-labor provisions of the immigration law;

H. R. 8084. An act for the protection of the northern Pacific halibut fishery;

H. R. 5603. An act to authorize the conveyance by the United States to the State of Minnesota of lot 4, section 18, township 131 north, range 29 west, in the county of Morrison, Minn.;

H. R. 8914. An act to accept the grant by the State of Montana of concurrent police jurisdiction over the rights of way of the Blackfeet Highway, and over the rights of way of its connections with the Glacier National Park road system on the Blackfeet Indian Reservation in the State of Montana;

H. R. 1768. An act for the relief of Alvina Hollis;

H. R. 3580. An act for the relief of Clara E. Wight; and

H. R. 4752. An act for establishment of the Waterton-Glacier International Peace Park.

On May 3, 1932:

H. R. 7119. An act to authorize the modification of the boundary line between the Panama Canal and the Republic of Panama, and for other purposes; and

H. R. 1231. An act for the relief of Grina Bros.

On May 4, 1932:

H. R. 5484. An act extending the provisions of the act entitled "An act to provide for the sale of desert lands in certain States and Territories," approved March 3, 1877 (19 Stat. 377), and acts amendatory thereof, to ceded lands of the Fort Hall Indian Reservation;

H. R. 1770. An act for the relief of Senelma Wirkkula, also known as Selma Wirkkula; Alice Marie Wirkkula; and Bernice Elaine Wirkkula; and

H. R. 10495. An act amending an act of Congress approved February 28, 1919 (40 Stat. L. 1206), granting the city of San Diego certain lands in the Cleveland National Forest and the Capitan Grande Indian Reservation for dam and reservoir purposes for the conservation of water, and for other purposes, so as to include additional lands.

On May 6, 1932:

H. R. 8083. An act providing for the appointment as ensigns in the line of the Navy of all midshipmen who graduate from the Naval Academy in 1932, and for other purposes.

MASONIC MUTUAL RELIEF ASSOCIATION OF THE DISTRICT OF COLUMBIA

Mrs. NORTON. Mr. Speaker, I call up the bill (H. R. 7357) to amend an act entitled "An act to incorporate the Masonic Mutual Relief Association of the District of Columbia," approved March 3, 1869, as amended, and ask unanimous consent that the bill may be considered in the House as in Committee of the Whole.

Mr. SNELL. Mr. Speaker, as I understand, this is not the unfinished business.

Mrs. NORTON. No.

Mr. BLANTON. Mr. Speaker, what bill is this?

Mr. WOODRUM. The Acacia bill.

Mr. BLANTON. Mr. Speaker, there is to be an adjustment with respect to this matter, and I think we ought to go into Committee of the Whole House on the state of the Union, and I therefore object.

ARMY APPROPRIATION BILL

Mr. CHIPERFIELD. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD on the military appropriation bill by showing in what manner certain officers of the Army would be affected by the proposed change.

The SPEAKER. Is there objection to the request of the gentleman from Illinois?

There was no objection.

Mr. CHIPERFIELD. Mr. Speaker, in connection with the military appropriation bill, I have thought it proper and desirable that the House shall have an opportunity to know the names of the officers who would be retired by the passage of this bill, the State from which each comes, the source from which they entered the Army, and whether or not they had any former enlisted service in the Army.

I have, therefore, requested the War Department to prepare a correct list which will show the names of those to be retired by this act in each grade.

It must be remembered that four major generals and nine brigadier generals will be retired if this bill passes, but that instead of being retired for age alone those to be so retired may be selected by competent authority.

In every other instance in this list the selection for retirement will be made of the oldest officers in each grade without any discrimination as to their efficiency or as to whether or not they are more efficient and more desirable to be retained than those who are younger in years.

In this list certain abbreviations have been employed which have the following meanings:

MA—Military Academy.

Vol—Volunteers.

Em—Emergency.

Civ—Civil life.

The list so prepared by the War Department is as follows:

Names of officers who will be retired by the provisions of the War Department appropriation bill as reported to the House

P. L. 7-1-31	Name and rank	State	Source	Former enlisted service
	COLONELS			
1	Joyes, John W., Ord. D	California	MA	No.
5	Burgess, Louis R., C. A. C	Iowa	MA	No.
7	Butts, Edmund L., Inf	Minnesota	MA	No.
8	Hoff, Samuel, Ord. D	Wisconsin	MA	No.
11	Jarvis, Melville S., Inf	West Virginia	MA	No.
13	Timberlake, Edward J., Q. M. C	Tennessee	MA	No.
15	Fleming, Robert J., Cav	Michigan	MA	No.
23	Winship, Blanton, J. A. G. D	Georgia	Vol	No.
24	Kessler, Percy M., C. A. C	Indiana	MA	No.
27	Conrad, Julius T., A. G. D	District of Columbia.	MA	No.
29	Rutherford, Samuel McP., Cav	Pennsylvania	MA	No.
30	Woodward, John E., A. G. D	Vermont	MA	No.
31	Weeks, George McD., Inf	Arizona	MA	No.
32	Wolfe, Orrin R., Inf	Kentucky	Army	No.
33	Smedberg, William R., jr., Cav	California	MA	No.
37	Kilbourne, Lincoln F., Inf	Ohio	MA	No.
38	Knudsen, Fredrik L., Inf	Norway	Army	No.
39	Ladue, William B., C. E	Oregon	MA	No.
40	Barden, William I., C. E	Connecticut	MA	No.
41	O'Hern, Edward P., Ord. D	New York	MA	No.
44	Vidmer, George, Cav	Alabama	MA	No.
47	Wells, Frank L., Inf	Indiana	MA	No.
48	Whitworth, Pegram, Inf	Louisiana	MA	No.
51	Burgess, Harry, C. E	Mississippi	MA	No.
52	Ames, Thales L., Ord. D	Wisconsin	MA	No.
53	Cavenaugh, Harry LaT., Cav	Oklahoma	MA	No.
57	Herron, Joseph S., F. A	Ohio	MA	No.
58	Bash, Louis H., Q. M. C	Illinois	MA	No.
59	Watson, Frank B., Inf	New Jersey	MA	No.
60	Pearce, Thomas A., Inf	Texas	MA	No.
61	Simonds, Lawrence B., Inf	New York	Army	No.
62	Ryther, Dwight W., Inf	do	Army	No.
64	Shaw, Frederick B., Inf	Pennsylvania	Army	No.
65	Hoffman, George M., C. E	do	MA	No.
66	Stodter, Charles E., Cav	Ohio	MA	No.
69	Bell, Ola W., Cav	Michigan	MA	No.
77	Munson, Fred L., Inf	Indian Territory	Army	No.
87	Roberts, Thos. A., Cav	Illinois	MA	No.
120	Oury, William H., Inf	Nebraska	Vol	No.
126	Ross, Tenney, Inf	District of Columbia.	Civ	No.
138	Hilton, Charles H., C. A. C	At large, Colorado.	Vol	No.
139	Byroade, George L., Inf	Pennsylvania	Army	No.
226	Sturges, Edward L., F. D	At large, Washington.	Vol	No.
227	Luhn, William L., Cav	do	Vol	No.
234	Connell, William M., Cav	New York	Vol	No.
235	Taylor, Theodore B., Cav	do	Vol	No.

Names of officers who will be retired by the provisions of the War Department appropriation bill as reported to the House—Continued

P. L. 7-1-31	Name and rank	State	Source	Former enlisted service
	COLONELS—continued			
237	Monroe, William H., C. A. C	West Virginia	Vol	No.
238	Schultz, Theodore, F. D	Missouri	Vol	No.
239	Ellis, Richard T., Q. M. C	Ohio	Vol	No.
242	Grant, Homer B., C. A. C	Massachusetts	Vol	No.
244	Greig, Alexander, jr., C. A. C	do	Vol	No.
245	Chappelear, Louis S., A. G. D	At large, California.	Vol	No.
248	Woods, Robert F., C. A. C	South Carolina	Vol	No.
252	Hand, Daniel W., F. A	At large, Pennsylvania.	Vol	No.
253	Lambdin, William McK., F. D	At large, Texas	Vol	No.
260	Galleher, Paul C., Inf	Kentucky	Vol	No.
261	Fries, Claude S., Inf	New Jersey	Vol	No.
262	Kimbrough, James M., Inf	At large, Georgia.	Vol	No.
264	Hilgard, Milosh R., Q. M. C	Illinois	Vol	No.
271	Cooper, Harry L., Inf	At large, Pennsylvania.	Vol	No.
272	Willard, Charles L., Q. M. C	Texas	Vol	No.
273	Caffey, Lochlin W., Inf	Georgia	Vol	No.
275	Ragsdale, Robert O., Inf	Tennessee	Vol	No.
280	Hicks, George L., A. G. D	Maryland	Vol	No.
281	Quinlan, Dennis P., J. A. G. D	At large, Michigan.	Vol	Yes.
290	Shartle, Samuel G., C. A. C	Pennsylvania	Vol	No.
303	Young, Frederick S., Inf	Texas	Vol	No.
308	Wilson, Jennings B., A. G. D	At large, Indiana.	Vol	No.
315	Bowman, George T., Cav	At large, New York.	Vol	No.
317	England, George W., Inf	At large, District of Columbia.	Vol	No.
319	Herringshaw, William F., Q. M. C	Ohio	Vol	No.
335	Bunker, Clarence G., C. A. C	Minnesota	Vol	No.
359	Shelley, James E., Q. M. C	Alabama	Vol	No.
360	Calvert, Edward, Q. M. C	Kentucky	Army	No.
371	Wagner, John A., Q. M. C	North Carolina	Vol	No.
373	Thomas, Charles O., jr., Cav	At large, Tennessee.	Vol	No.
388	Austin, W. A., Cav	At large, Ohio	Vol	Yes.
394	Ellis, Rowland B., Cav	California	Vol	No.
397	Turner, Frederick G., Cav	At large, New York.	Vol	No.
437	Gunster, Walter E., Inf	Pennsylvania	Vol	No.
451	Ohnstad, John C., C. A. C	Wisconsin	Vol	No.
453	Abbott, Edmund C., J. A. G. D	New Mexico	Em	No.
454	Weeks, William C., C. E	At large, Minnesota.	Em	No.
455	Rigby, William C., J. A. G. D	Illinois	Em	No.
	LIEUTENANT COLONELS			
52	Cocke, John, Cav	New Jersey	Army	No.
53	Menges, Wm. H., F. D	Indiana	Army	No.
55	Cole, Otis R., Inf	Michigan	Army	No.
56	Coppock, Edward R., F. A	Indiana	Army	No.
58	Behr, Francis J., C. A. C	Germany	Army	No.
59	Turner, Fred H., Inf	Indiana	Army	No.
61	Fisher, Arthur G., A. C	Maryland	Army	No.
62	Saunders, Edwin O., J. A. G. D	Kentucky	Army	No.
64	Singleton, Asa L., Inf	Georgia	Army	No.
65	Bump, Arthur L., Inf	Wisconsin	Army	No.
68	Campbell, Staley A., Inf	Illinois	Army	No.
69	Brewer, John R., Inf	Pennsylvania	Vol	No.
70	McAdams, John P., Inf	Kentucky	Army	No.
72	Wetherill, Richard, Inf	Wisconsin	Army	No.
74	Wells, Harry A., Inf	Kansas	Army	No.
76	Harris, George W., Inf	Indiana	Army	No.
77	Stevens, Pat M., Inf	Georgia	Army	No.
78	Peek, Wm. H., F. A	Virginia	Army	No.
80	Fulmer, John J., Inf	Pennsylvania	Army	No.
81	McMullen, Jos. I., J. A. G. D	Virginia	Army	No.
82	Bristol, Matt C., F. D	England	Army	No.
85	Tompkins, Daniel D., Cav	Maryland	Army	No.
86	Dougherty, Clarence A., Cav	Mississippi	Vol	Yes.
87	Hossfled, Henry, Inf	Germany	Army	No.
88	Martin, Isaac S., Cav	Virginia	Army	No.
89	Delaplane, Channing E., Inf	do	Army	No.
91	Somerville, Geo. R., Cav	Canada	Army	No.
93	Strayer, Thorne, Inf	Maryland	Army	No.
94	Parker, Hugh A., Inf	Texas	Army	No.
97	Clapham, John F., A. G. D	New York	Army	No.
98	Alfonte, Wm. A., Inf	Indiana	Army	No.
99	Nolan, Daniel A., Inf	New York	Army	No.
100	Buchann, Edmund A., Cav	Pennsylvania	Army	No.
103	Compton, Goodwin, S. C	Mississippi	Army	No.
105	Herren, Sam P., Inf	Texas	Army	No.
110	O'Loughlin, Wm. J., Inf	New York	Vol	Yes.
111	Mann, Herbert E., Cav	At large, New York.	Vol	No.
115	Smalley, Howard, R., Cav	Vermont	Vol	No.
116	Scott, John, Inf	At large, Kentucky.	Civ	Yes.
119	Smith, Talbot, Cav	At large, Georgia	Vol	No.
120	Davis, Frank E., Q. M. C	At large, Indiana	Vol	No.
124	Jewett, Frank, F., Inf	Minnesota	Vol	No.
126	Hickox, Alfred A., Inf	Michigan	Army	No.
127	Talbott, Samuel G., A. G. D	At large, Virginia.	Vol	No.
128	Walling, Jason M., Inf	New York	Army	No.

Names of officers who will be retired by the provisions of the War Department appropriation bill as reported to the House—Continued

P. L. 7-1-31	Name and rank	State	Source	Former enlisted service
	LIEUTENANT COLONELS—continued			
129	Wesson, Chas. M., Ord. D	Maryland	MA	No.
133	Paegelow, John A., A. C	Missouri	Em	Yes.
135	Ross, Clarence B., C. A. C	Massachusetts	Vol	No.
136	Jordan, Richard H., Q. M. C	At large, Virginia.	Vol	No.
137	Bowen, Wm. S., C. A. C	Nebraska	Army	No.
138	Jones, Wm. F., F. A	At large, Alabama.	Vol	No.
139	Taylor, James B., C. A. C	Pennsylvania	Vol	No.
142	Harris, Emmet R., Cav	Virginia	Army	No.
145	Geere, Frank, C. A. C	Wyoming	Vol	No.
146	Wertenbaker, Geo. L., C. A. C	Virginia	Vol	No.
147	Baker, Walter C., C. W. S	Pennsylvania	Vol	No.
149	Clark, Chas. A., Q. M. C	Illinois	Vol	No.
151	Patterson, Wm. L., A. G. D	Maryland	Civ	No.
154	Jansen, Thos. E., F. D	District of Columbia.	Em	Yes.
157	Ralston, Robt. R., C. E	Pennsylvania	MA	No.
158	Brooke, Mark, C. E	do	MA	No.
163	Moran, Edward J., Inf	New York	MA	No.
165	Rehkopf, Ned B., F. A	Iowa	MA	No.
169	Foley, Oscar, Cav	Missouri	MA	No.
172	Mitchell, Henry E., Cav	At large, District of Columbia.	MA	No.
173	Cowles, Wm. H., Cav	North Carolina	MA	No.
174	Black, Fred'k F., Inf	Maine	MA	No.
175	McCain, Wm. A., Q. M. C	Mississippi	MA	No.
177	Taulbee, Jos. F., Q. M. C	Kentucky	MA	No.
178	Cooper, Hiram M., Inf	Georgia	MA	No.
181	Edwards, Wm. W., Cav	Missouri	MA	No.
184	Bamberger, Raymond S., A. G. D	Kentucky	Army	No.
186	Mueller, Albert H., Cav	Illinois	Army	No.
187	Sutherland, Samuel J., Inf	Iowa	Army	No.
188	Lecocq, Franc, C. A. C	Pennsylvania	Army	No.
192	Sampson, Odiorne H., Q. M. C	Illinois	Army	No.
193	Brandt, Alfred, Inf	Germany	Army	No.
196	Whelen, Townsend, Ord. D	Pennsylvania	Civ	No.
202	Bennett, Claire R., Q. M. C	Washington	Civ	No.
224	Aleshire, Olan C., Cav	Illinois	MA	No.
227	Patterson, Chas. H., C. A. C	Pennsylvania	MA	No.
232	Mars, James A., A. C	Illinois	MA	No.
234	Colvin, Wm. M., C. A. C	Pennsylvania	MA	No.
236	Hunt, Elvid, Inf	New York	MA	No.
248	Lynn, Clark, A. G. D	Illinois	MA	No.
256	Bowman, Everett N., Inf	Iowa	MA	No.
258	Nelson, Geo. E., F. A	Vermont	Cav	No.
264	Chaffin, Andrew D., Inf	Tennessee	Army	No.
265	Boschen, Fred W., F. D	New York	Army	No.
267	Schudt, Chas. O., F. D	Illinois	Army	No.
271	Hixson, Arthur G., Cav	Michigan	Army	No.
273	Blyth, James, Q. M. C	Scotland	Army	No.
278	Rich, Albert T., Q. M. C	Massachusetts	Army	No.
320	Singles, Walter, C. A. C	Pennsylvania	MA	No.
368	Corbly, John B., Inf	Ohio	Army	No.
377	Overholser, Forrest E., Inf	do	Army	No.
379	Barry, Archie W., A. C	Mississippi	Army	No.
444	Blaine, Robert, Cav	Iowa	Army	No.
446	Connolly, Wm. J., Inf	Ireland	Army	No.
490	Chandler, Louis B., Inf	Delaware	Vol	No.
585	Crockett, Cary L., Inf	Virginia	Civ	No.
	MAJORS			
645	Hall, Henry W., Cav	Alabama	MA	No.
647	Whitley, Franklin L., A. G. D	Missouri	MA	No.
650	Wilbourn, Arthur E., Cav	Virginia	MA	No.
651	Cutrer, Emile V., Inf	Mississippi	MA	No.
652	Crea, Harry B., Inf	Illinois	MA	No.
656	Hill, Roy A., Inf	Kansas	MA	No.
658	Spencer, Theodore K., Inf	Massachusetts	MA	No.
660	Watson, Edwin M., F. A	Virginia	MA	No.
662	Miller, Edgar S., Inf	Pennsylvania	MA	No.
663	Sneed, Albert L., A. C	Arkansas	MA	No.
664	Baker, Lester D., Inf	Connecticut	MA	No.
666	Fenner, Raymond H., C. A. C	California	Civ	No.
669	Somers, Richard H., Ord. Dept	New Jersey	MA	No.
671	Phelps, Frederick C., Inf	Texas	Army	Yes.
674	Rogers, Joseph A., F. A	do	Army	Yes.
679	Moore, Harry T., Q. M. C	California	Em	No.
680	Foster, Reginald L., Q. M. C	New York	Em	No.
682	Brown, Austin H., F. D	West Virginia	Em	No.
683	MacKie, Arthur H., Inf	New York	Em	No.
684	Dishman, Samuel R., Q. M. C	Washington	Em	No.
685	McDonald, Chas. H., J. A. G. D	Wisconsin	Em	No.
686	Williams, Chas. R., J. A. G. D	Georgia	Em	No.
687	King, Edward P., Jr., F. A	do	Civ	No.
689	Pirie, John H., A. C	Texas	Civ	No.
691	Reybold, Eugene, C. E	Delaware	Civ	No.
693	Marr, Harold E., F. A	Maine	Civ	No.
694	Pitz, Hugo E., C. A. C	Louisiana	Civ	No.
700	Clark, Oral E., Inf	Michigan	Civ	No.
702	Brabson, Joe R., F. A	Tennessee	Civ	No.
703	Kobbe, Herman, Cav	California	Civ	No.
707	Maddux, Rufus F., C. W. S	Kentucky	Civ	No.
709	Stutesman, John H., Inf	Indiana	Civ	No.
712	Sarratt, James A., Inf	South Carolina	Civ	No.
713	Knight, Willis C., C. A. C	Washington	Civ	No.
715	Harris, John T., Q. M. C	West Virginia	Civ	No.
718	Prince, Frederick A., F. A	Illinois	Civ	No.
719	Mather, John, Ord. Dept	Massachusetts	Civ	No.
724	Smith, John Piper, C. A. C	Pennsylvania	Civ	No.
725	Koehler, Geo. R., Inf	New Jersey	Civ	No.
726	Wood, Oliver S., Inf	Arkansas	MA	No.

Names of officers who will be retired by the provisions of the War Department appropriation bill as reported to the House—Continued

P. L. 7-1-31	Name and rank	State	Source	Former enlisted service
	MAJORS—continued			
728	Smith, Edwin K., C. A. C	Tennessee	Civ	No.
729	Dougherty, Louis R., F. A	California	Civ	No.
730	Hopkins, Samuel R., F. A	Maryland	Civ	No.
731	Daly, Charles D., F. A	Massachusetts	MA	No.
735	Lathrop, Elbe A., Inf	Minnesota	Civ	No.
737	Campbell, Arthur G., C. A. C	Virginia	Civ	No.
738	Palen, Mathew A., Inf	California	Civ	No.
739	Martin, Frederick L., A. C	Indiana	Civ	No.
740	Weld, Seth L., Inf	Maryland	Army	No.
741	Straughn, Hugh, P. S	Louisiana	Army	No.
742	Johnson, Alza C., J. A. G. D	Iowa	Em	No.
743	Reilly, Frank C., A. G. D	New York	Em	Yes.
744	Cline, Walter D., J. A. G. D	Ohio	Em	No.
745	Rice, Henry L., Ord. Dept	District of Columbia.	Em	No.
746	Trippe, Harry M., C. E	Wisconsin	Em	No.
747	Butler, John S., C. E	Tennessee	Em	No.
748	Roberts, Chas., M., Ord. Dept	Texas	Em	No.
749	Parfit, Edward, P. S	Canada	Army	Yes.
751	Buerkle, William, Inf	Missouri	Em	Yes.
752	Rogers, Fred'k C., Inf	Minnesota	Civ	No.
754	Bowen, Burton E., Inf	New York	Army	Yes.
759	Herman, Paul H., C. A. C	Maryland	Civ	No.
760	Warner, Oscar C., C. A. C	Illinois	Civ	No.
763	Fulton, Wm S., C. A. C	Louisiana	Civ	No.
767	Bennett, Eli E., C. A. C	Maryland	Civ	No.
768	McCleave, Wm., F. A	Colorado	Civ	No.
775	North, Earl, C. E	Michigan	MA	No.
788	Johnson, Ronald D., F. A	Oregon	MA	No.
800	Philoon, Wallace C., Inf	Maine	MA	No.
801	Meyer, Chas B., C. A. C	Wisconsin	MA	No.
803	Hill, James R., Q. M. C	Wyoming	MA	No.
807	Titus, Isaac E., C. W. S	Ohio	Civ	No.
809	Denson, Eley P., Inf	North Carolina	MA	No.
822	Plassmeyer, Joseph, Cav	Missouri	MA	No.
828	Ford, Louis P., Inf	Tennessee	MA	No.
831	Moss, Wentworth, H., Inf	Idaho	MA	No.
838	Wilson, Alfred M., Q. M. C	Pennsylvania	Civ	No.
839	Acheson, Herbert H., C. A. C	Ohio	Civ	No.
844	Bender, Louis B., Sig. C	Washington	Civ	No.
846	Price, Frederic A., C. A. C	New Jersey	Civ	No.
849	Frazer, William D., C. A. C	New York	Civ	No.
858	Reynolds, Chas C., Q. M. C	Maryland	Army	No.
859	Tierney, James H., Inf	Michigan	Army	No.
860	Armstrong, Fred'k M., Inf	New York	Army	No.
861	Thomas, Joseph C., Inf	Georgia	Army	No.
862	Nichol, Isaac J., Inf	Tennessee	Army	No.
863	Sterling, John A., P. S	Minnesota	Army	No.
864	Kelleher, Wm P., Inf	Massachusetts	Army	No.
865	Fowler, Godfrey R., Inf	California	Em	No.
866	Milam, Robert M., F. A	Tennessee	Em	No.
867	Finley, Gordon L., J. A. G. D	California	Em	No.
868	Wild, Herbert J., C. E	Pennsylvania	Em	No.
869	Parkhurst, Harleigh F. A	New York	Em	No.
870	Cameron, Harry F., C. E	Maine	Em	No.
871	Colburn, Alvin, Inf	Massachusetts	Em	Yes.
872	Jones, William A., Inf	Florida	Em	No.
873	Tyler, Walter P., Inf	Pennsylvania	Em	No.
874	Kilpatrick, John D., Q. M. C	New Jersey	Em	No.
875	Stack, William A., Inf	Virginia	Em	No.
876	Stokes, Charles A., Inf	Georgia	Em	No.
877	Philpot, Sheppard B., Inf	Iowa	Em	No.
878	Warren, Shields, Inf	Florida	Em	No.
879	Cresson, Charles C., J. A. G. D	Texas	Em	No.
880	Burns, William F., J. A. G. D	Illinois	Em	No.
881	Allen, James W. F., Inf	Minnesota	Em	Yes.
882	Blair, William R., Sig. C	District of Columbia.	Em	No.
883	Mitchell, Drury K., Q. M. C	South Carolina	Em	No.
884	Lemon, George F., Ord. Dept	Illinois	Em	No.
885	Tingle, Clarence H., Q. M. C	New Jersey	Em	No.
886	MacDonald, John Q., Ord. Dept	Illinois	Em	No.
887	Lyon, Leon E., C. of E	Virginia	Em	No.
888	Bailey, Neill E., Q. M. C	Arizona	Em	No.
889	King, Thomas W., Inf	California	Em	Yes.
891	Maddox, Francis M., Inf	District of Columbia.	Em	No.
892	Reeves, LeRoy, J. A. G. D	Tennessee	Em	No.
893	Lemen, William C., C. of E	New Jersey	Em	No.
894	Patten, Louis P., Inf	Ohio	Em	Yes.
895	Buck, Charles S., Inf	Wisconsin	Em	No.
896	Hall, Theodore, J. A. G. D	Ohio	Em	No.
897	Bloor, Alfred W., Inf	Texas	Em	No.
898	Krimbill, Walter M., J. A. G. D	Illinois	Em	No.
900	Sheridan, Henry H. K., Ord. Dept	Ohio	Em	No.
901	Browne, Frederick W., F. D	Iowa	Em	No.
902	Fitz, Harold G., F. A	New York	Em	No.
904	Ropes, Elihu H., C. E	New Jersey	Em	No.
905	Tillotson, Lee S., J. A. G. D	Vermont	Em	No.
906	Halliday, Frank W., J. A. G. D	Maine	Em	No.
907	Holmes, Frank M., F. D	District of Columbia.	Em	No.
912	Ramee, Par, Inf	Minnesota	Em	No.
914	Lantz, Charles H., P. S	do	Civ	No.
925	Cottrell, Joseph F., C. A. C	Pennsylvania	Em	No.
932	Rogers, Thornton, Inf	Maryland	Em	No.
937	Fowler, Raymond F., C. E	Nebraska	MA	No.
960	Seydel, Fred, C. A. C	Iowa	MA	No.
985	Haines, Ralph E., C. A. C	California	Civ	No.
989	Roth, Edward, jr., A. G. D	Massachusetts	Civ	No.
993	Danielson, Wilmot A., Q. M. C	Iowa	Civ	No.
997	Savage, Emmert W., Inf	Army	Army	Yes.
1000	Cordiner, Douglas C., Q. M. C	Wyoming	Civ	No.

Names of officers who will be retired by the provisions of the War Department appropriation bill as reported to the House—Continued

P. L. 7-1-31	Name and rank	State	Source	Former enlisted service
	MAJORS—continued			
1002	Carroll, Benjamin L., F. A	Kentucky	Em	No.
1010	Hyatt, John W., Inf	Virginia	Civ	No.
1011	Hardenbergh, Raymond W., Inf	Illinois	Em	No.
1012	Valliant, Rigby D., Q. M. C	Arkansas	Em	No.
1013	Willis, James A., J. A. G. D	South Carolina	Em	No.
1014	Luberoff, George, Q. M. C	Louisiana	Em	Yes.
1015	Hitchcock, Arthur B., Inf	Massachusetts	Em	No.
1016	O'Brien, Michael J., A. G. D	New York	Em	Yes.
1017	Jacobson, Benjamin L., F. D	District of Columbia.	Em	Yes.
1018	Turner, Edward W., C. A. C	Minnesota	Em	No.
1019	Lemmon, Fred L., Inf	Kansas	Em	No.
1020	Turnbull, William A., J. A. G. D	Massachusetts	Em	No.
1021	McCormick, Chester B., F. A	Pennsylvania	Em	No.
1022	Smith William Alexander, Inf	do	Em	No.
1023	Hill, George P., J. A. G. D	New York	Em	No.
1024	Pate, Joseph B., Inf	Tennessee	Em	No.
1025	Wilson, Louis C., Q. M. C	District of Columbia.	Em	No.
1026	Perry, Charles E., C. E	New York	Em	No.
1027	Bitzing, Henry R., J. A. G. D	North Dakota	Em	No.
1028	Auer, Harry A., J. A. G. D	Ohio	Em	No.
1029	Easton, John D., Inf	Missouri	Em	No.
1030	McCarthy, Charles E., Inf	Nevada	Em	No.
1031	Traeger, Charles H., Ord. Dept	Virginia	Em	No.
1032	Parker, John A., J. A. G. D	North Carolina	Em	No.
1033	Connor, William M., J. A. G. D	South Carolina	Em	No.
1034	McCants, Sam L., Inf	Mississippi	Em	No.
1035	Foos, John W., Inf	Pennsylvania	Em	No.
1036	Dyer, Charles W., Inf	Tennessee	Em	No.
1037	O'Toole, Laurence S., Inf	California	Em	No.
1038	Taylor, Roger, Ord. Dept	New York	Em	No.
1039	Green, Henry L., Q. M. C	do	Em	No.
1040	Blair, George, Inf	Pennsylvania	Em	No.
1041	Lyman, Elbert J., Inf	Alabama	Em	No.
1042	Stilwell, Tom K. P., Inf	Massachusetts	Em	No.
1043	Alcott, Robert K., Inf	Minnesota	Em	No.
1044	Smith, Lucius M., J. A. G. D	Kentucky	Em	No.
1045	Guerin, Mark E., J. A. G. D	Illinois	Em	No.
1046	Llewellyn, Fred W., J. A. G. D	Washington	Em	No.
1047	Young, Laurence W., Inf	North Carolina	Em	No.
1048	Wilson, Ralph W., C. A. C	Army	Army	Yes.
1057	Dennis, Edward B., C. A. C	Ohio	Civ	No.
1063	White, James M., Inf	Army	Em	Yes.
1064	Shearer, Spencer E., P. S	Pennsylvania	Civ	Yes.
1065	Brezina, Frank, P. S	Army	Army	Yes.
1066	Barry, Henry B., Q. M. C	Massachusetts	Army	Yes.
1067	Bagley, James W., C. E	Tennessee	Em	No.
1068	Bootz, Henry A., Inf	New Jersey	Em	Yes.
1069	Stiness, Henry W., Inf	Rhode Island	Em	No.
1070	Clement, John K., Ord. Dept	Pennsylvania	Em	No.
1071	Hedrick, Lawrence H., J. A. G. D	South Dakota	Em	No.
1072	Halpin, Robert J., Inf	New Jersey	Em	No.
1073	Fletcher, Allen, Inf	California	Em	No.
1074	Allen, Oliver, Inf	New York	Em	No.
1075	Browne, Bowyer B., C. E	Virginia	Em	No.
1077	Heritage, Arthur M., C. W. S	New York	Em	No.
1078	Elliott, Malcolm, C. E	Alabama	Em	No.
1079	Waltz, Millard F., jr., Inf	New York	Em	No.
1080	Pickering, Woodell A., Inf	do	Em	No.
1081	Sumner, Lee, Inf	Kansas	Army	Yes.
1082	Cramer, Myron C., J. A. G. D	Washington	Em	No.
1083	Smith, John Abdiel, J. A. G. D	Pennsylvania	Em	No.
1084	Graham, George W., Ord. Dept	New Jersey	Em	No.
1088	Mortenson, Gunner J., P. S	District of Columbia.	Civ	Yes.
1092	Lackland, Frank D., A. C	do	Civ	No.
1096	Boettcher, Arthur, Inf	At large	Army	Yes.
1170	Brady, Robert C., Q. M. C	Army	Army	Yes.
1196	Richardson, Ford, Inf	Maryland	Civ	No.
1233	FitzGerald, Shepler W., A. C	District of Columbia.	Civ	No.
1250	Bennett, Lloyd B., Inf	Illinois	P. S	No.
1251	Garfinkel, Abraham, P. S	Army	Army	Yes.
1253	Lynch, Thomas A., P. S	do	Army	Yes.
1254	Oliver, Edward J., Inf	Wisconsin	P. S	No.
1255	Tucker, Albert, Inf	Army	Army	Yes.
1259	Tuteur, Clifford M., F. A	Pennsylvania	P. S	No.
1294	McCabe, Frank T., Inf	Army	Army	Yes.
1295	Tipton, Arthur C., Inf	New Jersey	Em	No.
1296	Hanford, Edward C., F. A	Washington	Em	No.
1297	Wheeler, Merrill D., Q. M. C	Vermont	Em	No.
1298	Stickney, Henry H., C. E	New York	Em	No.
1299	Williams, Williams C., Inf	Pennsylvania	Em	Yes.
1300	Hill, Lester S., jr., J. A. G. D	Rhode Island	Em	No.
1301	King, Archibald, J. A. G. D	District of Columbia.	Em	No.
1302	Munson, Frederick G., J. A. G. D	New York	Em	No.
1303	Seals, Carl H., Inf	Texas	Em	No.
1304	Watson, James A., Inf	West Virginia	Em	No.
1305	McCoy, Gordon H., F. A	Utah	Em	No.
1306	Cole, Robert B., Inf	South Carolina	Em	No.
1307	Taulbee, Milton H., F. A	Kentucky	Em	Yes.
1308	Lanagan, William H., C. E	California	Em	No.
1309	Brown, Sidney G., Inf	North Carolina	Em	No.
1310	Culberson, William L., Inf	Texas	Em	No.
1311	Donaldson, George C., Inf	Massachusetts	Em	No.
1312	Shutan, William H., Q. M. C	Illinois	Em	No.
1313	Davidson, Joseph H., Inf	New York	Em	No.
1314	Brennan, Russell H., J. A. G. D	do	Em	No.
1315	Brackenbury, Benjamin A., C. W. S	California	Em	No.
1316	Dinsmore, John P., J. A. G. D	Texas	Em	No.
1317	Thomas, Charles W., jr., Inf	California	Em	No.

Names of officers who will be retired by the provisions of the War Department appropriation bill as reported to the House—Continued

P. L. 7-1-31	Name and rank	State	Source	Former enlisted service
	MAJORS—continued			
1318	Presbrey, Oliver H., Ord. Dept	New York	Em	No.
1399	Coleman, Fred H., A. C	Pensylvania	USMA	No.
1448	Gotwals, John C., C. E	New York	Em	No.
1534	Halbert, Edward O., C. A. C	Army	Army	Yes.
1554	McCarron, Thomas R., Inf	do	Army	Yes.
1555	Adamson, Keith F., Ord. Dept	District of Columbia.	Em	No.
1556	Bonney, Frank E., Inf	Kansas	Em	No.
1557	Hazlett, Harry F., Inf	Ohio	Em	No.
1597	Gallup, Fred H., F. A	Iowa	MA	No.
1638	Steel, George H., Q. M. C	Indiana	MA	No.
1758	Baker, Francis J., F. D	Illinois	Civ	Yes.
1759	Hopkins, Eugene O., F. D	Kansas	Civ	Yes.
1760	Morey, Dana W., F. D	Ohio	Civ	No.
1763	Eckels, George Z., F. D	New York	Civ	Yes.
1765	Exley, Clarence M., F. D	District of Columbia.	Civ	No.
1766	Gralund, Otto W., F. D	Illinois	Civ	No.
1767	Foster, Horace G., F. D	California	Civ	Yes.
1768	MacKay, James, F. D	Colorado	Civ	Yes.
1769	Pugh, Thomas S., F. D	District of Columbia.	Civ	No.
1770	Beard; Stephen, R., F. D	Oregon	Civ	Yes.
1771	Morton, Emmet C., F. D	Missouri	Civ	No.
1772	Willis, Archie, H., F. D	California	Civ	No.
1773	Comegys, Edward T., F. D	Ohio	Civ	No.
1774	Rice, Horace G., F. D	Wisconsin	Civ	Yes.
1775	Legg, Montgomery, T., F. D	New York	Civ	No.
1776	Marmon, James A., F. D	Iowa	Civ	No.
1777	Dabney, Walter D., F. D	Virginia	Civ	No.
1778	MacNicholl, Wm. A., F. D	District of Columbia.	Civ	No.
1779	Halla, Carl F., F. D	South Dakota	Civ	No.
1782	Cave, Richard L., F. D	Virginia	Civ	No.
1783	Maxwell, Alfred J., F. D	New York	Civ	No.
1786	Ely, Edwin F., F. D	District of Columbia.	Civ	No.
1873	Bishop, Carl A., Inf	Army	Army	Yes.
2211	Dent, Joseph H., Q. M. C	Maryland	Em	Yes.
2212	Ward, J. Moultrie, Q. M. C	District of Columbia.	Em	No.
2214	Grey, James M., Q. M. C	New Jersey	Em	Yes.
2215	Reeve, Arnold M., Q. M C	Tennessee	Em	Yes.
2216	Ocker, William C., A. C	Pennsylvania	Em	Yes.
2217	Volandt, William F., A. C	District of Columbia.	Em	Yes.
2244	Cowen, Guy G., Inf	Vermont	Em	No.
2245	Browne, Myron G., Inf	California	Em	Yes.
2246	Focardi, Pier L., C. E	New York	Em	No.
2247	Todd, Irvin V., F. D	Nebraska	Em	Yes.
2248	Freer, Romeo H., Q. M. C	West Virginia	Em	No.
2249	Coykendall, Horatio G., F. D	Arizona	Em	No.
2250	Doyle, Thomas W., Inf	Massachusetts	Em	No.
2251	Hockwald, Henry, Q. M. C	Texas	Em	No.
2252	Gale, Carroll M., Inf	Illinois	Em	No.
2254	Cutler, Odber M., Inf	Minnesota	Em	No.
2255	Forsythe, Robert G., Sig. C	Georgia	Em	No.
2256	Paxton, Orsen E., Inf	Indiana	Em	No.
2257	Locke, Thomas C., Q. M. C	Alabama	Em	No.
2258	Corbin, George A., Inf	Massachusetts	Em	No.
2259	Kinnard, Harry W. O., F. A	Texas	Em	No.
2260	Scales, Howard N., Inf	Mississippi	Em	No.
2261	McAdam, William A., Inf	New York	Em	No.
2263	Lennon, Bert M., Inf	Minnesota	Em	No.
2264	Rehmann, Edward J., Inf	New Jersey	Em	No.
2265	Nankivell, John H., Inf	District of Columbia.	Em	Yes.
2266	Moyer, Charles S., C. W. S	New York	Em	No.
2267	Heap, Theodore P., Inf	District of Columbia.	Em	No.
2268	Lockhead, Frank, Inf	do	Em	No.
2269	Pillsbury, Dennis C., Inf	Oregon	Em	No.
2270	Wickliffe, Charles A., J. A. G. D	Kentucky	Em	No.
2359	McGehee, Schaumburg, F. A	Louisiana	Em	No.
2361	Milam, John H., F. A	Tennessee	Em	Yes.
2362	Rawitser, Emil C., J. A. G. D	do	Em	No.
2363	Rhein, Wade W., C. A. C	California	Em	No.
2374	Poage, Robert O., Inf	Kentucky	Em	No.
2386	Tiffany, Stephen R., Inf	New York	Em	No.
2391	Noyes, Halbert H., Q M C	do	Em	No
2392	Maul, Theo. R., Q. M. C	Pennsylvania	Em	No.
2393	Nelson, John A., Q. M. C	New Jersey	Em	Yes.
	CAPTAINS			
2491	Hodapp, Paul A., Q. M. C	(France) California.	Em	Yes.
2492	Zautner, George H., Q. M. C	Pennsylvania	Em	Yes.
2493	Davis, Ezra, Q. M. C	Kentucky	Em	Yes.
2496	Totten, Gerald H., Q. M. C	Maryland	Em	No.
2497	Riter, William F., Q. M. C	New Jersey	Em	Yes.
2498	Hardman, Herbert W., Q. M. C	Florida	Em	Yes.
2499	Goodrich, John D., Q. M. C	Oregon	Em	Yes.
2501	Dick, Chester J., F. D	Illinois	Em	No.
2503	Connatser, Wm. T., Q. M. C	Tennessee	Em	Yes.
2509	Duffill, Harrison M., Q. M. C	Massachusetts	Em	No.
2510	Holland, Thomas L., Q. M. C	Indiana	Em	No.
2511	Porter, John A., Q. M. C	Texas	Em	Yes.
2512	Kidwell, Herbert L., Q. M. C	West Virginia	Em	Yes.
2516	McGrath, Thomas J., Q. M. C	Georgia	Em	Yes.
2517	Baker, Thomas O., Q. M. C	Mississippi	Em	No.
2518	Hahn, George H., Q. M. C	Illinois	Em	Yes.
2519	Douglas, John N., Q. M. C	Pennsylvania	Em	No.

Names of officers who will be retired by the provisions of the War Department appropriation bill as reported to the House—Continued

P. L. 7-1-31	Name and rank	State	Source	Former enlisted service
	CAPTAINS—continued			
2522	Seals, Simeon J., Q. M. C.	Tennessee	Em.	No.
2523	Littell, Alonzo L., Q. M. C.	Indiana	Em.	Yes.
2524	Longacre, Clarence, Q. M. C.	Kentucky	Em.	No.
2525	Holmes, Percival S., Q. M. C.	Missouri	Em.	No.
2526	Schocklin, John, Q. M. C.	do	Em.	Yes.
2527	Middleton, C. Lloyd, Q. M. C.	New Jersey	Em.	No.
2528	Schumacher, Geo. H., Q. M. C.	Oregon	Em.	No.
2533	Speed, David M., Q. M. C.	California	Em.	No.
2534	Waggoner, Harry L., Q. M. C.	Pennsylvania	Em.	No.
2535	Hahn, Joseph D., Q. M. C.	California	Em.	No.
2536	Jensen, August C., Q. M. C.	New York	Em.	Yes.
2538	Hickey, Joseph H., Q. M. C.	do	Em.	Yes.
2540	Ettridge, James B., Q. M. C.	Connecticut	Em.	Yes.
2541	Dukes, Wm. H., Q. M. C.	Arkansas	Em.	Yes.
2542	Dilley, Murray B., Sig. C.	Iowa	Em.	Yes.
2544	Block, Emil H., Q. M. C.	District of Columbia.	Em.	No.
2545	Jenks, Royal G., F. D.	do	Em.	No.
2546	Cassidy, Wm., Q. M. C.	(England) California.	Em.	Yes.
2548	Edwards, Richard T., Q. M. C.	(England) Ohio.	Em.	Yes.
2549	Whitworth, Alex. E., Sig. C.	Ohio	Em.	Yes.
2550	Watt, David A., A. G. D.	New Jersey	Em.	Yes.
2551	Biggar, John, Q. M. C.	Maryland	Em.	Yes.
2553	Crissy, John W., Inf.	New York	Em.	Yes.
2555	Callahan, James W., jr., P. S.	Army	Army	Yes.
2557	Doten, Leonard S., Q. M. C.	District of Columbia.	Em.	No.
2561	Hanses, Peter, Q. M. C.	California	Em.	Yes.
2620	Kerr, Creighton, C. A. C.	South Carolina	Em.	Yes.
2621	Edwards, LeRoy M., F. D.	District of Columbia.	Em.	Yes.
2622	McDonald, John A., Q. M. C.	Illinois	Em.	Yes.
2623	Massey, Stephen B., Q. M. C.	Texas	Em.	Yes.
2624	Chappell, Albert J., Q. M. C.	Ohio	Em.	Yes.
2694	Laughlin, Ed., A. C.	Indiana	Em.	Yes.
2697	Meyer, Jack L., Q. M. C.	Missouri	Em.	Yes.
2699	Correll, Ira A., Cav.	California	Em.	Yes.
2700	Duval, Nelson H., C. A. C.	West Virginia	Em.	No.
2701	Hoppough, Clay I., Sig. C.	Michigan	Em.	No.
2704	Wheelin, James, Inf.	Arizona	Em.	Yes.
2705	Dresbach, Harley A., Q. M. C.	California	Em.	Yes.
2706	Seamon, Walter E., Inf.	Ohio	Em.	Yes.
2707	During, Fred., Inf.	Oklahoma	Em.	Yes.
2712	Meade, Peter F., Q. M. C.	Kansas	Em.	Yes.
2714	Bowles, Jesse R., Inf.	Texas	Em.	Yes.
2715	Rush, Clinton, Inf.	Iowa	Em.	Yes.
2716	Lambert, Barret D., Inf.	Texas	Em.	Yes.
2806	Cline, Wm. M., Q. M. C.	New York	Em.	Yes.
2807	Hunt, Lewis E., Q. M. C.	Hawaii	Em.	Yes.
2808	Ainsworth, Charles H., C. A. C.	Pennsylvania	Em.	Yes.
2809	Sledge, Theo. J., Inf.	Florida	Em.	Yes.
2816	Hart, Walter, C. A. C.	Louisiana	Em.	Yes.
2817	Brown, Thomas C., Inf.	Oregon	Em.	Yes.
2818	Johnston, Thomas J., C. W. S.	Massachusetts	Em.	Yes.
2819	Twyman, Joseph Henry, C. A. C.	Kentucky	Em.	Yes.
2820	Rhodes, John M., Q. M. C.	Illinois	Em.	No.
2821	Higgins, Ernest A., Inf.	At large	Em.	Yes.
2822	Maher, John J., C. A. C.	Florida	Em.	Yes.
2886	Lawrence, James, Sig. C.	Texas	Em.	No.
2887	Williams, Wm. H., Inf.	Florida	Em.	No.
2888	Giffin, Calvin E., A. C.	District of Columbia.	Em.	No.
2889	Ericson, Gustaf H., C. A. C.	California	Em.	Yes.
2890	Lofquist, Fred'k, C. A. C.	do	Em.	Yes.
2891	Hebert, Edmund N., Inf.	do	Em.	Yes.
2892	Wilson, John H., C. A. C.	District of Columbia.	Em.	No.
2893	Smith, Adrin B., C. A. C.	Iowa	Em.	Yes.
2896	Simpson, Oliver T., F. D.	Texas	Em.	Yes.
2897	Shannon, Robert E., Q. M. C.	California	Em.	No.
2898	Idzorek, Stephen J., A. C.	Illinois	Em.	Yes.
2901	Holt, John R., Q. M. C.	Maine	Em.	No.
2904	Blakenship, Jacob A., Cav.	Missouri	Em.	Yes.
2905	McNair, Charles H., Inf.	Pennsylvania	Em.	Yes.
2906	Berg, Elenius, Q. M. C.	Michigan	Em.	Yes.
2907	Jackson, Orville, Q. M. C.	Army	Em.	Yes.
2908	Palmer, LeRoy H., Q. M. C.	New York	Em.	Yes.
2909	Hamilton, Walter C., O. D.	District of Columbia.	Em.	No.
2912	Blair, Robert A., Q. M. C.	Texas	Em.	No.
2913	Hunter, James, Inf.	California	Em.	Yes.
2914	Hostetler, Robert L., Inf.	Michigan	Em.	Yes.
2916	Dawson, Mark A., F. A.	Indiana	Em.	No.
2917	Thomas, Elmer G., Q. M. C.	Texas	Em.	No.
2918	Toy, Channing R., F. A.	New York	Em.	No.
2919	Evans, Roy H., Inf.	West Virginia	Em.	Yes.
2922	Douglas, Lewis B., Q. M. C.	Washington	Em.	Yes.
2924	Vickers, Robert C., Sig. C.	California	Em.	Yes.
2925	Clark, Thomas L., Sig. C.	New York	Em.	Yes.
2926	St. Germain, Chambord H., Inf.	District of Columbia.	En.	Yes.
2928	Llufrio, John W., Q. M. C.	do	Em.	Yes.
2929	Quigley, Ray E., P. S.	Army	Em.	Yes.
2930	Keelty, Frank J., F. D.	Indiana	Em.	No.
2931	Penn, Jesse W., Inf.	West Virginia	Em.	Yes.
2934	Conrad, Gwynne, Q. M. C.	Ohio	Em.	Yes.
2935	Vacquerie, Harry A., Q. M. C.	Arkansas	Em.	Yes.
2936	Kelley, Martin L., Q. M. C.	New Mexico	Em.	Yes.
2937	Wiener, Samuel B., Inf.	Minnesota	Em.	Yes.
2938	Walsh, Norris P., F. A.	District of Columbia.	Em.	Yes.

Names of officers who will be retired by the provisions of the War Department appropriation bill as reported to the House—Continued

P. L. 7-1-31	Name and rank	State	Source	Former enlisted service
	CAPTAINS—continued			
2943	Saportas, Wm. F., Cav.	New York	Em.	Yes.
2944	Gaskins, Claude E., Inf.	Arkansas	Em.	Yes.
2946	Brockschink, Frank R., Inf.	Minnesota	Em.	Yes.
2947	Kain, Oscar, Inf.	Indiana	Em.	Yes.
2948	Lundy, Clyde A., Inf.	New York	Em.	Yes.
2949	Hendricksen, Chas. S., Inf.	Minnesota	Em.	No.
2950	Skaggs, Leland W., Inf.	Missouri	Em.	Yes.
2951	Hawkenson, Axel, Inf.	Minnesota	Em.	Yes.
2959	Patterson, Harry A., Cav.	Alabama	Em.	Yes.
2960	Cleary, James D., C. E.	California	Em.	No.
2961	Haverfield, Wm. A., Cav.	Arizona	Em.	Yes.
2962	Becker, Daniel, Cav.	Virginia	Em.	Yes.
2964	Roemer, Theo. M., Cav.	Arizona	Em.	Yes.
2965	Ward, James C., Cav.	District of Columbia.	Em.	Yes.
2966	Moore, Floyd, Inf.	Oregon	Em.	Yes.
2967	Coulter, Charles S., Inf.	Rhode Island	Em.	No.
2968	Woodruff, Roy C., Cav.	Virginia	Em.	Yes.
2969	Christman, Harvey N., Cav.	Texas	Em.	Yes.
2970	Benson, Harry W., Cav.	District of Columbia.	Em.	Yes.
2971	Lucas, John H., Inf.	New York	Em.	Yes.
2972	Howder, James W., Q. M. C.	Washington	Em.	Yes.
2973	Gray, Clifford A., Inf.	New York	Em.	Yes.
2974	Casey, James, Inf.	Massachusetts	Em.	Yes.
2975	Cramer, Charles, Cav.	Iowa	Em.	Yes.
2976	Cummings, George P., Cav.	Maine	Em.	Yes.
2977	McBride, John, Inf.	Maryland	Em.	Yes.
2978	Burkett, Charles W., Cav.	Oklahoma	Em.	Yes.
2979	Munteanu, George, Inf.	Army	Em.	Yes.
2980	Gerow, Louis B., Q. M. C.	Texas	Em.	Yes.
2997	Webster, Oscar T., Inf.	Oklahoma	Em.	Yes.
2998	Cooper, Bert E., Q. M. C.	Texas	Em.	Yes.
2999	Doyle, Alexander C., Q. M. C.	South Carolina	Em.	Yes.
3000	Bain, Floyd H., Inf.	Missouri	Em.	Yes.
3007	Easterbrook, Charles A., F. A.	Maine	Em.	Yes.
3009	Cooke, Lorenze I., Q. M. C.	California	Em.	No.
3011	Metcalf, James, Inf.	Utah	Army	No.
3012	Churchill, Harold W., O. D.	Pennsylvania	Em.	No.
3013	Wilkinson, Herbert F., Q. M. C.	Virginia	Em.	No.
3020	Alger, Wm. E., P. S.	New York	Army	Yes.
3022	Ferriter, John P., Sig. C.	New Jersey	Em.	No.
3023	Whitaker, John C., Q. M. C.	District of Columbia.	Em.	No.
3024	Webbe, Harold W., Sig. C.	New York	Em.	No.
3029	Bundy, Theo., Inf.	Ohio	Em.	Yes.
3030	Bender, Walter, A. C.	California	Em.	Yes.
3031	Whitesides, John G., A. C.	Pennsylvania	Em.	No.
3032	Chase, Albert G., Inf.	Minnesota	Em.	No.
3034	Baldwin, Aubrey H., Q. M. C.	Pennsylvania	Em.	No.
3035	King, Robert W., Q. M. C.	do	Em.	No
3036	Miller, Fred G., Sig. C.	do	Em.	No.
3037	Beebe, Price W., Inf.	Ohio	Em.	No.
3039	Firestone, James J., Q. M. C.	Pennsylvania	Em.	No.
3041	Campbell, James K., Inf.	Ohio	Em.	No.
3042	Wright, Robert L., Inf.	Michigan	Em.	No.
3043	Bachus, J. L., Inf.	do	Em.	No.
3073	Scholl, Philip A., F. D.	Kansas	Em.	No.
3074	Candler, Wm. D., Q. M. C.	Georgia	Em.	No.
3075	Field, Robert B., Q. M. C.	Virginia	Em.	No.
3076	Perfect, Chas., Q. M. C.	Washington	Em.	No.
3083	Houck, Ed. J., Inf.	Illinois	Army	Yes.
3084	Harvey, John J., Inf.	Minnesota	Army	Yes.
3089	Price, Louis H., F. D.	California	Em.	No.
3090	Baker, Edwin O., Sig. C.	Illinois	Em.	No.
3091	Borden, Fred. G., Sig. C.	Wisconsin	Em.	No.
3092	Burkhead, Calvin H., Sig. C.	North Carolina	Em.	No.
3093	Doherty, James F., A. C.	California	Army	Yes.
3096	Kimble, Samuel R., Ord. D.	Kansas	Army	Yes.
3097	Whybark, Geo. W., C. A. C.	Arkansas	Army	Yes.
3102	Ackerman, Alexander S., C. E.	Rhode Island	Em.	No.
3103	Yost, Howard M., C. E.	District of Columbia.	Em.	No.
3106	Lovell, Harry B., F. D.	New Jersey	Em.	No.
3107	Sanders, James A., Q. M. C.	Illinois	Em.	No.
3108	Besse, Edward H., Q. M. C.	Maryland	Em.	No.
3109	Fitzpatrick, Rufo M., Inf.	North Carolina	Em.	No.
3110	Jacobs, Lynwood B., A. C.	Delaware	Em.	No.
3111	Peabody, Orland S., Cav.	Oregon	Em.	No.
3112	Cross, George L., Inf.	Massachusetts	Em.	No.
3114	Hedge, George R., Inf.	Tennessee	Em.	No.
3115	Barrows, Ernest R., C. A. C.	Virginia	Em.	No.
3116	Hall, Vernon W., C. A. C.	Maine	Em.	No.
3117	Hinman, Burritt H., J. A. G. D.	New Hampshire	Em.	No.
3118	Carter, Wm. M., Inf.	South Carolina	Em.	No.
3119	Ladd, Rolla V., C. A. C.	North Carolina	Em.	No.
3120	Nolan, John P., Inf.	Illinois	Em.	No.
3121	Gilbert, Walter J., C. A. C.	Massachusetts	Em.	No.
3122	Cook, Frederic W., C. A. C.	Rhode Island	Em.	No.
3123	Wilkins, Harold S., O. D.	Connecticut	Em.	No.
3124	Tuttle, Albert L., Inf.	Texas	Em.	No.
3125	Edgecomb, Franklin E., C. A. C.	Rhode Island	Em.	No.
3126	Needham, Sumner H., F. A.	Massachusetts	Em.	No.
3127	Hagan, Harry L., Inf.	Maryland	Em.	No.
3128	Dodd, Patrick J., Inf.	Illinois	Em.	No.
3129	Bowler, Louis J., C. A. C.	Washington	Em.	No.
3130	Ellis, Dan M., Inf.	Tennessee	Em.	No.
3131	Wright, Frank W., A. C.	Oregon	Em.	No.[1]
3163	Kozlowski, Karol B.	Army	Em.	Yes.
3165	Heller, Eugene J., Q. M. C.	District of Columbia.	Em.	Yes.

[1] Navy, yes.

Names of officers who will be retired by the provisions of the War Department appropriation bill as reported to the House—Continued

P. L. 7-1-31	Name and rank	State	Source	Former enlisted service
	CAPTAINS—continued			
3166	Chambers, Thomas H., F. D	Virginia	Em	No.[1]
5167	O'Connell, Daniel, Q. M. C	Texas	Em	Yes.
3168	Koch, Arthur L., Q. M. C	California	Em	Yes.
3169	Jones, Floyd D., Q. M. C	Illinois	Em	No.
3171	Cochran, Franklin N., Inf	Georgia	Em	No.
3176	Thompson, Gilbert L., S. C	Maryland	Em	No.
3177	Worley, Wm. A., Q. M. C	Colorado	Em	No.
3181	Jabelonsky, Carl E., Q. M. C	Washington	Em	No.
3185	Cuny, Clifford D., Sig. C	District of Columbia.	Em	No.
3188	Osborn, Cuthbert A., Inf	West Virginia	Em	Yes.
3193	McCollum, Wm. B., F. A	Texas	Em	No.
3194	Boren, Lemuel E	do	Em	Yes.
3195	Berger, Fredk. V., Q. M. C	Michigan	Em	Yes.
3196	Kneass, Wm. E., F. A	Utah	Em	No.
3197	Hart, Ed. F., F. A	Colorado	Em	No.
3198	Guthrie, Ralph R., Sig. C	Missouri	Em	No.
3199	Rupert, Archie K., Inf	Indiana	Em	No.
3200	Barry, Thomas C., F. A	Texas	Em	No.
3201	Allen, Harry B., F. A	Missouri	Em	No.
3202	Pickens, Arthur, Inf	Oregon	Em	No.
3203	Walton, Martin C., jr., F. A	California	Em	No.
3204	Harrison, Samuel C., Inf	Florida	Em	No.
3206	Hall, Charles R., F. A	Arkansas	Em	No.
3207	Jones, Daniel F., F. A	Missouri	Em	No.
3208	Mann, Walter M., Inf	California	Em	No.
3209	Hughes, Arthur D., Q. M. C	Idaho	Em	No.
3210	Harries, Herbert L	District of Columbia.	Em	Yes.
3421	Lewis, Charles, F. D	Porto Rico	Em	Yes.
3426	Boland, Thomas, A. C	California	Em	Yes.
3427	Waldron, Arthur W., C. A. C	Maine	Em	No.
3428	Hobson, George F., Q. M. C	District of Columbia.	Em	No.
3433	Bell, Dover, Q. M. C	Army	Em	Yes.
3436	Kraus, Charles A., Q. M. C	New York	Em	Yes.
3437	McMillen, Earl G., Inf	Ohio	Em	Yes.
3438	Kasper, John, Q. M. C	Rhode Island	Em	Yes.
3439	Holmes, Wm., Inf	Illinois	Em	Yes.
3440	Kelech, George E., Inf	California	Em	Yes.
3441	Lynch, John, Inf	Kentucky	Em	Yes.
3442	Whitner, Arthur R., Inf	Florida	Em	Yes.
3443	Maloy, Ed. J., Q. M. C	Connecticut	Em	Yes.
3444	Williams, Carmi L., Inf	Illinois	Em	Yes.
3445	Armstrong, Elmer J	do	Em	Yes.
3446	Baldwin, Herbert, F. D	California	Em	No.
3447	Smith, Sumner M	New York	Em	Yes.
3472	Merrill, Howard N., Inf	do	Civ	No.
4032	Bazier, Chas. I., Q. M. C	New Jersey	Em	No.
4044	Montague, Jeffry G. A., Inf	Virginia	Em	No.
4046	Clarke, James S., Q. M. C	Illinois	Em	No.
4047	Wharton, Ira J., Q. M. C	Missouri	Em	Yes.
4048	Sleeper, Eugene H., Q. M. C	New York	Em	No.
4049	Cole, Joseph M., C. A. C	Vermont	Em	Yes.
4050	Beck, Thomas C., Inf	Texas	Em	Yes.
4051	Mechling, Ed. A., Q. M. C	do	Em	No.
4052	Gilmore, Michael J., Q. M. C	Louisiana	Em	Yes.
4053	Dayhuff, Chas. H., Cav	Indiana	Em	Yes.
4054	Barber, Archibald L., Q. M. C	Missouri	Em	No.
4055	Harrison, William F., Inf	Tennessee	Em	No.
4056	Myers, Selim W., Inf	Florida	Em	No.
4057	Chisolm, Ed. N., C. E	South Carolina	Em	No.
4058	Dobbins, Chas. G., F. D	Georgia	Em	No.
4059	Sproule, James, Q. M. C	New York	Em	No.
4060	Springer, Harry R., Q. M. C	Illinois	Em	Yes.
4061	DeWesse, James M., F. A	Kentucky	Em	No.
4062	Marsh, Chas. L., Inf	Ohio	Em	No.
4063	Schmidt, Joseph J., Inf	Texas	Em	Yes.
4064	Garrison, Clyde D., Cav	Illinois	Em	Yes.
4065	Becker, Frank F., Inf	Wisconsin	Em	Yes.
4066	Proctor, Arthur B., Q. M. C	New York	Em	No.
4067	Elson, John H., Inf	Missouri	Em	Yes.
4068	Frazer, George A., J. A. G. D	District of Columbia.	Em	No.
4069	Williamson, Royden, Cav	New York	Em	No.
4070	Imperatori, Reginald J., C. A. C	do	Em	No.
4071	Quigley, Charles C., A. G. D	California	Em	Yes.
4072	Skinner, Guy W., Inf	Illinois	Em	No.
4074	Walker, Sherman P., Inf	Mississippi	Em	No.
4076	Rase, Frederick W., Inf	Washington	Em	No.
4077	Mahoney, William C., Q. M. C	Florida	Em	No.
4078	Rice, George T., C. A. C	do	Em	Yes.
4079	Brumage, Alpha, F. A	Missouri	Em	No.
4080	Sells, Benjamin J., Inf	Georgia	Em	No.
4081	Strong, Sherman I., Q. M. C	Michigan	Em	Yes.
4082	Coxetter, James G., F. A	Florida	Em	No.
4083	Knight, Louis R., A. C	Texas	Em	No.
4084	Post, Audley M., F. A	Ohio	Em	No.
4086	Card, Lee W., Q. M. C	New York	Em	No.
4087	Neely, Robert H., Inf	North Dakota	Em	Yes.
4088	Worthley, Leighton E., Inf	Oklahoma	Em	No.
4089	Woolworth, Gilbert S., J. A. G. D	New York	Em	No.
4090	Denning, Henry M., F. D	Delaware	Em	No.
4091	Shaw, John A., Inf	Iowa	Em	No.
4092	Beecher, Harrison S., Cav	Washington	Em	Yes.
4093	Price, Wesley W., Q. M. C	Texas	Em	No.
4094	Knight, Butler L., Inf	do	Em	No.
4095	Fowle, Daniel G., Inf	North Carolina	Em	No.
4096	Lloyd, James P., Inf	Pennsylvania	Em	No.
4097	Robinson, Edgar E., Inf	Michigan	Em	No.
4098	Guy, Thomas E., Inf	Ohio	Em	Yes.

[1] Navy, yes.

Names of officers who will be retired by the provisions of the War Department appropriation bill as reported to the House—Continued

P. L. 7-1-31	Name and rank	State	Source	Former enlisted service
	CAPTAINS—continued			
4099	Harris, Thomas A., Inf	Indiana	Em	Yes.
4100	Moncure, William A. P., Inf	Virginia	Em	No.
4101	Loughlin, Charles C., Inf	North Carolina	Em	No.
4102	Barnard, Thomas W., Q. M. C	Illinois	Em	No.
4103	Worrall, Lawrence P., F. D	Minnesota	Em	No.
4104	Branson, Don P., Inf	Kentucky	Em	No.
4105	Patton, Milton H., Cav	Alabama	Em	No.
4106	Whitthorne, Brom H., Q. M. C	Tennessee	Em	No.
4107	Rieman, Gilbert, Cav	Maryland	Em	No.
4108	Adams, Percy, C. A. C	California	Em	Yes.
4109	Boon, Ben B., F. D	District of Columbia.	Em	Yes.
4110	Durst, Wallace E., Q. M. C	Mississippi	Em	No.
4111	Tuttle, Hiram E., Q. M. C	Maine	Em	No.
4112	Denton, Joseph W., M. Q. C	New York	Em	Yes.
4113	Campbell, John W., Inf	Nebraska	Em	No.
4114	Long, Joseph A., Ord. D	North Carolina	Em	No.
4115	Greenwell, Samuel A., A. G. D	Texas	Em	No.
4116	Stewart, Jefferson M., Inf	California	Em	Yes.
4117	Dilts, Howard K., Inf	New Jersey	Em	No.
4118	Campbell, Stuart D., Q. M. C	Maryland	Em	No.
4119	Thompson, John W., Q. M. C	Ohio	Em	No.
4120	Edmonds, Henry W., Inf	California	Em	Yes.
4121	Hollingsworth, Geo. C., Inf	Texas	Em	No.
4122	Trapnell, Thomas T., J. A. G. D	New York	Em	No.
4123	Ashton, Chas. O., Inf	Massachusetts	Em	Yes.
4124	Watson, Joel F., J. A. G. D	Illinois	Em	No.
4125	Engles, Reyburn, Q. M. C	Pennsylvania	Em	Yes.
4126	Hutcheson, John C., Q. M. C	Virginia	Em	No.
4127	Triplett, Austin, Inf	Kentucky	Army	
4128	Wheeler, Wm. D., A. C	District of Columbia.	Em	No.
4129	Worcester, Herbert W., Cav	Arizona	Em	No.
4130	Richey, Wm. R., jr., Inf	South Carolina	Em	No.
4131	Wolberton, David R., Q. M. C	District of Columbia.	Em	No.
4132	Harris, Wm. E., C. E	Indiana	Em	No.
4133	Lavin, Gregory S., O. D	Pennsylvania	Em	No.
4134	Bowen, Arthur F., Inf	Indiana	Em	Yes.
4135	Lewis, Herbert H., Inf	New York	Em	No.
4136	Perkins, Charles H., Inf	Idaho	Em	No.
4137	Ford, Geo. R., Q. M. C	Indiana	Em	No.
4138	Strickland, Newton H., O. D	Georgia	Em	No.
4139	Rowan, John V., Q. M. C	Iowa	Army	
4140	Beers, Wm. H., Inf	New York	Em	No.
4141	Fitzpatrick, Francis J., C. E	Washington	Em	No.
4142	Cronkhite, Willis D., Inf	New York	Em	No.
4143	Cook, Raymond P., Inf	Georgia	Em	No.
4144	Russell, John A., Q. M. C	New York	Em	No.
4145	Barnett, Theo. T., Q. M. C	Kentucky	Em	No.
4146	Ray, Wm. A., F. A	Texas	Em	No.
4147	Spooner, Lloyd S., Inf	Oregon	Em	No.
4148	Savage, Leon E., F. A	Washington	Em	No.
4149	Shoemaker, Henry M., Cav	Pennsylvania	Em	No.
4150	Colpin, Emmett R., Inf	Indiana	Army	
4151	Hardie, Philip W., C. A. C	North Carolina	Em	No.
4152	Morrow, Eugene E., Inf	Missouri	Em	No.
4153	Rippetoe, Grover C., Inf	West Virginia	Em	No.
4154	Slauson, Kinsley W., Q. M. C	New York	Em	No.
4155	Neville, Fred T., Q. M. C	California	Em	Yes.
4156	Fransworth, Louis D., C. A. C	Utah	Em	No.
4157	Brockway, Edgar K., Inf	Florida	Em	No.
4158	Gwynn, Harry M., Inf	Maryland	Em	No.
4159	Crim, Lemuel P., O. D	Washington	Em	No.
4160	Scott, J. F. Reynolds, J. A. G. D	Pennsylvania	Em	No.
4161	Speece, Newton W., Inf	Minnesota	Em	No.
4162	Potts, Frank G., Inf	South Carolina	Em	No.
4163	Manley, Norbert C., F. A	Utah	Em	No.
4164	Baxter, John H., Inf	Rhode Island	Em	No.
4165	Smith, Ridgway P., Inf	New York	Em	No.
4166	Hackett, Wallace E., Inf	Massachusetts	Em	No.
4167	Tydings, Wm. L., Inf	District of Columbia.	Em	No.
4168	White, Ernest K., Q. M. C	Massachusetts	Em	No.
4169	Wadelton, Thomas D., jr., Cav	New York	Em	No.
4170	Anderson, B. Conn, F. A	Texas	Em	No.
4171	Henry, Wm. J., O. D	Indiana	Em	No.
4172	Parmelee, Clyde D., F. A	Florida	Em	Yes.
4173	Gregory, Walter, Inf	Missouri	Em	Yes.
4174	Backman, Stanley G., Inf	Ohio	Em	No.
4175	Montgomery, Ray C., F. A	Iowa	Em	No.
4176	McCafferty, Grattan H., Inf	New York	Em	Yes.
4177	Crosson, William H., C. E	Wisconsin	Em	No.
4178	West, George W., Q. M. C	Texas	Em	No.
4179	Morrosette, James E., J. A. G. D	Alabama	Em	No.
4180	Harrison, Augustus S., Q. M. C	Maryland	Em	No.
4181	Dalton, William F., Inf	Pennsylvania	Em	No.
4182	Snyder, Harry C., Q. M. C	New Jersey	Em	No.
4183	Lees, Franklin B., Q. M. C	Minnesota	Em	No.
4184	Buckley, William R., Q. M. C	Pennsylvania	Em	No.
4185	Shea, George H., Cav	California	Em	Yes.
4186	Russell, Edward J. L., Q. M. C	Illinois	Em	Yes.
4187	Phinney, Archie E., Inf	Massachusetts	Em	No.
4188	Connor, Paul D., Inf	Ohio	Em	No.
4189	Norris, George B., Inf	Vermont	Em	No.
4190	Dyer, Frederic Von M., Inf	Texas	Em	No.
4191	Johnson, John N., jr., Inf	District of Columbia.	Em	Yes.
4192	Seger, Ralph R., Q. M. C	Illinois	Em	No.
4193	Cox, Malcolm R., F. A	Washington	Em	No.
4194	Perry, Arthur J., F. D	Indiana	Em	No.
4195	Floyd, Arthur, Inf	New York	Em	Yes.
4196	Oseth, Ingomar M., Inf	North Dakota	Em	No.

Names of officers who will be retired by the provisions of the War Department appropriation bill as reported to the House—Continued

P. L. 7-1-31	Name and rank	State	Source	Former enlisted service
	CAPTAINS—continued			
4197	Foreman, Taylor W., Inf.	Indiana	Em	Yes.
4198	Cunningham, William A., Inf.	Georgia	Em	No.
4199	King, George L., Inf.	New York	Em	No.
4200	Zajicek, John F., C. E.	Indiana	Em	No.
4201	Campbell, Rumsey, F. A.	Illinois	Em	No.
4202	McGee, Arthur P., Inf.	South Carolina	Em	No.
4203	Lammons, Frank B., Inf.	Texas	Em	Yes.
4204	Rutten, Paul G., Q. M. C.	California	Em	
4663	Buckbee, Egbert J., Q. M. C.	Illinois	Em	Yes.
4665	Cooke, George W., F. D.	New York	Em	No.
4667	Zeman, Anton, Q. M. C.	District of Columbia.	Em	Yes.
4668	Shawn, Franklin D., Q. M. C.	New York	Em	No.
4669	Stalsburg, Charles, Q. M. C.	Connecticut	Em	Yes.
4670	Isley, Charles J., Q. M. C.	New York	Em	Yes.
4672	Bunker, Henry J., Q. M. C.	do	Em	Yes.
4673	Hagan, Frederick E., Q. M. C.	Colorado	Em	No.
4674	McFadden, Murdock A., Q. M. C.	California	Em	No.
4680	Baird, Lewis C., Q. M. C.	Indiana	Em	No.
4681	Cousley, Robert G., Inf.	Missouri	Em	Yes.
4682	Bower, Roland C., Q. M. C.	North Dakota	Em	Yes.
4683	Grove, David, Q. M. C.	California	Em	Yes.
4684	Ely, Ernest W., Inf.	Ohio	Em	Yes.
4686	Barbin, James H., Inf.	Louisiana	Em	Yes.
4688	Harrell, George H., Q. M. C.	District of Columbia.	Em	Yes.
4780	Davis, Fred E., Q. M. C.	Colorado	Em	No.
4781	Fain, Reuben L., Q. M. C.	Texas	Em	Yes.
4782	Gamble, George D., Q. M. C.	New Jersey	Em	No.
4783	Goodwyn, Carey E., Q. M. C.	Texas	Em	Yes.
4790	Eccles, Edward, Q. M. C.	California	Em	Yes.
4793	Wilson, Charles F., Q. M. C.	Kentucky	Em	Yes.
4795	Glessner, Hamilton H. T., Sig. C.	Illinois	Em	Yes.
4796	Guth, Irwin W., Q. M. C.	South Dakota	Em	Yes.
4799	Gibson, James A. B., Ord. D.	Virginia	Em	No.
4801	Lobitz, Albert, Q. M. C.	Texas	Em	Yes.
4804	Lachmiller, Edward W., Q. M. C.	Ohio	Em	Yes.
4811	Mertz, Frank A., Q. M. C.	Colorado	Em	Yes.
4813	Etheridge, Asa J., A. C.	North Carolina	Em	Yes.
4814	Schfield, Earl S., A. C.	Ohio	Em	Yes.
4815	Stanley, Arthur W., Q. M. C.	New York	Em	Yes.
4818	Huber, Paul F., Q. M. C.	Maryland	Em	Yes.
4821	Parker, Arthur W., Q. M. C.	Wyoming	Em	No.
4822	Jackson, Herbert L., Cav.	Texas	Em	Yes.
4823	Seaton, David S., A. C.	Virginia	Em	No.
4829	Smith, Richard L., C. E.	California	Em	No.
4832	Waugh, William H., C. E.	do	Em	No.
4833	Barnard, Clarence, Ord. D.	District of Columbia	Em	No.
4834	Corbett, John L., Q. M. C.	Illinois	Em	Yes.
4838	Bramble, Walter S., Q. M. C.	Pennsylvania	Em	Yes.
4840	Ingram, John V., Q. M. C.	District of Columbia.	Em	No.
4844	Elliott, Stewart H., Ord. D.	Connecticut	Em	No.
4845	Christophel, John C., Q. M. C.	Oregon	Em	Yes.
4846	Irwin, Asa, Q. M. C.	New York	Em	Yes.
4849	Larner, William M., Q. M. C.	Texas	Em	Yes.
4850	Prather, Van Leslie, Q. M. C.	Kansas	Em	Yes.
4851	Doyle, Edward P., Q. M. C.	New York	Em	Yes.
4854	White, Robert O., Q. M. C.	South Carolina	Em	Yes.
4857	Shearman, Walter L., Q. M. C.	Pennsylvania	Em	Yes.
4866	Ewing, Hugh F., Q. M. C.	California	Em	Yes.
4868	Henson, Elisha K., Q. M. C.	Missouri	Em	Yes.
4871	Richmond, Vance L., Inf.	District of Columbia.	Civ	No.
4872	Findlay, Harris M., F. A.	Virginia	Civ	No.
4885	Hubbard, John R., Q. M. C.	Missouri	Em	Yes.
4913	Armitage, George W., Q. M. C.	New York	Em	No.
4914	Brown, John E., Ord. Dept.	Kansas	Em	Yes.
4989	Lucas, Charles E., Inf.	Oklahoma	Em	Yes.
4990	White, Will R., Q. M. C.	Washington	Em	No.
4991	Bentley, George A., Q. M. C.	Massachusetts	Em	No.
4997	Overmyer, Oliver L., Q. M. C.	Virginia	Em	Yes.
4998	Kenney, Thomas, Q. M. C.	Connecticut	Em	Yes.
5011	Savage, Charles M., A. C.	Pennsylvania	Em	Yes.
5014	Sherry, Bartram J., Sig. C.	District of Columbia.	Em	No.
5020	Marshall, Otta, C. A. C.	Mississippi	Em	Yes.
5021	Butler, Warren A., F. D.	Connecticut	Em	Yes.
5025	Goodyear, Russell, W., Q. M. C.	New Mexico	Em	No.
5026	Cope, Jesse D., Inf.	California	Em	Yes.
5031	Green, Eldridge A., Inf.	North Carolina	Em	Yes.
5037	Barrell, Frank M., Q. M. C.	Utah	Em	No.
5042	Root, John A., Ord. Dept.	Montana	Em	No.
5043	Stetekluh, George, Q. M. D.	Wisconsin	Em	Yes.
5052	Cooper, John W., Q. M. C.	Iowa	Em	No.
5053	Comstock, Joseph H., Inf.	Ohio	Em	No.
5054	Witney, Louis A., Inf.	Utah	Em	No.
5055	Newell, Carroll H., Inf.	Louisiana	Em	No.
5057	Gilman, John A., Q. M. C.	Kentucky	Em	No.
5058	Brock, William T., Inf.	North Carolina	Em	No.
5059	Langley, John E., C. E.	Alabama	Em	No.
5060	Macy, Lorenzo D., Inf.	Indiana	Em	No.
5061	de Russy, Rene E., Q. M. C.	Maryland	Em	No.
5062	Jahant, George A., Inf.	Ohio	Em	Yes.
5063	Alway, Curtis D., Inf.	Michigan	Em	No.
5064	Lampke, Louis J., Inf.	do	Em	No.
5065	Anderson, Clay, C. E.	Pennsylvania	Em	No.
5066	De Votir, Vernon C., Inf.	Colorado	Em	No.
5067	Stewart, William M., Inf.	California	Em	Yes.
5068	Platts, Willis A., Inf.	Oregon	Em	No.
5069	Warner, Irvin B., F. A.	do	Em	No.
5070	Grady, Clyde, Inf.	Kentucky	Em	No.

Names of officers who will be retired by the provisions of the War Department appropriation bill as reported to the House—Continued

P. L. 7-1-31	Name and rank	State	Source	Former enlisted service
	CAPTAINS—continued			
5071	Freeman, Jesse K., C. A. C.	Kentucky	Em	No.
5072	George, Edward M., Q. M. C.	Washington	Em	No.
5073	Brooks, Horace J., Inf.	Georgia	Em	No.
5074	Jones, Morgan E., Inf.	Florida	Em	No.
5075	Conway, Thomas T., Inf.	Massachusetts	Em	No.
5076	Rarey, George K., Inf.	Illinois	Em	Yes.
5077	Uhrig, Jacob E., Inf.	Missouri	Em	No.
5078	Murphy, Clarence H., Cav.	North Carolina	Em	Yes.
5079	Goodwin, Samuel R., Cav.	District of Columbia.	Em	Yes.
5080	Ames, George W., C. A. C.	California	Em	No.
5081	Brock, Arthur W., jr., A. C.	Ohio	Em	No.
5082	Murphy, John J., Inf.	New York	Em	No.
5083	Jarman, Edgar A., Inf.	Missouri	Em	No.
5044	Higgins, Stanton, Cav.	Connecticut	Em	No.
5045	Spear, Holden, Q. M. C.	New Jersey	Em	No.
5125	Lowe, John V., C. W. S.	Ohio	Em	No.
5126	St. James, Robt. G., Inf.	Colorado	Em	Yes.
5127	Hazelrigg, Wm. R., Inf.	Kentucky	Em	No.
5128	Maslin, Francis R., Q. M. C.	California	Em	No.
5129	Carey, Edwin F., A. C.	New York	Em	No.
5130	Estabrook, M. G., jr., A. C.	Massachusetts	Em	No.
5131	Russell, Arthur J., Inf.	New York	Em	No.
5132	Fox, Wilbur J., Inf.	Wisconsin	Em	No.
5133	Taylor, Frank E., J. A. G. D.	Tennessee	Em	No.
5134	Burlin, Chas. W., C. E.	Massachusetts	Em	No.
5135	Miller, Elmer W., C. A. C.	Colorado	Em	No.
5136	Mitchell, Herbert C., Q. M. C.	Illinois	Em	No.
5480	Chambers, Arthur K., C. A. C.	Washington	Em	Yes.
5483	Hogge, Paul T., Inf.	Texas	Em	Yes.
5492	Miller, Chas. S., Cav.	Louisiana	Em	No.
5640	Stevens, Albert W., A. C.	Idaho	Em	No.
5743	Peters, Frank C., Q. M. C.	Wisconsin	Em	No.
5813	Swenholt, Helmer, C. E.	do	Em	No.
5860	Rothrock, Arthur D., Ord.	Ohio	Em	No.
5137	Witcher, Wm. V., Inf.	California	Em	No.
5084	Willis, Allan S., Inf.	Oklahoma	Em	Yes.
5085	Davenport, Murray T., Inf.	Minnesota	Em	No.
5086	Burt, William G., Inf.	Georgia	Em	No.
5087	Lehr, Howard W., Inf.	Pennsylvania	Em	No.
5088	Noyes, Marshall J., C. E.	Kansas	Em	No.
5089	Walton, Charles M., Inf.	North Carolina	Em	Yes.
5090	Knadler, Versalious L., F. A.	Kansas	Em	No.
5091	Damon, Samual L., C. E.	Oregon	Em	No.
5092	Hartman, Guy L., Inf.	North Carolina	Em	No.
5093	Thomas, Thomas, Inf.	do	Em	No.
5094	Lull, Thomas C., Inf.	Vermont	Em	No.
5095	Arnold, Leonard S., F. A.	Ohio	Em	No.
5096	Burkhalter, Harry N., Inf.	Missouri	Em	Yes.
5098	Swick, Charles H., C. E.	New York	Em	No.
5099	Holmes, Carl G., F. A.	Ohio	Em	No.
5100	Oleson, Victor L., F. A.	Utah	Em	No.
5101	Van Gisson, Lewis M., Ord. Dept.	New York	Em	No.
5102	King, Arthur E., F. A.	Louisiana	Em	No.
5103	Bassett, Aubrey J., Inf.	Florida	Em	Yes.
5104	Deroin, Frank A., Inf.	Massachusetts	Em	No.
5105	Spoerry, Gottfried W., Inf.	Idaho	Em	No.
5106	Ayres, Harry D., Inf.	Indiana	Em	No.
5107	Kaech, Edward A., Inf.	South Dakota	Em	No.
5108	Waters, Edwin U. O., Inf.	Pennsylvania	Em	No.
5109	Wise, William W., C. W. S.	Missouri	Em	No.
5110	Gaston, Frederick H., F. A.	Pennsylvania	Em	No.
5111	Gorman, John J., Inf.	New York	Em	No.
5112	Jones, Rodney C., C. A. C.	Massachusetts	Em	No.
5113	Mayer, George M., Q. M. C.	Maryland	Em	No.
5114	Murphy, William A., Inf.	Illinois	Em	No.
5115	Elarth, Harold H., Inf.	Nebraska	Em	No.
5116	Birdseye, Mortimer B., Q. M. C.	New York	Em	Yes.
5117	Harris, Lester J., Sig. C.	Missouri	Em	No.
5118	Clark, Howard F., C. E.	California	Em	No.
5119	Brenizer, Howard C., F. A.	Ohio	Em	No.
5120	Forbes, Morris H., Inf.	Oregon	Em	No.
5121	Rutherford, Dorsey J., C. A. C.	California	Em	No.
5122	Melin, Reynold F., Ord. Dept.	Oregon	Em	No.
5123	Starrett, Carl H., Inf.	Illinois	Em	No.
5124	Baird, Arthur R., Ord. Dept.	California	Em	No.
5242	Benedict, Arthur L., Q. M. C.	Illinois	Em	No.
5479	Larson, Leander, Q. M. C.	do	Em	Yes.
5491	FitzGerald, Francis V., Q. M. C.	Utah	Em	No.
5499	Orrill, Ade, Inf.	California	Em	No.
5502	Hagan, Eugene E., Q. M. C.	New York	Em	No.
5505	Schillo, Joseph E., Q. M. C.	Texas	Em	No.
5508	Nurse, Howard B., Q. M. C.	New York	Em	No.
5518	Bass, Fred T., C. E.	do	Em	No.
5519	Byers, Rufus A., Inf.	Tennessee	Em	No.
5522	Adamson, George E., Q. M. C.	Texas	Em	No.
5523	Mills, Thomas H., Q. M. C.	do	Em	Yes.
5527	Schairer, Edward O., Q. M. C.	Pennsylvania	Em	Yes.
5528	Thiessen, Alfred H., Sig. C.	District of Columbia.	Em	No.
5529	Hostetter, Elmer, Q. M. C.	Texas	Em	Yes.
5532	Gorton, G. D., Q. M. C.	New York	Em	Yes.
5539	Gray, Claude E., F. D.	Minnesota	Em	No.
5546	Page, Edwin R., A. C.	District of Columbia.	Em	No.
5547	Thumel, Abraham B., Q. M. C.	Maryland	Em	No.
5572	McKeever, Bernard E., Q. M. C.	do	Em	No.
5573	Adair, Zane, I., Inf.	Georiga	Em	Yes.
5577	Muller, William G., Inf.	California	Em	Yes.
5578	Randall, William V., Ord. Dept.	Massachusetts	Em	No.
5584	Parker, Will V., Sig. C.	Illinois	Em	No.
5596	Montgomery, Harry G., A. C.	Nebraska	Em	No.

Names of officers who will be retired by the provisions of the War Department appropriation bill as reported to the House—Continued

P. L. 7-1-31	Name and rank	State	Source	Former enlisted service
	CAPTAINS—continued			
5608	Anthony, James G., Sig. C	District of Columbia.	Em	No.
5612	Allen, Richard, Q. M. C	Washington	Em	Yes.
5621	Smith, James Eugene, Q. M. C	District of Columbia.	Em	No.
5623	Barbee, Biglow B., F. D	Illinois	Em	Yes
5624	Blanchard, Edward B., C. W. S	Hawaii	Em	No.
5634	Banbury, Thomas, Q. M. C	Oregon	Em	No.
5635	Cashman, William E., Q. M. C	New Jersey	Em	Yes.
5651	Ames, Alston B., Q. M. C	Kansas	Em	Yes.
5652	Mathews, Eugene G., Q. M. C	Texas	Em	Yes.
5657	Vandervoort, Benjamin F., Q. M. C	New York	Em	No.
5677	Stevenson, Joseph H., C. E	do	Em	No.
5704	Gardner, Harry F., Q. M. C	Massachusetts	Em	No.
5706	Dunn, Frank, Q. M. C	Illinois	Em	Yes.
5728	Yount, Fred T., Q. M. C	Ohio	Em	Yes.
5731	Albro, Ames S., A. C	District of Columbia.	Em	No.
5738	Taylor, George F. R., Q. M. C	Massachusetts	Em	Yes
5769	Coons, Daniel D., Q. M. C	Illinois	Em	Yes
5778	Canfield, Joseph B., Q. M. C	Oregon	Em	No.
5779	Antonovich, Emile P., Capt. Q. M. C	California	Em	No.
5784	Hall, Bovey M., Inf	Ohio	Em	Yes.
5806	Boykin, Richard P., Capt. Q. M. C	Virginia	Em	No.
5807	Wood, Charles W., Sig. C	Michigan	Em	No.
5810	Dershimer, Alexander P., Capt. Q. M. C.	Pennsylvania	Em	No.
5812	Tunis, Harry O., Capt. C. E	Arizona	Em	No.
5814	Sallee, Howard, Q. M	Kentucky	Em	Yes.
5815	Gahan, John J., Inf	New York	Em	No.
5832	Wotkyns, Grosvenor L., Ord. Dept	California	Em	No.
5839	Fox, Albert, J., Q. M. C	Maryland	Em	No.
5850	Hill, Guy, Sig. C	District of Columbia.	Em	No.
5851	Savage, Lawrence B., Q. M. C	Kentucky	Em	Yes.
5865	Ulmo, Jenry W., C. A. C	Arizona	Em	No.
	FIRST LIEUTENANTS			
5871	Dailey, Raymond, Q. M. C	District of Columbia.	Em	No.
5872	Chandler, Homer B., A. C	California	Em	No.
5873	Pyle, Carl W., A. C	Washington	Em	No.
5874	Merritt, Herbert L., P. S	Army	En	Yes.
5875	Shults, Fermon A., P. S	do	En	Yes.
5876	Day, Wm., Q. M. C	At large	Em	Yes.
5877	Coyne, Frederick E., jr., F. A	Illinois	Em	Yes.
5878	McCulloch, John M., A. C	Kentucky	Em	Yes.
5879	LeBrou, Richard K., A. C	Pennsylvania	Em	Yes.
5880	Sullivan, Charles W., A. C	Illinois	Em	No.
5883	Chandler, Geo. M., Capt. Q. M. C	do	Em	No.
5884	Oppermann, Irving A., Capt. Inf	New York	Em	Yes.
5885	Waite, Wm., Capt. Inf	Washington	Em	Yes.
5886	Kunzmann, Wm. J., Inf	California	Em	Yes.
5887	Barksdale, John A., Q. M. C	Georgia	Em	Yes.
5888	Brown, Handy V., Inf	Arkansas	Em	Yes.
5889	DeWitt, Ernest A., Inf	New Jersey	Em	Yes.
5890	Nash, Vernon L., Inf	Connecticut	Em	Yes.
5893	Lamb, George E., Capt. Q. M. C	District of Columbia.	Civ	No.
5894	Godwin, Harold O., Capt. Q. M. C	do	Em	
5895	Smith, Harold W., C. A. C	New York	Em	Yes.
5896	Boettcher, Henry J., Inf	Maryland	Em	No.
5898	Asp, Melvin B., A. C	Florida	Em	Yes.
5900	Woolverton, Robert B., Capt. Sig. C	District of Columbia.	Em	No.
5901	Bowman, Orley D., C. A. C	Ohio	Em	Yes.
5902	McDonald, George C., A. C	Pennsylvania	Em	No.
5903	Weed, Thomas J., Q. M. C	Texas	Em	No.
5904	Skanse, Peter E., A. C	Minnesota	Em	No.
5905	Waller, Alfred E., Al C	Kentucky	Em	No.
5906	Moore, Harold A., A. C	Illinois	Em	No.
5908	Shannonhouse, John G., C. W. S	California	Em	No.
5909	Gilruth, James A., Inf	Mississippi	Em	No.
5910	Moon, Odas, A. C	Texas	Em	No.
5911	McNiel, Jacob R., Capt., F. D	Georgia	Em	Yes.
5912	Clark, Henry C., Capt., J. A. G. D	District of Columbia.	Em	No.
5913	Liggett, Arthur G., A. C	California	Em	Yes.
5914	Osterman, Jacob H., Capt. Q. M. C	Pennsylvania	Em	No.
5915	Larson, Westside T., A. C	California	Em	No.
5916	Hopping, Andrew D., Inf	Indiana	Em	No.
5917	Herendeen, ED., F. A	New York	Em	No.
5918	Longfellow, Newton, A. C	Minnestoa	Em	No.
5919	Woodward, Fred E., A. C	Florida	Em	No.
5920	Barnett, Lloyd, A. C	California	Em	No.
5921	Laird, John A., jr., A. C	Texas	Em	No.
5922	Hoppin, Bushrod, A. C	District of Columbia.	Em	No.
5923	Steinmetz, Charles W., A. C	Ohio	Em	Yes.
5924	Davies, John M., A. C	Pennsylvania	Em	No.
5925	White, Wm. N., F. A	Missouri	Em	Yes.
5926	Meyer, Walter T., A. C	Ohio	Em	No.
5930	Stenseth, Martinus, A. C	Minnesota	Em	Yes.
5931	Stoner, Rex K., A. C	Oregon	Em	Yes.
5932	Carroll, James B., A. C	Illinois	Em	No.
5933	Rouse, Harold F., A. C	New York	Em	No.
5934	Gilbert, Thomas L., A. C	Texas	Em	Yes.
5935	Givens, James D., A. C	Kentucky	Em	No.
5936	DeGruchy, Oliver W., F. D	New York	Em	No.
5937	Stetson, Harold D., Q. M. C	Washington	Em	Yes.
5938	Farnum, Wm. C., A. C	Missouri	Em	No.
5939	Cummings, Charles M., A. C	Ohio	Em	No.

Names of officers who will be retired by the provisions of the War Department appropriation bill as reported to the House—Continued

P. L. 7-1-31	Name and rank	State	Source	Former enlisted service
	FIRST LIEUTENANTS—continued			
5940	Turnbull, Wm., A. C	Massachusetts	Em	No.
5941	Benson, Joseph W., A. C	Colorado	Em	No.
5942	Lynch, Frederick D., A. S	Ohio	Em	No.
5943	Woodruff, James A., A. C	Illinois	Em	No.
6666	Webster, Wm. W., F. A	Michigan	MA	No.
7763	Nissley, John K., A. C	Oklahoma	Em	No.
5947	MacLaughlin, John A., Capt C. W. D.	District of Columbia.	Em	No.
5948	Welsh, Wm. W., A. C	Colorado	Em	No.
5949	Ennis, Arthur I., A. C	Illinois	Em	No.
5950	Haynes, Caleb V., A. C	North Carolina	Em	No.
5951	Edens, Jean, Inf	Texas	Em	No.
5952	Kollmer, Emil. F., F. A	Indiana	Em	No.
5953	Yarborough, LeRoy W., In	Washington	Em	No.
5954	Schlant, Ed. B., Capt. J. A. G. D	New York	Em	No.
5955	Stone, Richard F., Inf	do	Em	No.
5956	Ancrum, James N., Inf	South Carolina	Em	No.
5957	Brier, Wm. W., jr., Inf	California	Em	No.
5958	Franks, John B., Q. M. C	Kansas	Em	No.
5959	Turner, John J., F. A	New York	Em	No.
5960	Sothern, Richard J., Capt. F. A	do	Em	Yes.
5961	Davis, Orville E., Q. M. C	Illinois	Em	Yes.
5962	McKay, John T., Q. M. C	Michigan	Em	Yes.
5963	Wakeman, Percival A., Sig. C	Massachusatts	Em	No.
5964	McElroy, John L., Inf	New York	Em	Yes.
5965	Crigger, Herman, J., F. A	West Virginia	Em	No.
5966	Gillespie, Floyd T., Sig. C	California	Em	No.
5967	Bush, Hal C., Inf	Michigan	Em	No.
5968	Martin, Charles H., Cav	Pennsylvania	Em	Yes.
5969	Speidel, William H., Inf	New York	Em	No.
5970	Berry, Herbert L., F. A	do	Em	No.
5971	Montgomery, Robert O., F. A	Pennsylvania	Em	Yes.
5972	Cahill, Martin O., Q. M. C	Virginia	Em	No.
5973	Gibson, Horace N., Inf	Minnesota	Em	No.
5974	Hogan, James L., C. A. C	Rhode Island	Em	No.
5975	Wharton, Sidney F., Inf	New Mexico	Em	No.
5976	Bullock, Stephen E., F. A	New York	Em	No.
5977	Robinson, Dayton L., Inf	Mississippi	Em	Yes.
5978	Pettit, Homer B., C. E	Illinois	Em	No.
5979	LeGette, James Y., F. A	South Carolina	Em	No.
5980	Willard, Sherman E., C. A. C	Maine	Em	No.
5981	Paddock, Howard S., Sig. C	New York	Em	No.
5982	Bartron, Harold A., A. C	Indiana	Em	No.
5983	Miller, John S., Inf	Pennsylvania	Em	No.
5984	Sullivan, Joseph A., F. A	New Hampshire	Em	No.
5985	McDavid, James B., Inf	Illinois	Em	No.
5992	Grable, John C., Sig. C	California	Em	No.
5993	Haney, James B., Capt. Ord. Dept	District of Columbia.	Em	No.
5994	McNeil, Guy L., A. C	Iowa	Em	No.
5995	Carman, James L., Inf	New Jersey	Em	No.
5996	Lockett, Landon J., Inf	Texas	Em	No.
5997	Lenow, Columbus B., Inf	Mississippi	Em	No.
5998	Calais, Charles H., Inf	South Carolina	Em	No.
6001	Calley, Charles D., F. A	Washington	Em	Yes.
6002	Siler, Arnold M., Inf	North Carolina	Em	No.
6003	Jewett, Alfred L., A. C	Massachusetts	Em	No.
6004	Bunting, Loyd D., Inf	Illinois	Em	No.
6005	Stewart, Elam L., Inf	do	Em	No.
6006	Mallory, Louie C., A. C	do	Em	No.
6007	Childs, Bob, Inf	Georgia	Em	Yes.
6008	Webster, Lewis S., A. C	Illinois	Em	No.
6009	Allen, Virgil G., Inf	Iowa	Em	No.
6010	Smith, Wm. Ed., Inf	California	Em	No.
6011	Smith, William Andrew, Inf	Virginia	Em	No.
6012	Camblin, Roy W., A. C	Texas	Em	No.
6013	Cavenee, Ray E., Inf	Illinois	Em	No.
6014	Killen, Wade D., Inf	Oregon	Em	No.
6015	Schriver, Andrew J., jr., Inf	Pennsylvania	Em	No.
6016	Lawrence, Frank J., Inf	California	Em	No.
6021	Hamlin, Winfield S., A. C	Massachusetts	Em	No.
6022	Ancker, Clinton J., Inf	Iowa	Em	Yes.
6023	Stuart, James N., Inf	California	Em	Yes.
6024	Sims, Jules V., Inf	Indiana	Em	Yes.
6025	Carlton, Charles, Inf	Florida	Em	Yes.
6026	McDonald, Thomas J., Inf	Illinois	Em	Yes.
6027	Clarke, Leo G., Inf	Iowa	Em	Yes.
6028	Zak, Joseph T., Inf	Wisconsin	Em	Yes.
6029	Dorrien, Hugh C., Inf	Idaho	Em	No.
6030	Hurt, Shirley R., F. A	Virginia	Em	No.
6031	Horne, James C., Inf	do	Em	No.
6032	Moore, Werner W., Q. M. C	South Carolina	Em	Yes.
6033	Hodson, Fremont B., Inf	Oregon	Em	No.
6034	Zane, Robert T., A. C	Pennsylvania	Em	No.
6035	Compton, Irving, Inf	Colorado	Em	No.
6036	Broedlow, Rudolph W., Inf	Wisconsin	Em	Yes.
6041	Drewry, Flag A., Inf	Tennessee	Em	Yes.
6042	Sugg, Oscar D., Inf	Colorado	Em	Yes.
6043	Pratt, Milo C., Capt. Q. M. C	Tennessee	Em	No.
6044	Pruit, Geo. E., Q. M. C	California	Em	No.
6045	Walthall, LeRoy A., A. C	Kansas	Em	No.
6046	Beau, Lucas V., jr., A. C	New York	Em	Yes.
6048	Connor, Geo. R., Inf	Massachusetts	Em	No.
6049	Farish, Harry S., Capt., F. D	Virginia	Em	No.
6051	Talbot, Laurence D., Q. M. C	Colorado	Em	No.
6052	Laughinghouse, Newman R., A. C	Arkansas	Em	No.
6056	Tansey, Patrick H., C. E	Tennessee	MA	No.
6057	Kramer, Hans, C. E	Michigan	MA	No.
6060	Hewitt, Leland H., C. E	Iowa	MA	No.
6067	Rice, Keryn, ap., C. E	New Jersey	MA	No.
6068	Ward, Charles S., C. E	Idaho	MA	No.
6069	Underwood, Henry M., C. E	Oklahoma	MA	No.
6073	Lorence, Walter E., C. E	New Jersey	MA	No.

Names of officers who will be retired by the provisions of the War Department appropriation bill as reported to the House—Continued

P. L. 7-1-31	Name and rank	State	Source	Former enlisted service
	FIRST LIEUTENANTS—continued			
6081	Nixon, Thomas H., Ord. Dept	Pennsylvania	MA	No.
6082	Moore, Anderson T. W., C. E	do	MA	No.
6085	Alexander, Henry M., Cav	North Carolina	MA	No.
6086	Gillespie, James M., A. C	Maryland	MA	No.
6095	Bell, Clyde B., Cav	Tennessee	MA	No.
6097	Bethel, John M., Cav	Illinois	MA	No.
6100	Mesick, John, F. A	New York	MA	No.
6102	Weeks, John A., C. A. C	do	MA	No.
6105	Sucher, Jacob G., Ord. Dept	Illinois	MA	No.
6108	Young, Nevins D., C. A. C	West Virginia	MA	No.
6111	Kovarik, Joseph C., Inf	Kansas	MA	No.
6115	Rundell, Francis E., Q. M. C	Illinois	MA	No.
6116	Machle, Royal A., Inf	Minnesota	MA	No.
6121	Mewshaw, Harry C., Cav	Maryland	MA	No.
6123	Achatz, Francis J., F. A	Connecticut	MA	No.
6124	Kelley, Harold S., Inf	Maine	MA	No.
6125	Boineau, Leon C., Inf	South Carolina	MA	No.
6126	Gould, Harold W., Inf	Maine	MA	No.
6128	Sherman, Harry B., Inf	New York	MA	No.
6129	Turner, Frank T., Cav	Michigan	MA	No.
6132	Leeper, Carroll K., Inf	Wyoming	MA	No.
6134	Wilson, Hugh M., jr., Inf	Alabama	MA	No.
6135	Hazlehurst, Dorr, Inf	Mississippi	MA	No.
6137	Kimble, Frederick von H., A. C	Texas	MA	No.
6138	Hanlon, William J., A. C	California	Em	No.
6139	McFall, John H., F. D	Florida	Em	No.
6141	Meeden, Barney L., Q. M. C	Pennsylvania	Em	No.
6142	Stinson, David R., A. C	Connecticut	Em	No.
6143	Morris, Joseph T., A. C	Pennsylvania	Em	No.
6144	Connor, John M., F. D	South Carolina	Em	No.
6145	Wald, George, Q. M. C	Virginia	Em	Yes.
6146	Heffley, Armor S., A. C	Indiana	Em	No.
6147	Lowry, Don E., Q. M. C	Georgia	Em	No.
6148	Sweeley, William R., A. C	California	Em	No.
6150	Brandon, Albert J., Capt., Q. M. C	Florida	Em	No.
6152	Hulse, Seward W., Q. M. C	California	Em	No.
6153	Gamble, Claude L., Q. M. C	Michigan	Em	No.
6155	Edwards, Lamuel E., F. D	North Carolina	Em	No.
6156	Battley, Joseph F., C. W. S	Virginia	Em	No.
6157	Ridenour, Carlyle H., A. C	California	Em	No.
6158	MacDonald, Russell C., A. C	Illinois	Em	No.
6159	Meyers, Bennett E., A. C	Iowa	Em	No.
6160	Grimes, George M., Q. M. C	New York	Em	Yes.
6161	Jackson, Edward B., Inf	Washington	Em	No.
6162	Prentiss, Paul H., A. C	New Jersey	Em	No.
6163	Heald, Robert S., A. C	Iowa	Em	No.
6164	Maxwell, Warren A., A. C	Michigan	Em	No.
6165	Carlisle, Walter H., C. A. C	Pennsylvania	Em	No.
6166	Papenfoth, William H., C. A. C	Ohio	Em	Yes.
6167	Hopkins, Frederick M., jr., A. C	New York	Em	No.
6173	Doherty, John H, F. D	Rhode Island	Em	Yes.
6174	Powers, Edward M., A. C	Illinois	Em	No.
6175	Jennings, Maurice E., C. W. S	Indiana	Em	No.
6176	Alexander, Felix M., Inf	New York	Em	Yes.
6177	Clarke, William B., A. C	Virginia	Em	No.
6178	Harrell, Howell, Inf	Oklahoma	Em	No.
6179	Burrows, Paul E., A. C	District of Columbia.	Em	No.
6181	Alverson, James L., Capt., Q. M. C	Washington	Em	No.
6183	Gaffney, Dale V., A. C	Massachusetts	Em	No.
6185	Heninger, Grant, F. A	Utah	Em	Yes.
6186	Powloski, Stanley, Inf	Oregon	Em	Yes.
6187	Harman, John M., C. E	Pennsylvania	Em	No.
6188	Calvin, Harry L., Q. M. C	Kansas	Em	No.
6189	Berbert, Henry, C. E	California	Civ	No.
6190	Hough, Chester C., C. E	Virginia	Civ	No.
6191	Hardy, Conrad P., C. E	California	Em	No.
6192	Hunn, Clifford I., Cav	New York	Em	Yes.
6193	Craig, Patrick F., C. W. S	do	Em	No.
6194	Elmes, Chester H., Inf	Massachusetts	Em	No.
6195	Macatee, Edward V., Inf	Virginia	Em	No.
6196	Hart, John V., A. C	Illinois	Em	No.
6197	Browder, Wilbur F., Inf	Kentucky	Em	No.
6198	Magee, Richard H., A. C	New Jersey	Em	No.
6201	Arrowsmith, John C., C. E	Ohio	Civ	No.
6202	Foss, George F., Q. M. C	Maine	Em	Yes.
6204	Roxbury, Edward J., F. A	Michigan	Em	No.
6205	Lamson, Donald D., C. A. C	Idaho	Em	No.
6206	Sanders, Augustus D., Inf	Florida	Em	Yes.
6207	Morgan, Harvey T., Inf	Ohio	Em	No.
6208	Walters, Elsmere J., Q. M. C	Kansas	Em	No.
6209	Hagan, Harry E., Q. M. C	Tennessee	Em	Yes.
6210	Dewey, Frank O., Cav	Ohio	Em	Yes.
6211	Taylor, Edward M., F. A	do	Em	No.
6212	Balmer, Jesmond D., F. A	Washington	Em	No.
6219	Cotton, Charles A., Q. M. C	Pennsylvania	Em	Yes.
6220	Martenstein, Austin W., A. C	Virginia	Em	No.
6222	Ehle, Charles E., Capt., Q. M. C	California	Em	No.
6223	Corkille, John D., A. C	Florida	Em	No.
6224	Mackinnon, Wm. R., Q. M. C	New Jersey	Em	No.
6225	Watkins, Duval C., Q. M. C	Missouri	Em	No.
6226	Berry, Levi L., A. C	Iowa	Em	No.
6227	Bond, Cairton F., A. C	California	Em	No.
6228	Conover, Willis C., Inf	New York	Em	No.
6229	Jones, Morton M., Cav	North Carolina	Em	No.
6230	Shaw, Robert M., Sig. C	Tennessee	Em	No.
6232	Bailey, John R., Capt., Q. M. C	Michigan	Em	No.
6233	Durnford, James A., Q. M. C	Wyoming	Em	No.
6234	Anderson, Engmann A., Q. M. C	New York	Em	Yes.
6235	Marchman, Frank G., Q. M. C	Georgia	Em	No.
6236	McKeon, Francis H. A., Inf	New York	Em	No.
6237	Butler, Braxton D., Inf	Oklahoma	Em	Yes.
6240	Sheehan, Thomas F., Cav	Massachusetts	Em	Yes.

Names of officers who will be retired by the provisions of the War Department appropriation bill as reported to the House—Continued

P. L. 7-1-31	Name and rank	State	Source	Former enlisted service
	FIRST LIEUTENANTS—continued			
6241	Marshall, Wm. F., jr., Inf	New York	Em	No.
6242	Foster, Thad V., A. C	Massachusetts	Em	No.
6243	Cross, Thomas J., Inf	New York	Em	No.
6244	Haley, James B., F. D	California	Em	No.
6245	Kutschke, Emerick, Inf	Illinois	Em	Yes.
6246	Darby, Marshall E., Ord. Dept	District of Columbia.	Em	No.
6248	Gates, John C., Q. M. C	Minnesota	Em	No.
6250	McGinris, Harold A., A. C	Illinois	Em	No.
6251	Halverson, Harry A., A. C	California	Em	No.
6253	McKinnon, Morton H., A. C	do	Em	No.
6254	Adler, Elmer E., Capt., A. C	New York	Em	No.
6255	Pangburn, Elmer D., Inf	Washington	Army	Yes.
6256	Thomas, Nathan W., Q. M. C	New York	Em	No.
6257	Smith, Joseph Evan, Capt., Q. M. C	Texas	Em	Yes.
6258	Hough, Walter B., A. C	Illinois	Em	No.
6259	Benson, Guy C., F. A	Tennessee	Em	No.
6260	Lanagan, Wm. M., A. C	Indiana	Em	No.
6263	Burgess, Walter K., A. C	Texas	Em	No.
6265	Brooks, Bruno W., Q. M. C	New York	Em	Yes.
6266	Chapman, Gustavus F., Q. M. C	Illinois	Em	No.
6267	Dollard, John T., Q. M. C	District of Columbia.	Em	Yes.
6268	Brophy, Norman D., A. C	Minnesota	Em	No.
6271	Smith, Wallace G., A. C	Missouri	Em	No.
6272	Horn, Charles A., A. C	New York	Em	No.
6273	Hill, Ployer P., A. C	Massachusetts	Em	No.
6274	Wilson, Clarence C., A. C	Missouri	Em	No.
6275	Gates, Byron E., A. C	Montana	Em	No.
6276	Pettibone, Elmer K., Q. M. C	Oregon	Em	Yes.
6279	Sharon, Leon E., A. C	Illinois	Em	No.
6280	Farmer, Clarence R., Inf	do	Em	Yes.
6281	Morris, Lawrence B., Q. M. C	District of Columbia.	Em	No.
6282	Proctor, Ivan L., A. C	Georgia	Em	No.
6283	Dunton, Delmar H., A. C	Michigan	Em	No.
6284	Carlson, Hjalmar F., A. C	Massachusetts	Em	No.
6285	Anderson, Orvil A., A. C	Utah	Em	No.
6287	Hood, Robert B, F. A	Kansas	Civ	No.
6288	Harris, James J., Q. M. C	Texas	Em	No.
6289	Fletter, Charles F., Q. M. C	California	Em	No.
6290	Thoroughman, Roy N., Inf	Oregon	Em	No.
6291	Downey, Hugh C., A. C	New York	Em	No.
6292	Powers, John J., Q. M. C	District of Columbia.	Em	No.
6293	Wade, John C., C. E	Texas	Em	No.
6294	Goddard, George W., A. C	New York	Em	No.
6295	Reed, Charles W., Ord. Dept			
6296	McCarthy, Wm. J., C. A. C	New York	Em	Yes.
6297	Greer, Jack, A. C	Missouri	Em	No.
6298	Kirksey, Guy, A. C	do	Em	No.
6299	Chapman, Thomas H., A. C	Michigan	Em	No.
6300	McDonnell, John M., A. C	Massachusetts	Em	No.
6301	Mills, Harry H., A. C	Illinois	Em	Yes.
6302	Thomas, Robert V., Q. M. C	Indiana	Em	No.
6303	Walecka, Joseph L., P. S	Army	Em	Yes.
6305	Dowiall, Harry G., Inf	Michigan	Em	No.
6306	Sullivan, Edwin, A. C	New York	Em	No.
6307	Hutchins, Carroll R., Q. M. C	Maine	Em	No.
6308	Drumm, John R., A. C	Pennsylvania	Em	No.
6309	Robbins, Oliver K., A. C	Massachusetts	Em	No.
6312	Christian, Frank, P. S	Army	Army	Yes.
6313	Dercker, Walter L., P. S	do	Army	Yes.
6314	Caperton, Roy J., Inf	do	Em	Yes.
6315	Haltiwanger, Wilbur N., P. S	do	Army	Yes.
6316	Hollister, Paul A., P. S	do	Army	Yes.
6318	Wilson, Francis M., P. S	do	Army	Yes.
6319	Haynes, Harold M., P. S	do	Army	Yes.
6321	Pahlke, John F., Inf	do	Em	Yes.
6322	Beebee, Francis C., Capt., F. D	New York	Em	No.
6323	Hartrick, Guy R., Capt., O. D	Illinois	Em	No.
6324	Glascock, John R., A. C	California	Em	No.
6325	Graf, Enoch, Q. M. C	Ohio	Em	Yes.
2626	Van Meter, Isaac D., Q. M. C	Texas	Em	No.
6327	Owens, Ray L., A. C	Washington	Em	No.
6328	Leinbach, Charles B., F. A	Pennsylvania	Em	Yes.
6329	Kerah, Henry L., F. A	Alabama	Em	No.
6330	Garrison, Lloyd R., F. A	Texas	Em	No.
6331	Brenneman, Charles C., A. C	Illinois	Em	No.
6332	Miller, Raymond C., F. A	Washington	Em	No.
6333	Hallam, Clyde M., F. A	Idaho	Em	No.
6338	McPike, George V., A. C	California	Em	No.
6339	Carter, Samuel O., A. C	do	Em	No.
6341	Cresney, George G., M. C	District of Columbia.	Em	No.
6342	Crumrine, Clarence E., A. C	Illinois	Em	No.
6343	Kirsner, Harry, Q. M. C	Connecticut	Army	Yes.
6344	Moran, William K., A. C	Massachusetts	Em	No.
6345	Viles, Voler V., Capt., F. D	Utah	Em	No.
6346	McDarment, Corley P., A. C	Kentucky	Em	No.
6347	Cooper, Russell H., A. C	West Virginia	Em	No.
6348	Phipps, Gaylord L., Inf	Missouri	Em	No.
6349	Woodward, Henry G., A. C	Michigan	Em	No.
6350	Moore, Clifford J., Q. M. C	Louisiana	Em	Yes.
6351	Morgan, John R., A. C	West Virginia	Em	No.
6353	Wriston, Roscoe C., A. C	Massachusetts	Em	No.
6356	Brandhorst, Henry W., Inf	Colorado	PS	No.
6357	Smith, Leonard R., Inf	California	Em	No.
6358	Partridge, Stanley N., Inf	do	Em	No.
6359	Jordan, James B., A. C	Oklahoma	Em	No.
6360	Caldwell, Albin N., Q. M. C	California	Em	No.
6361	Monger, Arvel J., inf	Tennessee	Em	Yes.
6362	Judd, John H., Inf	Colorado	Em	No.
6363	Ford, Thomas J., C. W. S	Mississippi	PS	No.

Names of officers who will be retired by the provisions of the War Department appropriation bill as reported to the House—Continued

P. L. 7-1-31	Name and rank	State	Source	Former enlisted service
	FIRST LIEUTENANTS—continued			
6364	Smith, Chas. R., Inf.	Kentucky	Em	No.
6365	Shum, Raymond E., Inf.	Massachusetts	Em	No.
6366	Cooley, Kenton P., Inf.	Ohio	Em	No.
6367	Gruber, Lester E., Inf.	Pennsylvania	Em	No.
6368	Smith, Fay, Inf.	Indiana	Em	No.
6369	Taylor, Alfred N., Inf.	Idaho	Em	No.
6370	Hardy, William J., Inf.	Minnesota	Em	No.
6371	Rycroft, Jack E., Inf.	California	Em	No.
6372	Jacobs, Ben R., Inf.	Montana	Em	No.
6373	Neff, Marek C., Inf.	Georgia	Em	No.
6374	Willis, Jefferson B., Inf.	Oklahoma	Em	No.
6375	Hixson, Lewis D., Inf.	Texas	Em	No.
6376	Banks, Clyde G., Inf.	North Carolina	Em	No.
6377	Yeaton, Ivan D., F. A.	California	Em	No.
6378	Winstead, Thomas E., Inf.	Tennessee	Em	No.
6379	Cullins, Harry, Inf.	Kansas	Em	Yes.
6380	McKenney, Alfred E., Inf.	New Hampshire	Em	No.
6381	Ellison, Henry B., Inf.	New York	Em	No.
6384	Hayes, Wm. P., Inf.	Texas	Em	No.
6400	Dunstan, Edwin V., Capt., Q. M. C.	Michigan	Em	No.
6401	Kase, John A., A. C.	Pennsylvania	Em	No.
6402	Becque, John H., C. W. S.	Kentucky	Em	No.
6403	Teague, Theodore T., S. C.	Massachusetts	Em	No.
6404	Elder, Eugene V., S. C.	Kentucky	Em	No.
6408	Harris, Ray G., A. C.	Texas	Em	No.
6409	Reed, Harry E., Inf.	Colorado	Em	No.
6411	Shively, James C., A. C.	Pennsylvania	Em	No.
6412	Smith-Clifford, Q. M. C.	Illinois	Army	Yes.
6413	Vanderwerker, Francis, H., F. A.	District of Columbia.	Em	No.
6414	Barnum, Charles V., Cav.	do	Army	Yes.
6415	Cluck, James C., A. C.	Texas	Em	No.
6417	Routhier, Joseph F., F. D.	Illinois	Army	Yes.
6418	Strode, Rober T., F. A.	Arkansas	Em	No.
6419	Powell, Russell D., F. A.	California	Em	No.
6420	Carlson, Charles R., F. A.	Minnesota	Em	No.
6421	Raymond, Harold C., F. A.	Washington	Em	No.
6422	Day, Charles H., F. A.	Illinois	Em	No.
6423	Foreman, Thomas O., F. A.	Louisiana	Em	No.
6424	Watts, Harry L., Jr., F. A.	Virginia	Em	No.
6425	Engerud, Harold, Cav.	North Dakota	Em	No.
6426	Higgins, Raymond T. J., F. A.	Connecticut	Em	No.
6427	Page, Sidney C., Cav.	Minnesota	Em	No.
6428	Caldwell, David D., F. A.	Mississippi	Em	No.
6429	Wilsey, Walter T., Q. M. C.	New Jersey	Em	No.
6430	Hastings, Albert J., F. A.	do	Em	No.
6438	Knapp, Raymond A., C. A. C.	Massachusetts	Em	No.
6439	Brown, Courtland M., A. C.	do	Em	No.
6440	Cherry, Newman H., Q. M. C.	Arkansas	Em	No.
6441	Tatom, Keith K., Inf.	California	Army	Yes.
6443	Taylor, Paul R., Inf.	Nebraska	Army	Yes.
6445	McConnell, Alva E., Q. M. C.	Indiana	Em	No.
6446	McClellan, Hez., A. C.	Louisiana	Em	No.
6448	Grownell, James R., P. S.	New York	Army	Yes.
6449	Marshall, Carley L., Inf.	Army	Army	Yes.
6450	Huarte, Frank D., P. S.	do	Army	Yes.
6451	Jordan, Harold R., P. S.	do	Army	Yes.
6453	Allen, Henderson W., P. S.	do	Army	Yes.
6455	Davidson, Rufus B., A. C.	Georgia	Em	No.
6457	Williams, Robert S., Q. M. C.	Missouri	Em	No.
6458	Birnn, Roland A., A. C.	New York	Em	No.
6459	Smith, Stanton T., A. C.	Texas	Em	No.
6460	Stocker, Hubert A., Capt., Q. M. C.	Virginia	Em	No.
6461	Zeller, Harry L., Q. M. C.	New Jersey	Em	No.
6463	Freeman, Edward V., Q. M. C.	Massachusetts	Em	No.
6465	Edmands, Howard J., P. S.	do	Civ	No.
6466	McCullough, Earl T., Inf.	Texas	Em	No.
6467	King, Clarence L., Inf.	West Virginia	Em	No.
6468	Abbey, Evers, A. C.	New York	Em	No.
6469	McDaniel, Otto L., P. A.	Missouri	Em	No.
6487	Kindall, Sylvian G., Inf.	Washington	Em	No.
6488	Holder, John H., Q. M. C.	South Carolina	Em	No.
6489	Bailey, Joseph P., A. C.	Alabama	Em	No.
6492	Salzmann, Rafael L., Inf.	Oregon	Em	Yes.
6494	Horton, Clarence F., A. C.	New York	Em	No.
6495	Wooley, George F., Jr., F. A.	Nebraska	MA	No.
6496	Jones, Clarence E., Q. M. C.	Dist. of Col.	Em	No.
6497	Collins, Lawrence C., Inf.	Iowa	Em	Yes.
6498	Payne, Samuel C., Inf.	Indiana	Em	Yes.
6499	Johnson, John J., C. A. C.	New Jersey	Em	No.
6503	Dingeman, Ray E., C. A. C.	Iowa	Em	No.
6504	Kuhn, Harry A., C. W. S.	Pennsylvania	Em	No.
6505	Wilson, Arthur E., C. A. C.	Maine	Em	No.
6506	Wynne, George C., Q. M. C.	California	Em	No.
6510	North, Thomas F. A.	New Jersey	Em	No.
6511	Freeman, Robert L., Cav.	Georgia	Em	Yes.
6517	Raezer, John J., Q. M. C.	Texas	Em	No.
6518	Martin, Pardoe, A. C.	New York	Em	Yes.
6519	Hunt, John A., Q. M. C.	Washington	Em	No.
6520	Brown, Raymond R., A. C.	Florida	Em	No.
6522	Lickman, Edwin C., Inf.	Connecticut	Em	No.
6523	Collins, Patrick, Inf.	Pennsylvania	Em	Yes.
6524	Schmidt, Rudolph G., Q. M. C.	New York	Em	No.
6525	Bullock, Frank W., Sig. C.	Texas	Em	No.
6526	French, Ralph W., Q. M. C.	Washington	Em	No.
6527	Hardee, David L., Inf.	North Carolina	Em	No.
6529	Monhollan, Joseph E., Inf.	Arizona	Em	Yes.
6530	Shepard, Whitfield P., Inf.	New York	Em	No.
6531	Hunt, Clifton T., C. E.	Virginia	Em	No.
6532	Beine, Helmuth E., Inf.	Wisconsin	Em	No.
6533	Moore, Robert S., F. D.	Oklahoma	Em	No.
6534	Tagliabue, Aloysius J., F. D.	New York	Em	No.
6542	Pease, Crowell E., F. A.	Maine	Em	No.
6543	Avera, Claude B., Q. M. C.	Texas	Em	No.

Names of officers who will be retired by the provisions of the War Department appropriation bill as reported to the House—Continued

P. L. 7-1-31	Name and rank	State	Source	Former enlisted service
	FIRST LIEUTENANTS—continued			
6544	McKiernan, Wm. J. jr., A. C.	New York	Em	No.
6547	Beer, Arthur W., Capt., J. A. G. D.	District of Columbia.	Em	No.
6548	Faust, Elden Q., Q. M. C.	Pennsylvania	Em	No.
6549	McBride, Lewis M., Capt., C. W. S.	South Dakota	Em	No.
6550	Dewey, Arthur E., Q. M. C.	Illinois	Em	No.
6551	McReynolds, Edwin R., A. C.	Iowa	Em	No.
6552	Lingle, David G., A. C.	Indiana	Em	No.
6553	Gannon, Michael V., F. A.	Iowa	Em	No.
6555	Ellis, Harry V., Q. M. C.	District of Columbia.	Em	No.
6558	Webster, Robert M., A. C.	Connecticut	Em	No.
6558	Spigelmyre, Harold, Q. M. C.	Michigan	Em	No.
6559	Fately, Ora E., Q. M. C.	Texas	Em	Yes.
6560	Curtis, Frank H., Inf.	Colorado	Em	Yes.
6561	Keller, Wm. S., Inf.	Texas	Em	No.
6562	Christian, Thomas H., Inf.	Illinois	Em	No.
6563	Smith, Paul R., C. W. S.	Pennsylvania	Em	No.
6564	Essig, Theael W., Inf.	Illinois	Em	No.
6565	Lindley, Frank B., Inf.	Kansas	Em	No.
6566	Kolb, Carter M., Inf.	Indiana	Em	No.
6567	Gardyne, Harold A., F. D.	Vermont	Em	No.
6568	Summa, Grover A., Inf.	Indiana	Em	Yes.
6569	Purswell, Sam, Inf.	Alabama	Em	No.
6570	Rawlins, George J., Cav.	Georgia	Em	Yes.
6571	Backes, Charles, A. C.	North Dakota	Em	No.
6572	Nelson, Kent J., Inf.	Indiana	Em	No.
6573	Canary, Jesse E., Inf.	Kentucky	Em	No.
6574	Opie, Richard E. G., Inf.	California	Em	No.
6578	Ringer, Elmer C., F. A.	Oklahoma	Em	No.
6579	Landers, Sigmund F., A. C.	Colorado	Em	No.
6580	Heyduck, Lawrence E., F. A.	Illinois	Em	No.
6581	Clark, Milo N., A. C.	California	Em	No.
6582	Elwood, Ernest A., F. A.	do	Em	No.
6583	Jordan, Lewis P., Inf.	West Virginia	Em	No.
6588	Mackay, George A., C. W. S.	Washington	Em	No.
6589	Crocker, Harrison G., A. C.	North Dakota	Em	No.
6590	Rooks, John M., Q. M. C.	Illinois	Em	No.
6592	O'Connell, Jack J., A. C.	Connecticut	Em	No.
6593	Frickelton, Frank S., Q. M. C.	California	Em	No.
6594	Hoaas, Ole G., C. E.	do	Em	No.
6595	Beard, Robert S., Capt., Q. M. C.	Missouri	Em	No.
6596	Decker, Dorey L., Q. M. C.	Ohio	Em	Yes.
6597	Morris, Ed. J., Q. M. C.	New York	Em	No.
6598	Dumont, Fernand G., Inf.	do	Civ	No.
6599	Carney, John J., Inf.	Illinois	Em	Yes.
6601	Matson, Joseph M., Q. M. C.	New York	Em	No.
6602	McNeal, Don, S. C.	Ohio	Em	No.
6606	Robbins, Ed. M., A. C.	California	Em	No.
6607	Hammond, James W., A. C.	Pennsylvania	Em	No.
6608	Feiio, Leonard F., Q. M. C.	New York	Em	No.
6609	Coughlin, Robert E., C. E.	Maryland	Em	No.
6614	Daw, Wm. J., S. C.	Wisconsin	Em	Yes.
6615	Ellis, Otto, F. A.	Kansas	Em	No.
6621	Yoder, Leverett G., C. E.	Wisconsin	MA	No.
6626	Barnes, Elmer E., C. E.	Rhode Island	MA	No.
6635	Lock, Edwin P., jr., C. E.	California	MA	No.
6645	Twitty, Joseph J., C. E.	Georgia	MA	No.
6648	Wicks, Roger M., F. A.	New York	MA	No.
6653	Keyser, George V., F. A.	Indiana	MA	No.
6659	Callaway, Wm. A., Inf.	Virginia	MA	No.
6660	Canan, Howard V., C. E.	Nebraska	MA	No.
6669	Eddy, George G., O. D.	New York	MA	No.
6673	Hinton, John, F. A.	Missouri	MA	No.
6676	Ericson, Richard A., C. A. C.	Minnesota	MA	No.
6683	Gildart, Chas. R., F. A.	Michigan	MA	No.
6687	Monroe, Hammond M., Inf.	California	MA	No.
6692	Stice, Kenneth S., Sig. C.	Illinois	MA	No.
6711	Stansbury, Elmer V., Cav.	New Jersey	MA	No.
6720	Johnson, Albert W., Cav.	Rhode Island	MA	No.
6726	Graham, Jesse E., Inf.	Oklahoma	MA	No.
6727	Lipman, Solomon Mark, Cav.	Nebraska	MA	No.
6729	Baclig, Eustaquio S., P. S.	Philippines	MA	No.
6730	Stevens, Burrowes G., Inf.	At large	MA	No.
6734	Gray, Lee E., C. A. C.	Washington	MA	No.
6738	Moore, Charles H., jr., Inf.	Arkansas	MA	No.
6739	Freeman, James W., O. D.	Minnesota	MA	No.
6740	Mackenzie, Alex. J., Inf.	New Jersey	MA	No.
6744	Pulsifer, Arthur, Sig. C.	At large	MA	No.
6748	Gibney, Jesse L., Inf.	Pennsylvania	MA	No.
6753	Brimmer, Howard W., Inf.	Wyoming	MA	No.
6761	Bonwell, Miner W., Inf.	Idaho	MA	No.
6763	Keasler, James L., Inf.	Texas	MA	No.
6798	Bennison, Richard T., F. A.	New York	MA	No.
6802	McGill, Francis G., F. A.	Connecticut	MA	No.
6824	Waddell, Hugh B., Cav.	Mississippi	MA	No.
6866	Rockafellow, L. Hoyt, Inf.	Pennsylvania	MA	No.
6879	O'Reilly, Walter T., F. A.	Colorado	MA	No.
6888	Hopkins, Edward O., F. A.	Oklahoma	MA	No.
6931	Warren, Joseph H., Inf.	Texas	MA	No.
6963	Allen, Wm. J., Capt., Q. M. C.	Illinois	Em	No.
6964	Hart, Charles H., jr., Inf.	Virginia	Em	No.
6965	McConnell, Adolphus R., A. C.	Tennessee	Em	No.
6966	Barnes, George D., Inf.	District of Columbia.	Em	No.
6970	Evans, Henry S., Capt., Q. M. C.	Texas	Em	No.
6971	Fishback, Fred C., A. C.	Missouri	Em	No.
6973	Hanley, John L., C. A. C.	At large	MA	No.
6974	Hunsicker, Stanley H., Q. M. C.	Pennsylvania	Em	No.
6976	Rogers, Oscar L., A. C.	North Carolina	Em	No.
6977	O'Leary, Roger F., Q. M. C.	District of Columbia.	Em	No.
6978	Mills, Samuel P., A. C.	Vermont	Em	No.
6979	Selzer, Edgar T., A. C.	Missouri	Em	No.

Names of officers who will be retired by the provisions of the War Department appropriation bill as reported to the House—Continued

P. L. 7-1-31	Name and rank	State	Source	Former enlisted service
	FIRST LIEUTENANTS—continued			
6980	Lubbe, Albert J., Sig. C	Illinois	Em	No.
6981	Luscombe, John B., Q. M. C	Wisconsin	Em	No.
6982	Howard, Charles H., A. C	Oregon	Em	No.
6983	Hillery, Edward A., A. C	Oklahoma	Em	No.
6987	Powell, Frank E., Q. M. C	Maryland	Em	No.
6988	Patrick, Frederick I., A. C	Missouri	Em	No.
6989	Goodrich, Donald R., A. C	Michigan	Em	No.
6990	Wilson, Ernest W., Capt. F. D	Kentucky	Em	No.
6991	Kuhn, Francis H., Q. M. C	Texas	Em	No.
6995	Gunn, Claud T., F. D	Georgia	Civ	Yes.
6999	Smith, James Wilson, P. S	Army	En.NA	No.
7000	Harris, Paul A., C. A. C	Indiana	Civ	No.
7001	Campbell, Jefferson C., F. A	Oklahoma	Civ	No.
7004	Trippe, Richard H., F. D	Georgia	Civ	No.
7005	Wells, O. D., Inf	Pennsylvania	Civ	No.
7007	Cole, Paul W., C. A. C	Illinois	MA	No.
7008	Prouty, Everett S., Inf	Wisconsin	Civ	No.
7009	Lawrence, Charles S., Q. M. C	Georgia	Civ	Yes.
7010	Shaw, John C., Inf	Kansas	Civ	No.
7011	Price, William C., jr., F. A	Pennsylvania	Civ	No.
7014	Haddon, Julian B., A. C	California	Civ	No.
7015	Collins, Claude D., Inf	Illinois	Civ	No.
7016	Burns, William H., C. A. C	Connecticut	Civ	No.
7017	Moore, William E., Q. M. C	do	Civ	No.
7018	Gunn, Clem O., C. A. C	Georgia	Civ	Yes.
7019	Ellis, Wilber R., C. A. C	Virginia	Civ	No.
7021	Anderson, George B., C. A. C	Massachusetts	Civ	No.
7022	Wolfe, Walter J., C. A. C	do	Civ	No.
7024	Watson, Lester F., Q. M. C	Illinois	Em	No.
7025	Vecqueray, William E., Q. M. C	Florida	Em	No.
7026	McCormick, Haynie, A. C	Texas	Em	Yes.
7027	Wolf, Arthur H., Inf	Wisconsin	Em	No.
7028	Wilson, Albert T., Inf	Arkansas	Em	Yes.
7030	Elder, Hartwell M., Q. M. C	Georgia	Em	No.
7031	Holland, Park, A. C	New York	Em	No.
7032	Gross, John, F. A	Kansas	Em	No.
7033	Howard, Thomas R., Inf	District of Columbia.	Em	No.
7034	Adams, Samuel J., Inf	Florida	Em	Yes.
7035	Kelly, Albert G., Inf	Tennessee	Em	No.
7036	Webb, William H., C. A. C	New York	Em	No.
7037	Pickels, Wayne M., Q. M. C	Indiana	Em	Yes.
7038	Marriott, Owen R., F. A	Missouri	Em	No.
7039	Vida, Frank J., Inf	New York	Em	Yes.
7228	Sulit, Mariano S., P. S	Vermont	Em	No.
7242	Peirce, John B., Inf	Army	Em	Yes.
7243	Goodall, James R., C. A. C	do	Army	No.
7251	Carlsten, Chester A., Inf	Wisconsin	Em	No.
7258	Baaning, Ed. A., F. A	Iowa	Civ	No.
7260	Ingham, Henry L., F. A	California	Civ	Yes.
7261	LeStourgeon, Percy E., Inf	New Jersey	Civ	No.
7268	Lynch, Harry, S. C	Oregon	Civ	No.
7270	Lee, Fay W., F. A	Utah	Em	No.
7283	Harry, John, C. A. C	Colorado	Civ	No.
7312	Langmead, Edmund C., A. C	Ohio	Army	No.
7315	Haney, Lee W., Inf	Indiana	Civ	Yes.
7319	Lepper, Lewis E., W. F. A	Massachusetts	Civ	Yes.
7328	Love, Henry L., F. A	Utah	Civ	No.
7338	Walsh, Edward J., Inf	Maryland	Civ	No.
7351	Baker, John J., Inf	Army	Army	No.
7353	Johnston, Robert B., Q. M. C	South Carolina	Civ	No.
7357	Phillips, Donald B., A. C	District of Columbia.	Civ	No.
7358	Robertson, Wm. W., Inf	New Jersey	Civ	No.
7361	Adams, Hugh P., F. A	Ohio	Civ	Yes.
7363	Moore, Thomas E., F. A	Colorado	Civ	No.
7367	Merrick, Louis M., A. C	District of Columbia.	Civ	No.
7368	Woods, Lee R., jr., F. A	Oregon	Civ	No.
7370	Watkins, Dudley W., A. C	Wyoming	Civ	No.
7371	Willis, Arthur N., Cav	Vermont	Civ	No.
7374	Ferguson, Homer W., A. C	Oregon	Civ	No.
7378	Sevilla, Pacifico C., P. S	Philippine Islands.	Civ	No.
7380	Delaney, John C., C. A. C	Maryland	Civ	No.
7384	Evans, Andrew J., Inf	South Carolina	Civ	No.
7386	Ashton, Donald M., Inf	Massachusetts	Civ	No.
7404	Catalan, Nemesio, P. S	Philippine Islands.	Civ	No.
7503	Dickie, James H., F. D	Wisconsin	Civ	Yes.
7510	Watters, William E., F. A	South Dakota	Civ	No.
7511	Dawson, Leo H., A. C	Colorado	Civ	No.
7512	Smith, Milton J., A. C	California	Civ	No.
7514	Hilliard, Leonard L., Inf	Texas	Civ	Yes.
7751	Irwin, Carlisle B., Inf	Army	Army	No.
7752	Vance, Lee C., Cav	do	Army	No.
7753	Perry, Russell V., Q. M. C	do	Army	No.
7759	Clouser, Edward B., Inf	Delaware	Civ	No.
7783	Anderson, Herbert W., A. C	Montana	Civ	No.

RECAPITULATION

The following recapitulation will show the number of officers that will be retired from each State:

Promotion list officers to be retired by location of appointment

Alabama	16
Arizona	10
Arkansas	16
California	131
Colorado	27
Connecticut	22
Delaware	6
District of Columbia	94
Florida	31
Georgia	44
Idaho	11
Illinois	123
Indiana	58
Iowa	38
Kansas	30
Kentucky	47
Louisiana	14
Maine	19
Maryland	42
Massachusetts	65
Michigan	47
Minnesota	40
Mississippi	22
Missouri	57
Montana	4
Nebraska	12
Nevada	1
New Hampshire	3
New Jersey	51
New Mexico	4
New York	177
North Carolina	30
North Dakota	7
Ohio	75
Oklahoma	22
Oregon	37
Pennsylvania	108
Rhode Island	13
South Carolina	24
South Dakota	6
Tennessee	42
Texas	95
Utah	16
Vermont	13
Virginia	55
Washington	46
West Virginia	19
Wisconsin	28
Wyoming	9

Source from which appointed

	Colonel	Lieutenant colonel	Major	Captain	First lieutenant
Military Academy	31	20	28		63
Volunteer	42	18			
Civil	1	5	72		60
Army	8	54	27	13	29
Emergency	3	2	117	615	517
Former enlisted service	2	10	52	273	188

MERGER OF PUBLIC UTILITIES IN THE DISTRICT OF COLUMBIA

Mrs. NORTON. Mr. Speaker, I call up the joint resolution (H. J. Res. 154) to authorize the merger of street-railway corporations operating in the District of Columbia, and for other purposes, and move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of the joint resolution.

Mr. BLANTON. Mr. Speaker, the gentleman from Texas, Mr. PATMAN, a member of this committee, wanted to be present if they were going to call up the merger resolution. The gentleman from Texas is opposed to it and the Federated Citizens' Associations here are against the joint resolution. If this joint resolution is going to be called up now we ought to have a quorum to get the membership here, and I shall be compelled to make a point of no quorum to let the Members know the joint resolution is coming up.

I make the point of no quorum, Mr. Speaker.

Mrs. NORTON. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 72]

Abernethy	Carley	Dickstein	Golder
Aldrich	Cary	Dies	Goldsborough
Andrews, N. Y.	Cavicchia	Dieterich	Hall, Miss.
Bachmann	Celler	Douglas, Ariz.	Hartley
Beck	Chapman	Douglass, Mass.	Haugen
Bland	Chase	Doutrich	Hawley
Bloom	Clarke, N. Y.	Drane	Hess
Boland	Collier	Eaton, N. J.	Hogg, Ind.
Bolton	Connolly	Erk	Hogg, W. Va.
Boylan	Cooper, Ohio	Estep	Hopkins
Britten	Corning	Fish	Hornor
Brumm	Crosser	Foss	Horr
Brunner	Cullen	Freeman	Houston
Buckbee	Curry	Fulmer	Igoe
Bulwinkle	Darrow	Gasque	Jeffers
Burch	Davenport	Gavagan	Jenkins
Canfield	De Priest	Gifford	Johnson, Ill.

Johnson, Tex.	Lindsay	Ramseyer	Strong, Pa.
Kahn	Lovette	Ransley	Sweeney
Kendall	McDuffie	Reid, Ill.	Taber
Kennedy	McLaughlin	Romjue	Taylor, Colo.
Kerr	Maas	Rudd	Taylor, Tenn.
Knutson	Mead	Sabath	Thurston
Kopp	Moore, Ohio	Sanders, N. Y.	Tinkham
Kurtz	Mouser	Schuetz	Tucker
Lambeth	Murphy	Seger	Underwood
Lamneck	Nelson, Wis.	Shott	Warren
Lankford, Va.	Oliver, N. Y.	Sirovich	Watson
Larrabee	Owen	Smith, Idaho	Welsh, Pa.
Lea	Patman	Stalker	White
Leavitt	Perkins	Stevenson	Wigglesworth
Lewis	Purnell	Stokes	Wood, Ind.

The SPEAKER. Three hundred and one Members have answered to their names; a quorum is present.

On motion of Mrs. NORTON, further proceedings under the call were dispensed with.

FRATERNAL INSURANCE IN THE DISTRICT OF COLUMBIA

Mrs. NORTON. Mr. Speaker, I ask unanimous consent to call up concurrent resolution (S. Con. Res. 27), and yield five minutes to the gentleman from Ohio, Mr. HARLAN, to offer an amendment thereto.

Mr. STAFFORD. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. STAFFORD. Mr. Speaker, on the last day given over to District business, House Joint Resolution 154, providing for a merger of the street-railway systems in the District of Columbia, was the unfinished business. As this joint resolution was the unfinished business when the District Committee last had the call, is it not the unfinished business when the House resumes consideration of District business?

The SPEAKER. The Chair thinks not, because a motion to consider it is necessary. Wherever a motion is required, the unfinished business has no precedence over any other business.

The gentlewoman from New Jersey asks unanimous consent for the present consideration of a concurrent resolution, which the Clerk will report.

The Clerk read as follows:

Senate Concurrent Resolution 27

Resolved by the Senate (the House of Representatives concurring), That the action of the Speaker of the House of Representatives and of the Vice President of the United States in signing the enrolled bill (S. 3584) to require all insurance corporations formed under the provisions of Chapter XVIII of the Code of Law of the District of Columbia to maintain their principal offices and places of business within the District of Columbia, and for other purposes, be, and the same is hereby rescinded, and that the Secretary of the Senate be, and he is hereby, authorized and directed to reenroll the bill with the following amendment in the nature of a correction, viz: On page 1, line 11, of the engrossed House amendment, after the word "corporation," insert the following: "kept in a branch-office agency of such corporation."

Mr. BLANTON. Mr. Speaker, reserving the right to object, the lady from New Jersey is not calling up the merger resolution?

Mr. HARLAN. This is a concurrent resolution to correct a bill that has already passed the House and the Senate.

Mr. LAGUARDIA. Mr. Speaker, reserving the right to object, the expression "to correct a bill" sounds simple, but may be very far reaching in its effect. As I heard the concurrent resolution read, it provides for an amendment with respect to a branch-office agency. How does that change the original bill as it was passed?

Mr. HARLAN. The original bill required all insurance companies incorporated in the District of Columbia to keep their main office in the District of Columbia and to keep their books here for examination, except agency books. When the bill was engrossed, in some way they left out the exception.

Mr. LAGUARDIA. In other words, it does not change the bill as passed, but changes an incorrectly engrossed bill.

Mr. HARLAN. That is the purpose of the concurrent resolution.

The SPEAKER. Is there objection?

There was no objection.

Mr. HARLAN. Mr. Speaker, I offer at this time an amendment to the concurrent resolution.

The Clerk read as follows:

On page 1, line 11, after the word "following," strike out the word "amendment" and substitute the word "amendments," and on page 1, line 12, strike out the words "a correction" and insert the word "corrections," and at the end of the resolution strike out the period, insert a semicolon, and add the following:

And on page 1, line 12 of the engrossed House resolution, after the word "agency," insert the following:

"And provided further, That any insurance corporation created by special act of Congress is hereby authorized upon resolution of its board of directors or trustees to reincorporate under the laws of any State of the United States, a certified copy of such resolution of such board of directors or trustees having first been filed in the office of the superintendent of insurance of the District of Columbia and recorded in the office of the recorder of deeds of the District of Columbia. Upon compliance with the above conditions the assets of the said corporation shall thereby become vested in the new corporation. Said new corporation shall faithfully carry out any and every right, obligation, and liability of said original corporation."

Mr. BLANTON. A parliamentary inquiry, Mr. Speaker.

The SPEAKER. The gentleman will state it.

Mr. BLANTON. Unless it were done last Saturday, until there has been a motion made and passed, or unanimous consent given, vacating the provisions by which this bill was passed and sent to the Senate, can it be taken up now?

The SPEAKER. That was done on Saturday last. This is a concurrent resolution authorizing the engrossing clerk to engross the bill with certain provisions in it.

The question is on the amendment offered by the gentleman from Ohio.

The amendment was agreed to.

The concurrent resolution was agreed to.

MERGER OF STREET-RAILWAY CORPORATIONS

Mrs. NORTON. Mr. Speaker I move that the House resolve itself into Committee of the Whole House on the state of the Union for the further consideration of the joint resolution (H. J. Res. 154) to authorize the merger of street-railway corporations operating in the District of Columbia and for other purposes.

Mr. BLACK. Mr. Speaker, pending the motion I ask unanimous consent that at the conclusion of the reading of the preamble, which is all that is left of the joint resolution to be read, the gentleman from Texas be given 10 minutes and I be given 10 minutes to discuss the joint resolution generally.

The SPEAKER. Is there objection?

There was no objection.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union, with Mr. THOMASON in the chair.

The Clerk read the title of the joint resolution.

The CHAIRMAN. The Clerk will read the preamble.

Mr. BLANTON. Mr. Chairman, the preamble being familiar to all the Members of the House and being of some length, I ask unanimous consent that it be considered as read.

Mr. STAFFORD. The preamble being a necessary part of the joint resolution, I shall have to object.

The Clerk read the preamble, as follows:

That pursuant to the act entitled "An act to permit the merger of street-railway corporations operating in the District of Columbia, and for other purposes," approved March 4, 1925, a form of agreement to carry this into effect and providing for the formation of a new corporation to be known as the Capital Transit Co. to acquire properties and/or stocks or securities, and to succeed to the powers and obligations of the Capital Traction Co. and to succeed to the powers and obligations of the Washington Railway & Electric Co. directly connected with or relating to the operation of electric railways, motor busses, and/or other forms of public transportation, having been approved by the Public Utilities Commission of the District of Columbia on the 7th of December, 1931, as follows:

UNIFICATION AGREEMENT

Whereas the act entitled "An act to permit the merger of street-railway corporations operating in the District of Columbia, and for other purposes," approved March 4, 1925, provides "that any or all of the street-railway companies operating in the District of Columbia be, and they are hereby, authorized and empowered to merge or consolidate, either by purchase or lease by one company of the properties, and/or stocks or securities of

any of the others, or by the formation of a new corporation to acquire the properties and/or stocks or securities and to succeed to the powers and obligations of each or any of said companies under such terms and conditions as may be agreed upon by vote of a majority in amount of the stock of the respective corporation, and as may be approved by the Public Utilities Commission of the District of Columbia: *Provided*, That no merger of said companies shall be finally consummated until the same is approved by a joint resolution of Congress. Such new corporation shall be incorporated under the provisions of Subchapter IV, Chapter XVIII, of the Code of Law of the District of Columbia, as far as applicable, with issues of stock at a stated par value and/or of no par value, as may be approved by the Public Utilities Commission"; and

Whereas the Washington Railway & Electric Co. (hereinafter referred to as the "Washington Co.") and the Capital Traction Co. (hereinafter referred to as the "Capital Co."), street-railway companies now operating in the District of Columbia, are organized in accordance with special acts of the Congress of the United States for the purpose of carrying on street railway and other business; and

Whereas it is deemed advisable, for the purpose of greater efficiency and economy of management and for the benefit and advantage of the public and of the stockholders of said companies, that their transit properties used in the business of street railway, motor bus, and/or other forms of public transportation within the District of Columbia or between the District of Columbia and adjacent States, and such other property and assets, real and personal, tangible and intangible, as may be described in this agreement shall be placed under unified ownership and operation: and

Whereas the premises, covenants, agreements, grants, terms, and conditions herein have been approved by the Public Utilities Commission of the District of Columbia:

Now, therefore, if and when the said premises, covenants, grants, terms, and conditions herein contained are agreed upon by a vote of a majority in amount of the stock of the respective corporations, their respective properties as hereinafter described shall be transferred to and vested in the new company and the mode of carrying the same into effect shall be as follows:

First. The name of the new company shall be Capital Transit Co. (hereinafter referred to as the "new company").

Second. The new company shall be incorporated under the provisions of Subchapter IV of Chapter XVIII of the Code of Law of the District of Columbia and pursuant to an act of Congress entitled "An act to permit the merger of street-railway corporations operating in the District of Columbia, and for other purposes," approved March 4, 1925, with power to acquire, construct, own, and operate directly or through subsidiaries transit properties within the District of Columbia and in adjacent States, including the power to acquire, own, and operate the properties of whatsoever description to be conveyed to the new company in accordance with this agreement, and to acquire and own the stock and/or bonds of said companies and of any other company or companies engaged in the transportation of passengers in the District of Columbia and adjacent States with the power to mortgage its property, rights, and franchises, and to conduct such other activities as may be useful or necessary in connection with or incident to the foregoing purposes, including the power to buy, sell, hold, own, and convey real estate within and without the District of Columbia. Said new company when incorporated shall become and remain subject in all respects to regulation by the Public Utilities Commission of the District of Columbia or its successors to the extent of the jurisdiction vested in it or them by law over corporations engaged in the transportation of passengers within the District of Columbia. Nothing either hereinbefore or hereinafter in this agreement shall be construed as changing or limiting the provisions of any law with respect to corporations engaged in the transportation of passengers.

Third. The board of directors of the new company shall consist of 15 persons. Of the 15 original directors, 7 shall be nominated by the Washington Co., 7 by the Capital Co., and 1, to hold office for two years, shall be agreed upon by the 14 nominated as above. Of the directors so to be initially nominated by the Capital Co., 5 shall hold office for 3 years and 2 shall hold office for 2 years. Of the directors so to be initially nominated by the Washington Co., 2 shall hold office for 2 years and 5 shall hold office for 1 year.

The directors shall be stockholders and a majority bona fide residents of the District of Columbia, and shall, except as hereinbefore provided, be elected annually by the stockholders at such time and place as shall be determined by the by-laws of the company. The officers of the new company shall be selected by the board of directors.

Fourth. The new company shall have such rules, regulations, and by-laws as the directors shall adopt not contrary to its charter or to the laws in force in the District of Columbia. The duties and powers of the directors and the duties and powers of the officers of the company shall be such as are set forth in the by-laws.

Fifth. The authorized number and par value of the shares of stock of the new company, the number of shares of stock to be issued originally for the purpose of the unification and in payment for the properties of the Capital Co. and the Washington Co. to be acquired hereunder, the bonded indebtedness of the new company, the division of the stock issued by the new company between the Washington Co. and the Capital Co. shall all be as approved by the Public Utilities Commission of the District of Columbia: *Provided*, That the original bonded indebtedness and stock liability of the new company shall not be in excess of the total amount of the stocks, certificates of stock, bonds, or other evidences of indebtedness then outstanding against the Capital Co. and the Washington Co.

Sixth. After the original issue of stock for the purposes of the unification additional shares of stock and/or additional bonds or other evidences of indebtedness may, subject to the approval of the Public Utilities Commission of the District of Columbia, be issued by the directors from time to time for cash or in payment for bonds, or property, or to reimburse the treasury for capital expenditures.

Seventh. Approval of this agreement by joint resolution or act of Congress of the United States shall constitute and confer jurisdiction on the Public Utilities Commission to issue any order reasonably necessary to secure the operating and/or other economies contemplated by this merger. And said orders shall have the same legal effect and be enforceable in the same manner as other orders of said commission.

Eighth. Upon the organization of the new company the following transactions shall be carried out substantially simultaneously:

A. The Capital Co. shall vest in the new company all of its current assets, all moneys or securities of every form owned by it, whether held as cash, securities, choses in action, or special funds of any nature, all of its estates, lands, rights, powers, privileges, licenses, franchises and properties, real and personal, tangible and intangible, of every kind (including without limiting the generality of the foregoing, 202 shares of the par value of $50 per share of the capital stock of the Washington & Maryland Railroad Co. out of a total of 202 shares issued and oustanding, $66,000 principal amount of 6 per cent bonds of said company, due January 15, 1947, and a demand note for the principal amount of $20,500 bearing interest at the rate of 6 per cent per annum made by said company indorsed to the Capital Co.), and shall transfer to the new company all existing operating and other contracts and/or rights (subject to all conditions of said contracts) and shall execute all deeds, assignments, and/or other conveyances requisite for such purpose.

In consideration therefor the new company shall—

(a) Issue to the Capital Co. such shares of its capital stock and/or other securities as may be agreed upon by the Capital & Washington Co. and approved by the Public Utilities Commission of the District of Columbia.

(b) Assume and discharge as the same mature all of the liabilities of the Capital Co., such liabilities to be $5,800,000 principal amount of Capital Traction first mortgage bonds bearing interest at the rate of 5 per cent per annum, due June 1, 1947 (in addition to $200,000 principal amount thereof now in the treasury of the Capital Co. which shall be canceled on or before the date of closing hereunder), and current liabilities arising in normal conduct of the business.

It is understood and agreed that to carry out the intent thereof the Capital Co. shall and will as soon as may be possible after the date of closing as hereinafter defined, make distribution to its stockholders, liquidate and dissolve, and that to this end approval of this agreement by joint resolution or act of the Congress of the United States shall constitute and confer all necessary authority to the Capital Co. to liquidate its assets by distributing amongst its stockholders, in proportion to their several holdings of stock in said company, the shares of stock of the new company which it shall have received as the consideration for the sale, transfer, and conveyance of its property to the said new company as provided herein, and thereupon to liquidate its affairs and dissolve its corporate existence: *Provided*, That the existing liabilities of the said Capital Co. and the rights of its creditors shall not be affected thereby, and that such creditors shall have, as to the new company upon the transfer of property to it as aforesaid, all rights and remedies which they may then have as to the Capital Co.: *And provided further*, That no action or proceedings to which the Capital Co. is a party shall abate in consequence thereof, but the same may be continued in the name of the party by or against which the same was begun, unless the court in which said action or proceedings are pending shall order the new company to be substituted in its place and stead: *And provided further*, That the fact of such dissolution in accordance with this provision shall be published once a week for two successive weeks thereafter in at least two daily newspapers of general circulation published in the city of Washington, D. C.

The date of closing is hereby defined as the date of the transfer of the properties mentioned herein to the new company and the delivery of new company shares to the Capital and Washington Cos. in accordance herewith.

B. The Washington Co. will vest or cause to be vested in the new company all of its physical property, real and personal, Glen Echo Amusement Park (except devices now owned by the Washington Co. or Glen Echo Park Co.), tracks, lands, buildings, shops, structures, machinery, rolling stock, busses, easements, franchises, rights, operating and other contracts for the use of tracks, power, exchange of facilities, or otherwise, directly connected with or relating to and used in the ordinary operation and business of an electric railway, motor bus, public transportation company and common carrier, situate in the District of Columbia and State of Maryland (subject to all conditions of said contracts), including without limiting the generality of the foregoing, the physical property, rights, and franchises of the Washington & Rockville Railway Co. of Montgomery County

used in the operation of said transit business, with the understanding, however, that nothing herein shall be understood to include the transfer of the right of the Washington Co. and the Washington & Rockville Railway Co. of Montgomery County to exist as corporations or separate corporate entities, nor to include the stock of the Potomac Electric Power Co., the Braddock Light & Power Co. (Inc.), Great Falls Power Co., Potomac Electric Appliance Co., or other investments in stock, bonds, or personal property not connected with or used in the ordinary conduct of the business of said electric railways, nor any cash, bills receivable, credits, or choses in action, except as otherwise herein provided (and that approval of this agreement by joint resolution or act of the Congress of the United States shall constitute and confer the necessary authority to the Washington Co. to retain and hold the aforesaid stocks of the said companies). A general description of the property to be transferred hereunder shall be prepared and delivered to the Capital Co. before the final execution of deeds, and the Washington Co. shall execute all deeds, assignments, and/or other conveyances requisite for such purpose. It being understood, however, that the Washington Co. will transfer to the new company net current assets equal to the net current assets transferred to the new company by the Capital Co., as hereinbefore provided, and no more.

The said property of the Washington Co. shall be vested in the new company, subject in so far but only in so far, as the same may by terms of such mortgages, respectively, attach to any part or parts of said property, to the following mortgages or deeds of trust:

(1) First mortgage of the City and Suburban Railway of Washington, dated September 1, 1898, made to the Baltimore Trust & Guaranty Co., as trustee.

(2) First mortgage of the Anacostia & Potomac River Railroad Co., dated April 1, 1899, made to the Baltimore Trust & Guaranty Co., as trustee.

(3) Consolidated mortgage of the Washington Railway & Electric Co., dated March 1, 1902, made to United States Mortgage & Trust Co., as trustee.

In consideration therefor the new company shall issue to the Washington Co. such shares of its capital stock and/or other securities as may be agreed upon by the Capital and Washington Cos. and approved by the Public Utilities Commission of the District of Columbia, and shall assume such of the above-described bonds as may be approved by the Public Utilities Commission, and in addition shall assume and discharge, as the same mature, liabilities of the Washington Co. incident to the transit business to be transferred as aforesaid.

Out of the total net current assets received by the new company there shall be set aside a reserve in an amount sufficient in the opinion of the Public Utilities Commission to liquidate all claims for injuries and damages against the Washington Co. and the Capital Co. on account of operations prior to the date of closing: *Provided*, That any excess or deficit in such reserve remaining after the final liquidation of such claims for injuries and damages shall be credited or debited, respectively, to the surplus of the new company.

The new company is authorized to acquire any or all of the outstanding stock of the Washington Rapid Transit Co. (the bus company) on such terms as may be accepted by the owners of said shares of stock and may be approved by the Public Utilities Commission; if and when a majority of the outstanding shares of the said Washington Rapid Transit Co. is acquired by the new company, the Washington Rapid Transit Co. shall be merged or consolidated with the new company when and if the Public Utilities Commission shall so require.

Ninth. The foregoing is based on the present conditions and business of the participating companies and on the assumption that, in the interval before the consummation of the foregoing transactions, there will be no change in the transit businesses, other than as a result of normal operations or necessary to meet changed operating conditions, and that no distribution will be made to the stockholders of Capital Co., except the regular dividend payments, at not exceeding 7 per cent per annum, and that, subject to such exceptions, the assets and liabilities of the participating companies will be substantially as appears from their balance sheets, as of the 31st of December, 1931, subject to variations in the normal course of business.

Tenth. The new company shall take over all existing contracts of the Washington Co. for the sale of power to other railway companies. The Washington Co. will cause the Potomac Electric Power Co., subject to the approval of the Public Utilities Commission, to enter into a power contract with the new company (which may include a lease by the power company of the power properties which the new company will have obtained as being appurtenant to the transit properties to be acquired by the new company), which said power contract shall run for the life of whichever of the franchises of these two companies expires first, and be effective as of the date of closing of said contract. Said power contract shall provide that the Potomac Electric Power Co., or its successors and assigns, will, at all times on request, furnish an adequate supply of electric power for the maintenance and operation of the transit properties of the new company and for power furnished to said other transportation companies. Said power contract shall provide that for a period of 15 years the price to be paid by the new company (1) for 63 per cent of the electric power used for the maintenance and operation of the transit properties of the new company and (2) for electric power furnished to other transportation companies under the existing contracts and/or renewals thereof shall be determined in accordance with the terms and conditions of the present arrangements between the Potomac Electric Power Co. and the Washington Co. for supply of electric power. After the expiration of said period of 15 years the price to be paid for said 63 per cent of the electric power shall be subject to review and determination by the Public Utilities Commission, and shall be made upon the basis herein above provided for the 15-year period, unless and until otherwise ordered by said commission. The price to be paid for 37 per cent of the electric power used for the maintenance and operation of the transit properties of the new company shall be fixed by the Public Utilities Commission and be subject to review and determination annually by that commission.

Eleventh. The Washington Co. shall remain subject to the jurisdiction of the Public Utilities Commission. Any sinking funds now held by it shall remain available for the discharge of securities for which it remains liable and which are secured directly or indirectly by any lien upon property turned over to the new company.

Twelfth. Any and all rights with regard to valuations and/or rate bases now possessed by any of the parties to this agreement shall not be prejudiced hereby, and shall be enjoyed by the new company until a valuation of the properties of the company shall be fixed as now or hereafter provided by law: *Provided*, That nothing contained herein shall deprive the new company of any rights under the Constitution of the United States.

Thirteenth. The new company shall grant with each street-railway fare a free immediate transfer to any connecting portion of its street-railway lines within the District of Columbia, subject to reasonable rules and regulations to prevent abuse thereof. In addition, transfers between street cars and busses and between bus lines shall be granted under reasonable terms and conditions. The rules, regulations, terms, and conditions upon which all transfers shall be issued shall be subject to the approval of the Public Utilities Commission.

Fourteenth. This agreement is conditioned upon the new company being relieved from the expense of policemen at street railway crossings and intersections, the laying of new pavement, the making of permanent improvements, renewals or repairs to the pavement of streets and public bridges; and the permanent improvements, renewals, or repairs to public bridges over which the street-car lines operate; except that the new company shall bear the entire cost of paving repairs or replacements incident to track repairs, replacements, or changes made at a time when the street or bridge is not being paved, and shall bear one-fourth the cost of other paving, repaving, or maintenance of paving between its tracks and for 2 feet outside of the outer rails, and shall bear the excess cost of construction and maintenance of public bridges, due to the installation or existence of its tracks on such bridges, but nothing herein shall relieve the new company from liability for street paving as owner of real estate apart from rights of way occupied by its tracks, as set out in the so-called Borland law, approved September 1, 1916, as amended to date, and/or in an act to provide for special assessments for the paving of roadways and the laying of curbs and gutters, approved February 20, 1931.

Fifteenth. Legislation obtained to effectuate this agreement shall contain a provision that no competitive transportation line shall be established without the prior issuance of a certificate by the Public Utilities Commission of the District of Columbia to the effect that the competitive line is necessary for the convenience of the public.

Sixteenth. The new company may defray any legal and other expenses of unification which may be necessarily incurred in connection therewith; provided that these expenses shall be treated in the accounts of the new company as ordered by the Public Utilities Commission.

Seventeenth. The new company upon opening its books of account shall set up reserves, special accounts, and deferred charges equal to the combined reserves, depreciation funds, special accounts, and deferred charges of the Capital and Washington Cos. in so far as they relate to depreciation of properties turned over to the new company or to liabilities assumed by it, other than the reserve for injuries and damages as heretofore provided in section 8. Such reserves, or accounts, shall be set up in such manner that there shall be continuity of accounting between the books of the Capital and Washington Cos. and the new company: *Provided*, That the new company shall not be required to maintain any depreciation fund if it sets up a reserve against depreciation at rates fixed therefor by the Public Utilities Commission, but may use money and/or securities in any depreciation fund turned over to it in any manner approved by the Public Utilities Commission. Nothing herein provided shall be construed as changing or limiting the jurisdiction of said commission over depreciation accounts of any of said companies.

Eighteenth. Approval of this agreement by the Public Utilities Commission or Congress shall not be taken as approval of the considerations mentioned herein for properties or stocks, nor as binding upon the Public Utilities Commission in any future determination of the fair value of the properties used and useful for the public convenience belonging to the Washington Co., the Capital Co., or to be acquired by the new company, that may be made in accordance with this agreement.

The Clerk read the following committee amendment:

Page 1, line 3, strike out the word "that" and insert the word "whereas."

Mr. BLANTON. Mr. Chairman, by unanimous consent the gentleman from New York [Mr. BLACK] and I were granted 10 minutes each.

The CHAIRMAN. We are now considering the committee amendment.

Mr. BLANTON. That was the purpose of getting recognition, to have time before the committee amendments were adopted.

Mr. BLACK. My understanding was that the time granted to the gentleman from Texas and myself was after the committee amendments were adopted.

The CHAIRMAN. The Chair will recognize the gentleman from Texas for 10 minutes.

Mr. BLANTON. Mr. Chairman, I am just as strongly and heartily in favor of a proper merger of the railway companies in Washington as any person in the District of Columbia. For 15 years I have been working with every energy that was in my being trying to bring that about. Not to bring about a merger that would give something to the railway companies that they ought not to have; not to bring about a merger that would take something away from the people of the District of Columbia, but to bring about a just merger that would give something to the people of the District of Columbia that I think they should now have.

The following appeared in the Washington Star yesterday:

FEDERATION RAPS CAR-MERGER VOTE—OPPOSES COMMITTEE REPORT ON TRANSIT BILL—UPHOLDS CAPPER VIEWS

The Federation of Citizens' Associations at its monthly meeting last night unanimously adopted a report of its committee on public utilities favoring the Capper minority report on the street-car merger bill and opposing the report made to the House by the House District Committee.

When this question came up last District day—April 25—if gentlemen will get the RECORD, they will see that when I raised some objection to the bill the distinguished chairman of the committee, on page 9161, said that the bill was approved by every organization in Washington.

This bill has been in Congress for about 30 years. This is the first year that everybody seems to agree that this is a good bill. * * * As far as I know, everybody in the District, except the gentleman from Texas, agrees that this is a very good bill.

And she said that the people of the District recommended it. I challenged that statement at that time and stated from the floor that, in my judgment, among the 450,000 people who lived in Washington at least 400,000 of them would be against the joint resolution if they understood it was up for passage and if they understood its contents.

What has happened since then? Let me read you a letter that I received this morning. It comes from a pretty authentic source. It is from the Federation of Citizens' Associations of Washington. That is a federation of every association of citizens in this great national city.

The letterhead is "Federation of Citizens Associations of the District of Columbia." The officers are George C. Havenner, president, and all of us know Mr. Havenner and his standing here; George E. Sullivan, vice president, and we all know Mr. Sullivan; A. H. Gregory, treasurer; David Babp, secretary, and H. C. Phillips, corresponding secretary, and we know their standing here. The letter is dated Washington, D. C., May 9, 1932, which is to-day, and it is addressed to myself. It says:

In re: Street railway merger bill (S. J. Res. 13)—

I do not know whether the people of Washington are superstitious or not, but I would not want the number 13 attached to any measure that is going to take $500,000 away from the citizens here every year. The letter says:

MY DEAR SIR: I have been instructed to forward you a copy of the report of the Committee on Public Utilities relating to the above matter, which was adopted by the Federation of Citizens Associations of the District of Columbia at a meeting held May 7, 1932, as follows:

"The Committee on Public Utilities supports and indorses the street railway merger bill, S. J. Res. 13, as reported to the Senate by the Committee on the District of Columbia, with amendments proposed to said bill by Senator CAPPER and Senator BLAINE in a minority report submitted to the Senate on S. J. Res. 13. The committee opposes the bill as reported to the House of Representatives by the Committee on the District of Columbia.

Hoping the above will receive your consideration, I remain,

Very truly yours,

DAVID BABP, *Secretary.*

I have asked the gentleman from New York [Mr. BLACK] and I have asked the chairman of the committee if they would not put these proposed safeguarding Capper amendments upon this joint resolution which would safeguard the rights of the people. They said no, that they were going to pass it just as it is.

Mr. THATCHER. What, in substance, are the amendments?

Mr. BLANTON. They are too numerous to mention in my few minutes. In nearly every city of the United States where the people's rights are protected, and where the great utility corporations are not in power, the railway companies are required to pave between their tracks. That is just. They are tearing up old construction to clean their tunnels all the time, and if the city had to do it for them, it would be a tremendous expense.

That is a just charge upon the street-railway companies. They, not the people here, ought to pay it.

In their charters, which provide that neither one of these railway companies ever shall charge over a 5-cent fare, although by a favorable and friendly Utilities Commission they are permitted to charge 10 cents, it was provided that they must pave between their tracks. They are getting rid of much of that now by this bill. It is putting a burden that, in my judgment, will amount to $200,000 a year upon the backs of the people of the District of Columbia, and it is relieving these corporations of that just burden. It is not right, it is not just, it is inequitable, and it ought not to be allowed in this House.

Mr. McLEOD. Mr. Chairman, will the gentleman yield?

Mr. BLANTON. No; I had only 10 minutes. The gentleman from New York [Mr. BLACK] can yield to the gentleman. He is one of the new members on this committee, and comes from the great State of New York and the great city of New York, where lives the North American Co., that practically owns and controls the stocks of both of these companies—a company that came down here and tried to put over that $50,000 razzle-dazzle on Mr. GILBERT and Mr. GIBSON and myself, but did not succeed. I do not blame the gentleman from New York for being heartily in favor of this joint resolution. Constituents of his up there are putting this thing over.

Mr. SUMMERS of Washington. What else does this do to the citizens of Washington?

Mr. BLANTON. It shifts at least $500,000 per annum from the railways to the backs of the people here. I know if the lady from New Jersey [Mrs. NORTON] understood all that I know about this joint resolution, she would not stand for it for a minute. I ask all United States Senators to read the facts against this joint resolution, which I placed in the RECORD of April 25, 1932, on pages 8885 to 8890.

Mrs. NORTON. Mr. Chairman, will the gentleman yield?

Mr. BLANTON. Yes.

Mrs. NORTON. The lady from New Jersey would say that all the argument she has heard from the gentleman from Texas would indicate that he is the only one who has all of the honesty in connection with this joint resolution.

Mr. BLANTON. All right. Let us see about that. My friend from Texas [Mr. PATMAN], who is a member of the lady's committee, said that he is strongly opposed to this joint resolution. He had to be called away because of some important engagements with constituents this morning and could not be back here until 2 o'clock. I urged the lady from New Jersey to put this joint resolution off until 2 o'clock, so that Mr. PATMAN could come here and be heard and give his reasons for voting against the joint resolution, but she would not do it.

Mr. PALMISANO. Mr. Chairman, will the gentleman yield?

Mr. BLANTON. I can not yield further. The gentleman will have to get his time from the gentleman from New

York [Mr. BLACK], the gentleman who represents the city where lives the great North American Co.

Mrs. NORTON. Mr. Chairman, will the gentleman yield?

Mr. BLANTON. No. I am sorry, my very limited time does not permit it, for I want to put my views before the committee and I have only a few minutes left. I do not know how all of the Democrats feel about Senator CAPPER of Kansas, but I have worked with him. He is a little more, what would you call it—I would call it something that might reflect on LAGUARDIA, of New York, and SCHAFER, of Wisconsin, and since they would rather I would put it "progressive," I will say that he is a little less conservative than I am, but Senator CAPPER is a good man, he is a strong man, and his judgment on this matter is sound.

The CHAIRMAN. The gentleman from Texas will refrain from mentioning Senators by names.

Mr. BLACK. Mr. Chairman, I yield to the gentleman from Texas two minutes of my time.

Mr. BLANTON. Thank you very much. Now, I am not talking about anybody whom I ought not talk about. I am talking about a good fellow by the name of CAPPER. He is a good fellow. I have worked with him. He has got some pretty good ideas and some pretty good judgment, and he is going to fix this joint resolution in proper shape when the time comes for taking it up in the Senate. He is going to fix it before it ever reaches the White House, to safeguard the rights of the people. Many of you would not vote for this joint resolution if you did not believe that it would be safeguarded in the Senate. But this joint resolution may pass the House, and a parliamentary situation may arise where CAPPERS and BLAINES could not be present and could not get the proper amendments to the joint resolution. It ought to be taken care of here before it is ever passed in this House. It does not do one thing on God's earth for the people of Washington except give them interchangeable transfer tickets. And it costs them $500,000 additional per year.

Mr. McLEOD. Will the gentleman yield?

Mr. BLANTON. I am sorry, but I do not have time to yield.

It does not give the people one other thing of value. It does not promise any reduction of fare. By this joint resolution you are taking off the shoulders of the street railway companies here, in my judgment, $500,000 a year, and putting it on the backs of the people of Washington. Are you willing to do that?

My idea is that this is a half-cooked, half-baked piece of legislation. For the first time since I have been here, the action on the passage of a bill had to be stopped to read a preamble; and we are going to pass the preamble as a part of the joint resolution. In the whole history of Congress I have never heard of that. When, before, have we ever passed the preamble to a resolution? We have always stricken it out.

This is a half-cooked, half-baked, half-understood, dangerous piece of legislation that ought to go back to the committee and rest a while until our friend, Mr. CAPPER, and his helpers can iron out the situation, because he understands it better than any other man in Washington. Are you not willing to do that? Who could be hurt by it? Why not send it back to the committee? I shall make a motion to recommit if somebody else does not do it. I hope that my progressive friend the gentleman from New York [Mr. LAGUARDIA], will do it, but if he does not do it, I will.

Since April 25 I have received almost a goods box full of letters from leading citizens of Washington saying, "For God's sake, do not let that bill pass. We do not want it. We never dreamed there was such a bill before the Congress." I have shifted the responsibility from my shoulders to yours. It is up to you.

The CHAIRMAN. The time of the gentleman from Texas has expired.

Mr. BLACK. Mr. Chairman, I was glad to yield to the gentleman from Texas two minutes of my time, because I did not want to leave him and Senator CAPPER hanging in the air. I did not know how high they would go.

Mr. Chairman, this bill has manifest advantages to the city of Washington. There is a demand for this bill. Every organization in the city has wanted a merger of the street-railway systems, because they understood the absurdity of having a dual railway system, with all of its expense and lack of connection. The Senate went so far as to employ a noted expert, Mr. Maltbie, and this is practically his plan. For years we have been attempting to pass a merger bill through the House. We have gotten as far with this joint resolution as we have ever gotten with any merger bill. This joint resolution will immediately give the people of Washington free transfers from car line to car line, something they have not previously had. It will provide for economies in the operation of the two companies that will permit the two companies to give the people of Washington better service and better equipment. More than that, it will enable these two street-car lines to live; to keep up their employment personnel. There is danger, with this competition and this extravagance from the so-called competition, that very soon one of these lines will have to go out of business, with the eventual failure of pay roll and service. It is in the interest of the unemployed to pass, and pass as quickly as possible.

Mr. McLEOD. Will the gentleman yield?

Mr. BLACK. I yield.

Mr. McLEOD. I would like to read to the gentleman from New York from the report to accompany Senate Joint Resolution 208, which bill was drafted practically identical with that of Mr. Maltbie's proposition. Mr. Maltbie is the gentleman who has been referred to as one of the greatest transportation experts of the United States. Senator CAPPER in his report said:

> Favorable action on the joint resolution during the present sessio of Congress is important not only to give early effect to the benefits the public will derive from unified operation of the transportation facilities of the District, but because the unification agreement or contract entered into by the companies involved expires by limitation on June 1, 1929.

Further, this great expert, Mr. Maltbie, who has been referred to, referring to a bill that is practically identical, said:

> As a result a joint resolution has been prepared for adoption as indicating the general principle and the specific terms and conditions which should be complied with before the unification of the transportation lines is effective.

Mr. BLACK. Mr. Chairman, we have reported this bill itself from the District Committee. We have amended the bill in certain particulars. We have acted on the actual legal portions of this joint resolution. We have just now read the preamble. The preamble is the proposed agreement between the companies. It has been approved by the Public Utilities Commission. On that preamble the joint resolution itself hangs. The first section of the bill approves that contract. There is noting now before the committee except the preamble.

As I say, two weeks ago the House gave very serious thought to every portion of the merger proposition.

Every gentleman, including the gentleman from Texas [Mr. PATMAN], had an opportunity to come on the floor and offer amendments. The gentleman from Texas [Mr. PATMAN] is a member of the District of Columbia Committee. He had his opportunity there to cure this joint resolution if he did not like it. I did not desire to be discourteous to the gentleman from Texas [Mr. PATMAN], but I did not think it fair to the House or to the people of Washington to postpone this joint resolution awaiting the convenience of one gentleman. I am sorry I could not do it.

I now yield to the gentleman from Massachusetts [Mr. HOLMES].

Mr. HOLMES. Mr. Chairman, I believe we have an unusual situation when it comes to the question of the city of Washington and this particular merger. I have had some experience with public utilities. I have been the mayor of a fairly decent-sized city and know something about conditions surrounding a municipality.

There is no other city in the United States that enjoys as fair light rates as the District of Columbia. People in the District of Columbia are now paying 3.9. There are

no industries in Washington. The power company here must depend upon the sale of its power to these public utilities. Once these go out of commission, and there are none other in existence, the Potomac Power Co., I can assure you, will never be able to manufacture power at as fair rates as it is doing to-day. It is able to manufacture its power at such a fair rate because it has this outlet where it can dispose of a great volume of its power.

I realize you can not continue to go along as you have been doing, namely, having two separate companies, because your mode of transportation is entirely different. If one of these organizations fails it, is going to be to the detriment of the riding public of Washington.

I have given this very careful consideration, and I believe it is in the interest of the car riders of the District of Columbia. I believe this merger should be approved by this House and by approving it I think we are taking a step in the right direction. It will make conditions far better for the car riders of Washington and make it far better for the people who are doing business in this community.

Mr. GILBERT. Mr. Chairman, before we proceed further I ask unanimous consent to amend the preamble on page 19, line 15, by striking out the words "one-fourth" and inserting the words "one-half." I do this in order to make the preamble correspond with the amendment adopted by the committee.

The CHAIRMAN. Is there objection?

There was no objection.

The CHAIRMAN. The Clerk will report the committee amendments.

The Clerk read as follows:

Committee amendment, page 1, line 3, before the word "pursuant," insert the word "Whereas."

The committee amendment was agreed to.

Page 2, line 4, after the words "operation of," strike out the words "electric railways, motor busses, and/or other forms of public," and insert the words "street railway and bus."

Page 2, line 6, strike out the word "having" and insert the word "has," and in line 8 strike out the words "on the 7th of December, 1931, as follows:"

Mr. CHINDBLOM. Mr. Chairman, I rise in support of the committee amendment. I observe that this amendment is a part of the first paragraph of the preamble, which reads as follows, with the amendment already adopted:

Whereas pursuant to the act entitled "An act to permit the merger of street-railway corporations operating in the District of Columbia, and for other purposes," approved March 4, 1925, a form of agreement to carry this into effect and providing for the formation of a new corporation to be known as the Capital Transit Co., to acquire properties—

And so on—

has been approved by the Public Utilities Commission of the District of Columbia.

I rise to fortify that recital in the preamble by asking members of the committee whether that is a recital of fact, namely, that the agreement recited in this preamble has been actually approved by the Public Utilities Commission.

Mr. BLACK. I will answer the gentleman. The bill came to us in the regular course from the Public Utilities Commission. It was sent to the Speaker and the Speaker sent it to the committee, and General Patrick appeared before the committee in support of the bill.

Mr. CHINDBLOM. Ordinarily I would be much impressed by such a resolution as that presented by the gentleman from Texas [Mr. BLANTON], coming from organizations in the District. However, I understand that resolution comes not from these organizations themselves but from some of the delegates of those organizations who take issue with the Public Utilities Commission. So far as the Congress of the United States is concerned, it seems to me that in matters of this kind we must act upon the recommendations of those arms of the Government which have been formed in the District. We have established a Public Utilities Commission in the District of Columbia. It is a servant of the Congress of the United States in the discharge of its duties, and, as a matter of fact, it would be impossible for us, Mr. Chairman, as members of the Committee of the Whole or of the House to go into all of the details and all of the niceties relating to a matter of contract, such as this legislation must be essentially.

We all know that if we could compel the merger of these companies by direct act we probably would insert in the law conditions which are not possible of adoption here. We know that these companies have rights which have been granted them by the Congress in past years by previous legislation, and now that these companies, pursuant to a resolution passed by the Congress itself, have entered into an agreement for a merger, which agreement has been approved by the Public Utilities Commission of the District, our own creature, it seems to me we may rely upon the nature of the agreement thus made, and those of us, who do not have the opportunity, that other Members of the House perhaps have had, to study in detail the matters involved in the proposed legislation, must rely upon the action of the constituted authorities which we ourselves have created for the purpose of securing a merger of these companies which, after all, is exceedingly desirable.

We all know by our own experience that we have these two competing traction lines running side by side and we can not even get a transfer from one of them to the other in obtaining transportation within the District of Columbia.

Street-car transportation is suffering like railroad transportation from competition with bus lines and private automobiles. This condition exists generally throughout the country and quite acutely in the District of Columbia. The present is a good time to adjust transportation facilities in our municipalities. The opportunity for stock jobbing is practically nonexistent. The need for employment through extensions of lines and services is at its height. Any impulse or encouragement that can properly be given to business at this time should be welcome. As I understand it, the pending bill is based not only on legislation already existing but also on contractual obligations and relations heretofore established, and therefore not subject to change by law, unless Congress should attempt to abrogate the terms of contracts now in force. So far as Congress has any power over any portion of the subject matter, that power is retained by the last section of the bill, which reads:

That Congress reserves the power to alter, amend, or repeal this resolution.

The future control of the matter by Congress is, therefore, preserved as fully as it now exists. Of course, any legislation that may be passed must take into consideration existing rights and obligations of the corporations involved. That is done by this bill.

[Here the gavel fell.]

Mr. BLANTON. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, answering the remarks of my friend from Illinois, this statement does come from the Federation of Citizens Associations. It recites that they appointed a special utilities committee from the federation to investigate this bill; that the special committee on utilities that they appointed reported back to the federation their opposition to it for various reasons; that there was a meeting of the Federation of Citizens Associations here in Washington on May 7, which was day before yesterday, and they passed their resolution against this bill and asked the House not to pass it. This objection, therefore, comes from the citizens of Washington 100 per cent.

Let me call your attention to another thing. I have taken the floor many times to show that you can not depend on the present Utilities Commission. First, they have tried to run out every independent 20-cent taxi and give the business to this Parmalee Co., that has come in here to run these independent taxis, driven by ex-service men, off the streets of Washington. Twelve hundred of these men fought in France, and are running these taxis to make a living for their wives and children. General Patrick

has sought to run them out of business, and he is the man who brought this bill here.

They talk about the Pepco, the Potomac Electric Power Co. Did you know that the bill you are passing provides that for 15 years no power or authority can change an agreement that the Potomac Electric Power Co. has to furnish 60 per cent of the power at a certain price? Why is there such a provision in this bill? It is outrageous. Why should there not be a provision that the amount these companies shall pay the Pepco for power shall be regulated justly and properly in the courts? Why are you taking away the authority of the courts to pass upon and regulate this for 15 years with respect to 60 per cent of the power? It is outrageous. Do you think if you or I were on that Public Utilities Commission we would have sent a bill to Congress with any such outlandish provision in it? Certainly, we would not. It is outrageous.

Now, I have done my duty. I have gone to the trouble of looking these facts up for you. I have gone to the trouble of showing that you can not go on the market to-day and buy $1 of stock in the Washington Electric Railway Co. You can not buy a dollar's worth of stock in Pepco to-day. They will not sell it to you. If they are such poor-paying businesses, why do they not want to sell their stock?

I have called your attention to these things and I have done my duty. It is going to be up to you to vote away the rights of the people of Washington, who through their Federation of Citizens Associations have asked you not to pass this measure. If you do it, the responsibility is on you and not on me. I have done my duty by the people and I have done my duty by the Government.

I work hard and I have tried to bring the facts before you. Now, what are you going to do about it? Are you going to just pass this bill haphazardly? You will not hurt this bill if you delay it. I am for a proper merger just the same as you are, and you will not hurt the measure by sending it back to the committee and letting the Capper amendments be properly prepared and ironed out. This will not hurt anybody, and I guarantee that a proper bill will be ready to be taken up soon, safeguarding in every way the rights of the people, that we can all vote for it, and it will be a measure that will do justice to everybody.

I am going to make a motion to recommit at the proper time. Let us send it back to the committee.

[Here the gavel fell.]

Mrs. NORTON. Mr. Chariman, I move that all debate on this amendment and all amendments to the preamble do now close.

The motion was agreed to.

The committee amendment was agreed to.

The CHAIRMAN. The Clerk will report the next committee amendment.

The Clerk read as follows:

Committee amendment: Page 4, line 1, strike out the words "street railway, motor bus, and/or other forms of public" and insert "street railway and bus."

The committee amendment was agreed to.

The Clerk read the following amendments:

Page 2, line 8, after the word "Columbia," strike out the words "on the 7th of December, 1931, as follows."

The amendment was agreed to.

Page 5, line 14, after the word "passengers," insert "by street railway or bus."

The amendment was agreed to.

Page 6, line 2, after the word "passengers," insert "by street railway or bus."

The amendment was agreed to.

Page 6, line 20, after the word "and," strike out "a majority" and insert "at least nine of them."

The amendment was agreed to.

Page 20, line 6, strike out the word "transportation" and insert "street railway or bus."

The amendment was agreed to.

Mrs. NORTON. Mr. Chairman, I move that the committee do now rise and report the bill back to the House with the recommendation that the amendments be agreed to and that the bill as amended do pass.

The motion was agreed to.

Accordingly the committee rose; and the Speaker having resumed the chair, Mr. THOMASON, Chairman of the Committee of the Whole House on the state of the Union, reported that that committee had had under consideration House Joint Resolution 154, to authorize the merger of street-railway corporations operating in the District of Columbia, and for other purposes, and had directed him to report the same back with sundry amendments, with the recommendation that the amendments be agreed to and that the joint resolution as amended do pass.

Mrs. NORTON. Mr. Speaker, I move the previous question on all amendments on the bill and amendments to final passage, and the preamble.

The previous question was ordered.

The SPEAKER. Is there a separate vote demanded on any amendment? If not, the Chair will put them en gross.

The amendments were agreed to, and the amendments to the preamble were agreed to.

The preamble was agreed to.

The bill was ordered to be engrossed and read a third time and was read the third time.

Mr. BLANTON. Mr. Speaker, I move that the joint resolution be recommitted to the Committee on the District of Columbia.

The SPEAKER. Is the gentleman opposed to the resolution?

Mr. BLANTON. I am.

The SPEAKER. The Clerk will report the motion to recommit.

The Clerk read as follows:

Mr. BLANTON moves to recommit the joint resolution to the Committee on the District of Columbia.

Mrs. NORTON. Mr. Speaker, I move the previous question on the motion to recommit.

The previous question was ordered.

The SPEAKER. The question is on the motion to recommit.

The question was taken; and on a division (demanded by Mr. BLANTON) there were 25 ayes and 62 noes.

Mr. BLANTON. Mr. Speaker, I object to the vote on the ground that there is no quorum present.

The SPEAKER. Evidently there is no quorum present. The yea-and-nay vote is automatic.

The question was taken; and there were—yeas 100, nays 192, not voting 140, as follows:

[Roll No. 73]

YEAS—100

Allgood	Fulbright	Kniffin	Polk
Amlie	Fulmer	Kvale	Ramspeck
Arnold	Gibson	LaGuardia	Rankin
Ayres	Gilchrist	Lankford, Ga.	Robinson
Blanton	Glover	Leavitt	Sandlin
Boileau	Green	Ludlow	Schafer
Brand, Ga.	Greenwood	McClintic, Okla.	Schneider
Briggs	Griswold	McGugin	Selvig
Butler	Guyer	McLaughlin	Simmons
Campbell, Iowa	Hall, Ill.	McSwain	Sinclair
Carter, Wyo.	Hancock, N. C.	Maas	Snow
Christgau	Hart	Magrady	Sparks
Cochran, Mo.	Hill, Ala.	Miller	Steagall
Collins	Hill, Wash.	Milligan	Summers, Wash.
Crail	Hogg, Ind.	Mobley	Swank
Crisp	Howard	Nelson, Mo.	Swing
Cross	Huddleston	Nelson, Wis.	Tarver
Dies	James	Nolan	Taylor, Colo.
Dowell	Johnson, Mo.	Norton, Nebr.	Thurston
Dyer	Johnson, Okla.	Oliver, Ala.	Weeks
Ellzey	Johnson, Tex.	Parks	Withrow
Evans, Calif.	Jones	Patterson	Wolcott
Finley	Kading	Peavey	Wood, Ind.
Frear	Keller	Person	Woodruff
French	Ketcham	Pittenger	Wright

NAYS—192

Adkins	Andrew, Mass.	Barbour	Bohn
Aldrich	Arentz	Barton	Bolton
Allen	Auf der Heide	Beedy	Bowman
Almon	Bacon	Black	Britten
Andresen	Bankhead	Boehne	Browning

Brumm	Fishburne	Lonergan	Rich
Burdick	Fitzpatrick	Loofbourow	Rogers, Mass.
Burtness	Flannagan	Lozier	Rogers, N. H.
Byrns	Free	Luce	Seiberling
Cable	Fuller	McClintock, Ohio	Shallenberger
Campbell, Pa.	Gambrill	McCormack	Shannon
Cannon	Garber	McFadden	Shreve
Carden	Gasque	McKeown	Smith, Idaho
Carter, Calif.	Gilbert	McLeod	Smith, Va.
Cartwright	Goodwin	McMillan	Snell
Cary	Goss	McReynolds	Somers, N. Y.
Chindblom	Granfield	Major	Spence
Chiperfield	Gregory	Maloney	Stafford
Christopherson	Griffin	Manlove	Stewart
Clague	Hadley	Mapes	Stull
Clancy	Haines	Martin, Mass.	Sutphin
Clark, N. C.	Hall, Miss.	Martin, Oreg.	Swanson
Cochran, Pa.	Hall, N. Dak.	Michener	Swick
Cole, Iowa	Hancock, N. Y.	Millard	Temple
Cole, Md.	Hardy	Mitchell	Thatcher
Colton	Harlan	Montague	Thomason
Condon	Hastings	Montet	Tierney
Connery	Hoch	Moore, Ky.	Tilson
Cooke	Holaday	Mouser	Timberlake
Cooper, Tenn.	Hollister	Nelson, Me.	Treadway
Cox	Holmes	Niedringhaus	Turpin
Coyle	Hooper	Norton, N. J.	Vinson, Ga.
Crowther	Hope	O'Connor	Vinson, Ky.
Culkin	Houston, Del.	Overton	Wason
Dallinger	Hull, William E.	Palmisano	Watson
Davis	Johnson, S. Dak.	Parker, Ga.	Weaver
Delaney	Kelly, Ill.	Parker, N. Y.	Welch, Calif.
Dickinson	Kelly, Pa.	Parsons	West
Dominick	Kemp	Partridge	Whitley
Doughton	Kinzer	Pettengill	Whittington
Douglass, Mass.	Kleberg	Pou	Williams, Mo.
Eaton, Colo.	Kopp	Prall	Williamson
Englebright	Kunz	Pratt, Ruth	Wingo
Erk	Lambertson	Purnell	Wood, Ga.
Eslick	Lanham	Rainey	Woodrum
Evans, Mont.	Larsen	Rayburn	Wyant
Fernandez	Lichtenwalner	Reed, N. Y.	Yates
Fiesinger	Linthicum	Reilly	Yon

NOT VOTING—140

Abernethy	Darrow	Jacobsen	Ransley
Andrews, N. Y.	Davenport	Jeffers	Reid, Ill.
Bacharach	De Priest	Jenkins	Romjue
Bachmann	DeRouen	Johnson, Ill.	Rudd
Baldrige	Dickstein	Johnson, Wash.	Sabath
Beam	Dieterich	Kahn	Sanders, N. Y.
Beck	Disney	Karch	Sanders, Tex.
Bland	Douglas, Ariz.	Kendall	Schuetz
Bloom	Doutrich	Kennedy	Seger
Boland	Doxey	Kerr	Shott
Boylan	Drane	Knutson	Sirovich
Brand, Ohio	Drewry	Kurtz	Smith, W. Va.
Brunner	Driver	Lambeth	Stalker
Buchanan	Eaton, N. J.	Lamneck	Stevenson
Buckbee	Estep	Lankford, Va.	Stokes
Bulwinkle	Fish	Larrabee	Strong, Kans.
Burch	Foss	Lea	Strong, Pa.
Busby	Freeman	Lehlbach	Sullivan, N. Y.
Canfield	Garrett	Lewis	Sullivan, Pa.
Carley	Gavagan	Lindsay	Sumners, Tex.
Cavicchia	Gifford	Lovette	Sweeney
Celler	Gillen	McDuffie	Taber
Chapman	Golder	Mansfield	Taylor, Tenn.
Chase	Goldsborough	May	Tinkham
Chavez	Hare	Mead	Tucker
Clarke, N. Y.	Hartley	Moore, Ohio	Underhill
Collier	Haugen	Morehead	Underwood
Connolly	Hawley	Murphy	Warren
Cooper, Ohio	Hess	Oliver, N. Y.	Welsh, Pa.
Corning	Hogg, W. Va.	Owen	White
Crosser	Hopkins	Patman	Wigglesworth
Crowe	Hornor	Perkins	Williams, Tex.
Crump	Horr	Pratt, Harcourt J.	Wilson
Cullen	Hull, Morton D.	Ragon	Wolfenden
Curry	Igoe	Ramseyer	Wolverton

So the motion to recommit was rejected.

The Clerk announced the following pairs:

On this vote:

Mr. Hare (for) with Mr. Underhill (against).

General pairs until further notice:

Mr. Corning with Mr. Darrow.
Mr. Stevenson with Mr. Murphy.
Mr. Gavagan with Mr. Clarke of New York.
Mr. Drewry with Mr. Eaton of New Jersey.
Mr. Boylan with Mr. Gifford.
Mr. Williams of Texas with Mr. Perkins.
Mr. Collier with Mr. Wolverton.
Mr. Lindsay with Mr. Jenkins.
Mr. Cullen with Mr. Baldrige.
Mr. McDuffie with Mr. Hopkins.
Mr. Mead with Mr. Connolly.
Mr. Disney with Mr. Horr.
Mr. Larrabee with Mr. Ransley.
Mr. Sweeney with Mr. Foss.
Mr. Rudd with Mr. Hawley
Mr. Beam with Mr. Seger.
Mr. Schuetz with Mr. Stokes.
Mr. Jacobson with Mr. Knutson.
Mr. Bloom with Mr. Taber.
Mr. Kennedy with Mr. Bacharach.
Mr. Celler with Mr. Kendall
Mr. Patman with Mr. Buckbee.
Mr. Tucker with Mr. Taylor of Tennessee.
Mr. Igoe with Mr. De Priest.
Mr. Warren with Mr. Cooper of Ohio.
Mr. Garrett with Mr. Lehlbach.
Mr. Chapman with Mr. Moore of Ohio.
Mr. Ragon with Mr. White.
Mr. Wilson with Mr. Curry.
Mr. Buchanan with Mr. Wigglesworth.
Mr. Underwood with Mr. Beck
Mr. Bulwinkle with Mr. Tinkham.
Mr. Sumners of Texas with Mr. Cavicchia.
Mr. Lewis with Mr. Freeman.
Mr. Karch with Mr. Golder.
Mr. Sullivan of New York with Mr. Wolfenden.
Mr. Romjue with Mr. Reid of Illinois.
Mr. Sanders of Texas with Mrs. Kahn.
Mr. Boland with Mr. Welsh of Pennsylvania.
Mr. Sabath with Mr. Bachmann.
Mr. Crump with Mr. Lankford of Virginia.
Mr. May with Mr. Strong of Pennsylvania.
Mr. Sirovich with Mr. Hartley.
Mr. Crowe with Mr. Shott.
Mr. Smith of West Virginia with Mr. Hess.
Mr. Morehead with Mr. Ramseyer.
Mr. Dieterich with Mr. Estep.
Mr. Kerr with Mr. Pratt.
Mr. Brunner with Mr. Strong of Kansas.
Mr. Driver with Mr. Haugen.
Mr. Chavez with Mr. Fish.
Mr. Lambeth with Mr. Stalker.
Mr. Oliver of New York with Mr. Sanders of New York.
Mr. Mansfield with Mr. Lovette.
Mr. Douglas of Arizona with Mr. Doutrich.
Mrs. Owen with Mr. Davenport.
Mr. Drane with Mr. Chase
Mr. Jeffers with Mr. Hogg of West Virginia.
Mr. Carley with Mr. Kurtz.
Mr. Dickstein with Mr. Brand of Ohio.
Mr. Abernethy with Mr. Johnson of Illinois.
Mr. Bland with Mr. Morton D. Hull.
Mr. Burch with Mr. Canfield.
Mr. Hornor with Mr. Goldsborough.
Mr. Busby with Mr. DeRouen.
Mr. Lamneck with Mr. Gillen.

The result of the vote was announced as above recorded.

A quorum being present, the doors were opened.

The SPEAKER. The question is on the passage of the bill.

The question was taken, and the bill was passed.

A motion to reconsider the vote by which the bill was passed was laid on the table.

REDUCTION OF NUMBER OF OFFICERS IN THE ARMY

Mr. SNELL. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD by printing a letter addressed to me this morning by General MacArthur, Chief of Staff.

The SPEAKER. Is there objection?

There was no objection.

Mr. SNELL. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include the following letter addressed to me by the Chief of Staff of the United States Army:

WAR DEPARTMENT,
OFFICE OF THE CHIEF OF STAFF,
Washington, D. C., May 9, 1932.

Hon. BERTRAND H. SNELL,
House of Representatives, Washington, D. C.

DEAR MR. SNELL: In the hearings held by the Military Subcommittee on Appropriations on the Army appropriation bill no indication was given to the representatives of the War Department that a reduction of 2,000 officers was contemplated, and in consequence no opportunity has been afforded to express the opinion of the department on such a revolutionary step. As the military adviser of the Government, I am therefore taking the liberty of presenting to you the views of the General Staff on this important matter, with the hope that you will lay them before the House.

Skilled officers, like all other professional men, are products of continuous and laborious study, training, and experience. There is no short cut to the peculiar type of knowledge and ability they must possess. Trained officers constitute the most vitally essential element in modern war, and the only one that under no circumstances can be improvised or extemporized.

An army can live on short rations, it can be insufficiently clothed and housed, it can even be poorly armed and equipped, but in action it is doomed to destruction without the trained and adequate leadership of officers. An efficient and sufficient corps of officers means the difference between victory and defeat.

It is for these reasons and because of the further fact that the success of the American system of preparedness is peculiarly dependent upon the continued existence of an adequate corps of professional officers that the War Department views with the utmost concern the proposal in the Army appropriation bill to

reduce permanently by more than 16 per cent the number of Regular Army officers.

Prior to 1920 there existed in the world only two general systems under which military forces were organized and maintained. The basis of one was the conscript; of the other, it was the professionalized soldier. The former afforded the maximum of defense with the minimum of cost, but prescribed as a civic duty service with the colors. The latter depended exclusively upon the enrollment of those who adopted the military as a professional career. It entailed abnormal costs, due to the necessity of reimbursing along professional lines the personnel involved. For this reason no nation has been able in modern times to maintain a professional army of sufficient size to insure complete protection.

In the national defense act of 1920 a new type of military system was devised and established. Through it, for the first time in American history, practical success was attained in adjusting military preparation to our national needs. Every essential provision of that act exemplifies this Nation's purely defensive intent. It conforms to the American tradition of permitting in time of peace only voluntary service in our armed forces and of placing ultimate responsibility for defense upon a citizen soldiery. Finally, it gives assurance of reasonable security at moderate cost.

The principal elements of the American system are two. The first is a small professional force to act as a training cadre—a covering force in case of need, and a framework upon which mobilization of our full force could be effected. The second essential element is a partially developed organization of citizen soldiers divided into a National Guard and various classifications of reserve and other groupments, backed by a continuous program of limited military training for these elements in time of peace.

Our small Regular Army would be impotent, through its own unaided efforts, to defend this Nation against powerful and sustained attack. Likewise an unorganized and untrained population would be tragically helpless in the face of highly organized and trained units. The two parts of the system thus articulate with and complement each other to insure that America's enormous latent strength would not be dissipated through hostile action before it could be harnessed into a powerful military machine.

The Regular Army is the bulwark and basis of the whole structure. It is the instructor, the model, and, in emergency, the leader of the whole. The only continuing body in which reside the professional knowledge and technical skill capable of accumulating, organizing, training, and leading to victory a national army of citizen soldiers is the professional officer corps. Constantly they concern themselves with the mobilization plans for personnel and matériel necessary in a great emergency, and make every practicable prearrangement for the successful operation of these plans should need arise.

Commissioned personnel of the citizen components supplements the corps of regulars, they give generously and patriotically of their time and effort in peace so that, as the numerically preponderant mass of the officers in an emergency army, they may function promptly and effectively. But their devotion and their efforts in this preparation would be wasted without the efficient guidance of their mentor—the regular officer. Through schools, study, research, and practical training the regulars devote their lives to keeping abreast of the times in complicated and rapidly changing arts and sciences, and within the limits imposed by available opportunity impart the results to the officers of the citizen components.

So I repeat that in the last analysis our whole defensive system rests upon the efficient performance of a corps of regular officers sufficient in strength to carry out the vitally essential duties imposed upon it by the act of 1920. In the interests of economy the strength of the professional force was fixed at the minimum considered by Congress in 1920 to be consistent with safety—namely, 18,000 officers and 285,000 enlisted men. During the past decade this strength has been progressively decreased until to-day it stands at approximately 12,000 officers and 125,000 men.

With a vivid realization of the need for rigid economy in public expenditures the War Department budget for 1933 sacrifices everything in excess of bare necessities. The sums requested represent the minimum upon which the Military Establishment may exist for a single year rather than the true requirements of national defense. The department insists that any retrenchment which destroys or seriously damages a vital element of our already weakened defensive structure is not economy but extravagance of the most expensive kind.

The War Department has frequently reported to Congress that the minimum peace strength of the Regular Army at which it can carry out the missions assigned by the national defense act, and make a reasonable preparation for a complete and immediate mobilization for the national defense in the event of national emergency declared by Congress, is 14,063 officers and 165,000 enlisted men. Repeated studies by the War Department confirm the accuracy of these figures. The expedients to which the War Department is necessarily put in order that the missions of the Regular Army assigned by the national defense act may be even approached with the reduced officers and enlisted men appropriated for in recent years can be appreciated only by those who have to carry this grave responsibility.

It appears superfluous to point out again that the United States has achieved a relative degree of land disarmament unique among the great powers of the earth. By no improvisation could our system be adapted suddenly to offensive purposes, because it deliberately contemplates a delay of several months between the declaration of emergency and the time when any considerable force could take the field. Among the armies of the world the American ranks sixteenth in strength, although this Nation ranks fourth in population and first in wealth.

Further reductions would bring us close to prostration—a condition not conducive to the promotion of a feeling of security at home nor to enhancing the respect with which our pacific counsels are received abroad.

Very sincerely,

DOUGLAS MACARTHUR,
General, Chief of Staff.

CONFERRING ON CERTAIN PERSONS PRIVILEGES OF SOLDIERS' HOMES (H. DOC. NO. 315)

The SPEAKER laid before the House the following message from the President of the United States, which was read.

To the House of Representatives:

I am returning without approval H. R. 4724, entitled "An act to confer to certain persons who served in the Quartermaster Corps or under the jurisdiction of the Quartermaster General during the war with Spain, the Philippine insurrection, or the China relief expedition the benefits of hospitalization and the privileges of the soldiers' homes."

This bill is identical with H. R. 6997, Seventy-first Congress, third session, from which I withheld approval for the reasons set forth in my message to the House of Representatives, of February 23, 1931, printed as House Document No. 778.. Nothing has transpired since that date which would justify me in now approving this bill.

I can not concur in a proposal to single out one class of civilian employees who served during certain periods of hostilities and confer upon them a right to the benefit of hospitalization and domiciliary care provided by law for veterans of our wars. Such proposal would be establishing a precedent which, in all justice, would call for similar legislation in behalf of other civilians. It would ultimately involve the Government in hundreds of millions of expenditures by the usual accretions of wider spread inclusions of new and borderland groups. I am not unmindful of the value of the service rendered by these civilian components, but I do not feel that they should be made beneficiaries of the laws which have been enacted to care for our veterans—those who served under enlistments, enrollments, or commissions in the Army and Navy. Our first obligation is to these veterans and we should certainly not now reduce the availability of the hospital and home facilities which have been provided for them by throwing such facilities open to civilians.

HERBERT HOOVER.

THE WHITE HOUSE, *May 9, 1932.*

The SPEAKER. The message from the President will be spread upon the Journal.

Mr. GASQUE. Mr. Speaker, I move that the message be referred to the Committee on Pensions and ordered printed.

The motion was agreed to.

ARMY APPROPRIATION BILL

Mr. PARKER of Georgia. Mr. Speaker, I ask unanimous consent to address the House for two minutes.

The SPEAKER. Is there objection?

There was no objection.

Mr. PARKER of Georgia. Mr. Speaker, I wish to thank the District Committee for yielding to me at this time. I would not infringe on the committee's time if I had not found it impossible to get time in any other manner. In this connection, I am wondering if there is not something wrong with the system that permits the same Members to come here daily and talk at length on every subject under high Heaven except the pending legislation and at the same time excludes those Members who have intelligent statements to make with reference to the bill. I shall not attempt to make a political speech nor will I open my campaign for reelection to Congress at this time.

I wish to address myself to the War Department appropriations bill that is pending before the House in so far as it pertains to a reduction of officer personnel of the Army. If I did not personally know the gentlemen who wrote this bill, I might be led to believe that it was advocated and sponsored by ignorant individuals who know nothing of the

Army and its functions. However, since I do know these estimable gentlemen, I shall attribute their fanciful and unsound views to misinformation that they have gained from some unknown source.

Having had years of experience in the Army, I feel that I am qualified and privileged to speak on this subject with some degree of authority. In addition to discussing the cut in officer personnel of the Army as a whole, I feel it my duty to warn this Congress as to the effects of the provision of the bill that will practically wipe out the Judge Advocate General's Corps, which I had the honor to be a member of for nearly four years.

I was driven from the Army myself in 1922 because of discriminatory legislation that Congress had enacted in reorganizing the Army after the World War. It was then a question of age, as it will be now if the provisions of this bill are made the law of the land.

In 1917, when I volunteered my services, I was 32 years of age, too old to receive a provisional appointment in the Army, the age limit for such appointments being at that time 28. In 1920, when the Army was reorganized, I was 35, too young to hold the rank I had earned, the minimum age limit placed on emergency officers taken into the Regular Establishment with the rank of major having been fixed by Congress at 36.

If I were still in the service at this time, I would be 47 in September, again too old to serve as a captain. I would, if I had not already eliminated myself in 1922, have to be eliminated under the terms of this proposed legislation.

Now, let us approach this matter intelligently and fairly. What will be the results of the decrease to 10,000 in the number of officers of the Army?

The Army appropriation bill proposes to reduce the commissioned strength of the Army to 10,000, made up as follows:

Promotion list officers	8,930
Nonpromotion list officers	1,070
Total authorized strength	10,000

Based on the estimated strength as of July 1, 1932, this will require reductions as follows:

Promotion list officers	1,814
Nonpromotion list officers	356
Total reduction	2,170

The selection of the officers to accomplish this reduction is confined to those most advanced in age in each grade, with a provision that 5 per cent of such older officers in each grade may be retained and younger officers selected in lieu thereof.

Any reduction is inimical to our national defense. Fourteen thousand and sixty-three officers is the minimum required to enable the Regular Army reasonably to carry out its mission prescribed by Congress in the national defense act. Due to appropriation limitations the annual average has been kept down to 12,000, with a consequent shortage of officers with many of the Army's most important functions.

A reduction as now proposed necessarily will result in a drastic curtailment of Army activities in training the civilian components, National Guard, Organized Reserves, and Reserve Officers Training Corps.

Such a reduction will make it impossible to maintain the small, balanced, mobile force so necessary for emergencies.

It will make it impossible to man, even in part, our essential seacoast defenses.

It will not permit the Army to provide anything approaching adequate garrisons for our overseas possessions.

Even with the present strength the shortage of officers with troop units is a matter of grave concern.

The Army school system would be wrecked. The World War demonstrated the necessity of these schools for the training of officers. Just as trained officers are keystones in national defense, the schools are keystones in the officer's training.

The saving reported by the committee, which exceeds the War Department estimate, amounts to less than 3 per cent of the amount expended for pay of the Army. In comparison with the damage to national defense which would result, such a saving is triflingly insignificant. From the standpoint of national defense it is manifestly a penny-wise and pound-foolish proposition.

In normal times such a reduction would be serious enough, but in the present state of world affairs it well might result in a national catastrophe. Literally to hamstring national defense as such a reduction would do is a responsibility thinking men and women will hesitate to assume.

Realizing the extreme danger to our country of effecting an economy by reducing the Army, the chairman of the Appropriations Committee of the House [Mr. BYRNS] on April 5, 1932, at a hearing before the Economy Committee, made the following statement to the Secretary of War, Mr. Hurley:

> It does seem to me that a man like yourself, who is a real business man, as secretary of national defense, could make considerable saving, not by reducing the Army personnel, because I do not want to see that done; not by reducing the Navy, because I have always stood for preparedness; but in the administrative cost.

A drastic contraction of Medical Department activities necessarily would result. Those pertaining to the National Guard, the Organized Reserves, and the Reserve Officers' Training Corps will have to be practically abandoned, and the care of veterans will, of necessity, be greatly curtailed.

Finally, due to the necessary drastic curtailments of many essential activities, the provisions of and the policies laid down by the national defense act would be practically nullified, the morale of the Army personnel would be shattered, and our national defense dealt a staggering blow.

The method proposed for the selection of the officers to accomplish the reduction is even more astounding than the reduction itself. With the 5 per cent leeway, the selection must be based on age alone.

Such a plan is purely arbitrary and has nothing to recommend it.

Relative professional or physical fitness is excluded from consideration.

Individual efficiency as demonstrated by records of service is pushed out of the picture.

A large percentage (many times greater than 5 per cent) of the best-trained, most-efficient officers of the widest experience in the Army would be forced out.

The interests of the Government are in no way conserved by this arbitrary method.

If there must be a reduction, the yardstick of efficiency is the only sound basis for selection.

In the event of any reduction the Government has a right to retain the most efficient officers, and the interests of national defense demand their retention.

Many colonels of the ability, efficiency, and experience for selection as general officers would be ruthlessly plucked on the eve of achieving the culmination of a successful military career.

Likewise, high-ranking officers in the other grades would be forced out just prior to promotion to a grade where they would be among the youngest officers in the grade, while less efficient officers would be retained.

This age-alone method takes no account of the special technical and professional requirements of the different branches of the Army, with the result that certain branches, e. g., the Quartermaster Corps, the finance department, and the Judge Advocate General's department would lose considerably more than 50 per cent of their personnel.

The statement in the committee's report that this reduction would serve to correct unfortunate promotion conditions has no basis in fact, is misleading, and absolutely incorrect except as to the limited acceleration due to the small reduction on May 31, 1933, to make room for the 1933 West Point class.

To the contrary, the removal of the 2,000 older officers would so delay and diminish retirements for age, a potent source of attrition, as to retard materially rather than accelerate promotion.

Entire classes of the Military Academy will be forced out under this method. The great majority of the officers affected are in the prime of their usefulness, far removed from normal retirement.

A striking injustice would be done World War officers who entered the Army in 1920. The national defense act (June 4, 1920), under the provisions of which these officers came into the Army, provided the following minimum-age requirements for appointment in grades, as follows:

	Years
Colonel	48
Lieutenant colonel	45
Major	36

Forced by act of Congress to be of such age in 1920 before they could enter the Army, they now of necessity, by the mere passage of time, are among those who would be forced out by act of Congress. It is inconceivable that the Congress will permit such an injustice to be consummated.

Present calculations under this age-alone method show that every officer appointed in 1920 in the grades of colonel, lieutenant colonel, and major of necessity will be included in the group who are forced out.

Contrary to the committee's report, practically none of these officers are receiving the higher pay rates for their grades. Many of them receive as much as $150 per month less than younger officers in the same grade who will be retained.

It is apparent that the age-alone method does not provide the maximum saving.

Among those affected by this age-alone method would be many distinguished officers of both Spanish-American and World War service, including numerous recipients of the medal of honor, distinguished-service cross, distinguished-service medal, and silver-star citation for gallantry in action. The 5 per cent leeway is far from sufficient to take care of them.

The inference in the committee's report that this age-alone method is in accord with the recommendation of the Interdepartmental Pay Personnel Board is decidedly misleading and inaccurate. This board's report in its entirety clearly shows they recommended that any compulsory removals should be made solely upon the basis of efficiency, with a view to retaining those officers who are of greatest value to the service.

Retrenchment that cripples national defense is not economy. Everything in war and for war can be improvised except the trained officer. An efficient and sufficient corps of officers spells the difference between victory and defeat.

Skilled officers, like all other professional men, are the result of continuous and laborious study, training, and experience. There is no short cut to the peculiar type of knowledge they must possess.

To deplete our already inadequate corps of officers would be a most serious blow to our national defense; to accomplish such depletion by forcing out skilled officers due to age alone would be unsound in principle, unfair and unjust both to the officers and to their country—an extravagance rather than an economy.

The provisions on pages 10 to 12 of the War Department appropriation bill for 1933 contemplate a reduction in the commissioned strength of the Army to 10,000.

The bill provides that after September 30, 1932, the funds appropriated for pay of officers shall not be used for the pay of more than 10,000 active officers, and that after the same date the number of promotion-list officers (including general officers of the line and colonels) shall not exceed 8,930. The distribution of these promotion-list officers in grade as proposed by the bill and the reduction made in the authorized strength of each grade are shown below:

Grade	Now authorized	Authorized by bill	Reduction
Major general	21	17	4
Brigadier general	46	37	9
Colonel	470	384	86
Lieutenant colonel	577	473	104
Major	1,725	1,411	314
Captain	3,450	2,822	628
First lieutenant	2,667	3,786	855
Second lieutenant	1,974		
Total	10,930	8,930	2,000

This is a reduction of approximately 18.3 per cent in each grade.

The number of promotion-list officers actually removed from the active list under the bill will be less than 2,000 because average commissioned strength is already limited by restrictions in appropriation acts to an average of 12,000 instead of the authorized maximum of 12,402. The number that will be retired is shown below:

Estimated promotion-list strength, July 1, 1932 (including 1932 class from the Military Academy)	10,744
New authorized promotion-list strength	8,930
Number of promotion-list retirements	1,814

The bill stipulates that a sufficient number of non-promotion-list officers be retired to bring the total number of retirements to 2,000. This will require 186 (2,000—1,814) retirements in the non-promotion-list branches.

However, it appears that the provision of the bill limiting total commissioned strength to 10,000 will require still further retirements of non-promotion-list officers. This is shown below:

New authorized commissioned strength	10,000
New authorized promotion-list strength	8,930
New authorized non-promotion-list strength	1,070
Present authorized non-promotion-list strength	1,472
Estimated actual non-promotion-list strength (July 1, 1932)	1,426
Reduction in authorized non-promotion-list strength	402
Number of actual non-promotion-list retirements	356

A further provision stipulates that on or before May 31, 1933, a sufficient number of colonels and lieutenant colonels shall be retired to provide vacancies within the promotion-list strength of 8,930 for the class of 1933 from the Military Academy. This will require additional retirements as shown below:

Estimated strength of Military Academy class of 1933	340
Estimated promotion-list attrition, September, 1932, to May, 1933	140
Additional retirements required on or before May 31, 1933	200

The bill is defective in that it does not fix the new strength of the non-promotion-list branches—that is, the Medical, Dental, Veterinary, and Medical Administrative Corps, and the chaplains. The present maximum commissioned strengths of these branches are definitely specified in existing law.

The bill makes no provision for the advancement of promotion-list officers from second to first lieutenant. The combined strength of these grades is fixed at 3,786, but this number is not subdivided. It is true that the committee report on the measure contains a table showing 2,179 first lieutenants and 1,607 second lieutenants, but nothing in the language of the bill itself states this apportionment or authorizes promotion into the grade of first lieutenant to maintain that grade at any definite strength.

In framing the national defense act it was the intention of Congress to embody in law the following essential elements of national defense:

a. To provide an Army of the United States consisting of three components—the Regular Army, the National Guard, and the Organized Reserves.

b. To organize this Army into the military units necessary to form the basis for a complete and immediate mobilization of the Nation's man power in a national emergency.

c. To make provision for the mobilization of the Nation's material resources and the maintenance of war reserves as an element in mobilization.

To carry out the responsibilities imposed by the act, the Regular Army is called upon to furnish officers for all manner of important duties beyond the limits of the Regular Establishment itself. The number of officers now assigned to duty with the civilian components, about 1,650, is considerably below the number demanded. The proposed reduction in the commissioned personnel of the Regular Army, combined with the relief of all retired officers now on active duty, as is also contemplated by the bill, will necessarily result in a drastic curtailment of the activities of the Army

in administering the forces of the National Guard (187,000), the Organized Reserves (108,000), and the Reserve Officers' Training Corps (127,000). The national defense act originally provided for a corps of approximately 18,000 regular officers. Appropriations in recent years have limited this number to an average of 12,000. The War Department has reported to Congress that the minimum number of officers required in the Regular Army to enable it reasonably to carry out its mission is 14,063. This number is required; to enable reasonable provision to be made for the training of the civilian components, to maintain a small, balanced, mobile force for emergencies, to man in part the seacoast defenses of the continental United States, and to allow reasonably adequate garrisons in the overseas possessions.

Even with the force of 12,000 officers now provided, the calls for assignments to duty with the National Guard, the Organized Reserves, and the Reserve Officers' Training Corps can not be met, while the present shortage of officers with troop units of the Regular Army is a matter of grave concern to the War Department. A reduction of 2,000 officers and the relief of the 134 retired officers now on active duty would force the War Department to curtail many essential activities to an extent that would practically nullify the provisions of the national defense act. A cursory survey of the situation indicates that the following reductions in the numbers of promotion-list officers now assigned to highly important duties would be necessary:

	Number	Per cent
Foreign garrisons	336	20
Duty with the National Guard	229	50
Duty with the Organized Reserves	227	50
Duty with the Reserve Officers' Training Corps	308	50
Instructors at service schools	88	30
Students at special service schools, except flying schools	414	50
Students at general service schools	157	50
Instructors at the United States Military Academy	38	20
Officers on recruiting duty	42	50
Total	1,839	

There are at the present time no more officers assigned to overseas garrisons than are necessary properly to officer the units assigned to those garrisons. A reduction in the number of officers at these strategic outposts would seriously handicap their power of resistance. The importance of maintaining these defenses upon an efficient basis is vital in the present state of world affairs. Their reinforcement in an emergency can not be counted upon. Each of them has its own strategic and tactical mission confined to restricted area. No use could be made of these garrisons in the continental missions assigned to the Army.

The service schools are highly important elements of our military system. The World War demonstrated the necessity of these schools for the training of officers. The small number of regular organizations which provide actual experience with troops makes them of increasing importance. This necessity is augmented by present-day specialization and the rapid development of means and methods of warfare. Just as trained officers are keystones in defense, the schools are keystones in the officers' training.

The proposed reduction in the non-promotion-list branches will necessitate a drastic contraction in the activities of the component corps of the Medical Department and of the Chaplain Corps. Medical Department activities with the National Guard, Organized Reserves, and the Reserve Officers' Training Corps will have to be practically abandoned, and a very considerable reduction will have to be made in the present contribution of the Medical Department toward the care of veterans.

The report of the committee on the bill states that its provisions will not materially lessen the available officer strength in the event of war or national emergency because the officers who are retired will continue to be subject to recall to active service. This statement entirely disregards the fact that the Regular officer in order to be prepared to discharge his duties under the exacting conditions of modern warfare, must be in perpetual state of training and instruction. Officers on the retired list who would be compelled to engage in commercial activities in order to supplement their retired pay and support their families could not be expected to keep themselves abreast of the military profession.

The report of the committee on the measure contains an estimate of $3,814,823 as the annual saving that would result from the retirement of 2,000 officers. This is an average of approximately $1,900 per officer and exceeds the estimates of the War Department. However, accepting the committee's estimate, the saving effected amounts to less than 3 per cent of the amount expended for pay of the Army. Such a saving is entirely insignificant in comparison with the damage which would be done to the national defense and the injurious effect upon morale of the commissioned personnel of the Army if the proposed legislation were adopted.

The bill embodies the astounding proposal that the determination of the officers to be retired in the grades of colonel and below shall be made on age alone, with exceptions in the case of Air Corps officers and second lieutenants. There is also a permissive 5 per cent exemption from this age requirement which the committee report on the bill states is intended to permit the retention of officers who, despite their years, possess special qualifications by reason of which their retirement would be inimical to the best interests of the Army. The bulk of the separations from the active list will, however, occur in a purely arbitrary manner without regard to relative mental or physical fitness or to the individual efficiency as demonstrated by records of service. Surely no organization, civil or military, faced with the necessity for a reduction in personnel, would adopt such a plan for effecting it.

In those portions of the promotion list where officers are arranged in rank in approximate order of age, that is, in the grades of colonel, lieutenant colonel, major, and second lieutenant, the retirement provision would serve to remove the officers at the top of each grade. Thus, for example, a high-ranking major, approaching advancement to lieutenant colonel, where he would be among the younger officers in the grade to which promoted, might be ruthlessly removed from the active list without regard for demonstrated efficiency, while less able officers farther down in the grade and a few years younger would not be even considered for retirement. All of the surviving members of entire classes from the Military Academy and of groups of officers from other sources who entered the Army in a body might be forced into retirement if they happen to be at the top of the grade they occupy.

The additional reduction required to be made on or before May 31, 1933, in the grades of colonel and lieutenant colonel in order to provide vacancies for the Military Academy class of 1933 would be practically concentrated in the colonels' grades. This is because the older officers of these two combined grades would naturally be found in the higher one. Many deserving officers would thus be removed from the active list at a time when they are hoping to be selected for promotion to general officer and thus achieve the culmination of a successful military career.

The proposed legislation takes no account whatever of the special technical requirements of different branches of the Army. Retirements may fall more heavily on one arm or service than on another and the officers removed from the active list in this haphazard manner will leave an unbalanced personnel in the various branches of the Military Establishment. Attention is invited to the table which is appended hereto as Exhibit A and which illustrates this effect. For example, 50 of the 84 permanent officers of the Judge Advocate General's department will be retired while the Quartermaster Corps and Finance Department will lose more than one-half of their present personnel.

The committee report on the bill states that it will have a beneficial effect upon promotion, and will serve to correct the unfortunate conditions now existing on the promotion list due to the presence of the World War "hump" of officers. Consideration of its operation shows definitely that this will not be the case. Since the authorized strength of each grade is reduced by the number of officers who are required to be retired, there will be no acceleration whatever of promotion by the retirements made on or before

September 30, 1932. On the contrary, so far as future promotion is concerned, the removal of the older officers from the active list will diminish or entirely discontinue future retirements for age, which are a potent source of the attrition which produces promotion. For this reason, the effect of the bill will be a retardation rather than an acceleration of advancement. It is true that the retirement of approximately 200 colonels and lieutenant colonels in May, 1933, will produce advancement to that extent in the grades below colonel. This effect will, however, not be a continuing one, and once the promotion due to this cause has been made the rate of promotion will again slow down.

The report of the committee on the measure quotes certain passages from the report of the Interdepartmental Pay Personnel Board in justification of the procedure which it proposes. These quotations are lifted from their context in such a way as to be given a wholly improper interpretation. The plan proposed in this bill is not in any respect whatever similar to the promotion plan proposed by the Interdepartmental Pay Personnel Board. That board was formed in compliance with a request made to the President by a joint committee of Congress asking that a system of promotion be devised which would equalize the rate of advancement in the Army, Navy, Marine Corps, and the three lesser services, which are also paid under the joint pay act of 1922.

The board was assigned a specific problem which was, in substance, that of accelerating Army promotion within a reasonable period to equality with that of the Navy. To obtain this result necessarily involved certain compulsory removals from the active list of the Army; but these removals, as the report most clearly shows when considered in its entirety, were to be made solely upon the basis of efficiency and with a view to retaining on the active list those officers whose accomplishments indicated that they were of the greatest value to the service. This principle, which was the guilding one in the work of the Interdepartmental Pay-Personnel Board, has been completely and entirely disregarded in drawing the provisions for retirement which are contained in this bill.

I am appending to these remarks, as Exhibits A and B, two tables which show the details of the retirements that would occur as completely as it has been possible to work them out in the time available. Table A gives the retirement of promotion-list officers by branches and indicates the large proportional losses that would be suffered by certain branches, notably the Judge Advocate General's Department, the Quartermaster Corps, and the Finance Department. Exhibit B makes a further analysis of the retirements and shows how they would be distributed by grade and branch.

I sincerely hope the strength of the officer personnel of the Army will not be reduced, and, if perchance it should be the opinion of a majority of the Members of this House to take such action, I again express a hope. That hope is that elimination will not be made on a basis of age only, without due consideration being given to the efficiency of the particular officers affected.

EXHIBIT A

Promotion list officers—Age in grade separations

	Strength as of Apr. 30, 1932	To be eliminated	Strength after elimination
Major generals	21	4	17
Brigadier generals	46	9	37
Adjutant General's Department	91	17	74
Judge Advocate General's Department	84	50	34
Quartermaster Corps	644	367	277
Finance Department	122	75	47
Corps of Engineers	561	76	485
Ordnance Department	284	47	237
Signal Corps	242	41	201
Chemical Warfare Service	90	19	71
Cavalry	942	87	855
Field Artillery	1,477	145	1,332
Coast Artillery Corps	978	93	885
Infantry	3,614	542	3,072
Air Corps	1,256	208	1,048
Philippine Scouts	73	34	39
Total	10,525	1,814	8,711

EXHIBIT B

Promotion list officers—Age in grade separations

	Major generals	Brigadier generals	Colonels	Lieutenant colonels	Majors	Captains	First lieutenants	Total
Major generals	4							4
Brigadier generals		9						9
Adjutant General's Department			5	5	4	3	0	17
Judge Advocate General's Department			4	2	33	8	3	50
Quartermaster Corps			10	11	32	211	103	367
Finance Department			3	5	28	21	18	75
Corps of Engineers			5	2	18	20	31	76
Ordnance Department			4	2	13	20	8	47
Signal Corps			0	1	2	23	15	41
Chemical Warfare Service			0	1	5	3	10	19
Cavalry			15	19	4	28	21	87
Field Artillery			3	5	25	40	72	145
Coast Artillery Corps			10	11	22	30	20	93
Infantry			27	36	109	198	172	542
Air Corps			0	4	9	19	176	208
Philippine Scouts			0	0	10	4	20	34
Total	4	9	86	104	314	628	669	1,814

MASONIC MUTUAL RELIEF ASSOCIATION, DISTRICT OF COLUMBIA

Mrs. NORTON. Mr. Speaker, I ask unanimous consent to call up the bill S. 2775, to amend an act entitled "An act to incorporate the Masonic Mutual Relief Association of the District of Columbia," approved March 3, 1869, as amended, and pass the same, and to lay a similar House bill (H. R. 7357) on the table, it having been considered by the committee, and being on the calendar to-day.

The SPEAKER. The gentlewoman from New Jersey asks unanimous consent for the present consideration of the bill S. 2775, which the Clerk will report by title.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the present consideration of the Senate bill?

Mr. BLANTON. Mr. Speaker, when this bill was called on the calendar a few days ago I objected to it because I thought it might set a bad precedent of giving Federal charters to corporations, but I find that this is a proper amendment to their rights, and I withdraw the objection that I made to it.

The SPEAKER. Is there objection to the present consideration of the bill?

There was no objection.

The Clerk read the Senate bill as follows:

Be it enacted, etc., That section 1 of the act entitled "An act to incorporate the Masonic Mutual Relief Association of the District of Columbia," approved March 3, 1869, as amended, is amended by striking out the word "Association" in the name of the organization and inserting in lieu thereof the words "Insurance Co.," so that the name of the organization shall read "Acacia Mutual Life Insurance Co."

SEC. 2. Sections 2, 3, 4, and 5 of such act, as amended, are amended to read as follows:

"SEC. 2. The company shall have the power to make all and every insurance appertaining to or connected with life or disability risks of whatever kind or nature; and to grant, purchase, or dispose of annuities; to make insurance against injury, disablement, or death resulting from accident and against disablement resulting from sickness and every insurance appertaining thereto; to make and accept reinsurance of any risks; and to furnish any aid or service to promote the health and welfare of its policyholders and their beneficiaries: *Provided, however*, That the company shall forever be conducted for the mutual benefit of its policyholders and their beneficiaries and not for profit; and, as to its business transacted in the District of Columbia or in any State or other jurisdiction in which it is licensed, shall be subject to all laws of such District, State, or other jurisdiction governing similar mutual insurance companies.

"SEC. 3. The number of directors of said company shall be fixed by the by-laws and shall be at least 21, a number of whom, less than a majority, shall be elected by the policyholders at the annual meeting of the company from among themselves for a term of three years; that in all cases of a tie vote the choice shall be determined by lot, and in all other cases a plurality vote shall decide. The annual meeting of the company shall be held at such time and place as provided in the by-laws. The board of directors shall elect from among the policyholders at their first meeting succeeding the annual meeting of the company a president, one or more vice presidents, a secretary, and a treasurer, and from time to time such additional officers as the by-laws may provide. The president, the vice presidents, the secretary, and the treasurer shall each give bond with surety to the company in

such sum as the board of directors may require for the faithful performance of his duties. At all meetings of the board of directors 12 of the board shall form a quorum. In case of any vacancy in the board of directors by death, resignation, or otherwise, such vacancy shall be filled by the remaining directors from among the policyholders of the company to serve for the remainder of the unexpired term.

"SEC. 4. The board of directors shall have full power to make and prescribe such by-laws, rules, and regulations as they shall deem needful and proper for the elections herein provided, and for the disposition and management of the business, funds, property, and effects of the company, not contrary to this charter or to the laws of the United States, and they shall have power to alter or amend the same as the interests of the company, in their opinion, may require.

"SEC. 5. Nothing herein contained shall be construed to affect or impair in any manner whatsoever any vested right or interest existing in or under any contract of the company."

SEC. 3. Such act, as amended, is further amended by adding at the end thereof a section as follows:

"SEC. 6. The right to alter, amend, or repeal this act is hereby expressly reserved."

Mr. DYER. Mr. Speaker, I move to strike out the last word for the purpose of asking the gentlewoman from New Jersey to explain the purposes of the bill.

Mrs. NORTON. This bill, Mr. Speaker, seeks to amend the charter of the Acacia Mutual Life Insurance Association in order to broaden its service to its policyholders.

Mr. DYER. In other words, that it may take insurance from other people than Masons?

Mrs. NORTON. Yes.

Mr. DYER. And is that the only purpose?

Mrs. NORTON. Yes. It is understood that the business shall be conducted for the benefit of the policyholders and the beneficiaries, and not for profit.

The SPEAKER. The question is on the third reading of the Senate bill.

The Senate bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider laid on the table.

A similar House bill (H. R. 7357) was laid on the table.

CLOSING WATER STREET BETWEEN TWENTY-SECOND AND TWENTY-THIRD STREETS

Mrs. NORTON. Mr. Speaker, I call up Senate Joint Resolution 50, to authorize the Commissioners of the District of Columbia to close upper Water Street between Twenty-second and Twenty-third Streets, which I send to the desk and ask to have read.

The Clerk read the title of the joint resolution.

Mrs. NORTON. Mr. Speaker, I ask unanimous consent to consider this joint resolution in the House as in Committee of the Whole.

The SPEAKER. Is there objection?

There was no objection.

The Clerk read the joint resolution, as follows:

Resolved, etc., That the Commissioners of the District of Columbia are hereby authorized to close upper Water Street, between Twenty-second and Twenty-third Streets NW., lying north of Potomac Park and south of square 62: *Provided*, That the consent in writing of the owners of three-fourths of all private property on the south side of square 62 is first had and obtained; and upon the closing of said street between the limits named the Commissioners of the District of Columbia are authorized to transfer the land contained in the bed of said street to the Director of Public Buildings and Public Parks of the National Capital as part of the park system of the District of Columbia: *Provided further*, That the said commissioners be, and they are hereby, authorized to enter upon said closed area at all times for the purpose of maintenance and repair of all existing sewers and sewer appurtenances.

SEC. 2. The Director of Public Buildings and Public Parks of the National Capital is authorized to transfer to the American Pharmaceutical Association such an area adjacent to the land owned by the said association as shall be agreed upon between the association and the two commissions hereinafter named, so that the location and the setting of the association's building will conform to the plan prepared by the National Capital Park and Planning Commission and approved by the National Commission of Fine Arts for the treatment of that area, and in the construction of said building the said association shall take such steps as are necessary to insure the safety of existing sewers and sewer appurtenances: *Provided*, That the American Pharmaceutical Association agrees, contemporaneously with the above transfer to it, to transfer to the United States of America title to a strip of land owned by said association 17 feet in depth along Twenty-third Street, for the purpose of widening said street as an approach to the Lincoln Memorial: *Provided further*, That the design of the said association's building shall be such as to be approved by the National Commission of Fine Arts, and its use shall be limited to organizations and institutions serving American pharmacy on a nonprofit basis.

The Senate joint resolution was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider laid on the table.

CONSTRUCTION, ETC., OF CERTAIN PIPE LINES FOR PETROLEUM

Mrs. NORTON. Mr. Speaker, I call up the bill (H. R. 7305) to permit construction, maintenance, and use of certain pipe lines for petroleum and petroleum products, which I send to the desk and ask to have read.

The SPEAKER. The gentlewoman from New Jersey calls up the bill H. R. 7305.

Mrs. NORTON. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of H. R. 7305.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the consideration of the bill H. R. 7305, with Mr. THOMASON in the chair.

The Clerk read the title of the bill.

Mrs. NORTON. Mr. Chairman, I ask unanimous consent that the first reading of the bill be dispensed with.

Mr. BLANTON. Mr. Chairman, with the understanding that it be printed in the RECORD as if read, I do not object.

The CHAIRMAN. Is there objection?

There was no objection.

The bill is as follows:

Be it enacted, etc., That the Commissioners of the District of Columbia be, and they are hereby, authorized and empowered to grant permission to the Gulf Refining Co., a corporation organized and existing under the laws of the State of Texas and registered and doing business in the District of Columbia, to lay down, construct, maintain, and use not more than 10 pipe lines for the carriage of petroleum and petroleum products from a point or points within square 662 in the city of Washington, in the District of Columbia, said square being bounded on the north by R Street, on the south by S Street, on the east by Water Street and South Capitol Street, and on the west by Half Street (west), in, and through Water Street, South Capitol Street, in an easterly direction to lot 4 of square south of square 708, which lot is bounded on the north by lands of the Standard Oil Co., on the south by S Street, extended, on the east by Anacostia River, and on the west by South Capitol Street.

SEC. 2. All the construction and use provided for herein shall be in accordance with plans approved by the Commissioners of the District of Columbia, and under such regulations and rentals as the said commissioners may make and establish in connection herewith.

SEC. 3. No permission granted or enjoyed hereunder shall vest any title or interest in or to the land within the above-mentioned streets, or affect any right, title, or interest of the United States in or to land within square south of square 708.

SEC. 4. The Congress reserves the right to alter, amend, or repeal this act at any time.

Mrs. NORTON. Mr. Chairman, the purpose of this bill is to permit the Gulf Refining Co. to construct and maintain not more than 10 pipe lines for carrying petroleum and petroleum products through Water Street and South Capitol Street, and to permit them to convey those products from vessels to docks on the Anacostia River to a plant which they propose to construct.

There is no opposition at all to the bill, and I understand it will give employment to at least from five hundred to two or three thousand men.

Mr. BLANTON. Mr. Chairman, I ask recognition against the bill.

The CHAIRMAN. The gentleman from Texas is recognized.

Mr. BLANTON. I ask unanimous consent to revise and extend my remarks and to put in certain documents and also excerpts to which I shall refer.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. BLANTON. Mr. Chairman, I have objected to this bill on several occasions in this Congress and have blocked its passage in the previous Congress.

The Gulf Refining Co. is one of the big international oil combines owned by our former Secretary of the Treasury,

Mr. Mellon, and his interests, which, with the big Dutch Shell Co., has been manufacturing gasoline and crude petroleum in Mexico, South America, and other peon countries and bringing its products in tankers to this country free of any duty, competing with the American independents.

During the last three years they have run out of business the independent oil operators in the United States. They have brought about such a condition that in the districts of my colleagues, Mr. PATMAN and Mr. SANDERS, in east Texas, oil last year sold as low as 2 cents a barrel. Just think of it. Two cents a barrel, when it is estimated by our Government experts that it costs $1.01 a barrel to produce it, considering the overhead and expense of exploitation, and so forth. Bringing in such foreign oil has in the last three years made paupers of millionaire independent operators. In Oklahoma and Texas alone it has put out of employment a hundred thousand heads of families who have been unable to get jobs since then. This Gulf Co., to which this bill grants a free pipe-line franchise through Washington, and which, with the big Dutch Shell Co., has been before Congress for several years with the biggest lobby that money could produce in Washington to defeat any protection that could be put against foreign oil, now comes here and asks this new concession—a pipe line through the Nation's Capital.

It has been estimated that these two big monopolies are able, with their peon labor in Venezuela and South America, to produce gasoline in their Venezuelan refineries and ship it in their tankers and lay it down in New York City and retail it at 4 cents a gallon with a big profit to themselves, yet all this time we are paying 15 and 16 and 17 cents a gallon all through this section, in the Nation's Capital and elsewhere. Now it is sought to give this big monopoly an extra monopolistic right under the very streets of the Nation's Capital, with these pipe lines.

Mr. KELLY of Pennsylvania. Will the gentleman yield?

Mr. BLANTON. In just a moment. I will yield when I get through, but first I want to put some facts before you.

The gentleman from Georgia, General PARKER, complained a moment ago and said he was protesting against Members who had important matters to bring before the country not having a right to get up and present their ideas and their facts. General PARKER knows all about military affairs. But I am afraid General PARKER displayed a little ignorance on House procedure. You can always get time in this House and on this floor if you know how. It is all in knowing how.

Mrs. NORTON. Will the gentleman yield?

Mr. BLANTON. In just a moment. I do not want to be discourteous, but I do want to put some facts before the House that must be placed before the country at this time. A Member can always get time to do that if he pursues his rights under the rules. He does not have to ask for two minutes. District day is always a day on which you can get time, if you know how, to say anything you want to about the good of the country and the good of the Nation. That is the reason I am getting time on this day, because I have something to say about the good of the order and the good of the country in connection with my protest against the granting of this extra monopoly under the streets of Washington to the Gulf Refining Co. and Mr. Mellon.

Mr. BOWMAN. Will the gentleman yield for a question there?

Mr. BLANTON. No; I regret that I can not just now. I decline to yield until I get through with my remarks. Then I will yield to any and all Members who wish to ask me questions, because I do not want to take any more time than is necessary to make my remarks. That is the reason I asked permission to put some excerpts and documents in the RECORD without reading them.

It was claimed the other day by the distinguished minority leader and some of the other leaders on his side that the votes which went through the tellers in the House on the economy bill in the Committee of the Whole House on the state of the Union were different from the votes on final roll call. That may be; but did you know that the votes between tellers are secret, confidential, between the Members? Did you know that, with all the power that the press boys exercise in the gallery, to sting us whenever they get ready—sometimes we deserve it and sometimes we do not, but they sting us whenever they want to, personally, individually, and collectively—did you know that, with all that power which they exercise, not one of them will ever give out the name of anybody who passes through tellers, because it is an unwritten rule here, and it has been for years in this House of Representatives and elsewhere that, until Members go down in black and white on a yea-and-nay vote, they can not be recorded individually? That is the reason I say that the important votes of Members of Congress are the yea-and-nay votes. And that is the reason that I have insisted on many yea-and-nay votes. That is the reason given by our "wet" brethern for putting you "on the spot" with the Beck-Linthicum resolution so that there could be a yea-and-nay vote, and the people of the United States could find out how Members here stood on the wet-and-dry question. They recognized that "votes by tellers" could not be made public, and it required a record vote to hold Members responsible for their position on the question.

When you go on record on a yea or nay vote, Mr. Chairman, that is when you are willing to make your stand on public matters a public record before the people.

I want to call your attention to some of those yea-and-nay record votes on the economy bill. Your minority leader, on May 5, 1932, got up on this floor and said, as recorded on page 9675 of the RECORD:

> The majority of the Members on this side of the aisle—

Meaning his Republican side, and meaning his Republican Members, if you please—

> have stood for the economy bill, and if it had received the same support on the other side of the aisle there would have been no need of this message.

Was BERT SNELL frank that day when he said this? No.

Was the speech that he made from this floor last Saturday a typical BERT SNELL speech? No. BERT SNELL is a square shooter; he is a hard hitter when he has the facts with him. When BERT SNELL has the facts with him he stands up here, straight up, head up, eyes front, and tells you about it. When he comes in here and hangs over this stand as he did the other day throughout that speech, you can bet your head it is political; he is not speaking the real, but political, facts. It is not a Bert Snell straight-from-the-shoulder speech.

Let me call your attention to some of those record votes. Here is the vote on the consolidation of the Army and Navy. Everybody knows that that will save money.

Mr. BACON. I do not.

Mr. BLANTON. That is because the gentleman has not studied the question as others of us have.

His President, President Harding, studied that question; and a President never suggests anything to Congress unless his Cabinet approves of it. Did you know that? That is what the Cabinet is for, to sit around the table and approve the President's program. Whenever a President comes in and makes a recommendation you can bet your head that his Cabinet has approved of it. Who was his Cabinet? Mr. Secretary Hoover was one member of it. He came in here and recommended to the Congress that it pass a bill consolidating the Navy Department and the Army into one Department of National Defense with one head to it, unifying all the various services and saving the surplus and the overlapping and the duplications. Why, we have four air services. For every enterprise of the Navy you will find a corresponding enterprise of the Army.

If you unify the two services and put them under one head, you can cut off about one-half of the expense of both of them. President Harding recommended that. Thinking men of America have been for it for a long time. It would save at least $100,000,000 annually.

Do you know why Congress has not been able to put this consolidation into effect? The Secretary of War will not let Congress. The Secretary of the Navy will not let Congress.

The big chiefs of staff will not let Congress. The big generals and the big admirals will not let Congress do it. They exercise such tremendous power over the President and over the Cabinet and over Congress, if you please, that they will not let this salutary consolidation to effect economy be brought about in the interests of the people.

In the President's message the other day, if you look at and analyze it, he proposed the consolidation of the munitions bureaus in both the Army and the Navy; he proposed to consolidate hospitals and other things in the Army and Navy. That is all the consolidation bill means, a unification of services. He recommends that after the economy bill has been riddled by Republicans.

Now, as soon as this consolidation was proposed in the bill by our friend, the gentleman from Tennessee [Mr. BYRNS], than whom there is no one better informed in the House, strong opposition was brought against it by Cabinet officers, generals, and admirals. The gentleman from Tennessee [Mr. BYRNS] has been here many years; he is a man of high standing and integrity, a man of good judgment, who knows all about appropriations. He knows all about the Army and the Navy. He has been appropriating for both departments for years. He has sat across the table from admirals, generals, and heads of departments, and knows exactly what their needs and necessities are, knows what the needs and necessities of adequate national defense are. He is a patriotic American. Why was not his judgment good?

As soon as he brought the bill to consolidate the Army and Navy Departments into one Department of National Defense before the Committee on Expenditures in the Executive Departments you found the Secretary of War coming before it lobbying, you found the Secretary of the Navy lobbying against it, both trying to kill it. You found the great Navy League of the United States, which, whenever it wants to, spanks your President, and you let them get away with it.

There is nobody here who will say they did not spank your President not long ago and nobody has gotten up here and attacked them for doing it. Who has gotten up here on this floor among your big Republican leaders and defended your President against the great Navy League of America? Not one of you. Why, Carl, if you had done that, those wets in Chicago could not have beaten you to save their lives. People like men who defend their President when a big navy league jumps on him.

The Army and Navy Club here in Washington, than which there is no greater lobby in the world or one with greater influence throughout the United States, began fighting consolidation, and consolidation was finally defeated in that committee.

Then the specially selected Economy Committee took up the question of consolidation, and what happened? You found the great Navy League and the Army Club sending their admirals and their major generals in battle formation against consolidation. The Navy League and the Army and Navy Club had to have some high officer handle that proposal here on the floor of the House. Whom did they pick? They used Army methods and Navy methods to do their picking. They had to recognize seniority; they had to pick between our friend General CHIPERFIELD and General MARTIN.

General MARTIN happened to be a regular. General MARTIN happened to be senior to General CHIPERFIELD; he happened to outrank him; his seat at the social table was a little farther up than that of General CHIPERFIELD, so they picked General MARTIN, our retired general from the United States Army, to lead the Republicans down the line against consolidation. So General MARTIN moved to strike consolidation out of the bill. And he was assisted by General CHIPERFIELD, and General PARKER, and General Goss, and Colonel SNELL, and Colonel TILSON, and Republican cohorts galore, and when consolidation came up on roll-call vote, as shown on pages 9515–9516, we find that 150 Republicans voted under the leadership of that retired general against consolidation, against this economy saving of at least $100,000,000 a year to the people of this country, and they killed it here in the House.

And who led the debate against consolidation? It was none other than your Republican minority leader, Mr. SNELL, of New York, ably assisted by your Republican former minority leader, Mr. TILSON, who is one of your real leaders yet; and of the 150 Republicans voting against consolidation you find Republican leaders like my friend, Doctor CROWTHER, of New York, who is one of your great tariff leaders; our friend from Massachusetts, Mr. TREADWAY; Mr. BACHARACH, one of the big members of your organization; our distinguished jurist friend from Maine, CARROLL BEEDY; BOB SIMMONS, of Nebraska; Mr. MAPES, of Michigan; our friend, CARL CHINDBLOM, of Illinois; Mr. MICHENER, who was your spokesman the other day; Mr. HAWLEY, the former chairman of the Ways and Means Committee; Mr. HAUGEN, the former great chairman of the Agricultural Committee; Mr. REED, of New York; Doctor TEMPLE; our friend CABLE, of Ohio; RAMSEYER; LEHLBACH; LUCE; PARKER, of New York; SHREVE; Doctor SUMMERS, of Washington; and even TINKHAM, our friend TINKHAM, who, by accident, the other day introduced a bill against birth control, and when he found out what he had introduced, how he did get up here and try to withdraw it. He said it got in here by an error on the part of his secretary.

It is quite funny about TINKHAM. I have served with him for about 15 years, and I have never heard him make any speeches except on two subjects the whole time he has been here, his two subjects being, first, condemning Methodists, and, second, condemning southerners for not taking negroes in their primaries and for hanging rapists.

You know, most of his constituents are either Catholics or colored people, and he is forced to do something to be reelected by them. He imagines that his Catholics do not like Bishop Cannon and do not like Dr. Clarence True Wilson, who happen to be Methodists, so every year he makes periodical speeches against Bishop Cannon and Doctor Wilson, catering to that sentiment in his district in Massachusetts. You do not blame him. He has to do that to stay in office. You know also the Catholics do not believe in birth control; neither do the colored people. He thought he would help his political standing in his Massachusetts district by introducing that bill against birth control. He introduced it one day and it was properly referred to the Committee on the Judiciary.

When his constituents saw how far-reaching it was, they did not like it. Then he immediately ran in here and tried to withdraw it, but the gentleman from New York [Mr. LAGUARDIA] would not let him. I am going to put his exact language and one or two paragraphs from that measure in my remarks. Why, even TINKHAM, the great anti-birth-control Congressman of Massachusetts, was with you against consolidation. So was WASON; my friend UNDERHILL and Governor YATES. General CHIPERFIELD followed his regular leader, our retired major general, and our friend Goss, of Connecticut, did likewise. Down the line some in seniority was your General DE PRIEST, of Illinois. He was following the bunch. Do you know why we will not allow colored people to come into the primaries in Texas? We like them in their places, and they like us. We are the best friends on earth to the colored people. Every colored person in my district would vote for me in the primary if he could do so. But we do not let them vote in our primaries, because they all vote with you Republicans in November. We do not allow them to hamstring us in our primaries in July and then vote with you Republicans in November. Then I find one of your Republican subleaders, Mr. SCHAFER, of Wisconsin, following the bunch against consolidation.

Mr. LINTHICUM. What was this on?

Mr. BLANTON. This was the vote on that Army and Navy consolidation. For fear I might leave out some of the other leaders I am going to put the balance of them in my remarks to show you how many voted against that Army and Navy consolidation.

Mr. LINTHICUM. Will the gentleman yield?

Mr. BLANTON. I yield.

Mr. LINTHICUM. Does not the gentleman think the Army and Navy could save a lot of money even without consolidation? For instance, take these recruiting offices. Why could they not be consolidated?

Mr. BLANTON. They could save on any proper consolidation. Let me tell you what we have in my home city of bilene. As soon as you get off the train there, you see a great big sign, "Navy recruiting office." Then another sign, "Army recruiting office." Then another sign, "United States Marine Corps recruiting office." Three of them in one city, my home town, with three different agents there spending your money like water. Why do they not have just one? They would have just one with consolidation.

So that hereafter it can not be denied that Republicans did defeat the economy proposal to consolidate the Army and Navy into one unified department of national defense, I want to name in this RECORD the Republicans who voted against consolidation, as shown in roll call No. 66, on pages 9515–9516 of the daily CONGRESSIONAL RECORD for May 3, 1932. Title VI of the Economy Committee's bill, which Title VI was known as "the national defense reorganization act," would have consolidated the War Department and the Navy Department into one department of national defense. The vote came on the amendment by General MARTIN, of Oregon, our retired major general, to "strike out all of Title VI, the national defense reorganization act," and the following Republicans voted with General MARTIN to strike it out, there being 150 such Republicans to wit: Adkins, Aldrich, Allen, Andrews of New York, Arentz, Bacharach, Bacon, Baldrige, Barbour, Beck, Beedy, Bohn, Bolton, Britten, Brumm, Burdick, Butler, Campbell of Pennsylvania, Carter of California, Carter of Wyoming, Cavicchia, Chindblom, Chiperfield, Clague, Clancy, Clarke of New York, Cochran of Pennsylvania, Cole of Iowa, Colton, Connolly, Cooke, Coyle, Crail, Crowther, Caulkin, Curry, Dallinger, Darrow, Davenport, De Priest, Doutrich, Eaton of Colorado, Eaton of New Jersey, Englebright, Erk, Estep, Evans of California, Finley, Fish, Foss, Free, French, Garber, Gibson, Gifford, Golder, Goodwin, Goss, Hadley, Hall of Illinois, Hancock of New York, Hardy, Hartley, Haugen, Hawley, Hess, Holmes, Hooper, Hopkins, Horr, Houston of Delaware, William E. Hull, Jenkins, Johnson of South Dakota, Johnson of Washington, Kahn, Kelly of Pennsylvania, Kinzer, Kopp, Kurtz, Lankford of Virginia, Leavitt, Lehlbach, Loofbourow, Lovette, Luce, McFadden, McLaughlin, McLeod, Maas, Magrady, Manlove, Mapes, Martin of Massachusetts, Michener, Millard, Moore of Ohio, Mouser, Nelson, Niedringhaus, Nolan, Parker of New York, Partridge, Pittenger, H. J. Pratt, Ruth Pratt, Ramseyer, Ransley, Reed of New York, Rich, Rogers of Massachusetts, Sanders of New York, Schafer, Seger, Seiberling, Shott, Shreve, Simmons, Smith of Idaho, Snell, Snow, Stokes, Strong of Pennsylvania, Summers of Washington, Swanson, Swick, Swing, Taber, Temple, Tilson, Timberlake, Tinkham, Treadway, Turpin, Underhill, Wason, Welch of California, Welsh of Pennsylvania, White, Whitley, Wigglesworth, Wolcott, Wolfenden, Wolverton, Woodruff, Wyant, and Yates, aggregating 150 Republicans who voted against consolidation. If any 12 of said 150 Republicans had changed their votes consolidation would have passed.

Let me call your attention to what your Republican subleader, Mr. SCHAFER, who is a member of the Committee on Expenditures, said last Saturday, on page 9769 of the RECORD. He said:

> Within the last three months five members of the President's Cabinet appeared before the Committee on Expenditures in the Executive Departments.

Five members of the Cabinet. Note that. Then he said:

> Before the Economy Committee was created and the members of the Expenditures Committee asked where savings could be made, not one of them could indicate a saving of one-half of 1 per cent of what the administration now claims can be saved, according to press releases.

Is not that a terrible indictment coming from your quasi, semi, sub-Republican leader, SCHAFER, of Wisconsin? Five of them, and they could not tell them one single thing to effect any saving at all by any change of law. Is not that ridiculous? I am going to read you an excerpt from a real Republican and from a real leader and from a real representative of the people, a man who has served as an executive official of this Nation with honor and distinction, a man who knows whereof he speaks, a man who has high intelligence, a man who has good judgment, Mr. BECK, of Pennsylvania, a former Solicitor General of the United States. I want you to remember what he said last Saturday.

Listen! Did you know that the President of the United States has power now to kill any bureau in Washington he wants to and send the employees home? Did you know he has the inherent power right now as Chief Executive of the United States Government to kill any commission he wants to kill and to restrict and limit any department of government with respect to expenditures. Did you know that he can fire any employee of the Government he wants to? Does anybody question this? If so, I yield now to anyone to get up here and say that he questions this statement. Is there a Member here who denies that the President has such power? If so, I want to see who he is. I want to see how ignorant some one may be. [Laughter.]

I will show you that your former great Solicitor General says that the President has such power. Here is what Mr. BECK said on page 9777 of the RECORD of last Saturday.

> There is a second suggestion that I want to make, in which respect I think the Executive has a greater responsibility than we have, and I want to commend this to the attention of the Executive.

He is talking to the President now. The President was talking to us the other day and now BECK is talking to the President. It takes a Solicitor General to talk back to a President, especially a Republican Solicitor General to a Republican President, and he is now talking back to him and makes this further statement. It ought to begin, "Mr. President." He ought to have said, "Mr. President," when he spoke as follows:

> It can not be questioned, since the removal-from-office case of Meyers *v.* the United States (272 U. S.) which I happened to argue, that the President has the constitutional power to remove, a power which can not be controlled or restricted by Congress in any way.

He says the President has the inherent power to remove which Congress can not stop or restrict, and then he says:

> This high prerogative means that if the President deems it in the public interest that any member of the executive departments should be removed, such is his power. The Supreme Court has so stated. This gave him a power, directly or indirectly, to remove any official in the executive department for whom the public service has no real need.

Then why does he not remove idle employees and abolish useless bureaus?

Mr. LINTHICUM. Andrew Jackson would have had a big time if he had known that.

Mr. BLANTON. I wish to God we had an Andrew Jackson in the White House now. If we had an Andrew Jackson there, he would abolish half of our bureaus and he would make your prohibition violators in Baltimore and Philadelphia and New York hide in the woods. He would send a bunch of marines there and close up every speak-easy you have in your town and the gentleman knows it. [Laughter and applause.]

Mr. MILLARD. Was Andrew Jackson a prohibitionist?

Mr. BLANTON. No; but he was a real President, and he knew that the duty was upon his shoulders to see that the laws of the country were obeyed and enforced.

Mr. MILLARD. But he was not a prohibitionist?

Mr. BLANTON. I have heard lots of slurs cast on Congressmen who vote dry, and who, they say, sometimes take a wet drink. I shall repeat what I have said before. I have been here 15 years. I have been pretty active. I have been pretty closely associated with the Members of Congress. I believe I know by name and face and by State the Members so that I can say, "The gentleman from Colorado, Mr. TIMBERLAKE," and so forth, as well as any other Member on this floor. I have been here 15 years and I have never yet

seen a Member of Congress take a drink of liquor—not one. I know some of them have done so, because I have been able to smell it once in a while, but I have never seen one take a drink.

I think as a whole my 434 colleagues, taken as a class, are as fine a bunch of loyal, patriotic Americans, who have the best interests of the people at heart, as exists on the face of the earth to-day. Some of them are like LINTHICUM and they want to make a big reputation as a big wet leader and some of them are like BECK and others on that subject, but they are all right even if they do get lots of Members in trouble. They got our friend CARL CHINDBLOM in trouble.

Mr. LINTHICUM. No; we did not do that.

Mr. BLANTON. Yes; you did. It is a public calamity for him to leave this House with his valuable experience here as a Member of the Congress. [Applause.] It is a public calamity, and who did it? You wets did it.

Mr. LINTHICUM. No; we did not do it at all; and the gentleman from Illinois [Mr. CHINDBLOM] knows we would not do it. We would not have him go if we could help it. Ask him yourself.

Mr. BLANTON. You caused him to come out for this Beck-Linthicum resolution and caused the drys in Chicago to rise up and defeat him. That is what you did. You caused another good Member to be defeated the other day down in Indiana, as well as causing some others to be defeated. You now have that O'Connor beer resolution (H. R. 10017) up here at the desk, and it has been there waiting for signatures since April 12, 1932, and you have not got it signed up yet, as only 133 Members have dared to sign it, and you will never get it signed up. The gentleman from Illinois [Mr. CHINDBLOM] performed a great service for the country. He is a martyr to the cause. They are noticing what happened to him and they are a little more careful about the kind of Beck-Linthicum documents they sign in the future. [Laughter.] Every pressure known to modern lobbying has been brought to bear on Members, urging them to sign up. The liquor interests besiege Members daily. Even threats have been made. But Members now are more careful about signing such petitions.

Mr. CHINDBLOM. Will the gentleman yield inasmuch as he has referred to me?

Mr. BLANTON. Yes; I will yield to my friend.

Mr. CHINDBLOM. While I have been a Member of Congress I have voted for the enforcement of the eighteenth amendment——

Mr. BLANTON. Like a good scout, the gentleman has been brave, and he ought to have continued on the same way. [Laughter.]

Mr. CHINDBLOM. The eighteenth amendment was a part of the Constitution when I came here. I have voted for enforcement, I have voted for laws which seemed sometimes to me quite drastic, for the enforcement of that amendment.

I did not believe when the amendment was put into the Constitution that it was the best method of handling the temperance question, and when the question arose whether I would support a proposition for repeal or resubmission I carried out the same views that I had had all my life and supported the Beck-Linthicum proposal. [Applause.]

Mr. DELANEY arose.

Mr. BLANTON. Mr. Chairman, I never put flowers on a grave. I put them where the living are.

Mr. DELANEY. Will the gentleman yield.

Mr. BLANTON. I want all new Members to know our friend from New York [Mr. DELANEY]; he is one of the finest colleagues we have; he is a good scout. He and I differ on the prohibition question, and differ on this, that, and the other; but he is a good scout. Now I yield to him.

Mr. DELANEY. I want to call the gentleman's attention to page 9777 of the RECORD while he is speaking about the power of the President. Mr. BECK referred to President Cleveland in regard to the work he did, and I think it might be very appropriate here.

Mr. BLANTON. I thank the gentleman, and I will put it in my remarks in the RECORD. Here is what Mr. BECK said:

> Let me illustrate by stating that in the administration of that great and wise President, Grover Cleveland, he knew that the departments had thousands of useless employees who were feeding at the public crib and doing little or nothing in return for their salaries, and he instructed his Secretary of the Treasury to make an examination of the Treasury Department. Secretary Carlisle did so, and as a result of a careful canvass he developed that there were some hundreds—I have forgotten how many—who had sinecures. Thereupon, one Monday morning, Secretary Carlisle removed these useless employees. Then Congress was empty for the next two or three days. There were no Members here. They were all hurrying to the Treasury Department, and the pressure of Congress was so great upon the administration that the order was revoked. Thus the wise policy of economy of Grover Cleveland was defeated by Congress. How often that has happened since.

What really happened was this: As soon as Carlisle had abolished the bureau, the Washington papers, that some of you seem to be afraid of, made a fuss about it, and the employees began to come up on the Hill, and then Congressmen made demands, and then Carlisle had to put them all back.

Now, Mr. BECK said on Saturday that we had 800,000 employees on the Government pay roll. Here is what he said:

> If the President would tell each member of his Cabinet to appoint three discreet men to go through each department and ascertain the employees that did not have an honest day's work, it would develop at once why this Government is the most overmanned government in the world, with its 800,000 civilian employees.
>
> The President, then, by the power of removal could eliminate the dead wood from the department.

The President could remove them if he were not afraid of them. I will vote to send them back home. But how many of you here would vote with me to abolish these useless bureaus?

This Government should take at least 100,000 off the pay roll. Many do not do any work at all. Mr. BECK never said a truer thing in his life when he said there were many Government clerks doing nothing.

If you will appoint a select committee and go with me when they do not anticipate it, I will show you groups standing around doing nothing, and who have not done a good day's work in a month.

Now, many of the Government clerks are fine people. I know a lot of them and they are my friends. They are not to blame; it is their organizations that have forced this on the Government.

Mrs. NORTON. Mr. Chairman, will the gentleman yield?

Mr. BLANTON. Always to a lady.

Mrs. NORTON. Does the gentleman think he is doing an honest day's work to-day?

Mr. BLANTON. Mr. Chairman, how much time have I left?

The CHAIRMAN. Twenty minutes.

Mr. BLANTON. That is a fair question. Did you know that there is but one way to reach the American people, and that is by what is said here on the floor of the House, which goes into the RECORD?

Mrs. NORTON. Mr. Chairman, will the gentleman yield for another question?

Mr. BLANTON. Just a moment. Let me answer the other question first. There is just one way to reach the American people. It is from this floor and through the RECORD. Mr. BYRNS, our great leader, the great chairman of the Committee on Appropriations, spoke for an hour here the other day and made a splendid statement that the country was interested in.

The Washington Star did not mention it; the Washington Times did not mention it; the Washington Post did not mention a thing he said except to barely refer to his speech, saying that he made one attacking the President; the News did not carry his speech. Not a Republican paper in the United tSates carried his speech. Talk about an honest day's work! I worked all day yesterday, even though it was Sunday, and until midnight last night. I am sending this message out to the people of the United States through the RECORD.

Mrs. NORTON. Mr. Chairman, will the gentleman yield?

Mr. BLANTON. In just a moment. Forty-four thousand copies of this RECORD go out every morning to every part

of the United States. I now appeal to the American people to read that record, to take a statement of these facts on the economy bill and look at it and see what it means; and compare it with what their papers in their community had to say about what Mr. BYRNS said and about what Mr. BANKHEAD said, and about what Mr. LOZIER said, and what other leaders on our side said; not a word of which has ever come to them through the Republican press. And I ask them to examine whether or not the papers in their sections are giving them a square deal on the real news from Washington.

If their papers did not carry that speech of Mr. BYRNS, I hope the Democrats in that section of the country will quit buying those Republican papers, and then I shall have done a good day's work. Has the lady another question?

Mrs. NORTON. Mr. Chairman, will the gentleman yield?

Mr. BLANTON. Yes; certainly.

Mrs. NORTON. Does the gentleman know that this is District day, and that the time of the District Committee on this day is not supposed to be taken up with discussions of every subject outside of the District business?

Mr. BLANTON. I shall answer that. Just the contrary of what the lady says is permitted by the House rules.

Mrs. NORTON. Does the gentleman think it is fair to the Committee on the District of Columbia to waste a whole day like this?

Mr. BLANTON. Just a moment. I think it is both fair and proper. I did not make the rules. Wiser men than I have ever been made the rules of this House. If they had not wanted such speeches on District day, they would have said, as they said in respect to the work on Calendar Wednesday, that nothing but speeches to the bill should be made; but the statesmen of this country who framed the rules of the House of Representatives knew that the day would come when the newspapers would not tell the truth about what happened here, and they knew there must be opportunity in addition to the general debate on supply bills when Members could send messages to the people of the country through the CONGRESSIONAL RECORD, and if a Member has anything to say and he gets the floor on a day like this he has a right under the rules of the House to speak his sentiments. I have only claimed my rights under the rules of the House of Representatives. Let me call attention to something else.

Mr. PALMISANO. Mr. Chairman, will the gentleman yield?

Mr. BLANTON. Not yet. I am going to refer to all these roll calls on that economy measure and analyze them. I am glad that the gentleman from Michigan [Mr. MICHENER] is here to-day, because I like to have a man present when I am going to refer to him. He said the other day that, with one exception, he went down the line with Mr. MCDUFFIE and his Economy Committee. There was just one exception, he said. He said, excluding the vote on the retired Army generals' amendment to knock out the consolidation of the Army and the Navy, he had voted with Mr. MCDUFFIE. That was the only exception, he claimed, and he asserted that otherwise he went down the line with Mr. MCDUFFIE and his Economy Committee. There is not a man in the House I like better than I do Mr. MICHENER, for he is a fine fellow. I am not reflecting upon him when I comment upon what he said .

Mr. LINTHICUM. I would like him a whole lot better if he would come over to the wet cause.

Mr. BLANTON. You are not going to get him to do that; he has too much sense to do it. Let me show you about his going down the line with Mr. MCDUFFIE. To begin with, on roll call 66, on page 9515 of the RECORD, we find Mr. MICHENER voting "yea" and Mr. MCDUFFIE voting "nay." He did not stay with him that time.

Mr. MICHENER. What is that vote on?

Mr. BLANTON. Consolidation. I will let the gentleman look it up and explain it.

Mr. MICHENER. Oh, to be fair, the gentleman should state what it is on.

Mr. BLANTON. That is consolidation, the one exception he claimed. Now, let us get to another one, on the next roll call, No. 67.

Mr. MICHENER. What was it on?

Mr. BLANTON. That was on the motion to recommit.

Mr. MICHENER. Yes.

Mr. BLANTON. That was on the motion of Mr. MCDUFFIE to provide, instead of $2,500 exemption, an exemption of $2,000. That is all there was in it.

Mr. MICHENER. Yes; I voted for the furlough plan, for the $1,000. I did not vote for the high exemption as the gentleman did.

Mr. BLANTON. Mr. Chairman, I do not want the gentleman from Michigan to make a speech in my time. I can not yield.

I ask the Chairman of the committee to have the gentleman from Michigan obey the rules. He is on the Committee on the Judiciary, and God knows that if anyone ought to obey the rules it is a Judiciary Committee member. I will let him explain this. The Economy Committee had placed in its bill an exemption of only $1,000, and then had caused a reduction of 11 per cent on all salaries over that, including Congressmen and Senators. Mr. BRITTEN, of Illinois, had passed an amendment to the bill raising the exemption to $2,500, which didn't suit the Economy Committee. Chairman MCDUFFIE therefore moved to recommit the bill, lowering the exemption from the $2,500 to only $2,000, and here is the motion quoted from the RECORD:

Mr. MCDUFFIE offers the following motion to recommit: I move to recommit the bill H. R. 11267 to the Committee on Appropriations with instructions to that committee to report the same back forthwith with the following amendment: Strike out of section 102 (a) of the Economy Committee amendment the following: "Compensation at an annual rate of $1,000 or less shall be exempt from reduction, and compensation at an annual rate in excess of $1,000 shall be reduced by 11 per cent of the amount thereof in excess of $1,000," and insert in lieu thereof the following: "Compensation at an annual rate of $2,000 or more shall be reduced by 10 per cent, but this subsection shall not reduce below $2,000 any rate of compensation of $2,000 or more."

Was not the $2,000 exemption fairer to the people of the country and the taxpayers and the employees than the $2,500 exemption? Yet the gentleman from Michigan voted against this motion to recommit on roll call No. 67.

Mr. MCCORMACK. Will the gentleman yield?

Mr. BLANTON. I regret that I can not yield now. My time is short.

Now, the gentleman from Michigan voted against Mr. MCDUFFIE there, and by his vote caused the exemption to be $2,500.

Mr. MICHENER. The gentleman knows that is not fair.

Mr. BLANTON. That is the reason you will find the newspapers all over the country, in all the States over this Nation, saying that Congress refused to decrease their own salaries, because the gentleman left the exemption of all employees, including Congressmen, at $2,500 instead of $2,000, although he did vote for the so-called furlough plan later on.

My resolution, House Joint Resolution 344, is now pending before the committee, wherein I seek to limit congressional salaries to $7,500. And I have been promised a hearing on it again to-morrow. I voted with my friend MCDUFFIE all the way down the line, except that finally I voted for the bill and he voted against it. [Laughter.] There was $48,000,000 left in the bill and I voted for that, because it was the best we could get, but Mr. MCDUFFIE felt bad and did vote against his own bill.

Let me give you another roll call. On roll call 68, page 9518, we find Mr. MICHENER voting "yea" and Mr. MCDUFFIE "nay."

Mr. MICHENER. Will the gentleman not state what that is? What is the use of being unfair?

Mr. BLANTON. That was the vote on the furlough plan.

Now, we find on roll call 69 that MICHENER voted "yea" and MCDUFFIE "nay." That was on the final passage of the bill. I am glad to say I voted with my friend MICHENER on the final passage, because we did save about $48,000,000. We ought to have saved $200,000,000 and would have saved

it if Republicans had not murdered McDUFFIE'S economy bill.

Now, I am going to call attention to something that I want to put in the RECORD here in connection with my remarks. I am going to put in a statement by Mr. Malcomb A. McAdoo, of Baltimore, same being an analysis of the expenses of Government for the period 1900 to 1916, inclusive, under Roosevelt, Taft, and Wilson; of the period 1925 to 1928, inclusive, under Coolidge; and of the period 1929 to 1931, inclusive, under Hoover.

It will be noted that the average annual increase in such expenditures under Hoover, over the period 1900 to 1916 under Roosevelt, Taft, and Wilson, amounted to the enormous sum of $3,389,099,000; that the average annual expense under Hoover, 1929 to 1931, inclusive, exceeded by the sum of $457,921,000 annually the average annual expenditures under Coolidge, his predecessor, for the years 1925 to 1928, inclusive. It will also be noted by this statement that the average annual expenditures of appropriations for rivers and harbors and for the Army and the Navy for the years 1929 to 1931 under Hoover amounted to $813,881,226, which is more, by the sum of $182,125,226 annually than the total annual cost of the Government during the period 1900 to 1916, inclusive, under Roosevelt, Taft, and Wilson. This is remarkable when it is remembered that all nations are so impoverished now that war is impossible.

Here is the statement above referred to:

STATEMENT BY MR. MALCOMB R. M'ADOO, OF BALTIMORE

Statement of average ordinary annual expenditures of the Federal Government:

First. For the period 1900 to 1916, inclusive, the period between the Spanish-American War and the World War under Roosevelt, Taft, and Wilson (first term).

Second. For the period 1925 to 1928, inclusive, under Coolidge immediately preceding Hoover's administration.

Third. For the period 1929 to 1931, under Hoover, with an overwhelming Republican majority in the Senate and the House.

For the period 1900 to 1917, inclusive, average annual ordinary expenditures under Roosevelt, Taft, and Wilson's first term	$631,756,000.00
For the period 1925 to 1928, inclusive, under Coolidge	3,562,934,000.00
For the period 1929 to 1931, inclusive, under Hoover	4,020,855,000.00
Average annual increase under Hoover over period 1900 to 1916, under Roosevelt, Taft, and Wilson's first term	3,389,099,000.00
Average annual increase under Hoover over period 1929 to 1931, inclusive, under Coolidge	457,921,000.00
State of same on a per capita basis:	
For period 1900 to 1916, inclusive, under Roosevelt, Taft, and Wilson's first term average annual ordinary expenditures per capita, including interest on bonds outstanding	7.08
For period 1925 to 1928, inclusive, under Coolidge	30.25
For period 1929 to 1931, inclusive, under Hoover	32.95
Same per capita statement, exclusive of interest on bonds outstanding:	
For period 1900 to 1916, inclusive, under Roosevelt, Taft and Wilson's first term	6.79
For period 1925 to 1928, inclusive, under Coolidge	23.29
For period 1929 to 1931, inclusive, under Hoover	27.89

ARMY AND NAVY

In view of the howl about an inadequate Army and Navy, a statement of the average annual expenses of each for these periods is both interesting and illuminating. It is as follows:

Army

Army, 1900 to 1916, inclusive, under Roosevelt, Taft, and Wilson's first term, average annual expenses, including appropriations for rivers and harbors, but exclusive of expenditures for the Panama Canal and civil expenditures at Washington	$142,582,000
Army, 1925 to 1928, inclusive, under Coolidge, exclusive of annual expenditures for rivers and harbors, but exclusive of civil expenditures at Washington	367,099,424
Army, 1929 to 1931, under Hoover	449,615,164

Navy

Navy, 1900 to 1916, inclusive, under Roosevelt, Taft, and Wilson's first term, average annual expenditures	100,417,000
Navy, 1925 to 1928, inclusive, under Coolidge	327,282,499
Navy, 1929 to 1931, under Hoover	364,266,062

It will be noted by these figures that the average annual expenses for the Army and Navy, 1929 to 1931, under Hoover, exclusive of appropriation for rivers and harbors, amounted to $813,881,226. This exceeded the total average annual expense, 1900 to 1916 ($631,756,000), for all Government departments under Roosevelt, Taft, and Wilson's first term by $182,125,226.

The claim is made that we have an inadequate Army and Navy. If so, what has become of the annual appropriations for each?

The total expenses of every branch of the Government seem to indicate the dire necessity of a revival of Andrew Jackson's slogan, "Turn the rascals out," with an addition to it of "Turn the lights on."

The figures contained herein are compiled from verbatim copies of the records contained on pages 336 and 337 of the World Almanac for 1932.

Mr. BLANTON. Under unanimous consent I will also insert a statement prepared by Mr. Manton M. Wyvell, of the Union Trust Building, Washington, D. C., which shows how certain stocks declined when Congress was not in session. The decline in value is one of the most serious in all history. Here is his statement:

Statement by Mr. Manton M. Wyvell

1931

Name of stock	Mar. 4 low	Nov. 28 close	Points lost	Approximate percentage of loss
				Per cent
Illinois Central	78	13	65	83
New York Central	116¼	28⅛	88⅛	75
Baltimore & Ohio	76⅛	23⅛	53	68
American Telephone & Telegraph	193⅜	125½	68⅛	36
International Telephone & Telegraph	31½	10¾	20¾	66
United Corporation	25	11⅛	13⅞	55
Electric Bond & Share	53½	15⅝	38⅛	71
Niagara-Hudson	13¾	7½	5¾	43
Tri-state Utilities	2⅝	0¾	2⅜	99
United States Steel	143½	53⅝	89⅞	62
Bethlehem Steel	(2¼	24¾	38	61
Anaconda Copper	39⅜	13⅜	26	65
Standard Oil of New Jersey	47½	31¾	15¾	33
Gulf Oil Co	66½	45	21½	32
Texas Corporation	32⅜	16¾	16	49
General Motors	42⅞	24½	18⅜	42
Chrysler Motor	21¼	14	7¼	34
Studebaker Co	23	12	11	47
General Foods	52⅜	34¾	17⅝	33
Standard Brands	18⅞	14	4⅞	25
Commercial Solvents	18½	9¾	8¾	47
United States Industrial Alcohol	68½	27¼	40⅞	60
Paramount Publix	44⅜	11⅞	32½	73
Radio-Keith-Orpheum	19⅝	2	17⅝	89
Warner Bros. Pictures	13⅝	3⅞	9¾	71
Chase National Bank	102	39¾	62¼	61
Guaranty Trust Co	539	296	243	45
Irving Trust Co	39	20	19	48
Niagara Shares	8⅞	3¾	5⅛	57
United Founders	9	2⅜	6⅝	73
Goldman-Sachs	8⅛	2½	5⅝	69

Mr. BLANTON. In that connection I want you to read again what the distinguished gentleman from New York [Mr. LAGUARDIA] showed you the facts to be on last Saturday. Why did not those facts go to the people of the United States? I want the people of the United States to look in the RECORD for last Saturday, May 7, and read the speech of the gentleman from New York [Mr. LAGUARDIA]. They are entitled to it as a news source from the press of the United States.

I am doing a good day's work when I am causing it to go to 44,000 American citizens in every part of the United States in the RECORD to-morrow.

Mr. LINTHICUM. Will the gentleman yield?

Mr. BLANTON. I yield.

Mr. LINTHICUM. With reference to what the gentleman just said, the people of this country do not seem to realize that Congress has reduced the salaries of Members of Congress $825 each. The papers in my part of the State, at least, seem to think we have not made any reduction.

Mr. BLANTON. Every proposal that has been made here by the Democratic Party has been to reduce the salaries of Members of Congress along with the balance.

Mrs. NORTON. Will the gentleman yield?

Mr. BLANTON. I yield.

Mrs. NORTON. The gentleman is always so interested in economy. I wonder if the gentleman realizes exactly how much he is costing the people of the United States to-day.

The RECORD costs $60 a page to print, and the gentleman has already consumed several pages.

Mr. BLANTON. Oh, I have served longer in the House than has the lady from New Jersey. The expense of this Congress goes on just the same whether we talk or whether we do not talk. If we had not met at all to-day, the expenses would have gone on just the same.

Mr. MICHENER. Mr. Chairman, a point of order. Has the gentleman from Texas a right to quarrel with the lady chairman of the committee in public?

Mr. BLANTON. There is better feeling existing between myself and the Democratic chairman of every committee on my side than there is between the gentleman from Michigan and our Democratic chairman. He does not go along with them on important matters and I do go with them whenever they are right. [Laughter.]

I do go with them when they are right. [Laughter.] The lady's salary goes on whether we meet or whether we do not. Every employee of this House who is on a salary basis gets his salary just the same. Had we adjourned at 12 o'clock the expense of to-day would have been just exactly what the expenses will be, anyway, except for a little paper used in printing. In the Printing Office the employees are paid a salary by the year; they have their annual leave, their sick leave, and all the other perquisites which go with their jobs. It does not make any difference; they get their pay whether they print or they do not print.

Our good colleague the lady from New Jersey, as chairman of the District Committee, is peeved just now with me because we would not let her pass a lot of bills in a hurry here to-day. No Member here knows more about the business of the District Committee than I do, for I served as an active member on that committee for 10 years. I honestly believe, that excepting the Committee on Claims, more bad, unwise measures have been favorably reported to the House from the District Committee since it was created than from any other committee of the House during that time. It is my honest belief that it would be a great accomplishment if half of the District measures could be stopped and not passed.

We want to remember that just because a bill is favorably reported from a committee is no reason for us to believe that it is all right and should be passed. Every bad bill that has ever been passed by this Congress since its beginning has been a bill that was favorably reported by some committee. And whenever any Member opposed it the committee naturally did not like it.

I am performing a real service to my country in doing that hard, grinding work that is necessary to get these facts before the people of this country. That is the only way that they will ever force consolidations and abolishment of useless bureaus. It is absolutely necessary that the people should know the facts, and they can get the facts only through the daily CONGRESSIONAL RECORD, and the money we spend for it gives the greatest value to the taxpayers.

The people should know this: The President of the United States last December brought us a Budget which was prepared especially under his direction, by his own agents selected by him. He could discharge them at will. They are supposed to obey his order to the letter. They are supposed to do just what he tells them, and nothing more. He could have told his Budget committee before he brought that Budget in here last December: "I do not want you to bring any estimates that aggregate over $2,000,000,000." Is not that so?

Why did he not do that? Why did he not tell his subordinate agents who had to do his will not to bring in here a Budget that aggregated over $2,000,000,000? But he did not. When that question was asked of the gentleman from New York [Mr. SNELL], he said, and I am quoting his exact language: "Why, he then did not know what the revenue would be."

Why, the President showed right on the fly leaf of his budget what the revenue would be. That was one contribution made by the gentleman from Missouri [Mr. LOZIER] in advance of my speech. The gentleman called your attention to what the President said right on the fly page of the Budget as to what the revenues would be for 1933.

Mr. PALMISANO. Mr. Chairman, will the gentleman yield?

Mr. BLANTON. I am sorry, but I can not. I decline to yield.

Who is responsible for the bringing in of a Budget of nearly $4,000,000,000? Mr. Hoover; nobody but Mr. Hoover. Had he wanted to economize, why did he not do it last December when he brought us a big Budget?

What did your leader, the gentleman from New York [Mr. SNELL], say about conditions? The gentleman said they were not the same. I said: "There were 7,000,000 heads of families walking the streets last December without jobs," and he said that was not so. Now, I want the people of the United States to pass on whether I am correct or whether your leader, Mr. SNELL, is correct. Is there anybody here who will deny that there were approximately 7,000,000 people without jobs in the United States last December? I want to see who it is who will deny that on the floor.

I yield to you if you will deny it. You know you can not deny it. That is a fact. Then, why did Mr. SNELL deny it? Why was he not frank? Why did he not stand up here like BERT SNELL usually does, 2-fisted, the front of his shoulders straight, and say, "Why, that is true," because it was true?

If the President knew the conditions last December, why did he have his Budget bring in an estimate here for about $4,000,000,000? Then I called his attention to the economies effected by the gentleman from Tennessee [Mr. BYRNS].

Mr. BYRNS put in the RECORD bill after bill. He showed what the President estimated he wanted; he then showed what our committee gave and what the savings had amounted to already. He showed that what we had saved already amounted to $161,000,000. Mr. SNELL said they were not the correct savings. Well, now, let me call the country's attention to this. I am putting this in the RECORD for the country. I want this to go to the country. It will not go in any of the newspapers. It does show that we have already saved $161,000,000 and that we have cut that sum below Budget estimates bill by bill. [Applause.]

[Here the gavel fell.]

The Clerk read the bill for amendment.

Mrs. NORTON. Mr. Chairman, I move that the committee do now rise and report the bill back to the House with the recommendation that the bill do pass.

The motion was agreed to.

Accordingly the committee rose; and the Speaker having resumed the chair, Mr. THOMASON, Chairman of the Committee of the Whole House on the state of the Union, reported that that committee had had under consideration the bill (H. R. 7305) to permit construction, maintenance, and use of certain pipe lines for petroleum and petroleum products, and had directed him to report the same back to the House with the recommendation that the bill do pass.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed.

A motion to reconsider the vote by which the bill was passed was laid on the table.

REGULATION OF THE SALE OF SECURITIES WITHIN THE DISTRICT OF COLUMBIA

Mrs. NORTON. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of the bill (H. R. 9065) to supervise and regulate the sale of securities within the District of Columbia. Pending that motion, I ask unanimous consent that general debate on the bill be limited to 30 minutes.

The SPEAKER. The lady from New Jersey calls up a bill, which the Clerk will report.

The Clerk read the title of the bill.

The SPEAKER. The lady from New Jersey asks unanimous consent that general debate on this bill be limited to 30 minutes. Is there objection?

Mr. PATMAN. Mr. Speaker, reserving the right to object, this is a very important bill. It has been considered by the District Committee for many years. I think it contains many features that are detrimental to the welfare of the people of the District. I would like to have some time on the bill.

Mrs. NORTON. I will be glad to yield 15 minutes of my time to the gentleman from Texas.

Mr. PATMAN. Fifteen minutes will not be enough time on a bill like this. This is a bill containing 32 pages. It has been before the District Committee for many years. At one time I was on the subcommittee which had the bill under consideration.

Mr. BLANTON. Mr. Speaker, to save time, I object.

The SPEAKER. The lady from New Jersey moves that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of the bill H. R. 9065.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the consideration of the bill (H. R. 9065) with Mr. THOMASON in the Chair.

The Clerk read the title of the bill.

Mrs. NORTON. Mr. Chairman, I ask unanimous consent that the first reading of the bill be dispensed with.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. BOWMAN. Mr. Chairman, the bill under consideration, known as H. R. 9065, is one of the most important bills that has been considered during any session of Congress. It is a bill to regulate the sale of securities, stocks, and bonds in the District of Columbia.

The District of Columbia has just recently passed through an era of fraudulent sales and transactions of worthless securities. Millions and millions of dollars have been invested and lost by innocent purchasers in bonds, stocks, and securities upon representations of unscrupulous and unprincipled brokers and salesmen in the District of Columbia. That condition is evidenced by the long chain of suicides, bankruptcies, and insolvencies that have followed in the wake of these investments. Securities have been pyramided upon worthless properties and have been sold to the public as bona fide and well-secured bonds and stocks, and the people in the District of Columbia have suffered by reason of these fraudulent manipulations and transactions.

That condition has been brought about primarily because there was no law in the District of Columbia to prevent the sale of worthless securities. There was only one remedy in the District of Columbia against fraudulent transactions, and that was the criminal statute which could be applied only after the offense had been committed. There was no law in the District of Columbia to prevent the fraud. There is a law in the Criminal Code which provides for the arrest, prosecution, and conviction of those who would defraud the public; but there is no law in the District of Columbia that permits the detection or prevention of fraud.

Those in the District of Columbia who conceived the idea of defrauding the public by the sale of worthless securities went into nearly every State of the Union and qualified under the blue sky laws of those States. The securities were approved and permission was granted to sell worthless securities and stocks under the apparent protection of the blue sky laws. The citizens of the District of Columbia realized that some protection should be afforded the innocent purchasers and likewise some protection should be afforded the investment houses or the investment bankers who were doing an honest business in the District of Columbia. Consequently, the people of the District of Columbia have almost unanimously presented this bill for your consideration. It is modeled after the protective laws of New York, New Jersey, and Connecticut.

There are two methods of regulating and preventing the sale of worthless securities. One is by licensing the securities themselves. This is known as the blue sky law. The operation of the blue sky law has not prevented the fraudulent sale of worthless securities; in fact, any party who desires to defraud the public conceals the fraud when he goes before the blue sky commission in an effort to have the blue sky commission of any State approve the securties.

This bill does not regulate nor legalize the approval of securities. It offers the second method of regulating the sales of securities by injunction. It provides for the licensing of dealers and sales agents of securities. It requires sales agents and dealers to present to the commissioner of insurance all facts and data concerning the securities which they wish to sell in the District of Columbia. If the salesman or dealer has been convicted in the District of Columbia or in any competent court of the United States, he is denied the privilege of qualifying or registering as a salesman until two years have elapsed since the date of conviction. If the evidence shows, on his application, that a salesman or dealer has been convicted in fraudulent sales of securities or has been enjoined by any court twice, then he is prevented from registering under this proposed act.

These provisions provide an adequate remedy for the people of the District of Columbia. If any citizen in the District of Columbia or anywhere in the United States has any reason to believe that the securities being sold in any jurisdiction of the United States are worthless, then that citizen has the right to call the attention of the commissioner of insurance of the District of Columbia to that particular fact. The insurance commissioner then has this right or power to call in the agent who has been registered as a salesman of securities in the District of Columbia and may then question him, and if he refuses to submit to the commissioner of insurance the facts and data required of him, the commissioner may revoke his license or his registration. Not only this, but if the commissioner of insurance believes at any time, from the evidence submitted to him, that the agent is selling worthless securities or that he is practicing fraud upon the public, he may go into court and have an injunction issued against him and prevent the sale of these worthless securities. Not only this; if conditions justify, he may appoint a receiver for all of the assets of the agent or the copartnership or the corporation that is handling the securities, and thus preserve for the people the tangible property and the assets that can be found.

Recently in the District of Columbia the public heard numerous mutterings and grumblings concerning certain great investment corporations and certain individuals who were engaged in the sale of securities and stocks in the District of Columbia. At that time people were advised that the securities offered for sale by these companies and individuals were worthless, but the hands of the people in the District of Columbia were tied. Nothing could be done until after the offense or the crime had been committed.

Had we had this securities legislation on the statute books of the District of Columbia, it would have been an easy matter for the people of the District of Columbia to have gone to the commissioner of insurance and asked for an investigation of these securities that were being offered on the market. Millions upon millions of dollars could have been saved in the District of Columbia; but there was no law, and it has been proven since that these people actually defrauded the citizens of the District of Columbia, and many of them are suffering to-day the penalty for their acts.

Now, I want this to be borne in mind. The passage of this law does not create a new bureau for the purpose of passing upon securities. Without a single outlay or without a single penny of additional appropriation this bill may be put into force and effect and into complete operation without a moment's delay.

The bill provides that the commissioner of insurance shall handle all these matters, and despite the fact the report shows that the income from the administration of this bill will be something like $50,000, I want to make a correction of that amount, because that is a typographical error. It will bring into the District something like $5,000, which will be amply sufficient to pay for the additional help necessary in the office of the commissioner of insurance.

Mr. COLE of Iowa. Will the gentleman yield?

Mr. BOWMAN. Yes.

Mr. COLE of Iowa. It is not provided in the measure that the commissioner can act upon his own initiative. He has to wait until some one makes a complaint, does he not?

Mr. BOWMAN. Yes; the commissioner can act upon any information or may make the investigation himself. When a man submits an application to the commissioner for the right to sell stocks and securities he fills out a questionnaire and sets forth his employment during the last five years. If he can qualify under the provisions of this bill, the matter is not discretionary with the commissioner of insurance. He must issue the permit.

Mr. COLE of Iowa. Would it not be better if the commissioner could act upon his own initiative and prevent these securities from being sold if he has reason to doubt their value?

Mr. BOWMAN. I will state that he can act on his own initiative. When the application is filed, the agent must submit all data concerning class of securities, stocks, and bonds he desires to sell to the public.

Mr. PATMAN. Will the gentleman yield?

Mr. BOWMAN. I yield.

Mr. PATMAN. I notice on page 10, section 4 of the bill, it says:

Each person registered as a dealer (except a licensed real-estate broker) shall pay to said superintendent for the use of the District of Columbia a fee of $50—

And so forth. Does this bill carry a provision for licensing real-estate brokers?

Mr. BOWMAN. No.

Mr. PATMAN. Then why this particular language?

Mr. BOWMAN. That language is used for the purpose of exempting real-estate brokers from the sale of real estate. Real estate is different from the sale of stocks and bonds.

Mr. PATMAN. Then real estate is not considered in connection with the bill?

Mr. BOWMAN. No.

Mr. ARENTZ. Will the gentleman yield?

Mr. PATMAN. Yes.

Mr. ARENTZ. The applicant must state what he has been doing for the past five years; and if that is satisfactory, he gets a license, and can start in selling securities of any kind.

Mr. BOWMAN. No; the gentleman misunderstands. When the applicant is licensed, he must also submit to the commissioner of insurance the character and kind of stocks and bonds and securities which he is to sell.

Mr. ARENTZ. But during the year which the license runs when a new stock comes out, he can sell it, or must the insurance commissioner wait until some complaint is made?

Mr. BOWMAN. The commissioner may require him to come again and submit a new proposition of the stock he is to sell.

Mr. ARENTZ. After he has got rid of some of the new stocks or bonds.

Mr. BOWMAN. No.

Mr. ARENTZ. How is the insurance commissioner going to anticipate that the dealer is to sell these new stocks and bonds?

Mr. BOWMAN. There is no law that will prevent fraud.

Mr. TILSON. Would it not be possible to provide that a security salesman should not sell any securities until he had left a description of those securities with the insurance commissioner? Would it not be possible to require him before he could sell at all to leave a description of all securities he intends to sell with the insurance commissioner?

Mr. BOWMAN. The law requires the salesman to submit to the insurance commissioner all of his advertising data concerning the stock he has for sale.

Mr. TILSON. So he could not go to-morrow and take up some new stock that he had never submitted to the commissioner, and sell it?

Mr. BOWMAN. No; it goes along in the regular way—in other words, the matter of the sale of stocks and securities is kept entirely within the jurisdiction of the Superintendent of Insurance in the District of Columbia.

Mr. STAFFORD. Mr. Chairman, will the gentleman yield?

Mr. BOWMAN. Yes.

Mr. STAFFORD. There is one provision in the bill which strikes me askance. That is that you grant to a dealer or salesman the privilege of a license after he has been convicted once. If he has once been convicted of being a crook, why should the man be given another chance to mulct the public?

Mr. BOWMAN. That is along the general line of giving a man another chance. It does arouse the suspicion of the superintendent of insurance and will enable him to keep a better guard over securities than otherwise.

Mr. STAFFORD. Does the gentleman know of any other law where after a man is proven to be a crook and dupes the public, they give him another chance to do the same thing?

Mr. BOWMAN. We have a lot of crooks who are going back into business.

Mr. STAFFORD. Oh, yes; but in a case where the public generally is not at stake; but in this instance you allow this man the safeguard of a certificate after he has been convicted, permitting him to go out and again mulct the public.

Mr. BOWMAN. But the gentleman will understand that this certificate is not issued him until two years after he has served his conviction.

Mr. STAFFORD. But the certificate does not bear any stripes upon it to let the public know that he has been once convicted of this particular offense.

Mr. BOWMAN. The superintendent would have ample opportunity to investigate the life and character of the man since he served his sentence.

Mr. STAFFORD. But there are many other avenues whereby he could make a livelihood without giving him another chance to gyp the public in this way.

Mr. ARENTZ. Does not the public have the right to look at the history of each applicant?

Mr. BOWMAN. Yes.

Mr. ARENTZ. If that is true, I think that what the gentleman from Wisconsin says has no bearing.

Mr. BOWMAN. I yield back the remainder of my time.

Mr. PATMAN. Mr. Chairman, I rise in opposition to this bill. I am not very familiar with this particular bill and have not had time to give it careful consideration. I rise to make a few suggestions relating to it which I think the membership of the House should consider before passing this class of legislation. In the Seventy-first Congress a similar bill was introduced and I, as one member of the subcommittee which had charge of the legislation, concluded that instead of its being a bill to protect the public, it would come nearer to protecting the people who wanted to defraud the public.

Mr. BOWMAN. The gentleman would not make that statement against the people who appeared in favor of this bill?

Mr. PATMAN. Oh, no; I do not say that in reference to the people who favored it, or anything about those people. I am just telling what my conclusions were after analyzing the other bill, and if I am not mistaken the gentleman from West Virginia himself more or less agreed with me and we killed the bill.

Mr. BOWMAN. But this is the first time this bill has ever been presented.

Mr. PATMAN. Yes; this particular bill, and the only reason I look with suspicion upon this bill is because of the provisions in the other bill which had for its purpose doing the same thing. A good purpose was expressed. It is stated by the gentleman from West Virginia that millions could have been saved the people of the District if they had had some kind of a commission to pass on the securities that were sold to them some two or three years ago in the District of Columbia. I presume he has reference to those securities that were sold which had as collateral certain

apartment houses and hotels here in the District of Columbia. It is true that possibly if some one had passed on those securities, some people would have been helped; I do not know, but possibly others would have been harmed. Whenever you grant to a commission or to one person the duty, obligation, and privilege of passing on what people can sell or buy in any locality, you are just as likely to cause a detriment to be imposed on those people as you are to give them a benefit. I say that advisedly. After investigating blue sky laws in many States, I discovered that people who sold fraudulent securities will get into the good graces of the officials. Of course, these officials are not corrupt or dishonest, and they do not mean to do anything wrong, but these people will be able to persuade these officials that certain securities come within the law and should be permitted to be sold in that particular locality.

The commission will put its O. K. on the sale of those securities in that locality. Then these people will advertise to the public that they have the stamp of approval of the commission, that they are bound to have a proposition that is worth while, that is good, and that will protect the investing public, or the commission naturally would never have approved the sale of the securities. I notice in this particular bill a provision that they shall not be allowed to advertise the fact that they have obtained the consent of the superintendent of insurance to sell the securities. If it is such a good proposition and if it is such a safe way of handling securities, why should they not be permitted to advertise it? Of course the inference will be drawn from the fact that they are being sold in the locality that they have received the approval of the District of Columbia officials or they would not be selling them. On page 15, section 5, why did the gentleman from West Virginia deny them the privilege of advertising that they had secured the approval of the District officials?

Mr. BOWMAN. Just for the same reason.

Mr. PATMAN. All right. That answers the question.

Mr. BOWMAN. Let me answer the question.

Mr. PATMAN. The gentleman said, "For the same reason," and, of course, I mentioned the reason a while ago.

Mr. BOWMAN. In the blue sky law States States are permitted to stamp their approval upon these securities.

Mr. PATMAN. Does not the gentleman believe that if this bill becomes law and securities are offered for sale in the District of Columbia, the citizen will have a right to presume they have been O. K'd by the superintendent of insurance in the District?

Mr. BOWMAN. I presume so.

Mr. PATMAN. Why not stamp it on there then?

Mr. BOWMAN. But the citizen of the District of Columbia may appeal to the superintendent of insurance and may make complaint to the superintendent.

Mr. PATMAN. Why make complaint? They have securities that are permitted to be sold. There is no complaint to be made.

Mr. BOWMAN. Oh, the gentleman knows this is to protect the citizen against fraud. We are not protecting citizens against the legitimate man who sells honest stocks and honest securities.

Mr. PATMAN. Why pass this legislation if the intent is not to prevent fraud?

Mr. BOWMAN. I did not say it was not to prevent fraud.

Mr. PATMAN. Well, the gentleman said fraud could not be prevented.

Mr. BOWMAN. I beg the gentleman's pardon. I did not say that at all. There is no statute, there is no law that will prevent fraud. The gentleman understands that. But this is legislation to detect it. It is to give the strong arm of the law to the insurance department so that it can go into court and protect the citizens of the District of Columbia, if there is an attempt to defraud them.

Mr. PATMAN. If the criminal law of the District of Columbia is not sufficient to do that thing to-day, why not amend the criminal law?

Mr. BOWMAN. The criminal law can not protect until a crime has been committed.

Mr. PATMAN. In this case, you will be leaving it to one or two men to say who shall sell securities and who shall not, and what kind of securities shall be sold and what kind of securities shall not be sold. That is a great deal of authority and power to give any one person or any one board in the District of Columbia or elsewhere. May I ask the gentleman to take into consideration the fact that, although the gentleman says this is not setting up a new board or bureau or commission, page 19 of the bill provides as follows:

Assistants to superintendent.

Which is another way of creating another board or commission.

Section 8 reads:

The Board of Commissioners of the District of Columbia may appoint and employ such additional assistants—

How many? The number is not stated. Is it a dozen, a hundred, or two hundred? The number is not stated—

such number of assistants to the superintendent of insurance for the District of Columbia as may be necessary to carry into effect and enforce the provisions of this act.

If it will take a dozen, that is all right; it is left up to the board. If it will take 200, that is all right; it is left up to the board; or 500.

Mr. HARLAN. Will the gentleman read the next paragraph?

Mr. PATMAN (reading):

Provided that the necessary funds therefor shall be appropriated in any annual or supplemental appropriation act.

Certainly. They will make a contract with these people and then come here and say, "You pay the money." They have always done that, and they will do it in the future.

Mr. COCHRAN of Missouri. Will the gentleman yield?

Mr. PATMAN. I yield.

Mr. COCHRAN of Missouri. They can not make a contract to employ anybody until they actually have the money, can they?

Mr. PATMAN. Certainly they can, if they have the power to do it.

Mr. COCHRAN of Missouri. They may employ somebody, but if they do not have the funds to pay that person, how are they going to employ them?

Mr. PATMAN. It gives them the right to employ these persons.

Mr. COCHRAN of Missouri. But that is subject to an appropriation, is it not?

Mr. PATMAN. Certainly.

Mr. COCHRAN of Missouri. Well, there must be an appropriation.

Mr. PATMAN. Then they will come with this pressure before the Committee on Appropriations "You gave them authority to employ such assistants, and they need, in order to carry the act into effect, this many employees. We want you to employ them and pay them. We can not carry the act into effect unless you do." You would be under obligation to carry in an appropriation bill, the necessary funds to pay them.

Mr. COCHRAN of Missouri. I live a thousand miles from here, but nevertheless, securities which proved to be absolutely of no value, were sold from Washington in my district, a thousand miles from here.

Mr. PATMAN. And they will continue to be sold after this law is enacted.

Mr. COCHRAN of Missouri. This is the blue sky law, is it not?

Mr. PATMAN. Yes; I presume it is.

Mr. BOWMAN. No; it is not.

Mr. PATMAN. But it is not always the blue sky law that protects the investor. Sometimes it protects the people who are defrauding the investors.

This section 8 reads further:

The said superintendent may specify the authority, duties, and designations of his assistants, and all things done by any of his assistants in carrying into effect provisions of this act shall have the same legal effect as if done by the said superintendent in person.

The said superintendent of insurance, his assistants and clerks, shall not impart any information obtained by them in the course of any examination or investigation, except as may be necessary in the performance of their duties.

Now, although that does not specifically state that a board is created or that a commission is created, yet it gives the board the power to employ any number of assistants it desires to employ and pay them such salaries as they desire to pay them for their services. There is no limit on it.

They will get the money through appropriation bills here in Congress. You gentlemen know the pressure that will be brought to bear in order to get the money appropriated. You have had experiences in cases like this in the past. They will tell you: "Now, you want to eliminate fraud in the District; you have passed a law to eliminate fraud; you have placed the burden upon our shoulders to carry into effect the provisions of the act. In order to do that we have employed certain experts for certain purposes, and have agreed and contracted to pay them certain salaries. Now, then, you give us an appropriation that is sufficient to pay those salaries."

Why, it would be an unanswerable argument. It is always made here. It is made every session; and I do not know whether this will cost $10,000 extra, or $100,000 extra. Possibly in a few years it would cost a million dollars, I do not know, and no one else knows.

There are entirely too many commissions here now, too many officers having too much authority, and the people have been robbed because of the unlimited authority of certain officers of the United States Government.

Mr. HARLAN. Mr. Chairman, will the gentleman yield?

Mr. PATMAN. I yield to the gentleman from Ohio for a brief question.

Mr. HARLAN. Does the gentleman believe in the supervision of protection of people in the matter of selling securities?

Mr. PATMAN. I believe in protecting the people by criminal laws, and putting the ones who violate the law into the penitentiaries of this Nation.

Mr. HARLAN. Then, the stand of the gentleman from Texas is that neither licensing the broker nor approving the security is correct; the gentleman does not approve either of those measures?

Mr. PATMAN. I do not know that that is material. I am against unlimited authority to employ assistants. Is the gentleman from Ohio in favor of that?

Mr. HARLAN. I am in favor of protecting the purchasers of securities in the District of Columbia. The gentleman's contention is that there must be an actual crime committed and people actually defrauded before the commissioners can take any step at all; is that right?

Mr. PATMAN. I am willing to amend the criminal laws of the District of Columbia in any way possible in order to convict and send to the penitentiary people who defraud the investing public in the District of Columbia [applause], but I am not in favor of turning over to one man, or any group of men, unlimited power and authority to say who shall sell securities and who shall not sell securities, and state what kind of securities shall be sold, and what kind of securities shall not be sold. That is going too far.

Mr. BOWMAN. Mr. Chairman, will the gentleman yield?

Mr. PATMAN. I yield.

Mr. BOWMAN. The superintendent of insurance does not have the discretionary power to determine who shall sell securities in the District of Columbia.

Mr. PATMAN. But they must be licensed.

Mr. BOWMAN. They must qualify.

Mr. PATMAN. They must be registered.

Mr. HARLAN. He has no discretion with respect to that.

Mr. PALMISANO. Will the gentleman yield?

Mr. PATMAN. For a short question.

Mr. PALMISANO. May I ask the gentleman from Texas whether or not in Texas there is an insurance commissioner who O. K's the sale or issuance of policies?

Mr. PATMAN. We have a blue sky law that has caused a lot of our people plenty of trouble.

Mr. PALMISANO. Does that apply in Texas?

Mr. PATMAN. Yes; it applied in Texas. In the States that have blue sky laws they go in there, get approval of powers to sell certain securities, and when they get the O. K., they go out and sell the securities and people would buy them, expecting to get good securities when they were not good securities, and the people would buy them because of certain recommendations made by State officials, or because the blue-sky board gave them their approval.

Mr. PALMISANO. Is it not true in all the States——

Mr. PATMAN. I am not entirely familiar with the State laws.

Mr. BOWMAN. Will the gentleman yield?

Mr. PATMAN. I will be glad to yield.

Mr. BOWMAN. The State of Texas has a blue sky law. In other words, before you can sell stocks or securities in the State of Texas it is necessary for the officials of the State to stamp their approval on those securities, and therein lies the danger of fraud.

Mr. PATMAN. I do not yield any further. The gentleman has had his time, and I want to take my time. You say you must not stamp on any literature, on any advertisement, or make any reference to the fact that this board has approved these securities. Suppose a security salesman offers you a security. You want to purchase that security. There is nothing to indicate that he has a right to sell that security in the District of Columbia. The first inquiry you would make would be, "Have you a license to sell this security?" "Yes; I have a license." All right; you would look at the license, and that would be the same thing as a stamp of approval upon the securities themselves.

AN OFFICIAL WHO IS DRUNK WITH POWER

I want to show you what was done by another officer of the United States Government who was drunk on power. I would call it drunk on power. I had a letter from a banker not many miles from Washington. He says if there was ever a man drunk on power it is Mr. Pole, the Comptroller of the Currency. He says:

This gentleman's ideas would probably work in flourishing times, but not in a depression such as we now have.

I am going to use this case as an illustration of what could happen here. There was passed in this body in February of 1927 what was known as a branch banking law. Of course, there was another provision in that law that did not relate to branch banking at all, but there was very little discussion on the floor of the House as to that feature of the bill. There was much said about branch banking, but very little said about this provision, which gave the Comptroller of the Currency the right to define what constitutes an investment security. The bill went through. If I had been a Member of Congress at that time, I would not have seen any good and valid reason why it should not have gone through. I do not criticize any Member for voting for the bill or any member of the committee for letting it go through. It appeared to be an innocent and harmless provision as an amendment to our present banking laws. It was an amendment providing that section 5136 of the Revised Statutes of the United States, subsection seventh thereof, be further amended by adding at the end of the first paragraph thereof the following:

Provided, That the business of buying and selling investment securities shall hereafter be limited to buying and selling without recourse marketable obligations evidencing indebtedness of any person, copartnership, association, or corporation, in the form of bonds, notes, and/or debentures, commonly known as investment securities—

Listen to this:

As may by regulation be prescribed by the Comptroller of the Currency.

In other words, it was left up to the Comptroller of the Currency to define what constitutes an investment security.

Under this law of 1927 let us see what the comptroller did under similar circumstances, a man who would have no more power than you are giving under the bill before us to-day. Here is what the comptroller did. He defined what constitutes an investment security. Now, listen when I read this definition and see if the definition does not exclude local

securities. It encourages banks to squeeze out local borrowers in order that he may have that money and buy investment securities such as are described by the Comptroller of the Currency in his order. Here is what the order contained, and it was issued as of June 30, 1927:

SERIES I. REGULATIONS FURTHER DEFINING THE TERM "INVESTMENT SECURITIES" AS USED IN THE ACT APPROVED FEBRUARY 25, 1927

By virtue of the authority vested in the Comptroller of the Currency by the terms of section 2 (b) of the act approved February 25, 1927, the following regulations further defining the term "investment securities" are prescribed:

1. The business of buying and selling investment securities by national banks is governed by section 5136 of the Revised Statutes of the United States as amended by an act to further amend the national banking laws and the Federal reserve act, and for other purposes, as approved February 25, 1927, as follows:

"(b) That section 5136 of the Revised Statutes of the United States, subsection 'seventh' thereof, be further amended by adding at the end of the first paragraph thereof the following:

"*Provided*, That the business of buying and selling investment securities shall hereafter be limited to buying and selling without recourse marketable obligations evidencing indebtedness of any person, copartnership, association, or corporation, in the form of bonds, notes and/or debentures, commonly known as investment securities, under such further definition of the term 'investment securities' as may by regulation be prescribed by the Comptroller of the Currency, and the total amount of such investment securities of any one obligor or maker held by such association shall at no time exceed 25 per cent of the amount of the capital stock of such association actually paid in and unimpaired and 25 per cent of its unimpaired surplus fund, but this limitation as to total amount shall not apply to obligations of the United States, or general obligations of any State or of any political subdivision thereof, or obligations issued under authority of the Federal farm loan act."

2. An obligation of indebtedness which may be bought and sold by national banks, in order to come within the classification of "investment securities" within the meaning of the proviso of section 5136 above quoted, must be a marketable security as designated by the express language of said proviso. Under ordinary circumstances the term "marketable" means that the security in question has such a market as to render sales at intrinsic values readily possible.

3. In classifying a given security as marketable, the Comptroller of the Currency may in specific cases give consideration to various facts and circumstances, but he will require in all cases the following:

(a) That the issue be of a sufficiently large total to make marketability possible.

(b) Such a public distribution of the securities must have been provided for or made in a manner to protect or insure the marketability of the issue.

(c) That the trust agreement under which the security is issued provides for a trustee independent of the obligor and in the case of securities issued under a trust agreement executed and delivered after 60 days from the date of the promulgation of these regulations, such a trustee must be a bank or trust company.

4. This series of regulations may be modified, amended, or withdrawn at any time by the Comptroller of the Currency.

Signed and promulgated this 30th day of June, 1927.

J. W. McINTOSH,
Comptroller of the Currency.

He sent a copy of this order to every national-bank examiner in this country and it was sent to all of the national banks. At that time they were encouraged to build up their secondary reserve. It is a fallacy, but they were encouraged to build up a secondary reserve. A banker would ask a bank examiner, "What can I invest my extra funds in?" "Well," the bank examiner would say, "read the comptroller's order. He tells you what constitutes an investment security." The banker would ask him about a certain security and the bank examiner would say, "Well, I will not tell you about certain things. You just take into consideration the rules laid down by the Comptroller of the Currency." And he has never amended those rules. They are effective to-day. Consequently, when some one would come in and want to borrow some money on local securities, on a local building or a local business institution, he would get out his order and say, "Well, that does not come within the regulations of the Comptroller of the Currency. The order says:

That the issue be of a sufficiently large total to make marketability possible.

Such a public distribution of the securities must have been provided for or made in a manner to protect or insure the marketability of the issue.

In other words, something that is sold all over the Nation by these groups of bankers.

You read their advertisements. Those securities would come within the terms of this order and other securities would not come within the terms of the order. Consequently, these small bankers—and I doubt that they should be criticized or censured for it because they were acting in compliance with orders issued from Washington—invested their funds in these securities that were recommended to them by the agents of the international banks who would follow in the footsteps of the bank examiner. When the bank examiner would leave, the agent would come in and say, "Let me sell you some securities to build up a secondary reserve." The banker would say, "Do your securities come within the terms of this order," and they would reply, "Certainly; here is the order and here are the securities. You see, they are handled by a number of banks, the Chase National and all these other large banks of the Nation are selling them, and that causes them to come within this order with respect to wide distribution. They are posted on the exchanges every day and you can tell what they are worth. You take John Jones's paper, although it is good, you can not get up in the morning and look in any daily paper and tell how much that paper is worth because it is not listed. With this paper you can do that. So the idea is to squeeze out John Jones and invest in some of these marketable securities as defined by the regulations of the Comptroller of the Currency."

LOCAL PEOPLE SUFFERED

What happened? They squeezed out local people and that money went to New York. Lots of it went into foreign bonds sold to these bankers for 100 cents on the dollar, and these agents of the international bankers would tell these other bankers, and one of them told me so: "These securities are so good that not only should you invest all your idle funds in such securities, but your directors should get together and put all the money they can get into them. Not many more are going to be offered. Here are good Colombian bonds drawing 6 per cent."

They took the advice of the representatives of the international banks about these bonds, and now some of them are selling for 7 cents on the dollar and they are some of the marketable securities that the Comptroller of the Currency had so much to say about.

I do not know but what this had a great deal to do with the crash in 1929. Here was the Comptroller of the Currency stimulating speculation. He was encouraging the issuance of these foreign bonds and other securities that would come within his definition. He was encouraging the withdrawal of money from the local banks of the Nation and putting that money into a few banks in New York. Do you not think that contributed to the collapse in 1929? Remember that what I am telling you now was just started in September, 1927.

Mr. BLANTON. Will the gentleman yield?

Mr. PATMAN. Yes.

Mr. BLANTON. The gentleman will remember that the F. H. Smith Co., of which Mr. Fred Zihlman, who used to be a member of the District Committee and the chairman of it, was a former director and a high officer, pyramided its securities on property and sold them all over the country when they were not worth 2 cents on the dollar, and this bankrupted a great many people here.

Mr. PATMAN. That is very true. I do not know about the value of the stocks or the securities that were offered, but I know a great many people were defrauded by reason of the sale of those securities; and what evidence have we before us that this board would not have approved the sale of those securities under the circumstances under which they were offered?

Mr. BLANTON. It was one of the leading firms in this city, with a Member of Congress and a chairman of one of the important committees holding high office in the company. Of course, they could have received such approval under a bill such as this.

Mr. PATMAN. In 1927, if they had got such approval, they would have then gone to the people with the O. K. of an investigating body, and they would have said: "Very

seldom do you have the opportunity of purchasing securities that have been investigated by some disinterested party or parties; an investigation paid for by public funds, but in this case your public officials have investigated these securities and have found them to be sound and have recommended to the investing public of the District of Columbia that they purchase them, and now we offer them for sale."

Mr. BOWMAN. Will the gentleman yield?

Mr. PATMAN. Yes.

Mr. BOWMAN. Did these international bonds or securities come within the jurisdiction of the blue sky laws?

Mr. PATMAN. Oh, the way they were sold they would not have to go before any local board. They would deliver them by mail and they would not be caught under this proposed act.

Mr. BLANTON. With respect to securities they sell out of the District of Columbia, under this bill they do not even have to have them registered or passed upon. All they have to do is to get a license and then they sell them indiscriminately and promiscuously everywhere.

Mr. PATMAN. I want to tell you something more about this order of the Comptroller of the Currency.

In 1927, when the comptroller issued the investment order, railroad bonds immediately commenced a downward trend. Interest rates were too low. So did 28 textiles and 8 stocks of sugar producing and refining companies; fertilizer, four of the big stocks, up slightly, but very small, and then downward. Here is an index of 90 stocks that went upward immediately after July, 1929.

Bank stock went up immediately. Crude-petroleum prices went downward. So with gasoline prices. Cotton prices went down and cotton goods.

Why, there was every incentive to invest your money in some of these securities that the Comptroller of the Currency said were good securities, and they were drawing 6 and 8 per cent interest annually. Why should they invest their money with local people on unlisted securities and get a low interest rate, or invest it in local enterprises where the dividends were not so large as dividends from the securities that came within the Comptroller of the Currency's order?

Mr. BLACK. Will the gentleman yield?

Mr. PATMAN. I yield.

Mr. BLACK. Does the gentleman know whether the comptroller's provisions came within the terms of any specific foreign security?

Mr. PATMAN. No.

Mr. BLACK. The gentleman takes the position that if these foreign securities had not been bought, and that that large amount of money was still in this country, we would not have had the depression?

Mr. PATMAN. Probably the depression would never have come. The incentive was to take the money out of the local banks, send it to New York, invest it in these securities, which the Comptroller of the Currency stated were good securities, as he recommended under the order of regulation issued June 27.

To my mind that order did more to cause this depression, to cause this collapse, to cause the distress and suffering that we have to-day than any other one contributing factor.

Mr. BLACK. The gentleman says that in connection with our helping the Federal reserve banks in the gold situation?

Mr. PATMAN. This was in 1927. Let me tell you something about these Colombian bonds. Certain people in the United States purchased an invalid concession—not a valid concession, but an invalid concession. It was canceled. They knew it had been canceled when they purchased it. It was purchased by Mellon and Morgan.

When they made that purchase, they had just as well have said, "We can make them validate this concession. We will take it, although it has been canceled. We will get it validated."

They took the invalidated concession, said to be worth $2,000,000,000—and what did they do? That South American Republic, Colombia, ratified it and validated it before they could get loans through the Wall Street banks. That is what they did. Part of the money loaned to that country was withheld until the concession was ratified by the Colombian Congress.

To-day they hold that concession, estimated to be worth $2,000,000,000, by reason of the pressure brought to bear on the Colombian Government.

I remember reading an article headed "My Brother and I." I do not remember who wrote the article, but anyone can find out. It said in this article that Mellon and his brother have been said to control $8,000,000,000 worth of property, but it is only $7,950,000,000 worth of this world's goods.

It lacks $50,000,000 of being $8,000,000,000 worth of wealth. I do not know how much he was worth when he finally consented to become Secretary of the Treasury, but it was estimated that he and his brother were worth around $500,000,000. As to where the difference came in between $500,000,000 and $8,000,000,000 from March 4, 1921, to the time he was pardoned by President Hoover in 1932, I do not know, but that doubtless concessions, amounting to $2,000,000,000 from one country at one time, would add greatly to that enhanced wealth.

MELLON AND MILLS DISQUALIFIED

Men like Andrew W. Mellon or Mr. Ogden Livingston Mills should not be permitted to hold the office of Secretary of the Treasury. Their policies and interests disqualify them. And, too, they are men who inherited their wealth from fathers and grandfathers. They have never wanted for anything in their lives. Not only are they assured of everything they desire during their lifetime, but they have sufficient property to enable their descendants for the next 5 or 10 generations to live in luxury without the turning of a hand. They are not in a position to sympathize with the working people. The Secretary of the Treasury controls the supply of money. It is to their interest to make the supply short, so money will be higher and commodities and labor cheap.

THE MELLONS' WEALTH

Mr. Mellon and his brother owned and controlled about $500,000,000 worth of property when he became Secretary of the Treasury. When he was pardoned by the President for illegally holding office, from 1921 to 1932, Mr. Mellon and his brother owned and controlled approximately $8,000,000,000 worth of property. The property is itemized in an article entitled "My Brother and I" in the World's Work Magazine for March, 1932.

CONFLICTING INTERESTS

We will presume that Mr. Mellon always considered a question from the standpoint of the public welfare when his own interests were involved. Almost daily his own business interests conflicted with a public duty he was charged with performing as Sercetary of the Treasury. For instance, if he should rule that a certain taxpayer is entitled to a small tax refund for the year 1918, he would probably find that ruling cited as an authority for giving one of his own companies millions of dollars for the same year. He and his companies did receive large refunds from the Treasury Department while he was Secretary of the Treasury. The refunds were made in secret and the records are not subject to inspection.

SECRET TAX SYSTEM

Furthermore, let it be understood that I do not accuse Mr. Mellon of dishonesty. I have no right to. The records and facts are all secret and nobody can see them. He made enormous tax refunds to his own companies, and many refunds to himself. Could you go down there and find out how much he gave himself? Yes. But why he did so is a secret. Could you find out that he gave one of his companies $3,000,000 at one time and another company $1,500,000 at another time on the pretense—I presume it was true; I have no right to dispute—that they had overpaid their income tax back in 1917 and 1918? You could find out that he has done it, but why is it a secret; and you can not find it out, I do not care if you are a representative of the people, for you have no right to go down there and look at these records, and they will not let you see those records,

and this tax secrecy is at least partly responsible for this big deficit in the Treasury that we have to-day. Many of the refunds would not have been made if the records were subject to public inspection.

Mr. BLANTON. Mr. Chairman, will the gentleman yield?

Mr. PATMAN. Yes.

Mr. BLANTON. My colleague has sufficiently punished him, because, as Napoleon was banished to the island of St. Helena, so has my colleague banished Mellon to the island of the Court of St. James.

Mr. COCHRAN of Missouri. Can not the Joint Commission on Taxation secure the information the gentleman refers to?

Mr. PATMAN. Where the refund is over $75,000 they have a right to examine the cases, but under $75,000 they have not.

Mr. COCHRAN of Missouri. But the gentleman has been talking about millions.

Mr. PATMAN. Let me tell you what actually happened. Take the matter of the United States Steel Corporation. They filed an application for a tax refund for 1917, 1918, 1919, 1920, and 1921, practically every year. That was not allowed until 10 years and 11 months later, and then how many records did they have in those cases? Six truck loads, and they were all delivered to the committee at one time and the committee was told that they should find out if they could where a mistake had been made.

Why, it would take from now until doomsday to examine those cases. There should be some way that interested parties could keep up with what is going on. Why wait until six truck loads of records are accumulated before they are passed on and say to the companies, "Here is $100,000,000, and, in addition to that, 6 per cent interest, not from 1925 but from 1917 and 1918"? In some instances the interest amounted to almost as much as the principal.

SECRECY IN GOVERNMENT

A lot has been said lately in the newspapers about secrecy in government. We have tax laws that are secretly administered. The taxes are paid in secret and the money is refunded in secret. Do you believe that our Government should administer its tax laws in that manner so that a taxpayer or even a representative of the people can not find out whether or not the laws are legally administered? I do not believe that you would say that that is a fair way to administer the tax law. I do not believe that you would say that any official of our Government should have the power to pay out millions and millions of dollars without any public inspection of the public records.

ARE CLERK'S RECORDS SECRET?

I have noticed in newspapers recently that the Clerk's records of this House are considered secret. I never heard of that before. One newspaper in my district said that a newspaper reporter had been trying to find out whom Congressmen had on the pay roll. He said he went to the Clerk and the Clerk said that the records were secret. I do not believe those records are secret and I doubt the Clerk telling him they were secret. I believe they are public records and public records should be open to public inspection; and if there is any rule or regulation that makes them secret that rule or regulation should be canceled because it is not right. Public funds should be administered subject to public inspection.

Mr. COCHRAN of Missouri. The Clerk of the House of Representatives makes a report to Congress annually, and in that report he shows what employees drew salaries as employees of the House of Representatives for the entire fiscal year, and the gentleman can secure it in the document room.

Mr. BLANTON. And it is a public record open to everybody.

Mr. COCHRAN of Missouri. Certainly.

ANY TAXPAYER SHOULD BE PERMITTED TO INSPECT THE RECORDS

Mr. PATMAN. The criticism in one newspaper was that the information was withheld so long that it was almost without interest when it was received, but I see no reason why every month's record should not be published. I do not think any Member of Congress would object to that. There is no reason why he should. Public money should be expended in a manner that will be subject to public inspection, and any taxpayer of the Nation should be privileged to inspect the record.

Mr. BLACK. The most secret conferences ever held in Washington are the meetings of the Cabinet. Try to find out what happens in the Cabinet meeting.

Mr. BLANTON. Oh, the newspaper boys do that all the time. They let us know the next day what happens in the Cabinet meeting.

Relative to the annual report of the Clerk, if my colleague will look back, he will see that I was the author of the legislation that requires the Clerk of the House of Representatives to print a public annual report showing in itemized detail all of the moneys received by him, and all of the disbursements made by him, both as to salaries under his jurisdiction and the current expenses of the House of Representatives. This report is a public document, and is open to the inspection of any citizen of the United States.

Mr. PATMAN. Mr. Chairman, I ask unanimous consent to insert in the RECORD a copy of a letter which the Comptroller of the Currency would send to anyone making inquiry as to what constituted an investment security within the terms of his order.

The CHAIRMAN. Without objection, it is so ordered.

There was no objection.

The letter is as follows:

Your letter of — is received, inclosing circular with respect to —, and requesting to be advised whether they would be a lawful investment for a national bank.

The eligibility of securities as "investment securities" for national banks is governed by section 5136, United States Revised Statutes, as amended by the act of February 25, 1927, and the regulations of this office dated June 30, 1927, a copy of which is inclosed, further defining the term "investment securities."

You can readily appreciate that this office can not go further than it has by the issuance of the regulations and attempt in advance to pass upon the eligibility of specific securities. To do so would be a gigantic task, as it would entail passing upon the entire field of security issues, for not only does it mean passing upon a specific issue for your bank but means passing upon security issues for the entire national banking system and the many security houses and dealers. The most this office can do is to lay down a guiding definition, as has been done, and the board of directors of each bank must, in making investments, apply it. There should be no difficulty in so doing. If there were any doubt as to whether a security falls within the provisions of the act and the regulations, the investment should not be made, for in the last analysis the burden of proof of eligibility rests on the bank. In applying the regulations, your specific attention is called to paragraph 3 on page 2.

Mr. GILBERT. Will the gentleman yield?

Mr. PATMAN. I yield.

Mr. GILBERT. I gather from the gentleman's remarks that the gentleman agrees with me, that the protection of people in their investments by law is an absolute impossibility? Have not all blue sky laws proven ineffective?

Mr. PATMAN. I would not say that, because I am not familiar with all of them.

Mr. GILBERT. After all, the sage was right when he said, "A fool and his money are soon parted." There is no way to prevent that by law.

Mr. PATMAN. If the Members will bear with me a few moments, I want to mention some matters that have come up in the last few days.

There is what is known as the National Economy Committee. This committee presented a petition for redress of grievances to the President and the Congress of the United States a few days ago. In that petition it is stated that 25 per cent of the income of our Nation, or about $1,000,000,000, is being expended for veterans of wars. They do not say it, but the inference has gone out all over the country that the Congress is authorizing the expenditure of a billion dollars a year for World War veterans. That is being published all over the country. It is not true. Nothing like that is true. The Congress of the United States is not authorizing the expenditure of much more than one-half that much for veterans of the World War. I want to tell you why it is not. It is true that the total appropriation

will aggregate almost $1,000,000,000 for all wars and for the Military and Naval Establishments, which are peace-time establishments, so far as this appropriation is concerned.

The Regular Establishments spend $225,000,000 of this every year. The World War veterans get $117,000,000 a year for military and naval insurance, and it is now being charged up to them. Yes; they get it, but they paid for it themselves. When they went into the Army, they were induced and persuaded to purchase insurance from the United States Government, and practically every one of them had deducted from his pay, from $6.60 to $10 a month, out of $30 a month, in order to pay for the Government life insurance. Now, because they took that insurance and are now collecting from that insurance, they are being charged with raiding the Treasury to the extent of the amount they are receiving by reason of the insurance that they paid for. I do not think that is a fair criticism.

They claim there is $115,000,000 spent for hospitalization, including salaries and expenses of the officers who have charge of the hospitals, and the doctors and experts, and so forth. That is true, but part of that should be charged up to veterans of other wars, because they use the hospitals, too. Why charge it all up to veterans of the World War?

They charge up $104,000,000 for disability allowance, and this petition "redress of grievances" has a great deal to say about allowing them this disability allowance, criticising the Government for allowing it to them. Let it be remembered that a large part of the men who are drawing this $18 a month for a 74 per cent disability are really entitled to a service-connected disability and entitled to $74 a month; but because their records have been destroyed or lost they are unable to make proof, and they have not had the assistance that others have had, therefore they are required to take $18 a month instead; and when they take it, they are being criticized by this body, saying it is not right for them to receive that money. Why was that disability allowance law passed? I know why it was passed. We tried to pass a law that would take care of those cases which really had service connection. That was known as the Rankin bill. That covered service-connected cases which really could not make the proof required by law. The bill passed the House and the Senate, and the President vetoed it and his veto was sustained.

Then they introduced what was known as the disability allowance bill. It is nothing more than a pension law. No one denies it is a pension, but who put the pension system upon this country so far as the World War veteran is concerned? The President sent that bill down here, so we were told. We had never seen it. We had never read it. It was never referred to a committee. It was never passed on by a committee. The rules were suspended, and in 40 minutes it passed the House without being subject to amendment. It passed the Senate immediately and became law.

So if the President of the United States is having this body criticized for a pension system, I think it comes with very poor grace from him when we tried to save the country from a pension system by bringing within the terms of the law those cases which really were service connected but which were unable to make proper proof.

That happened on June 26, 1930. The bill came in here like a thunderclap out of a clear sky. No one had seen it nor heard of it. No committee had passed on it. The rules were suspended, and the bill was passed immediately.

I now yield to the gentleman from Mississippi.

Mr. RANKIN. The gentleman has covered the point I intended to ask about. That bill never was referred to the Veterans' Committee nor to any other committee.

Mr. COCHRAN of Missouri. Mr. Chairman, will the gentleman yield?

Mr. PATMAN. I yield for a short question.

Mr. COCHRAN of Missouri. In reference to the bill the gentleman is speaking about, did not that bill come down here after the veto?

Mr. PATMAN. Yes; it did after the veto.

Mr. COCHRAN of Missouri. Did not that bill go to a committee?

Mr. PATMAN. It did not go to a committee.

Mr. COCHRAN of Missouri. How did it get on the floor of the House?

Mr. PATMAN. It was introduced, given a number, and printed. The Speaker recognized Mr. JOHNSON to bring the bill up under suspension of the rules. If I am not correct, I want to be corrected now.

Mr. RANKIN. Mr. Chairman, the gentleman is correct.

Mr. COCHRAN of Missouri. Mr. Chairman, I think the gentleman is correct; I recollect the circumstances now.

Mr. PATMAN. It is said in criticism that the money to be used to pay the veterans their adjusted-service certificates is printing-press money, fiat money, and things like that. That is merely the use of a coined phrase in order to condemn the proposal. Former Senator Owen, who is in New York City at this time, called me over the long-distance telephone this morning and had me take down this message:

The public press criticises your amended bill for paying the adjusted-service certificates in Treasury notes, calling such Treasury notes fiat money and printing-press money.

It is the only way in which you could use the public credit for issuing money because the Federal reserve bank notes and Federal reserve notes both involve the credit of the Federal reserve banks and would be a matter of controversy, but the Treasury notes, backed by the gold standard act of March 14, 1900, have both all the gold available in the Treasury and the credit of the United States behind such notes by a sweeping formal statutory enactment. Your bill goes much farther than that. It provides for the cancellation of said notes if the Federal Reserve Board finds the amount excessive and if the purchasing power of the dollar falls below the average value ascertained by the Department of Labor for the year 1926.

To call said money fiat money is either due to lack of understanding or information or lack of intelligence, unless perhaps your bill is being deliberately misrepresented.

Senator Owen is one of the best, if not the best informed man on banking and currency in America. He was a coauthor of the Federal reserve act and 10 years chairman of the Committee on Banking and Currency in the Senate.

The following article appeared as an editorial in Labor, a national weekly, May 3, 1932:

SANDBAGGING THE BANKS

In an article entitled "Sandbagging the Bankers," printed in the current issue of a popular magazine, PATMAN, of Texas, a young Congressman who has attracted unusual attention during his brief service in the House, frames a serious indictment of the management of our banking system during the last three administrations.

Until the Harding administration, says Mr. PATMAN, banks in places of less than 50,000 inhabitants made nearly all their loans to local borrowers on local security. Then the Comptroller of the Currency "advised" these banks to build up a "secondary reserve" of outside securities. Since the comptroller has the power of life and death over banks they obeyed.

"By the time of the stock-market crash in 1929," says PATMAN, "practically half the money which country banks formerly had loaned in their respective communities had been taken out of the communities and invested in outside securities."

After the crash, Mr. PATMAN reports that the comptroller urged these banks to cut down their local loans, and this is the result:

"Country bankers," he continues, "say that their loss on local loans during the last 10 years has been less than 1 per cent a year, while their losses in securities purchased on recommendation of the Comptroller of the Currency has amounted to 50 per cent, 75 per cent; in some cases almost to 100 per cent.

"This policy has resulted in hundreds of banks closing their doors, while those still open for business are unable to furnish ordinary banking facilities to the residents of their communities."

If Mr. PATMAN is correct, forced purchase of securities by country banks must have contributed materially to the ballooning of prices before the crash. In other words, the change in policy was designed to facilitate the sale of bonds of doubtful value, without regard to the effect on legitimate business and the safety of deposits.

This is a grave charge and, it seems to Labor, is well worthy the attention of a congressional committee.

SALES TAX FALLACY

Prominent officials of the United States are claiming that the Government will almost go into bankruptcy unless Congress passes a sales tax. They expect to displace the income tax, which is the fairest tax on earth, by a sales tax which will place the burdens of the National Government on the poor. Such a tax should never be imposed. The people who would pay it are the ones who are now paying taxes on what

they owe in order to support the cities, counties, road districts, school districts, and States.

THE WEALTH OF THE NATION

Let us see how near bankruptcy our Nation is. The wealth of the Nation is $400,000,000,000. The Government owes $17,500,000,000, and from this should be subtracted $12,500,000,000 owed to the Government by the railroads, banks, and foreign countries, which is evidenced by their signed obligations. Without considering what is owed to the Government, our national debt is only 4½ per cent of the national wealth. After the Civil War, our country owed 10 per cent of the national wealth. At this time France owes 20 per cent of her national wealth, England 40 per cent of hers, and Germans much more than that. This information is not offered as a justification for extravagance, but is given to refute the argument that the country will be bankrupt if the sales tax is defeated. The increased taxes from incomes in one year of prosperity will pay the deficit of many years. The Government should be economically administered. Money should not be taken from the people in the form of taxes to be wasted or used for unnecessary enterprises.

CONGRESS SHOULD REGULATE THE VALUE OF MONEY

The Constitution of the United States says that Congress shall coin money and regulate its value. Because a few of us are asking that this constitutional mandate be assumed by Congress for the purpose of breaking this panic, it is claimed that we are asking for the kind of inflation the people of Germany and Russia experienced a few years ago. A few international bankers have been issuing the money and regulating its value by contraction and expansion of the currency; this power should be taken away from them; present conditions present the best argument in favor of such a proposal. The people are studying the money problem as they have never studied it before. They are going to get the facts. When they do, their representatives in Congress will be required to carry out their will. Then there will be some changes made for the benefit of the people. Mr. Dawes said, "It is dangerous to tinker with the currency system." It has not only been dangerous but destructive to the people for Mr. Dawes and a few other international bankers to tinker with it for their own benefit as they have done.

IDLE GOLD SHOULD BE USED

Two and one-half billion dollars of new money can be issued by our Government on the idle gold that is in the Treasury. If it can be distributed over the Nation in payment of services or obligations, it will be placed in the banks. Every dollar of new money will be a basis for $10 of credit. How much is $2,000,000,000? One-half of 1 per cent of our national wealth; one-fourth of the amount given to Europe by the United States; less than one-third of the wealth of Andrew Mellon and his brother.

WHAT GOVERNMENT IS SPENDING FOR VETERANS

The Government is now spending 25 per cent of its income on veteran relief. Only about 12½ per cent for relief of World War Veterans. What of it? Relief for veterans of wars is purely a matter for National Government. Local governments spend nothing for such relief. It is not their duty. You can pick up the tax receipt of most any citizen and say, "Why you are spending 50 per cent of your tax money for roads, or 50 per cent for schools, or 25 per cent to support the government of a certain city." There is no news to that. But if the Government was spending 50 per cent of its income for building highways and the local district was spending 50 per cent of its income for veterans, there would be room for talk.

PENSIONS AFTER CIVIL WAR

Fourteen years after the Civil War the Government was spending more for veterans' relief than is being spent now for the relief of the World War veterans, considering the wealth of the Nation then and now—the ability of the Nation to pay. If we presume that the Southern States were spending as much for veteran relief by reason of the Civil War as the National Government was spending on the Union soldiers, there was twice as much money spent for veteran relief 14 years after the Civil War as is being spent now. In addition, a dollar then would buy more than it will to-day.

DEFLATION DESTRUCTIVE

Deflation is destroying our country. Our greatest and best-informed citizens declare that it was unnecessary and deliberately caused. I wonder if it was brought on to force people to pay three and four dollars in commodities for every dollar of bonds they voted on themselves to make public improvements. The bonds are held by the deflationists; interest on the bonds is increased in proportion. This situation can be cured. Congress must cure it or take the blame. The people can not pay inflated debts with deflated incomes caused by low-priced commodities and small salaries.

Mr. MARTIN of Oregon. Mr. Chairman, during my absence from the floor I understand my distinguished colleague from Texas launched another attack on the generals and on the Army and Navy Club.

Mr. BLANTON. But I notified the gentleman an hour before I spoke that I was going to discuss those matters and asked him to be present.

Mr. MARTIN of Oregon. I do not think my distinguished colleague and his friend from Tennessee should take their defeat so seriously in a fair up and down fight. The question was before one of the standing committees of this House and before the Committee of the Whole of this House, and eventually on a vote of this House they were cleaned up in a fair and square fight. Why can they not take their defeat gracefully and stop whining about it? The truth of the matter is I am tired of this misrepresentation about the saving of $100,000,000. I saw in a St. Louis newspaper, coming from the district of my distinguished friend from Missouri [Mr. COCHRAN], that he held me responsible for tacking onto this country $100,000,000 of expense through the defeat of the Army and Navy consolidation.

Mr. COCHRAN of Missouri. Will the gentleman yield?

Mr. MARTIN of Oregon. I yield. The gentleman gave an interview to one of the local correspondents of that paper.

Mr. COCHRAN of Missouri. I generally read the papers from my own city, but I saw no story charging the gentleman with being responsible. The gentleman, of course, assisted to defeat the bill. I charged the President of the United States with being responsible for defeating the bill by informing the country and the House of Representatives, not in a direct message but otherwise, that he opposed the consolidation of the Army and Navy.

Mr. MARTIN of Oregon. Then the gentleman has been misquoted. I beg the gentleman's pardon.

Mr. COCHRAN of Missouri. If that statement was included in the story, I failed to see it. The gentleman, of course, would not deny his opposition to the bill. What it would have saved is debatable, but I feel it would save fifty to one hundred million if properly administered.

Mr. MARTIN of Oregon. The gentleman has been misquoted. As a matter of fact, as I stated on this floor, that proposition was nothing short of humbuggery. It would not have saved one dollar or one dime of additional expense.

Rather it would have been an extravagance. It would have added to the public expense. That was demonstrated through a long committee hearing, through long sessions, through testimony, and truth is truth and must prevail. But my friend, to further his cause, brings in that poor old moth-eaten Army and Navy Club. He tries to make it appear that social influences and these gilded generals are responsible for his defeat, that they have unusual influence in this House. I want to assure my friend from Texas, the great champion of the poor and downtrodden, that he would be a wealthy man in the Army and Navy Club, among those poor Army and Navy officers, and if he would but inform himself on that club, just as he has not informed himself on the Army and Navy consolidation tax measure, he would probably quit this harping on the Army and Navy Club and also on this consolidation.

As a matter of fact, a very distinguished Member of this body, a former outstanding chairman of the Appropriations Committee, John Fitzgerald, of Brooklyn, than whom no more distinguished man has ever ornamented this House, was invited to join this Army and Navy Club. He said, "No; I do not want to join that club, because those fellows will be logrolling all the time; they will bother the life out of me for appropriations and promotions. No; I do not want to join that club." But at last his friends prevailed on him and he did join. After being a member for years and after enjoying his associations at the club, he said, "The only objection I have to it is that when I go in there they do not even speak to me. I have been subjected to no pressure or logrolling." What better testimony could you have than that?

Mr. BLANTON. He was not in their class. They were exercising their seniority. He was beneath their notice.

Mr. MARTIN of Oregon. The gentleman thinks, then, they would logroll with him but not with Mr. Fitzgerald?

Mr. STAFFORD. The gentleman would find that they would treat him the very same way they treated Mr. Fitzgerald. They would absolutely ignore him.

Mr. BLANTON. Only generals and admirals would be recognized?

Mr. MARTIN of Oregon. I do not know but that would be a sensible thing to do with the gentleman from Texas. Some of them are very wise men. The difference, if you will pardon this personal allusion, between the gentleman from Texas and myself is that he is a politician and I am a statesman. [Applause.] The difference between a politician and a statesman is this, that you are looking out for the fall elections, while I am looking out for succeeding generations.

Mr. BLANTON. I never did that in my life. I never looked out for elections. The people take care of me.

Mr. MARTIN of Oregon. I come from a district which is overwhelmingly Republican, and as a Democrat I had to fight for my election, not in a primary election but in a general election. We have two parties in Oregon.

Mr. BLANTON. My district went for Hoover 11,000 votes in 1928, and went for me 48,000. My constituents exercise their own judgment——

Mr. MARTIN of Oregon. And yet the gentleman prides himself on his Democracy. [Applause.] What kind of Democrats have you in your district?

Mr. BLANTON. And sometimes send Republicans here and sometimes Democrats.

Mr. MARTIN of Oregon. We send Democrats when they are the right kind of Democrats. Going to the subject of statesmanship, I am going to dwell just a few minutes on a great question that is coming before this House to-morrow, a statesmanship problem, not a political problem, not a fall-election problem, but a problem for all time for this country, and that is the question of the preservation of the national defense. I am not going into all the details of that because I have not the time. I ask unanimous consent to revise and extend my remarks.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. MARTIN of Oregon. After the Civil War the armies that had been organized during that conflict were disbanded and the Regular Army was reduced to a mere handful compared with the size of this great Nation. It was stationed very largely in the western part of the country and was engaged in protection of the rapidly moving frontier in its progress across the continent. At the outbreak of the Spanish War it consisted of 2,179 officers and 25,353 enlisted men. (Annual Report of Secretary of War, June 30, 1897.)

The operations of the Spanish War brought vividly to light the weakness of the Army and its total lack of a modern staff. The success that we attained was against an even more poorly prepared nation, and a serious catastrophy might have been our lot had our opponent been even moderately prepared for the conflict.

The one improvement that resulted from the Spanish War was the creation and organization of a general staff. Even though this staff was not sufficient in numbers to perform the duties that its name presupposed, it did provide a body of selected officers whose duty it was to think about problems of national defense and to make plans therefor.

The Army was enlarged during the 15 years that followed the Spanish War, and the outbreak of the World War in 1914 found this Nation with 4,701 officers and 87,781 enlisted men (exclusive of the Philippine Scouts). (Annual Report of Secretary of War, June 30, 1914.)

Almost from the outbreak of the World War situations arose in which the interests of this country were involved and which led thinking people to fear that howsoever much we might desire to remain neutral we were in danger of being dragged into the world conflict. Among the leading statesmen who gave their attention to this problem were the Hon. George E. Chamberlain, Senator from Oregon, who was chairman of the Military Affairs Committee of the Senate, and the Hon. James Hay, chairman of the Military Affairs Committee of the House, both of them of the Democratic Party.

Various proposals were suggested during the last half of 1914 and the first half of 1915 and many plans were submitted for consideration. None of these met with popular approval nor with the approval of the Committees on Military Affairs, either of the House or of the Senate. In the late summer of 1915 these two committees decided to make use of the voluminous hearings that had been held on this subject and to draft legislation, which, in their opinion, would more nearly meet the needs and desires of the Nation than any of the other plans that had been proposed.

These committees brought to this work a thorough knowledge of the Military Establishment, a knowledge of the national temperament, and vivid memories of the Spanish War which fitted them preeminently to deal with the subject. In addition to that they were singularly free from preconceived ideas and were determined to produce a new plan of national defense which would be a consistent whole and be free from the weaknesses and objections arising out of piecemeal legislation which had characterized the acts effecting the Military Establishment for the preceding 50 years. They determined to treat the Army as a whole; to study the fundamental needs of the Nation, and to reorganize each and every part of the Military Establishment, having in mind the duties and responsibilities of each component as a part of a new machine.

I am entirely safe in asserting that no such approach to our military problem had ever been made within the memory of man then living. Every arm and service of the military establishment was studied separately regarding the duties with which it was charged under the laws and regulations, and each and every one was then studied with regard to its part in the machine as a whole. The armies of foreign nations were likewise examined as to the proportions existing amongst the various arms and as to the organization and functions of each part.

The committees of the House and Senate worked long and patiently on the draft of this bill, later known as the national defense act of (June 3) 1916, and finally produced in a conference between the two committees the first comprehensive bill dealing with that subject that we have ever had on our statute books.

For many reasons, well known to each of you, amongst which are the temper of this Nation toward a large standing army, the difficulties of adjusting conflicting ideas in regard to military matters, and the necessity of reasonable economy even in such vital matters as national defense, the national defense act of 1916 did not satisfy the desires of the more militant of our population and exceeded those of more pacifistic tendencies. However, it struck a happy medium between the two extremes and it did set up a well-balanced land force such as we had never had before, providing for an army of 11,268 officers and 217,750 enlisted men, exclusive of the Philippine Scouts.

The act which finally passed the House and Senate was approved by President Wilson on June 3, 1916. The provisions were to be put into effect over a period of five years. Before the end of the first year, however, we found ourselves at war with Germany and her allies. Very fortunately for this country this act provided for a very material expansion of the Regular Army, on a sound basis, and hasty, ill-considered legislation for the land forces immediately upon the outbreak of war was unnecessary.

Our experience during the World War naturally taught us many lessons that were not known when this act was passed. In that we were no different from all the other nations that participated in the World War, and following the end of that war the national defense act was amended in many particulars by the act of June 4, 1920.

A new system was devised, essentially American, and written into the national defense act. It represents one of the greatest and most constructive developments evolved by the American Government in recent years. By a combination of a small professional force to act as a training cadre and nucleus, and the utilization of various types and classes of citizens trained in the military art, there has resulted for the first time in the history of this country a more or less adequate preparation for any eventuality, and at a cost within reasonable figures. Different types of citizen soldiers have been provided for so that inducement is offered for practically every group within the country. These consist of the National Guard, the Officers' Reserve Corps, the Reserve Officers' Training Corps, the citizens' military training camps, the National Rifle Association, and various classifications of military schools and colleges. The Regular Army, of course, is the bulwark and basis of the structure. The national defense act provided that it should consist of 18,000 officers and 285,000 men. This strength has been progressively decreased in the past decade and now has reached a figure of approximately 12,000 officers and 125,000 men. This is below the point of safety.

Other amendments have been made to the basic act of June 3, 1916, but none of them, including the amendment of 1920, has changed its fundamental provisions. All of these amendments together are not to be considered in importance when compared with the fundamental changes that the original defense act of 1916 made in the provisions of the law that existed previous to its passage.

I have briefly rehearsed these facts in order to demonstrate that all the fundamental provisions of existing law in regard to our land forces were produced from the minds of great men in our own party and that the fundamental provisions of existing law are the results of neither haphazard nor hastily considered legislation. They are the products not only of mature thinking in regard to our national needs but also of long experience in legislative matters affecting the Army, and any changes therein ought to be made only after the same processes and in the light of further experience.

Without any desire to cast aspersions upon my colleagues, I feel prepared to say that the statesmen who considered and developed the national defense act were the equal of those of us who are handling this problem to-day. I am more than equally prepared to say that the knowledge that we have gained during the 16 years since that act was passed leads to the belief that we are in need of more rather than less strength in our land forces, and only a due regard for economy in these trying times deters me from so proposing.

Our interests that must be defended grow as time passes, and just as one increases his fire insurance with the increase in the value of his home, so the strength of the forces charged with our national defense should logically be expected to increase with the population and growth of our country.

Mr. JOHNSON of Oklahoma. Mr. Chairman, this morning's papers carry the story of a so-called "nonpartisan," political conference held at the White House Sunday night. Instead of the President holding his weekly political conference at Rapidan yesterday and fishing for trout and goggle-eyed perch in the mountain streams, our Chief Executive is evidently continuing to fish for ways and means to lay the blame for the stupidity and waste of the first three years and more of the Hoover administration on the backs of this House merely because the Democrats have a bare five or six majority.

If press reports are true, the President's usual Sunday political conference was behind closed doors, and only the high moguls of the Republican Party were invited. It is stated that the conference lasted far into the night, and it was finally decided to call it a "nonpartisan" conference and that it was decided that Congress should again be asked to pass the President's so-called nonpartisan program of alleged economy. No Democrats attended or were invited.

The Washington Post, that is probably the most rock-ribbed, uncompromising Republican newspaper in America and that usually expresses supreme satisfaction at any move of the President, is evidently becoming disgusted, judging from an editorial appearing in to-day's Post that is a severe but just indictment of the tactics of the President, and especially with reference to Sunday's White House conference.

Ever since the inauguration of the present occupant of the White House the country has been "propaganded" with the slogan, "Stand by the President." This has been the watchword of extreme partisan newspapers and many Republican politicians.

Occasionally I have received letters from Republican friends in Oklahoma that usually began and ended with that time-worn slogan, and it matters little whether it be a high tariff bill, a moratorium on foreign war debts, the Reconstruction Finance Corporation, or any other of the many measures by and for the international bankers. Because it happens to be a pet measure of the President there are a few good citizens of my State who are so blindly partisan that they write or wire me to by all means "stand by the President."

The fact that Congress has too long stood by the President in his rampage of extravagance, waste, and stupidity is largely responsible for the depleted condition of the Federal Treasury and for the necessity of balancing the Budget. At the beginning of the Hoover administration Congress was called upon to give the President a Federal farm board, and many Democrats joined Republicans in giving the President an opportunity to help stabilize prices of farm commodities. This has been jokingly called the first of the President's many "noble experiments." Anyway, it was only the first of many mighty expensive experiments. Farm prices have gradually declined from almost the very hour the President's Farm Board was appointed. Cotton has gone down from 10 to 12 cents a pound to 4 and 5 cents, and wheat has tumbled from $1.18 to 30 cents per bushel.

The next White House experiment was the Hawley-Smoot-Grundy tariff bill. Many Democrats who had reluctantly yielded to the plea to give the President a free hand in appointing a farm board could not in good conscience hold their noses and vote for the administration's tariff bill. During those long weeks that the tariff bill was pending some of my best friends in Oklahoma wrote and wired me to "discard politics and stand by the President." In the face of the fact that administration leaders gave many assurances to Congress and the country that this Republican high-tariff measure would restore prosperity within 60 days after its passage, I not only refused to vote for it but spoke against it on the floor of this House, and used every honorable means to bring about its defeat. Congress then, with an overwhelming Republican majority, did the bidding of the White House and passed the most outrageous, unscientific, unfair, and unreasonable high tariff bill ever enacted in the history of any Congress. More than 30 nations of the world have retaliated against America by raising their tariff walls, and to-day the American farmer has no market for his products in any country on the face of the earth.

But, Mr. Chairman, that is not all of the expensive experiments in which the Hoover administration has indulged.

When this Congress convened last December, after the Chief Executive had taken it upon himself to promise the international bankers, and incidentally certain European nations, that the United States would grant a moratorium to some of the foreign governments, I was besieged with letters and telegrams from many Republicans and a few misguided Democrats to stand by the President. We were assured that at last our internationally minded President had made his master stroke; a master political stroke to be sure, but one that would without doubt revive business and hasten the end of the depression. It would be political suicide and decidedly unpatriotic to oppose the President's moratorium, so we were warned. But I not only voted against the moratorium but made a speech on the floor of the House against it. Had the White House demanded that the international bankers also declare a moratorium on their private loans to Europe, there might have been some justification for his course [applause], but no such demands were made. The gold that had been shipped to America by Europe and that would have aided much to replenish a depleted Treasury, never left Wall Street. It was not shipped back to Europe but remained in the vaults of the international bankers.

When it began to percolate through to the country that the President's moratorium was really a dole to the international bankers and that Congress and the country had been tricked and deceived, another series of experiments was begun, the first of which was the so-called Reconstruction Finance Corporation. What a high-sounding name they gave this—another Wall Street baby! [Applause.] The administration propaganda went forth and again we were admonished to stand by the President. We were assured this would ease up money matters and quickly cure the depression. I could not vote for that bill but many Democrats of this House did so, hoping it would prove to be all they felt in their hearts it was not.

Then, when the country found that the $2,000,000,000 Finance Corporation was really a dole for big business and not relief for the little man, another "experiment" was essential. We were then handed a Federal land-bank measure, but when passed it proved to be a bondholders' bill. I had introduced a measure proposing a 2-year moratorium on Federal land-bank loans and reluctantly supported the President's land bank bill, but when I asked the Federal land bank to ease up on foreclosures against the farmers of my district and reminded them of the passage of the Federal land bank act I was given to understand in a polite way that instead of being a farm relief bill it was primarily for the relief of the bondholders of the Federal land bank.

After the present Congress had passed several pet measures of the White House that turned out to be doles to big business, by and for Wall Street and other special interests, we first heard the Executive plea for economy. The President wanted Congress to turn the reorganization of the various departments over to him alone; but remembering his unprecedented record for creating new high-salaried commissions that seldom meet or report to Congress, this body did not choose to do so. A House Economy Committee appointed by the Speaker, after many weeks of investigations and study, brought in a comprehensive, intelligent, and progressive program as a whole, the more important provisions of which were eliminated by administration leaders on this floor who always follow the President.

This week I received a letter from a prominent business man of Oklahoma, in which he severely criticized Congress for its dilatory tactics, its failure to materially reduce expenses of the Federal Government, for its failure to combine the Army and Navy under one head and thus save seventy-five to one hundred million dollars a year; and then to my surprise he closed by urging me to stand by the President. I agree, Mr. Chairman, that Congress has been dilatory in cutting expenses of government, and has failed in many ways to live up to the expectations of the country, but just how anyone could seriously talk of economy and at the same time advocate that Congress stand by the President is beyond my imagination. It is conceded that the President and his Cabinet officers, who are supposed to speak for him, and the high-powered Army and naval officers are directly responsible for the failure of many provisions of the House economy bill, including the one proposing to combine the Army and Navy under one Bureau of National Defense. The fact that one of the President's several $10,000 secretaries, whom the Government furnishes a big Lincoln car and a chauffeur, came on the floor of Congress and buttonholed Members of the House and lobbied against many provisions of the economy bill, including the Army and Navy proposal, is significant.

The recent outburst against Congress by the Chief Executive and his appeal to the country to "help him make Congress economize" is the latest "master" political stroke. It is like a drowning man grasping for a straw. Personally, I voted for every provision in the House economy bill proposing to reduce expenditures of government except one that was manifestly unfair to disabled war veterans. I not only have voted to reduce my own salary and office expense, including my stationery allowance, which in fact is now far below what it costs any Congressman who actually answers all of his mail, but I supported the proposal to combine the Army and Navy under one head, and thus save an additional hundred million dollars. As I said before, that and many other provisions were eliminated because of the active opposition of the White House.

If the Chief Executive had loved the dear people in November as he professes to in May, his plea to the country to "help him make Congress economize" might come with better grace. Congress provides the President with an army of experts to figure out and advise the lowest possible dollar on which the respective departments and bureaus of government could function. That estimate was submitted at the beginning of the present session and Congress has cut the President's Budget estimate 10 per cent or more for every department and bureau, and in each instance such cuts were made over the vehement protest of the heads of such departments. All told, Congress has reduced the Budget estimate of the President more than $168,000,000 below White House estimates. [Applause.]

The most absurd and unreasonable political propaganda is that calling on Members of Congress to stand by the President and his multimillionaire Secretary of the Treasury in matters of taxation. This House passed a revenue bill that raised the income tax materially in the higher brackets. At the time the revenue bill was pending, in a speech on this floor I said among other things:

> But, answering the question, "What would I do about it?" Aside from increasing the surtax, corporation tax, and income tax, I would reenact the excess-profits tax that brought in over $300,000,000 in 1921, but that is left out of this bill. Then I would cut expenses of this Government to the bone before calling on the people for additional taxes. I would abolish countless commissions and overlapping and useless boards and bureaus. You can not cut too much for me.

Not only did I advocate increasing the income tax in the higher brackets, but I was persistent in advocating a real tax of not less than 1 per cent on all sales of stock exchanges. That would have brought to the Treasury $300,000,000 to $400,000,000 each year. In my speech on the floor of this House on this subject last March I said, in part:

> These Wall Street gamblers do not confine themselves to intangible stocks, mythical securities, and bogus memorandums, but they gamble to the tune of billions of dollars on commodities they never see but which are produced by the sweat of the brows of millions of honest, hard-working farmers of America. Instead of prices of farm commodities being based on the law of supply and demand, they are too often controlled by and held at the mercy of Wall Street stock gamblers. [Applause.]

After the House had placed an insignificant tax of one-fourth of 1 per cent on the stock exchanges the Secretary of the Treasury appeared before a Senate committee and induced the Senate to adopt the Hoover-Mills plan reducing the taxation in the higher brackets, eliminating all the tax on stock exchanges, and letting the burden of governmental expense fall more heavily on the shoulders of the poor. That is the "constructive" tax plan Democrats are

called on to support; that demonstrates the type of leadership we are asked to follow; that is the so-called nonpartisan program we are urged and implored to embrace.

In conclusion let me say that I do not pretend to speak for others, but as for myself I can not in good conscience turn my back on every fundamental principle of government I have held for a lifetime and support such a program, even though it may be that of the President of the United States. [Applause.]

The Clerk read as follows:

Be it enacted, etc.

DEFINITIONS AND EXCEPTIONS

SECTION 1. (a) When used in this act the following terms shall, unless the text otherwise indicates, have the following respective meanings:

(1) "Security" shall include any stock, note, bond, debenture, evidence of indebtedness, certificate of interest or participation, interim certificate or receipt, or any other instrument commonly known as a security, but shall not include any policy or contract of insurance issued by any insurance company authorized to transact business in the District of Columbia by the Superintendent of Insurance of the District of Columbia.

(2) "Person" shall include a natural person, a partnership, a joint-stock company, a corporation, a trust, and any unincorporated association.

(3) "Dealer" shall include every person other than a salesman who in the District of Columbia engages either for all or part of his time directly or through an agent in the business of selling any securities, including securities issued by such person; or who in said District engages in offering, buying, selling, or otherwise dealing or trading in securities as agent or principal for a commission or at a profit. "Registered dealer" shall mean a dealer registered under the provisions of this act. The business of trading or dealing in securities within the meaning of this section shall not include an isolated transaction in which a specific security is sold or offered for sale by an owner who is not the issuer or underwriter thereof and who sells the same for his own account.

(4) "Salesman" shall include every person employed or appointed or authorized by a dealer to sell or to offer for sale within the District of Columbia, for a commission or compensation, any security to any person. The partners of a partnership and the executive officers of a corporation or other association registered as a dealer shall not be salesmen within the meaning of this definition, nor shall such clerical or other employees of a registered dealer as are employed for work to which the sale of securities is secondary and incidental. "Registered salesman" shall mean a salesman registered under the provisions of this act.

(b) The term "include," when used in a definition contained in this act, shall not be deemed to exclude other things or persons otherwise within the meaning of the term defined. In the interpretation of this act, words importing the masculine gender shall be held to include all genders, except where such construction would be unreasonable.

(c) The provisions of this act shall not apply to any receiver, referee, administrator, executor, guardian, or other person appointed or acting under the judgment or order of any court, nor to any public officer while performing his official duty, nor to any national bank or trust company organized under an act of the Congress and transacting business as a bank or trust company within the District of Columbia.

(d) The provisions of this act shall not apply to any sale or offer for sale of securities to any bank, banker, savings bank, trust company, building and loan association, insurance company, or other financial institution, or to any corporation, or to a registered dealer, or to any person engaged in the business of acquiring securities for the purpose of resale to the public; nor to any sale or offer for sale of securities to any syndicate or group formed for the specific purpose of acquiring such securities for resale to the public directly or through other syndicates or groups; nor to any sale or offer for sale of securities upon the floor of any exchange to a dealer in securities; nor to the sale of space for advertising of securities in any newspaper, magazine, or publication; nor to the offering of securities by any person in conjunction with a registered dealer by use of advertisement, circular, or pamphlet, provided such person does not otherwise attempt to sell such securities in the District of Columbia, and that the name of such registered dealer appears in such advertisement, circular, or pamphlet.

Mr. BLANTON. Mr. Chairman, evidently we can not finish this bill to-night. It is nearly 5 o'clock, and I make the point of order there is not a quorum present.

Mrs. NORTON. Mr. Chairman, I move that the committee do now rise.

The motion was agreed to.

Accordingly the committee rose; and the Speaker having resumed the chair, Mr. THOMASON, Chairman of the Committee of the Whole House on the state of the Union, reported that the committee having had under consideration the bill (H. R. 9064) to supervise and regulate the sale of securities within the District of Columbia, had come to no resolution thereon.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to Mr. BULWINKLE, on account of important business.

THE DEPRESSION

Mr. RAINEY. Mr. Speaker, I ask unanimous consent to print in the RECORD a letter addressed to me by ex-Senator Robert L. Owen, on the subject of the depression.

The SPEAKER. Is there objection to the request of the gentleman from Illinois?

There was no objection.

Mr. RAINEY. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include the following letter addressed to me by ex-Senator Robert L. Owen:

WASHINGTON, D. C., *May 4, 1932.*

Hon. HENRY T. RAINEY,
House of Representatives, Washington, D. C.

ARE THE DEMOCRATS RESPONSIBLE FOR THE DEPRESSION?

MY DEAR MR. RAINEY: On April 14, 1932, on the first page of a bulletin called "The Republican" published weekly by the Republican National Committee, Charles F. Scott, editor, in the Barr Building, Washington D. C., appeared the charge that the Democratic Party was responsible for the beginning of deflation and that they began it in 1920 and before the Republican Party came into power.

This astounding charge is made in the article referred to which is as follows:

"WHEN DEFLATION BEGAN

"It is an illustration of the brevity of human memory that already the question is being asked, 'When did deflation begin, and who was responsible for it?' And since this question is being asked, it ought to be answered even at the cost of threshing over old straw.

"The first mention of deflation following the war is found in a message which President Wilson sent to Congress on August 8, 1919, when he said:

"'Wheat shipments and credits to facilitate the purchase of our wheat can and will be limited and controlled in such a way as not to raise but rather to lower the price of flour.'

"In December the Federal Reserve Board, all Democrats, put into effect an increase in rates on advances and rediscounts, the immediate result of which was to deflate the currency. On January 10, 1920, the Federal Reserve Board, still all Democrats, notified all member banks that loans from central institutions must be reduced. More deflation. January 23, 1920, the Federal reserve bank again raised their rediscount rate, this time to 6 per cent, the purpose and result being to call loans all over the country.

"Senator Owen, a Democrat, charged that this policy caused a depression of Liberty bonds from 8 to 15 per cent, and a loss to Liberty-bond holders at $3,000,000,000.

"In May, 1920, the Federal Reserve Board, still all Democrats, took further steps toward deflation, and Representative GARNER, Democrat, now Speaker, wrote a formal protest to the board, stating that its deflation policy was proving 'ruinous to the cattle industry in the South and Southwest.'

"Referring to this same period and to the same deflation policy, John Skelton Williams, Comptroller of the Currency during the Wilson administration, and as such a member ex officio of the Federal Reserve Board, on October 19, 1922, in a letter to the New York Times, said:

"'During the most drastic months of deflation, while the system was reducing credit about $100,000,000, the only members of the board who resisted and opposed the board's drastic deflation policy and their radical enforcement were myself and Hon. Henry A. Moehlenpah, of Wisconsin.'

"William G. McAdoo, Democrat, in a signed article in the Manufacturers Record, December 23, 1920, said:

"'The farmers are suffering colossal losses as a result of the drastic deflation which has been put into effect by the Federal Reserve Board.'

"He was referring to the same measures of deflation carried out by the all-Democratic Federal Reserve Board under the Wilson administration.

"The final and conclusive proof as to the time when the deflation of farm prices took place is shown in the market reports themselves. July, 1920, corn was $1.53; September, $1.29; October, 87 cents; and by the following April, 55 cents. Cattle in November, 1920, were $14.57; went to $9.84 in January, and down to $8.09 in June. Wheat, $2.80 in July, $2.01 in December, and $1.43 in the following June. Hogs were $15.88 in July, $9.66 in December. Wool was 90 cents in July and 54 cents in December. Cotton was 39 cents in July and 14 cents in December. All these are Chicago prices.

"Remembering that the Republican administration did not take over the country until March 4, 1921, it will be seen that the drastic deflation which Mr. McAdoo declared was inflicting 'colossal losses upon the farmers,' and which Speaker GARNER pro-

tested against on the score that it was proving 'ruinous to the cattle industry in the South and Southwest,' was inaugurated and carried into effect under the Democratic administration."

Obviously, the author of this article, whoever he may be, had given considerable study to the question in order to dig up quotations from the Hon. William G. McAdoo, the Hon. John N. Garner, Hon. John Skelton Williams, and myself. Why should Mr. McAdoo, Mr. Garner, Mr. Williams, and myself be denouncing what the Republican National Committee sets forth as a Democratic policy?

The three members who favored contraction—Harding, Warburg, and Miller—favored a Republican policy and could not be called Democratic. Hamlin and Moehlenpah did not favor it and Williams opposed it.

The charge made by the Republican is either a case of unpardonable ignorance or of shameless political mendacity.

It should be obvious that at the close of the World War, when credit and currency were necessarily expanded to meet the exigencies of national defense, it was done by the Democratic Party as unavoidably necessary to finance the World War, and since the expansion was justified, it could not be called an inflation of credit and currency because it was, in fact, a justified expansion, while inflation means an unjustified expansion.

The political responsibility for contracting credit and currency rests upon the shoulders of the Republican Party, evidence of which will be found in the official records of the United States, and of the Republican Party itself.

In May, 1920, the Hon. Medill McCormick, Republican United States Senator from Illinois, introduced Senate Resolution 363, as follows:

"*Resolved*, That the Federal Reserve Board be directed to advise the Senate what steps it purposes to take or to recommend to the member banks of the Federal reserve system to meet the existing inflation of currency and credits and consequent high prices, and what further steps it purposes to take or recommend to mobilize credits in order to move the 1920 crop."

He urged this upon the Senate on May 17, 1920, and it passed the Senate unnoticed. He defended it on the floor of the Senate by saying in plain words that the resolution simply asked for information and that "It asks for nothing more." (CONGRESSIONAL RECORD, p. 7145).

He defended it as a means of mobilizing credit for the benefit of the farmers of the country and he said in defending it "unless steps are taken to-day to mobilize the necessary credit resources, the farmers will be hard put to it to find money this fall when it is necessary for their very living." (CONGRESSIONAL RECORD, p. 7145).

The resolution was adopted without objection and without being understood or attracting any serious notice.

As a matter of fact this resolution was prepared for the Senator from Illinois and was passed for the purpose of influencing the Federal Reserve Board and to support the Federal reserve advisory council which met on May 18, 1920, and of which Mr. James B. Forgan, of Illinois, was the president. They had a Federal Reserve Board conference on the 18th day of May, 1920, in which the members of the Federal Reserve Board, 12 members of the Federal reserve advisory council and 36 Class A directors of the Federal reserve banks, met in a secret meeting and determined by majority vote upon a policy of contracting credit and currency, a full account of which will be found in Senate Document No. 310, 67th Congress, 4th Session, ordered to be printed by the Senate on February 24, 1923.

It is perfectly obvious from this record that this action was taken at the instance of and in behalf of powerful financial interests which controlled the great banks of the country and controlled the Federal reserve banks.

Since it may be conceded that these forces are and have been for many years the financial supporters and campaign contributors of the Republican Party, the origin of this deflation policy is perfectly obvious.

At that time I was chairman of the Banking and Currency Committee of the United States Senate, and I resented the passage of this resolution in my absence from the Senate and the passing of the resolution without reference to the Banking and Currency Committee; and on the following day, May 18, 1920, as the representative of the Democratic administration, I protested against the passage of this unwise and misleading resolution. I vigorously protested against it and said:

"I am personally friendly with every man on the Reserve Board. * * * But I differ with them in policy. I disagree with their policy. I disagree with the advice they are getting. I do not know who is giving the advice, but, whoever it is, I do not agree with the advice. I do not agree with the policy, and I am protesting against this because I believe it is going to lead to an industrial depression. The Senator from Connecticut [Mr. McLean] smiles at these suggestions and must either think it an improbability, or perhaps he welcomes it."

"Mr. MCLEAN. No, Mr. President; I have not much use for prophets of evil and hope the industrial depression will not come. I do not think there is any need for it."

"Mr. OWEN. It will not come with my consent."

It did come with terrifying results, over 6,000 banks failing as one of the results.

The report of the Federal Reserve Board on Senate Resolution 363 appears as Senate Document No. 280, Sixty-sixth Congress, second session, and did not advocate any drastic steps toward deflation, but said in words: "Too rapid deflation will be injurious and should be avoided." That was the language of the Federal Reserve Board.

But the responsibility of the deflation was clearly upon the Federal reserve banks, but they would have assumed no such responsibility except for the formal backing and demand of the Republican Party of the United States.

The responsibility for the depression of 1920–21, due to the contraction of credit and currency at that time, was assumed by the Republican Party in the Republican platform adopted at the Seventeenth National Republican Convention on the 10th day of June, 1920, at Chicago, in which they said:

"We pledge ourselves to earnest and consistent attack upon the high cost of living, by vigorous avoidance of further inflation in our Government borrowing, by courageous and intelligent deflation of overexpanded credit and currency, etc." (P. 103, Official Proceedings of the Seventeenth Republican National Convention.)

Senator Warren G. Harding, the nominee of the Republican Party, was presented with the notice of nomination by Hon. Henry Cabot Lodge, who said, among other things: "Here to-day you * * * will declare your purposes and those of the party you lead" (p. 254), and Senator Harding, Republican candidate for the presidency, said: "Gross expansion of currency and credit has depreciated the dollar just as expansion and inflation have discredited the coin of the world. We inflated in haste; we must deflate in deliberation. * * * We will attempt intelligent and courageous deflation," etc. (p. 266).

Under the sponsorship of the Republican Party, the deflation immediately proceeded with the terrible results described in the bulletin now set forth by the Republican National Committee, in which they point out corn fell from $1.53 per bushel to 55 cents per bushel; cattle from $14.57 to $8.09; wheat from $2.80 to $1.43; hogs from $15.88 to $9.66; wool from 90 to 54 cents; and cotton from 39 to 14 cents—Chicago prices. The dollar worshiped by the patrons of the Republican Party doubled in purchasing power and millions of men were ruined.

The official records of the Agricultural Department show that the property of the farmers and stock men was appraised at $79,000,000,000 in 1920 and immediately fell to $58,500,000,000, a net loss of $20,500,000,000 to the farmers and stockmen of the country from which they have never recovered, and the last depression is even far worse than the first.

It is no wonder that the Republican National Committee should now attempt to fasten upon the Democratic Party the responsibility of the deflation of 1920–21, but the attitude of the Democratic Party upon this question is not left to conjecture. It is written in their platform of 1924, a plank which I had the honor to draft, as follows, to wit:

"REPUBLICAN CONTRACTION OF CREDIT AND CURRENCY

"We denounce the recent cruel and unjust contraction of legitimate and necessary credit and currency, which was directly due to the so-called deflation policy of the Republican Party as declared in its national platform of June, 1920, and in the speech of acceptance of its candidate for the Presidency. Within 18 months after the election of 1920 this policy resulted in withdrawing bank loans and discounts by over $5,000,000,000 and in contracting our currency by over $1,500,000,000. This contraction bankrupted hundreds of thousands of farmers and stock growers in America and resulted in widespread industrial depression and unemployment. We demand that the Federal reserve system be so administered as to give stability to industry, commerce, and finance, as was intended by the Democratic Party, which gave the Federal reserve system to the Nation."

THE RESPONSIBILITY OF THE REPUBLICAN PARTY FOR THE PANIC OF 1920–21 AND THE DEPRESSION OF 1929 TO 1932

There can be no possible doubt about the responsibility of the Republican Party for the depression of 1920–21 which bankrupted agriculture and its allied industries in the United States, or about their responsibility for the severity of the depression of 1929 to 1932, inclusive.

As they controlled the Presidency, the Senate, and the House of Representatives, the Republican administration was responsible for the conduct of the Federal Reserve Board and of the Federal reserve banks from 1920 to 1932. The expansion of credit and bank loans during 1927, 1928, and 1929 for speculation in the stock market and in other ways created a dangerous condition which should have been corrected by the power of the Federal reserve system operating through individual member banks and preventing their lending money for known speculative purposes, either on the stock exchange, in real estate, or in the commodity markets.

Instead of pursuing this sound policy and continuing to supply the productive forces of the Nation with abundant credit at reasonable rates, the reserve banks and the Reserve Board, under the management of the Republican administration, pursued a systematic course of contracting credit and currency from 1928 to February, 1932, inclusive, penalizing legitimate business, impairing their earning power, discouraging their efforts, and laying the foundation for a major bear movement which ensued in October, 1929.

On May 27, 1929, being most anxious to protect the country from the severity of a reaction which was at that time threatening and could have been modified, I called the attention of the administration to 10 different ways in which the Reserve Board and the reserve banks were contracting credit and currency and penalizing legitimate business and urged the administration to take steps to safeguard the country against the threatened collapse which ensued five months later. When they started to raise the rates of interest to 6 per cent, by wire and otherwise, I asked to be heard before it was done but was made to feel that

my effort to serve was an impertinence, for I did not receive the courtesy of an answer.

I put in the record before the Goldsborough subcommittee on the stabilization bills a copy of the 10 different ways in which the Reserve Board and the reserve banks were contracting credit and currency in the spring of 1929 (pp. 134–135).

Instead of maintaining the currency at the per capita of October, 1920, when it reached $53 per capita, they steadily contracted it, when it should have been raised after 1921 approximately 4 per cent per annum to correspond with the 4 per cent per annum of annual increase in production.

When the collapse of credit took place, October, 1929, on the stock exchange and the subsequent withdrawal of $8,000,000,000 of call brokers' loans, the Reserve Board and the reserve banks took no adequate steps to expand credit and currency and to defeat the threatened depression, but contracted credit and currency until forced by public hoarding to expand the reserve notes in 1931 and made the depression worse.

Now that the Committee on Banking and Currency of the House of Representatives by unanimous vote has approved the stabilization bill, the governor of the Federal Reserve Board comes forward and urges that the stabilization of the purchasing power of the dollar be left to him and the Federal Reserve Board and pleads that by expanding credit the evils of the industrial depression can be abated and corrected by the Reserve Board and the reserve banks.

This argument is a confession that they could have corrected the evils of this depression two years and a half ago by doing what they now say they will do as a remedy. Surely, we are justified in asking the governor of the Federal Reserve Board why, if he has this remedy at hand now, he has not availed himself of it for over two years and a half, and why the reserve banks were contracting credit as recently as January, 1932.

The Federal reserve banks and the Federal Reserve Board under 12 years of Republican administration have not only failed to use the great powers given them to stabilize credit and currency and business prosperity, but they have perverted their powers, caused the panic of 1921, and seriously contributed in 1929–1932 to the most devastating panic and depression ever known, causing losses of over $150,000,000,000 to the American people and a world-wide collapse of business.

The world depression is directly due to American mismanagement. Surely the millions of patriotic Republican citizens who are the innocent victims of unintelligent or unfaithful leadership would not approve such policies if they understood it, and certainly many progressive Republican leaders have deplored or denounced it.

The attempt of the Republican National Committee to put the responsibility of deflation and depression and the terrifying losses which have ensued on the Democratic Party deserves exposure, and I call your attention to the facts for such action as you may deem of value to the country.

Very sincerely yours,

ROBERT L. OWEN.

FREEDOM OF THE PHILLIPPINES

Mr. SNELL. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD by printing an article by the gentleman from New York [Mr. BACON] on the Philippines.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. SNELL. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include the following article by the gentleman from New York [Mr. BACON], a former Member of the Insular Affairs Committee:

After only 40 minutes' debate, under a drastic gag rule, a majority of the House of Representatives of the United States on April 4 passed a bill which, if enacted into law by the Senate (over a possible presidential veto), in all likelihood would bring these results:

1. The creation of an independent Philippine nation within eight years.

2. The commercial and perhaps military subjugation of that nation by a great eastern power within a comparatively short period.

3. A bloody rebellion or revolution within the Philippines.

4. The destruction of almost all of the Philippines' marvelous economic progress.

5. The creation of a new disturbing factor in the Far East, vastly increasing the possibilities of war in that sphere.

6. The shrinkage of an important market for the products of the United States, with loss of work for thousands of our people.

7. The weakening of all our relations with the Orient—the most promising field for American commercial expansion in the future.

As this is written it is impossible to say whether the folly embarked upon will be consummated—a folly disastrous alike to the people of the Philippine Islands and the people of the United States. Selfish, short-sighted commercial interests drove the "Philippine independence" bill through the House of Representatives. Only widespread understanding and knowledge here and in the Philippines as to the destructive character of the proposal for separation will prevent truly tragic results.

To many of our people at this time what may happen in the Philippines seems unimportant because of the very remoteness of the islands. Yet the effect of Philippine separation within the next few years would be less work in our cotton mills, our cigarette factories, our steel mills, and in other industries. We should be taking the first backward step in our friendly and mutually profitable intercourse with the eastern half of the world—the nations whose hundreds of millions of people are potential customers for all the surplus products we can produce, beyond our own needs.

True it is that the Philippines are far away from our shores. But it is far from true that these islands of the east and south are unimportant to us and to the other nations of the world. Yet because of their remoteness it is well to recall to our people some basic facts about the archipelago that came to us as the result of our war with Spain and over which we were given complete sovereignty by purchase and by treaty with that nation.

By that treaty we acquired dominion over approximately 7,100 islands, extending north more than 1,000 miles from a point not far above the equator, in the very shadow, one might say, of the great bulk of Asia. The great port of Hong Kong is only 631 miles from Manila, the capital of the Philippines—and Chinese sailing boats can cover the distance in four and a half days. The Japanese port of Nagasaki is only 1,306 miles from Manila. British Borneo, Dutch Sumatra, French Indo-China, and the Malay Peninsula, with all the islands of the East Indies, are "neighbors" in a geographical sense. Our own nearest mainland port, Seattle, is 5,943 nautical miles from Manila, and San Francisco is 6,221. Yet, despite the proximity of Japan and other oriental nations, the trade of the Philippines with the United States in 1929 (the last world-normal year) amounted to approximately $211,000,000, compared with a total for all other countries trading with the Philippine Islands of only $94,000,000.

Here, on these 7,100 islands, with an area of 114,000 square miles, live approximately 13,000,000 people of the Malay, or brown race. The area of the islands is about that of the New England States plus New York State; larger than Belgium, Denmark, Holland, Portugal, and Switzerland combined. About half the islands are forest covered and probably not more than half the arable land is cultivated, although the soil is rich and capable ultimately of supporting a population of 60,000,000. The islands are mountainous and full of mineral wealth—gold, silver, platinum, iron, coal, manganese, and copper.

Certainly the islands are rich enough in natural resources and sparse enough in population to tempt other nations if released by the United States and left unprotected. Less than two days distant by steamer is the most densely populated part of China—a region overcrowded with seething millions, periodically visited by famine and flood, with thousands perishing from starvation. Here is the pressure of overcrowded and vigorous population that well justified Gen. Leonard Wood in saying that under Philippine "independence" the Chinese would soon occupy all the fertile valleys and the Filipinos would be driven to the mountain tops. Nothing seems more certain than that if the Philippines were given so-called "independence" during the next decade, with economic pressure as it is in the Far East, there would be either peaceful or forceful penetration and commercial domination by the Chinese and Japanese, and a loss of the higher standard of living of western civilization. The American population is only about 6,000, and American investments are from $80,000,000 to $145,000,000.

To these far eastern islands, after nearly 350 years of Spanish misrule, the United States brought peace, order, and prosperity within a few years of the termination of the Spanish-American War. Schools were established, roads built, banditry suppressed; cholera, smallpox, and other diseases were virtually banished; and a government was instituted which gave the Philippine people, through their elected representatives, the power to make the laws and to maintain their own constabulary. Practically all administrative offices were filled by Filipinos.

At the head of this government is the Governor General, appointed by the President of the United States; yet even the most rabid Filipino politician makes no assertion that there has been cruelty or oppression under this form of government. The fact is that probably never in the history of the world has more rapid progress been made in educating and economically uplifting a large body of nearly primitive people. This is due not only to the application of American ideals but to the character of the people, who were described by Gen. Leonard Wood, when he was governor of the islands, as "property loving, law abiding, sympathetic, intelligent, hospitable, and neighborly," as well as keenly interested in education.

The progress made in a third of a century has resulted in a government that is self-supporting, so that our own expenditure is largely confined to the Army personnel in the Philippines—approximately $11,500,000 annually. This is an expense that would be part of the National Budget even if this part of our Army were returned to the United States; in other words, the Philippine Islands cost our Government nothing.

Thus we have established in the Far East an outpost of western civilization, with a population that will in time be almost entirely English speaking, due to the necessity of a common language. There is no one native tongue, but as many as 87 languages and dialects. In a total population of about 13,000,000, there are

1,300,000 children in school learning the English language. Probably nine-tenths of the people are Christians, but the minority represent a problem that I shall mention later.

I have recited these facts, about which there can be no controversy, that there may be a clear understanding by all as to what we are dealing with when we legislate on the fate of the islands—and our own fate as a world power.

One other essential fact remains to be stated: Under the Washington conference treaties with other great naval powers, by which armaments were limited, we agreed not to strengthen our defenses in the Philippines. We thereby put a stop to vast competitive expenditures for war purposes in the Far East. We also agreed to maintain the status quo in the Far East, and by giving up the Philippines we would be violating the spirit of the Washington treaties.

Now it remains to consider what happens if the Philippines are given "independence"—in practical effect, set adrift—in 8 or 10 years.

In the first place there probably would be sanguinary conflict in the islands, for one-third of the area is possessed by approximately a million Moros, occupying what is known as the Mahometan territory. These people were never subdued by Spain; they are not likely to be subdued by the Filipinos of the Christian island provinces. They are essentially different. Their faith is that of Islam. Their spoken language descends from the Arabian, with only a small mixture of Malayan words. Their written language shows a mingling of Sanskrit and Indian Arabic. They recognize the Sultan of Sulu and various other native chiefs, or datus, as they are called. There have been bloody conflicts in the past between the Mahometan Moros of the south and the Christian Filipinos in the northern islands. We disarmed the Moros and put weapons in the hands of the Filipino constabulary, so that they are able to exercise a semblance of authority. But take away the restraining hand of the United States, backed by wisdom and consideration in dealing with the proud Moro segment, and what happens when the Philippines attain independence? I think the best answer to that question is contained in this excerpt from a Moro petition submitted to Congress:

"Therefore we, in representation of nearly 500,000 Mahometan residents of Mindanao and Sulu, do solemnly affirm and declare:

"That we are loyal unto death to the United States.

"That in proof of this loyalty we have pledged ourselves, by the most solemn oath known to Mahometans, to die rather than submit to domination by Christian Filipinos from the north, and, if necessary, to die in order that the United States Congress, which heretofore has lent a deaf ear to our petitions, may now hear us."

And much more to the same effect, only in even stronger terms!

Remembering the long struggle of Ireland against England, remembering the hatreds and wars bred in Europe by forced allegiances of racial minorities, remembering the savage, bloody, long-sustained religious wars in the Orient, we may anticipate never-ending rebellion in the Moro Provinces if Philippine independence and sovereignty are now proclaimed. And remembering, too, the vast numbers of Mahometans in the territory adjacent to the Philippines, the conclusion is inescapable that a religious war of wide extent may again be precipitated in the Far East, disastrous to every great nation.

To understand the economic disaster that will be inflicted upon the Filipino people by separation from the United States one must know something of the forces which were aligned to secure passage of the "independence" bill through the House of Representatives.

Openly and covertly advocating separation of the Philippines and the United States were the paid lobbyists of Cuban and American sugar interests, who want to keep Philippine sugar out of this country by tariff barriers when "independence" becomes effective; and the lobbyists of dairy, cottonseed oil, and tobacco interests, who want to bar by import duties Philippine coconut oil (used mainly in making soaps and, to a small degree, margarine substitutes for butter) and Philippine cigars and tobacco.

We produce here only 1 pound of sugar out of every 5 pounds consumed by our people, so that to exclude Philippine sugar would be of the greatest benefit to Cuba.

The intended effect, of course, of limiting our importation of Philippine coconut oil is to increase the market and raise the price for domestically produced cottonseed oil, at the ultimate expense of the consumers of soap, for cottonseed oil will not make soap. The only result will be that the American people will have to pay more.

Now, assuming that these selfish objects are accomplished by the grant of independence and the imposition of tariffs against Philippine products for the benefit of limited classes in this country, what is the general effect?

Easily answered: First, the practical destruction of the means of livelihood of several million people in the Philippine Islands; the ruination of the banking systems of the islands, which have made loans for sugar and coconut oil and copra and tobacco production; and, last, but not least, probably rebellion by native workers who will be reduced to the low economic status of other struggling, suffering populations of the Far East.

These will be the direct effects in the Philippines. But we ourselves shall be punished and penalized, directly and heavily, for our act of hypocrisy in advancing certain special, selfish interests under the guise of liberation of a people already free for all practical intents and purposes.

We shall lose, first of all, the immense latent resources of the Philippines, such as its 486,000,000,000 board feet of commercial timber, largely rare hardwoods, not produced in the United States, and the islands' capacity for rubber production.

We shall lose a market—the largest we have in the world—for our cotton piece goods; for, of course, an independent Philippine nation would cancel the preferential tariff which now gives us the advantage in selling our cloth, the product of American mills, in the islands. The Philippine cotton goods trade keeps more than 250,000 acres of American farm lands and nearly 6,000 American mill hands busy.

With most of the purchasing power of the Philippines destroyed by an "independence" that will close our doors to the island products, Philippine demand—or ability to pay—for many other American products will terminate. In 1908 our exports to the Philippines amounted to only $5,000,000. By 1929 they had mounted to $85,000,000—enough money to keep scores of thousands of American workers busy producing goods for shipment across the Pacific; and the means of support of thousands of dependent women and children. In the 21 years from 1908 to 1929 our exports to the Philippine Islands increased 1,600 per cent, while our purchases from them advanced 1,045 per cent. Meantime, their purchases from foreign countries increased only 130 per cent; so that we had by far the greater share in this market of 12,000,000 people.

Consider the human factor again, in the slump of American exports to the Philippines that would surely follow separation. The millions of dollars' worth of iron and steel goods that we ship to the islands, even in a "low" year, represent the labor of more than 4,500 American workmen. Philippine importers are confident that the withdrawal of free trade would cost American exporters more than three-fourths of their present trade in iron and steel with the islands.

Despite the comparative proximity of the East Indies oil fields, and because of a protective tariff in our favor, we shipped to the Philippines in 1929 nearly 2,000,000 barrels of gasoline, lubricating oil, and similar products. We would lose practically all of this business with separation in effect.

The same year we sent to the Philippines and were paid for 114,340 automobile tires and 1,503,000 pairs of rubber footwear. We sold no fewer than 1,122,000,000 American cigarettes; 6,800 American automobiles, trucks, and busses; 32,000 sewing machines.

Although the Filipinos are a rice-eating people, their consumption of wheat flour has increased nearly fourfold since the establishment of free trade with the United States. Separation of the islands and this Nation politically is largely for the benefit of American sugar interests and cottonseed-oil producers. But with reduced purchasing power the islands will no longer be able to buy most of the flour, the production of which required the cultivation of more than 200,000 acres of wheatland in the United States. The Philippines in a normal year are among the six best markets for United States wheat products. Australia is nearer and its wheat and flour may be expected to capture the market after separation.

The Philippine people under American influence have become milk consumers to a greater degree than any other group of tropical people. Their lands are not suitable for dairy cattle—and so for several years they have been the largest market, on a dollars and cents basis, for condensed and evaporated milk produced in the United States. Philippine imports average a third of the total American exports of canned milks.

I might continue this itemization indefinitely to show the importance of the Philippine market from the standpoint of our workers and their employers. But I have said enough to demonstrate that the separation will bring about disruption and destruction of a trade of more than $200,000,000 annually (on the basis of 1929 exports and imports), with consequent loss of employment both in the Philippines and in our own country.

The Philippines, of course, are of some value as a naval base for the protection of our commerce with the Far East. But they are of the utmost importance as a commercial base for our peaceful entry with merchandise into the Orient. Too many of our people labor under the misapprehension that the Orient is dormant and means nothing to us. The fact is that the hope of the western world lies in the reawakening of the East, with an increase in the wants and buying power of its hundreds of millions of people.

That awakening can be achieved only by the expansion of trading between east and west. In the Philippines we already have a wonderfully fine commercial gateway to the Orient, with shipping facilities, a transshipment point, banking interests and resources.

Now it is proposed to cast off this outpost of American civilization and base for American trade with half the world—not for the real benefit of the Filipino people but to serve certain special interests in this country. We are choosing the worst possible time, from the standpoint of safety of the Filipino people and the safety of our own interests.

We are preparing to give other nations vitally interested in the Orient something else in the way of territory and resources to quarrel over, to covet, and to become the subject of international intrigue. We disturb naval relations and we lose power to protect our commerce in the East.

Such is the havoc that will be wrought if the "Philippine independence" bill becomes law. We could do no greater injury to the Filipino people than by this means. We do injury to our own people, employed in factory and on farm, if the bill becomes law. And by such legislation we would add one more point of disturbance and possible strife to a world that is trying to find the way to a lasting peace. No greater folly has been proposed since this country reached its majority in the family of nations.

SENATE BILL RETURNED

A bill of the Senate of the following title was taken from the Speaker's table and, under the rule, referred as follows:

S. 51. An act to authorize the building up of the United States Navy to the strength permitted by the Washington and London naval treaties; to the Committee on Naval Appropriations.

DEATH OF THE PRESIDENT OF FRANCE

Mr. LINTHICUM. Mr. Speaker, during my visit to France last year it was my great privilege and honor to meet in conference the President of the French Republic, M. Paul Doumer, at his summer palace on the outskirts of Paris. A more affable, able, and delightful gentleman I have never met in my life. He was beloved by the nation and made a wonderful President. The news that he had met an assassin's bullet in Paris on Friday last came to us as a great shock, and it was a great sorrow to subsequently learn that this distinguished and able gentleman, 78 years of age, had passed away.

I ask unanimous consent for the present consideration of a resolution, which I send to the desk.

The Clerk read as follows:

House Resolution 218

Resolved, That the House of Representatives of the United States of America has learned with profound sorrow of the death of the President of the French Republic, M. Paul Doumer, and sympathizes with the people of the French Republic in the loss of their beloved President.

Resolved, That the President be requested to communicate this expression of sentiment of the House of Representatives to the Government of France.

Resolved, That as a further mark of respect to the memory of President Doumer the House do now adjourn.

The SPEAKER. Is there objection to the present consideration of the resolution?

There was no objection.

The resolution was agreed to.

ADJOURNMENT

Accordingly (at 4 o'clock and 57 minutes p. m.), the House, under its previous order, adjourned until to-morrow, Tuesday, May 10, 1932, at 12 o'clock noon.

COMMITTEE HEARINGS

Tentative list of committee hearings scheduled for Tuesday, May 10, 1932, as reported to the floor leader by clerks of the several committees:

FOREIGN AFFAIRS

(11 a. m.)

Hearing: Ambassador Joseph C. Grew, ambassador to Turkey.

PATENTS

(10.30 a. m.)

Hearings on general revision of the design copyright law.

RIVERS AND HARBORS

(10.30 a. m.)

Hearings on New York, Virginia, Wisconsin, and Alabama projects.

MERCHANT MARINE, RADIO, AND FISHERIES

(10 a. m.)

Hearings on H. R. 10329, relating to application of the coastwise laws to the Virgin Islands.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of Rule XIII,

Mr. DAVIS: Committee on Merchant Marine, Radio, and Fisheries. H. R. 10674. A bill to amend section 14 of the shipping act, 1916, as amended by section 20 of the merchant marine act, 1920; with amendment (Rept. No. 1265). Referred to the House Calendar.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of Rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. BUTLER: A bill (H. R. 11966) to amend section 14 of an act entitled "An act to adjust water-right charges, to grant certain other relief on the Federal irrigation projects, and for other purposes," approved May 25, 1926 (44 Stat. 636), as amended (46 Stat. 249); to the Committee on Irrigation and Reclamation.

By Mr. McKEOWN: A bill (H. R. 11967) to reform the procedure of the Supreme Court of the District of Columbia where charges are preferred of professional misconduct, and for other purposes; to the Committee on the Judiciary.

By Mr. WELCH of California: A bill (H. R. 11968) to provide that the prevailing rate of wages shall be paid to laborers and mechanics employed in the construction of Federal-aid highways, and for other purposes; to the Committee on Roads.

By Mr. SMITH of Virginia: A bill (H. R. 11969) to provide for the construction of a suitable approach to the Arlington Memorial Bridge connecting Lee Boulevard (route No. 711 of Virginia) with the Memorial Bridge; to the Committee on Public Buildings and Grounds.

By Mr. SMITH of Idaho: A bill (H. R. 11970) providing for the control, regulation, and development of certain areas of the public domain in the State of Idaho, and for the creation of a livestock grazing reserve therein; to the Committee on the Public Lands.

By Mr. LINTHICUM: A bill (H. R. 11971) to fulfill certain treaty obligations with respect to water levels of the Lake of the Woods; to the Committee on Foreign Affairs.

By Mr. RAYBURN: Resolution (H. Res. 217) for the consideration of H. R. 11677, a bill to amend sections 5, 15a, and 19a of the interstate commerce act, as amended, and for other purposes; to the Committee on Rules.

By Mr. LINTHICUM: Resolution (H. Res. 218) relative to the death of M. Paul Doumer, late President of the French Republic; to the Committee of the Whole House.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of Rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. HESS: A bill (H. R. 11972) granting an increase of pension to Maggie Burke; to the Committee on Invalid Pensions.

Also, a bill (H. R. 11973) granting a pension to Kate Rudicill; to the Committee on Invalid Pensions.

By Mr. HOGG of Indiana: A bill (H. R. 11974) granting an increase of pension to Lois O. Lane; to the Committee on Invalid Pensions.

By Mr. KOPP: A bill (H. R. 11975) granting an increase of pension to Augusta L. Cozier; to the Committee on Invalid Pensions.

Also, a bill (H. R. 11976) granting an increase of pension to Carie A. Jones; to the Committee on Invalid Pensions.

By Mr. KURTZ: A bill (H. R. 11977) granting a pension to Angeline Roudabush; to the Committee on Invalid Pensions.

By Mr. MANLOVE: A bill (H. R. 11978) granting a pension to Ida C. Cantrell; to the Committee on Invalid Pensions.

By Mr. MARTIN of Oregon: A bill (H. R. 11979) for the relief of George R. Sharp; to the Committee on Military Affairs.

By Mrs. OWEN: A bill (H. R. 11980) authorizing the President of the United States to make a posthumous award of a distinguished flying cross to Glenn H. Curtiss, deceased, and to present the same to Lua Curtiss, mother of the said Glenn H. Curtiss, deceased; to the Committee on Military Affairs.

By Mr. PATTERSON: A bill (H. R. 11981) granting an increase of pension to Jefferson Tabor Cox; to the Committee on Pensions.

By Mr. RUDD: A bill (H. R. 11982) for the relief of George Migliorino; to the Committee on Naval Affairs.

By Mr. STEAGALL: A bill (H. R. 11983) granting a pension to Jack Carlton Hood; to the Committee on Pensions.

By Mr. SWING: A bill (H. R. 11984) granting an increase of pension to Flora V. Smart; to the Committee on Pensions.

By Mr. THOMASON: A bill (H. R. 11985) for the relief of Sarah A. Morris; to the Committee on Military Affairs.

By Mr. TIERNEY: A bill (H. R. 11986) granting a pension to Emma Hodge; to the Committee on Pensions.

PETITIONS, ETC.

Under clause 1 of Rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

7611. By Mr. ANDREWS of New York: Resolution adopted by the Niagara County Board of Supervisors, opposing reduction of the United States Naval Reserve unit now stationed at Niagara Falls; to the Committee on Naval Affairs.

7612. By Mr. BOHN: Petition of Michigan State Senate, indorsing House bill 11298, providing for the designation of the city of Detroit as a port of entry for antiques; to the Committee on Ways and Means.

7613. By Mr. CORNING: Resolution adopted by the board of directors of the Albany Chamber of Commerce, protesting against the proposed removal of customs facilities from the city of Albany; to the Committee on Appropriations.

7614. By Mr. CULLEN: Petition of the New York Florists' Club, favoring the modification or repeal of the Volstead Act, as this, in their opinion, will be of benefit, not only to the florist profession but to the entire country; to the Committee on the Judiciary.

7615. By Mr. CRAIL: Petition of Rubbercraft Corporation of Los Angeles, Calif., opposing tax on crude rubber coming into the United States; to the Committee on Ways and Means.

7616. Also, petition of many citizens of Los Angeles County, Calif., demanding appropriate steps toward the upholding of honor of American womanhood in Hawaii; to the Committee on the Territories.

7617. Also, petition of the Los Angeles Building Trades Council, Los Angeles, Calif., opposing any measure that would deprive the United States Department of Labor of full jurisdiction over Federal employment service or destroy the United States Employment Service's interstate aspect; to the Committee on Labor.

7618. Also, petition of Western Auto Supply Co., of Los Angeles, Calif., opposing tax on crude rubber coming into the United States and on automobile accessories; to the Committee on Ways and Means.

7619. By Mr. CULLEN: Petition of the directors of the Eastern Intercollegiate Association, representing the athletic interests of the colleges of the New England and Middle Atlantic States, seriously protesting against the imposition of a tax of 10 per cent on admission to intercollegiate athletic games; to the Committee on Ways and Means.

7620. By Mr. HOLLISTER: Resolution adopted by the American Supply & Machinery Manufacturers' Association, the National Supply & Machinery Distributors' Association, and the Southern Supply & Machinery Distributors' Association in triple joint convention at the Netherlands Plaza Hotel in Cincinnati, Ohio, on May 4, 1932, favoring an emergency industries' preservation act; to the Committee on Ways and Means.

7621. By Mr. JAMES: Telegram from C. Ron Daman, president of student organization, Michigan College of Mining and Technology, Houghton, Mich., protesting against the elimination from the War Department appropriation bill the provision abolishing Reserve Officers' Training Corps camps and citizens' military training camps and the reduction of 2,000 Regular Army officers; to the Committee on Appropriations.

7622. By Mr. KELLY of Pennsylvania: Petition of residents of Barnesboro, Pa., urging enactment of the Davis-Kelly coal stabilization bill; to the Committee on Interstate and Foreign Commerce.

7623. Also, petition of residents of Lilly and Cresson, Pa., urging enactment of the Davis-Kelly coal stabilization bill; to the Committee on Interstate and Foreign Commerce.

7624. Also, petition of residents of Charleroi, Pa., urging enactment of the Davis-Kelly coal stabilization bill; to the Committee on Interstate and Foreign Commerce.

7625. Also, petition of residents of Brockway, Pa., urging the enactment of the Davis-Kelly coal stabilization bill; to the Committee on Interstate and Foreign Commerce.

7626. Also, petition of residents of Rimersberg, Pa., urging the enactment of the Davis-Kelly coal stabilization bill; to the Committee on Interstate and Foreign Commerce.

7627. By Mr. KVALE: Petition of 179 residents of Douglas County, Minn., urging enactment of Senate bill 1197; to the Committee on Banking and Currency.

7628. Also, petition of Farmers' Union locals of Hector, Palmyra, Brookfield, Melville, Osceola, and Martinsburg Townships, Renville County, Minn., indorsing the Frazier bill; to the Committee on Banking and Currency.

7629. Also, petition of Farmers' Union locals of Hector, Palmyra, Brookfield, Melville, Osceola, and Martinsburg Townships, Renville County, Minn., favoring enactment of an inheritance tax and a gift tax, and a substantial increase in Federal tav laws; to the Committee on Ways and Means.

7630. Also, petition of Farmers' Union locals of Hector, Palmyra, Brookfield, Melville, Osceola, and Martinsburg Townships, Renville County, Minn., favoring enactment of the principles of the Wheeler bill, for the purpose of stabilizing the value of money; to the Committee on Banking and Currency.

7631. Also, petition of Farmers' Union locals of Hector, Palmyra, Brookfield, Melville, Osceola, and Martinsburg Townships, Renville County, Minn., favoring enactment of the principles of the McNary-Haugen plan, or the Swank-Thomas plan; to the Committee on Agriculture.

7632. Also, petition of Farmers' Union locals of Hector, Palmyra, Brookfield, Melville, Osceola, and Martinsburg Townships, Renville County, Minn., asking for instructions to American delegation at Geneva, etc.; to the Committee on Foreign Affairs.

7633. Also, petition of Farmers' Union locals of Hector, Palmyra, Brookfield, Melville, Osceola, and Martinsburg Townships, Renville County, Minn., favoring employment on public improvements for unemployed labor, and further favoring payment for such labor and necessary materials with non-interest-bearing bonds, etc.; to the Committee on Labor.

7634. Also, petition of Farmers' Union locals of Hector, Palmyra, Brookfield, Melville, Osceola, and Martinsburg Townships, Renville County, Minn., opposing Hawley-Smoot Tariff Act, and demanding that industrial schedules be reduced to the schedule of the Fordney-McCumber Act; to the Committee on Ways and Means.

7635. Also, petition of Farmers' Union locals of Hector, Palmyra, Brookfield, Melville, Osceola, and Martinsburg Townships, Renville County, Minn., urging closest economy consistent with good government; to the Committee on Expenditures in the Executive Departments.

7636. Also, petition of Willmar (Minn.) Lodge, No. 340, Brotherhood Railway Clerks, opposing House bill 11152, regarding pick-up service for parcel post in the Post Office Department; to the Committee on the Post Office and Post Roads.

7637. Also, petition of 16 residents of Terrace, Minn., opposing enactment of any blue laws at this time; to the Committee on the District of Columbia.

7638. Also, petition of Hibbing Post, No. 1221, Veterans of Foreign Wars, Hibbing, Minn., urging immediate payment of the adjusted-service certificates; to the Committee on Ways and Means.

7639. Also, petition of Duluth Lodge of B. F. L. and E., Veterans of Foreign Wars, urging immediate payment of adjusted-service certificates; to the Committee on Ways and Means.

7640. Also, petition of Commercial Club, Granite Falls, Minn., urging enactment of Senate bill 1197; to the Committee on Banking and Currency.

7641. Also, petition of Post No. 308, American Legion, Franklin, Minn., protesting against any change in the World War veterans act; to the Committee on Economy.

7642. Also, petition of Granite Falls Post, No. 69, American Legion, Granite Falls, Minn., protesting against any change

in the World War veterans' act; to the Committee on Economy.

7643. Also, petition of Association of Commerce, St. Paul, Minn., opposing the transfer of jurisdiction over river and harbor improvements from the Corps of Army Engineers to the proposed department of public works; to the Committee on Rivers and Harbors.

7644. Also, petition of Association of Manufacturers' Representatives, Minneapolis, Minn., urging reductions in public expenditures; to the Committee on Economy.

7645. Also, petition of Association of Manufacturers' Representatives, Minneapolis, Minn., opposing payment of adjusted-service certificates; to the Committee on Ways and Means.

7646. By Mr. LAMBERTSON: Resolution adopted by the Topeka Central Woman's Christian Temperance Union, Topeka, Kans., signed by the president, Anna B. Fisher, and the secretary, Marion Wiede, urging support of the prohibition law and its enforcement and against modification, resubmission, or repeal; to the Committee on the Judiciary.

7647. By Mr. LINDSAY: Petition of the American Banker, opposing the Glass Banking Act of 1932; to the Committee on Banking and Currency.

7648. Also, petition of the New York Florists' Club, New York City, favoring the modification of the Volstead Act and also its repeal; to the Committee on the Judiciary.

7649. Also, petition of United States Building and Loan League, Chicago, Ill., favoring the home land bill; to the Committee on Banking and Currency.

7650. Also, petition of the Ohio Chamber of Commerce, Columbus, Ohio, favoring the balancing of the Budget; to the Committee on Appropriations.

7651. Also, petition of Eastern Association for Selection of Football Officials, Bethlehem, Pa., protesting against the 10 per cent tax on admissions to intercollegiate athletic games; to the Committee on Ways and Means.

7652. By Mr. LUCE: Petition of Wellesley College Christian Association, Wellesley, Mass., relating to the reduction of War Department expenditures; to the Committee on Appropriations.

7653. By Mr. NOLAN: Petition from various organizations in Minneapolis, favoring Federal supervision of motion pictures; to the Committee on Interstate and Foreign Commerce.

7654. Also, petition of organizations in Minneapolis, favoring Federal supervision of motion pictures; to the Committee on Interstate and Foreign Commerce.

7655. By Mr. ROGERS: Petition of Polish-American Citizens Club, of Manchester, N. H., signed by Frank Bialon, W. L. Bigos, and W. S. Kijez, memorializing Congress to enact House Joint Resolution 144, General Pulaski's Memorial Day; to the Committee on the Judiciary.

7656. Also, resolution by the mayor and board of aldermen of Manchester, N. H., signed by Mayor Damase Caron, regarding the curtailment of Federal expenditures and a decrease in taxation; to the Committee on Economy.

7657. By Mr. RUDD: Petition of C. B. Axford, editor American Banker, opposing the Glass banking legislation; to the Committee on Banking and Currency.

7658. Also, petition of the New York Florists' Club, New York City, favoring the modification or repeal of the Volstead Act; to the Committee on the Judiciary.

7659. Also, petition of United States Building and Loan League, Chicago, Ill., favoring the passage of the home-loan bank legislation; to the Committee on Banking and Currency.

7660. Also, petition of the Ohio Chamber of Commerce, Columbus, Ohio, favoring the balancing of the Budget; to the Committee on Appropriations.

7661. By Mr. SNOW: Petition of William E. Fish, jr., and many other citizens of Bangor, Me., favoring passage of House bill 9891; to the Committee on Interstate and Foreign Commerce.

7662. Also, petition of George T. McCarthy and many other citizens of Bangor, Me., favoring passage of House bill 9891; to the Committee on Interstate and Foreign Commerce.

7663. By Mr. TIERNEY: Petition protesting against reduction of benefits to disabled veterans; to the Committee on Pensions.

7664. By Mr. WEST: Petition of 210 members of the Ohio Railroad Employees and Citizens League, protesting against the unjust, unreasonable, and discriminatory operation of inadequately regulated and taxed busses and trucks engaged in transportation, the subsidizing with public funds of water and other forms of transportation competitive with railroads; to the Committee on Interstate and Foreign Commerce.

7665. Also, resolution of the Licking County Rural Letter Carriers' Association, protesting against Senate bill 2490; to the Committee on the Post Office and Post Roads.

SENATE

TUESDAY, MAY 10, 1932

(Legislative day of Monday, May 9, 1932)

The Senate met at 12 o'clock meridian, on the expiration of the recess.

The VICE PRESIDENT. The Senate will receive a message from the House of Representatives.

MESSAGE FROM THE HOUSE

A message from the House of Representatives by Mr. Chaffee, one of its clerks, announced that the House had passed without amendment the following bill and joint resolution of the Senate:

S. 2775. An act to amend an act entitled "An act to incorporate the Masonic Mutual Relief Association of the District of Columbia," approved March 3, 1869, as amended; and

S. J. Res. 50. Joint resolution to authorize the Commissioners of the District of Columbia to close upper Water Street between Twenty-second and Twenty-third Streets.

The message also announced that the House had agreed to the concurrent resolution (S. Con. Res. 27) providing for the correction of an error in the enrollment of Senate bill 3584, relating to insurance corporations in the District of Columbia, with amendments, in which it requested the concurrence of the Senate.

The message further announced that the House had passed the following bill and joint resolution, in which it requested the concurrence of the Senate:

H. R. 7305. An act to permit construction, maintenance, and use of certain pipe lines for petroleum and petroleum products; and

H. J. Res. 154. Joint resolution to authorize the merger of street-railway corporations operating in the District of Columbia, and for other purposes.

MINERAL RESOURCES AS RELATED TO FARM LANDS (S. DOC. NO. 93)

The VICE PRESIDENT laid before the Senate a letter from the Secretary of Agriculture, submitting, pursuant to Senate Resolution No. 377, of the Seventy-first Congress, a report pertaining to the mineral resources of the country as related to farm lands, prepared in the Bureau of Agricultural Economics of the department, which was ordered to lie on the table and to be printed with an illustration.

DISPOSITION OF USELESS PAPERS

The VICE PRESIDENT laid before the Senate a letter from the Assistant Secretary of Labor, transmitting, pursuant to law, a list of papers and documents on the files of the Bureau of Labor Statistics and the Children's Bureau, which are not needed in the conduct of business and possess no historical interest, and asking for action looking to their disposition, which was referred to a Joint Select Committee on the Disposition of Useless Papers in the Executive Departments.

The VICE PRESIDENT appointed Mr. METCALF and Mr. COPELAND members of the committee on the part of the Senate.

AMENDMENT OF REVENUE BILL—TAX ON BEER

Mr. BINGHAM. Mr. President, I ask unanimous consent to introduce at this time an amendment to the revenue bill, which I ask to have printed and lie on the table. The amendment is a little difficult to understand because of some of the blind references to figures in it. I may say in explanation of it that it provides for the elimination of a number of nuisance taxes and the substitution therefor of a tax on beer in order to provide the necessary revenue.

As a matter of fact, the present revenue laws now on the statute books provide for a tax of $6 a barrel on beer. Therefore all that would be necessary to be done in order to take advantage of this tax would be to amend the Volstead Act by striking out the words "one-half of 1 per cent" wherever they appear in such act and insert in lieu thereof the words "4 per cent."

A conservative estimate of the amount of revenue which could easily be raised by this change is $375,000,000. Some persons estimate it to be as high as $500,000,000. Adopting the more conservative figure, it would provide sufficient revenue to meet the elimination of the taxes in the new bill which I propose to strike out. The amendment provides for eliminating all postal increases, including the 3-cent charge on first-class mail matter and the increases in second-class mail matter, the estimated returns from which amount to $160,000,000. I also propose to strike out the tax on admissions to movie theaters and other forms of entertainment, which are calculated to raise $110,000,000. The amendment provides for an elimination of the tax on telegrams and telephones, which is calculated to raise $24,000,000. It eliminates the tax on radios and phonographs, a loss of $11,000,000. A reduction is proposed in the tax on automobiles, putting the tax back to the House figure of 3–2–1 in lieu of the increase substituted by the Senate committee, amounting to $17,000,000. The amendment proposes to reduce the normal income-tax rates from the 3–6–9 rates as proposed in the Senate bill to the House rates of 2–4–7, a reduction of $29,000,000; and also to reduce the tax on lubricating oil from 4 cents to 2 cents a gallon, a loss of $22,000,000.

In short, the amendment would strike from the bill revenue-producing features totaling $373,000,000. By eliminating increased postage rates, increased taxes on admissions, new taxes on telephones and telegrams, new taxes on radios and phonographs, reducing increases in normal income-tax rates, reducing the tax on automobiles and on lubricating oil, and substituting therefor the legalizing of the manufacture and sale of good, wholesome beer, it is conservatively estimated to raise $375,000,000, or $2,000,000 more than the estimates for all the eliminated items. This is in line with the recommendations of the majority of the subcommittee which held hearings on the beer bills.

The amendment would not only eliminate the worst of the nuisance taxes but would immediately restore work to hundreds of thousands of unemployed and provide a new market for grain, coal, transportation, and numerous other articles for which there is now no demand.

The VICE PRESIDENT. The amendment will be printed and lie on the table.

PETITIONS AND MEMORIALS

The VICE PRESIDENT laid before the Senate a letter in the nature of a memorial from Eugene Jackson Koop, of New York City, N. Y., remonstrating against certain special payments to war veterans and their relatives, which was referred to the Committee on Finance.

He also laid before the Senate a letter in the nature of a memorial from the Lockport (N. Y.) Board of Commerce, remonstrating against the principle of Members of Congress answering certain communications by telegram instead of by letter, which was referred to the Committee on Post Offices and Post Roads.

He also laid before the Senate a communication from Everett G. Glidden, of Schenectady, N. Y., submitting a plan for the relief of economic conditions and unemployment, which was referred to the Committee on Education and Labor.

He also laid before the Senate a resolution adopted at the annual convention of the American Newspaper Publishers Association, of New York City, N. Y., favoring the passage of legislation providing for the retroactive repeal of the recapture provision of the transportation act of 1920, which was referred to the Committee on Interstate Commerce.

He also laid before the Senate a resolution adopted at the annual convention of the American Newspaper Publishers Association at New York City, N. Y., favoring the passage of legislation applying to radio advertising the same provisions of law as are imposed upon newspapers by the postal laws and regulations, which was ordered to lie on the table.

He also laid before the Senate a resolution adopted by the Thomas Nelson, Jr., Chapter, Sons of the American Revolution, Newport News, Va., favoring the passage of legislation providing for the building up of the Navy to the Washington and London treaties strength, which was ordered to lie on the table.

He also laid before the Senate a letter from W. A. Denson, of Birmingham, Ala., relative to the alleged duty of Congress in connection with regulating the value of money, which was ordered to lie on the table.

He also laid before the Senate a resolution adopted by the faculty of the Pennsylvania Military College, of Chester, Pa., favoring the adoption of the sales tax in the pending tax bill for the purpose of balancing the Budget, which was ordered to lie on the table.

Mr. ASHURST presented a telegram in the nature of a petition from H. M. Purcell, M. D., of Phoenix, Ariz., praying for the passage of the bill (S. 4436) to amend sections 305 (a) of the tariff act of 1930, and sections 211, 245, and 312 of the Criminal Code, as amended, which was referred to the Committee on the Judiciary.

He also presented a telegram in the nature of a memorial from Mrs. David W. Russell, State regent, Arizona Society, Daughters of the American Revolution, of Prescott, Ariz., remonstrating against cuts in appropriations affecting the national defense, which was referred to the Committee on Appropriations.

He also presented a telegram in the nature of a memorial from F. L. J. Carroll, department commander, Veterans of Foreign Wars, of Phoenix, Ariz., remonstrating against cuts in the appropriations affecting the national defense and military activities, which was referred to the Committee on Appropriations.

He also presented a telegram in the nature of a memorial from John J. Durkin, editor Southwestern Labor Record, Tucson, Ariz., remonstrating against inclusion of a manufacturers' sales tax in the pending tax bill, which was ordered to lie on the table.

He also presented telegrams in the nature of memorials from the Liberty Theater, by Adah Cadwell, of Holbrook; the Chamber of Commerce of Winslow; Charles Born, of the Elks' Theater, of Prescott; Sultana Theater Co., by Charles M. Proctor, of Williams; A. R. Cavaness & Sons, of the Plaza Theater, and Oscar Irvin, both of Phoenix, all in the State of Arizona, remonstrating against the imposition of a tax on admissions to amusements, which were ordered to lie on the table.

Mr. WALCOTT presented the petition of the Connecticut State Association of Letter Carriers, praying for the passage of the so-called Sweeney bill, being House bill 6183, to promote substitute postal clerks and carriers, etc., which was referred to the Committee on Post Offices and Post Roads.

He also presented the memorial of members of the congregation of the First Methodist Episcopal Church of Stamford, Conn., remonstrating against a referendum in connection with the repeal of the eighteenth amendment of the Constitution, which was referred to the Committee on the Judiciary.

He also presented memorials and papers in the nature of memorials of William H. Gordon Post, No. 50, of Ansonia; Bolton-Kasica Post, No. 68, of Berlin; Dilworth-Cornell Post, No. 102, of South Manchester; Campilio-Holmes Post, No. 123, of Rockyhill; Westville Post, No. 39, of New Haven; and Carlson-Sjovall Post, No. 105, of Cromwell, all American Le-

gion posts, in the State of Connecticut, remonstrating against the passage of legislation curtailing the benefits accorded to World War veterans, which were referred to the Committee on Finance.

He also presented petitions and papers in the nature of petitions of New Haven Post, No. 47, of New Haven; Kiltonic Post, No. 72, of Southington, both of the American Legion, and Frank Badstuebner Post, No. 2090, Veterans of Foreign Wars, of Rockville, all in the State of Connecticut, praying for the immediate payment of adjusted-compensation certificates (bonus) of World War veterans, which were referred to the Committee on Finance.

He also presented memorials and papers in the nature of memorials of the Master Builders' Association and the Association of Insurance Agents, both of New Haven; the State Exchange Club and the Putnam Chamber of Commerce, both of Putnam, in the State of Connecticut, remonstrating against the immediate payment of adjusted-compensation certificates (bonus) of World War veterans, which were referred to the Committee on Finance.

He also presented a letter from the Broadway Parent-Teacher Association, of Mystic, Conn., indorsing the so-called Brookhart bill, relative to the block booking of motion pictures, which was ordered to lie on the table.

He also presented a telegram in the nature of a memorial of the Bridgeport Metal Goody Manufacturing Co., of Bridgeport, Conn., remonstrating against the imposition of a tax on containers used in the perfume and cosmetic industry, which was ordered to lie on the table.

He also presented the memorial of the Woman's Club of Winsted, Conn., remonstrating against the imposition of a tax on clocks, which was ordered to lie on the table.

He also presented memorials of the Association of Cashiers of Hartford Investment Bankers and employees of Shaw & Co., both of Hartford, Conn., remonstrating against the imposition of a tax on sales of securities, which were ordered to lie on the table.

He also presented memorials of Plainfield Granges, Nos. 54 and 140, of Plainfield, and Tolland Grange, No. 51, of Tolland, all of the Patrons of Husbandry, and sundry citizens of Willimantic, all in the State of Connecticut, remonstrating against the imposition of taxes on the automobile industry, which were ordered to lie on the table.

He also presented a telegram in the nature of a memorial of sundry citizens, being jewelers, of Danbury, Conn., remonstrating against the imposition of a tax on jewelry, which was ordered to lie on the table.

Mr. COPELAND presented a resolution adopted by the Niagara County (N. Y.) Board of Supervisors, remonstrating against any discontinuance or reduction in size of the United States Naval Reserve unit stationed at Niagara Falls, N. Y., which was referred to the Committee on Naval Affairs.

He also presented a petition of employees of the Erie Railroad, residing in Nyack, N. Y., praying for the enactment of legislation providing for the establishment of a pension system for railroad employees, which was referred to the Committee on Interstate Commerce.

He also presented a communication from the New York Chapter, Knights of Columbus, of the city of New York, indorsing House bill 8686, concerning recognition of the military status of persons who honorably served with the American Red Cross and kindred American organizations of the United States forces during the World War, which was referred to the Committee on Military Affairs.

He also presented a resolution adopted by members of the United Bowling Clubs of New York (Inc.), of New York City, favoring the repeal of the eighteenth amendment to the Constitution, which was referred to the Committee on the Judiciary.

He also presented a resolution adopted by the New York Florists' Club, of New York City, favoring the modification or repeal of the Volstead Act, which was referred to the Committee on the Judiciary.

He also presented a resolution adopted by the board of directors of the Albany Chamber of Commerce, of Albany, N. Y., protesting against the removal of customs facilities in the city of Albany, which was referred to the Committee on Finance.

He also presented petitions of the Westchester County Council, Veterans of Foreign Wars, of Westchester County, N. Y., and of Joshua Earl Sipes Post, No. 505, American Legion, of Curwensville, Pa., praying for the enactment of legislation providing for the immediate cash payment of World War adjusted-compensation certificates (bonus), which were referred to the Committee on Finance.

He also presented a resolution adopted by Woodhaven Post, No. 118 (Inc.), American Legion, of Woodhaven, N. Y., protesting against the enactment of legislation proposing to reduce the benefits for disabled World War veterans, which was referred to the Committee on Appropriations.

He also presented a communication from the National Economy Committee of New York City, N. Y., transmitting a petition of citizens of the State of New York for a redress of grievances, praying the elimination of appropriations for veterans of wars whose disabilities were not incurred in service, which was referred to the Committee on Appropriations.

He also presented a resolution adopted by the American Society of Landscape Architects (Inc.), of Boston, Mass., favoring the elimination from the District of Columbia appropriation bill of the provision withdrawing authority from the National Capital Park and Planning Commission to incur obligations for preservation of the Great Falls of the Potomac in the establishment of the George Washington memorial parkway and other park projects for the Washington region, which was referred to the Committee on Appropriations.

He also presented a memorial of the Radio Association of Western New York, of Buffalo, N. Y., and of members of the Rochester (N. Y.) Amateur Radio Association, remonstrating against the inclusion of fees in House bill 7716 imposed on amateur radio stations, which were ordered to lie on the table.

He also presented a resolution of the directors of the Eastern Intercollegiate Association, remonstrating against a 10 per cent tax on admissions to intercollegiate athletic games, which was ordered to lie on the table.

He also presented a resolution of the Northern Federation of Chambers of Commerce, Messena, N. Y., favoring a duty on ground wood and chemical pulp and imports of other products which are sold below the cost of production in the United States, which was ordered to lie on the table.

ACTION IN THE ECONOMIC SITUATION

Mr. BARBOUR presented a telegram from the Manufacturers' Association of New Jersey, signed by J. Philip Bird, its president, embodying a resolution adopted by that organization, which was ordered to lie on the table and to be printed in the RECORD, as follows:

ATLANTIC CITY, N. J., *May 7, 1932.*

Hon. W. WARREN BARBOUR,
Senate Office Building, Washington, D. C.:

The following resolution was unanimously adopted this morning:

"*Be it resolved by the Manufacturers Association of New Jersey, in convention assembled,* That they greet with thankfulness and elation the nonpartisan effort and leadership of the President of the United States to bring to an end the petty posturing of special groups and individuals seeking their own personal agrandizement at the cost of the continued suffering of the people of this country in this time of business depression and unemployment; that this association, constituted of over 3,900 members, whose employees number even in these times more than 460,000, and constitute 85 per cent of the manufacturing industries of the State of New Jersey, pledge their whole-hearted support of the President in this nonpartisan action looking to a prompt and financially sound solution of the problems of governmental revenue and expenditure. The members of this association have been thoroughly disgusted with the inefficiency, selfishness, and lack of even ordinary common sense exhibited by certain elements of the Government of the United States, and this association demands that the nonpartisan leadership of the President be accepted without question, that the political posturing by groups in Congress cease, and that constructive action be taken without fear or favor for the interests of this Nation as a whole and not for the interest of any class or party or faction, no matter how vociferous or unreasonable. The members of this organization have reached the limit of patience. They refuse to see employees standing idle waiting for work and kept in that condition while a few men and groups in this country disport themselves at the expense of the suffering of the idle. This association further

"*Resolved*, That copies of this resolution be immediately telegraphed to the President of the United States and to each Member from New Jersey of the Congress of the United States in order that there shall be no lingering doubt in the mind of anyone as to the attitude of this association and of its members and of their demand for immediate action."

MANUFACTURERS ASSOCIATION OF NEW JERSEY,
By J. PHILIP BIRD, *President*.

TAX ON AUTOMOBILES AND TRUCKS

Mr. VANDENBERG. Mr. President, the considered business judgment of leaders in industry can not be ignored by the Senate in respect to the results of prospective new taxation. Even under the pressure of need to complete the tax bill in the shortest possible time we dare not neglect frank study of the economic effects of our tax action. The Senate committee's report not only retains but increases the special and discriminatory levies upon automobiles, trucks, and parts. I shall discuss this matter in detail when the tax bill is before us. It can not be pushed through without full hearings. The implications are too serious. The livelihood of 4,000,000 men is involved. At this immediate moment I am simply warning the Senate that these motor taxes, in the view of experienced men who know whereof they speak, are calculated to stunt employment and thus increase rather than diminish the national emergency. I content myself to-day with a request that there be printed in the RECORD a telegram filed yesterday with the Finance Committee by eight American business executives, whose judgment can not be ignored in perfecting rational and safe tax legislation.

There being no objection, the telegram was ordered to lie on the table and to be printed in the RECORD, as follows:

News that the Finance Committee has voted heavy taxes against automobiles, trucks, parts, accessories, and rubber is a distinct shock to those in the automobile business in every State. Coming at this time, when practically all of us in the automotive business are operating at a loss, this burden placed upon our industry and its users is certain to make itself felt in increased unemployment and additional hardships upon the 4,000,000 workers dependent upon the automotive trade. Such a heavy portion of the new tax bill should not be at the expense of the revival of the largest business in this country. As representatives of our industry we urge you to reconsider the piling up of burdens upon the automotive and all its related business and to give us a chance to bring back employment everywhere.

ALFRED P. SLOAN, Jr.,
President General Motors Corporation.
EDSEL B. FORD,
President Ford Motor Co.
ALVAN MACAULEY,
President Packard Motor Car Co.
A. R. ERSKINE,
President Studebaker Corporation.
C. W. NASH,
President Nash Motor Co.
ROY D. CHAPIN,
Chairman of the Board, Hudson Motor Car Co.
R. P. PAGE, Jr.,
President Autocar Co.
WALTER P. CHRYSLER,
President Chrysler Corporation.

CREDIT EXPANSION BY USE OF TRADE ACCEPTANCES

Mr. VANDENBERG. Mr. President, the chairman of the Westinghouse Electric & Manufacturing Co., Mr. A. W. Robertson, made an interesting suggestion in a recent address before the University of Pittsburgh bearing upon commercial credit expansion through the use of trade acceptances. From such a source, the suggestion is worthy of serious attention. Its importance lies in the fact that it is addressed to ways and means and methods within complete control of business itself and in no degree dependent upon governmental action. After pointing out that our annual national income has been cut in half, although the total cost of government up and down the country remains almost static, and although interest charges are just as heavy upon the debtor as ever, and after commenting that this means 45 per cent of the national income instead of 20 per cent is consumed in these fixed charges, Mr. Robertson goes ahead with the suggestions, which deserve attention. I ask that his subsequent comments be published in the RECORD and referred to the Committee on Banking and Currency.

There being no objection, the matter was referred to the Committee on Banking and Currency and ordered to be printed in the RECORD, as follows:

Intelligent students of the problem and people whose judgment I respect and trust all agree that there are two ways out of the mess we are in.

The first is to follow along the bankruptcy road on which we are going and foreclose every mortgage and wipe out enough of the debts by bankruptcy and default to bring them down to some unknown level and start afresh from there. This would mean frightful losses. Following such a course, we could not expect to return to the prosperity of the past for a long time.

The other road is a happier one. It is to bring our income back to the $90,000,000,000 level, where it was when we started to deflate everything and everyone except governmental expenses and debts. These two items now take approximately 45 per cent of all we make. Double our income and these items will take less than one-fourth of our income, which will still be too much of it. This would avoid foreclosures and receivership and would make possible the orderly discharge of our obligations. Our incomes can be increased by increasing the price level, which can be done by increasing the amount of monetary exchange or credit available for business. The supply of monetary exchange or credit has dropped to two-thirds of what it was in 1929. It can be brought back to what it was and without danger. In addition to what can be done through the operations of the Federal reserve system—and you are doubtless aware of the new open-market policy of the Federal Reserve Board, under which the system is buying Government securities at the rate of about $100,000,000 a week, thereby forcing money on the banks and driving the yield on Government securities down to such unattractive levels that banks will eventually be forced to seek other investment channels or opportunities for commercial lending—in addition to this, I say, the supply of credit can be increased by the use of trade acceptances in ordinary productive, commercial transactions; i. e., to pay our current bills for goods purchased for resale or materials bought for manufacture by accepting 90-day drafts, which can be discounted at commercial banks and rediscounted, where necessary, at a Federal reserve bank, thus affording commercial paper collateral for Federal reserve note issue. It has been done before and is always done in good times, and if done now would help materially to improve conditions and stimulate business generally. This practice can do no harm and can not in any sense be called fiat-money inflation. It would simply help to restore the price level and the normal relation between income and debt burden. The stimulation due to this increase in credit would not perform a miracle, but it would go far toward reviving business and restoring prosperity.

ENROLLED BILL PRESENTED

Mr. VANDENBERG (for Mr. WATERMAN), from the Committee on Enrolled Bills, reported that on the 9th instant that committee presented to the President of the United States the enrolled bill (S. 283) to provide for conveyance of a certain strip of land on Fenwick Island, Sussex County, State of Delaware, for roadway purposes.

REPORTS OF COMMITTEES

Mr. TYDINGS, from the Committee on the District of Columbia, to which was referred the bill (S. 3792) to amend sections 5 and 6 of the act of June 30, 1906, entitled "An act to prohibit the killing of wild birds and wild animals in the District of Columbia," and thereby to establish a game and bird sanctuary of the Potomac River and its tributaries in the said District, reported it without amendment and submitted a report (No. 672) thereon.

Mr. KEAN, from the Committee on the District of Columbia, to which was referred the bill (S. 3053) to promote safety on the streets and highways of the District of Columbia by providing for the financial responsibility of owners and operators of motor vehicles for damages caused by motor vehicles on the public highways in the District of Columbia; to prescribe penalties for the violation of the provisions of this act, and for other purposes, reported it with amendments and submitted a report (No. 673) thereon.

Mr. REED, from the Committee on Finance, to which was referred the bill (S. 3543) for the relief of Robert Emil Taylor, reported it without amendment and submitted a report (No. 674) thereon.

Mr. TOWNSEND, from the Committee to Audit and Control the Contingent Expenses of the Senate, to which was referred the resolution (S. Res. 208) authorizing the employment of a clerk in the disbursing office of the Senate, reported it without amendment.

BILLS AND JOINT RESOLUTION INTRODUCED

Bills and a joint resolution were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. GEORGE:

A bill (S. 4617) granting a pension to Julia Bush; to the Committee on Pensions.

By Mr. WALSH of Massachusetts:

A bill (S. 4618) for the relief of P. F. Gormley Co.; to the Committee on Claims.

By Mr. COUZENS:

A bill (S. 4619) granting an increase of pension to Sarah F. Carpenter (with accompanying papers); to the Committee on Pensions.

By Mr. SHIPSTEAD:

A bill (S. 4620) granting an increase of pension to Nora Mitchell (with accompanying papers); to the Committee on Pensions.

By Mr. ROBINSON of Indiana:

A bill (S. 4621) granting a pension to Annie B. Schubert (with accompanying papers);

A bill (S. 4622) granting an increase of pension to Charlotte A. David (with accompanying papers); and

A bill (S. 4623) granting an increase of pension to Lucy S. Kemp (with accompanying papers); to the Committee on Pensions.

By Mr. THOMAS of Oklahoma:

A bill (S. 4624) for the conservation of oil and gas and protection of American sources thereof from injury, correlation of domestic and foreign production, and consenting to an interstate compact for such purposes; to the Committee on the Judiciary.

By Mr. HAYDEN:

A bill (S. 4625) for the relief of W. L. Johnson; to the Committee on Public Lands and Surveys.

By Mr. JONES:

A bill (S. 4626) placing postmasters under the civil service, and for other purposes; to the Committee on Post Offices and Post Roads.

A bill (S. 4627) to authorize an appropriation for the construction of a road on the Makah Indian Reservation, Wash.; to the Committee on Indian Affairs.

By Mr. WATSON:

A bill (S. 4628) granting an increase of pension to Viola Smith (with accompanying papers); to the Committee on Pensions.

By Mr. COPELAND:

A joint resolution (S. J. Res. 156) authorizing the Reconstruction Finance Corporation to make loans to a municipality for the relief of unemployment; to the Committee on Banking and Currency.

HOUSE BILL AND JOINT RESOLUTION REFERRED

The following bill and joint resolution were each read twice by their titles and referred to the Committee on the District of Columbia:

H. R. 7305. An act to permit construction, maintenance, and use of certain pipe lines for petroleum and petroleum products; and

H. J. Res. 154. Joint resolution to authorize the merger of street-railway corporations operating in the District of Columbia, and for other purposes.

INCREASE OF BANKING FACILITIES—AMENDMENTS

Mr. BLAINE, Mr. NORBECK, and Mr. DICKINSON each submitted an amendment; Mr. COPELAND submitted 3 amendments; Mr. METCALF submitted 5 amendments; and mr KEAN submitted 17 amendments, intended to be proposed by them, respectively, to the bill (S. 4412) to provide for the safer and more effective use of the assets of Federal reserve banks and of national banking associations, to regulate interbank control, to prevent the undue diversion of funds into speculative operations, and for other purposes, which were severally ordered to lie on the table and to be printed.

FEDERAL RESERVE AUTHORITIES AND GOVERNMENT SECURITIES

Mr. HOWELL submitted a resolution (S. Res. 211), which was read, considered by unanimous consent, and agreed to, as follows:

Resolved, That the Federal Reserve Board is hereby requested to report to the Senate as soon as practicable the amount of Government securities purchased, sold, and held by the Federal reserve authorities for each calendar month beginning with the month of January, 1919, and ending with the month of April, 1932.

CREDIT EXPANSION—ARTICLE BY CLARENCE POE

Mr. GEORGE. Mr. President, I desire to have inserted in the RECORD an article by Clarence Poe, president of the Progressive Farmer-Ruralist Co., dealing with the question of credits. Without approving the remedies suggested in full, the article is worthy of careful consideration.

The VICE PRESIDENT. Without objection, leave is granted.

The article is as follows:

[From the Progressive Farmer-Ruralist, May 1–14, 1932]

THE FIGHT FOR "HONEST MONEY" NOW FEATURES THE WORLD'S NEWS

(By Clarence Poe, president the Progressive Farmer-Ruralist Co.)

If the average well-informed American citizen could speak to our average Senator or Representative in Washington, we believe he would say something like this:

"The plain people of America are pleased with the seriousness with which you are going about your work.

"You did well in passing the Reconstruction Finance Corporation act.

"You did well in passing the Glass-Steagall Currency Expansion Act.

"You did well in killing the sales tax and substituting higher income and inheritance taxes, etc.

"You are doing well in promoting governmental economy.

"You will render all America a magnificent service if you pass the proposed plan for guaranteeing bank deposits.

"Yet no one of these things, nor all of them combined, can restore prosperity until you provide for two other things:

"1. Either so increase prices of cotton, wheat, tobacco, and other commodities or so deflate the dollar that our colossal debt burden can be paid off with dollars of the same value that dollars possessed when these debts were created, and

"2. Provide for a genuinely stable system of money from now on."

Since this issue will definitely present itself to Congress this month, we wish briefly to review the outstanding facts involved.

I. HOW DEFLATION HAS DOUBLED FARM DEBTS

Every Congressman and Senator knows how tremendously all forms of debt have increased in the last 15 years—Federal debts, State, county, municipal, and private debts; debts to commercial banks, land banks, mortgage companies, and all financial institutions. And all these debts, public and private, have practically doubled because of the increased value of money. As National Master L. J. Taber of the National Grange has pointed out, if a farmer made a debt so recently as 1930 it now takes 77 per cent more farm products to pay the principal of the debt than then; and Mr. Taber has compiled the following table showing in terms of what the farmer has to sell, just how much he now has to pay in the form of farm products for each $100 borrowed (or each $100 of debt incurred) in any of the years indicated in the table—in principal alone besides increased interest:

Year $100 borrowed:	Present amount
1930	$177
1929	202
1928	208
1927	209
1926	196
1925	217
1924	215
1923	200
1922	197
1921	180
1920	230
1919	333
1918	308
1917	291
1916	225

There can be no economic recovery that ignores this fundamental situation. As James C. Stone, of the Federal Farm Board, said recently:

"The fellow who is in debt and whose debt was created when commodity values were much higher than now has only three ways to get out. He can repudiate his debt because he can not hope to pay it when the commodity upon which he based the debt was then selling it for four times what it is now. For example, if a cotton grower borrowed money on his land when cotton was 25 cents a pound, it now takes five bales to pay the debt where it took only one when the debt was created—and it is impossible for him to produce five bales where he produced one then. The second way out for the farmer is for the price of the commodity to rise within a reasonable distance of where it was when that debt was created. The third alternative is in some way to provide cheaper money for him to pay his obligation. One of these three things is going to happen. We are going through the repudiation stage now and have been for several years. If that continues, it will be a long-drawn-out process and it will keep business and finances upset. A great many people think that is the natural normal way for it to adjust itself, but personally I do not. One of the other ways should be adopted, and I do not believe it will be necessary for us to go off the gold standard to do it."

II. BUSINESS MEN SUFFER EQUALLY WITH FARMERS

And not only is it impossible for agriculture to recover without either increased commodity prices or deflated debts, but the same thing is true of all business. From no farm leader, from no

spokesman of agrarian opinion, has Congress had any warning more emphatic or clear-cut than this voiced by the ablest organ of American business, the Business Week, of New York City:

"The only remaining road to recovery for ourselves and the world is by concerted and courageous action, through governments and central banks, to raise the commodity price level and reduce the value of gold to the level at which it was when the bulk of the world's public and private debt burdens were contracted. Otherwise universal bankruptcy, default, and repudiation are unavoidable."

III. THE FUNDAMENTAL DISHONESTY AND IMMORALITY OF OUR PRESENT MONEY SYSTEM

If "universal bankruptcy, default, and repudiation" were necessary as a result of following rigid rules of honesty and fair dealing, that would be one thing. But when all this disaster is the result rather of a fundamentally immoral and dishonest standard of values (or absence of standards), the situation becomes entirely different. When we reflect that all debts must really be paid in commodities, and when we find the financial committee of the League of Nations reporting that whereas in 1928 it took 100 units of commodities to pay a debt of 100 gold units, to-day it requires 170 units of commodities, we must agree that this is not only "the crux of the crisis," but presents a ghastly and flagrant perversion of essential morality. As C. V. Gregory says: "If Congress had passed a law in 1926 requiring every debtor to pay back $1.50 for every $1 he had borrowed, besides interest, we would have had a revolution. Yet that is what deflation has done. Suppose Congress had passed a law in 1926 doubling the size of the bushel basket or the number of pounds in a bushel, and had told us that in measuring our products to pay our debts, we must give the same number of bushels of grain, but measure it out in these new and enlarged bushel baskets! By failing to take action to stabilize the value of money, Congress has done what amounts to the same thing."

When such conditions prevail and when a man may pay and pay on the principal of a debt and still find himself owing the creditor more in goods and commodity values than at first, then the Government is simply permitting robbery under the sanction of law. As Dr. Irving Fisher, of Yale University, said in substance before a Congressional committee recently:

"Not only are we having a tragic liquidation of debts through foreclosures, etc., but it is a liquidation that does not liquidate. You may pay $300 on a $1,000 debt, only to find that you have increased your indebtedness to $1,100 in terms of commodities. So in spite of all that America has paid on its debts there has been no real liquidation since 1929. We are now in debt more than we were then in terms of what we have to pay with. We are told that the national debt has been reduced by 28 per cent, but that is an illusion. The remainder must be paid by taxes paid by the farmer and factory, in commodities. Instead of our debt being reduced from twenty-five billions to nineteen billions, it now stands at thirty-five billions in market-basket dollars—ten billions more than it was in 1924. Of America's gross debt we have liquidated fifty billions of two hundred billions indebtedness, but now find ourselves with a debt of two hundred and thirty billions in market-basket dollars. Some think that we are working our way out but we are working ourselves in."

IV. WHAT CAN CONGRESS DO ABOUT THE SITUATION?

If the commodity price level of 1920–1930 can be restored and thereafter steadily maintained wholly by Federal reserve action, good and well. But millions believe that it is going to be necessary to provide that hereafter the quantity of gold in our standard dollar shall be increased or decreased so as to equal the average 1920–1930 purchasing power of a dollar. This could be done by storing gold bullion in the United States Treasury and issuing not coin but certificates against it—just as is now done with our silver certificates.

After the tragic experiences America has just been through, all enterprises will lag, all business will halt, all enterprise will be frightened, all development will be checked if every man on the farms and in business must make future plans with no assurance as to whether the dollar at pay time will be worth 50 cents, $1, $1.50, or $2 in commodity values. On the contrary, if as a result of this depression Congress will for all future time provide two such measures as are now under consideration—(1) Government guaranty of bank deposits and (2) a stable currency system based on average 1920–1930 commodity prices—then both American agriculture and American business can at once go forward to an assured and permanent prosperity.

PRESENTATION OF BUST OF GEORGE WASHINGTON TO ARIZONA

Mr. ASHURST. Mr. President, I ask leave to print in the RECORD the dedicatory address of Hon. C. O. Case, superintendent of public instruction of Arizona, and the response thereto of Gov. George W. P. Hunt upon the presentation to the State of Arizona of a bust of General Washington by the United States Commission for the Celebration of the Two Hundredth Anniversary of the Birth of George Washington, on April 30 last.

The VICE PRESIDENT. Without objection, it is so ordered.

The addresses are as follows:

ADDRESS OF C. O. CASE, SUPERINTENDENT OF PUBLIC INSTRUCTION FOR ARIZONA

Firesides endangered, human rights imperiled—the intensity of intangibles—stir armies to victory.

In the Revolutionary War, Americans, inadequately armed, suffered from want of food and clothing; but, fighting for a principle, surprised and captured the hired Hessians, who, with nothing to fight for, were celebrating their pay day in a night of drunken debauch.

Washington, trained only in the military tactics of the frontier, was "first in war" because he shared preeminently with the men he led their faith in that for which they fought, their dauntless courage, their deathless dream of right, triumphant.

Washington, also "first in peace," in the discharge of civic duty, was the leader of men whose ideals have made this Nation great.

Leading the armies that won America independence, presiding in the convention that adopted the Federal Constitution, serving as first President of the United States, retired, a private citizen at Mount Vernon, Washington was ever "first in the hearts of his countrymen." Enshrined, he will always hold that place in our hearts.

We have reached a new historic milestone, the two hundredth anniversary of the birth of George Washington. In celebrating this anniversary we celebrate the birth of new ideals in government, rekindle the camp fires of Valley Forge, renew acquaintance with the best and most enduring in the Republic that Washington helped to establish.

The present is the past. The living present is such part of the past as is kept alive by appreciation and proper recognition. Personalities like that of Washington live, participating potentially in public life if a nation in its attitude will permit them. When national indifference to them prevails and appreciation becomes dormant or stinted, national decline has begun.

Down the centuries, establishing monarchies, obliterating republics, with the stride of a giant, came the force of an idea, decreeing with despotic favoritism, that a few should be kings and the rest slaves. It was a fatal day for that idea when Washington was born, for coincident with his birth there came to the hearts of the pioneers of America the resolute conviction that "all men are created equal" under the law.

Two hundred years have passed. The faith of the common people has become the "divinity that shapes" the ends of government, establishing republics, obliterating monarchies.

On the 30th day of April, 143 years ago, with the beauty of a new-born flag, floating in pride and confidence above him, George Washington took the oath of office as first President of the United States. That flag still floats, exultant with hope, and the unfailing integrity with which that first inaugural pledge was kept pleads to-day at the bar of public sentiment that popular government may never permit the American colors to be pulled down and disgraced by the disloyal hands of broken promises.

In celebrating the bicentennial of the birth of Washington we are honoring a name that is now immortal. We are renewing a promise that those principles in our government that are worthy of immortality will be perpetuated.

Governor Hunt, the United States Commission for the Celebration of the Two Hundredth Anniversary of the Birth of George Washington is, with splendid patriotism and cooperation, presenting to you, our governor, for the State of Arizona, a bust of Washington. This gift and its acceptance are a manifestation, timely and appropriate, of understanding and harmony between State and Federal Governments.

I have been appointed by the United States Commission to act as its representative in presenting to your excellency this patriotic memorial, an expression of the desire of our State and Nation to honor and cherish the memory of Washington.

REMARKS OF GOV. GEORGE W. P. HUNT, OF ARIZONA, ON THE OCCASION OF THE PRESENTATION TO THE STATE OF ARIZONA BY THE NATIONAL BICENTENNIAL COMMISSION OF A BUST OF GEORGE WASHINGTON ON APRIL 30, 1932

To me Washington's career is an inspiration because of his courage and fortitude. Perhaps Washington was not as brilliant as Hamilton, as humane as Jefferson, or as versatile as Franklin, but he was preeminently brave. Morally and physically he had the supreme courage of his convictions, and I believe courage to be the first requisite of a public servant.

His eight years in the Presidency might have been equally well served by others had they possessed the confidence needed by the people in the head of a new government, but his seven years' struggle for independence made him immortal.

He knew that a quibbling Congress was delaying needful action; that the wealthy and prominent colonists were Tory and considered him not only a traitor to his King but to his class and associates; that more Americans were frequently enlisted in the British service than under his flag; that jealous underofficers were engaged in a Conway cabal to supplant him in command, but for seven long years he took his punishment and when his opportunity came he was ready for it. He purchased our liberty at a price that insures a high value on independence.

Washington detractors, by making him human, have but raised the eminence to which we, other humans, can aspire. History may forget popular leaders, but it does not permit the valiant champions of unpopular but righteous causes to remain in obscurity.

America is fortunate to have had such a man as her first President, because as long as our children emulate him, this Nation will go forward to a justified perseverance.

AGRICULTURAL SITUATION IN THE WEST

Mr. CAREY. Mr. President, I ask unanimous consent to have inserted in the RECORD a letter which I have received with reference to the agricultural situation in the West, and from which I have deleted a portion, together with the name of the writer. I feel that the letter contains much valuable information which should be transmitted to the Senate.

The VICE PRESIDENT. Without objection, it is so ordered.

The letter is as follows:

DENVER, COLO., *May 6, 1932.*

Hon. ROBERT D. CAREY,
Washington, D. C.

DEAR SENATOR CAREY:

* * * * * * *

Since February I have been at meetings of various kinds in the Dakotas, Washington, Idaho, Utah, Wyoming, Colorado, Oklahoma, and New Mexico. I find there is no general western agricultural problem nor sentiment. Thought by the individual farmers or stockmen is largely based on the condition of the market for the commodity in which they are interested.

There is, however, a general trend to be noted in the expressions heard everywhere on the political, economic, and financial questions. Debts created on the former high commodity price levels and the heavy county and State taxes on tangibles are the two principal causes of irritating and depressing mental attitudes by those involved. These are common problems.

As to farm debts, and irrespective of the governmental or other aid for these conditions, I find two plans are slowly crystallizing in the minds of farmers to cast off these burdens. One is for the calling together of a joint meeting of banking and merchant creditors with the farmer debtors in county or possibly larger areas for a frank discussion of the untenable situation. The thing that is in the minds of those proposing this idea is a scaling down of debts made on the former higher price levels. It would mean practically a compromising of the debts on a percentage basis as is frequently done in commercial life by retail or wholesale dealers with their creditors to avoid receivership or bankruptcy. It is predicated on the fact that not only are commodity prices on a much lower basis but the capital structure of practically all business is liquidated to the bone as indicated in quotations on the stock exchanges and the smaller, or lack of, dividends of corporations. Such a reduction in farm assets it is felt must also be recognized.

The second idea that I occasionally hear discussed is more drastic in its action to relieve the farmers' debts. It is to take advantage of the national bankruptcy laws. This has always been repugnant to the agricultural classes although relatively common in commercial business. I would not say that this idea has been encouraged by banking and insurance interests in the big centers but apparently it is not seriously opposed.

A typical illustration of a farmer's condition is as follows:

He has a first mortgage on the farm. Often a second mortgage secures a local loan. The local banker will hold either a personal or crop-loan note. Three to five machinery people have notes on file. In addition local merchants have open accounts for supplies, prices of which due to credit extended often run 25 to 50 per cent higher than cash prices. One instance I know of is of tractor gasoline billed at 35 cents, when the season's cash price was never over 20 cents.

In cases where discouraged farmers have broached the subject of throwing up their whole business under such handicaps, certain first-mortgage holders have suggested that the bankruptcy act could be taken advantage of; homestead and household exemptions, which can not legally be signed away, could be claimed, and thus they can run on a clean slate for another year. In the meantime the first-mortgage owner would bid in the farm and lease it back to the original owner, the inference being that at a later date he could buy it back on easy terms. (One instance in Idaho I ran into was of two adjoining farms, only fairly well improved, on both of which an insurance company had loans. The latter foreclosed one mortgage of $4,000 and was offering the property at $3,500. The neighbor had a $4,000 loan also, along with a lot of other debts, and was seriously considering throwing up his place and buying in the adjoining land at $500 less than either mortgage.)

The above two plans are not in universal thought among farm debtors as yet, but are in process of development in certain sections. Should they result in action and spread, it would certainly play havoc with local business men and bankers who are listing a lot of this top-heavy debt as assets.

As to agricultural or farming conditions and plans:

Due to relative scarcity of durum and spring wheat last year and very fair prices as a result mainly of drought and grasshoppers, I note a greatly increased intention to plant wheat in the Northwest. There will be a decrease in flax. In many other sections farmers are starting spring work in a disheartened and despondent state of mind. The potato men in the Yakima, Walla Walla, Idaho, Colorado, and Red River sections all are that way, yet they are planting potatoes again. Practically all fruits and vegetables were in oversupply last year, but crops of these are going in everywhere. Onions were the high-priced article of 1931, and farmers are almost universally responding to price and are plunging heavily on them. Seed is almost impossible to obtain, the demand is so great. I saw letters from Kalamazoo, Mich., in New Mexico wanting onion seed or plants. At a conference at Santa Fe, N. Mex., of western men we were told that the estimate is for 300,000 tons of canning peaches in California this year. Last year's canned storage is heavy, and canners will only contract 100,000 tons, so two-thirds of the crop is to be wasted. Numerous other crops are in the same situation.

Here in Colorado and in your State the lack of a minimum price for sugar beets is causing a lot of worry and actual distress among tenants and labor. Yet plantings are going on irrespective of the bad trading position growers will be in this fall in trying to sell to one buyer. They hope "something will turn up" to clarify the sugar situation. In Oklahoma, Texas, and eastern New Mexico cotton is being planted in a half-hearted, discouraged way, as losses were real last year and the heavy carry-over portends a weak situation again. Winter-wheat fields down there generally look bad, but as last year's surplus is still a weight on the market, growers expect only small gross returns for the current crop, although the lighter crop will doubtless aid in reducing the surplus. It will, however, bring little money into the different regions and it is very questionable whether many farmers can stand another light-income year.

Water, either subsoil moisture or snow in the mountains, for irrigation is in good supply in all but a few small areas. From a production point of view prospects haven't been better, in the main, for a number of years.

As to livestock, it has been a bad winter; feed was scarce, as was money to buy it, so lots of stock had a pretty tough time and there were heavy losses.

Except where overwhelmed with debts or with $8 loans, the sheepmen as a class are the most hopeful for the future of any that I have met. They point to the fine distribution of the entire lamb crop last year, even if at low prices. They believe the total number of ewes shown January 1, which included the culls of two years in many flocks, would show a sharp decrease if counted as of June 1, due to winter losses. Around 75 per cent of the ewe lambs of 1930 and over 85 per cent of the ewe lambs of 1931 were sold by owners in order to get money, so it is estimated that average ages of ewe bands have risen over one and one-half years. This will mean enforced replacement or else going out of business in a year or two. Wherever possible to finance operations, I believe you will see a lot of ewe lambs held back this fall. This holding will reduce supplies of market lambs and prices, which, while low, are very buoyant, will rise—it is fondly hoped by sheepmen—and they will be on their feet again. They believe that a market which could absorb the increased number it did the past year in the face of seriously declining purchasing power will respond rather broadly not only to a shorter total lamb crop but to reduced market numbers due to these replacement needs.

The beef-cattle men in general are in the attitude of sailors riding out a storm. There is little husbandry trouble within the industry, their serious price situation being due to restriction in labor demand for a supply of meat of only normal tonnage. Sales at younger age and lighter weight are absorbing more numbers in a given tonnage when compared to 10 years ago. So, although they are at present hard pressed, they are in a good statistical position to take advantage of the if and when of industrial movement.

I am writing you all of this as my personal observations and am not interested in politics. But the latter is cropping out in one or two governmental activities. The main one is in the use of the so-called reconstruction money, or at least that part of it assigned to agricultural aid. I mean in the way it is being considered by recipients. Farmers who even in distress were too proud to accept of the drought, seed, and feed emergency loan appropriations feel that the new funds are political in character and that they might as well get their share of the distribution. They are aided and abetted in this by local business men. "The big corporations, banks, loan and insurance companies, and railroads are getting theirs; this is what was allotted to us so we might as well have it" is the attitude in many instances.

The livestock interests, however, in some sections are arising in wrath at the terms and conditions being forced on them through the operations of the newly set up livestock loan companies to use the reconstruction money. These companies, whose principals are often local bankers, are forcing borrowers to put up 10 per cent of their loan for capital stock in the companies, in most cases as a cushion for bad loans formerly made by the local bankers and over which the conservative borrowing stockmen have no control. Also, it is stated that banks are shoving the loans of customers, as they come due, off onto the loan companies whether the stockmen want to go or not and at additional cost. It is claimed that while the face of the paper shows 7½ per cent interest, actual operations, inspections, deductions, etc., will run the costs to the prohibitive figures of 15 to 18 per cent per annum for actual use of money for around 18 months. The 10 per cent investment required is not to be paid back when the conservative loan is repaid but is held until all loans are liquidated and assumes its share of the loss for irresponsible loans. I saw one actual loan worked out which shows over 17 per cent costs for the money on a fair loan forced out of a local bank.

You may already have heard of some of this discontent with the treatment which stockmen claim they have had; as I under-

stood protests were being drawn up to go either to your body or to the heads of the Reconstruction Finance Corporation.

This communication is entirely too long. However, you asked me for a report on western conditions which takes in a lot of items.

Yours truly, ——— ———.

CALL OF THE ROLL

Mr. FESS. Mr. President, I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Ashurst	Coolidge	Johnson	Sheppard
Austin	Copeland	Jones	Shipstead
Bailey	Costigan	Kean	Smoot
Bankhead	Couzens	Kendrick	Steiwer
Barbour	Davis	Keyes	Stephens
Bingham	Dickinson	Logan	Thomas, Idaho
Black	Dill	McGill	Townsend
Blaine	Fess	McKellar	Trammell
Borah	Fletcher	McNary	Tydings
Bratton	Frazier	Metcalf	Vandenberg
Broussard	George	Moses	Wagner
Bulkley	Glass	Norris	Walcott
Bulow	Glenn	Oddie	Walsh, Mass.
Byrnes	Goldsborough	Patterson	Walsh, Mont.
Capper	Hale	Reed	Watson
Caraway	Hastings	Robinson, Ark.	Wheeler
Carey	Hayden	Robinson, Ind.	
Cohen	Hebert	Schall	

Mr. SHEPPARD. I desire to announce that the Senator from Okahoma [Mr. GORE], the Senator from Nevada [Mr. PITTMAN], the Senator from Texas [Mr. CONNALLY], the Senator from Oklahoma [Mr. THOMAS], and the Senator from Tennessee [Mr. HULL] are absent on official business.

The VICE PRESIDENT. Seventy Senators have answered to their names. A quorum is present.

INCREASE OF BANKING FACILITIES

The Senate resumed the consideration of the bill (S. 4412) to provide for the safer and more effective use of the assets of Federal reserve banks and of national banking associations, to regulate interbank control, to prevent the undue diversion of funds into speculative operations, and for other purposes.

Mr. GLASS resumed and concluded the speech begun by him yesterday. The speech follows entire.

Monday, May 9, 1932

Mr. GLASS. Mr. President, some time back the Senate unanimously passed a resolution known as Senate Resolution 71, and I now desire to invite the attention of the Senate to the text of it. It resolved that—

> In order to provide for a more effective operation of the national and Federal reserve banking systems of the country, the Committee on Banking and Currency of the Senate or a duly authorized subcommittee thereof be and hereby is empowered and directed to make a complete survey of the systems, and a full compilation of the essential facts and to report the result of its findings as soon as practicable, together with such recommendations for legislation as the committee deems advisable.

I desire to invite particular attention to this sentence of the resolution:

> The inquiry thus authorized and directed is to comprehend specifically the administration of these banking systems and respect to the use of their facilities for trading in and carrying speculative securities, the extent of call loans to brokers by member banks for such purposes, the effect on the system of the formation of investment and security trusts, the desirability of chain banking, the development of branch banking as a part of the national system, together with any related problems which the committee may think it important to investigate.

The resolution was a modification of a more elaborate resolution proposed by the junior Senator from Utah [Mr. KING].

In obedience to that unanimous action of the Senate, the Committee on Banking and Currency set up a subcommittee of five members with jurisdiction of all the questions propounded in Senate Resolution 71. The subcommittee in January and February of last year instituted extensive hearings on every phase of the banking problem as comprehended in the resolution. The committee brought here banking experts and economists and textbook writers, and heard, in addition to the persons summoned, all responsible bankers or technicians who expressed a desire to be heard. The committee covered the entire field of existing banking, and made a searching inquiry into proposals for modifications of the banking laws.

In addition to these hearings the experts of the committee prepared sweeping interrogations which were sent out to several thousand of the more or less important banking institutions of the country, including, of course, all of the Federal reserve banks and all of the member banks of the Federal reserve system, as well as many of the more important banks outside of the Federal reserve system. The committee thus acquired perhaps the most extensive information on banking problems of any theretofore assembled by any committee of the Congress. These data we searched with the utmost diligence and scrutinized in all their varying phases.

Perhaps it might be somewhat interesting to the Senate in this connection to give a little of the background of the Federal reserve banking system. Before the adoption of that system, as all Senators will recall, we had an utterly inadequate banking system in this country, the national bank currency being based on the bonded indebtedness of the United States, and State banks being precluded from all issue by a prohibitive tax of 10 per cent.

In those days the bonded indebtedness of the United States, somewhat less than $1,000,000,000, measured, with a limited supply of Treasury bills, the entire possible volume of outstanding currency. In time of stress a national bank in any given community could only issue such amount of currency as would measure the volume of its bonds having the circulation privilege impounded with the Comptroller of the Currency in Washington. Although the demands of that community, commercial and industrial, might be for currency aggregating $10,000,000 or more, if the national banks in that given community had impounded with the Comptroller of the Currency only three or five million dollars of United States bonds they could issue only that amount of currency.

Then we had a system of pyramided reserves, the reserve of a bank being, as it were, an index, a thermometer, to the bank itself, as to its patrons, of the solvency of the bank. Under then existing law an interior bank, known as a country bank, might carry a part of its reserve with a bank in a reserve city, and the bank in the reserve city, in turn, might carry a greater proportion of its reserve with a bank in a central reserve city. Thus the reserves of the country were pyramided, and did not furnish an accurate, enlightening index of the solvency of the banking community.

Moreover, under the old system, a practice, not now altogether abandoned, grew up of not only sending these reserves in a pyramided form to the money centers but of sending all the surplus funds of an interior bank to the money centers at a nominal rate of interest, usually about 2 per cent.

I have often said that the banking business of the country was the only business of which I had any knowledge that refused to be governed by the law of supply and demand. In other words, in lax periods, when credit was abundant and currency likewise, few if any of the unit banks would give their industrial and commercial patrons the benefit of that situation. Rather than reduce what they termed their standard rate, whatever it might be—6 per cent in some communities, 7 per cent in others, and as high as 12 per cent in some of the States—rather than "demoralize," as they termed it, their standard rate of interest, they would bundle up their surplus funds and send them to the money centers at a 2 per cent rate; and thus sent to the money centers the banks there must make use of them, for naturally they would not permit them to remain idle drawing the nominal rate of 2 per cent. The use they made of them was "on call." They used the idle funds of the whole banking system of the United States largely for stock speculative purposes on the market.

When business should become active, when credit should become in urgent demand, when local banks must respond actively and at times urgently to the local demands of credit, they in turn would seek to withdraw their reserves and their other deposits from the banks in the money centers. Inter-

est rates on call thereupon would rise and rise and rise, until finally disaster would overtake the entire banking community. The banks in the money centers found themselves unable to respond to the demands of the country banks throughout the Nation.

The country banks then were forced to preclude loans for local commercial and industrial purposes, and as the difficulty thus became accentuated the interior banks found themselves unable to respond to their checking balances and depositors found themselves unable to withdraw their funds on deposit with their local banks. That meant that throughout this Nation wherever there was an institution known as a clearing house the banks in that state of organization would get together and severally and unitedly issue what were known as clearing-house certificates, to be used instead of the ordinary currency. It was an utterly illegal and irregular expedient, but the banks were compelled to resort to it in order to avert a complete breakdown and in order to avert a complete stoppage of business. Thus every decennial we would have what was known as a "financial panic" in the United States. The chief harm was not to the banking community by any means, because by these irregular expedients the banking community protected itself; but the almost irretrievable disaster frequently was to the business interests of the country, to industry, to commerce, to the man behind the plow, to the laborer in the factory, and everywhere.

The last recurrence of a disaster of this kind eventually prompted the Congress of the United States to adopt what is now known as the Federal reserve act. We sought by that legislation to withdraw the reserve trust funds of the country from the money centers, from use in "speculation," as some politely term it, but "stock gambling" as I have no hesitation in describing it, and to impound them in 12 regional banks for commercial and industrial uses and not for stock-speculative uses.

We had hoped that in thus withdrawing the reserve funds and distributing them throughout the country in these regional banks we would set an example that would readily be followed by the country banks. We regarded it as a banking declaration of independence. We undertook to rescue the country bank from involuntary servitude to the great banks in the money centers. But we failed to do that; they are still in involuntary servitude, and right now, as I am receiving telegrams of protest from the money centers against a proposition to have branch banking in the national system, the very bankers who are sending the telegrams know perfectly well that some large banks have as many as 4,000 correspondent banks throughout this country which are in involuntary servitude to them. By granting the correspondent banks privileges and giving them accommodations which they may obtain, if they would obtain them, at their respective Federal reserve banks, the banks in the money centers know that they put them under obligation, so that "advice" from a great bank in a money center usually amounts in the last analysis to coercion; and the country to-day is witnessing the evil results of a system of that sort.

Mr. WATSON. Mr. President, will the Senator yield?

Mr. GLASS. I yield.

Mr. WATSON. Is not that the very method that was used in order to induce the correspondent banks to take many of these foreign securities?

Mr. GLASS. That is just what I am about to say. The Senator anticipated me.

It was because of that system of involuntary servitude that the great banks in the money centers choked the portfolios of their correspondent banks from Maine to California with utterly worthless investment securities, nearly eight billions of them being the investment securities of tottering South American republics and other foreign countries.

Incidentally, I may remark that the State Department is largely culpable for the extent of these worthless loans. It assumed, without sanction of law and without precedent of any sort, the impossible function of passing upon foreign loans. A little clerk up there, devoid of facilities of examination or of inquiry or of estimation, undertook to say whether a foreign loan was acceptable or unacceptable to this Government, with the result that these foreign investment securities would go into the open market practically with the imprimatur of this Government upon them in competition with sound domestic loans seeking credits for purpose of promoting our commerce and our industrial life.

I say the State Department is largely responsible for its part in promoting credits of this kind; and this notwithstanding the Senate by unanimous vote, without a word of dissent, passed a resolution expressing it as the sense of this body that the State Department should desist from this evil practice. The newspapers the next day announced that the Secretary of State would pay no attention to the expressed conviction of the Senate; and it pursued the lawless practice with just such revelations as we had before the Finance Committee of the Senate.

But to get back to the Federal reserve system, if anything was made plain in the spirit and the text of the act, it was that the Congress intended that the reserve trust funds of the Federal reserve system should never be used for speculative purposes.

Mr. NORRIS. Madam President——

The PRESIDING OFFICER (Mrs. CARAWAY in the chair). Does the Senator from Virginia yield to the Senator from Nebraska?

Mr. GLASS. I yield.

Mr. NORRIS. I desire to ask the Senator if in the investigation of the committee any evidence was adduced that not only the State Department but the Treasury Department had been instrumental to some extent, through its examiners or otherwise, in inducing so-called country banks to make the investments the Senator has mentioned?

Mr. GLASS. I do not know that we took testimony upon that particular point; but I do know that a few days ago my attention was called by a letter from one of the most responsible bankers in Virginia to the fact that an official of the Federal reserve system itself had issued a letter, over his name as an official of a certain Federal reserve bank, promoting an investment stock.

Mr. NORRIS. Madam President, will the Senator yield further?

Mr. GLASS. Yes; I yield.

Mr. NORRIS. I am induced to ask the question because a great many bankers in my section of the country have told me that that was true. Those who were stockholders in banks that failed mainly on account of investments of this kind have told me likewise that it was almost a common practice for the national-bank examiners to advise the banks to make investments of this kind rather than to loan their money to farmers in the community, where, as they claimed, the loans would lack the liquidity that they otherwise would possess if the banks invested in the stocks and bonds mentioned.

Mr. GLASS. I myself have heard that bank examiners were not at all averse to giving advice not only to banks but to individuals as to how they might, in view of the bank examiner, better invest their funds. I assert, however, that nothing in the Federal reserve act is plainer than the expressed intent of the Congress that no longer should the reserve funds of this country and the accumulated assets of the Federal reserve banks be used for speculative purposes.

Under section 13 of the act it is provided that—

Upon the indorsement of any of its member banks, * * * any Federal reserve bank may discount notes, drafts, and bills of exchange arising—

How? Out of speculative transactions? Never!

Arising out of actual commercial transactions; that is—

In further explanation—

notes, drafts, and bills of exchange issued or drawn for agricultural, industrial, or commercial purposes, or the proceeds of which have been used, or are to be used, for such purposes.

That is what these credits were to be made for; and the act charges the Federal Reserve Board with the exclusive

right to determine or define the character of paper thus eligible for discount within the meaning of this act.

There is the affirmative side of the law, stating textually what these credits are to be set up for. There is, however, a negative side of the proposition:

Nothing in this act contained shall be construed to prohibit such notes, drafts, and bills of exchange, secured by staple agricultural products, or other goods, wares, or merchandise from being eligible for such discount, and the notes, drafts, and bills of exchange of factors issued as such making advances exclusively to producers of staple agricultural products in their raw state shall be eligible for such discount.

Thus far, we see, the act provides what may be eligible and only what may be eligible for rediscount at the Federal reserve banks. Then, however, it proceeds a step farther, and puts its negation upon speculative credits:

But such definition—

That is, the definition to be made by the Federal Reserve Board exclusively—

Such definition shall not include notes, drafts, or bills covering merely investments or issued or drawn for the purpose of carrying or trading in stocks, bonds, or other investment securities, except bonds and notes of the Government of the United States.

I can not conceive that anything in a Federal statute could be made plainer than the intent of Congress to provide against the use of Federal reserve facilities, directly or indirectly, in stock-market speculative operations. So Senate Resolution 71 charged your Banking and Currency Committee particularly to investigate that aspect of the question, and to ascertain to what extent, if any, the Federal reserve banking facilities had been used for these speculative purposes. Thus, at the very outset, this bill, S. 4412, undertakes to deal with that question.

FEDERAL RESERVE SYSTEM TRANSFORMED

Not only has the Federal reserve banking system been used in an inordinate measure in stock-market transactions but there appears to have been an extraordinary misconception by the administrators of the act of its real purpose. In large degree the system has been transformed into an investment banking system, whereas the fixed purpose of Congress was to set up a commercial banking system and to preclude speculative operations. Your committee was even informed in writing recently that one of our assumptions embodied in a certain provision of the bill would be sound, would be feasible, based upon the supposition that member banks of the Federal reserve system rediscounted with the Federal reserve bank for the purpose of relending the funds thus secured. What else, I may ask, was ever designed than that process? The whole purpose of the act was to enable a member bank of the system, when it should have depleted its own liquid and ready resources in responding to the requirements of commerce and agriculture and industry, to take its eligible paper to its Federal reserve bank and get additional funds. And for what purpose? To respond further to the demands of commerce and industry. That is what was meant by the rediscount operation of the Federal reserve banking system.

Yet we are quietly told that that is not the process any longer; that the administrators of the law know perfectly well what the intent of Congress was, but that "the evolution of banking" activities has been such that no longer is that done to any considerable extent.

Let me tell Senators the meaning, and, in the last analysis, the result of that sort of administration of the law. It means that a member bank may engage in any sort of speculative business it may please, and then, when its reserve in the Federal reserve bank is impaired, it may take its eligible paper for rediscount and use the credit and the currency thus afforded to reestablish its reserve, and not to relend for "commercial, industrial, or agricultural purposes."

That is an evasion of the intent, the spirit, and text of the Federal reserve banking act. It never was intended that its facilities should be used for investment purposes, or for speculative purposes, in that roundabout way.

OPEN-MARKET OPERATIONS

We had an open-market provision in the Federal reserve bill. One has only to read the report made in 1913 to the House of Representatives on the bill as it passed and became a law to understand what the open-market provision of the bill was intended for.

It was intended for two purposes only: To enable the Federal reserve bank to enforce its discount rate against the acquisitiveness and greed of any member bank in its region, an authority somewhat akin to the practice of the Bank of England.

The other design of the open-market provision was to enable the Federal reserve bank to use its idle funds, not in a speculative venture, but to use its idle funds in a reasonably profitable way in order to cover its overhead, in order to pay its expenses.

I find that the average person, if not the average Congressman, is laboring under the hallucination that the expenses of the Federal reserve bank system are borne by the United States Government, and the Economy Committee at the other end of the Capitol actually proposes to "economize Government expenses" by cutting down the salaries of the members of the Federal Reserve Board, whereas the Government of the United States never spent a 10-cent piece toward the expenses of the Federal reserve banking system, never paid the salary of a janitor. The expenses of the system are paid by assessments upon the member banks; and how on earth we may "economize Government expenditures" by cutting down the salaries of the Federal Reserve Board I am unable to understand.

I have indicated what were the two purposes of the open-market provision of the reserve act, vehemently opposed by the large banks in the money centers, because, they said, it would bring the Federal reserve bank into competition with them in their ordinary business transactions.

What has happened? The rediscount feature of the system has practically been submerged by the open-market transactions in the large money centers, somewhat speculative, altogether of an investment nature, totally, I contend, unrelated to what were intended to be the normal operations of this great banking system.

For a period of six years one of the Federal reserve banks has apparently given more attention to "stabilizing" Europe and to making enormous loans to European institutions than it has given to stabilizing America. Accordingly, we have a provision in this bill asserting, in somewhat plainer terms, the restraint the Federal reserve supervisory authority here at Washington should exercise over the foreign and open market operations of banks which may assume to be a "central bank of America."

We did not think that we were having a central bank. We thought we were having 12 regional banks. The operations of the bank particularly referred to were so extensive in the European field that it found itself liable for hundreds of millions of dollars of foreign acceptances which could not be collected, which had to be renewed at maturity—just a sort of a revolving fund—absolutely foreign to the intent, and, as I contend, to the text of the Federal reserve act.

For a long time that great bank resisted any suggestion—and it does now—that it should be brought within the actual jurisdiction of the central authority here at Washington. At one time it was so—and I think it is now—that all Europe regarded this Federal reserve bank as "the central bank of the United States." When its governor would go abroad he was accorded the privilege of an office and a clerical staff in the Bank of England, and he was spoken of as the "governor of the central bank of the United States." In turn, when the governors of the Bank of England and the continental central banks would come here they came by invitation or notification to the governor of this one Federal reserve bank. Two members of the Federal Reserve Board once told me that the only contact this central supervising power at Washington ever had with one of these foreign central bank presidents was by courtesy of the governor of this particular Federal reserve bank.

There is not a word in the law which provides for a "governor" of a Federal reserve bank. The statute will be searched in vain for any suggestion of a "governor" of a Federal reserve bank.

While we intended to preclude all idea of central banking, we designed that the Government, through its agencies, should keep a strict supervisory control of the system, and we appointed a Government agent, one of three of the Government directors at the Federal reserve bank, who should be the presiding officer, and whom we intended to be the head officer of the bank. He has been literally brushed aside. He is a mere custodian of evidences of credit. They have set up in each of these banks a government of their own.

For a while this "board of governors" came well-nigh usurping important functions of the Federal Reserve Board here in Washington. They would have their meetings at their pleasure and convenience, resolve this, that, or the other thing, and graciously let the supervising authority here know what they had done. It was proceeding so far that the Federal Reserve Board was threatened with the humiliating status of "unofficial observers" of the transactions of the Federal reserve banking system. Finally the governor of the board here had the discernment and the courage to put a stop at least to that sort of thing, and served notice on them that they should meet only when the board required them to meet, and upon the sanction of the board.

The system has been transformed. The open-market operations of one bank alone have practically submerged the rediscount phase of banking. In their open-market operations they have never bought a dollar of commercial paper. They have made no effort to establish and foster a market for commercial paper which might be bought in the open, and thereby made more valuable than it otherwise might be. They have bought investment securities. They have bought by the millions United States bonds for which they have no use, and are doing it to-day in a futile effort to "control prices." They have about as much prospect of controlling prices as I would have of taking a broomstraw and sweeping Niagara upstream. They may improve the liquidity of certain banks in the money centers and thereby abate fears of withdrawals. The theory appears to be grounded in the fanciful expectation that these great banks are philanthropically going to let some measure of resultant prosperity drip down upon the interior banks of the country. I have not noted that this experiment has raised the price of a staple product one stiver. I can not do it unless these gentlemen have discovered something that nobody else on earth has ever discovered, and that is that manipulation of bank credits or legislative fiat can control the inexorable law of supply and demand.

SPECULATIVE BANKERS WANT NO RESTRAINT

These great speculative banks are opposed to sections 3 and 8 of the bill because they say we have no right to interfere with the independent operations of member banks or of the Federal reserve banks; that we have no right, more explicitly than the act now does, to put a stop to the use of Federal reserve facilities for stock speculative purposes. Under the 15-day provision of the existing act, 10 of the larger New York banks alone in 1929, over a period of six months, borrowed a billion dollars from the New York Federal Reserve Bank, with United States bonds as collateral security, chiefly for stock speculative purposes—not all at one time; I said over a period of six months—when they had no right to borrow a dollar for that purpose from the Federal reserve banks; it was contrary to the express provision and the real intent of the law.

To show conclusively that it never could have been the intention of Congress to authorize a stock-gambling use of Government bonds in that dangerous fashion, it need only be stated that when the Federal reserve act was passed there were less than $1,000,000,000 of United States bonds in existence. Of the amount outstanding, $748,000,000 of them were held by national banks for circulation purposes. Nearly all the balance was held in estates, by fiduciary officials, and by individuals. So that it is perfectly safe to say that there were far less than $100,000,000 of United States bonds outstanding that might be used for rediscount purposes at the Federal reserve banks. I would think less than $50,000,000 that might be used for that purpose. And yet, here 10 large banks in New York, over a period of six months, were using $1,000,000,000 of them for speculative purposes. The bill proposes to put a stop to that practice, and if it does not do that, it is not worth the paper upon which it is written and I would be willing to cast it in the scrap basket.

Mr. BORAH. Mr. President, section 3 and section 8 are the sections to which the Senator has been referring?

Mr. GLASS. Yes.

A GENERAL DESCRIPTION

Briefly now, in explanation of the bill itself, the first two sections simply deal with the title of the act and the definitions particularly of the banking facilities. Section 3 of the act puts a requirement upon Federal reserve banks to acquaint themselves with the condition of member banks and with the purposes for which member banks are using their funds and their facilities. I had the once governor of a great Federal reserve bank to tell me that he would not ask a member bank, seeking privileges at the Federal reserve bank, "what it was going to do with the money"; that he did not believe he had any right to ask a member bank what it was going to do with the money. It was his duty to know what the member bank was going to do with the money in order that the reserve bank might not make an irregular or illicit use of the Federal reserve facilities.

Neither a Federal reserve bank nor the Federal Reserve Board has any control over an individual bank so long as the individual bank is not seeking the privileges of the Federal reserve system; but the instant a member bank wants to recoup itself at the Federal reserve bank, it is the business of the Federal reserve bank to know the reason why. So that in this section we require a Federal reserve bank to keep itself informed and we require the agent of the Federal Reserve Board at that bank to keep the Federal Reserve Board informed. If at any time it shall appear that the member bank seeking the privileges of the Federal reserve bank is inordinately extended in stock-market transactions or unsound and unsafe loans, we empower the Federal Reserve Board, upon due notice and hearing, to suspend the facilities of the Federal reserve bank to that offending bank.

Mr. TYDINGS. Mr. President——

The VICE PRESIDENT. Does the Senator from Virginia yield to the Senator from Maryland?

Mr. GLASS. I yield.

Mr. TYDINGS. The Senator stated that many of the banks are opposed to section 3. Am I to understand they are opposed to section 3 because they object to letting the Federal reserve banks know why they want the money?

Mr. GLASS. They object to section 3 because it empowers the Federal reserve bank and the Federal Reserve Board to prevent the misuse of Federal reserve facilities for stock speculative and other illicit purposes. It is not any increased power that we are conferring upon the Federal reserve bank and board. They have the power under existing law; but there has been a division among them as to the interpretation of the law, and this section simply makes the intent plain and the authority peremptory.

Section 4 of the bill relates to the distribution of earnings. Although the Federal Government has never expended a dollar in the maintenance of the Federal reserve system and does not own one dollar of proprietary interest, it has collected in excess of $150,000,000 from the earnings of the Federal reserve banks upon the pretense that it was a franchise tax for privileges granted. Senators will find upon examination that the 12 Federal reserve banks do, without charge, a fiscal business for the United States Government that twenty times over compensates the Government for any privilege the Federal reserve banks may have. In fact, the only privilege a Federal reserve bank has from the Government is the privilege that national banks have possessed for more than 60 years, and that is the issuance of currency. Some institution has got to issue currency under severe espionage and restriction, and, of course, the Federal reserve banks are now doing that in conjunction with the national banks.

It was originally intended that national-bank currency, which was a bond-secured currency, inelastic and at times ruinous, should be retired and that the currency of the country should automatically issue upon commercial transactions such as the law authorizes, and automatically retire at the consummation of those transactions, meeting every possible business requirement promptly and completely, and retiring so as not artificially to inflate the credits of the country. The Federal reserve banks do a fiscal business for the United States Government that has never been paid for. The Government has not floated a loan since the beginning of the World War that it has not done it through the agencies and instrumentalities of the Federal reserve banking system.

We propose now a different distribution of the earnings of the system. We propose to pay the member banks 6 per cent cumulative dividends on their stock, as always has been done. Then we propose to transfer future earnings of the banks to surplus account. We propose to recapture from the Federal Treasury $125,000,000 of the one hundred and fifty million dollars and odd that has been paid into the Treasury, and pass it to the credit of a revolving fund for prompt liquidation of failed banks. Now, when a bank fails——

Mr. BLAINE. Mr. President, would it interrupt the Senator if a question were asked at that point?

Mr. GLASS. No.

The VICE PRESIDENT. Does the Senator from Virginia yield to the Senator from Wisconsin?

Mr. GLASS. Certainly.

Mr. BLAINE. I do not want to interrupt the Senator. I am sorry I could not be here for the opening of his remarks. The $125,000,000 to which the Senator refers as being "recaptured" is money that belongs to the Government of the United States?

Mr. GLASS. Yes; and ought not to.

Mr. BLAINE. It becomes necessary to make an appropriation out of the Federal Treasury to the extent of $125,000,000?

Mr. GLASS. Yes.

Mr. BLAINE. How does that proposal fit in with the administration's plan for economy and a balancing of the Budget?

Mr. GLASS. Well, I am not a part of the administration in its detailed arrangements about economy; I had not that in view. I had only the equities of the case in view. We wanted to establish a liquidating corporation to pay the depositors of failed banks with some degree of promptness and completeness; and this was a fund that we thought, in equity, ought to be recovered and adapted to that purpose.

Mr. BLAINE. But the $125,000,000 is money that actually belongs to the people of the United States, and now it is proposed to transfer that money to a liquidating corporation without any consideration whatever.

Mr. GLASS. The Senator from Wisconsin must not have been here when I undertook to show that the Government of the United States was never equitably entitled to a dollar of that fund.

Mr. BLAINE. But that is not the point. The point is——

Mr. GLASS. Of course, the Government has actual ownership of it now or we could not "recapture" it from the Government.

Mr. BLAINE. But whether or not the money came to the Government rightly has been passed upon by the Congress. Congress stated how this money must be paid into the Treasury.

Mr. GLASS. And now I want Congress to say we shall take it back and adapt it to a better purpose.

Mr. BLAINE. This is applying $125,000,000 of Federal money to a private organization known as the "liquidating corporation."

Mr. GLASS. Yes; to a private corporation, but for public purposes.

Mr. BLAINE. For public purposes, but not for a public purpose excepting for special banks and the depositors of those special banks.

Mr. GLASS. Well, I do not think it would be profitable for the Senator and I to enter into the technical distinctions involved. As a matter of fact, if the Senator thinks the proposal impinges upon the economy program of the administration, I may remind the Senator that the administration itself for the liquidating corporation proposed by it recommended $100,000,000 out of the Public Treasury.

Mr. BLAINE. I did not want to ask the Senator that direct question, but I am glad he brought it up, as I understood the administration, acting through the Secretary of the Treasury, had proposed or approved—whichever may be the case—that this $125,000,000 be transferred from the Public Treasury to the liquidating corporation. Am I mistaken or correct in that supposition?

Mr. GLASS. The administration recommended an appropriation of $100,000,000, another branch of the Congress proposes $150,000,000, and we thought that $125,000,000 would be about right. We propose to make that change in the earnings of the Federal reserve banks, still providing that the surplus funds of the banks shall not be diminished, but from time to time shall be replenished.

Mr. NORRIS. Mr. President——

The VICE PRESIDENT. Does the Senator from Virginia yield to the Senator from Nebraska?

Mr. GLASS. Yes; I yield.

Mr. NORRIS. Is it proposed that future earnings shall go into this fund instead of going to the Government as heretofore?

Mr. GLASS. No; future earnings of the fund will go into the surplus account of the Federal reserve banks. In other words, we propose to take $125,000,000 from the Federal Treasury, which we conceive to be a recapture of a part of a larger amount paid into the Treasury to which it was not entitled. Then we propose to take one-quarter of the existing surplus of the Federal reserve banks themselves and apply it to this fund; but hereafter the future earnings of the Federal reserve banks will go to the surplus fund of the Federal reserve banks and none to the Government.

Mr. NORRIS. And none to the revolving fund for the relief of depositors in failed banks?

Mr. GLASS. No; because we think the revolving fund, as we have set it up, is somewhat more than ample for that purpose.

Mr. NORRIS. It is the judgment of the committee that that fund will not need replenishing and that this money will be sufficient?

Mr. GLASS. That is true. We think it will be more than ample; and I may say that the Federal Reserve Board thinks it is excessive.

Mr. McKELLAR. Mr. President——

The VICE PRESIDENT. Does the Senator from Virginia yield to the Senator from Tennessee?

Mr. GLASS. I yield.

Mr. McKELLAR. May I ask if the bill is not a form of guaranty of bank deposits?

Mr. GLASS. No; the bill does not guarantee any bank deposits; it takes over the assets of failed banks, has them immediately estimated by competent actuaries, and, instead of waiting for a period of years—sometimes 10 or 12 years, though not often that long—instead of waiting an inordinate time, it takes over the assets by purchase or makes loans to the receiver, so that the depositors of failed banks may be promptly and, as completely as the circumstances permit, paid their money.

Mr. NORRIS. Mr. President——

The VICE PRESIDENT. Does the Senator from Virginia yield to the Senator from Nebraska?

Mr. GLASS. I do.

Mr. NORRIS. It is not contemplated, then, that any of this money will be used for the purpose of assisting failed banks excepting in so far as the money used will be secured and will not be liable for loss on account of the failure of a bank?

Mr. GLASS. That is true; yes.

Mr. NORRIS. In other words, it is not the idea of the bill or of the committee, as I understand, that the revolving

fund will be lessened or that it will take over any assets except such assets as are considered perfectly good?

Mr. GLASS. That is true; yes. The revolving fund will have, as we conceive, accretions or earnings, 70 per cent of which will go to the revolving fund and 30 per cent of which will go to the member banks as an additional dividend.

Mr. WAGNER. Mr. President——

The VICE PRESIDENT. Does the Senator from Virginia yield to the Senator from New York?

Mr. GLASS. Yes.

Mr. WAGNER. Perhaps I did not listen carefully. Is not also a contribution to be made of a certain percentage of the deposits of the member banks?

Mr. GLASS. I am about to refer to that.

Mr. WAGNER. I beg the Senator's pardon.

Mr. GLASS. In addition to the recapture of $125,000,000 from the Federal Treasury, and taking over one-fourth of the surplus fund of the Federal reserve banks, the bill makes an assessment of one-quarter of 1 per cent of the deposits of the member banks as a contribution to this fund. One call is expected to be made within 90 days after the passage of the bill, should it become a law, and the other call held in reserve, to be made if necessary; but the committee frankly does not think it will ever be necessary to make the second call.

Mr. NORRIS. That will make up a total fund of how much?

Mr. GLASS. These direct contributions to the revolving fund will make up a sum total of approximately $400,000,000—between three hundred and fifty and four hundred million dollars. I will ask the Senator from Delaware if that is not correct.

Mr. TOWNSEND. I think that is correct.

Mr. GLASS. In addition to that, we authorize the liquidating corporation to issue its own debentures to twice that amount. We do not think it would ever have to issue debentures, but the administration made a proposal of that sort in the measure suggested by it, and we took that over. Frankly, however, we do not think the corporation will ever have to issue its debentures, because we think the direct contribution is certainly ample, if not more than ample, for the purpose. As I have indicated, the governor of the Federal Reserve Board thinks it is excessive. Therefore there has been a suggestion that we make the assessment against member banks one-eighth of 1 per cent rather than one-fourth of 1 per cent. That is a matter for the decision of the Senate. As the committee reported the bill, it provides for an assessment of one-quarter of 1 per cent.

Mr. WAGNER. Mr. President——

The VICE PRESIDENT. Does the Senator from Virginia yield to the Senator from New York?

Mr. GLASS. I do.

Mr. WAGNER. The administration bill, so called, which attempted to set up the same type of liquidating corporation, did not provide for any contribution represented by a percentage of the assets of the member banks into the fund.

Mr. GLASS. No; it did not.

Mr. WAGNER. In that respect the pending bill differs from the administration bill.

Mr. GLASS. It differs in that respect, and it differs in another respect: The member banks are to receive 30 per cent of the earnings of the corporation, and, therefore, we did not think it would work any hardship upon them at all to make this assessment.

Now let me discuss that question for just a moment to show how utterly unreasonable some of the bankers are at times when they think their interests are affected. They were perfectly willing to agree to, or, if not perfectly willing, they were acquiescent in the proposition to contribute 2 per cent of their deposits or 10 per cent of their capital and surplus to the so-called National Credit Corporation in New York, over which they had not one particle of control; and yet they are caviling about contributing one-quarter of 1 per cent to this liquidating corporation, 30 per cent of the earnings of which will be returned to them. The fact of the matter is, I may say incidentally in passing—and I have a good many incidental comments to make—when things occur which excite the moral indignation of any man who considers them—we never would have had any National Credit Corporation in New York but for the fact that the people who were implored to organize it received assurances down here first that the corporation would be taken over by the Federal reserve banking system and that its frozen assets would be dumped en bloc in the lap of the Federal reserve banks. When it was found that some of us here in Congress would resist that to the bitter end, they were told the corporation would be taken over by the Reconstruction Finance Corporation, and that has practically been done. So all of this talk about the "great liberality and generosity" of the organizers of the National Credit Corporation disappears in thin air when the facts involved are scrutinized.

Mr. NORRIS. Mr. President, I think it would be profitable if the Senator would explain in a little more detail from what sources, if any, the revolving fund is going to derive an income. Is there anything in addition to the interest it might receive on the assets of the bank which might be purchased?

Mr. GLASS. No.

Mr. NORRIS. Can the Senator give us any idea as to what the income might be or would probably be from that source?

Mr. GLASS. We could only conjecture about it.

Mr. NORRIS. Of course, there would be some liability also; that is, losses might occasionally occur.

Mr. GLASS. Possibly; but I would not say that it is at all probable. The liquidating corporation would have experienced and capable actuaries, and it would immediately pay only a large measure of the losses to the depositors—not all of them. I think—and that was the considered judgment of the committee—that if they proceeded with anything like due care the corporation would be obliged to earn a substantial dividend for the member banks, and to carry to the revolving fund a substantial sum each year.

If we are going to have approximately within a thousand miles as many bank failures as we have had in the last two years, the corporation would get wealthy if it was managed with any degree of skill.

BANK AFFILIATES

Another problem that confronted your committee was the question of bank affiliates. That is going to be discussed in some detail by two of my colleagues, and I shall make just a passing reference to this aspect of banking.

The committee ascertained in a more or less definite way—we think quite a definite way—that one of the greatest contributions to the unprecedented disaster which has caused this almost incurable depression was made by these bank affiliates. They sent out their high-pressure salesmen and literally filled the bank portfolios of this country with these investment securities. They actually dealt in the stocks of the parent bank; and one of them notably offended by running the stock of a parent bank above 500, and a few days ago it was down to 42. They were organized to evade the law. That is the very purpose of their existence—to evade the national bank act and to do a business outlawed by the national bank act—and yet they are so interlocked that it is difficult to tell which is which.

Right here I am tempted to say to the Senate that a few days ago I came into possession of information that literally astonished me. I learned that one of the most distinguished lawyers at the American bar, at one time president of the American Bar Association, Solicitor General of the United States under President Taft, had given an exhaustive, searching opinion as to the legality of national-bank affiliates. I have read the opinion. Although not a lawyer, I venture to pronounce it a legal classic, searching and sweeping. The opinion is, in effect, an unmistakable declaration that national-bank affiliates are absolutely illegal, that they contravene the national bank act, that the parent bank contravenes the national charter, and the affiliate in many instances the State statute and the charter

of the State from which it derives its existence. Court opinion after court opinion of both inferior courts and the Supreme Court of the United States are cited.

No action was ever taken under this tremendously important opinion of the Solicitor General of the United States. Not only was no action taken, but it is within the confines of fact to say that the opinion was suppressed; and few things have ever happened in this country that better illustrate the power and the blandishments of inordinate wealth, because the opinion dealt with institutions and individuals who had accumulated inordinate wealth. Not only did the Attorney General at that time fail to act, but another Attorney General, some years afterwards, elevated to a place of even higher distinction, declined to permit the opinion to be made public; with what result? With the result that these institutions, declared by the Solicitor General of the United States to be engaged in illicit practices, were perhaps the greatest contributors to the riot of credit and inflation in 1928–29, with the result that the country is now almost in an irreparable condition.

I have gotten permission, of which I think I shall avail, to insert in the RECORD as a part of my remarks this opinion of Solicitor General Lehmann, which clearly discloses, to my mind, as far as I am competent to judge legal distinctions, that the activities of these affiliates are not only disastrous, as we now witness, but that they are absolutely illegal. Yet, although we give them three years, and most, if not all, the members of the committee are willing to give them five years, to separate themselves from the parent banks, to make a readjustment of their capital organizations, they are desperately trying to defeat that provision of the bill.

There was some difference of opinion in the subcommittee and in the general committee—and I want to deal with these various questions openly and frankly—as to whether we should permit national-bank affiliates to continue business under severe espionage and restrictions and requirements of examination and report, or whether we should require them to separate; and that is a question that the Senate must gravely consider. Some of us felt that perhaps it were better to let them continue in business with restrictions as to the loans they may make and restrictions in many other respects, together with the requirement that we have now in the bill that they must be examined periodically by the bank examiners and cotemporaneously examined with the parent bank, because it would be a very defective examination if made at a different time. Some of us felt that perhaps that would be a better restraint and restriction upon them than to separate them entirely and leave them to their own devices under State charter and State law. That the Senate must determine.

Mr. MOSES. Mr. President——

The VICE PRESIDENT. Does the Senator from Virginia yield to the Senator from New Hampshire?

Mr. GLASS. I do.

Mr. MOSES. In order to clarify the situation and get the chronology straight, the opinion of Solicitor General Lehmann to which the Senator has referred must have been rendered something like 20 years ago, if rendered when he was in office.

Mr. GLASS. Yes; but if it was good law then, it is good law to-day.

Mr. MOSES. Yes; but in the meantime the whole banking structure has been recast by reason of the creation of the Federal reserve bank system. At the time Solicitor General Lehmann rendered his opinion it was under the old national banking act; was it not?

Mr. GLASS. Yes; and under the present national banking act; and everything he said then applies to-day. It has nothing to do with the reserve banking system.

Mr. MOSES. And the Senator, as I understood, said that the opinion had lain moldering or covered with dust for 20 years, all through various administrations of the banking act.

Mr. GLASS. Oh, yes. I am not criticizing any particular administration.

Mr. MOSES. Nor is the Senator trying to exculpate himself during his own administration of the Treasury Department?

Mr. GLASS. No; not the least bit. I had no knowledge of it then; and the Comptroller of the Currency had no knowledge of it five days ago, although it ought to be right in his office.

Mr. MOSES. Under those circumstances, it must be very interesting to know the various courses that opinion took before it has now come to the surface and into the possession of the Senator.

Mr. GLASS. Yes. The present Attorney General very graciously permitted me to have a photostatic copy made from the original—and only the original exists in the Attorney General's office. It could not be found in the comptroller's office. There is the public official who is the czar of the national banking system. There is the public official charged by law with strict supervision of the national banking system, and yet no copy of this important opinion of the Solicitor General of the United States could be found in his archives. The comptroller very readily complied with my request, however, to ask the Attorney General to let me have a copy of it, and they gave me a photostatic copy of the original.

Mr. MOSES. If the Senator will permit me to suggest further, now that the Senator has come in possession of a copy of this important opinion, I hope that the intimation which he has just made, that he will insert it in his remarks, will be carried out, because I am sure it will be of transcendent consequence to Senators considering this legislation.

Mr. GLASS. I think so, and for that reason I urged the Attorney General to permit me, with some desirable excisions, to print it in the RECORD. I am not concerned with the personalities or the particular institution involved. I am only concerned with the law, and I want it distinctly understood that I am not seeking to involve any of the present officials in any criticism which might be implied, and my friend from New Hampshire will find it impossible to get me into any partisan mood or posture in discussing banking matters.

Mr. MOSES rose.

Mr. GLASS. The Attorney General, who refused to permit access to the opinion or its publication, was a Democrat, if the Senator wants to know.

Mr. MOSES. I want to assure the Senator from Virginia that I have no intention whatever of trying to entice him into any posture regarding his legislation which could possibly be regarded as partisan, because upon both sides of the Chamber it is well recognized that the Senator has lent his great talents and his wide knowledge of the banking situation to an entirely nonpartisan and wholly patriotic effort to bring about legislation which would help relieve the country from the situation in which it now finds itself, and every Member of the Senate, regardless of any shade of partisanship which he may have, feels himself under a great debt of gratitude to the Senator for the labors which he has rendered in this session.

Mr. GLASS. Mr. President, if I had my hat on I would take it off to the Senator from New Hampshire in token of my very deep appreciation of what he has said.

Mr. BRATTON. Mr. President, will the Senator yield to me?

Mr. GLASS. I yield.

Mr. BRATTON. Will the Senator tell us the circumstances under which the Solicitor General rendered the opinion, that is to say, at whose request?

Mr. GLASS. At the request of the then Attorney General.

Mr. MOSES. And because, may I ask further, of the fact that this system of affiliates was then beginning to show itself in the national banking system?

Mr. GLASS. As it had shown itself, just in the form and aspect that it has to-day.

Mr. MOSES. Did that arise from any of the restrictions under the old national banking act, which still continue,

which hampered the banks under the national banking act, as they probably thought, in the range of investments that they might make, and they were seeking subterfuges whereby to extend the area of their investments?

Mr. GLASS. As they surely thought, yes; and that is why they organized the affiliates—there was no other reason in the world for it—as annexes, as back doors, to the parent banks. In other words, they were precluded by the whole spirit and text of the national bank act from doing the things which they were organized to do, and which they are doing now, in contravention of the requirements of the bank act.

I sincerely hope that the lawyers in this body will read the opinion, because it amounts to a demonstration that the organization of these affiliates was contrary not only to the text but to the history and the tradition and the spirit of the national bank act.

Mr. NORRIS. Mr. President, will the Senator yield?

Mr. GLASS. I yield.

Mr. NORRIS. With a view of having more of the Senators read this opinion, I would like to ask the Senator whether, in addition to publishing it in the RECORD, he will not ask that it be published as a Senate document?

Mr. GLASS. That had occurred to me, and I think perhaps it should be so printed. Let me make this clear: I have no evidence in support of any supposition that might arise that the Attorney General agreed with Mr. Lehmann's opinion, nor have I any reason to suppose that he disagreed with it, except that nothing was ever done. The opinion disappeared almost from the face of the earth. No copy of it could be found in the office of the comptroller, especially and specifically charged with the conduct of national banking and administrative affairs, and I had to get it in the way I have indicated.

Mr. NORRIS. Why not make the request now?

Mr. GLASS. Mr. President, I ask unanimous consent that this opinion of the Solicitor General, Mr. Frederick W. Lehmann, to which I have made reference, be printed in the RECORD and as a public document, with certain excisions which I have agreed to make as to the institution and the persons involved.

The VICE PRESIDENT. Without objection, the opinion referred to will be printed as a part of the Senator's remarks and also as a public document.

(See Exhibit A.)

Mr. GLASS. Mr. President, I shall not discuss affiliates further, because two of my colleagues have been charged with the responsible duty of doing that.

A JURISDICTIONAL MATTER

We have inserted in the bill, section 25, relating to court jurisdiction of foreign bank law violations. Naturally I am not so familiar with the technicalities of that subject. I was rather inclined to object to that provision, having gotten some faint idea that when lawyers in this or any other body begin a discussion of jurisdictional matters they consume a great deal of time, and I wanted to get the bill through. But the Senators who are lawyers can determine whether or not that provision of the bill shall remain in it.

BANK CAPITALIZATION

In the matter of capitalization of national banks, our inquiry very thoroughly revealed the fact that approximately 80 per cent, if not a greater percentage, of bank failures in recent years were due to inadequate capitalization. They were of small banks, hundreds of them mere pawnshops which never should have been chartered. Their failure, notwithstanding their inconsequential activities in some respects, created a psychology which was extremely detrimental to the whole banking and business community. When three or four small banks in any given section of the country in any State fail, the fact of the failure of three or four banks in that section, however small they may be, begins to create consternation, to undermine public confidence, and to create runs on the larger and stronger banks.

There are vastly too many banks in this country now. It has been suggested that the Reconstruction Finance Corporation has done a wholesome work by arresting bank failures. That may be so. I would be interested to know just to what extent its activities have had that result. There have been so many bank failures that there are very few real weak banks left to fail. Unless we pass this bank bill, or enact some of its provisions, there are going to be bank failures of institutions which are now regarded as entirely sound and solvent.

We have raised the minimum capitalization of national banks, and made it $100,000, "except that such associations with a capital of not less than $50,000 may be organized in any place the population of which does not exceed 6,000 inhabitants."

Mr. TYDINGS. On what page is that?

HOLDING COMPANIES

Mr. GLASS. Pages 36 and 37. Somewhat akin to investment bank affiliates, we undertake to deal with the question of holding companies, the system of holding companies being one species of what is known as chain banking. It is a species of chain banking that is largely devoid of responsibility.

Some of these holding companies have been admirably managed, managed by bankers of character, long experience, and great skill. Many of them have done no great harm. In fact, they will tell you that they have done great good. But the committee was convinced that they needed pretty severe supervision, restraint, and examination, and I want to say for those officials that they were cheerfully willing that that should be provided. We have incorporated in that provision of the bill many of the suggestions made by them, not because they were made by them, but in spite of the fact, because all of us were very suspicious when we entered upon the consideration of that phase of banking.

There is this to be said, that if one of those holding companies—as some of them have—should come under the administration of unscrupulous persons, the amount of harm that might ensue is hard to conceive. Therefore we have undertaken to encompass them with such restrictions and restraints and requirements of examination and report as, we hope, may induce them perhaps to go out of that sort of banking at their convenience.

There is one, to me, extremely amusing aspect of the topic, and that is the inured ignorance of some bankers who came to Washington to speak for the banking community. They were invited here by their legislative guardians, and after getting here were drilled in a night school, as it were. I am not prepared to say whether they were tutored in the daytime as well as at nighttime, but I suspect at both times. They appear to have been told exactly what objections to make to the bill when they should appear before the committee at a later hearing. What amuses me right now is that I recall that in one provision of the bill we sought to liberalize the discount rate at member banks, not so much as an accommodation to the banks but as an accommodation to the public. One of the pupils of this night school who came before our committee vehemently objected to that provision of the bill because, he said, it was a restriction upon the interest charge that banks might make. It was just the reverse.

There are 34 States which limit the discount charge at their banks to 6 per cent. There are a few which make it 7 per cent and two or three States which permit a discount charge as high as 10 per cent. Formerly they had permitted a charge of 12 per cent, but I think no State goes that high just now. The result of these restrictions, particularly of this restriction of 6 per cent, in time of exigency when Federal reserve banks think the rediscount rate should be raised, would be paralysis of credit. In other words, if the rediscount rate of the Federal reserve bank in certain districts should be 6 per cent, that would practically preclude the members banks from rediscounting at the Federal reserve bank except perhaps at a loss.

If the rediscount rate should be 7 per cent, as it was in four of the Federal reserve banks in 1920, that would estop the member banks of those four districts from rediscounting

except at an actual loss of 1 per cent on every rediscount made. So we inserted a provision, which is existing law, that member banks may charge the rate of discount prescribed by the State law or 1 per cent above the rediscount rate of the Federal reserve banks of a given district. Therefore, rediscounting in no event may be precluded. That is the provision to which this pupil of the night school strenuously objected, when it was to his own advantage and he did not know it. I had to take him aside and explain it to him.

DISMISSAL OF OFFENDING BANK OFFICIALS

It appeared from our inquiry that the office of the Comptroller of the Currency, not simply the incumbent Comptroller of the Currency but at all times as far back as we know anything about it, has been greatly perplexed and embarrassed in the enforcement of the law authorizing him to close what seems to him to be an insolvent bank. The comptroller has great reluctance to apply the drastic condemnation of the law. He waits, sometimes vastly too long, before he takes action. The comptroller now, who is a most worthy gentleman, scholarly, studious, courageous, I believe, in his testimony before the committee admitted that the comptroller's office—not himself, but the comptroller's office—had knowledge of the precarious condition of that large bank at Louisville the failure of which spread consternation and distress over a great part of that country and of another bank in Tennessee the failure of which did likewise; that the comptroller's office had knowledge that these banks were engaged in irregular and unsound if not actually illicit business five years before the failure came; that the files of the comptroller's office were replete with admonitory letters, with letters severely protesting against the practices in those banks over a period of years; but they did not close up the banks because of this reluctance of the comptroller's office to resort to that severe proceeding.

I took the liberty of suggesting to the comptroller that he would have better severely dealt with those banks five years theretofore, so that the failure which was inevitable when it came would not have been so extensive and disastrous. But he suggested, and we have acted upon the suggestion, that there should be a less drastic penalty. The only penalty now is to close up the banks. No matter how much he may admonish them, they disregard the admonition; they disregard what is called the "criticism" of the examiner and of the comptroller's office. So we have embodied in the bill a provision which authorizes the comptroller and the Federal reserve agent, when a bank is found in irregular and illicit and unsound practices which it either fails or refuses to correct, to summon these bank officials to a court of inquiry and give them a thorough hearing and, if the facts sufficiently warrant it, to suspend or dismiss the officers of the bank.

Mr. ROBINSON of Arkansas. Mr. President, may I ask the Senator a question?

The VICE PRESIDENT. Does the Senator from Virginia yield to the Senator from Arkansas?

Mr. GLASS. Certainly.

Mr. ROBINSON of Arkansas. How would the official places be filled?

Mr. GLASS. By the board of directors.

Mr. ROBINSON of Arkansas. In the same manner that the original officers were chosen?

Mr. GLASS. Yes; but the board would be precluded from reelecting the offending officials.

Mr. WHEELER. Mr. President——

The VICE PRESIDENT. Does the Senator from Virginia yield to the Senator from Montana?

Mr. GLASS. Certainly.

Mr. WHEELER. What right would they have to suspend the officers of a local or private bank?

Mr. GLASS. None as regards a private bank.

Mr. WHEELER. Of a national bank? I doubt the legality of such a provision. I doubt that they would have the right legally to suspend officers of a national bank.

Mr. GLASS. We are advised that the section as drawn is entirely legal. They are to serve notice upon the offending director or officer and give him a hearing, and we should think that they would have as much lawful right to dismiss such an officer as they would to go to the courts and close the bank. It would be a very much more salutary and helpful proceeding.

Mr. BLAINE. Mr. President——

The VICE PRESIDENT. Does the Senator from Virginia yield to the Senator from Wisconsin?

Mr. GLASS. I yield.

Mr. BLAINE. The Senator will recall that that difficulty was brought up in the committee.

Mr. GLASS. Yes; I recall the Senator from Wisconsin objected to that provision of the bill.

Mr. BLAINE. I may suggest to the Senator from Virginia that I have had prepared an amendment which I think avoids the situation to which the Senator from Montana refers.

Mr. GLASS. I am glad the Senator has given it that consideration.

Mr. BLAINE. I doubt very much if an officer of a State bank which is a member bank could be compelled to be removed from office or could be removed from office. I think an amendment will cure that situation. I expect to offer that amendment at the proper time.

(At this point Mr. GLASS yielded the floor for the day.)

Tuesday, May 10, 1932

BRANCH BANKING

Mr. GLASS. Mr. President, on yesterday I tried to present an outline of S. 4412, being the banking bill reported by the Senate Banking and Currency Committee in response to Senate Resolution 71. I am not sure that I made as clear and complete an explanation of the bill as I might desire to do and as would leave in the minds of Senators a comprehensive understanding of the bill; but I did the best I could in the circumstances.

I think, perhaps, I left untouched one of the most controversial provisions of the bill and that I shall undertake to explain to-day. It relates to the problem of branch banking. That is a question which has been controverted over a long period of years and upon which no definite conclusion of any value has been reached by the Congress. When the Federal reserve bill was under consideration it was proposed to authorize member banks under certain limitations to engage in state-wide branch banking.

Another question presented at that time was that of guaranteeing the deposits of member banks. Both the Senate and the House rejected the branch-bank proposals. The Senate incorporated in the bill, on motion of Senator John Sharp Williams, urgently supported by Senator Thomas, of Colorado, what was called a deposit-insurance provision, but that went out in conference.

I may say that at the time I strongly resisted both propositions, but, after studious, if not prayerful, consideration of the problem during the period which has elapsed since the adoption of the Federal reserve system, I have very reluctantly come to the conclusion that we ought to authorize state-wide branch banking by member banks of the system. I know very plausible objections are urged to the contrary, but in my view they are only plausible; they were that when used by me in opposition to the system years ago; they are that now.

One objection is that to authorize branch banking would be an invasion of the sovereign rights of the States. I do not think the Interstate Commerce Commission and the Supreme Court of the United States have left the States with any sovereign rights; but it seems to me, Mr. President, rather an untenable argument to insist that the Congress may authorize the establishment of a national banking system in all the States, but that it would be an invasion of the sovereign rights of the States to authorize such banks to establish branches and to conduct their business in various parts of the States rather than in one place.

The Congress, sustained by a decision of the Supreme Court of the United States, completely swept away the rights of the States in matters relating to the banking business when it imposed on State-bank circulation a 10 per cent tax, which was prohibitory, and under existing law, as confirmed

by the courts, no State bank may issue its notes; only national banks and Federal reserve banks have the power of issuance except under prohibitive taxation. Therefore, I have come to the conclusion that it is no invasion of the rights of the States for Congress to authorize a national bank to establish branches; certainly it is no greater invasion of the rights of the States than the 10 per cent tax on State-bank issues or than the original authorization for the establishment of a national bank. Only by sanction of Congress may a State tax a national bank.

Moreover, Mr. President, when we take the practical view of branch banking and the problems involved, the system appeals to the common sense of some of us who have thoroughly investigated the question; and so I am thoroughly convinced not only of the equity and feasibility of branch banking but of the real necessity for it in order to save the situation that now confronts the country.

We have now a species of nation-wide branch banking in this country that concentrates in the money centers an enormous fund contributed by the interior banks. In other words, as I suggested yesterday, thousands of the country banks of this Nation are in involuntary servitude to the great banks in the money centers by reason of the fact that we do have a species of irresponsible nation-wide branch banking. Every one of the large banks in the money centers makes a monetary exaction from every one of its correspondent banks wherever situated in the 48 States of the Union. The correspondent banks are required to carry a certain deposit with the large banks, the requital being a nominal interest, together with such accommodations, real or imaginary, as the large banks in the money centers may extend to the country banks throughout the States. As I tried to indicate yesterday, the accommodations thus afforded practically put the interior banks in subjection, subtle it may be, but real after all, to the large banks in the money centers; so that any "advice" volunteered, any expression of judgment that may issue as to the purchase of investment securities or as to any policy that may be proposed or pursued in the last analysis, amounts to a species of coercion.

I have heard banker after banker say since this problem of bank reformation has recently been discussed that they had purchased certain securities not because they wanted them, not because they were confident that they would be remunerative or that the facilities of their respective banks would justify their purchase, but because they were indebted to the offering banks for accommodations extended. I insist, as I have done over and over again, that there is no need of these correspondent banks in the large cities. Any bank doing a sound commercial banking business can get all the accommodations it may require at its Federal reserve bank. But this system has grown up and it amounts to a vicious species of nation-wide branch banking without the responsibility that properly attaches to a sound branch-banking system.

There is a dispute, though I do not see how there can be, as to the efficiency of the branch-banking system which prevails in Canada and which has prevailed there for many years. I am not advocating that we have that same system in this country, but it has proven very effective in Canada. During the last 65 years there have been but 26 bank failures in Canada, and not one during this period of frightful depression! Since 1923 we have had nearly 5,000 bank failures in the United States, while they have had but 1 bank failure in Canada. The significant part of it is not the number of bank failures so much as the volume of losses that occur.

As I recall the figures, which I have here, in all the history of Canadian banking, the total volume of losses to depositors of failed banks was $13,500,000, whereas the Comptroller of the Currency informed your committee that the losses to depositors of failed banks in this country in the last two years aggregated two and a half billions of dollars.

Mr. WATSON. Mr. President, will the Senator yield?

The VICE PRESIDENT. Does the Senator from Virginia yield to the Senator from Indiana?

Mr. GLASS. I yield.

Mr. WATSON. Does the Senator attribute that difference solely to the branch-banking system of Canada?

Mr. GLASS. Oh, no; I do not attribute it solely to the branch-banking system.

Mr. WATSON. I just wanted to get the Senator's idea of the causes of the difference.

Mr. GLASS. But I think the branch-banking system is largely responsible for the more efficient operation of banks in Canada.

Mr. KEAN. Mr. President, may I ask the Senator a question?

The VICE PRESIDENT. Does the Senator from Virginia yield to the Senator from New Jersey?

Mr. GLASS. I yield.

Mr. KEAN. Would the Senator mind stating how many banks there are in Canada?

Mr. GLASS. I think there are 16; but they have innumerable branches. Of course, when a large bank with a number of branches fails the disaster covers a large territory. There is no doubt about that. I am not proposing, however, the Canadian system of branch banking. It is inconceivable that this country will ever have but 16 banks. Moreover, we are not proposing nation-wide branch banking. We are proposing to confine it to State lines.

There is a provision in the bill that in very exceptional circumstances, with the assent of the Comptroller of the Currency or the Federal Reserve Board, would enable a bank to cross State lines for a distance of 50 miles from the parent bank in order to maintain the business of its established trade area. Speaking for myself, however, and not for the committee, I would cheerfully have that provision go out, because I urged before the committee that it was simply going to afford a peg for the opposition to hang an objection upon, and it would take care of an inappreciable number of banks and communities.

Mr. NORRIS. Mr. President, will the Senator yield?

The VICE PRESIDENT. Does the Senator from Virginia yield to the Senator from Nebraska?

Mr. GLASS. I yield to the Senator.

Mr. NORRIS. I desire to ask the Senator about the one bank that failed in Canada. Did it have branches?

Mr. GLASS. Oh, yes; it had a number of branches.

Mr. NORRIS. Were they all closed?

Mr. GLASS. I think 9 of them were closed and 5 of the 9 were rescued, and the total loss to the depositors was less than a million dollars.

Mr. BORAH. Mr. President——

The VICE PRESIDENT. Does the Senator from Virginia yield to the Senator from Idaho?

Mr. GLASS. I do.

Mr. BORAH. The Senator has described the national branch-banking system which we have by reason of the practice which has grown up. If we establish the State branch-banking system, will that increase or will it diminish the strength of the system which we have now?

Mr. GLASS. I think it will greatly impair the force of it, if it will not eventually break it up.

Mr. FLETCHER. Mr. President, will the Senator yield?

The VICE PRESIDENT. Does the Senator from Virginia yield to the Senator from Florida?

Mr. GLASS. I yield to the Senator.

Mr. FLETCHER. I think, under the laws as they exist, branch banking is allowed in States which permit branch banking. One thing that this bill does—and I wanted to hear the Senator on that—is to allow branch banking in States which prohibit branch banking; in other words, in all States, without regard to whether the States prohibit branch banking or not. There are a few States that do not allow branch banking. This bill would permit the establishment of branch banking in all the States without regard to the State regulation on the subject.

Mr. GLASS. I have tried to indicate that there is no law of any State that permits national banks to be established, and yet the Congress of the United States has authorized the establishment of national banks in the 48 States of the Union. There is no State law that prohibits a State bank

from issuing its notes as currency, or that imposes a tax upon State bank issues; and yet the Congress of the United States has practically prohibited the issuance of notes in the form of currency by State banks.

Moreover, on that point it may be said that there is not a State that might not, if it so pleases, adjust itself to this proposition of allowing national banks to establish branches; and I should be willing to predict that if the Congress enacts this bill into law, there is not a State in the Union that will not promptly authorize its State banks to get on an equality of competition with the national banks by adopting the state-wide branch banking system.

Mr. FLETCHER. Mr. President, will the Senator yield again?

The VICE PRESIDENT. Does the Senator from Virginia further yield to the Senator from Florida?

Mr. GLASS. I yield.

Mr. FLETCHER. May I suggest in that connection that in those States which now do not allow branch banking, the banks are getting around the situation by organizing affiliates. National banks establish affiliates even in those States which prohibit branch banking, and those affiliates are doing exactly what a branch bank would do.

Mr. GLASS. Exactly. The affiliates and the holding companies are acquiring long chains of banks. Not only that; in many instances they are buying up banks. They have systems of chain banks without the responsibility of unit banking or of branch banking, because where a bank has a branch the double liability of the stockholder prevails. Moreover, in the provision of this bill we do not permit the establishment of a branch unless and until the parent bank, if it does not already possess the required amount of capital, shall increase its capital by the amount that is required for the establishment of a unit bank in any given community.

It will be interesting to the Senate to know that during the 11-year period from 1921 to 1931, inclusive, there were 8,221 bank failures in this country.

Mr. TYDINGS. How many banks are there?

Mr. GLASS. There are approximately 22,000 institutions called banks; but thousands of them were little pawnshops that never should have been chartered either by the Federal Government or by State governments. Fifty-nine per cent, or 4,861 of these suspended banks had a capital of $25,000 or less; 25½ per cent, or 2,175 of these banks had a capital exceeding $25,000 but not exceeding $50,000; and of the 8,221 failures, only 37 banks, or four-tenths of 1 per cent, had a capital of as much as $1,000,000. Over 60 per cent of these failures occurred in communities with a population of less than 1,000 inhabitants, and over 90 per cent of these failures occurred in cities and towns with a population of less than 25,000 inhabitants.

It is, therefore, obvious that the problem is largely one of small rural bank failures. Right here, I pause to say what I have repeatedly said before in discussing this question—that the appeal of the little bank, so called, against the "monopolistic" tendencies of branch banking, is misleading when we come to reason about it.

The fact is that the little banker is the "monopolist." He wants to exclude credit facilities from any other source than from his bank. He wants to monopolize the credit accommodations of his community. He does not want any other bank in his State to come there. If it is a manufacturing enterprise, he welcomes it. Whether it be a branch of some great industrial operation or otherwise, he welcomes it; but if it is to trade in credit, if it is to accommodate the commercial and industrial borrowing demands of the community, he wants to monopolize that himself.

Mr. FLETCHER. Mr. President, may I ask the Senator a question?

The PRESIDING OFFICER (Mr. ROBINSON of Arkansas in the chair). Does the Senator from Virginia yield to the Senator from Florida?

Mr. GLASS. I do.

Mr. FLETCHER. The Senator stated the number of bank suspensions throughout the country. Can he state how many of those were national banks?

Mr. GLASS. Incomparably fewer were national banks than State banks. In proportion to the number of national banks, as compared with State banks, I should say that approximately the failures would be five to one of State banks as compared with national banks.

Mr. FLETCHER. I think those figures can be obtained, separating national banks from State banks.

Mr. GLASS. They can be obtained from the comptroller; yes. I may have them here; and when we come to a more immediate discussion of the various provisions of the bill, I shall have some things to say that it is not necessary to say here now.

Mr. President, I have been now for nearly 32 years a member of the Banking and Currency Committees of the other branch of Congress and of the Senate. I have been an intent listener and observer of all measures of importance that have been considered; and I assert here that never in that whole period has any merchant or business man having relationships with banks ever protested against branch banking. No man who has wanted credit, no man who wanted to borrow funds with which to conduct his business has ever in that whole period raised his voice against branch banking. It has only been done by the bank which wanted a monopoly of credit in its community.

Mr. TRAMMELL. Mr. President, will the Senator yield?

Mr. GLASS. I yield.

Mr. TRAMMELL. I dislike to interrupt the Senator, but I would like to ask him whether the champions of the branch-banking policy have not, on the other hand, been the people who want to enter that field? The Senator says there has been no one opposed to it except those interested on the other side.

Mr. GLASS. I think the insistent proponents of branch banking are people who want credit, who do not want to be confined to the inadequate facilities of their respective communities. Take that restriction of the national bank act which prohibits any bank from loaning to any customer, partnership, concern, or corporation more than 10 per cent of its capital and surplus. That provision of the national bank act requires thousands of business industries and commercial concerns in this country to go to the large money centers to get credit, because the banks in their respective communities can not, under the restrictions of the national bank act, grant them adequate credit.

Take the great shoe industry of my own town, with a population of 45,000 people. The national banks there combined can not begin to respond adequately to the requirements of those industrial concerns, with the result that they have to go to New York, and to Boston, particularly to Boston, and to other large money centers, to get credit.

If a great tobacco industry in Richmond should want to establish a branch house or factory in my town, do Senators imagine there is a human being there who would object to it? Then if some bank should want to sell credit in my town, why should anybody object to it?

Mr. COPELAND. Mr. President, will the Senator yield?

Mr. GLASS. I yield.

Mr. COPELAND. If what the Senator says now about the tobacco concern or the shoe concern in his town be the fact, what significance has this provision regarding the paid-in capital of the branch banks of $500,000? How would that insure safety to stockholders of that concern?

Mr. GLASS. I do not think any question of safety is involved. We provide that no bank with a capital of less than $500,000 may establish these branches throughout the States.

Mr. COPELAND. Is that what this language means?

Mr. GLASS. Yes.

Mr. COPELAND. "No such association shall establish a branch outside of the city, town, or village in which it is situated unless it"—meaning the association?

Mr. GLASS. Yes.

Mr. COPELAND. Not the branch?

Mr. GLASS. No; the association. It requires that when it establishes a branch anywhere else it must enlarge its capital to the extent that would be required for the establishment of an independent bank in that community.

Mr. COPELAND. I do not think the language in the measure is clear.

Mr. GLASS. Perhaps not. We think it is.

Mr. COPELAND. It could be read either way, either that the association should have paid-in capital, or that the branch should have the paid-in capital. I think it should be made very specific so there would be no doubt as to its meaning. If the association had an increased capital of $500,000 because it had a branch in Richmond, and the Richmond concern were permitted to borrow far in excess of that, I can not see how protection would be given by reason of that slight increase in capital.

Mr. WHEELER. Mr. President, will the Senator from Virginia yield to me?

Mr. GLASS. I yield.

Mr. WHEELER. If I may interrupt the Senator just a moment, I was interested in his statement with reference to branch banks being able to extend better credit facilities. In Montana, where we have had, not the branch-bank system but the chain banks, there has been a general complaint on the part of stockmen and other people of that character to the effect that since the chain banks came into the State, they have not been able to get the credit facilities which they formerly had with the other independent banking group. I received a letter just the other day from an individual who is comparatively wealthy for that section of the country, stating that the banks out there at the present time would extend no credit, even though he had resources and owed no money whatsoever.

Mr. GLASS. The Senator can get letters of that sort from any community in the United States, for that matter.

Mr. WHEELER. That is true, but that has been a general complaint in my State with reference to the chain banks since they have come into the State.

Mr. GLASS. What we want to do is to break up chain banking, which is an irresponsible species of banking, and substitute for it branch banking, which is an entirely responsible species of banking.

Mr. WHEELER. I agree with the Senator that branch banking would be better than chain banking, but I do not know how this measure would break up the latter.

For instance, as the Senator said, these chain banks buy up the stock of banks, my understanding is, and put it into a holding company, and the holding company may or may not be responsible for the double liability on the stock.

Mr. GLASS. They are not responsible.

Mr. WHEELER. They are not responsible.

Mr. GLASS. Some of them, by State law, are responsible.

Mr. WHEELER. They may be or they may not be.

Mr. GLASS. Some of them were wise enough to make themselves responsible by their charter provisions—notably so in Michigan.

Mr. WHEELER. How would this bill break up chain banking? I am asking the Senator for information and not with the idea of criticizing.

Mr. GLASS. It is the view of the committee, upon information presented, that if we do not adopt state-wide branch banking, the holding companies and the banks which they hold are going to be pretty soon wrecked. I do not know that it ought to be stated here, but we want to consider this whole problem in frankness. If the existing requirements of the law were put into effect by the Comptroller of the Currency, there are thousands of banks which have not yet closed their doors, whose capital and surplus have been impaired, which would have to be closed up to-day, and unless we do something of this nature, that part of the country where these holding companies exist—and they are not confined to any one section, though perhaps they are more numerous in the northwestern section of the country than in any other section—are going to find themselves in inextricable difficulties.

Mr. WHEELER. What I would like to have the Senator explain to me is how this measure would help them out. I do not see how this particularly would help them out.

Mr. GLASS. They would convert their banks into branches. They would convert their holding companies into banks. They would convert the banks which they hold into branches, with the double liability. If they are as skillful as they have seemed to us to be, they would manage to increase their capital holdings so as to insure the soundness and solvency of these banks as branches.

Mr. WHEELER. Even though they did put them into branches, state-wide branches, now, for instance, the holding companies are at Minneapolis, and hold a string of banks through North Dakota, South Dakota, Wyoming, Nebraska, and Montana, and under the provisions of this measure they could not turn their holding companies and their affiliates into branch banks, because this would only extend as far as the State line. Is that correct?

Mr. GLASS. Yes; it would extend only to the State line.

Mr. WHEELER. So that they would have to set up branches in each one of these States.

Mr. GLASS. Undoubtedly they would have to set up a parent bank in each one of the States. If the Senator wants to know what those people out there think of the situation, I exhibit to him this pile of telegrams, and I have received probably 2,000 such messages in the last three days from those people, which very clearly indicate their apprehension that if something of this sort is not done that section of the country and other sections of the country are going to have numerous bank failures.

Mr. WHEELER. I am not very much disturbed about the Senator's telegrams——

Mr. GLASS. No; and I am not, either. I have never invited one in the 30 years I have been in Congress; I have never inspired one; I have never had my judgment affected by one. I am every day getting propaganda inspired by the superintendent of State banks of my State, who does not appear to know that his own State authorizes state-wide branch banking in large measure. Does anybody think I am simple enough to be influenced by propaganda of that sort?

Not one of these banks would have ever thought of initiating letters to me about a matter of that sort if this bank official had not been guilty of the gross impropriety of starting that sort of propaganda. I have a contempt for it, and I am not governed by these 2,000 telegrams in favor of this so-called Glass bank bill. I made up my mind as to its various provisions long ago without getting any telegram from any source. But I just wanted to indicate to the Senator what the people of Montana and of the Dakotas and Wyoming and Michigan and Wisconsin and of all that section of the country think about the situation, what their apprehensions are as to what will happen if we do not get some measure of sound branch banking enacted.

Mr. WHEELER. Those telegrams are not, in my judgment, from the rank and file, or from the merchants of the country, except in so far as they have been inspired by the chain-banking group, and for that reason——

Mr. GLASS. I do not know who inspired the telegrams. I know I did not.

Mr. WHEELER. I understand that.

Mr. GLASS. And I know I am not influenced by them. But I am interested in having the Senator know that upon examination he will find that at least two-thirds of them, if not a greater percentage, are from people who are not bankers, but are business men, the patrons of the banks, who want accommodations at the banks.

Mr. WHEELER. As I have said, they have been inspired by the banks, and my comment is the same as what the Senator said about the telegrams, that lots of people who send telegrams do not know what they are talking about when they send them.

Mr. GLASS. No; and that applies to those opposing this bill as well as those favoring it. There was a night school

here in Washington, at which even the bankers had to be taught the objections to the bill. Representatives of the American Bankers' Association came into my office and asked for three weeks to study the bill, saying that they did not understand it, but they got a complete understanding of it between my office and the Western Union Telegraph office, where they went and deluged the country with telegrams urging the killing of a bill which they had told me an hour or two before they did not understand.

Mr. KEAN and Mr. BLAINE addressed the Chair.

The PRESIDING OFFICER (Mr. BORAH in the chair). Does the Senator from Virginia yield; and if so, to whom?

Mr. GLASS. I yield to the Senator from New Jersey, who rose first.

Mr. KEAN. The Senator says that in his home town there is a large shoe manufacturer.

Mr. GLASS. The largest east of the Mississippi and south of the Potomac; not one but several.

Mr. KEAN. Who can not borrow money in his own town.

Mr. GLASS. I did not say that. They can borrow all the money in my town the banks are authorized under the law to lend, but they are not authorized under the law to lend them enough.

Mr. KEAN. The Senator says they have to go to Boston to borrow the money.

Mr. GLASS. They do not have to go there. They do go there or to New York.

Mr. KEAN. Why do they not go to Richmond? I can not see why they can not borrow it just as well in Richmond as they could in Boston.

Mr. GLASS. If Richmond had a branch bank, they might borrow it there more readily and certainly in larger amounts and possibly at a smaller rate of discount than they could borrow from the local banks.

Mr. KEAN. But not cheaper than they could in Boston?

Mr. GLASS. Perhaps not.

Mr. BLAINE. Mr. President——

The PRESIDING OFFICER. Does the Senator from Virginia yield to the Senator from Wisconsin?

Mr. GLASS. I yield.

Mr. BLAINE. The Senator included in his category of States my own State.

Mr. GLASS. Yes; I have a lot of telegrams from Wisconsin.

Mr. BLAINE. Does the Senator know the type of men who have asked for branch banking in Wisconsin?

Mr. GLASS. I have told the Senator I did not take enough interest in the telegrams to read them.

Mr. BLAINE. May I inform the Senator that the only banks in Wisconsin which desire branch banking are the very small group of large banks that want to obtain absolute control of the banking facilities of Wisconsin?

Mr. GLASS. Perhaps that is so in Wisconsin. As I pointed out, my observation and experience have taught me that the banker who does not want a branch bank in his town is the real monopolist. He is the exclusionist.

Mr. VANDENBERG. Mr. President, may I ask the Senator a question?

The PRESIDING OFFICER. Does the Senator from Virginia yield to the Senator from Michigan?

Mr. GLASS. I yield.

Mr. VANDENBERG. In addition to every other consideration which the able Senator has submitted, is it not a fact that we are in an emergent situation in which many communities are calculated to be devoid of any banking facilities whatsoever except as they have them through a branch bank?

Mr. GLASS. The comptroller has pointed out to us that there are thousands of communities in the United States that are now destitute of all banking facilities. I personally know of them in my own State. The largest tobacco producing county in Virginia, and perhaps in the world, has not any banking facilities. Its three banks in this awful depression have failed. Nearly $3,000,000 of deposits are tied up in the hands of receivers and God only knows when any of the depositors will ever get a dollar of their money.

Mr. VANDENBERG. And there is no local capital to replace it.

Mr. GLASS. O Mr. President, these little pawnshops that call themselves "banks"! Here [indicating] is a chart showing the banks in one State of the West in 1920, enough of them, if they were real banks, to supply the United States. Those which have survived, and they are too many, are shown by this other chart. That condition applies not merely to one section of the country. It is just a startling illustration of the utter inefficiency of these inconsequential "pawnshops" which are chartered.

When they begin to fail, the psychology of the thing is quite as disastrous as the failure of a large bank. When small banks fail, the failure begins to create fear in the depositors of the large banks and the consequence is a run on the large banks and the withdrawal of deposits and the breakdown of the whole credit system of the section.

Mr. THOMAS of Idaho. Mr. President——

The PRESIDING OFFICER. Does the Senator from Virginia yield to the Senator from Idaho?

Mr. GLASS. I yield.

Mr. THOMAS of Idaho. Are the charts which the Senator has just exhibited in such form that they may be made a part of the RECORD?

Mr. GLASS. Oh, no.

Mr. THOMAS of Idaho. They seem to be quite an interesting exhibit.

Mr. GLASS. I do not think they should be made a part of the RECORD. They are not complete for the country. They relate to certain States and I do not care to be responsible for bringing those States under criticism, and therefore I purposely did not say to what States they relate.

Mr. THOMAS of Idaho. Very well.

Mr. GLASS. Credit, except for its delicate nature and its more important nature, is not different from anything else involved in business or in trade. Under sound restrictions I am totally unable to comprehend the objection to having any bank in my State, if it has the facilities, sell its credit in any part of the State. I would not advocate nation-wide branch banking. The species of branch banking which I am advocating now would tend to break down the existing species of nation-wide branch banking without any responsibility whatever or any care of the local interests involved.

Mr. WALSH of Montana. Mr. President——

The PRESIDING OFFICER (Mr. FESS in the chair). Does the Senator from Virginia yield to the Senator from Montana?

Mr. GLASS. I yield.

Mr. WALSH of Montana. When the Senator addressed himself to this feature of the matter a while ago I was curious to learn why it is that a member bank, which has opportunity to get from the Federal reserve bank whatever credit it is entitled to, should put itself in a state of involuntary servitude to one of the large central banks.

Mr. GLASS. Had the Senator heard me yesterday he would have learned that when, in passing the Federal reserve act, we withdrew the reserve trust funds of the country from the money centers, we had hoped that the banks in involuntary servitude to the money centers would realize that they no longer were compelled to resort to those banks, but might with perfect liberty exercise their privilege to have their eligible paper rediscounted at their respective reserve banks; but they have maintained this alliance. They call it "traditional." They say these bankers are their friends. In fact, they are their masters and not their friends.

Mr. NORRIS. Mr. President——

The PRESIDING OFFICER. Does the Senator from Virginia yield to the Senator from Nebraska?

Mr. GLASS. Certainly.

Mr. NORRIS. I think I realize the importance of the question asked by the Senator from Montana; but, as I understand it, one of the objects of the Federal reserve act was to free these banks from involuntary servitude, but they have remained in that state of slavery, so the Senator ought not to call it "involuntary." It is voluntary servitude now.

Mr. GLASS. It is involuntary in the sense that they either do not realize their possible independence or they prefer to maintain their traditional business relations and practices with those banks who in past years have accommodated them. The requirement always is that in order to maintain that relationship they must keep on deposit a certain percentage of their funds.

Mr. SHIPSTEAD. Mr. President——

The PRESIDING OFFICER. Does the Senator from Virginia yield to the Senator from Minnesota?

Mr. GLASS. I yield.

Mr. SHIPSTEAD. Is it not also a fact that many of the banks were not able to borrow from the Federal reserve bank because the paper which they could discount was limited, and in many of the communities where these banks do business they did not have that kind of paper and so they had to go to what is called the correspondent bank with what collateral they had and borrow money there?

Mr. GLASS. Oh, no; that is scarcely measurably true. In the first place, I can not conceive of any limitation upon the eligible paper of a bank doing a commercial business under the terms of the Federal reserve act. Any paper that has for its purpose an agricultural, commercial, or industrial business transaction, any note, bill of exchange, or other paper, the proceeds of which are intended to be used for these purposes, is eligible at a Federal reserve bank.

One reason why these banks prefer to keep the required deposit at their correspondent bank in the money centers is that they do not want to put themselves to the inappreciable trouble of assembling their eligible paper and rediscounting at a Federal reserve bank. They prefer to make a straight note and get an accommodation readily from their correspondent bank in the large money centers.

Mr. NORRIS. Mr. President——

Mr. SHIPSTEAD. May I ask another question before the Senator from Nebraska interrupts?

Mr. NORRIS. Very well.

Mr. SHIPSTEAD. Of course I do not refer to banks doing a commercial business. In many of the States, or in many parts of many of the States, there is very little of what is called commercial paper in the banks.

Mr. GLASS. Oh, no; the statistics of the Federal Reserve Board have proved that that is not true. They had $8,500,000,000 and have now that much of rediscountable paper, and they were rediscounting to an inappreciable extent.

Mr. SHIPSTEAD. I am talking about banks who do not have that kind of paper.

Mr. GLASS. The banks that do not have that kind of paper are not commercial banks, and many of them are out of business now, and ought to be out of business. If we do not do something to reform the banking system, many more will be out of business.

Mr. SHIPSTEAD. I hope the Senator will pardon me. I am trying to bring to his attention the fact that in agricultural communities there are banks that are not what we call city commercial banks.

Mr. GLASS. But agriculture has a preferred position under the requirements of the Federal reserve act. If you are a merchant you can get accommodated for only 90 days. If you are a farmer you can get accommodated for nine months.

Mr. SHIPSTEAD. On what kind of paper?

Mr. GLASS. On agricultural paper; on paper the proceeds of which have been used for agricultural purposes, or the intention is that they shall be used for agricultural purposes. Oh, no; there is plenty of commercial paper. In its bulletin of only March last the Federal Reserve Board reasserted that fact and added that it was adequately distributed throughout the country. The banks are simply not making loans.

Mr. VANDENBERG. And is it not a part of our difficulty that we mingle commercial and savings bank business generally throughout the country?

Mr. GLASS. Undoubtedly, and one large part of it is that we do not require the separation of investment banking from commercial banking.

Mr. NORRIS. Mr. President——

The PRESIDING OFFICER. Does the Senator from Virginia yield to the Senator from Nebraska?

Mr. GLASS. Certainly.

Mr. NORRIS. I sought to interrupt the Senator a while ago when the Senator from Minnesota [Mr. SHIPSTEAD] had his attention. It seems to me the Senator is discussing a very important feature of our Federal reserve system. Without being an expert, it was almost shocking to me to realize, as I did some time ago when I got the figures, that there was such a large volume of eligible paper in the possession of the various banks of the country, with a place to go and get some money on it, and that the banks were not availing themselves of that privilege while their depositors and the entire country were crying out for the use of currency.

I can hardly conceive in the first place that the banks are ignorant of the fact that they possess this ability and have this source where they can rediscount their eligible paper. So it has always seemed to me that there must be some reason, which I do not know and which I do not understand, why this condition should exist. Knowing of his wide range of knowledge, I had hoped that the Senator from Virginia during the course of his discussion would enlighten me on that subject.

It is hardly sufficient to say, it seems to me, that the bankers do not know about it, and it is not an answer, as I look at it, to say that although there is a great cry for money the banks are really hoarding it and do not want to lend it, because, if they have eligible paper, which they have, and I, for instance, a farmer or a merchant, presented my note at the bank for a loan, they would not have to take the money out of the funds they have in their vaults but could at once send that note to the Federal reserve bank of which they were a member and get the money for it.

Mr. GLASS. Mr. President, one of the most embarrassing things to me, as I have already indicated, is to have imputed to me a knowledge of these matters that I do not actually possess. I can not tell the Senator from Nebraska or the Senate why the banks are frightened to death, but I think that is one reason why they are not making loans. They want to get into as liquid a position as they possibly can to meet or avert runs. Then, also, it is fair to the banks to say that there has been such an arrest, such a cessation, of business in this country that the demands are not nearly so extensive or insistent as otherwise would be the case.

Mr. NORRIS. If the Senator will permit me further, I am not asserting that the banker ought to loan money on a large scale. I have sympathy for him. I suppose I would do the same thing.

Mr. GLASS. I am afraid I should.

Mr. NORRIS. But in this case the banker does not loan his money; as a matter of fact, he merely acts as an intermediary between the man who wants to borrow and the Federal reserve bank. To make the loan would not take a dollar out of his vaults.

Mr. GLASS. The banker loans his depositors' money; and if he be a sound and honest banker, he ought to have and would have constantly in mind the interest of his depositors. It is true that he could replenish his coffers by rediscounting his eligible paper at the Federal reserve bank. Exactly why he does not do it, I can not tell any more than can the Senator from Nebraska.

Mr. THOMAS of Idaho and Mr. BYRNES addressed the Chair.

The PRESIDING OFFICER. Does the Senator from Virginia yield; and if so, to whom?

Mr. GLASS. I yield first to the Senator from Idaho.

Mr. THOMAS of Idaho. Referring to the statement of the Senator relative to the rediscount of paper, what I am about to say applies only to country banks, because I know nothing of the situation in the city banks. What the Senator says about the Federal reserve banks being able to take care of this situation, I think, is true. What he says about the eligibility of the paper, of course, is also true. However, the trouble is that the rules and regulations surrounding the requirements for rediscountable paper make it very

difficult for a country bank at the present time to rediscount paper; in fact, but few country banks have any of the $8,500,000,000 of strictly eligible paper for discount under the rules and requirements of the present administration of the act.

Mr. GLASS. The Senator will recall that I put into the RECORD the statement of the Federal reserve authorities showing that under the restrictions to which the Senator refers there were only 91 member banks of the 7,600 that were without eligible paper.

Mr. THOMAS of Idaho. I am quite in sympathy with what the Senator says about the bill, but, not to take too much time, I wish to answer the question why the banks do not loan the money when they have the rediscountable paper. Whenever the statement of a country bank is published it is a community affair, and past experience has shown that bankers who were borrowing money have sometimes failed, and the public is afraid of a bank which they think is rediscounting or borrowing money. It should not be so, but it is so. So the banks in the country communities are afraid to show rediscountable paper on their statements. For that reason they do not exercise the privilege that they could exercise, as in many cases they have the paper the Senator mentions.

Mr. GLASS. Right there I am prompted to inject that one reason which appeals to me for the establishment of branch banks is that there are thousands of country banks that have failed, and there are others that are now threatened with failure, not because the bank officials are dishonest, not because the bank officials have consciously been guilty of unsound methods, but because those banks are so inadequately supplied with capital that they can not afford to employ expert bank managers and skillful bank officials. Such a condition would not apply to larger banks having branches in a community where the unit bank is so weak and insipient that it can not possibly respond to the agricultural or commercial demands of its respective communities.

Mr. THOMAS of Idaho. I quite agree with the Senator, and I hope Senators will keep in mind all the time the viewpoint not so much of the banker, not so much of the borrower in these communities, but of the poor fellow who has his money on deposit. We must pass legislation here that will make the depositors' money safe. That is the thought that I have.

Mr. VANDENBERG. Mr. President, bearing upon the question submitted by the Senator from Nebraska [Mr. NORRIS], may I inquire of the Senator from Virginia if it might not be at least partially misleading to refer only to the nation-wide total of eligible paper? What I mean is, Is not the vast bulk of such paper calculated to be concentrated in the money centers, and is not the great margin of the liquidity essentially in the money centers?

Mr. GLASS. I can only respond to that by saying that the official of the Federal Reserve Board especially charged with the gathering of statistical information about these matters stated, and the Federal Reserve Board itself stated, that the distribution of eligible paper throughout the country was very adequate.

Mr. VANDENBERG. For example, is it not probable that no bank was given a loan either by the National Credit Corporation or now by the Reconstruction Finance Corporation except as it had first exhausted its eligible paper at the Federal reserve bank?

Mr. GLASS. I do not know that that is at all true with respect to the Reconstruction Finance Corporation. Certainly there is nothing in the act creating that corporation making such a requirement. I do not know, furthermore, that anybody knows anything about the National Credit Corporation. We could not even get the president of it by letter, telegram, and long-distance telephone to appear before our committee. I do not know what the requirements of that organization were.

Mr. VANDENBERG. Does not the Senator think that would be a reasonable assumption in looking the field over?

Mr. GLASS. I suppose I am rather impatient and testy when I undertake to refer to the National Credit Corporation. I do not think there was anything reasonable about it.

Mr. BYRNES. Mr. President, will the Senator yield to me?

The PRESIDING OFFICER. Does the Senator from Virginia yield to the Senator from South Carolina?

Mr. GLASS. I yield.

Mr. BYRNES. The Senator has made reference to the statement which he inserted in the RECORD during the discussion of the Glass-Steagall bill. I want to say to the Senator that because the statement was so interesting, I secured from the Federal Reserve Board the figures as of April the 27th, and they confirm the statement made by the Senator a few moments ago that eligible paper is still distributed throughout the various districts. However, the statement shows that the borrowings on April 27 were $106,472,000 less than at the time of the previous report. So the statement made by the Senator from Virginia during the consideration of the Glass-Steagall bill is borne out entirely that so far as the eligible paper is concerned, there was no lack of commercial paper or of United States securities, but there were no borrowers.

Mr. GLASS. Mr. President, I hope now, unless some Senator has a question to ask, that I may conclude my remarks in rather an orderly way. I have consumed infinitely more time of the Senate than I ever expected I would do.

Mr. KEAN. Mr. President, will the Senator yield to me for just one question?

Mr. GLASS. Yes, sir.

Mr. KEAN. There are some twenty-nine million dollars of deposits in the banks, of which the banks are forced, unwillingly perhaps, to keep from 7 to 10 per cent with the Federal reserve banks. They keep——

Mr. GLASS. No.

Mr. KEAN. Excuse me for one moment.

Mr. GLASS. Well, I wanted to stop the Senator at the first misstatement of fact.

Mr. KEAN. The Senator says they have $8,000,000,000 of paper eligible for rediscount. If they had 35 per cent of their deposits, they ought to have $9,100,000,000.

Mr. GLASS. As a matter of fact, they are not required to keep the sum the Senator from New Jersey says they are, because of their shiftiness. It will be recalled that some years ago we reduced the reserve requirement behind time deposits to 3 per cent, but our information was that about 85 per cent of the bankers have so manipulated their deposits as to transfer their demand deposits to their time deposits in order to get the benefit of that 3 per cent. That is not honest banking. It takes us back to what was the outstanding incident of the money trust investigation when Mr. Untermyer was cross-examining a great banker and asked him if the banks in the money centers did not consistently try to evade the law, and the very frank and notable response was: "Why, certainly; what do you suppose we hire the best legal talent in the world for?"

Mr. President, the committee's study of the banking situation showed us conclusively that the system of banking in the rural communities had broken down largely through causes beyond the control of individual bankers or of the community interests. These causes are of a basic nature and have many ramifications, brought about through economic and social changes which have occurred in the United States since 1914; and in a large part the economic movement of a large number of independent local utility and industrial operating units toward a stronger and more centralized form of operation in the large cities has curtailed the opportunities of the country bank for diversity and extension of business, while broadening these opportunities for the large city banks.

Senators know that we have in this country hundreds of 1-crop banks, so to speak. The diversity of their business is inappreciable; and if that one crop fails, the bank fails. That would not so actually apply to a branch-banking system. A large bank in the cotton territory would be very

much more apt to have a diversity of business than a weak bank in a small community of that territory; so that when the cotton crop in the far South, or the tobacco crop in Virginia, the Carolinas, Tennessee, and Kentucky fails, it does not necessarily follow that the bank in the larger community, with greater resources, would fail, as so often now occurs with the small banks in small communities.

Two fundamental causes are at the root of the small bank failures—lack of diversity and necessarily lack of earning power. Most of the small banks are what may be termed, as I have stated, 1-crop or 1-enterprise banks. Where the loans of a bank are made to the community which depends upon cotton, and cotton prices are low, or a crop fails, the bank is unable to stand the shock, and the amount of losses can not be absorbed, due to the lack of earnings, and it eventually fails. And so if it is in a tobacco community; so if it is in a coal-mining section.

Many of the banks in the coal-mining section of the country have failed because coal mining has been tremendously arrested, and people who own coal-mining stocks have been literally impoverished. They no longer are getting any dividends. My own small town of 45,000 inhabitants has many million dollars invested in coal stocks, and not one of them is now paying a dividend; and if the banks of that community had to depend upon the coal-mining business they would all fail.

During the 5-year period from 1926 to 1930, inclusive, for which figures have been compiled for national banks, of the banks with total loans and discounts of $150,000 or less, 35 per cent lost money; 28 per cent of the banks with loans and discounts from $150,000 to $250,000 lost money; 20.6 per cent of the banks with loans and discounts from $250,000 to $500,000 lost money; 14.6 per cent of the banks with loans and discounts from half a million dollars to $750,000 lost money; and 13.2 per cent of the banks with loans and discounts from $750,000 to $1,000,000 lost money, according to the figures supplied me by the Comptroller of the Currency. These are small banks; and if we included the year 1931, which was an abnormal year, the figures would show an enormous increase in losses; and as I have pointed out, we have thousands of communities in this country now that are absolutely destitute of banking facilities.

If we had branch-bank authorization, the strong banks that have survived this catastrophe could open up their branches in those communities and afford them not sparse but ample credit facilities—banks sound, expertly managed, with the full responsibility of stockholders' liability. As it is these communities are without banking facilities, and they are unable to raise sufficient capital in the communities to organize unit banks.

Mr. KEAN. Mr. President, would the Senator mind yielding for a question?

Mr. GLASS. Not at all, sir.

Mr. KEAN. I am sorry to interrupt the Senator again.

Mr. GLASS. The Senator need not express any regret. I am glad to be interrupted.

Mr. KEAN. All I wanted to ask was this: The Senator does not mean to say that the banks with $100,000,000 of capital did not lose money during 1931, does he?

Mr. GLASS. No; I do not mean to say that. I pointed out yesterday that one particular bank with more than $100,000,000 of capital lost for its depositors $18,000,000, and its affiliate lost $57,000,000, making a total of $75,000,000; but that was an exceptional case, it is to be hoped.

I say, Mr. President, that it is the duty of Congress to supply these thousands of communities that are now without banking facilities with those facilities that may be afforded by a sound branch-banking system.

Moreover, the Comptroller of the Currency points out that there are hundreds, if not thousands, of communities in the United States where banks have become so weakened by this frightful depression as to make it improbable that they can much longer stand alone. Under the branch-banking system provided by this bill, hundreds if not thousands of these weak banks might be taken over by strong banks, and their activities and usefulness continued as branches of the strong banks. Who that desires credit, who that needs and is seeking banking accommodations objects to that? I have never known a business man or a merchant to raise an objection. Only the little banker who wants a monopoly of his territory objects.

There is interposed here the suggestion that a bank having a branch in a distant community of its State can not altogether sympathize with the requirements of that community and would not so readily respond to the commercial and industrial demands upon it. Why would it be there, what would it have a branch there for, except to do business, and to do all the business that its resources would permit it to do? I grant you that it might be that the sound and sensible man or men in charge of a branch would not be so eager to grant favors and privileges arising out of personal contact and friendly association; but that would be to the credit of the management rather than to the detriment of the community. How many banks have failed utterly because of that sort of favoritism, and because of unbusinesslike loans made for the accommodation of bank officials themselves, or their personal friends?

That is no argument against a sound system of branch banking. The comptroller assures me that hundreds of banks might have been saved in this exigency—and that is a mild statement of the case—might have been saved and taken over by the stronger banks if we had had a branch-banking system; and he points out to me a very significant fact:

When the Congress granted that inappreciable measure of branch banking which is contained in the so-called McFadden bill, the most strenuous opposition came from the bankers in Chicago outside the loop. They hired a skillful and persuasive professional lobbyist and paid him a high salary to come here to Washington—worse than that, they hired some Congressmen, to my positive documentary knowledge—to oppose even that small measure of branch banking. They extolled the unit-banking system to the skies in preference. Yet, in 1931, there were 70 unit-bank failures outside the loop at Chicago, whereas if we had had a larger measure of branch banking many of these banks, failing not because of the dishonesty or perhaps incapacity of the bank officials, might have been taken over and saved and their depositors rescued from impoverishment.

I referred at the beginning of my remarks to-day to the situation in Canada. I stated from recollection that there had been but 26 bank failures in 65 years of the branch-banking system of Canada.

Mr. BLAINE. Mr. President, will the Senator yield?

Mr. GLASS. Just as soon as I finish this thought. I also pointed out that the chief significance of the figures furnished me by the comptroller's office was that the total losses from bank failures in Canada in 65 years amounted to but $13,500,000, and that since 1900 there had been but 9 failures, 5 being of small banks carrying deposits of less than a million dollars, and that 5 of the 9 failures were so managed that the depositors in the banks did not lose a dollar, because the large banks in concert took them over and saved the depositors.

I now yield to the Senator from Wisconsin.

Mr. BLAINE. I wanted to inquire of the Senator whether or not, in view of the fact that for 200 miles in Canada along the Canadian border there are natural resources, agricultural possibilities, the Great Lakes, transportation, and possibilities of industrial development, he would explain Canada's backwardness as compared with the United States in commerce, agriculture, and industry, as due to its branch-banking system?

Mr. GLASS. No; I do not think its backwardness is due to the branch-bankink system. I think if it had not been for its branch-bank system, with a record such as I have described, its backwardness would have been infinitely greater than it has been. But I am not undertaking to describe the industrial backwardness of Canada, or of any other country. I am simply undertaking to show that the banking system has been sound, and that it has not resulted in tremendous losses to the depositors.

Mr. BLAINE. Is it not a fact that leading Canadians and publicists of Canada claim that the concentration of credit and banking under the branch-banking system of Canada has been directly responsible for the lack of development in agriculture, industry, and commerce in Canada?

Mr. GLASS. I have not seen anything to that effect; but I recall very vividly that when we enacted the Federal reserve act we had before our committee Sir Edmund Walker, at that time the head of the Canadian banking system, and his unqualified defense of their banking system was to me exhilarating. It almost converted me from my fixed judgment to the contrary at the time, and I have since many times regretted that I did not yield to his urgency.

I want to say this, too, that prior to the Civil War the two best banking systems in the United States were the branch-banking systems of Indiana and Virginia. Their notes were at a premium in every State of the Union.

Mr. NORRIS. Mr. President——

The PRESIDING OFFICER (Mr. FESS in the chair). Does the Senator from Virginia yield to the Senator from Nebraska?

Mr. GLASS. I yield.

Mr. NORRIS. I wish the Senator would enlighten me on this subject. In speaking of the number of banks which failed in Canada, does the Senator mean that so many branch banks or so many banks with branches failed?

Mr. GLASS. Banks with branches.

Mr. NORRIS. I can not conceive of a branch failing under that system.

Mr. GLASS. Oh, no; the branch can not fail. If the parent bank fails, of course it carries the branch along with it. But, as I have tried to point out, it is not so much in the number of banks which have failed but the small losses to the depositors which have ensued.

Mr. NORRIS. I realize that. Nevertheless, I wanted to get the number if I could. If we count each branch a bank—and it seems to me we ought to do that when we compare them with our unit bank—how many would that mean?

Mr. GLASS. I have not those figures, frankly. I feel so thoroughly convinced that a large measure of the usefulness of this proposed reformation of the banking system is involved in this branch banking that I have presented the matter with as much urgency and force as I have been able to command.

I want to conclude this discussion of the branch-banking feature by again insisting to the Senate that no question of State rights is involved. The matter of the right of Congress to go into a State without its consent and establish a national-bank system, and even to deprive the State, as it were, of the right of taxation, except by consent of Congress; the fact that Congress went into the State and prohibited, under a species of taxation, the issuance of currency by State banks; and the significant and conclusive fact that there is nothing in this provision of the bill, or in any other provision of the bill, which would undertake to interfere in the slightest degree with the State exercising its sovereign power by conferring the right to establish branches on State banks, show that that is not a tenable objection, though a very plausible, and, to some people, persuasive one.

I am a State-rights Democrat. I believe in the Jeffersonian theory of State rights, and of revenue tariff, in contradistinction to some of my colleagues, to whom Jefferson would not speak if he should meet them on the highway. I believe in State rights. But no State rights is involved in this question, because the State is not precluded from putting its State banks on a level of competition with national banks should they avail themselves of a privilege proposed to be granted.

It is not compulsory. No national bank must establish a branch if it does not think the community needs it and desires it, and does not believe there is a profitable business there for a branch. It is a purely voluntary thing.

I would like to impress those Senators who have done me the honor to listen to me with that contention, that it is not a question of ruthlessly disregarding the right of any State, because any State has within itself the power to avert any inequitable or unfair competition which might be involved in behalf of national banks.

Mr. VANDENBERG. Mr. President, may I ask the Senator one further question?

Mr. GLASS. I yield.

Mr. VANDENBERG. In section 19, this privilege of establishing a branch, I apprehend, is limited in each instance to the approval of the Federal Reserve Board?

Mr. GLASS. Yes; just as the right to charter a national bank now resides in the Comptroller of the Currency here at Washington.

Mr. VANDENBERG. I assume it would not be a rash presumption that, in the exercise of this optional power, the Federal Reserve Board would prevent any competitive raid on a banking system in a community where adequate banking facilities exist?

Mr. GLASS. Undoubtedly; the Federal Reserve Board would feel the obligation was upon it not to invade any community with a branch national bank if the existing banks afforded adequate credits. That is presumptively the obligation of the Comptroller of the Currency now. Not longer than three weeks ago he rejected the insistent demands of responsible men in a rich community of Virginia desiring to charter a national bank, giving as the reason that the one State bank there in the community was equal to all the requirements of the situation. It is not to be supposed that if this bill becomes a law the Federal Reserve Board is going out and authorize branch banking by the wholesale.

Mr. VANDENBERG. Pursuing the implication of my question and the implication of the Senator's answer, would the Senator think that it was a dangerous limitation upon this branch-bankink power if the creation of the branches were limited to the taking over of existing unit or affiliate banks in a given community, except in the case where the community has no banking service whatever?

Mr. GLASS. I would not call it a dangerous limitation. It might not be regarded by the Banking and Currency Committee precisely as a desirable limitation.

I may say to the Senator that a suggestion somewhat akin to that cited by him was made to the committee. It was that we provide that no branch might be established in a community unless the parent bank proposing to establish a branch should first negotiate with the existing unit bank or banks to take it or them over. But the committee did not agree that that was a wise restriction, and we did not incorporate it in the bill.

Mr. FLETCHER. Mr. President, will the Senator yield?

Mr. GLASS. I yield.

Mr. FLETCHER. May I suggest, somewhat in line with the remark of the Senator from Michigan, that the banks now having affiliates in different States would prefer themselves that they be branches instead of affiliates, that they would like to dispose of their affiliates, if they were permitted to establish branches?

Mr. GLASS. I think some of them wish they had disposed of their affiliates long, long ago. Yet there are some who are violently railing against this bill because we propose over a period of years to separate affiliates from national banks.

I do trust that Senators will read the legal opinion of Frederick W. Lehmann, to which I made reference yesterday, and which the Senate authorized to be printed as a public document. It will be available in print to-morrow.

I spoke of it yesterday from recollection without having the opinion before me. I made the inaccurate statement, because it had been made to me, as I conceived, authoritatively, that it was not the opinion of the Attorney General, but simply the opinion of the Solicitor General. But, upon examining the opinion itself when I returned to my office, I found that it was also the opinion of the Attorney General, Mr. Wickersham, because Mr. Lehmann states in the second paragraph of his letter of November 6, 1911:

On August 1, 1911, I submitted to you an opinion in which you concurred that the agreement and arrangement in question were

means of enabling the banks to carry on business and exercise powers prohibited to it by the national banking act.

So that it will appear from the language thus used that this was not merely the opinion of the Solicitor General but it was an opinion concurred in by the Attorney General. Why it was not acted on, why the Comptroller of the Currency, having supervision and control under the law of the national banking system, was not supplied with this opinion for his guidance, why it apparently disappeared from the face of the earth and could only be found in its original form, of which I have been furnished a photostatic copy, is something that I can only conjecture.

In this connection I have just been handed a note from Attorney General Mitchell in which he makes the statement, which I had already discovered to be true, that it was not former Attorney General McReynolds who refused to give out this opinion for publication, but it was former Attorney General Palmer. I did not on yesterday state which Attorney General it was. Perhaps I said enough to indicate that one might easily guess it was Attorney General McReynolds, and I felt authorized to do that because the memorandum of the present Attorney General specifically and textually stated it was Mr. McReynolds. He now calls attention to the fact, which I had already noted, that since it happened in 1921 it could not have been Attorney General McReynolds, because he was then on the Supreme Court Bench. It was Palmer and not McReynolds, according to Attorney General Mitchell's note just now handed to me.

The note of the Attorney General, which is not personal, states that his files show that in 1913 Attorney General McReynolds, at the request of Secretary McAdoo, gave the latter—that is to say, Secretary McAdoo—a copy of the Lehmann opinion. I do not know what Secretary McAdoo did with it, but I know what ought to have been done with it when it was written and concurred in by the Attorney General. It ought to have been supplied to the Comptroller of the Currency. It seems to me that, fortified with an opinion of that sort, the Comptroller of the Currency, whoever he may have been at that time, was under obligation to break up these illicit practices and the establishment by national banks of affiliates.

Of course, the present Comptroller of the Currency is not involved in any criticism that may be implied by what I have said. The distinguished Senator from New Hampshire [Mr. MOSES], my very devoted friend, suggested yesterday that I did not do anything about it when I was Secretary of the Treasury. It was not, strictly speaking, any of my business to do anything about it. The Comptroller of the Currency is supposed to be, but is not always, independent of the Secretary of the Treasury; but had I known anything about it perhaps I would have gone out of my jurisdiction and had something to say about it, as I have had now.

EXHIBIT A

[Senate Document No. 92, Seventy-second Congress, first session]

LEGALITY OF CERTAIN AGREEMENTS CONCERNING HOLDINGS OF NATIONAL-BANK STOCK

Mr. GLASS presented the following opinion of Solicitor General Lehmann submitted to the Attorney General on November 6, 1911, relative to the legality of certain agreements and arrangements as to holdings of national-bank stocks:

DEPARTMENT OF JUSTICE,
Washington, D. C., November 6, 1911.

The ATTORNEY GENERAL.

SIR: You advise me that the President desires that there shall be submitted to him upon his return to Washington a fuller discussion of the question of the legality of the agreements and arrangements existing between the ——— ——— Bank of New York and the ——— ——— Co., a corporation of the State of New York.

On August 1, 1911, I submitted to you an opinion, in which you concurred, that the agreements and arrangements in question were means of enabling the bank to carry on business and exercise powers prohibited to it by the national banking act.

I have reconsidered the question with the care demanded by its importance, and have reached the conclusion that both the bank and the company, whether considered as affiliated or as unrelated, are in violation of the law.

At the outset it is well to consider the purposes which the framers of the national banking act had in view. The first, the paramount, purpose was to secure a uniform national system of currency, and to do this without the creation of a great central institution like the old United States Bank.

The opposition to such an institution was deep-seated and widespread, and the sponsors of the various plans which took final shape in the national banking act were careful to point out that the objections to the United States Bank had been duly considered and had been avoided by them.

In August, 1861, O. B. Potter, of New York, submitted to the Secretary of the Treasury a scheme to permit State banks and bankers to issue notes secured by United States bonds, saying: "*None of the objections justly urged against a United States bank lie against this plan.* It gives to the Government no power to bestow favors and does not place a dollar in its hands to lend. * * * It is impossible to see how such a system can be made use of for political ends." (The Origin of the National Banking System, S. Doc. No. 582, pp. 46–48, 61st Cong., 2d sess.)

Samuel Hooper, a Member of the House from Massachusetts, was an active agent in the attainment of the end sought. In support of one of the early measures proposed, which, while it did not become a law, was a step in that direction, he said:

"*Thus are secured all the benefits of the old United States Bank without many of those objectionable features which aroused opposition.* It was affirmed that, by its favors, the Government enabled that bank to monopolize the business of the country. Here no such system of favoritism exists. * * * It was affirmed that frequently great inconvenience and sometimes terrible disaster resulted to the trade and commerce of different localities by the mother bank of the United States arbitrarily interfering with the management of the branches by reducing suddenly their loans and sometimes withdrawing large amounts of their specie for political effect. Here each bank transacts its own business upon its own capital, and is subject to no demands except those of its own customers and its own business. It will be as if the Bank of the United States had been divided into many parts, and each part endowed with the life, motion, and similitude of the whole, revolving on its own orbit, managed by its own board of directors, attending to the business interests of its own locality; and yet to the bills of each will be given as wide a circulation and as fixed a value as were given to those of the Bank of the United States in its palmiest days." (Congressional Globe, 37th Cong., 2d sess., Pt. I, p. 616.)

In the national banking act as passed in 1863 it was believed that the desired result had been obtained.

Mr. Hugh McCulloch, president of a leading bank at Indianapolis, and distinguished as a financier, was induced, at great sacrifice to himself, to accept the office of Comptroller of the Currency and inaugurate the new system. In a letter to a friend published in the Banker's Magazine, Vol. XVIII, pages 8 and 9, he said:

"The national system of banking has been devised with a wisdom that reflects the highest credit upon its author to furnish to the people of the United States *a national-bank note circulation without the agency of a national bank.* It is not to be a mammoth corporation, with power to increase and diminish its discounts and circulation, at the will of its managers, thus enabling a board of directors to control the business and politics of the country. It can have no concentrated political power. Nor do I see how it can be diverted from its proper and legitimate objects for partisan purposes. It will concentrate in the hands of no privileged persons a monopoly of banking. It simply authorizes, under suitable and necessary restrictions, any number of persons, not less than five in number, in any of the States or Territories of the Union, to engage in the business of banking, while it prevents them from issuing a single dollar to circulate as money which is not secured by the stocks and resources of the Government. It is, therefore, in my judgment (as far as calculation is regarded), not only a perfectly safe system of banking, but it is one that is eminently adapted to the nature of our political institutions."

In his first report as Comptroller of Currency, made November 28, 1863, he says:

"By the national currency act the principle is for the first time recognized and established that the redemption of bank notes should be guaranteed by the Government authorizing their issue. The national currency will be as solvent as the nation of which it represents the unity. The country has at last secured to it *a permanent paper circulating medium of a uniform value, without the aid of a national bank.* This national system confers no monopoly of banking, but opens its advantages equally to all. It interferes with no State rights. It meets both the necessities of the Government and the wants of the people. It needs modifications, and may require others than those which are suggested in this report; but it is right in principle, and of its success there can, I think, be no reasonable doubt.

"This examination of the act, and the observation of the manner in which it is being administered, have resulted in the entering up of a popular judgment in favor of the national-banking system: A judgment, not that the system is a perfect one, nor free from danger of abuse, but that it is a safer system, better adapted to the nature of our political institutions, and to our commercial necessities, giving more strength to the Government, with less risk of its being used by the Government against the just rights of the States, or the rights of the people, than any system which has yet been devised, and that by such amendments of the act as experience may show to be needful, it may be made as little objectionable and as beneficial to the Government and the people as any paper-money banking system that wisdom and experience are likely to invent. It promises to give to the people that long-

existing 'desideratum,' *a national currency without a national bank*, a bank-note circulation of uniform value without the creation of a moneyed power in a few hands over the politics and business of the country."

And again in his second report, made November 25, 1864.

When in his letter and reports Mr. McCulloch speaks of "a national bank-note circulation *without the agency of a national bank*," etc., he manifestly has reference to an institution national in the sense of being a central institution like the old United States Bank, operating throughout the country by means of branches.

The banks created by the national banking act were, and were designed to be, local institutions and independent of each other, but under national control and supervision. Nationalization without centralization was the keynote of the law. This is demonstrated by the structure of the banks provided for.

Reference will be made to the national banking act as contained in the United States Compiled Statutes, 1901. It is title 62, and consists of four chapters. The first chapter deals with "organization and powers," the second with "obtaining and issuing circulating notes," the third with "regulation of the banking business," and the fourth with "dissolution and receivership." The entire act is too long for reproduction here, but pertinent sections will be set out in full or in their substance.

Section 5133, "formation of national banking associations," provides:

"Associations for carrying on the business of banking under this title may be formed by any number of natural persons, not less in any case than five. They shall enter into articles of association, which shall specify in general terms the object for which the association is formed, and may contain any other provisions, not inconsistent with law, which the association may see fit to adopt for the regulation of its business and the conduct of its affairs. These articles shall be signed by the persons uniting to form the association, and a copy of them shall be forwarded to the Comptroller of the Currency, to be filed and preserved in his office."

It should be noted in passing that only "natural persons" may engage in the formation of a bank.

Section 5134, "requisites of organization certificate," provides:

"The persons uniting to form such an association shall, under their hands, make an organization in certificate, which shall specifically state:

"First. The name assumed by such association, which name shall be subject to the approval of the Comptroller of the Currency.

"Second. The place where its operations of discount and deposit are to be carried on, designating the State, Territory, or District, and the particular county and city, town or village.

"Third. The amount of capital stock and the number of shares into which the same is to be divided.

"Fourth. The names and places of residence of the shareholders and the number of shares held by each of them.

"Fifth. The fact that the certificate is made to enable such persons to avail themselves of the advantages of this title."

By this section the bank is distinctly localized, for it requires that "the place where its operations of discount and deposits are to be carried on" shall be designated as to State, county and city, town or village, and it allows but one place.

This is repeated in section 5190, "place of business," which provides:

"The usual business of each national banking association shall be transacted at an office or banking house located in the place specified in its organization certificate."

By an act of May 1, 1886 (ch. 73, 24 Stat. 18), a bank was authorized to *change* its location, but not to a place more than 30 miles distant, and the new location must be within the same State. No provision has ever been made for increasing the number of cities, towns, or villages in which a bank may do business.

Section 5138, "requisite amount of capital," provides:

"No association shall be organized with a less capital than $100,000, except that banks with a capital of not less than $50,000 may, with the approval of the Secretary of the Treasury, be organized in any place the population of which does not exceed 6,000 inhabitants, and except that banks with a capital of not less than $25,000 may, with the sanction of the Secretary of the Treasury, be organized in any place the population of which does not exceed 3,000 inhabitants. No association shall be organized in a city the population of which exceeds 50,000 persons with a capital of less than $200,000."

This, because of the small amount of capital required in such case, extends the facilities of national banking to the smallest communities.

Section 5146, "requisite qualifications of directors," provides:

"Every director must, during his whole term of service, be a citizen of the United States, and at least three-fourths of the directors must have resided in the State, Territory, or District in which the association is located, for at least one year immediately preceding their election, and must be residents therein during their continuance of office. Every director must own, in his own right, at least 10 shares of the capital stock of the association of which he is a director. Any director who ceases to be the owner of 10 shares of the stock, or who becomes in any other manner disqualified, shall thereby vacate his place."

Here the local character of the bank is secured. The directors must all be shareholders, they must all be citizens of the United States and three-fourths of them must be residents of the State.

The powers of the bank are conferred in general terms by section 5136, and they are, to have a seal, and perpetual succession, to make contracts, sue and be sued, elect officers and define their duties, and further—

"Sixth. To prescribe, by its board of directors, by-laws not inconsistent with law, regulating the manner in which its stock shall be transferred, its directors elected or appointed, its officers appointed, its property transferred, its general business conducted, and the privileges granted to it by law exercised and enjoyed.

"Seventh. To exercise by its board of directors, or duly authorized officers or agents, subject to law, all such incidental powers as shall be necessary to carry on the business of banking; by discounting and negotiating promissory notes, drafts, bills of exchange, and other evidence of debt; by receiving deposits; by buying and selling exchange, coin, and bullion; by loaning money on personal security; and by obtaining, issuing, and circulating notes according to the provisions of this title.

"But no association shall transact any business except such as is incidental and necessarily preliminary to its organization, until it has been authorized by the Comptroller of the Currency to commence this business of banking."

Section 5137 confers power to hold real property and limits it to such as may be necessary for "its immediate accommodation in the transaction of its business," and such as it may acquire in the way of securing payment of debts previously contracted, but real estate so acquired can not be held for a longer period than five years.

Section 5197 limits the rate of interest which may be taken to that "allowed by the laws of the State, Territory, or District where the bank is located."

This again emphasizes the local character of the institution.

Section 5201 prohibits a bank from loaning upon or purchasing its own shares.

It has been repeatedly held that the powers of a national bank are limited to those expressly granted by the act and such as are properly incidental to those granted.

In Logan County National Bank *v.* Townsend (139 U. S. 67, l. c. 75), the court, speaking through Mr. Justice Harlan, said:

"It is undoubtedly true, as contended by the defendant, that the national banking act is an enabling act for all associations organized under it, *and that a national bank can not rightfully exercise any powers except those expressly granted by that act, or such incidental powers as are necessary to carry on the business of banking for which it was established.* The statute declares that a national banking institution shall have power 'to exercise, by its board of directors, or duly authorized officers or agents, subject to law, all such incidental powers as shall be necessary to carry on the business of banking; by discounting and negotiating promissory notes, drafts, bills of exchange, and other evidences of debt; by receiving deposits; by buying and selling exchange, coin, and bullion; by loaning money on personal security; and by obtaining, issuing, and circulating notes according to the provisions' of title 62 of the Revised Statutes."

And in California Bank *v.* Kennedy (167 U. S. 362, l. c. 366) the court, through Mr. Justice White, said:

"It it settled that the United States statutes relative to national banks constitute the measure of the authority of such corporations, and that they can not rightfully exercise any powers except those expressly granted, or which are incidental to carrying on the business for which they are established. Logan County Bank *v.* Townsend (139 U. S. 67, 73). No express power to acquire the stock of another corporation is conferred upon a national bank; but it has been held that, as incidental to the power to loan money on personal security, a bank may in the usual course of doing such business accept stock of another corporation as collateral, and by the enforcement of its rights as pledgee it may become the owner of the collateral and be subject to liability as other stockholders. National Bank *v.* Case (99 U. S. 628). So, also, a national bank may be conceded to possess the incidental power to accept in good faith stock of another corporation as security for a previous indebtedness. It is clear, however, that a national bank does not possess the power to deal in stocks. The prohibition is implied from the failure to grant the power. First National Bank *v.* National Exchange Bank (92 U. S. 122, 128)."

The proposition is an elementary one in corporation law and needs no elaboration.

It follows that while a bank may take the stocks of another corporation as collateral to a loan, or take them in payment of a debt previously incurred, it can not deal in stocks. The limit of its powers in this respect is stated by Chief Justice White in First National Bank *v.* National Exchange Bank (92 U. S. 122, 128):

"* * * In the honest exercise of the power to compromise a doubtful debt owing to a bank it can hardly be doubted that stocks may be accepted in payment and satisfaction, with a view to their subsequent sale or conversion into money so as to make good or reduce in anticipated loss. *Such a transaction would not amount to a dealing in stocks.*"

In First National Bank *v.* Converse (200 U. S. 425) a manufacturing company had failed, and the creditors, among whom was the bank, organized a new corporation to purchase the stocks, evidences of debt, and assets of the old, and to continue in the manufacture of the same articles that had been manufactured by the old company. This transaction was held to be without the powers of the bank. The court, page 439, said:

"* * * To concede that a national bank has ordinarily the right to take stock in another corporation as collateral for a present loan or as security for a preexisting debt *does not imply that because a national bank has lent money to a corporation it may become an organizer and take stock in a new and speculative ven-*

ture; in other words, do the very thing which the previous decisions of this court have held can not be done."

As to acquiring the stocks of other national banks, the ruling of the court is very explicit.

In Concord First National Bank *v.* Hawkins (174 U. S. 364) the bank of Concord, N. H., had bought and held as an investment 100 shares of the stock of the Indianapolis National Bank. The last-named bank failed and Hawkins as receiver sued the Concord bank to recover the assessment which had been made upon the stock of the Indianapolis bank. The Concord bank denied liability upon the grounds that it had no right to hold the stock. The court refused to so much as to apply the doctrine of estoppel in favor of creditors. Referring to previous decisions of the court and to the distinction made by the circuit court between the acquisition of stocks in national banks and of stocks in other corporations, the court, page 368, said:

"No reason is given by the learned judge in support of the solidity of such a distinction, and none occurs to us. Indeed, we think that the reasons which disqualify a national bank from investing its money in the stock of another corporation are quite as obvious when that other corporation is a national bank as in the case of other corporations. *The investment by national banks of their surplus funds in other national banks, situated, perhaps, in distant States, as in the present case, is plainly against the meaning and policy of the statutes from which they derive their powers, and evil consequences would be certain to ensue if such a course of conduct were countenanced as lawful.* Thus, it is enacted, in section 5146, that "every director must, during his whole term of service, be a citizen of the United States, and at least three-fourths of the directors must have resided in the State, Territory, or District in which the association is located for at least one year immediately preceding their election and must be residents therein during their continuance in office."

"One of the evident purposes of this enactment is to confine the management of each bank to persons who live in the neighborhood, and who may, for that reason, be supposed to know the trustworthiness of those who are to be appointed officers of the bank, and the character and financial ability of those who may seek to borrow its money. But if the funds of a bank in New Hampshire, instead of being retained in the custody and management of its directors, are invested in the stock of a bank in Indiana, the policy of this wholesome provision of the statute would be frustrated. The property of the local stockholders, so far as thus invested, would not be managed by directors of their own selection but by distant and unknown persons. *Another evil that might result, if large and wealthy banks were permitted to buy and hold the capital stock of other banks, would be that in that way the banking capital of a community might be concentrated in one concern, and business men be deprived of the advantages that attend competition between banks. Such accumulation of capital would be in disregard of the policy of the national banking law, as seen in its numerous provisions regulating the amount of the capital stock and the methods to be pursued in increasing or reducing it. The smaller banks in such a case would be in fact though not in form branches of the larger one.*

"Section 5201 may also be referred to as indicating the policy of this legislation. It is in the following terms:

"'No association shall make any loan or discount on the security of the shares of its own capital stock, nor be the purchaser or holder of any such shares, unless such security or purchase shall be necessary to prevent loss upon a debt previously contracted in good faith; and stock so purchased or acquired shall, within six months from the time of its purchase, be sold or disposed of at public or private sale; or, in default thereof, a receiver may be appointed to close up the business of the association.'

"This provision forbidding a national bank to own and hold shares of its own capital stock would, in effect, be defeated if one national bank were permitted to own and hold a controlling interest in the capital stock of another."

Here is an express recognition and assertion of the local and independent character of our national banks and the denial of any power which would tend to create what is in effect a central bank with branches.

As to the transfer of its shares, a national bank has power only "to prescribe, by its board of directors, by-laws not inconsistent with law, *regulating the manner* in which its stock shall be transferred." Manner relates to method or form and not to substance. So the by-laws may require a formal indorsement of the outstanding certificate, the issuance of a new one, and a register of the transfer upon the books of the bank. But no condition can be imposed which limits or impairs the right of transfer.

The national banking act, as originally passed in 1863, by section 36, denied to the stockholder "power to sell or transfer any share held in his own right so long as he shall be liable, either as principal debtor, surety, or otherwise, to the association for any debt which shall have become due and remains unpaid," etc.; but this provision was repealed by the act of 1864, which, with amendments, is the act now upon the books. The purpose of the repeal was to make the shares more readily transferable. Banks thereafter, however, attempted to enforce the restrictions of the original act by means of by-laws, but these have been held always to be invalid. Speaking to this subject in Bank *v.* Lanier, 11 Wall. 369, l. c. 377–378, the court said:

"The power to transfer their stock is one of the most valuable franchises conferred by Congress on banking associations. Without this power it can readily be seen the value of the stock would be greatly lessened, and, obviously, whatever contributes to make the shares of the stock a safe mode of investment, and easily convertible, tends to enhance their value. It is no less the interest of the shareholder than the public that the certificate representing his stock should be in a form to secure public confidence, for without this he could not negotiate it to any advantage.

"It is in obedience to this requirement that stock certificates of all kinds have been constructed in a way to invite the confidence of business men, so that they have become the basis of commercial transactions in all the large cities of the country and are sold in open market the same as other securities. Although neither in form nor character negotiable paper, they approximate to it as nearly as practicable. If we assume that the certificates in question are not different from those in general use by corporations—and the assumption is a safe one—it is easy to see why investments of this character are sought after and relied upon. No better form could be adopted to assure the purchaser that he can buy with safety. He is told, under the seal of the corporation, that the shareholder is entitled to so much stock, which can be transferred on the books of the corporation, in person or by attorney, when the certificates are surrendered, but not otherwise. This is a notification to all persons interested to know that whoever in good faith buys the stock and produces to the corporation the certificates regularly assigned, with power to transfer, is entitled to have the stock transferred to him. And the notification goes further, for it assures the holder that the corporation will not transfer the stock to anyone not in possession of the certificates."

This ruling holding the restrictive by-law to be invalid was repeated in Bullard *v.* National Eagle Bank (18 Wall. 594), Third National Bank *v.* Buffalo German Ins. Co. (193 U. S. 581), and in many cases on the circuit and in the State courts.

If the law was changed to permit a transfer, when to deny it was in the immediate interest of the bank, it surely never was the purpose to authorize a restriction upon transfer in behalf of any interest foreign to the bank, and with which it is forbidden that the bank, as a bank, may be identified.

From the history of the national banking act, from its terms and provisions, and from the decisions of the Supreme Court construing it, these propositions are derived:

I. The banks are local institutions and independent of each other, none the less that they are creatures of Federal power and subject to Federal supervision and control.

II. A bank may in its by-laws regulate the manner in which its shares may be transferred, but it can not impair or limit the right of transfer.

III. As to business operations, the bank has such powers as are expressly granted by the act and such as are properly incidental to those expressly granted, and none other, and so can engage only in the business of banking as that business is defined by the act.

IV. It is neither banking nor an incident of banking to invest the funds of the bank in another business in any manner or to any extent; and the bank has, therefore, no right to invest its funds in the stocks of another corporation, and especially not in the stocks of another national bank.

V. The powers of a national banking association are and can be granted only by the United States, and as no grant of such powers is made by the act to any State corporation they may not be exercised by such a corporation.

These propositions relate to matters of substance, and so may be no more evaded than violated. Indirection, if it accomplishes the same purpose, stands upon the same footing with direction.

Coming now to the case in hand, we have to consider what is the practical effect of the creation of the ——— ——— Bank and its affiliation with the ——— ——— Company.

So far as concerns matters of form, it may be conceded that the ——— ——— Bank was incorporated as an independent institution. Still its certificate of incorporation while not compelling dependence upon or interrelation with any other institution does provide for it. Its business powers and capacities are very extensive. They authorize the acquisition of any kind of property and the conduct of any kind of business and the doing of whatever may be incident thereto. (See art. 2 of the certificate of association.) The only limitation upon its business activities is to be found in Paragraph VIII of Article II, and this is:

"* * * but nothing herein contained shall be construed as authorizing the business of banking nor as including the business purpose or purposes of a money corporation or a corporation provided for by the banking, insurance, railroad, and the transportation corporations laws, or an educational institution or corporation which may be incorporated as provided in the education law, nor as authorizing or intending to authorize the performance at any time of any act or acts then unlawful."

As the business of banking, which must be taken to include the business of banking under the national banking laws, is expressly prohibited, the powers of the company *as granted by its charter* do not offend the Federal laws.

The tenth article provides in its first paragraph that "the directors of the company need not be stockholders," and in the second paragraph that—

"No transaction entered into by the company shall be affected by the fact that the directors of the company were personally interested in it, and every director of the company is hereby relieved from any disability that might otherwise prevent his contracting with the company for the benefit of himself or any firm, association, or corporation in which he may be in anywise interested."

These provisions in and of themselves violate no Federal statutes, but they give a facility for serving two masters, which is, to say the least, unusual; and they do permit the use of the company

as a mere instrumentality or convenience of some other institution.

The capital stock of the company is by the third article fixed at $10,000,000, but it is provided by paragraph 5 of article 10 that—

"The board of directors shall have absolute discretion in the declaration of dividends out of the surplus profits of the company, and they may accumulate such profits to such extent as they may deem advisable instead of distributing them among the stockholders, and may invest and reinvest the same in such manner as in their absolute discretion they may deem advisable."

Thus, while there is a limit placed upon the capital stock of the company, there is none upon the actual capital it may accumulate, and so none upon its possible financial power.

These various provisions of the certificate of incorporation are important to be considered in view of the use which has been made of the company.

The certificate is dated July 5, 1911, but prior to that date on June 1, 1911, an agreement was entered into between the ——— ——— Bank as the first party [three names of prominent persons eliminated] trustees, as the second party, and [five names of prominent persons eliminated] and other subscribers, "who are shareholders of the said bank," as parties of the third part. In the agreement these parties are designated, respectively, as "the bank," "the trustees," and "the subscribers."

The trustees are all of them officers of the bank. Mr. ——— is the chairman of the board of directors, Mr. ——— is its president, and Mr. ——— is a director.

The agreement, then, is one between the bank, its officers and its shareholders, and, as will be seen, the officers and shareholders are dealt with not as individuals but as officers and shareholders.

The preamble recites that—

"Opportunities and facilities for making desirable investments, *other than those which are possible in the ordinary course of the banking business*, are, from time to time presented to the officers of the bank, which they desire to make available to the shareholders of the bank."

Here is the declared purpose to do something, make investments, not within the scope of the bank's powers. That the officers and shareholders of the bank as individuals may make such investments is conceded, but that the bank, or its officers or shareholders, as officers and shareholders, may do so; in other words, that the powers and facilities granted by the national banking act may be used for purposes outside the ordinary course of banking business is denied.

The first article of the agreement provides for the organization of an investing company. It is here called the United States Investing Co. It is, however, the ——— ——— Company under a provisional name.

It is not within the scope of the bank's powers to have part or lot in such an agreement, for the simple reason that the formation of an investing company, under State corporation laws, is not the conduct of banking under national laws. And what is true of the bank is true of its officers and shareholders acting as such.

The second article accords to each shareholder of the bank, as a right, a beneficial interest, through the trustees, in the capital stock of the investing company, to the extent of two-fifths of the par value of his capital stock in the bank, provided he exercises his right by executing the agreement or by having his bank stock stamped as thereafter provided in the agreement. If the shareholder does not exercise his right in time, the trustees may determine the conditions upon which he may do so thereafter.

The par value of the capital stock of the bank is $25,000,000, and two-fifths of this is ten millions, which is the par value of the stock of the investing company. Every shareholder of the bank exercising his right, the stock of the company is fully provided for.

It is contended that the shareholder of the bank is not required to take his allotted beneficial interest in the company, but manifestly he is under strong compulsion. The bank and the company, as will be seen from later provisions of the agreement, are so closely bound together that the welfare of the company will always be the serious concern of the bank. For better or for worse the bank and the company are united. The shareholder, if he is not in the arrangement, must none the less hazard the worse and get none of the better, and so, inasmuch as against his will he is in for the worse, he will in self-protection go in further and entitle himself to the better.

The third article provides that in order to facilitate participation by the shareholders of the bank in the beneficial interests in the company, the trustees will recommend to the directors of the bank the declaration of a special dividend of 40 per cent on the capital stock of the bank, which will amount to $10,000,000, or the exact amount of the capital stock of the company. The subscribers, shareholders of the bank, agree to apply the dividend to the payment of the stock of the company.

The recommendation of the trustees, officers of the bank, assented to by the bank and by two-thirds of the shareholders, was sure to be adopted, but not even as against a dissenting or nonassenting minority, no matter how small that minority might be, was there a right to declare a dividend except as such declaration was made in the interest of the bank and its shareholders as such. And there is a larger interest, that of depositors and of the National Government, which requires that the bank shall be conducted as a bank pure and simple and not as a promoting agency of speculative investment companies.

The fourth article requires that the subscribers at once assign the special dividend to the trustees in order to enable the trustees to organize the investing company.

This only emphasizes the fact that the resources and facilities of the bank were utilized to create the investing company.

The fifth article provides (1) that the stock of the investing company shall be issued to the trustees and shall be held by them and their successors in trust, and (2) that the beneficial interest of the subscribers in this stock "shall not be transferable separately, but only by the transfer of the shares of stock of the bank held by them, respectively, and every sale or transfer of stock of the bank by a subscriber or his successor shall include the beneficial interest of such subscriber or his successor in the capital stock of the investing company attaching to the shares of the bank so sold or transferred."

The first clause of this article limits the number of stockholders in the company to three, the three being the trustees and their successors in trust.

Article 9 of the agreement provides:

"The number of trustees hereunder shall not be less than three. Any trustee may, at any time, resign. In case of any vacancy in the number of trustees, it shall be filled by the remaining trustees by the selection of some one who is an officer or a director of the bank: And any trustee who shall cease to be an officer or a director of the bank shall thereupon also cease to be a trustee hereunder; *it being intended that only officers or directors of the bank shall act as trustees.*

"No trustee shall be liable for the acts of any other trustee, but shall be liable only for his own willful misconduct.

"The trustees may act by a majority, either at a meeting or by writing with or without a meeting; and they may vote in person or by proxy."

Thus only officers or directors of the bank can ever be stockholders in the company, for the trustees hold the stock and only officers and directors of the bank can be trustees. And the trustees are a self-perpetuating body. Any vacancy is to be filled by the remaining trustees.

By article 8 it is provided that the trustees and such other persons as they may designate, who shall be officers or directors of the bank, shall constitute the first board of directors of the company, and that no one shall ever be a director of the company who is not also an officer or director of the bank.

The certificate of incorporation of the company provides for five directors, but it has only three stockholders; therefore it was provided in the certificate that directors need not be stockholders.

The second clause of article 5 prohibits transfer of beneficial interests in the company without a transfer of the corresponding shares of the bank, and, conversely, prohibits transfer of shares in the bank without a transfer of the corresponding beneficial interest in the company.

Article 6 provides for certain indorsements upon the certificate of bank shares and upon the certificates of beneficial interest in the company. These indorsements are in aid of the plan and purpose of the agreement.

Article 7 requires payment of company dividends to be made to shareholders of the bank whose certificates of bank shares are stamped or indorsed as provided in article 5. Payments of these dividends may be made by the trustees to the bank, and such payment will relieve the trustees from further liability on their account.

Article 10 provides for the amendment, modification, or termination of the agreement. Any of these can be accomplished only "with the written consent of the trustees and of two-thirds in interest of those for whom the capital stock of the investing company is then held by the trustees."

This, then, is the situation: The company was not independently organized, but was organized by the bank, its officers and shareholders, acting as such. Only shareholders of the bank were permitted an interest in the company and these only in the proportion of their holdings in the bank. This constitution of the interests of the company must continue to the end, for no one can ever come into the company without coming into the bank, and no one can ever go out of the company without going out of the bank. The bank, by declaration of a dividend, furnished the entire capital of the company. No person can be an officer or director of the company unless he is an officer or director of the bank.

This is not all. The company has no independence of action. It has no control or authority over its own affairs. It is to be remembered that all its stock is to be held by the trustees, and of course, is to be voted by them. Plenary power over the company is therefore held by these trustees. Now, these trustees were not elected by the incorporators of the company nor by its stockholders. They were nominated by the agreement between the bank, its officers and shareholders, made before the company was in existence. They can not be removed, nor can their successors be elected or determined by any power or interest of the company. The trustees, nominated by the agreement, perpetuate themselves. They appoint their own successors. The only power outside themselves which can make a change in their membership is the shareholding body of the bank. The shareholders by not continuing a trustee as an officer or director of the bank eliminate him as a trustee. The official organization of the company and the vesting of its powers are determined and can be determined only by the corporate action of the bank.

And the agreement which accomplishes all these things is beyond the scope of the legitimate action of the bank to change or terminate. Two-thirds of the shareholders of the bank and the trustees must agree before there can be a change in it or an end of it. In this matter, so material to the welfare of the bank,

the shareholders and the directors have abdicated their powers and duties and abandoned them to a minority of their number and the three trustees.

To facilitate the conduct of the business of the company by the officers of the bank, article 10 of the certificate of incorporation of the company provides that no transaction entered into by the company shall be affected by the fact that its officers or directors are contracting for their own benefit, or for the benefit of any firm, association, or corporation in which they may be interested in any wise.

This arrangement between the bank and the company virtually consolidates them, unifies their every interest, and requires that all the powers and capacities of both shall always be exerted in unison—or it does not.

If we have two institutions, and not one, chartered as each one of them is by public authority, and by different sovereignties, then each has its own peculiar mission and its own distinctive rights and duties, powers, and obligations. The bank is not concerned with the company, except as it might be with any other possible borrower of its funds, and the company is not concerned with the bank, except as it might be with any other institution whose funds it might wish to borrow. The bank will not be influenced to lend money in aid of any enterprise in which the company may be engaged, because of that fact, and the company will not, because of its relations with the bank, look to it the more readily for financial support. The business of each will be conducted with regard to its own distinctive advantage.

If these institutions are twain in the substantial sense indicated, then the arrangement which places the control of the company so absolutely and irrevocably under trustees appointed by the bank, and subject to change only by the corporate action of the bank, offends the fundamental law that "no servant can serve two masters; for either he will hate the one and love the other, or else he will hold to the one and despise the other." This law is implied in every line of the charter of the bank, and the attempt to repeal it in the tenth article of incorporation of the company is vain and nugatory.

If, however, the mission of the bank and the mission of the company are alike and linked always in interest and welfare, if the rights and duties of the two are necessarily harmonious and reciprocal, if the bank at all times must cooperate with the company and the company with the bank, if the officers and directors of the bank who are also the officers and directors of the company can not come into the predicament of divided allegiance, and, indeed, are in the service of but one master, then the bank involved is engaged, participating in, and conducting the business of the company, business beyond its chartered powers, business that is not national banking.

Only the absolute unity and identity of interest between the two institutions would afford moral excuse for the fusion of their powers under one control, but that excuse can not justify transgression of the positive mandate of the national banking act, which, from considerations of public interest, has determined that national banking shall be a business apart to be conducted by institutions organized for that purpose and for no other.

I am constrained to conclude that as to the bank the agreement violates the law, in its details, because it impairs and limits the right of transfer of shares and because it assumes to bind the bank beyond the possibility of release by the majority action of its shareholders and directors, and its general plan and scope, because it embarks the bank in business and ventures beyond its corporate powers.

The operations under this agreement are proper to be considered, and what is said in this connection is based upon a letter of date July 26, 1911, from President ——— to United States Attorney ———.

At that date $9,679,000 of the capital stock of the company had been paid up, showing that more than 96 per cent of the shareholders of the bank had come into the arrangement.

The company had made investments in the shares of 16 different banks and trust companies, the aggregate number of shares being 29,178. The market value of these was not shown. In addition, approximately $3,200,000 had been invested in other companies of different character.

Of the banks, nine were national banks. The number of shares held by the company and the total number of shares of the capital stock of the banks is as follows:

Bank	Company's holdings	Total number of shares of capital stock of bank
Second National Bank of New York	10	10,000
Fletcher American National Bank of Indianapolis	167	20,000
American National Bank of Indianapolis [1]	250	
Fourth Street National Bank of Philadelphia	500	30,000
National Shawmut Bank of Boston	1,000	35,000
Riggs National Bank of Washington	2,240	10,000
National Butchers and Drovers Bank of New York	3,000	3,000
Lincoln National Bank of New York	4,324	10,000
National Bank of Commerce of New York	9,800	250,000

[1] No such bank shown in the American Bank Reporter.

Thus the company holds the entire capital stock of the National Butchers and Drovers Bank, not even deducting the shares, 10 each, which its nine directors are by the law required to hold in their own right. This bank surely is not independent of the ——— ——— Bank, in view of the relations of each to the company.

The company wants but 677 shares to hold a majority of the capital stock of the ——— ———, and practically it may be said that when 4,324 out of 10,000 shares are held in one ownership, the control of the corporation has been secured.

If the ——— ——— Bank may extend its powers to the control of two other national banks, there is no limit to what it may do in that way. If the power exists, there is no restraint upon its exercise. By different methods and under other forms the ——— ——— Bank is doing, and in larger measure, what the Supreme Court in Concord First National Bank *v.* Hawkins, supra, declared to be in cantravention of the national banking act.

And the ——— ——— Co., considered by itself and apart from its relations to the ——— ——— Bank, is also in violation of law. Its charter from the State of New York expressly prohibits it from the business of banking. And that charter could not confer the power to engage in the business of national banking. Such power could be conferred only by the laws of the United States.

Section 5133, quoted above, confers the power to form a national banking association only upon "natural persons." Other sections of the law restrict the place of operations of the association to a single city, town, or village, and require that its directors shall be natural persons, all of whom have a substantial interest in the bank and three-fourths of whom must be citizens, and residents of the State in which the association operates. Then, too, as we have seen, the bank may not as an investment acquire the shares of another bank, or, indeed, of any other corporation. The purpose and the result are that each national bank must be a local, independent institution, managed by natural persons, and not linked by proprietary interest with any other business than that of national banking.

It is not necessary to consider whether the national banking act absolutely prohibits the holding of shares in a national bank by a State corporation to any extent or for any purpose, and it may be conceded that a State corporation may acquire such shares as an incident to securing payment of a debt and hold them to a convenient time for sale, or that an institution like a trust company may hold them in a fiduciary capacity, but certainly there can be no holding of such shares by any corporation when the result is to defeat the policy of the national banking act; that is, to destroy the local character of the bank, break down its independence, vest its control in another corporation, and link it in substantial proprietary interest with some other business than national banking.

The ——— ——— Company may embark in almost any business whatever, and in fact has made large investments in other enterprises than banking. It has acquired ownership of all the stock of the National Butchers and Drovers Bank, a virtually controlling interest in the Lincoln National Bank, and interests of magnitude in other national banks.

The ownership of property implies duties as well as rights. As the company owns all the shares of the Butchers and Drovers Bank it has a duty with respect to them. It must vote them at shareholders' meetings, it must elect the directors of the bank, and decide important questions of policy. If this is not conducting the business of a national bank, how shall it be characterized?

In Anglo-American Land Co. *v.* Lombard (122 Fed. Rep. 721, l. c. 736) the Court of Appeals for the Eighth Circuit, in an opinion by Van Devanter, J., now a Justice of the Supreme Court, held that the acquisition by a Missouri company of the stock, and control of a Kansas company was illegal. He said:

"* * * Where it is not otherwise provided, the implication in a grant of corporate power and life is that the corporation shall exercise its powers and carry on its business through its own officers and employees, and not indirectly, through another corporation operated under its control, *and that it shall maintain an independent corporate existence, and not surrender the control of its affairs or the exercise of its powers to another corporation.* Conceding that a corporation of a private character, not charged with any public duties, may, in pursuance of appropriate action on the part of its stockholders, sell all of its property, wind up its affairs, and permanently retire from business, still, *in the absence of express authorization, neither the corporation nor its stockholders can, incidental to the sale of its property or otherwise, clothe another corporation with the right to maintain the corporate life or exercise the corporate powers.* These views are sustained, and the reasons therefor are fully set forth in De La Vergne Co. *v.* German Savings Institution (175 U. S. 40, 54, 20 Sup. Ct. 20, 44 L. Ed. 66), Buckeye Marble & Freestone Co. *v.* Harvey (Tenn.), (20 S. W. 427; 18 L. R. A. 252; 36 Am. St. Rep. 71), Easum *v.* Buckeye Brewing Co. (C. C.), (51 Fed. 156), and in the cases there cited."

We are dealing with corporations of a public character, with national banks, which have public duties to perform, and of these it is a peculiar obligation "to maintain independent corporate existence and not surrender control of their affairs or the exercise of their powers to another corporation."

No authority is given by the Federal statutes to the National Banking Association for assigning their powers and delegating their duties to a corporation created by a State, and which, under

its charter from the State, may engage in a business and exercise powers denied to the banking association by the law of its creation.

Here again it is to be observed that if the power in question exists, it exists without limit. The company may extend its power to the full control of all the banks into which it has made entrance. Nor need it stop with these. As it grows by what it feeds upon it may expand into a great central bank, with branches in every section of the country. It is in incipient stage, a holding company of banks, with added power to hold whatever else it may find to be to its advantage.

Where public law and public policy are involved, forms and fictions are disregarded and the facts are dealt with as facts. In the Northern Securities case (193 U. S. 197) the securities company had acquired the majority of the shares of two great competing railway companies, and this was dealt with in effect as a consolidation of the railway companies. Harlan, judge, affirming the decree of the circuit court, said (p. 326):

"The stockholders of these two competing companies disappeared, as such, for the moment, but immediately reappeared as stockholders for the holding company which was thereafter to guard the interests of both sets of stockholders as a unit, and to manage, or cause to be managed, both lines of railroad as if held *in one ownership*. Necessarily, by this combination or arrangement, the holding company in the fullest sense dominates the situation in the interest of those who were stockholders of the constituent companies; as much so, for every practical purpose, as if it had been itself a railroad corporation which had built, owned, and operated both lines for the exclusive benefit of its stockholders. Necessarily, also, the constituent companies ceased, under such a combination, to be in active competition for trade and commerce along their respective lines, and have become, practically, one powerful consolidated corporation, by the name of a holding corporation the principal, if not the sole, object for the formation of which was to carry out the purpose of the original combination under which competition between the constituent companies would cease."

So in the *Standard Oil Case* (221 U. S.) and in the *Tobacco Case* (221 U. S. 106) the holding of stocks by the principal companies in the various subsidiary companies was recognized and dealt with as engaging in, directing, and controlling the business of the subsidiary companies.

Here the ——— ——— Company is not simply to control banks, but it may engage in any business whatever, even that forbidden by its charter, if, despite its charter prohibition as to certain kinds of business, it may invest in the stocks of companies conducting such business. The other enterprises in which the company is engaged may stand in need of credit and of funds, and it is too much to expect that the company's banks will deal simply as banks, equitably and impartially as between its own subsidiaries and persons and corporations with whom it is not affiliated. The temptation to the speculative use of the funds of the banks at opportune times will prove to be irresistible. Examples are recent and significant of the peril to a bank incident to the dual and diverse interests of its officers and directors. If many enterprises and many banks are brought and bound together in the nexus of a great holding corporation, the failure of one may involve all in a common disaster. And if the plan should prosper it would mean a union of power in the same hands over industry, commerce, and finance, with a resulting power over public affairs, which was the gravamen of objection to the United States Bank.

I conclude the ——— ——— Company in its holdings of national-bank stocks is in usurpation of Federal authority and in violation of Federal law.

Respectfully submitted.

FREDERICK W. LEHMANN,
Solicitor General.

Mr. WALCOTT obtained the floor.

Mr. McNARY. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER (Mr. FESS in the chair). The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Ashurst	Carey	Hull	Pittman
Austin	Cohen	Johnson	Reed
Bailey	Coolidge	Kean	Robinson, Ark.
Bankhead	Copeland	Kendrick	Robinson, Ind.
Barbour	Costigan	Keyes	Schall
Bingham	Cutting	King	Sheppard
Black	Dickinson	La Follette	Shortridge
Blaine	Dill	Lewis	Smith
Borah	Fess	Logan	Thomas, Idaho
Bratton	Fletcher	McGill	Thomas, Okla.
Broussard	Glass	McKellar	Trammell
Bulkley	Gore	McNary	Tydings
Bulow	Hale	Metcalf	Vandenberg
Byrnes	Hastings	Norbeck	Wagner
Capper	Hebert	Norris	Walcott
Caraway	Howell	Patterson	Walsh, Mont.

The PRESIDING OFFICER (Mr. FESS in the chair). I wish to announce that the following-named Senators are detained in committee meeting:

The Senator from Delaware [Mr. TOWNSEND], the Senator from Maryland [Mr. GOLDSBOROUGH], the Senator from North Dakota [Mr. FRAZIER], the Senator from Missouri [Mr. HAWES], the Senator from Washington [Mr. JONES], the Senator from North Dakota [Mr. NYE], and the Senator from Pennsylvania [Mr. DAVIS].

Sixty-four Senators having answered to their names, a quorum is present.

Mr. WALCOTT. Mr. President, I propose to discuss quite briefly the sections of this bill that relate to affiliates—that is, subsidiary companies of banks organized for the purpose of purchasing and selling securities. In the pre-panic period from 1924 or 1925 to 1929 there was an extraordinarily rapid development in the security business. It reached such a volume, there were so many willing purchasers, so much credit for investment purposes was available that there resulted a complete change in our banking system in the respect that business enterprises all over the United States began to finance their requirements by the sale of their own securities rather than by borrowing at the commercial banks upon their commercial paper—that is, upon their notes. The buying public was so eager for these securities, which in the heyday of our earning power were showing increasingly good returns that there seemed to be no end to the movement. Consequently, by rapid stages the volume of corporate securities on which loans could be made by our banking system stepped up and up and up until brokers' loans reached the phenomenal figure of more than $8,000,000,000.

The commercial banking business in consequence of this extraordinary volume of security business declined. The banks had to change to a large extent their method of handling business. There was no longer the great demand for borrowing on commercial paper. The net result of it all was that we were in the flood tide of speculation. Encouraged by the banks, encouraged to a considerable extent by cheap money, easy credit, and by the very extensive loans of the Federal reserve system, a spirit of speculation took hold of almost everybody in the United States. From the cook to the captain everybody was watching the newspapers, everybody was looking for the record of the stock exchange ahead of all other news, international or domestic.

The net result was a gambling fever such as this country and no other country had ever before experienced. It reached its climax in October, 1929; and we are all very familiar with what has happened since. The tumble has been precipitous, and, of course, very disastrous, reaching into almost every home in the United States, with a net reduction in values, as represented by stock-exchange securities and bonds, of probably at least $60,000,000,000, which represents the decline and the rapid shrinkage of credit. We are getting down to a cash basis; relatively we are very near it.

How was all this expansion possible? The private banking houses obviously could not have handled all of it. It took money, currency; it took a very expansive credit, which, of course, brought in the banks. As far back as 1911 the banks were investing heavily in securities, buying and selling securities. Most of the banks had been engaged in underwriting, and still are. The security business became such an important part of the operations of some of the banks, particularly of two or three of our larger banks, that some fear was occasioned that they would get away from the strictly commercial business for which they were organized and put out securities of doubtful value. At any rate, there was a conflict of opinion; there was a conflict between the business of marketing securities and the business of protecting depositors' money. As the result of considerable controversy the national banks engaged in the security business were compelled to divorce their security business from their banking operations, and the term "affiliates" came into being as the result of that divorce. That, in its simplest term, is what we mean by "affiliate" in this bill.

There are two or three different kinds of affiliates, but I want to speak particularly of the affiliate which was formed out of the endeavor to get the banks away from the speculative business of dealing in securities for their customers and to require them to attend more strictly to commercial

banking, for which they were originally organized, and particularly to the security of their depositors' funds. So, when we use the term "affiliate" in this sense and in connection with this bill, we mean that divorced subsidiary of a bank, whether State or National makes no difference, whose business it is to underwrite, purchase, and/or sell various securities as they come along in the market from day to day and week to week. The affiliates have reached enormous size; their growth has been phenomenal, coincident with the growth of the security business, which, as I have just described, is the outgrowth of the willingness of the public to buy readily and without very much inquiry all sorts of issues from the going businesses of the country.

We held very extensive hearings a year ago last January and February, and then finally having produced the draft of a bill, we again held very extensive hearings last winter on the question of affiliates. We found practically no argument in favor of leaving the affiliates as they are without any obligation to be examined, without any regulatory law governing their operation.

Many affiliates operate very much as a high-grade private banking house would do in the business of buying and selling securities. But abuses have crept in. A very notable case of such abuse of affiliates, which it will now do no harm to mention, is the Bank of the United States. There the practice had been so abused that nearly every time the officers of that bank bought a new parcel of real estate—and most of the parcels were in New York City—a so-called affiliate was organized to hold that particular parcel of real estate.

As the market for real estate advanced and new parcels were acquired other affiliates were organized to hold them, and so there were A, B, C, D, E, and F affiliates, some of them with holdings running into several million dollars. Eventually they were buying real estate at close to the top of the market. The whole thing was getting overloaded and top-heavy; they were pyramiding; they were financing by shoe-string operations; and of course it was inevitable that this great structure of innumerable affiliates should collapse. I have forgot the exact number of the affiliates of the organization referred to, but I think there were 50 or 55 in the city of New York alone, each controlling a large tract of land and some buildings; in nearly every case very expensive parcels of real estate. Long before the speculative boom had reached its climax this structure, built up with paper profits, collapsed, and great was the fall thereof. As I recall, it involved something like $495,000,000 of the money of innocent depositors, and that bank unfortunately belonged to the Federal reserve system. I cite that as a typical case of the excessive abuse of affiliates.

This could not have happened, in my opinion, if we had had examiners who were acting strictly under such provisions as are contained in the pending bill. This bill requires thorough and searching examinations of all affiliates, coincidental in every case with the examination of the parent bank itself under the direction of the Comptroller of the Currency. I make the distinction, and it is to be borne clearly in mind, which exists between the parent bank and the affiliate which operates under the parent bank.

The parent bank may own the stock of the affiliate, or its stock may be distributed to the stockholders of the parent bank, or a large portion of it may be owned outside; but that is irrelevant to the question I am discussing. The question is, Shall we control these affiliates or shall we end them? This bill proposes in various ways to examine them regularly, and coincidentally with the examination of the parent bank, and then requires them, at the end of three years, to separate from the parent company, with various provisions against interlocking officers and directors, and with other provisions for voting the shares of the parent company or bank, which up to now has been a kind of holding company.

Mr. BORAH. Mr. President——

The PRESIDING OFFICER (Mr. PATTERSON in the chair). Does the Senator from Connecticut yield to the Senator from Idaho?

Mr. WALCOTT. I yield.

Mr. BORAH. I understand the Senator to say that under the terms of this bill, if it should be enacted into law, these affiliates will be ended.

Mr. WALCOTT. No; I did not mean to say that.

Mr. BORAH. Perhaps I misunderstood the Senator. The bill undertakes to control them?

Mr. WALCOTT. We undertake to control them by strict examination and regulation, but not to put an end to them. There is, perhaps, some question as to when we should separate them or divorce them from the parent company. This bill requires divorce at the end of three years; and a good many of the banks—some with affiliates, some without affiliates—think that that is hurrying the process too much. Some think that it would be better to extend the period to five years. Some banks feel that the affiliates should be allowed to exist indefinitely as to-day constituted, provided they exist under the strict regulations provided in this bill. That is a controversial point, but I do not know of any other controversial points in this portion of the bill relating to affiliates.

Mr. ROBINSON of Arkansas. Mr. President——

The PRESIDING OFFICER. Does the Senator from Connecticut yield to the Senator from Arkansas?

Mr. WALCOTT. I do.

Mr. ROBINSON of Arkansas. Will the Senator inform the Senate whether the bill provides a process of divorcement or separation?

Mr. WALCOTT. Mr. President, it is quite simple. I will read the brief passage which covers that matter, on page 8, line 11:

> After three years from the date of the enactment of the banking act of 1932, no certificate representing the stock of any State member bank shall represent the stock of any other corporation, except a member bank.

That is practically all there is to it.

> Nor shall the ownership, sale, or transfer of any certificate representing the stock of any such bank be conditioned in any manner whatsoever upon the ownership, sale, or transfer of a certificate representing the stock of any other corporation, except a member bank.

After three years, in a word, the affiliates must be divorced from the parent, which is called here "a member bank," because, which means a member of the Federal reserve system, a parent bank in the sense that it is the owner or controller through stock control of the affiliate or affiliates. Do I answer the Senator's question?

Mr. FESS. Mr. President, will the Senator yield for a question?

The PRESIDING OFFICER. Does the Senator from Connecticut yield to the Senator from Ohio?

Mr. WALCOTT. I do.

Mr. FESS. Earlier in the Senator's presentation he mentioned the fact that whether it be a national bank or a State bank, the control of affiliates does not extend outside of the Federal reserve set-up; that is, an affiliate of a State bank that is not a member of the Federal reserve system is not covered, is it?

Mr. WALCOTT. Mr. President, there are State banks which exist now within the Federal reserve system, and they are member banks.

Mr. FESS. Yes.

Mr. WALCOTT. There are national banks within the Federal reserve system. Most of the national banks are under the Federal reserve system; so that, whether State or whether national, provided the bank is a member of the Federal reserve system and has an affiliate, that affiliate must be divorced within three years.

Mr. FESS. The provision does not attempt to go beyond the Federal reserve system?

Mr. WALCOTT. It does not control State banking, and the reason for that is obvious: The Federal Government has no jurisdiction over State banks.

Mr. BORAH. Mr. President——

The PRESIDING OFFICER. Does the Senator from Connecticut yield to the Senator from Idaho?

Mr. WALCOTT. I yield.

Mr. BORAH. Referring to the divorce of which the Senator speaks, who is to initiate the proceedings? Does the bill depend upon the voluntary action of the banks to obey the law?

Mr. WALCOTT. There is a penalty clause here. The man who is to initiate the proceedings and enforce the provisions of this bill, as provided in the bill, is the Comptroller of the Currency in every case. He is also responsible for the examinations being held, just as he is now for the examination of a national bank.

I want to enlarge a moment upon bank loans and their uses, in order to clarify what seems to me a fundamental point in our whole banking system—a foundation stone upon which we have built up a financial structure.

It is evident from what has been said that the underlying factor in the whole prepanic situation was excessive use of bank credit. The question of excess is a question of judgment, and can only be determined by noting in specific terms the forms it has taken and the remedies to be applied to them.

The excessive use of bank credit in making loans for the purpose of stock speculation, or, more generally stated, for the excessive carrying of securities with borrowed money, was generally admitted before the panic of 1929, and almost universally since that time, to have been one of the sources of major difficulty, far exceeding in its scope any total that could be reasonably asked for as a basis for the financing of legitimate investment business. Under the same topic, too, must be mentioned the so-called "brokers' loans." These are merely a special form of securities loan in which a bank or commercial corporation or other enterprise advances funds through an intermediary—the broker—instead of lending direct. An excessive volume of brokers' loans must be considered in the light of the total volume of security loans outstanding. The category of brokers' loans obtained from "others" is a separate and especially difficult aspect of this problem. It was to these brokers' loans that I just alluded when I said they had reached the astounding total of more than $8,000,000,000 by September, 1929.

There seems to be no doubt anywhere that a large factor in the overdevelopment of security loans, and in the dangerous use of the resources of bank depositors for the purpose of making speculative profits and incurring the danger of hazardous losses, has been furnished by perversions of the national banking and States banking laws, and that, as a result, machinery has been created which tends toward danger in several directions.

I desire to enlarge upon that for just a moment, Mr. President. We have been drifting seriously because many of the States have passed laws that are so lax, and in my opinion so unsound, that they have created State banking situations surcharged with danger in troublous times, often not entirely sound even in good times, and as a result of this they furnish a kind of competition which in my opinion is thoroughly unwholesome. In my opinion, the competition of State banks operating under loose State laws has been so great that it has forced, willy-nilly, the more conservative national banks to take more or less unwarranted chances in running their business.

The net result of this competition between the State banking forces operating under loose laws and the national banking system operating under much more strict laws has been the disregard of a great many of the fundamentals of the banking business, taking chances with depositors' money, and the incorporation and rapid growth of the affiliate business, giving an outlet to that speculative type of business quite contrary to legitimate commercial banking. The net result is that to-day we have two billions and more of the money of innocent depositors locked up in closed banks. We have a complete collapse, in many cases, of these affiliate securities. We have banks that have closed their doors because they have overpurchased, as correspondent banks of some of the larger ones, the very securities that the larger banks have forced upon them.

Mr. FESS. Mr. President, will the Senator yield for another question?

The PRESIDING OFFICER. Does the Senator from Connecticut further yield to the Senator from Ohio?

Mr. WALCOTT. I do.

Mr. FESS. My impression from an examination of that procedure was that many of these brokers' loans were made detached from any particular banking institution at all; that many of the agencies making brokers' loans were not banks; that they were organizations using their own funds, like some great corporation.

Mr. WALCOTT. That is quite true, Mr. President. I did not mean to imply that the Federal reserve system was responsible for all the brokers' loans. It was not; but it was responsible, probably, for a great deal by lending to member banks—mind you, I am not accusing the Federal reserve system of breaking the law; far from it—the member banks, in turn, loaned to various customers, many of whom were brokers.

In addition to that, however, demand money brought such a tremendous premium, as high as 18 per cent at one time, that the temptation was for corporations that had recently sold their securities and made themselves strong in cash to lend that cash and get an excessive rate of interest. Many corporations over a period of months averaged as high as 8 and 9 and 10 per cent on the money which they had available for lending; and they were lending it in many cases through banks that, in turn, would take a small commission for guaranteeing the safety of those loans. It was an extraordinary system that developed overnight.

Mr. FESS. That particular field is not open for us here to correct, is it?

Mr. WALCOTT. No.

Mr. FESS. But it does lie with the States.

Mr. WALCOTT. That was an incident of a rapid evolution; but, in my opinion, if the provisions of this bill governing affiliates are enacted, we shall not be embarrassed by a repetition of this debacle for some time—I hope never; but never is a long time.

Just one more point, Mr. President, and I am through. I have referred briefly to the penalty clause. It is severe, in that the Federal Reserve Board may revoke the permit of the affiliate company unless the affiliate company submits itself to these examinations; or, if the affiliate company in any way covers up its real position, its permit may not only be revoked but its portfolio, showing the list of all of its holdings, may at any time be made public if the affiliate is in any way getting out of hand or abusing its lawful rights.

I think that concludes the description of this section of the bill. It is perhaps the most vital section of the bill, one of the sections most needed at the present time. My reference to the competition which has grown up between State banks not under the Federal reserve system and the member banks of the Federal reserve system indicates, I think, very clearly that we should some day give very serious attention to a unified banking law in this country.

Mr. DICKINSON. Mr. President, will the Senator yield to me?

Mr. WALCOTT. I yield.

Mr. DICKINSON. I was interested in what the Senator had to say with reference to the small banks which were interested in purchasing securities and bonds from the larger concerns. There was almost a propaganda put on for a while, and I remember out in our section of the country the officials more or less frowned upon the type of security which our banks had been using for 50 years and insisted that they get them out of the files and take what they called "quick assets." Then the "quick assets" began to shrink in value, and in a little while the banks had to close their doors and liquidate.

I am wondering why the committee left out the provision in section 5155 with reference to branches, "if such establishment and operation at the time permitted to State banks by the law of the State in question."

In other words, it looks as though the committee is trying to build this system up as an individual bank unit, while previously we always tried to maintain what was known as the State unit and give the State the authority to devise

the types of banks they wanted, so far as branch banking was concerned. The committee has taken out of the law the sentence I have read.

Mr. WALCOTT. Mr. President, my answer to that is this: I have not intended to cover the law pertaining to branch banking. The Senator is quite correct in his statement, but that particular provision of the law does not concern the affiliates. I am leaving that subject to some one else to describe. I am particularly concerned with affiliates, which has been a very complex and a very controversial question in banking for the last 20 years.

Mr. DICKINSON. Do not the two phases of it go together?

Mr. WALCOTT. They interlock, as do many other questions in this financial system of ours. There will be found running through the whole course of banking in this country for the last 75 or 100 years this competition, continuing all the time, and getting now more and more acute, between the State banks, which are not members of the Federal reserve system, and the member banks of the Federal reserve system. It is a growing menace, in my opinion. It leads the conservative bank astray, or tends to, and apparently the national system has very little influence in correcting the abuses of the State system.

MESSAGE FROM THE HOUSE

A message from the House of Representatives by Mr. Haltigan, one of its clerks, announced that the House had disagreed to the amendments of the Senate to the bill (H. R. 6477) to further extend naturalization privileges to alien veterans of the World War residing in the United States, requested a conference with the Senate on the disagreeing votes of the two Houses thereon, and that Mr. DICKSTEIN, Mr. MOORE of Kentucky, and Mr. JOHNSON of Washington were appointed managers on the part of the House at the conference.

RELIEF OF AGRICULTURE

Mr. HOWELL. Mr. President, in the course of my remarks on agriculture last Thursday I discussed briefly the Goldsborough bill, recently passed by the House and now in the Committee on Banking and Currency of the Senate. I then asserted my belief—and submitted evidence in justification thereof—in the great possibilities of that measure, not only in revivifying agriculture but also every other industry.

I was pleased to learn this morning that the chairman of the Banking and Currency Committee, the Senator from South Dakota [Mr. NORBECK], has already provided for a hearing on this bill, beginning next Thursday morning, and I wish to compliment him upon such [illegible]mptness in the premises.

Since 1922 the Federal reserve authorities have utilized open-market operations to the end of stabilizing credit and, incidentally, commodity prices. That is all that is proposed in the Goldsborough bill, except that it directs the Federal reserve authorities to utilize open-market transactions—that is, the buying and selling of Government bonds with Federal reserve notes, not merely to the end of incidentally stabilizing commodity prices but with such stabilization as the object of such transactions.

To those who may view such open-market transactions on an extensive scale with some apprehension, I would call their attention to the monthly report for May on economic conditions and governmental finance by the National City Bank of New York, and in this connection I ask unanimous consent to have inserted in the CONGRESSIONAL RECORD that portion of the National City Bank's report on this subject.

There being no objection, the matter was ordered to be printed in the RECORD, as follows:

The action of the Federal reserve authorities in determining to buy Government securities on a largely increased scale is a new and important development in the business situation. The reserve banks about the end of February began a program of purchases which averaged $25,000,000 weekly during the five weeks ended April 6. On April 13 Gov. George L. Harrison, of the New York bank, made a public statement that "the program has again been speeded up in rate and volume." The report of condition of the reserve banks on April 13, revealed an increase of holdings of Governments during the week of $100,000,000, and in the succeeding two weeks an increase of $206,000,000 occurred.

This action of the reserve authorities, taken for the purpose of creating easier money conditions, and thereby enabling the member banks first to free themselves of indebtedness to the reserve banks and then to offer funds more freely to the public or buy securities themselves, is probably the most important stroke of central bank policy ever made. Open market operations have never been undertaken before on the scale cited, but some way needs to be found to increase the amount of credit available, and evidently bolder and more powerful methods are called for than ever have been necessary in the past.

PRINCIPLES OF OPEN-MARKET OPERATIONS

Open-market operations for the purpose of influencing the money market are comparatively new in central bank practice. Central banking is an evolution in Europe from almost unregulated private banking, with numerous banks of issue, and the first step was by concentrating currency issues in each country in one central institution closely related to the Government. Its position as the source of currency issues naturally placed the central bank at the head of the country's banking system, other banks using it as a depository, looking to it for rediscounts as occasion might require and following its lead in financial policies of public importance. The central banks developed by experience the practice of using the discount rate to control the volume of credit and the movements of gold into and out of the country. Reserve bank credit is "money" in the market, and an advance of the discount rate tends to make "money" dearer throughout the country while a lowering of the rate has the opposite effect.

The influence of the discount rate has been supplemented to some extent in recent years by open-market operations, to wit, purchase or sale of securities by a central bank. A purchase by the bank giving a check on itself in payment puts credit into the money market and tends to make "money" easier, while, per contra, a sale of securities by the bank withdraws funds from the market and tends to make "money" dearer. Credit for discovery of the efficacy of open-market operations naturally belongs to the Bank of England, which long has had the problem of dealing with larger gold movements than any other institution and also has had resort to the most effectively organized money market in the world. It does not appear that other foreign central banks have used the practice to any great extent.

The Federal reserve authorities have resorted to open-market operations rather freely, buying and selling United States Government securities. The principle followed is that purchases are made when business is depressed, and sales when business is overexpanded, the aim being to promote stability in credit, prices, and trade. A statement by the New York Federal Reserve Bank to the Glass subcommittee of the Senate Banking and Currency Committee early last year gives the conditions under which the operations have been undertaken, as follows:

"Generally speaking, purchases of Government securities since 1922 have been made at times of business depression or recession in the United States accompanied by unemployment, declining foreign trade, weak commodity prices, and reduced speculative activity. Broadly speaking, also, sales of securities have taken place at times of large industrial activity, full employment, firm commodity prices, and tendencies toward excessive speculation. * * * Purchases and sales of Government securities since 1922 have been such as might reasonably be expected to exercise some influence toward business stability by aiding recovery at times of depression and retarding excesses at times of prosperity."

Following these principles, purchases in substantial volume were made in 1922, 1924, and 1927, periods of depression or threatened depression, and sales were made in intervening times to reduce the holdings and with a view to dampening speculative activity. At the end of 1929 and during 1930 the holdings were increased, and further purchases were made during 1931, though their effects were lost in the panic. When the Glass-Steagall bill became a law on February 27, 1932, the holdings amounted to $741,000,000. The banking situation having improved, but contraction of credit continuing, the time seemed appropriate for resumption of purchases; and the Glass-Steagall Act, by making such holdings available as the basis of currency issues, favored larger operations of this kind. For these reasons the purchases since made have aggregated $450,000,000.

RESERVE BANKS TAKE THE INITIATIVE

The special usefulness of open-market operations exists in the fact that the reserve banks take the initiative in making funds more plentiful. Ordinarily the initiative is with private borrowers, who apply to the banks where they do business. If these banks are without surplus reserves, it is their custom to borrow temporarily of the reserve banks to replenish them. This system works well enough in normal times and affords opportunity for the reserve authorities to use the discount rate to restrain excessive borrowing. It does not work so well when liquidation of bank credit is under way, with deposits and reserves falling by reason of the public determination to get out of debt, and by reason of the contraction caused by gold and currency withdrawals. Bank deposits for the most part are made by bank loans and investments, and decline as the volume of loans and investments is reduced. This credit can be called out again by a resumption of borrowing by the public, but with such extreme pessimism as has been manifested in the last year the public is disinclined to take the initiative and the banks are disinclined to borrow from the reserve banks to make loans, the more so as they have been compelled to

borrow to meet cash withdrawals. Hence has resulted a shrinkage of about $500,000,000 in reserve deposits, at the low point of this year compared with one year ago, and of nearly four billions in loans and investments, of the reporting member banks only, in the same period.

This is credit lost to the current supply and the loss is an obstacle to business recovery. Since the public does not take the initiative to correct the situation, it is necessary for the credit-making authority to do so and by its own action increase the amount of credit available in the market. This can be done by the purchase of Government bonds, issuing new credit for the purpose. The checks given for the bonds will be deposited in banks and thence pass back to the reserve banks, either in payment for past rediscounts or for credit in the reserve accounts of the member banks, where the credit will serve as the reserve base for a possible expansion of member-bank loans or investments in at least ten times the volume.

EFFECTS OF REDUCING REDISCOUNTS

The indebtedness of the member banks to the reserve banks at present is an abnormal one, an effect of credit strain caused by the demands for currency and gold beginning last September which forced rediscounting in the largest amount since the fall of 1929. Of course, this borrowing did not add to the supply of credit, being more than offset by the currency and gold withdrawals. Since the beginning of this year, with currency returning to the banks, rediscounts have been declining. The new credit will further assist the member banks in paying off their debt, first in the larger centers and thence working outward, and as the volume of rediscounts is reduced the number of banks wholly out of debt to the reserve banks will increase and the strain on others will be lessened. As this is accomplished, the accumulation of reserve funds will naturally result in a more liberal attitude toward loan applications by the banks or possibly in bond investments for themselves, either of which will put the credit or "money" into circulation.

A manifestation of strength in the bond market will be helpful not only to Government but corporate financing, thus providing the means for expenditures which will increase employment. In short, by placing funds in the money market, where business goes to finance its needs, it supplies funds in the manner most helpful to sound business revival, supplies it by an orderly process, assuring wide distribution, and avoids the dangers that attach to large issues of paper money. It is a careful and calculated method, under experienced control, of overcoming the excessive deflation of credit and of encouraging business confidence and enterprise. Of course, an increased volume of currency will naturally result as needed by increased activity in business.

A further word may be said upon the attitude of the member banks, since it is the subject of very free comment. There are inquiries as to whether, or to what extent, the banks will put the new reserve credit to use, and some of the comment implies that there is no alternative between a policy of allowing the credit to stand idle as excess reserve, which would nullify the reserve banks' efforts, and one of making loans and investments at excessive risk, which would be unsound banking.

However, there is no such sharp line. Between the alternatives of excessive risk and excess reserves there is a border area of indeterminate width in which the policy of credit expansion may be expected to take effect. As stated, the market for Government and other very high-grade securities of unquestioned safety provides one channel for release of the credit. Moreover, the policy is calculated to revive enterprise and stimulate a demand for credit by good borrowers. Relief of the situation in communities whose credit facilities have been impaired by bank failures or by the effects of fear provides another channel. The effect of the operations of the Reconstruction Finance Corporation is to restore the liquidity of banks which have been compelled to deny credits, and which indeed have become collectors instead of lenders. The effect of the reserve policy is to put new funds into the market which will become available to these banks, the two policies working together.

WORLD COOPERATION DESIRABLE

Undoubtedly this policy would have been inaugurated earlier but for manifestations of European misunderstanding of the measures being adopted in this country for relieving the credit situation, and the gold withdrawals from this country in consequence. Europe on account of past experiences is very sensitive to rumors about inflation or possible departure from the gold standard; and while this country has gold enough to meet any probable demand, it is desirable that misunderstanding should not be promoted. Financial circles in Europe now generally approve of the measures that at first were questioned, and of this Federal reserve policy, holding them soundly conceived and helpful to the world situation.

The inauguration of this policy on the scale now contemplated may result in the development of world cooperation by central banks for the more effective control of credit and prices. Obviously the banking system of a single country can not exercise the control over world prices that might be exercised by the banking systems of all countries or even the banking systems of a group including the more important countries, acting together. The prices in different markets of commodities entering into international trade are interlocked, and while they react upon each other, they must move promptly together, or the lagging ones will be a drag upon the others. Moreover, there is danger that a country leading an advance may lose trade by it. But all countries have a common interest in the stability both of credit and prices.

Able economists have maintained for years that the central banks of the world possessed the requisite organization and power, acting in cooperation, to stabilize the state of credit and the general price level to such an extent as to prevent the wide fluctuations which result in panic and disorder. Practical bankers have admitted the theoretical soundness of the principles involved, but feared popular opposition to anything that looked like international control of money and credit. Such cooperation, of course, would not attempt to control particular prices, and probably would not attempt to do more with general price movements than prevent the wide swings that result from excessive inflation and deflation of credit.

It is possible that the action now being attempted may enlist similar action in other countries and demonstrates the value of such continuous cooperation. The markets of the United States, by reason of this country's position as a source of supply of many commodities, exercise an important influence upon all world markets, but the effort to revive business and raise the price level should have support everywhere. The reserve system is giving the lead.

Mr. HOWELL. Mr. President, as advantageous as would be such a measure as the Goldsborough bill, not only for agriculture, but also for all the other industries in this country, yet it is not all that is necessary to rehabilitate agriculture. We must have something of a constructive nature which will assure, notwithstanding surpluses, United States prices for farm products, inasmuch as the farmer must pay United States prices for the things he buys. This measure will not accomplish that purpose. We must enact an additional measure. We must enact a constructive measure which will make effective the tariffs we have afforded agriculture. There is nothing of that character pending before the Senate, there is nothing of that character pending in the House. But little more than 30 days of this session remain. What are we to do about it, I ask again? Something must be done for agriculture to rescue it from its present deplorable condition.

MESSAGES FROM THE PRESIDENT

Messages in writing from the President of the United States submitting several nominations were communicated to the Senate by Mr. Latta, one of his secretaries.

INCREASE OF BANKING FACILITIES

The Senate resumed the consideration of the bill (S. 4412) to provide for the safer and more effective use of the assets of Federal reserve banks and of national banking associations to regulate interbank control, to prevent the undue diversion of funds into speculative operations, and for other purposes.

Mr. BULKLEY obtained the floor.

Mr. FESS. Mr. President, will my colleague yield?

Mr. BULKLEY. I yield.

Mr. FESS. I suggest the absence of a quorum.

The PRESIDING OFFICER (Mr. PATTERSON in the chair). The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Bailey	Dickinson	Kean	Robinson, Ark.
Blaine	Dill	Kendrick	Schall
Borah	Fess	Keyes	Sheppard
Bratton	Fletcher	La Follette	Shipstead
Bulkley	Frazier	Lewis	Smith
Bulow	George	McGill	Steiwer
Byrnes	Glass	McKellar	Thomas, Okla.
Capper	Goldsborough	McNary	Townsend
Caraway	Gore	Metcalf	Trammell
Carey	Hale	Moses	Tydings
Cohen	Howell	Norris	Vandenberg
Connally	Hull	Nye	Walcott
Costigan	Johnson	Patterson	Wheeler
Davis	Jones	Reed	

The PRESIDENT pro tempore. Fifty-five Senators having answered to their names, there is a quorum present.

Mr. VANDENBERG. Mr. President, I offer an amendment to the pending bill and ask that it may be printed and lie upon the table.

The PRESIDENT pro tempore. The amendment will be received, printed, and lie upon the table.

Mr. BLAINE. Mr. President, I send to the desk a proposed amendment to the pending bill and ask that it be printed and lie on the table.

The PRESIDENT pro tempore. The amendment will be received, printed, and lie upon the table.

Mr. BULKLEY. Mr. President, the bill now before the Senate represents earnest efforts, extending over more than a year's time, on the part of the so-called Glass subcommittee to discover the causes that led up to the remarkable financial crash and depression, and to recommend to the Senate such measure as might tend to avoid a repetition of such causes. While it is a technical measure in some respects and may not be thoroughly understood by the whole country, yet in my humble opinion it is second to no measure in the effect which it ought to have in the restoration of public confidence at this time.

It has been a great pleasure to work with the subcommittee, because in the consideration of the measure no trace of partisanship has made its appearance. Such differences of opinion as have developed have been honest differences of personal opinion, and have been so far resolved that we are able to present to the Senate a measure in which the subcommittee is unanimous as to almost every feature.

The distinguished chairman of the committee has asked me to speak particularly upon one subject matter covered by the bill, and that is a subject matter concerning which we may have certain telegrams and protests from some of the bankers. I refer to the subject of security affiliates and the related subject of investment banking.

The bill, in section 16, at page 37, provides for separating security affiliates from national banks after a period of three years and makes the same provision in section 5, at page 8, for State banks which are members of the Federal reserve system. These provisions are reinforced by section 18, which appears at page 43, and which provides that no national bank and no State member bank may hereafter be affiliated with any organization engaged in the investment security business. The provision of section 14, at page 34, requires national banks to get out of the business of underwriting and dealing in investment securities, and again, in section 5, at page 8, there is the same provision with respect to State member banks.

Securities affiliates of banks are corporations operating in the long-term capital market in competition with the investment houses, typically unincorporated, that have traditionally done most of the business in that market.

Securities affiliates are controlled usually by having their stock placed in the hands of trustees, who hold it for the pro rata beneficial interest of the bank concerned, each certificate of stock in the bank evidencing by indorsement the ownership also of the same number of shares of stock in the affiliate. All such affiliates are, of course, State-chartered corporations. The majority of them, or about two-thirds, belong to national banks, and about one-third to State banks, the reason for this difference being apparently that State charters are often more liberal than national charters, and grant powers which make an affiliate superfluous. It is also possible for State banks to own their affiliates outright in many States, and this makes resort to the device of trusteed stock less common with them than with national banks. Many of the important securities affiliates, especially those controlled through trusteed stock, were provided with their original capital by declaration of a stock dividend.

In the United States the mechanism for the supply of long-term funds to industry and to Government borrowers was originally in the hands of private bankers almost exclusively. Two causes appear to have brought this about. The first was that capital in any amount had to be imported from Europe, and the intermediaries were usually private individuals; frequently they were the agents of foreign bankers. The second is that nearly all the more important American banks after the Civil War were incorporated under national charter as banks of issue, with limited powers, and were typically of small size. The aggressive lead in supplying long-term needs was therefore taken by private houses and held by them with little competition until very recent years.

The first bank apparently to concern itself quite definitely with securities transactions was the First National Bank of New York, which seems to have engaged in syndicate operations as early as 1911. It organized its affiliate, the First Security Co., in 1908, by declaration of a stock dividend, but the bank itself has always appeared more active in securities business than the affiliate, chiefly as an underwriter. It is understood that this affiliate is used largely to hold long-term securities of a kind which the bank itself has no legal authority to hold or for other reasons desires to segregate from its banking assets. This affiliate is controlled through trustees, who hold its stock for the pro rata beneficial interest of the bank's stockholders.

In 1911 the National City Co. was organized, its capital being supplied by a stock dividend, and its stock was trusteed. A question of the company's legality was raised by the Government, Attorney General Wickersham disapproving it and Secretary of the Treasury MacVeagh approving it. It seems to have been designed originally, like the First Security Co., to hold stocks rather than to deal in them, but by 1916 it was known as an "investment distributing" organization, and subsequently it became one of the largest agencies in the securities business, integrating to a greater extent than any other company, incorporated or unincorporated, all the steps of origination, underwriting, wholesaling, and retailing.

The establishment of these two pioneer companies was followed by the establishment of many others, the great majority of them small and engaged mostly in wholesaling and retailing. Many of these affiliates act as holding companies or do miscellaneous things that the banks controlling them can not do or can not do so effectively. Organization of them was induced by the general desire to increase profits, and in the case of the larger ones which undertook origination, by the particular advantage the banks had in knowing the concerns which might want or might be induced to obtain new capital. Moreover these banks were already being called on by originators, syndicates, and distributors to finance flotations, and for that reason also they were in a strategic position to enter the field of competition. Although the competitive importance of these large securities affiliates activity engaged in origination is very great, the number of them is small.

Banks may at present be engaged in the securities business either in their own name or through the medium of an affiliate. In either event, it will only be the larger ones that are active in origination and underwriting. The smaller ones will be active only in retailing. In general the degree of activity, whether in origination, underwriting, or distribution, will determine whether or not the bank has a securities affiliate; but this is not always true. Some banks of comparatively large size, such as the Union Trust Co. of Pittsburgh, which has no securities affiliate, or the First National Bank of New York, which has one, will do considerable in their own name.

That the larger banks only should be engaged in origination and underwriting is due to the fact that securities issues will ordinarily be in the hundreds of thousands or millions of dollars. Even a small issue can probably be handled by a large bank as well as by a small one or possibly better; the question is one of facilities. Moreover a bank which has opportunities for origination may prefer to turn them over to another bank to be worked up, and secure for itself a larger commission on the underwriting and distribution. Banks which have gone into origination do so on a more comprehensive and omnivorous scale than the older unincorporated houses of issue. The latter specialized more selectively not only as to the kind of business but as to the particular corporations and the size of transactions they undertook to finance. Thus a given house would specialize not only in railways but in certain railways. The banks that recently entered the field seem not to have been observant of such limitations, however; they have sought business aggressively wherever they could get it. Of the total of about 300 securities affiliates of banks the ones that in the last five years have been conspicuous in origination are the following:

National City Co., New York.

Chase Harris Forbes Corporation, New York. (Successor as to securities business of the Chase Securities Corporation, of which it is a subsidiary.)

First National Old Colony Corporation, Boston.

Continental Illinois Co., Chicago.

Bancamerica-Blair Corporation, New York. (Subsidiary of Transamerica and affiliate of Transamerica banks. Not included in National City-Bank of America consolidation.)

Bancamerica Co., San Francisco. (Subsidiary of Transamerica and affiliate of Transamerica banks.)

First Detroit Co., Detroit. (Subsidiary of Detroit Bankers Co. and affiliate of First Wayne National Bank and other subsidiary banks.)

The foregoing list is not exhaustive. Other affiliates have engaged in origination, but the list is probably inclusive of those that have been most active and prominent. It does not include, however, important bank affiliates that, although large enough to have gone aggressively into origination, seem to have chosen to confine themselves principally to underwriting and distribution.

These would include the following and some others:

Guaranty Co., New York.

Security First National Co., Los Angeles.

First Chicago Corporation, Chicago.

Among the things that led American banks into the securities business one of the most important appears to have been the correspondent relationship. This is not to say that without the correspondent relationship the business would not have developed, but rather that the relationship furnished a peculiarly inviting system of distribution. The country banks were becoming increasingly aware of the desirability of diversifying their own portfolios with marketable securities, and also aware of opportunities to retail securities to their customers. At the same time they were dependent either on their city correspondents or on private distributing houses for advice in the selection of investments. The metropolitan banks, therefore, found themselves between their country correspondents who wanted securities and their customer corporations who wanted long-term financing. The one afforded distribution and the other supply. So long as they themselves stayed out of the field the business went to private houses who had not the contact either for origination or for distribution that the banks themselves had, for the latter's relations both with their corporation customers and with their country bank correspondents was constant and intimate. The private houses of issue might be extremely close to a few clients, but they could not have the wide and general access that the large banks had. It is natural that the city banks should have realized their advantage and made the most of it.

In the beginning the tendency probably was for them simply to take larger and larger shares in underwritings and in distribution; but as they did so they were able to exact more and more commission, and eventually if they chose, they were able to invade the field of origination themselves and integrate all the securities functions.

Once committed to the activity on a large scale, they would probably be led to cultivate more intensively the opportunities which the correspondent relationship had opened up to them. This would make securities business more important throughout the American banking structure and impel inland and country banks to set up securities affiliates in order to share more actively in the retail of issues.

As the possibilities in the correspondent relationship became developed, the private distributing houses were keenly aware of the disadvantage they were put under by having no such extensive and dependent a system of outlets as the city banks had. A number, both large and small, sold out to banks and became their securities affiliates, such as Blair & Co. to the Bank of America, New York; W. R. Compton & Co. to the Chatham Phenix National Bank & Trust Co., New York, and so forth.

This advantage in distribution went hand in hand with an increase in the number and amount of issues brought out by banks in 1928 and 1929—an increase that was partly due to business won from private houses, but even more in all likelihood to entirely new capital business that the spirit of the time and the energy of the originators combined to generate. It would be wrong to assume, however, that bank affiliates alone were aggressive, for some of the private houses, such as Dillon, Read & Co. were also intensely active.

All together there appear to be about 300 securities affiliates in the country. This does not mean that the same number of banks have securities affiliates, for in bank groups one securities affiliate may do the securities business for all the banks in the group. Of these 300, about 200 belong to national banks, about 70 to State bank members of the Federal reserve system, and about 30 to nonmember banks. The 270 belonging to member banks, even allowing for those that are in groups and therefore representing numerous banks, is a small number in comparison with the number of member banks in the Federal reserve system, which is approximately 7,000. The banks associated with the 270 or so securities affiliates are, of course, in the main of the largest size and even though they are few in number they represent probably more than half of all the banking business in the country.

Since 1929 there has naturally been a marked diminution in the activity of securities affiliates. Further than this they have absorbed very large losses in their portfolios, and reduced their capital in consequence. Some have dissolved entirely. According to published announcements, the National City Co. reduced its capital in 1931 from $55,000,000 to $11,000,000. The Chase Securities Corporation in 1931 reduced its capital, surplus, and undivided profits from $110,000,000 to $58,000,000. (The Chase Securities is not the operating securities affiliate of the bank, but indirectly owns it. The figures for the operating affiliate, Chase Harris Forbes Corporation, are not available.) The capital of the Guaranty Co. was reduced in the same year from $20,000,000 to $10,000,000. Figures for other important securities affiliates appear not to have been published. The following were discontinued entirely: The Bankers Co., capital $2,500,000, was absorbed in 1931 by the Bankers Trust Co.; the International Manhattan Co., subsidiary of the Manhattan Co., and affiliate of Bank of Manhattan Trust Co., was liquidated in 1931. The Chatham Phenix Corporation was sold to the Atlas Utilities Corporation in 1931 by the Chatham Phenix National Bank & Trust Co. before it consolidated itself with the Manufacturers' Trust Co. The Chemical Securities Corporation was absorbed by the Chemical Bank & Trust Co. in 1932.

These reductions of capital and dissolutions of corporate entity all appear to be retrenchments consequent upon losses; they do not appear to be due to voluntary change of policy. In the case of reductions in capital, the continued existence of the securities affiliate would indicate an expectation of continuing the securities function. In the case of the dissolutions, what has actually happened is that the function itself, much diminished as the result of securities-market recessions, has been taken over by the bank, and the separate corporation hitherto conducting it has been discontinued. There is probably little warrant for a conclusion that because the banks have pared down or dissolved their securities affiliates, they have abjured venturing henceforth into the long-term capital market.

The question we have had to meet in the preparation of this bill is, as has been stated by the able Senator from Connecticut [Mr. WALCOTT], whether the securities affiliate relationship is to be permitted to continue under strict regulation or is to be required to be terminated. The banks generally have not indicated any intention of going out of the investment-security business.

The important and underlying question is whether banking institutions receiving commercial and savings deposits ought to be permitted at all to engage in the investment-security business. The existence of security affiliates is a mere incident to this question. An investment affiliate might be desired by a bank which under its charter is not permitted to go into the investment business, as is the case with national banks, or it might be considered advisable to set up an affiliate for the purpose of segregating the capital employed in the investment-security business so

that the risks involved would not be carried directly by the institution responsible for money received on deposit.

The general principle involved is one that admits of argument, since there is foreign experience and tradition both ways. The English banks of deposit have kept themselves strictly clear of the investment-security business, while the big German banks, on the other hand, have not hesitated to make substantial investments of their own funds in promotions and refinancings with a view to public distribution at such time as might be convenient. In banking literature there are arguments both ways. It seems, however, that the English banking situation has been maintained in a more satisfactory and creditable manner than the German, and that whatever we may learn from comparison of English and German banking should lead us to prefer the English practice, under which commercial banking is strictly segregated from the origination and underwriting of capital issues.

It should not be assumed that any definite, final conclusion can be drawn from foreign experience, and what I shall have to say in support of the segregation of commercial and savings banking from the dealing in investment securities is based entirely upon American conditions and American experience.

It is clear that the national bank act was intended to set up a system of commercial banks, and did not extend to national banks the right to go into the investment-security business in any way. That view has been reinforced by the able opinion of Solicitor General Lehmann brought here by the Senator from Virginia [Mr. GLASS] yesterday, and which the Senate authorized to be printed as a Senate document.

It is clear, also, that until comparatively recent years this segregation of two different lines of banking was generally observed by institutions existing under State laws. And up to 20 years ago practically all the investment banking in this country was done by institutions specializing in that service.

Early in this century certain State banking institutions began setting up bond departments and began to engage in the origination, underwriting, and distribution of investment securities and also began to trade in them. There is still a considerable volume of such transactions carried on directly by banks of deposit, but a recognition of the risks involved has impelled many banks to set up subsidiary or so-called affiliate institutions in order that the capital stock and the stockholders' liability of the parent bank might be held inviolate for the protection of regular banking operations and for the benefit of depositors. Such affiliate corporations, whether of National or State banks, might be owned outright by the parent banks or by trustees for the benefit of the bank or of the bank's stockholders or perhaps by the same stockholders as the bank, with the restriction that stock of the affiliate might be transferred concurrently with stock of the parent bank and not otherwise.

This activity of State banking institutions spreading out into the investment-security field has been matched by many national banks, the pioneers in this respect being the First National and National City Banks of New York. It seems perfectly clear that in the organization of these affiliates under State laws, usually with broad charter powers not only to engage generally in the investment security business but to hold, control, and operate enterprises involving various kinds of business, sometimes including the ownership and control of banks, the national banks which thus set up affiliates presumed to exercise charter rights not contemplated by the national bank act, and indeed directly in conflict with the purpose and intent of their national charters which authorized them only to engage in the business of commercial banking.

Such a departure on the part of national banks was clearly never authorized by law, and it is difficult to understand why it should have been permitted to grow and develop as it has. In any event it has within the past 20 years, but particularly within the past 6 or 7 years, developed on so great a scale that the contention is made that it is now too late to argue that it should be stopped on account of its contravention of the purpose and intent of the law. If it is to be stopped now, it will be stopped not for any technical or legal reason but only after a reconsideration and revaluation of the questions of banking policy involved.

In such a reconsideration of policy it is obvious that there is no valid distinction between national banks and State banks which are members of the Federal reserve system. It is only fair to make a single rule for all banking institutions which receive commercial and savings deposits, regardless of whether their charters are derived from State or National authority; and the real question is not whether such banks shall be permitted to have investment-security affiliates but rather whether they should be permitted to engage in the investment-security business in any manner at all, through affiliates or otherwise.

When the national banks, through their affiliates, followed into the investment-banking business after the State banks had established their bond departments and subsequently their own affiliates, the idea of increased profits more and more obsessed our bankers. Perhaps there was an element of greed in this obsession, and perhaps it was largely a question of professional pride in keeping profits and dividends of one important banking institution up to the level of those of its rivals or a little ahead. Did not professional pride become diverted from the pride of safe and honest banking service to that of profits, greed, expansion, power, and domination? In order to be efficient a securities department had to be developed; it had to have salesmen; and it had to have correspondent connections with smaller banks throughout the territory tributary to the great bank. Organizations were developed with enthusiasm and with efficiency. The distribution of the great security issues needed for the development of the country was facilitated, and the country developed. But the sales departments were subject to fixed expenses which could not be reduced without the danger of so disrupting the organization as to put the institution at a disadvantage in competition with rival institutions. These expenses would turn the operation very quickly from a profit to a loss if there were not sufficient originations and underwritings to keep the sales departments busy.

It was necessary in some cases to seek for customers to become makers of issues of securities when the needs of those customers for long-term money were not very pressing. Can any banker, imbued with the consciousness that his bond-sales department is, because of lack of securities for sale, losing money and at the same time losing its morale, be a fair and impartial judge as to the necessity and soundness for a new security issue which he knows he can readily distribute through channels which have been expensive to develop but which presently stand ready to absorb the proposed security issue and yield a handsome profit on the transaction?

It is easy to see why the security business was overdeveloped and why the bankers' clients and country bank correspondents were overloaded with a mass of investments many of which have proved most unfortunate.

While the banks competed with each other in the business of finding and distributing issues of investment securities, yet they had at all times one great common interest—none of these profits could be made unless the condition of the securities market was such as to assure the absorption of securities. Most of the banks, certainly all the great ones, were interested, therefore, in a good market for capital securities. Can there be any doubt that under such pressure of competition there was an overproduction of capital securities? Can there be any doubt that in order to maintain the market conditions which would absorb the great production of capital securities and produce the big profits for the affiliates and bond departments commercial banks went astray by encouraging an overdevelopment of collateral-security loans? Is it not fair to attribute the vast development of loans on collateral security at least in part to the necessity for keeping up a market condition capable of absorbing capital issues? It does not matter whether this motive was deliberate or subconscious; the fact remains

that the banks generally were involved in it, and that if they are permitted to continue in the investment-security business the same motive will be provided for a repetition of the same performance. If, on the other hand, the business of originating and underwriting investment securities is confined to houses not engaged in deposit banking, then the extent and the desirability of new issues will be subjected to an independent and impartial check. This should tend to restore public confidence.

There is another phase of the situation which can not but have some effect upon the people's confidence in banks. The investment-security business is attended with certain risks. Market conditions may change after the making of a commitment in such a way as to cause considerable loss to an underwriter. A certain issue was underwritten in 1929 at $139,000,000, and the market price of the entire amount of that issue is to-day approximately $18,000,000. That is, of course, an extreme instance but not an unparalleled one. It is no doubt true that only a part of this loss fell upon the underwriter, in that particular case a banking affiliate. But with that much basis of truth, it would not be surprising if rumors went around that a large proportion of such a loss had to be taken by the affiliate in question. And although such a loss would possibly not result in any substantial impairment of the resources of the banking institution owning that affiliate, still it might be suspected that large amounts might have been loaned to the affiliate; and whether that were true or not, there can be no doubt that the whole transaction tends to discredit the bank and impair the confidence of its depositors.

It seems now that the principal responsibility for failure to detect the scandalous frauds connected with the issuance of Kreuger securities can be laid to a firm of private bankers. Yet there were commercial banks and affiliates of commercial banks who participated in the underwriting; and it is clear that public confidence in banks is impaired by events of this character.

It is alleged that the affiliate of a great bank some three years ago accepted a commission for underwriting a new issue of stock to be offered to the stockholders of a great corporation. Shortly before the expiration of the stockholders' rights to subscribe to the issue the great bank in question participated in a stock-market pool to hold the price of the corporation stock somewhat above the price at which it had been offered to the stockholders.

The success of the pool operation resulted in a complete subscription by the stockholders, and the great bank had earned its underwriting commission without being obliged to take up any part of its stock commitment. There is, however, a legal opinion to the effect that the participation by this bank in the stock-market pool amounted to a fraud upon the stockholders of the corporation, in that it deliberately deceived them as to the value of their subscription rights; and it is at least conceivable that legal action might be brought against that particular great bank. The effect of such a suit upon the confidence of depositors in that particular bank would necessarily be bad, and, unfortunately, such a development would have the tendency to undermine confidence in banks generally so long as banks of deposit are permitted to engage directly or indirectly in the underwriting business.

Let us now consider what effect this question has on the relation of a commercial and savings bank to its depositors. The banker ought to be regarded as the financial confidant and mentor of his depositors. This underlying relationship is a natural and desirable one with respect to all depositors, although the aspects of it and the kind of advice called for will necessarily vary a great deal from the poor widow whose life savings are evidenced by a savings passbook to the great corporation requiring financial aid in the development of intricate business problems.

Obviously, the banker who has nothing to sell to his depositors is much better qualified to advise disinterestedly and to regard diligently the safety of depositors than the banker who uses the list of depositors in his savings department to distribute circulars concerning the advantages of this, that, or the other investment on which the bank is to receive an originating profit or an underwriting profit or a distribution profit or a trading profit or any combination of such profits.

It is a long-established rule of English and American law that a trustee may not profit by dealing with his trust estate. It makes no difference that in an individual case a trustee might buy from his trust or sell to his trust to the real advantage of the trust estate. He is not permitted to trade with the estate at all. This is no reflection upon the honor or probity of trustees as a class; it is a recognition of a certain frailty of human nature that makes it dangerous for any man to represent the buyer when he is himself the seller.

The rule is well stated by Justice Day in Magruder *v.* Drury (235 U. S. 119) as follows:

> It is a well-settled rule that a trustee can make no profit out of his trust. The rule in such cases springs from his duty to protect the interests of the estate and not to permit his personal interest to in any wise conflict with his duty in that respect. The intention is to provide against any possible selfish interest exercising an influence which can interfere with the faithful discharge of the duty which is owing in a fiduciary capacity. * * * In effect, he is not allowed to unite the two opposite characters of buyer and seller, because his interests, when he is the seller or buyer on his own account, are directly conflicting with those of the person on whose account he buys or sells.

Let us consider, then, whether this is not also a good rule with respect to bankers. If we want banking service to be strictly banking service, without the expectation of additional profits in selling something to customers, we must keep the banks out of the investment security business.

Take the other side of the picture: A corporation, having carried its account with a bank, having borrowed from that bank for its ordinary commercial requirements, is confronted with the question of raising long-time funds by the issuance of securities. If it is to have the advice of its banker untainted by the prospect of obtaining an originating or underwriting profit we must keep the banks out of the investment security business. If we are to relieve the banker of the temptation to put pressure upon his commercial borrower to put out a security issue on which the banker will make either an originating or an underwriting profit we must keep the banks out of the security business. If the public is to be protected against the possibility of bad bank loans being set up into bond issues to be sold to savings depositors of the same banks without the exacting scrutiny of an independent underwriter interested primarily in the soundness of the securities he is about to sell we must prohibit the banks from engaging in the security business. If we are to keep banks from being tempted to make security loans in order to help make a market or to finance the purchase of securities on which the lending bank is making an originating or underwriting commission we must keep banks out of the investment security business. And if we are to save banks from the embarrassment of having to appraise, as collateral security offered by prospective borrowers, the very securities which their own affiliates have sold to those customers we must keep the banks out of the investment-security business.

It is not, of course, contended that the abuses here intimated are never avoided by the good conscience of the bankers. On the contrary, I believe they are avoided generally by good bankers. Certainly they are avoided much more often than they occur. Yet the danger is always there, and must be there as long as human nature remains human nature. And just as we believe in the strictest rules for the conduct of trusts, just as we believe in examination and audits of institutions whose officers are worthy of the highest confidence as to honor and ability, we must surround the banking business with sound rules which recognize the imperfection of human nature that our bankers may not be led into temptation, the evil effect of which is sometimes so subtle as not to be easily recognized by the most honorable man.

Throughout the development of investment securities affiliates and the development of the investment security business directly through the bond departments of banks, there have been banks which have remained free from this operation. A notable case is that of the Central Hanover Trust Co., of New York, which for years has publicly stressed the fact that it had no securities company, and, consequently, "nothing to sell." Even during the boom period, when the majority of its competitors were in the thick of securities distribution, the Central Hanover affirmed its policy and solicited business on the strength of it. It is to be noted that the Central Hanover, preeminently among American banks, is a trust company not merely in name but in fact, for trust business bulks unusually large in its activities beside commercial banking; and that it emphasized its abstention from securities business, not only in advertising the soundness of its commercial banking department, more particularly in advertising the disinterestedness of its trust service, the assurance being that it could not invest any funds of which it was trustee in any securities issues sponsored by itself. The same argument was also good in urging its ability to advise country correspondents upon the purchase of securities for their portfolios.

While it is true that the Central Hanover advertising has been largely directed to its investment securities department, still, as I demonstrated a few moments ago, it is true that the acceptance of deposits from the public is in itself a public trust which ought to be kept free of the investment-security business.

In line with that thought, and to bring out clearly the tendency of institutions now to see the error of the ways of those who have gone too far in the investment security business, I want to read an announcement recently made by a great New York institution. This institution is also a trust company, but please note that the consideration which impelled it to go out of the investment security business relates also to the acceptance by it of deposits. I read from the Commercial and Financial Chronicle of December 12, 1931, the announcement of the Bank of Manhattan Trust Co. as to the discontinuance of its affiliate.

In indicating the discontinuance of the securities affiliate—International Manhattan Co. (Inc.)—and the carrying on of its activities by the Bank of Manhattan Trust Co., a statement issued on December 10, after meetings of the boards of directors, said:

> After mature deliberation the conclusion has been reached that it is to the best interests of the group to follow the trend of opinion strongly expressed in some quarters to the effect that deposit banks should not have affiliated securities companies. The International Manhattan Co. (Inc.) has operated successfully and in every sense satisfactorily during most difficult times. After writing all securities down to market, its capital and surplus of $2,200,000 are unimpaired, but it is felt that the mere existence of a securities affiliate, no matter how carefully and conservatively run, is inconsistent with the best interests of the trust company and, therefore, of the group as a whole. Accordingly, the Bank of Manhattan Trust Co. will carry on such of the activities of the International Manhattan Co. (Inc.) as are consistent with the most conservative trust-company practice.

Mr. President, I hope that the sections of this bill to which I have alluded, prohibiting the carrying on of the investment security business by national and State member banks, whether through the medium of affiliates or otherwise, will be adopted.

Mr. VANDENBERG. Mr. President——

The VICE PRESIDENT. Does the Senator from Ohio yield to the Senator from Michigan?

Mr. BULKLEY. I yield.

Mr. VANDENBERG. I think the Senator is submitting an absolutely invincible thesis, with which I find myself in complete accord. I want to ask his judgment respecting the argument made that when these banking facilities are withdrawn from the investment field there will be inadequate fiscal mechanism for industry, and, indeed, for government itself. Will the Senator comment on that suggestion?

Mr. BULKLEY. I shall be very glad to comment on that. It is a question which is not capable of an absolute demonstration one way or the other. Nobody can prove that the facilities will not be adequate, and I confess to some difficulty in absolute proof as to the adequacy of the facilities that will remain. But I can give the Senator some information about it.

It should be noted, in the first place, that with respect to the affiliate relationship we allow a period of three years for a reorganization to be made, and at the end of three years it is not required that the affiliates shall be dissolved or that they shall go out of business. It is only required that they shall be disassociated from the institutions taking commercial and savings deposits. So that it is conceivable that a large proportion of the so-called affiliates which are now engaged in the investment-banking business will have their facilities at the service of the public and entirely unimpaired during this 3-year period that is allowed, and even beyond that, if conditions should require and justify their going on in business—which they are permitted to do merely by separating their stock ownership from that of the ownership of the banks.

I want to submit one other consideration on that point. Something more than a year ago Mr. Charles E. Mitchell, president of the National City Co. of New York, appeared before the committee and gave us some figures as to originations and participations of issues of $20,000,000 or more during a series of four years. It appears from the table he submitted that in the year 1927 originations to the amount of 12.8 per cent were handled by banking affiliates, 78 per cent by private bankers, the balance by commercial banks and trust companies. I will not take the time to read them year by year, but the proportion of originations by bank affiliates gradually increases from year to year, and in 1930 the percentage handled by bank affiliates was 39.2 per cent, as compared with 12.8 per cent in 1927. For private bankers the percentage in 1930 was 55.4 per cent, as compared with 78 per cent in 1927.

Turning to participations, as distinguished from originations, participations of bank affiliates increased from 20.6 per cent in 1927 to 54.4 per cent in 1930, whereas participations by private bankers decreased from 63.2 per cent in 1927 to 38.8 per cent in 1930.

The reason for giving those figures is that it will readily be seen that the originations and participations by bank affiliates had a very rapid increase over the period of three years. Why is it not equally possible that the private banking institutions could recapture that business and expand themselves to meet any demand which may be needed in the course of the three years next ensuing after the enactment of this measure?

I think it may be taken as a safe expectation that all legitimate capital needs of the Nation will be met by institutions which will not be under any of the inhibitions of this bill.

Remember, too, that the overdevelopment of these investment affiliates has unquestionably been one of the causes of the overdevelopment of the capital market, which has brought upon us such disastrous consequences. In other words, it is not expected that the needs of the capital market will immediately be quite as great as they were assumed to be back in the boom years of 1928 and 1929.

Mr. VANDENBERG. I thank the Senator for his answer. I do not want to detour him, but I would like to submit this supplemental question: After all of the banking investment facilities are withdrawn and we have delivered the complete control of investments to so-called investment bankers, is it the Senator's view, as a result of his inquiries, that investment banking as such should be submitted to further and more drastic regulation than at present?

Mr. BULKLEY. That is a subject which our committee has not presumed to go into, and I should add, in that connection, that the purpose of this bill does not extend to safeguarding purchasers of securities as such. The purpose of this bill is to improve the operation of the Federal reserve system and the banks which are members of it. The object of the inhibitions which I am discussing here is not primarily to protect the investing public, although that is a worthy

purpose, but our field is to protect the operations of the banking system itself, and to protect the depositors and customers of the banks so that they shall have the service from national and State member banks which they are entitled to expect.

Mr. LEWIS. Mr. President, will the Senator yield to me?

Mr. BULKLEY. I yield.

Mr. LEWIS. I address myself to the Senator from Ohio, conscious, as I am, of his complete knowledge of this bill, a fact to which the distinguished Senator from Michigan has just alluded, as a result of his research and information on the subject. I assume the word "affiliate" to the ordinary mind means a branch, but I take it that it is about as unintelligible to the ordinary citizen as the word "rediscount" is. But I would like to ask the Senator whether he can point out what provision in the measure, if any, he regards as looking to the protection and preservation of the depositors who deposit in these institutions called "affiliates" or in the main banks, in view of the disasters they have lately gone through and the vast losses which they have endured?

Mr. BULKLEY. Mr. President, I call to the attention of the Senator the fact that the word "affiliate," as used in this measure, is defined in section 2.

As to the protection of the depositors, we believe in general that most of the provisions of the measure tend to better protection of the depositors. Section 3, which the Senator from Virginia discussed at length this morning, refers to keeping the funds of Federal reserve banks out of speculative uses. We regard that as protection for depositors.

The Senator from Virginia also alluded to the formation of a liquidating corporation, which was not by any means a guaranty of bank deposits, but which is an assurance to depositors of member banks that they will be able to get promptly so much of their money as they may be entitled to at all in the event of a bank being closed. We regard that as some protection to depositors. But, in my humble opinion, the greatest protection to depositors that we have given in this measure is in connection with the very provision I have been here discussing, by prohibiting a banker from having an interest contrary to his depositors, by prohibiting him from being interested in securities which he recommends his depositor to buy, by keeping him in such position that he may be free and independent to pass on credits without the embarrassment of having brought back to him the very securities that he sold to his depositors and being asked to loan upon them. We feel that by removing the bankers from the temptation of using credit in such a way as to make a good background and foundation for the flotation for more security issues we are protecting the depositors. In other words, I would hesitate to point to any one thing in the bill that was intended to protect depositors, but I would rather say that the measure as a whole is in all of its fiber intended as a protection for depositors.

Mr. President, I have practically concluded what I have to say——

Mr. GEORGE. Mr. President, will the Senator from Ohio yield?

The VICE PRESIDENT. Does the Senator from Ohio yield to the Senator from Georgia?

Mr. BULKLEY. Certainly.

Mr. GEORGE. Let me ask the Senator to refer to the language in lines 5 to 10 on page 8. I wish to ask the Senator a question about that provision. It is as follows:

> State member banks shall be subject to the same limitations and conditions with respect to the purchasing, selling, underwriting, and holding of investment securities and stock as are applicable in the case of national banks under paragraph "seventh" of section 5136 of the Revised Statutes, as amended.

The question I wish to ask of the Senator is, Is not that provision with reference to member banks operative in futuro by reference to the amended section 5136 of the Revised Statutes?

Mr. BULKLEY. I think the Senator means with respect to securities that may be held for investment account?

Mr. GEORGE. That may be held by a State member bank at the time of the passage of this bill. I may say to the Senator from Ohio that I am anxious to have his view upon it. I have conferred with the author of the bill and he assures me that the provision is applicable in futuro.

Mr. BULKLEY. I feel very clear about it. If the Senator will indulge me I think I can demonstrate it. Of course, all it provides on page 8 is that State member banks shall be subject to the same limitations and conditions as are applicable in the case of national banks under paragraph seventh of section 5136 of the Revised Statutes, as amended. Paragraph seventh of section 5136 is amended by this very bill. Section 14 of the bill, commencing on page 34, amends section 5136 of the Revised Statutes. The wording of section 14 shows the reenactment of paragraph seventh of section 5136. The new matter begins in line 15 on page 34 of the bill. On page 35 there are some reenactments, and also some new matter, but the only limitations on what banks may hold for their investment accounts are two. One of them begins in line 5:

> But in no event shall the total amount of any issue of investment securities of any one obligor or maker hereafter purchased and held by the association—

And I there emphasize the word "hereafter"—

> hereafter purchased and held by the association for its own account exceed at any time 10 per cent of the total amount of such issue outstanding.

Then down below it provides:

> Nor shall the amount of the investment securities of any one obligor or maker hereafter purchased and held—

Again I emphasize the word "hereafter"—

> hereafter purchased and held by the association for its own account exceed at any time 15 per cent of the amount of the capital stock of the association actually paid in—

And so forth. I think it very clear that paragraph seventh of section 5136 as here amended is entirely in futuro with respect to securities purchased and held, and that it would relate back to the provisions to which the Senator has called attention on page 8.

Mr. GEORGE. Yes; the distinguished Senator from Virginia [Mr. GLASS], author of the bill, assured me that that is the correct interpretation, and I was anxious to see whether the Senator from Ohio agreed with that view.

Will the Senator give me his opinion upon the following provision appearing on page 40 of the bill?—

> (b) After January 1, 1935, every such holding-company affiliate (1) shall possess, and shall continue to possess during the life of such permit, free and clear of the lien, pledge, or hypothecation of any nature, readily marketable assets other than bank stock in an amount not less than 12 per cent of the aggregate par value of all bank stocks controlled by such holding company affiliate, which amount shall be increased by not less than 2 per cent per annum of such aggregate par value until such assets shall amount to 25 per cent of the aggregate par value of such bank stocks; and (2) shall reinvest in readily marketable assets other than bank stock all net earnings over and above 6 per cent per annum on the book value of its own shares outstanding until such assets shall amount to 25 per cent of the aggregate par value of all bank stocks controlled by it.

The question I wish to direct to the Senator is whether the bank is required to accumulate, as provided in the section which I have just read, 25 per cent under No. 1, and a reserve equal to 25 per cent of the aggregate par value of all bank stocks controlled by it under No. 2? In other words, whether 50 per cent of the aggregate par value of all bank stock controlled by such holding company affiliate is required, or whether it is the intention of the bill to require only 25 per cent? Have I made my question clear?

Mr. BULKLEY. I will be very frank with the Senator that I am not quite certain myself. That is not one of the subjects that was under my personal purview. I would be glad if the Senator from Virginia [Mr. GLASS] would feel that he could answer the question.

Mr. GEORGE. The Senator from Virginia advised me off the floor that he himself did not have direct supervision of this particular section; that is, he had not given particular study to the language.

Mr. BULKLEY. I will undertake to get an answer for the Senator, but I would rather not give it offhand.

Mr. GEORGE. Let me state the question in this way——

Mr. BULKLEY. I understand the question perfectly; but I would rather give the Senator a considered and reliable answer, which I am not able to do now.

Mr. GEORGE. If 50 per cent is required, I do not believe the language is quite clear. If only 25 per cent is required, it still may be said that it is not quite explicitly stated.

Mr. BULKLEY. I agree with the Senator that it ought to be made more clear.

Mr. FLETCHER. Mr. President——

The VICE PRESIDENT. Does the Senator from Ohio yield to the Senator from Florida?

Mr. BULKLEY. I yield.

Mr. FLETCHER. It seems to me that the provision in the bill for the liquidating corporation, which has been stated to be for the protection of depositors, is to a very great extent for their protection, but it really ought to be stated that it will benefit them rather than protect them.

Mr. BULKLEY. I think perhaps the word "benefit" is better than "protect." It protects the depositor against having his funds tied up for an inordinate length of time. But I cheerfully accept the correction of the Senator from Florida. I think the word "benefit" is better.

Mr. President, I have concluded what I desired to say. I believe that the Senate will make no mistake in keeping the sections to which I have been referring substantially as they are, in order that we may not go forward to what may be merely building up again for a recurrence of the unfortunate events that we have had in the past.

Mr. JONES. Mr. President, will the Senator from Ohio permit me to interrupt him?

The VICE PRESIDENT. Does the Senator from Ohio yield to the Senator from Washington?

Mr. BULKLEY. Certainly.

Mr. JONES. I asked the Senator from Virginia [Mr. GLASS] about this outside the Chamber, but did not get an opportunity to ask him on the floor. I would like to get the Senator's judgment. I have a telegram from one of the leading bankers of Seattle. I think he is one of our most reliable bankers. He said:

> We have made careful study of Glass bill and are in favor of all provisions except section 14, pertaining to investment securities. Feel that bill should permit national banks to maintain bond departments and distribute such securities as are eligible for their own account, with limitations and restrictions by comptroller.

What answer would the Senator make to that suggestion?

Mr. BULKLEY. Mr. President, as I indicated at the beginning of my remarks, that is a question on which honorable men might take a different view from mine. I have no quarrel with anyone who thinks the banks ought to be continued in the investment-securities business, but I have endeavored to give to the Senate my reason for believing that it makes a divided interest in the allegiance of a bank to its customers, and that it is not in accord with what we know human nature to be to expect that a bank shall have securities for sale on which it makes a profit and at the same time be competent to advise its customers with respect to their investments. My own view is very strongly that the Senator from Washington should plead with his friend to reconsider his view and ask him whether the banks would not be relieved of a great deal of embarrassment and a great deal of the loss of confidence from which they now suffer if they were prohibited from carrying on that sort of business, which puts them on the opposite side of transactions from their own customers.

Mr. GLASS. Mr. President——

The VICE PRESIDENT. Does the Senator from Ohio yield to the Senator from Virginia?

Mr. BULKLEY. Certainly.

Mr. GLASS. I may supplement what my colleague on the committee has just said by referring to that remarkable opinion which the Senate yesterday made a public document. Mr. Lehmann, the Solicitor General, speaks of that sort of thing as a vain attempt to fairly serve two masters, and that it can not be done.

Still further I would say to the Senator from Washington that the mistaken impression prevails that there is some deflationary degree in section 14 of the bill, whereas if he will examine it critically he will see that it relates to future transactions and does not require a single bank to discharge any of its existing investments.

There can be no question, though there is a controversial element in it, that it is not a safe business for a commercial bank to be engaged in investment banking. They ought to be entirely separate.

Let me add—and my colleague will confirm the statement—that those bankers who came to Washington and went to night schools and got their lessons one after another made the same objection to section 14. However, when it was pointed out to them that they had a misconception of its meaning, that it did not involve any deflation of their existing assets, that it related solely to the future, without exception they acquiesced in it as a sound measure and abated their objection to that section.

Mr. JONES. I thank the Senator for that opinion with reference to this matter. I myself have no opinion in regard to it, and I am perfectly willing to take the Senator's judgment.

Mr. BULKLEY. I should say to the Senator that there was no objection whatever at the hearings to the limitation with respect to securities held for a bank's investment account. We have never had a complete agreement on the general subject of whether banks ought to be permitted to continue in the securities business.

Mr. JONES. In this telegram it is stated further:

> Please secure interpretation of page 35, line 2, that "the association may purchase for its own account investment securities under such limitations and restrictions as comptroller may by regulation prescribe," and ascertain whether or not this provision would permit national banks to sell and distribute as well as purchase through well-regulated bond departments; otherwise, we believe that the security markets generally as well as the condition of all collateral owned would be greatly impaired.

Will the Senator give me his opinion with reference to that statement?

Mr. BULKLEY. Mr. President, I am very clear that the language quoted has reference to the purchase by banks of securities to be held for investment in their own portfolios. Banks have always held a certain amount of bonds and other securities as investments, as a so-called secondary reserve. This provision relates only to the purchase for such investment account. I am clear that my view of this would cause the Senator's correspondent to be opposed to the section, but, nevertheless, I believe that what the language refers to is the regulation of purchases of securities for investment for the bank's own account and not for distribution in the sense to which reference is made in the telegram.

Mr. JONES. I thank the Senator.

Mr. BULKLEY. Mr. President, I yield the floor.

Mr. VANDENBERG. Earlier in the day I submitted an amendment to the pending bill and asked that it lie on the table and be printed. I now offer the amendment and ask that it may be considered as the pending amendment.

The VICE PRESIDENT. The Senator from Michigan offers an amendment, which will be stated.

The LEGISLATIVE CLERK. It is proposed to amend section 19 by adding at the end of subsection C, on page 45, the following:

> *Provided*, That only existing unit or affiliated banks shall become branch banks, except that this proviso shall not apply in any city, town, or village where no national or State banking corporation is regularly transacting customary banking business.

Mr. DICKINSON. I offer an amendment to the pending bill, which I ask to have printed and lie on the table.

The VICE PRESIDENT. The amendment offered by the Senator from Iowa will be printed and lie on the table.

THE GLASS BANKING BILL—EDITORIAL FROM FORT WORTH STAR-TELEGRAM

Mr. CONNALLY. Mr. President, I ask unanimous consent to have printed in the RECORD an editorial from the Fort Worth (Tex.) Star-Telegram in relation to the bill which the Senate is now considering.

There being no objection, the article was ordered printed in the RECORD, as follows:

[From the Fort Worth (Tex.) Star-Telegram, May 1, 1932]

FUNDAMENTAL ERRORS OF THE GLASS BANKING BILL

Although the Glass banking bill as now pending in the Senate is a very much less dangerous measure than that first introduced, it still contains many features objectionable from the standpoint of practical banking, and it continues subject to two fundamental charges of error. Of the latter, the most important is found in the bill's apparent assumption that the human element may be expunged from banking, or that, failing this, human responsibility may be attained in more desirable form merely by shifting from one set of individuals to another. This error is the more glaring since the individuals from whom responsibility would be taken are the bank officials who obviously have a more direct concern with the interests of their customers and their communities, while those upon whom this additional responsibility would be conferred are members of a board isolated in Washington. That mistakes are possible even for the Federal Reserve Board is suggested by the fact that this board is frequently charged with responsibility for the wild speculation and consequent collapse in 1929, the board's "easy-money" policy being blamed.

The second general error of banking policy which may be proved against the present Glass bill is the fact that it would so militate against continued membership in the reserve system on the part of State banks that it likely would drive out of the system institutions now contributing 40 per cent of its resources. The provisions of the bill in this respect involve a direct breach of contract with the State banks now members. During the war period when added strength was vitally needed by the reserve system, a special effort was made to induce State banks to become members as a patriotic duty. In order that the State banks might not be required to surrender their charter rights entirely, an understanding was reached which assured member banks under State charters a reasonable autonomy and freedom of action. This understanding would be forcibly abrogated, without consent of one of the parties, by the Glass bill, which would require State banks members of the reserve system to be entirely subservient to the Comptroller of the Currency and the Federal Reserve Board. In addition, by its branch-banking provisions, the bill would place member State banks at a disadvantage, since these would be prohibited by their State charters from establishing branches in other States, a practice which would be permitted to national banks. These two requirements, in the opinion of bankers, would force nearly all State banks out of the reserve system.

For more than two years the country has been struggling with the most difficult and complicated business situation in its history. Many important readjustments seem necessary and desirable. But granting that some changes are desirable in existing laws, the present, when we are just emerging from an atmosphere of hysteria and fear which was the inevitable consequence of the period, would hardly seem a propitious time for enacting new and far-reaching provisions which in their very nature are excessively deflationary. It would be unfortunate if we were now to rush in and attempt to cure evils of the past year by means which, even if they proved helpful at some future time, would inevitably add to the length and depth of the present depression.

The fact that three years ago an unduly large amount of credit was extended to stock-market operators by member banks and nonmember banks, as well as by corporations and individuals over whom bankers had no control, should not now cause us to go to the other extreme and enact a law which would make all the legitimate investment business an outlaw business by practically preventing banks from extending credit to anyone engaged in that line. Nor should the fact that in the past a few banks went too deeply into the securities market be now used as an argument for prohibiting all banks from dealing in sound investment bonds.

In attempting to prevent a repetition of old mistakes in this line the Glass bill would permit new and greater errors by destroying all machinery for the distribution of long-term securities, which is, after all, an essential part of the Nation's financial business and therefore an important public service. Wrecking this machinery would be a sorry service to States, counties, and municipalities, as well as to railroads and other corporations whose legitimate need for long-term credit must be recognized. It would also deprive business and industry of what is right now its chief reliance for the ultimate act of aid in breaking through the depression. Before business can be restored the investment market will be called upon not only to finance new undertakings but also to absorb bank loans and obligations that have been taken over by the Reconstruction Finance Corporation. If banks members of the Federal reserve system are prohibited from participating in this necessary work, not only will the opportunities for business rescue be reduced but the work of refinancing will be taken away from institutions under supervision and turned over to private institutions over which there is no public control.

It is impossible to escape the conclusion that the effects of this bill would be entirely opposed to the purpose of the two most important reconstruction acts undertaken by Congress this year—the Reconstruction Finance act and the Glass-Steagall Act. These measures, a product of broad-minded and nonpartisan statesmanship of the leaders of both parties, have done much to reestablish national confidence on the part of bankers and the public. The passage of this bill undoubtedly would destroy most, if not all, the good that has been accomplished along this line and would lead to further deflation of securities and additional restrictions on credit at a time when just the opposite influences are needed.

EXTRAVAGANCE OF GOVERNMENTAL EXPENDITURES—ADDRESS BY ROBERT R. M'CORMICK

Mr. WATSON. Mr. President, some days ago Col. Robert R. McCormick, the very able editor of the Chicago Tribune, delivered an address over the radio, April 16, on the subject of governmental expenditures. I ask unanimous consent that it may be printed in the RECORD.

There being no objection, the address was ordered printed in the RECORD, as follows:

The cause of the world-wide depression has been definitely and finally traced to the extravagance of governmental expenditures since the war.

That is the one common denominator found in all countries, defeated, victorious, or neutral, in all forms of government, monarchist, republican, socialist, dictatorship; in every clime, on every continent, and in every State, county, and city.

All governments are either bankrupt or on the road to bankruptcy. Among them we find Germany, Austria, England, Australia, and New Zealand perhaps beyond recovery, and the rest pointing to the same end.

Among cities, Chicago, Detroit, and Philadelphia are known to be bankrupt, but New York City is utterly insolvent. With a debt approaching $2,000,000,000, an outgo far exceeding income, she is increasing her expenditures constantly. One wonders how much longer the banks and the insurance companies of New York will dare to loan money to finance wasteful public business. Her budget for 1932 was $631,000,000. Since 1920 our largest city has much more than doubled its budget. This year's deficit will reach $100,000,000 by June. Cleveland has a deficit of $2,000,000 in her general fund and $2,000,000 in her educational fund, and her credit has gone sour.

Boston is so much older than our mid-western cities that she ought to know better. However, according to William H. Davies, writing in the Boston Herald, she permitted her city officers last year to spend $10,000,000 more than they had ever spent before. And thus she has a deficit of at least $5,000,000 for this year.

Mayor Curley telegraphs me that the overexpenditures exceeded my figures by $2,000,000, but that the deficit is $2,500,000 less, and that he expects to collect it from the $11,000,000 of taxes in default. I trust he is justified in his hopefulness, but defaulted taxes of such enormous proportions in a city the size of Boston would seem to indicate a tax strike. I am afraid that Boston will soon join the ranks of the other bankrupts.

Such is the plight of the larger cities, but the smaller ones have not done better. In 28 States there are known to be defaults. In the others it is just a question of time. Defaults and repudiations are the order of the day in government as a result of submersion in debts beyond ability to pay.

National expenditures are exceeding income by 100 per cent, or $2,000,000,000.

The United States Senate sits smugly on the horns of the dilemma it seems to have chosen—whether to fail to meet the Nation's obligations or to levy taxes which will destroy the entire economic structure of the country as the House has done. No serious thought of retrenchment appears to have entered the heads of our office-holding tyrants.

Not since the States ratified the Federal Constitution has there been so dark an outlook—in all the history of our people.

If we are to save ourselves from the threatened cataclysm, we must find by what steps we were led into this morass, that we may learn how to retrace them.

Time will not permit me to detail the rise of bureaucracy in this country which, hardly noticeable for the first century of our existence, may have found its germ in the vast activities of government in the Civil War, because it was in the following generation that government expansion got its start.

Before Europe went to war there had been added to the constitutional offices a Department of the Interior, a Department of Justice, a Civil Service Commission, an Interstate Commerce Commission, a Department of Agriculture, Department of Commerce, a Bureau of Forestry, a Department of Labor, the Federal Reserve Board, and the Federal Trade Commission. Between them and our declaration of war arrived the National Advisory Commission for Aeronautics, the Employees' Compensation Commission, the Tariff Commission, and the Federal Board for Vocational Education.

The act creating the last-named board was innocent enough in appearance. It provided for Federal assistance on a 50-50 basis to States which would match the Federal Government gift to them in expenditures for teaching in the schools, boys to become machinists and carpenters, and girls to do fancywork. But that entering wedge opened the way for the shiftless States to spend the money of the thrifty ones, with the National Government providing half the funds. That was the means through which Ohio money came to be taken to build roads in Utah. That is the means through which citizens of Philadelphia contribute to the culinary education of Alabama farmer ladies.

But we are getting ahead of our story. Federal Government expenditures, which increased quite steadily prior to the war, did so at a rate that might cause the Democratic and Progressive Parties of 1912 to view with alarm, but they were still very moderate. Less than a billion dollars paid for everything the Congressmen could get each other to vote for. Less than a billion took care of the Army and the Navy, the postal deficit, the Panama Canal, and all the waste.

Nineteen fourteen was the first year that Federal Government expenditures went over a billion dollars, and by 1916, a year before we declared war, the total was only a billion forty-two million. But at that time there were fewer than 40,000 Federal employees in Washington and fewer than 400,000 outside of Washington. At the beginning of the present fiscal year the number of civil employees was the largest in any peace-time year, 72,000 in Washington, 545,000 outside of Washington.

It was, however, the Great War that changed the entire scale of national income and national expenditure.

First the prices of agricultural products soared. Cotton mounted from 7 cents to 43 cents a pound and wheat from 80 cents to $3.50 a bushel. Although the value of cotton was due entirely to the temporary demand for explosives and the demand for wheat was caused by the drafting of European farm workers into armies and the shortage of shipping which prevented South American and Australian competition, farm lands advanced in price, as though farm incomes would be permanently stabilized on a war basis.

Next factories making war material boomed, and factories which could be turned to war manufacture zoomed after them. In consequence factories unadaptable for war manufactures became insufficient to supply the civilian needs of the country, and the demand exceeding supply brought the inevitable high prices of nearly all commodities, while so-called prosperity and the high cost of living brought about increase of wages on an average of 172 per cent.

Neither financiers nor soldiers had thought that the enormous armies prepared in Europe could be supported for more than a few weeks of war, and the various war plans of general staffs all aimed at an early victory. The Schlieffen plan of Germany, plan 17 of France, the Conrad plan of Austria, and the Yonouskevitch plan of Russia all aimed at this result, and all failed because the book-trained staffs had no conception of modern combat.

It was only when the war settled into a siege that the world perceived for the first time to what extent credit could be extended and to what taxes men and industries would submit under the impulse of pariotism.

During three years Europe pinched and fought while we merely increased our production, our cost of production, and our cost of living. When finally we declared war we felt rich; some felt a sense of moral delinquency because we had not entered the war earlier, and all realized that we had incurred a national peril.

We found it necessary to raise our soldiers by conscription, and this led to the moral consequence that the unconscripted could deny them nothing. There followed an organized reign of terror against all criticism. We had organized propaganda, censorship, and a cheka. These were used to fight enemies at home and abroad, and were used just as much to prevent criticism, encourage extravagance, and protect corruption.

In their shadow unscrupulous men sought unconscionable contracts, harbor appropriations, camp locations, and the many spoils of war and politics. Side by side with necessary war activities were perpetrated the grossest frauds in the history of the world up to that time.

Those for whom room was not found in the Army or Navy the cry was raised, "Give till it hurts. Buy bonds till it hurts. Pay taxes till it hurts." And no one complained.

They raised sums more vast than mathematicians had imagined possible, and they set a standard of taxation and extravagance in government which has finally brought this country to the verge of ruin.

They established enormous organizations for the collection and expenditure of taxes and for the creation and enlargement of public debt.

Naturally, at the end of the war the jobholders and the industries which had been created from war conditions wished to continue; the honest as well as the dishonest, and the dishonest as well as the honest.

Those that could not remain in the Federal service flowed over into the States, the counties, and the cities.

The habit of exuberant and exorbitant taxation continued and was borne by a people who had been taught to bear it under the stress of national necessity. The propagandists found new euphemisms for public expenditures in civil life to take the place of patriotism and self-sacrifice for unnecessary waste in war time.

The greatest postwar thefts of public funds have been camouflaged as desirable projects or indispensable services.

One weapon of the peace-time propagandists has been to direct the public attitude toward war-time profiteering, for which they were largely responsible, against necessary peace-time industries. There was a natural antipathy toward the men who got rich from war necessities. Progressive taxation was imposed no mere to provide revenue than to punish the profiteers. Tax thieves have perpetuated this attitude and have hamstrung essential industries and forced millions of workingmen out of employment on the generalization that private profit, however honestly gained and however indispensable to the common welfare, should be penalized.

Before the war our public expenditures were $3,000,000,000 per year, including State and local governments. Five years after the war they exceeded $10,000,000,000. The total public expenditures for 1931 exceeded $14,000,000,000!

Nor must you be hoodwinked with that utterly false statement that the largest part of this sum is spent on war, because only 17 per cent of the National Government's expenditures is even appropriated in the name of the Army and Navy Departments.

The general result is that we now have on the public pay rolls over 3,000,000 people, and we have allied with them, in the form of contractors and other beneficiaries—I can not say how many millions more.

Before the war our national indebtedness, including States and counties, was $4,850,000,000, while in 1922, four years after the war, it had risen to $31,000,000,000. Between 1922 and 1930 the Federal debt had been cut by $6,700,000,000, but borrowings of States and cities had more than offset the Federal amortization. Now the debts of all our governments aggregate about $35,000,000,000.

These costs seemed bearable because of the steep, if temporary, increase in values of all kinds.

The inflations of values began with farm land during war time, and then like a pulse passed through all other land—Florida land, subdivision land, conservative business property, and even the houses in which we live. Inflation went through the securities listed on the exchanges, and the owners of property not on the market felt a glow of wealth which they could not realize upon, to be sure, but upon which they were not loath to pay increasing taxation.

How to account for this phenomenon I am not sure. Increased income from property was responsible for but a small part. The effect of spending borrowed money had some share. The energy created by war enthusiasm and the natural optimism following victory all contributed.

The consequence has been that property of every kind was raised, as a ship on a wave, and left by the receding wave high and dry on the jagged rocks of ruinous taxation.

Earnings never were high enough to support the levels of taxation which were imposed. The unbearable load was concealed, like the face of Mephistopheles, behind a mask of plenty.

Now, under the grinding load of taxation, industry is everywhere slowing up. Incomes are falling and disappearing. Industries, contracting or closing down altogether, are unable to furnish employment to workmen. Everywhere we find economies and hardship excepting on the part of those people who have their hands under color of law, in the pockets of others, and even these are suffering as the pockets become empty.

They are like the wolves of Anticosti. That island was populated by limitless droves of caribou until one year Labrador wolves were carried to it on the ice. The island was favorable to the pursuit of wolves, and its shores prevented the escape of the pursued. The wolves waxed in number, destroyed the caribou, and then, with nothing to feed upon, all died of hunger. That is the prospect which lies before our tax eaters.

The evil talk of tax strikes is heard throughout the land, but far more serious than strikes is the growing inability of taxpayers to pay. Strike or no strike, it is absolutely impossible to pay the taxes assessed. Owners of buildings are tearing them down because the taxes are more than the receipts. Owners of unimproved property are unable to pay their taxes, and tax buyers can not be found to evict them. Individuals, estates, and corporations are beginning to find it impossible to meet Federal taxation extorted with all the ruthlessness of the Germans in Belgium.

We have reached the extraordinary situation where the ownership of property has become a liability, not an asset.

Ever since the war the Government has been living on and living off income taxes and taxes that it called "income" taxes. Where the taxes were levied on profit in the purchase and sale of a fixed article, such as a piece of real estate, or a certificate representing the ownership of a company owning real estate, improved or unimproved, a railroad or a factory, the tax is not on income, but is a capital levy. This fact is recognized in the proposed tax law under which losses in the resale of such property may not be deducted.

Obviously, by the continuation of the principle of taxes, exacting tribute on values as they rise and conceding nothing when they decline, sooner or later the Government will have extorted the entire value of all property.

It will be like the fisherman who, hauling in his line as the fish comes his way, and snubbing his line when the fish would run, soon has him gaffed. If I were inclined to pun on so serious an occasion, I would continue the illustration and say the American taxpayer is a "poor fish."

Now, as to taxes on incomes proper. It being the evident purpose of our Government to take away from its citizens, like the Roman conquerors from their subject peoples, all their property in so far as it is profitable for the Government to do so—how far can the taxes be extended before they destroy the source of income?

Here we enter a less defined field of political economy, but there is ample evidence visible to those willing to see. The great industrial enterprises which pay so large a part of all kinds of taxes, real, personal, and income, employ so many men and women, buy such quantities of primary products, started from small beginnings and have been built up from accumulations. If these accumulations had been sequestered in the past, as they will be in the future, the industries never could have grown. If we stop accumulation at this time, no more industries may grow to take up the slack of unemployment and to pay the cost of government.

A no less vital factor is the repayment of debts. The existence of banks, and hence the existence of bank depositors, depends upon the ability of debtors to pay. To the nonproducing theorist a strictly limited return on capital may seem sufficient and all that is morally justified for some one else to receive, but for the borrower a return sufficient to pay not only the interest but the principal of his debt is necessary lest he lose his all. If the opportunity of repaying his debt is denied him, he can not venture, and if the Government will take from the borrower the money which is needed to repay the lender, the bank dare not lend. We can have no banks.

Nothing is more popular to-day among the human crocodiles than the progressive estate tax. If, they argue, it is fair that the creator of wealth is entitled to its use, this right does not extend to his heirs who did not produce it—an argument plausible to those who wish to see it that way, but one which, carried to its logical conclusion, injures the very people it is supposed to benefit.

Modern property is no longer in the patriarchal stage. The rich man does not own 1,000 goats or 10,000 sheep, of which 500 or 7,000 may be taken by Pharaoh, still leaving the heirs a considerable quantity of mutton and wool.

In its simplest form, for the taxgatherer, this wealth will be found represented in bonds and shares of stocks listed on an exchange, a part of which can be sold to pay the tax on the whole. Forced sales of stocks to pay taxes are another form of bear raids, or short selling. Stock which in the natural order of events would be kept off the market will be forced on the market, breaking the market. The forced sale of the stock sold destroys the value of that retained, and any glee caused by the confiscation of the estate of a rich man will be turned to dismay when it is found out that all stock, in whosoever hands it may be, is thereby depreciated in value. Not only every share of the particular stock sold will be depreciated, but as these shares fall in value they will bring all the other shares down with them. The recent collapse of the stock market is partly due to stocks forced upon the market by Government exactions and for which buyers are wanting, and the same is true of all depreciated values.

But more difficult than this by far will be the case of the many businesses of one kind or another which are operating successfully, employing labor, buying supplies, and paying taxes, which are not listed on any stock exchange and which in many cases do not consist of capital stock. The machinery and fixtures can not be separated and sold piece by piece. They would produce nothing. Assuming an enterprise to have a given value in the hands of its owner, say, one million or ten million dollars, how much will it bring at a forced sale, a sale forced upon the citizen by his government? How much will the individual so fortunately situated as to have his competitor's property auctioned off to him by the Federal Government bid for it? Will he bid its fair value? Will he bid its value as fixed by Cæsar's legates, and if he bids less, will the Government demand a tax on a larger sum that it realizes for its victim? And how long will enterprises exist if they are to be overtaxed during the generation of their founder and confiscated with his death?

Look across the ocean! Look at England, the founder of industrial civilization, the originator of steam machinery. There you will see industries of all kinds groaning along on out-of-date, worn-out machines, incapable of competition in the world markets. Why do the English endeavor to manufacture with out-of-date, worn-out machinery? Because taxation has risen to such heights in England that the owners can not afford to modernize their plants. What money the Englishman can get he puts in hiding, in a losing effort to maintain his declining civilization.

The course which our rulers have laid out for us, and from which they show no sign of deviating, is the road to complete and inescapable ruin. If they proceed as they are going, they will dry up every profit, every interest payment, and every pay roll. They will bring upon us a fall like the fall of the Dutch Republic and of the Roman Empire. And with our ruin their ruin is also inextricably bound up.

If you ask me what is the alternative, I will make this statement and I will continue to proclaim it: There is not a Cabinet officer, there is not a Member of Congress, who can demonstrate that one-half of the money appropriated for any department of government is used for the purpose designated. I will be specific: not one-half of the money appropriated for the War Department is spent to make an army; not one-half of the money appropriated for the Navy Department is spent to build, operate, and maintain a combat fleet; not one-half of the money appropriated for the Post Office Department is spent to move the mails. As for other great branches of the Government—the Department of Commerce, the Department of the Interior, the Department of Agriculture, are not much better than rackets. Rackets, I regret to say, which are supported by small elements of our population, persuaded that they are receiving from them special benefits at the expense of the general taxpayer.

It took centuries for enough wealth to accumulate to raise our civilization from the misery of the Middle Ages to the high estate we have witnessed. It has taken 15 years of excessive taxation to bring us down to the verge of ruin. The tax bill passed by the National House destroys all hope for the future.

Like the French under Louis XV, we are ground down by an unbearable army which is extorting in taxes from the suffering populace $10,000,000,000 annually, and is spending $4,000,000,000 more, so that local treasuries are largely bankrupt and the Federal credit is stretched to the breaking point. Everywhere people are crying for relief, and nowhere are they receiving it, while smug officeholders quote "After us, the deluge."

If you are to exist you must tear these weasels from the throat of the Nation. To attend meetings is not enough; to pass resolutions is not enough. You will have to go into every detail of political organization. If you do less, you will be destroyed.

Since the passage of the new tax bill by the House of Representatives we read that $6,000,000,000 have been lost in stocks listed on the exchange. Forty thousand farms have been sold for taxes in Mississippi. There has been a bloody riot in Newfoundland, an insurrection in New Zealand, Australia is leaning over the brink of civil war. The prospect is dark, indeed.

But we are the descendants of the people who dared the trackless ocean and the impenetrable forests and who, in the face of obstacles greater by far than those which we face to-day, overthrew a tyrant king and established the greatest Nation in the world.

We face a threat and accept the challenge. There are serious times ahead, but I am confident that the American spirit will yet save our country.

A gathering of patriotic citizens of Aurora, Ill., anxious about the future of their country and inspired by its past, yesterday asked me to point out to you that of the many organizations wielding influence upon public office for good or ill, all are limited in their membership by class, trade, or previous experience, and all are favoring special causes. There is no organization as wide as America and none devoted exclusively to the public welfare. They ask me to suggest that there be organized throughout this country an association of Americans with no other limitation than that of American citizenship; that its Constitution shall forbid its advocacy of any special interest whatsoever, and that it shall devote and confine its activities to the general welfare. Remembering the organization which freed the Colonies from foreign oppression and made it possible to establish this Nation, they suggest that we call it the Patriots.

Listeners all over the land, if this suggestion receives your favor, will you write and tell me? If you disapprove of the suggestion, will you do the same? And if you have other ideas to save us from our peril let me have those also. The danger is nigh and the time is short.

Amazing increases in the expenditures of national governments

	Pre-war, 1913–14	7 years after the armistice, 1925–26	Now, 1930–31
GREAT WAR PARTICIPANTS			
United States	$724,511,963	$2,930,707,176	$4,294,274,778
Great Britain	961,099,680	4,020,216,000	3,805,160,149
Germany	718,363,560	1,754,300,000	2,679,273,600
France	998,176,700	1,580,644,000	1,985,681,200
Italy	590,367,700	736,000,000	1,636,325,200
Japan	286,139,000	523,924,000	802,086,500
Canada	168,690,000	320,660,000	393,972,000
Belgium	[1] 172,928,000	369,962,400	342,079,200
Australia	112,416,150	300,848,000	319,242,400
Brazil	53,732,545	137,739,464	262,608,000
NEUTRALS			
Argentina	171,537,000	302,864,000	[2] 659,199,000
Spain	273,400,000	459,500,000	384,000,000
Netherlands	88,158,600	299,765,000	334,227,624
Sweden	56,226,400	[3] 164,573,000	192,820,000
Chile	58,256,545	100,036,000	128,593,000
Norway	43,177,238	120,997,000	96,047,000
Denmark	29,856,000	[3] 71,500,000	85,279,000
Switzerland	20,419,400	59,439,000	73,897,770

[1] 1912. [2] 1929. [3] 1924–25.

Amazing increases in spending and borrowing by leading cities

Cities	Expenditures				
	1912	1918	1922	1926	1930
New York	$243,208,000	$238,336,000	$389,276,000	$507,815,000	$681,834,000
Chicago	67,802,000	97,948,000	163,080,000	234,621,000	297,376,000
Philadelphia	43,312,000	66,156,000	108,764,000	176,897,000	163,407,000
Detroit	13,836,000	29,682,000	119,543,000	150,444,000	197,795,000
Cleveland	18,555,000	27,181,000	59,039,000	73,057,000	78,673,000
St. Louis	21,580,000	23,959,000	31,548,000	46,196,000	55,194,000
Baltimore	18,091,000	18,691,000	38,394,000	48,445,000	57,486,000
Boston	32,553,000	38,456,000	49,223,000	73,418,000	85,491,000
San Francisco	18,789,000	21,363,000	33,130,000	44,225,000	91,699,000
Newark	13,956,000	17,080,000	29,809,000	39,688,000	54,110,000
	Net debt				
New York	$792,927,000	$1,005,055,000	$1,067,000,000	$1,323,000,000	$1,616,000,000
Chicago	65,668,000	72,728,000	131,341,000	204,429,000	372,067,000
Philadelphia	97,388,000	136,184,000	195,846,000	357,721,000	464,100,000
Detroit	9,109,000	23,513,000	122,587,000	206,246,000	290,674,000
Cleveland	47,475,000	72,666,000	116,089,000	136,871,000	139,854,000
St. Louis	24,013,000	17,488,000	14,183,000	24,956,000	64,429,000
Baltimore	46,328,000	67,083,000	79,911,000	117,042,000	155,039,000
Boston	75,677,000	86,204,000	84,678,000	98,558,000	113,666,000
San Francisco	22,179,000	43,276,000	71,058,000	80,702,000	137,875,000
Newark	28,187,000	39,924,000	48,998,000	70,498,000	103,169,000

EXECUTIVE SESSION

Mr. McNARY. Mr. President, other Senators who desire to speak on the pending measure are unprepared to proceed to-day. I therefore move that the Senate proceed to the consideration of executive business.

The motion was agreed to; and the Senate proceeded to the consideration of executive business.

EXECUTIVE MESSAGES REFERRED

The VICE PRESIDENT laid before the Senate messages from the President of the United States, submitting several nominations, which were referred to the appropriate committees.

(For nominations this day received see the end of Senate proceedings.)

REPORTS OF COMMITTEES

Mr. WATSON, from the Committee on Finance, reported favorably the nomination of Ernest H. Van Fossan, of Ohio, to be a member of the Board of Tax Appeals for a term of 12 years from June 2, 1932 (reappointment).

Mr. SMOOT, from the Committee on Finance, reported favorably the nomination of Asst. Surg. Edwin G. Williams to be passed assistant surgeon in the Public Health Service, to rank as such from May 21, 1932.

Mr. ODDIE, from the Committee on Post Offices and Post Roads, reported favorably sundry nominations of postmasters.

The VICE PRESIDENT. The reports will be placed on the calendar.

THE CALENDAR

The VICE PRESIDENT. If there be no further reports of committees, the calendar is in order.

POSTMASTER AT HEBRON, NEBR.

The legislative clerk read the nomination of Earnest E. Correll to be postmaster at Hebron, Nebr.

The VICE PRESIDENT. On a previous occasion the nomination just stated was passed over. Without objection, the nomination is confirmed.

DIPLOMATIC AND FOREIGN SERVICE

The legislative clerk read the nomination of Erle R. Dickover to be secretary, Diplomatic Service.

The VICE PRESIDENT. Without objection, the nomination is confirmed.

THE JUDICIARY

The legislative clerk read the nomination of James C. Vickers, of Maryland, to be associate justice, Supreme Court of the Philippine Islands.

The VICE PRESIDENT. Without objection, the nomination is confirmed.

The legislative clerk read the nomination of Jose Abad Santos, of the Philippine Islands, to be associate justice, Supreme Court of the Philippine Islands.

The VICE PRESIDENT. Without objection, the nomination is confirmed.

The legislative clerk read the nomination of John A. Hull, of Iowa, to be associate justice, Supreme Court of the Philippine Islands.

The VICE PRESIDENT. Without objection, the nomination is confirmed.

The legislative clerk read the nomination of Paul W. Kear, of Virginia, to be United States attorney, eastern district of Virginia.

The VICE PRESIDENT. Without objection, the nomination is confirmed.

The legislative clerk read the nomination of George S. Pitman to be United States marshal, eastern district of Virginia.

The VICE PRESIDENT. Without objection, the nomination is confirmed.

BOARD OF TAX APPEALS

The legislative clerk read the nomination of Eugene Black, of Texas, to be a member of the Board of Tax Appeals.

The VICE PRESIDENT. Without objection, the nomination is confirmed.

The legislative clerk read the nomination of William D. Love, of Texas, to be a member of the Board of Tax Appeals.

The VICE PRESIDENT. Without objection, the nomination is confirmed.

The legislative clerk read the nomination of J. Edgar Murdock, of Pennsylvania, to be a member of the Board of Tax Appeals.

The VICE PRESIDENT. Without objection, the nomination is confirmed.

Mr. WATSON. Mr. President, I ask unanimous consent that the nomination of Ernest H. Van Fossan, of Ohio, to be member of Board of Tax Appeals, reported by me from the Committee on Finance a few moments ago, may be considered at this time.

The VICE PRESIDENT. Is there objection? The Chair hears none, and, without objection, the nomination is confirmed.

PUBLIC HEALTH SERVICE

The legislative clerk read the nomination of Estella Ford Warner to be surgeon, Public Health Service.

The VICE PRESIDENT. Without objection, the nomination is confirmed.

COAST GUARD

The legislative clerk proceeded to read the nominations of sundry officers in the Coast Guard.

Mr. MOSES. I ask unanimous consent that all Coast Guard nominations may be confirmed en bloc.

The VICE PRESIDENT. Is there objection? The Chair hears none, and the nominations are confirmed en bloc.

POSTMASTERS

The legislative clerk proceeded to read the nominations of sundry postmasters.

Mr. MOSES. I make the same request regarding the post-office nominations.

The VICE PRESIDENT. Is there objection? The Chair hears none, and the nominations are confirmed en bloc.

THE ARMY

The legislative clerk proceeded to read the nominations of sundry officers in the Army.

Mr. REED. I ask unanimous consent that all Army nominations may be confirmed en bloc.

The VICE PRESIDENT. Is there objection? The Chair hears none, and the nominations are confirmed en bloc.

That completes the calendar.

RECESS

Mr. McNARY. As in legislative session, I move that the Senate take a recess until 12 o'clock noon to-morrow.

The motion was agreed to; and, as in legislative session (at 4 o'clock and 23 minutes p. m.), the Senate took a recess until to-morrow, Wednesday, May 11, 1932, at 12 o'clock meridian.

NOMINATIONS

Executive nominations received by the Senate May 10 (legislative day of May 9), 1932

MEMBER OF THE UNITED STATES TARIFF COMMISSION

Edgar Bernard Brossard, of Utah, to be a member of the United States Tariff Commission for the term expiring June 16, 1938. (Reappointment.)

DISTRICT JUDGE

Cecil H. Clegg, of Alaska, to be district judge, District of Alaska, division No. 3, to succeed E. Coke Hill, appointed district judge, District of Alaska, division No. 4.

CONFIRMATIONS

Executive nominations confirmed by the Senate May 10 (legislative day of May 9), 1932

SECRETARY, DIPLOMATIC SERVICE

Erle R. Dickover to be secretary in the Diplomatic Service.

ASSOCIATE JUSTICES, SUPREME COURT OF THE PHILIPPINE ISLANDS

James C. Vickers to be associate justice, Supreme Court of the Philippine Islands.

José Abad Santos to be associate justice, Supreme Court of the Philippine Islands.

John A. Hull to be associate justice, Supreme Court of the Philippine Islands.

MEMBERS OF THE BOARD OF TAX APPEALS

Eugene Black to be a member of the Board of Tax Appeals.

William D. Love to be a member of the Board of Tax Appeals.

J. Edgar Murdock to be a member of the Board of Tax Appeals.

Ernest H. Van Fossan to be a member of the Board of Tax Appeals.

UNITED STATES ATTORNEY

Paul W. Kear to be United States attorney, eastern district of Virginia.

UNITED STATES MARSHAL

George S. Pitman to be United States marshal, eastern district of Virginia.

PUBLIC HEALTH SERVICE

Estella Ford Warner to be surgeon.

COAST GUARD

To be ensigns

Donald T. Adams.
Joseph A. Bresnan.
Garland W. Collins.
Walter W. Collins.
James D. Craik.
Anthony J. DeJoy.
Theodore J. Fabik.
John P. German.
Robert L. Grantham.
Theodore J. Harris.
John R. Henthorn.
Edward T. Hodges.
Reinhold R. Johnson.
John R. Kurcheski.
George R. Leslie.
Gilbert I. Lynch.
Walter B. Millington.
Emil A. Pearson.
Oscar C. Rohnke.
Richard D. Schmidtman.
Loren H. Seeger.
William H. Snyder.
Irvin J. Stephens.
Carl H. Stober.
George D. Synon.
Hollis M. Warner.
Frederick G. Wild.
Karl O. A. Zittel.

APPOINTMENT, BY TRANSFER, IN THE REGULAR ARMY

Second Lieut. Leslie Haynes Wyman to Field Artillery.

PROMOTIONS IN THE REGULAR ARMY

Charles Hartwell Bonesteel to be lieutenant colonel, Infantry.

Stephen Ralph Tiffany to be major, Infantry.

Ottmann William Freeborn to be major, Infantry.

Edwin Thomas May to be captain, Infantry.

Stephen Bowen Elkins to be captain, Infantry.

Henry Lee Hughes to be first lieutenant, Coast Artillery Corps.

Norman Mahlon Winn to be first lieutenant, Cavalry.

Edgar Eugene Glenn to be captain, Air Corps.

Narcisse Lionel Cote to be first lieutenant, Air Corps.

William Bertram Meister to be lieutenant colonel, Medical Corps.

James Miles Webb to be chaplain, with the rank of lieutenant colonel.

POSTMASTERS

ARKANSAS

Edgar G. Gunnels, Emerson.
John F. Halbrook, Plumerville.
Menno S. Klopfenstein, Siloam Springs.

CALIFORNIA

Harry A. Canfield, Bellflower.
George P. Morse, Chico.
Lela P. James, El Segundo.
Daniel McCloskey, Hollister.
Marion W. Bessom, Lawndale.
Frances W. Brown, Montrose.
Edward G. Farmer, Needles.
William N. Friend, Oakland.
May C. Baker, Paradise.
Myrtle H. Turner, Reseda.
Louis P. Miller, Rio Vista.
John D. Chace, San Jose.
Alfred Gourdier, Torrance.
William Braucht, Whittier.
Violet D. Manor, Williams.
Belle B. Jenks, Willowbrook.

GEORGIA

William H. Freeman, Toomsboro.

ILLINOIS

Olive G. Woods, Hennepin.
Charles J. Rohde, Lena.
James W. Corwine, Lincoln.
Lyle E. Wilcox, McLean.
Leon M. Shugart, Pontiac.
Samuel M. Combs, Ridgway.
Fred A. Meskimen, Robinson.
Alta Winn, Saybrook.
John Van Antwerp, Sparland.
Willis A. Myers, Wenona.

IOWA

Louis C. Giencke, Guttenberg.
Harvey S. Powers, Iowa Falls.
William A. Grummon, Rockwell.
Cora B. Alberty, Thornton.

KANSAS

John D. Ferrell, Cedar Vale.
Henry B. Gibbens, Cunningham.
Merton M. Fletcher, Glasco.
Onto R. Linday, Mound Valley.
Callie L. Henderson, Udall.

MICHIGAN

Thomas S. Shober, Pentwater.

MISSISSIPPI

Romie Green, Amory.
Myrtle R. Hammons, Boyle.

MISSOURI

Leonard E. Decker, Creve Coeur.
Amanda P. Renfrow, Humansville.

NEBRASKA

Earnest E. Correll, Hebron.

NEVADA

James L. Finney, Boulder City.

NEW HAMPSHIRE

James H. Fitzgerald, East Jaffrey.
Evelyn H. Beane, Henniker.

NEW JERSEY

Harriet C. Rosenkrans, Branchville.
Tobias V. Chieffo, Cliffside Park.
Byron M. Prugh, Westfield.

NEW YORK

Charles H. Werger, Averill Park.
Albert B. W. Firmin, Brooklyn.
Nellie Mac Morran, Firthcliffe.

OKLAHOMA

Daisy E. Skinner, Adair.

OREGON

William P. Skiens, Burns.
Odden L. Dickens, John Day.

PENNSYLVANIA

William H. Harper, Avondale.
Nelson O. Smith, Blawnox.
Leon E. Mayer, Boyertown.
George H. Houck, Cairnbrook.
George A. Frantz, Confluence.
Mertie T. Hallett, Devon.
John L. Elder, Ebensburg.
John P. Rodger, Hooversville.
Gertrude Klinefelter, Jonestown.
Wellesley H. Greathead, McConnellsburg.
Margaret V. Roush, Marysville.
Isaac A. Mattis, Millersburg.
George W. Schell, Myerstown.
Martin T. Weaver, Strasburg.
George N. Turner, Toughkenamon.
Jerold J. O'Connell, Valley Forge.
Cornelius L. Corson, Willow Grove.

VERMONT

James E. Kidder, Derby.

VIRGINIA

Jessie M. Martin, Concord Depot.
Neville L. Adams, Gretna.
Nannie L. Curtis, Lee Hall.
McClung Patton, Lexington.
Charles E. Virts, Lovettsville.
John J. Ward, Nassawadox.
Richard F. Hicks, Schuyler.
Samuel R. Gault, Scottsville.

HOUSE OF REPRESENTATIVES

TUESDAY, MAY 10, 1932

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

Almighty God, may we ever covet that strength and courage of Him who trod the wine press alone. Be Thou the food for our meditation, the staff for our feet, the light for our eyes, and the wisdom for our understanding. Willingly and courageously may we always identify ourselves with the great causes for which our Government stands. Let us never shrink from any burden that implies the good and the stability of the Republic. Endue us with spiritual and mental vigor that strikes weakness out of our breasts and that holds us from the compromising levels of life. O thrust us into those great movements which are designed to cross the horizons of our souls and which yield their reverence for God, for home, and for native land. Amen.

The Journal of the proceedings of yesterday was read and approved.

MESSAGE FROM THE SENATE

A message from the Senate by Mr. Craven, its principal clerk, announced that the Senate has passed without amendment bills of the House of the following titles:

H. R. 615. An act for the relief of C. B. Bellows;

H. R. 1554. An act for the relief of G. Carroll Ross;

H. R. 8637. An act to authorize the sale on competitive bids of unallotted lands on the Lac du Flambeau Indian Reservation, in Wisconsin, not needed for allotment, tribal, or administrative purposes;

H. R. 9393. An act to increase passport fees, and for other purposes;

H. R. 9591. An act to extend the period of time during which final proof may be offered by homestead entrymen;

H. R. 9970. An act to add certain land to the Crater Lake National Park, in the State of Oregon, and for other purposes;

H. R. 10277. An act to transfer Lincoln County from the Columbia division to the Winchester division of the middle Tennessee judicial district;

H. R. 10284. An act to authorize the acquisition of additional land in the city of Medford, Oreg., for use in connection with the administration of the Crater Lake National Park; and

H. R. 10744. An act to authorize the issuance of patents for certain lands in the State of Colorado to certain persons.

The message also announced that the Senate had passed bills and a joint resolution of the following titles, in which the concurrence of the House is requested:

S. 2434. An act for the relief of Edgar H. Taber;

S. 3191. An act for the relief of Anne B. Slocum;

S. 4070. An act to authorize the acquisition of a certain building, furniture, and equipment in the Crater Lake National Park; and

S. J. Res. 125. Joint resolution authorizing the attorney general of Wisconsin to examine Government records in relation to claims of Wisconsin Indians.

IMMIGRATION.

Mr. DICKSTEIN. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H. R. 6477) to further amend the naturalization laws, and for other purposes, with Senate amendments, disagree to the Senate amendments, disagree to the Senate amendments, and ask for a conference.

The SPEAKER. Is there objection to the request of the gentleman from New York?

Mr. STAFFORD. Reserving the right to object, when the gentleman last made his request I had not had time to examine the various amendments. I have since examined them and find that they were given very little consideration in the Senate. I have no objection to the amendments except the amendment known as section 8, which seeks to authorize the Bureau of Naturalization to compile statistics

which belong to the Bureau of the Census. I simply wish to state my position. It is that amendment that is objectionable, because the expense may run into thousands of dollars. I am willing to agree to all except section 8.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

The Speaker appointed as conferees on the part of the House Mr. DICKSTEIN, Mr. MOORE of Kentucky, and Mr. JOHNSON of Washington.

MEMORIAL EXERCISES

Mr. MOREHEAD. Mr. Speaker, I send the following resolution to the desk and ask for its immediate consideration.

The Clerk read as follows:

House Resolution 219

Resolved, That on Wednesday, May 25, 1932, immediately after the approval of the Journal, the House shall stand at recess for the purpose of holding the memorial services as arranged by the Committee on Memorials under the provisions of clause 40a of Rule XI. The order of exercises and proceedings of the service shall be printed in the CONGRESSIONAL RECORD, and all Members shall be given the privilege of extending their remarks in the CONGRESSIONAL RECORD. At the conclusion of the proceedings the Speaker shall call the House to order and then, as a further mark of respect to the memories of the deceased, he shall declare the House adjourned.

The SPEAKER. Is there objection to the consideration of the resolution?

There was no objection.

The resolution was agreed to.

ARMY APPROPRIATION BILL

Mr. WHITLEY. Mr. Speaker, I ask unanimous consent to extend in the RECORD a letter to me by Gen. Douglas MacArthur, Chief of Staff.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. WHITLEY. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include the following letter written to me by Gen. Douglas MacArthur, Chief of Staff of the United States Army:

WAR DEPARTMENT,
OFFICE OF THE CHIEF OF STAFF,
Washington, D. C., May 9, 1932.

Hon. JAMES L. WHITLEY,
House of Representatives.

MY DEAR MR. WHITLEY: Replying to your inquiry wherein you ask if any reports have been received at the War Department in reference to communistic meetings in your district, I beg to advise you that the following message has been received in reference to a meeting held Friday evening, May 6, showing that the communists of that section are taking an active part in fighting the pending Army appropriation bill. I give you the message in full as follows:

"Smith Street communist meeting held Friday evening, May 6, was jubilant at the prospect of probable cut in military budget.

"Miss Gertrude Walsh (Welch) addressed the meeting and urged the sending of more fictitious telegrams signed Jones, Wentworth, Adams, Brown, Douglas, etc., to Members of Congress.

"Communists here are preparing special posters showing red flag of victory to celebrate the destruction of the Army of the United States."

Very sincerely yours,

DOUGLAS MACARTHUR,
General, Chief of Staff.

SOLDIERS' ADJUSTED-SERVICE CERTIFICATES

Mr. CRISP. Mr. Speaker, I ask unanimous consent to address the House not to exceed 15 minutes, for the purpose of giving the legislative history of the consideration of the bonus bill before the Ways and Means Committee.

The SPEAKER. Is there objection to the request of the gentleman from Georgia?

There was no objection.

Mr. CRISP. Mr. Speaker, in view of what has been said by my distinguished and good friend from Massachusetts [Mr. CONNERY] as to the action of the Ways and Means Committee in making an adverse report on the bill for adjusted-service-certificate payments in full, as acting chairman of that committee, it is my duty to give you the facts relative to the consideration of that bill by the Ways and Means Committee.

Now, I have no criticism or fault to find with any Member who advocates the payment of the bonus. I say they are just as sincere as I am, and are acting as they think for the best interests of the country.

This Congress convened on the 7th of December. On the 8th of December the Code of Rules was adopted, and those rules contain a great liberalization, providing for a discharge of committees from the consideration of bills that they do not report within 30 days. The rules are workable. The rules make it within the power of 145 Members to have a vote on any matter. The rules, as I said, were adopted on the 8th of December, and that particular rule—the discharge rule—was not fixed with reference solely to these adjusted-service certificate bills, or, for that matter, with reference to any other particular bill. The Committee on Ways and Means then immediately went to work trying to perfect the House organization by selecting the Democratic members of other committees, because, under our policy the Democrats of that committee constitute our committee on committees.

As soon as that was finished, the committee had hearings on the moratorium and passed that about the 18th of December. Immediately following that we took up the Democratic tariff bill, and we passed that; and then a day or two after that was passed, we started the hearings on what is the most important measure in my judgment pending before Congress—the tax bill to balance the Budget. We had six or seven weeks of hearings, and then as all know it took in the committee and in the House a month or more to finally dispose of that bill. Before the tax bill was concluded the Committee on Ways and Means had assured our friends, the proponents of the bonus measure, that they would be given the next hearings. When the tax bill was finished nearly every one in the House and especially on the Ways and Means Committee was exhausted, and I saw my friend from Texas, Mr. PATMAN, and others, and they said that they would be delighted if they could have a week intervene before their hearings, so that they could get the witnesses. That was done. When the committee convened to consider the bonus legislation, the committee gladly turned over to the Members of the House, friends of the legislation, the privilege of conducting the hearings so far as the proponents were concerned. They were very helpful. It was a splendid hearing, and those gentlemen put up witnesses as they saw fit, and when they concluded, the opposition had witnesses, and the committee met every day except Saturday. When the opposition concluded, the committee gladly accorded to the proponents the right to rebut. They took only a day or a day and a half, according to my recollection, and then the committee adjourned for one day so that the testimony of the last day of the hearings might be printed; and with just one day intervening after the hearings closed, the committee met in executive session, considered the bills, and the next day decided to report them adversely.

That same afternoon before the report was filed, the gentleman from Texas [Mr. PATMAN] and the gentleman from Massachusetts [Mr. CONNERY] came to my office and asked if we could not reconsider and hold the bills in the committee so that they might file a discharge motion against the Committee on Ways and Means, stating that then they could get a vote on the matter by the 23d of May, and if we reported the matter adversely, and they had to file a discharge against the Rules Committee, it might be the 13th of June before it could be reached, and they wanted a vote. As acting chairman of that committee I endeavored to be courteous and fair and give every side every opportunity to present its case, because I knew the intense interest in it and the great importance of it. I did an unusual thing.

I told the gentleman from Texas and the gentleman from Massachusetts that I would call the committee in session the next morning to consider the question as to whether or not the committee desired to reconsider its action. I called the committee, because you know, under the rules of the House, and they are applicable to the committee, any-

one who votes in the majority on the committee on the next legislative day has a right to enter a motion to reconsider. I considered it imperative to call the committee the next day because the gentleman from Illinois [Mr. RAINEY] was going to file an adverse report, and then it would be too late to enter a motion to reconsider. When the committee convened I stated to them the visit of my friends and called attention to the rule and stated the Chair was ready to entertain any motion to reconsider the action of the committee deciding to report the bills adversely. No one made that motion. That ended it.

Some of my friends, the proponents of the measure, complained that the committee did an unusual thing in making adverse reports. I have not investigated the RECORD to see how many adverse reports have been filed, if any; but I concede that it has not been the usual practice to make adverse reports, but the rules have always provided for adverse reports, and if gentlemen will go back 30 or 40 years they will see provision for adverse reports. But, Mr. Speaker, in my judgment, the amended rule changes the old order of things and does make it advisable for committees when they are opposed to legislation, and vote against legislation, to make an adverse report. Why? Because a workable, effective discharge rule will make it possible for 145 members desiring to vote on it to force the House to vote on a measure that a majority of the committee is opposed to. It will be seen that is the fundamental difference. The discharge rule is needed only to prevent a committee from smothering a bill in the committee room.

Mr. RANKIN. Mr. Speaker, will the gentleman yield?

Mr. CRISP. Yes.

Mr. RANKIN. I am informed that this is the first time, at least in 140 years, that the Ways and Means Committee has ever filed an adverse report on a bill. Is it not a fact that in the parliamentary bodies in America where committees do make adverse reports there is a provision in the rules to the effect that the bill may be called up on a minority report as well as on a majority report? My understanding is that in those parliamentary bodies in the United States where committees make adverse reports, those making minority reports have the right to call the bill up for consideration on a minority report.

Mr. CRISP. I can not answer, because I do not know; but I can say this: As far as the House of Representatives is concerned, a favorable report on this bill would not have been privileged, neither would an adverse report be privileged. You would have had to have unanimous consent to consider either or a special rule from the Committee on Rules.

Mr. O'CONNOR. Mr. Speaker, will the gentleman yield?

Mr. CRISP. Yes.

Mr. O'CONNOR. In reference to the proposed petition to discharge on the bonus bill there has been quite a lot of talk among the Members, and to some of us it is not quite clear just what is the parliamentary situation.

Of course, a petition could not be lodged to discharge the Ways and Means Committee from further consideration of the bill, because that committee has finished its consideration and it has reported adversely. Does the gentleman agree with me that far?

Mr. CRISP. I do. I was about to address myself to that very proposition when I was interrupted.

Mr. O'CONNOR. And may I ask the gentleman to touch on this point: The next question is as to filing a petition to discharge the Rules Committee. That method is referred to in the second sentence in the discharge rule, which reads:

> Under this rule it shall also be in order for a Member to file a motion to discharge the Committee on Rules from further consideration of any resolution pending, either special order of business or special rule for the consideration of any public bill or resolution favorably reported. * * *

I call the gentleman's attention to the word "favorably" and trust he will discuss the situation arising from an adverse report.

Mr. CRISP. I understand the gentleman's point, and I was about to answer it. I will cover it in what I believe to be the right way, and what I advised the gentleman from Texas and what I advised the Speaker is the provision of that rule, its true intent and meaning.

Mr. PATMAN. Will the gentleman yield?

Mr. CRISP. I yield.

Mr. PATMAN. I just want to state, as the one selected by the Members of the House to submit the case before the Ways and Means Committee for the proponents of this legislation, that the acting chairman of the committee, the gentleman from Georgia [Mr. CRISP], dealt fairly with us in every way. We have no cause for complaint as far as consideration is concerned. Each and every member of the committee, I believe, gave the proposal serious and careful consideration. They gave us all the time we wanted. We took six days in the beginning to present the case. The committee sat each morning at 10 o'clock and would adjourn at 12.30. After we had finished, the opponents of the proposal consumed nine days, and then we were offered all the time we wanted. Of course, we did not want to take much time, because it was to our disadvantage to take much time. We only took one day. But regardless of the action of the committee, we feel deeply grateful to the committee for the careful consideration shown the proposal which we presented to them.

Of course, as the gentleman from Georgia has suggested, there is a way open to us whereby we believe consideration can be given this proposal, and, of course, we expect to do everything in our power in order to see that the proposal is considered during the present session of Congress. We are to-day filing a rule with the Rules Committee which provides for a special order of business for the consideration of this legislation.

The SPEAKER. The time of the gentleman from Georgia has expired.

Mr. CRISP. Mr. Speaker, I ask unanimous consent to proceed for 10 additional minutes.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

Mr. CRISP. I thank my friend from Texas. I was about to say I think conditions have changed as to making an adverse report, with this new discharge rule, and it seems to me this is better practice. If a committee is opposed to a bill, is it not better for the committee to report it, giving the reasons why it opposes it, rather than to smother it in the committee? The smothering of bills in the committee is what led to the demand for the discharge rule.

Now, I do not think the proponents of this legislation are deprived of any substantial rights by virtue of the committee making an adverse report. When I drafted that discharge rule, I did my very best to prepare a rule that would work and that would place it within the power of 145 Members to force a vote; and I say to-day, in my judgment, it does it.

Now, answering the question of my friend, the gentleman from New York [Mr. O'CONNOR], of course the discharge rule now does not apply against the Ways and Means Committee, which has reported the bill, but that discharge rule has two plans, and, as I have always believed, the most effective plan is a motion to discharge the Rules Committee. If I had been operating in favor of the legislation, to get a vote, even if the committee had not reported it, I would have operated through the Rules Committee.

Mr. O'CONNOR. Will the gentleman yield?

Mr. CRISP. I do not want to be discourteous, but I would like to finish my statement.

Mr. O'CONNOR. If the committee has not reported, how could that be done?

Mr. CRISP. Well, it could be done under the rule. That is what I am trying to get at. The effective clause of that rule is to work through the Rules Committee. What does the rule provide? It provides that when a bill has been in a committee 30 days and the committee has not reported, a rule can be introduced, sent to the Rules Committee, to

discharge that legislative committee from further consideration, and bring it up. Then the rule further provides that when a bill has been favorably reported and is on the calendar, not a privileged bill, and it does not come up, a rule can be filed and sent to the Rules Committee, making a special order for the consideration of that bill, favorably reported, and if the Rules Committee does not report it within seven days, a motion to discharge the Rules Committee can be made, and if it is adopted, then the consideration of that bill under the terms of the resolution could then be proceeded with.

Mr. PATMAN. Will the gentleman yield for a question right there?

Mr. CRISP. Very well. I was about to go to the next proposition, which I think fits the gentleman's case.

That "favorable report" was put in there to make it possible to consider a bill that had been favorably reported, and the bill was not privileged and it could not be called up. Now, this is the part of the rule that I believe applies to the case before us, in which the gentleman from Texas and the gentleman from Mississippi and others are interested. The rule provides it shall be in order to file a motion to discharge the Rules Committee from the consideration of the resolution providing a special order of business. If I were operating here, my policy would be to file a rule worded somewhat like this:

Resolved, That the day following the adoption of this resolution there be, and hereby is, created a special order of the House for the consideration of this bill, notwithstanding the adverse report; that there be two hours' debate, after which time it should be read for amendment, and that this special order of the House for the consideration of such bill shall be a continuing order until the bill is disposed of.

That would be sent to the Rules Committee. The Rules Committee does not report it within seven days. A motion to discharge the Rules Committee from consideration of that resolution providing a special order is filed. If 145 Members sign the motion to discharge, on the days designated in the rule, it can be called up, and if the House adopts that special order, then we would proceed to a consideration of that legislation under the terms of that special order.

Now, some argue that the rule would not apply to discharge the Rules Committee in dealing with a bill that has been adversely reported. I have argued, just as I have argued to you just now, that it does apply. Privately I have argued that way with the Parliamentarian and I have expressed those views to the Speaker. Therefore, the action of the Ways and Means Committee in reporting the bill adversely has in no wise taken away any of the privileges, rights, or opportunities of the proponents of the measure to bring it up if they can meet the requirements of the rules; and the rules were not adopted for this particular case but the rules were adopted on the 9th of last December.

Mr. RAGON. Will the gentleman yield?

Mr. CRISP. Yes.

Mr. RAGON. There is nothing to prevent the Rules Committee from giving this the same prompt action that it would had the bill been favorably reported, if they introduce their rule.

Mr. CRISP. No. They would have to have a rule or unanimous consent to get it considered because adjusted-service legislation is not privileged and could not come up without unanimous consent.

Mr. PATMAN. Will the gentleman yield?

Mr. CRISP. Yes.

Mr. PATMAN. I presume the gentleman will admit that if we had not had an adverse report made, it would have been possible for consideration to have been given the measure on May 23; but since an adverse report has been made, it will be at least June 13 before consideration can be given to it.

Mr. CRISP. I think that is correct, although I have not checked the date. I do not care to trespass further on the time of the House, but let me say this: I do not blame any of the proponents of the legislation for doing everything they can to get speedy action on it. I do not blame the members of the Ways and Means Committee who are favorable to it for trying to cooperate and bring about speedy consideration, and surely my friends could not expect those who were not favorable to the legislation, who believe the legislation unwise, to cooperate in trying to aid them in bringing up a bill which they thought ought not to be passed. [Applause.]

Mr. TARVER. Will the gentleman yield?

Mr. CRISP. Yes.

Mr. TARVER. Perhaps my colleague intended to cover this particular phase of the matter, but for fear he might not be so intending I wish to ask him how, in his judgment, under the rules, a petition could be filed to discharge the Rules Committee from the consideration of a resolution fixing a special order of business if the Rules Committee should adversely report the resolution.

Mr. CRISP. That is amply provided for in the rules. I tried to anticipate every possible contingency. The rules provide that upon an adverse report any Member of the House can call it up. Now, gentlemen, that is the history of it.

Mr. UNDERHILL. Will the gentleman yield?

Mr. CRISP. Yes.

Mr. UNDERHILL. The Committee on Claims some four years ago reported several bills to the House adversely in order that there might be a record made of the reasons which the committee had for turning down the propositions.

Mr. RAGON. Will the gentleman yield?

Mr. CRISP. Yes.

Mr. RAGON. The gentleman will recall we discussed reporting adversely the bill for which there is a petition to discharge now pending. I insisted on it, and the gentleman suggested that if they filed their petition, it would be filed before we had had a moment of hearings on the bill.

Mr. CRISP. The gentleman refers to the beer bill?

Mr. RAGON. Yes.

Mr. CRISP. I will vote to report it adversely.

Mr. RAGON. The situation was that we were in the midst of these other hearings, and we did not have the time to do it until after they had filed their petition.

Mr. CRISP. I had intended to discuss economy. I think the paramount duty of this Congress is to balance the Budget and in balancing it effect $200,000,000 or $300,000,000 worth of economies. [Applause.] When we were considering the tax bill, the Secretary of the Treasury said we could not save more than $125,000,000. The committee, however, insisted that there should be savings amounting to $200,000,000 and the appropriation bills which this House has already passed, plus the economies carried in the economy bill, carry savings of over $200,000,000, and the Senate is still further reducing those bills. I am in sympathy with the Executive or anybody else in his desire to reduce governmental expenditures. [Applause.] We must do it because the welfare of the country demands it.

[Here the gavel fell.]

Mr. RANKIN. Mr. Speaker, I ask that the gentleman may proceed for one additional minute to answer a question.

The SPEAKER. Is there objection?

There was no objection.

Mr. RANKIN. Legislation from the Ways and Means Committee is privileged, is it not?

Mr. CRISP. Only certain matters—raising revenue, and so forth. A bill which provides for the expending of money is not privileged. I would say to my friend that two-thirds of the bills which come from the Ways and Means Committee are not privileged.

Mr. RANKIN. Would this bill be privileged in the opinion of the gentleman from Georgia?

Mr. CRISP. It would not.

Mr. RANKIN. Then we will have to go through the Rules Committee?

Mr. CRISP. The gentleman is correct.

[Here the gavel fell.]

WAR DEPARTMENT APPROPRIATION BILL

Mr. COLLINS. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill

(H. R. 11897) making appropriations for the military and nonmilitary activities of the War Department for the fiscal year ending June 30, 1933, and for other purposes.

The motion was agreed to.

Accordingly, the House resolved itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill (H. R. 11897), the War Department appropriation bill, with Mr. LANHAM in the chair.

The Clerk read the title of the bill.

Mr. BARBOUR. Mr. Chairman, I yield myself one-half hour.

Mr. Chairman, we have now come to the discussion of the bill that has been before the House for two days, the War Department appropriation bill. By unanimous consent of the House the remaining time on the bill is limited to three hours, one-half to be controlled by the gentleman from Mississippi [Mr. COLLINS], the chairman of the subcommittee in charge of the bill, and one-half by myself. In view of the fact that the gentleman from Mississippi [Mr. COLLINS] will discuss the entire bill and I propose to touch only upon certain features of the bill, I have agreed with the gentleman from Mississippi that I shall yield him one-half hour of my time.

I want to discuss a few of the items in this bill that I, as a member of the subcommittee on appropriations for the War Department, am opposed to, and I may say in the beginning that I am not a disgruntled or dissatisfied member of the committee because I am not. The other members of the committee, I think, will bear me out in the statement that, during the six weeks we were considering this bill, the relations between the various members of the subcommittee were most cordial, and an honest, earnest effort was made to bring before the House a bill that the Members of the House could support. There are certain features of the bill that I do not indorse and that I am opposed to because I do not believe they will accomplish economies.

This bill carries appropriations amounting in all to $386,983,452. Of this sum, $281,539,197 and $800,000 of purchase of discharge money are appropriated for military activities, and the sum of $105,444,255 will be appropriated for nonmilitary activities, rivers, and harbors, flood control, Panama Canal, and various nonmilitary activities that are carried on by the War Department.

The bill as it comes before the House of Representatives is $58,789,783 below the appropriations for the present fiscal year, and is $24,380,310 below the Budget estimates.

There are four major items in the bill with which I do not agree and to which I propose to address my remarks at this time. I do not agree with them because I do not believe they bring about the real economy that the Congress is striving to accomplish at this session. I do not agree with them because they strike at the very heart of our national defense, and it is my opinion that where reductions in appropriations cut below the point of efficiency then it is not economy but is extravagance of the very worst kind. These four items are the proposed reduction of 2,000 officers in the commissioned personnel of the Army, the reductions having to do with the Organized Reserves, the reductions having to do with the Reserve Officers' Training Corps, and the elimination of the citizens' military training camps for the fiscal year 1933.

To restore the 2,000 commissioned officers to the bill will cost $3,814,823.

To give the Organized Reserves the same privileges relating to their summer training camps that they now have and have had during the entire existence of that organization will cost $2,109,769.

To restore summer training camps to the Reserve Officers' Training Corps, which the bill proposes to eliminate, will cost $1,080,773.

Mrs. ROGERS. Will the gentleman yield?

Mr. BARBOUR. I am just coming to that. To restore the citizens' military training camps will cost $2,603,624.

Mrs. ROGERS. And the Reserve Officers' Training Corps?

Mr. BARBOUR. The Reserve Officers' Training Corps, $1,080,773.

Mrs. ROGERS. That will take away their practical training. The training at the summer camps gives the men six weeks' training in actually firing guns. It gives the Reserve Officers' Training Corps the necessary experience in having a battery of guns under their supervision.

Mr. BARBOUR. That amount would restore their practical training.

Mrs. ROGERS. If the amendment adding $1,080,773 goes into the bill?

Mr. BARBOUR. Yes.

This amounts in all to $9,608,989 that we are asking the House to restore to the bill. If we do this, we will still be almost $15,000,000 under the Budget, and we will not have sacrificed any of these very necessary elements of our national defense.

The United States has never been a militaristic nation. In its entire history it has never been militaristic. The military theory of this country has been that we should at all times maintain a small, well-trained, defensive force, and rely upon a citizen soldiery in time of emergency. Our country does not covet the lands of any other nation. It does not covet the treasure of any other nation. We have no idea whatsoever of attacking any other nation. All that the United States has ever asked is that it be left alone to lead its own existence without interference by any other nation, and it has insisted that it should have the right to lead its own existence and that it shall not be interfered with from without.

George Washington laid down the military policy of this country in the early days of the Nation. He said that in our relations with foreign governments we should proceed upon a basis of friendly negotiation and that we should at all times maintain a respectfully defensive attitude.

That has always been the policy of the United States. In depending upon a citizen army we must have a citizen army that is to a certain extent, at least, trained. Without a trained citizen army, with an army that has no training whatever, this country is absolutely helpless. That has been demonstrated throughout the entire history of the country.

In the War of 1812, with an Army largely composed of untrained militiamen, we were never able to gain a secure foothold in Canada, defended by an inferior force of British-trained regulars.

Many military experts believe that the Civil War might never have occurred if the United States had had a well-trained army. That is on the theory that the Confederacy knew that there was no trained Army, and believed they could strike quickly in a military way and the war would be over in a short time. Had the Government maintained a sufficiently well-trained force, some believe the questions which brought on the war would have been settled by negotiations——

Mr. BLANTON. Will the gentleman yield? Does the gentleman think his argument is carried out by the history of the Alamo and the history of the Battle of San Jacinto?

Mr. BARBOUR. Oh, they had trained men who could shoot the eye out of a squirrel at a hundred yards. They knew what they were about and knew how to do it.

Mr. BLANTON. The American youth all over the United States knows how to handle guns.

Mr. BARBOUR. But he must be trained or he will not know how.

Mr. OLIVER of Alabama. Will the gentleman yield?

Mr. BARBOUR. I yield.

Mr. OLIVER of Alabama. I think the gentleman from California is unfortunate and inaccurate in his reference to the War between the States. The South went to war not because they thought they could win, as the gentleman surmised, but in defense of what they conscientiously believed was right—a constitutional right.

Mr. BARBOUR. Oh, absolutely, I do not mean to question the sincerity of purpose of the South, but was merely referring to the military situation which existed at the time.

Mr. BLANTON. When Americans believe they are right, all the obstacles in the world can not stop them.

Mr. BARBOUR. In order to overcome those obstacles, if they are military obstacles, a trained soldiery is sometimes necessary.

Mr. BLANTON. Did not we train an Army of 4,000,000 men and send them across?

Mr. BARBOUR. I can not yield to the gentleman for an argument, because I have not the time.

We had a similar experience at the time of the Spanish-American War. We were thrown into the war with practically untrained troops. Most of you men sitting before me know what occurred during the Spanish-American War, and all of you know what occurred at the time of the World War. We had to call out 4,000,000 of the young men of America, with practically no training whatever, and try to whip them into some kind of shape to send them overseas.

Mr. REED of New York. Mr. Chairman, will the gentleman yield?

Mr. BARBOUR. I yield for a question.

Mr. REED of New York. In that connection during the World War, we even had French officers over here helping us train our men in the early stages.

Mr. BARBOUR. Yes; and British officers also. In 1920 this Government adopted its first real national defense policy, which was the national defense act. That act lays down certain lines of activity which since that time the Congress and the country have been endeavoring to follow. This bill absolutely undermines all that we have done up to this time in carrying out the provisions of the national defense act. We have maintained a Regular Army of 118,750 men, with about 6,000 Philippine Scouts. We have maintained for several years past a force of 12,000 commissioned officers, the idea being that in case of emergency we would have the officer personnel ready to step in and train the young men who would be called on to defend their country. It takes a long time to make an officer, but a trained officer can make a pretty good fighting enlisted man in a much shorter time. That has been the theory upon which we have proceeded—to maintain an ample force of trained officers to furnish the training to the young men who would have to be called on in case of an emergency. We have carried on the Organized Reserves. They are a part of the citizen army. They are men who cost this Government little. They are men in civilian occupations who are giving a portion of their time to military training, and they constitute a part of our present military organization.

We have been furnishing military training to the young men in the schools and colleges, and those following through to the advanced courses are furnishing officer material for any army that we may have to raise in this country in case of an emergency. We have been sending young men between the ages of 17 and 23, each year 37,500 of them, to the military training camps to furnish them with some training in the fundamentals of military drill and maneuvers.

Mr. OLIVER of New York. Mr. Chairman, will the gentleman yield?

Mr. BARBOUR. Yes.

Mr. OLIVER of New York. Is that our substitute for compulsory military training as European nations have?

Mr. BARBOUR. It is, and it is providing the citizen army that this country relies upon with some degree of training. We have maintained in this country only a skeleton of a Regular Army, and this bill proposes to reduce it to even a more emaciated skeleton than it is at the present time.

Mr. HASTINGS. Will the gentleman put in the number of Organized Reserves?

Mr. BARBOUR. I shall put that in later. The gentleman from Mississippi [Mr. COLLINS] will probably do that, but I can put it in later.

The reduction in the pay item provides for the elimination of 2,000 commissioned officers and amounts to $3,784,414. An amendment will be offered to restore that sum, so that we may maintain the commissioned personnel at its present strength, an average of 12,000 commissioned officers.

If we reduce the commissioned personnel by 2,000 trained officers, it is not going to result in economy, and one thing that puzzles me is why some of these ideas are brought in and Congress asked to pass them as economy measures, when they will actually result in the expenditure of more money. If we retire these 2,000 commissioned officers, we do not get rid of them. They do not go into private life, separated entirely from the Government pay roll, but they go on the retired list at three-quarters of their base pay and longevity pay.

Mr. PARSONS. Mr. Chairman, will the gentleman yield?

Mr. BARBOUR. I shall try to yield later. They go on the retired list at three-quarters of their base pay and three-quarters of their longevity pay. Of course that is not as much as they are drawing on the active list, but when you consider that these men are to be retired for age, and on a basis of age only, you are going to get rid of a lot of very efficient and necessary men in the War Department, men who are rendering valuable service to the country, and you will have to hire civilians to do their work. So when you get all through and add the retired pay these men will receive to what it will cost to employ civilians to do a large part of the work, in my opinion there will be no economy whatever. I am of opinion it will cost more than it will if we keep these 2,000 officers in the Regular Army.

Mr. CHINDBLOM. Mr. Chairman, will the gentleman yield?

Mr. BARBOUR. For a question.

Mr. CHINDBLOM. It is not intended that this reduction of 2,000 officers shall be permanent hereafter, is it?

Mr. BARBOUR. Oh, yes; the bill provides that. This is not a temporary measure. That is why I say it strikes at the very heart of our national defense.

Mr. CHINDBLOM. Of course, if they were ever restored hereafter, we would have 2,000 men on the retired list in addition to what we would then consider a necessary officer force.

Mr. BARBOUR. Absolutely.

Mr. BLANTON. Mr. Chairman, will the gentleman yield?

Mr. BARBOUR. I can not yield any more. I must proceed. I am yielding one-half hour of my time to the gentleman from Mississippi.

Mr. BLANTON. I want the gentleman's opinion about this. I want to ask the gentleman if it is not a fact that right now we have by 5,000 more officers in our Military Establishment than the ratio of any other country in existence?

Mr. BARBOUR. I do not care if we have. We do lots of things better in this country, in my opinion, than they do anywhere else. [Applause.] We have an entirely different set-up in this country from that of any other nation.

A large number of our engineer officers are on river and harbor work throughout the country. We have them training the Organized Reserves, the National Guard, the Reserve Officers' Training Corps, and the citizens' military training camps. Those activities are all a part of our organization for national defense, and I do not care how many officers any other nation has, I think we do things better in this country, anyway.

Now, as an economy proposition, as I said a few moments ago, this would not, in my opinion, result in any saving whatsoever to the Government. Then, too, these officers are entitled to fair treatment. They are men who have been in the Army a long time and have given their lives to it, with the promise that they could remain in active service until they were 64 years old and retired.

Many of them are rendering valuable service to the Government. I know, from personal contact, men in the War Department who are rendering service far more valuable to the Government than the salaries which they are receiving. The services of those men will be lost. This is not an economy proposition.

I want to direct attention to some of the effects which will result from the dismissal of 2,000 commissioned officers. I have here a statement that has been submitted to me. Frankly, it was sent to me by the War Department. I believe they are better equipped to picture to us the effect this will

have on the military set-up of the country than anyone else. It is short and concise, and I submit it for your consideration.

RESULTING CURTAILMENT OF ARMY ACTIVITIES

In framing the national defense act it was the intention of Congress to embody in law the following essential elements of national defense:

(a) To provide an Army of the United States consisting of three components—the Regular Army, the National Guard, and the Organized Reserves.

(b) To organize this Army into the military units necessary to form the basis for a complete and immediate mobilization of the Nation's man power in a national emergency.

(c) To make provision for the mobilization of the Nation's material resources and the maintenance of war reserves as an element in mobilization.

To carry out the responsibilities imposed by the act, the Regular Army is called upon to furnish officers for all manner of important duties beyond the limits of the Regular Establishment itself. The number of officers now assigned to duty with the civilian components, about 1,650, is considerably below the number demanded. The proposed reduction in the commissioned personnel of the Regular Army, combined with the relief of all retired officers now on active duty as is also contemplated by the bill, will necessarily result in a drastic curtailment of the activities of the Army in administering the forces of the National Guard (187,000), the Organized Reserves (103,000), and the Reserve Officers' Training Corps (127,000). The national defense act originally provided for a corps of approximately 18,000 Regular officers. Appropriations in recent years have limited this number to an average of 12,000. The War Department has reported to Congress that the minimum number of officers required in the Regular Army to enable it reasonably to carry out its mission is 14,063. This number is required to enable reasonable provision to be made for the training of the civilian components, to maintain a small, balanced, mobile force for emergencies, to man in part the seacoast defenses of the continental United States, and to allow reasonably adequate garrisons in the overseas possessions.

Even with the force of 12,000 officers now provided, the calls for assignments to duty with the National Guard, the Organized Reserves, and the Reserve Officers' Training Corps can not be met, while the present shortage of officers with troop units of the Regular Army is a matter of grave concern to the War Department. A reduction of 2,000 officers and the relief of the 134 retired officers now on active duty would force the War Department to curtail many essential activities to an extent that would practically nullify the provisions of the national defense act. A cursory survey of the situation indicates that the following reductions in the numbers of promotion-list officers now assigned to highly important duties would be necessary.

	Number	Per cent
Foreign garrisons	336	20
Duty with the National Guard	229	50
Duty with the Organized Reserves	227	50
Duty with the Reserve Officers' Training Corps	208	50
Instructors at service schools	88	30
Students at special service schools, except flying schools	414	50
Students at general service schools	157	50
Instructors at the U. S. Military Academy	38	20
Officers on recruiting duty	42	50
	1,839	

There are, at the present time, no more officers assigned to overseas garrisons than are necessary properly to officer the units assigned to those garrisons. A reduction in the number of officers at these strategic outposts would seriously handicap their powers of resistance. The importance of maintaining these defenses upon an efficient basis is vital in the present state of world affairs. Their reinforcement in an emergency can not be counted upon. Each of them has its own strategic and tactical mission confined to restricted area. No use could be made of these garrisons in the continental missions assigned to the Army.

Now, as to the economy of this proposal, President Hoover in all his recommendations for economy has recommended that our national defense be not further reduced.

I have before me a statement issued to the press by the President on March 25, of this year, in which he says:

We must eliminate this deficit for next year by the further reduction of governmental expenditures and by increases in taxation. The expenditures budgeted for the next fiscal year as sent to the Congress, amounted to about $4,100,000,000, after a reduction by the administration of $365,000,000 under the total for the current year. In considering possible further economies in expenditures we must not forget that of this total about $2,100,000,000 is of such character that it can not be reduced; it is largely an inheritance of the great war through increase of payment on Government obligations and the care of veterans and their families. In addition, our Army and Navy costs about $700,000,000. We should not further reduce the strength of our defense. Thus we must make our further economies mainly out of this balance of $1,300,000,000 remaining from the total of $4,100,000,000 * * *.

Mr. SNELL. Will the gentleman yield right there?

Mr. BARBOUR. I yield.

Mr. SNELL. Has the gentleman any reason to believe that the President has changed his mind on this proposition since that statement was issued?

Mr. BARBOUR. Absolutely not. That statement was issued in the latter part of March and a copy of it was furnished to me at my request by the White House this morning. I know of nothing that the President has said since the statement was issued to indicate that he has changed his mind relative to the national defense.

Now, as to the other items in the bill: The Organized Reserves will be denied the pay that they have always received for their two weeks of active training.

The national defense act provides that the Organized Reserve officers, when they go to their summer training camps, shall receive the pay and allowances of their rank and grade in the Regular Army. For instance, a major in the Organized Reserves would receive, for those two weeks, the same pay and allowances that a major in the Regular Army receives, the same for a lieutenant, and the same for a captain.

This bill proposes to permit those men to go to camp during the coming summer without any pay. It provides for the payment of their 4 cents a mile mileage, and then provides $1 a day in lieu of subsistence. They have to furnish and maintain their own uniforms and equipment. Their uniforms they buy themselves. The bill provides that they shall take this two weeks' training without any compensation whatever, after spending many long hours during the preceding winter and the preceding year preparing themselves for it. They must attend camp without any pay.

I say to you, Mr. Chairman, that, in my opinion, it is not fair to those officers. Many of them are men of small means. I know them in my district and you know them in yours. They are young business men and young professional men, with small incomes; some of them are working men; some of them are farmers. They are not men of means. They simply can not afford the time to go to these camps and spend two weeks there practically at their own expense after all the time they have put in, generously, during the past year preparing themselves for the camps. They should not be required to go there at their own expense.

The CHAIRMAN. The time of the gentleman from California has expired.

Mr. BARBOUR. Mr. Chairman, I yield myself 15 additional minutes.

It is not fair for us to ask them to do it.

I propose to offer an amendment increasing the amount for the Organized Reserves $2,109,769, which will provide for the usual camp pay.

The Organized Reserves to-day have a strength of 108,210, which is exclusive of dual status or National Guard officers who are also members of the reserve and number 12,340. The Budget provided for the active duty training of 20,000 of these Organized Reserve officers at camps. Last year, with a similar provision in the bill, they trained 20,998, or almost a thousand more than were estimated for.

This amendment will simply place the matter right back where it is now, without any change.

As to the Reserve Officers' Training Corps, those units in the schools and colleges, where the young men are giving part of their time to military training, the bill carries $971,289 less than the appropriation for the present year and is $1,080,773 below the Budget recommendation for 1933. I propose to offer an amendment to restore $1,080,773, because the present item in the bill does away with the six weeks' summer training that the advanced students of the Reserve Officers' Training Corps have been receiving each year. After putting in three and four years of their time at the schools and colleges preparing themselves for commissions in the Organized Reserves or preparing themselves

to be ready to go to the defense of their country in case of an emergency, this six weeks of training at camp is a rounding-out course, which more properly fits them for the service that they may in the future be called upon to render. Discontinuing the summer camps, I believe, will greatly reduce their efficiency and the value of the training that these young men have received, and the whole effect will be so discouraging that many of them will lose all interest in this work they have so generously carried on.

Mr. SWICK. Will the gentleman yield?

Mr. BARBOUR. I yield.

Mr. SWICK. Is it not a fact that this is progressive training which these men have from year to year and if they fail to get this training in their fourth year it makes a very great difference to them?

Mr. BARBOUR. The gentleman has described it exactly. After they have worked and trained and studied for three or four years at college they are then sent to these camps, where they train with the Regular Army, where they put into operation the ideas which have been taught them during the course of theoretical training which they have received at the schools and colleges.

Mr. PATTERSON. Will my distinguished and able colleague yield?

Mr. BARBOUR. I yield.

Mr. PATTERSON. I wish the gentleman had the time to go a little farther and tell us what will be the result in the event these citizens' military camps are discontinued.

Mr. BARBOUR. I will say to the gentleman that when the amendment is offered I am hopeful we shall have ample time to discuss it. Then we can go more into the details of the proposition immediately before us.

Mr. OLIVER of New York. Will the gentleman yield?

Mr. BARBOUR. Yes.

Mr. OLIVER of New York. In view of the fact that many Democrats are in accord with the gentleman's position, does he think it fair that General MacArthur should write a letter to the Republican leader, Mr. BERTRAND H. SNELL, denouncing the proposition which the gentleman opposes, thereby putting a partisan tinge on this whole discussion with reference to the defense of the Nation?

Mr. BARBOUR. I am quite sure General MacArthur would have been pleased to write a letter to the gentleman from New York if he had thought he would like to have one.

Mr. OLIVER of New York. I am sorry he did not write a letter to the public at large rather than to the Republican leader, thereby having no partisanship connected with the entire discussion.

Mr. BARBOUR. I heartily agree 100 per cent with my good friend from New York that there should be no partisanship in this proposition.

Mr. SCHNEIDER. Will the gentleman yield?

Mr. BARBOUR. I yield.

Mr. SCHNEIDER. The gentleman spoke about these students from the schools and universities going to the training camps. Can the gentleman tell the committee what percentage of these schools and universities enforce compulsory military training?

Mr. BARBOUR. I will say to the gentleman that is all in the hearings. Offhand I can not tell the gentleman, but there is a table in the hearings which gives all of that information. It gives every school and college at which this training is carried on and shows whether it is compulsory or elective.

Mr. SCHNEIDER. If this training is compulsory, then all of the students would be required to go to those training camps?

Mr. BARBOUR. No. I understand they are not required. My information is that it is entirely voluntary.

Now, just one more word. The citizens' military training camps have been absolutely eliminated from the bill. The citizens' military training camps are those camps which have been maintained throughout the country for several years, to which camps young men between the ages of 17 and 23 go for 30 days' training. I think it has been a fine thing for the young men of this country. I have visited those camps; I have seen the young men there; I have talked with them after they have come out, and they have been enthusiastic about the things they have learned there and the benefits that they have derived. This is the activity of the Army that most directly reaches the civilian population. Many parents have written and expressed themselves as to the benefit which they feel that these camps have been to their young and growing sons. I shall offer an amendment to restore to the bill the sum of $2,603,624 in order to carry on the citizens' military training camps. That, it is estimated, will provide for 37,500 young men at these camps during the fiscal year 1933.

That is about all the time I wish to take. My purpose has been not to enter into a detailed discussion of these things. When the amendments are offered under the 5-minute rule I believe we will then have an opportunity to go more into the details. I simply wanted to give the committee an idea as to what this bill does with respect to some of the activities that have been carried on for the last several years with great success, in my opinion, and with real results, and to let the committee know what is coming when the bill is being read for amendment and what amendments will be offered to restore these activities.

Mr. DYER. Will the gentleman yield?

Mr. BARBOUR. Yes.

Mr. DYER. Will the gentleman state what is the entire strength of the enlisted personnel and the entire strength of the active officers now on duty?

Mr. BARBOUR. Of the Regular Army?

Mr. DYER. Yes.

Mr. BARBOUR. We are maintaining an average of 12,000 commissioned officers and an average of 118,750 enlisted men, and in addition to that from 6,000 to 6,500 Philippine Scouts, who are considered a part of the regular force. I might say that this enlisted and officer personnel is scattered all over the United States, and a large part of it is in our overseas garrisons—at Honolulu, at Panama, at Manila, and at other places.

Mr. DYER. The comparison is what I had in mind. It appeared to me that the number of officers is very large for the enlisted strength.

Mr. BARBOUR. I may say to the gentleman from Missouri that it might be considered top-heavy if all these men were on strictly military duty with the enlisted force, but they are not. There are many of the Engineer Corps on river and harbor work throughout the country. They are working in the gentleman's section of the country and he is familiar with the work they are doing there. They are doing work that we would otherwise have to employ civilian engineers to do, and it is work that is right in line with their training and activity as soldiers. Then there is a large number of them with the Reserve Officers' Training Corps at the schools and colleges, and a large number are with the Organized Reserves serving as instructors. Many of them are with the National Guard and a large number are giving their attention to the organization and carrying forward of the citizens' military training camps in the summer time.

Mr. DYER. How many officers are stationed in Porto Rico, for instance?

Mr. BARBOUR. There is a regiment in Porto Rico, and I presume it has its full complement of officers. Just what the number is I can not say.

Mr. DYER. Is there any real necessity for having a regiment in Porto Rico at all?

Mr. BARBOUR. That is a question of military strategy, I presume, that I might not be qualified to answer. We have always maintained a regiment of Porto Ricans——

Mr. DYER. Maintained them; yes.

Mr. BARBOUR. Let me answer the question, if the gentleman please. We maintain in Porto Rico a regiment of Porto Ricans, and, as I understand, it is officered by Americans. It is to preserve order in this Territorial possession of ours and to render any military service it might be called upon to perform there. As to the military or strategic necessity of it or its absolute necessity, I am not military

strategist enough to tell the gentleman whether it is absolutely essential that we maintain that regiment or not.

Mr. SNELL. Will the gentleman yield?

Mr. BARBOUR. Yes.

Mr. SNELL. Is it not a fact that under the program as presented, you actually cut out some of the activities that are a definite part of the preparedness measure that we passed 10 or 12 years ago?

Mr. BARBOUR. They will be absolutely cut out.

Mr. SNELL. And we will have to change our entire system of preparedness if we are going to cut out some of these definite activities.

Mr. BARBOUR. We will have to change the whole system and the entire plan; yes.

Mr. Chairman, I reserve the balance of my time.

Mr. AYRES. Mr. Chairman, I make the point of no quorum.

The CHAIRMAN. The gentleman from Kansas makes the point there is not a quorum present. The Chair will count. [After counting.] One hundred and eight Members present, a quorum.

Mr. BARBOUR. Mr. Chairman, I yield one-half hour to the gentleman from Mississippi [Mr. COLLINS].

Mr. COLLINS. Mr. Chairman, I yield myself 30 minutes.

The CHAIRMAN. The gentleman from Mississippi is recognized for one hour.

Mr. COLLINS. Mr. Chairman, ladies, and gentlemen, I feel that I should preface an explanation of the reductions proposed in this bill with an exposition of the theory upon which they are predicated. After that I shall explain seriatum the principal reductions which we present for your consideration.

In expressing the theory which very largely dictated the formulation of this measure I wish to be as definite as possible, and hence I have written that part of my remarks and beg your indulgence while I read them.

Mr. McFADDEN. Will the gentleman yield to me before he starts his remarks?

Mr. COLLINS. I will.

Mr. McFADDEN. The gentleman speaks of the "theory back of the reductions." Do I understand that this is the gentleman's personal theory or the theory of the War Department or the theory of the committee?

Mr. COLLINS. I should not say they are the reasons of the committee, but rather more my individual reasons.

Mr. Chairman, at the close of the World War certain new weapons overshadowed all others, even in the civilian minds—aircraft, tanks, gas, and machine guns. I include machine guns with new weapons because, although they had been in existence for more than 30 years, their true value and proper use had not been recognized. Hardly were the troops demobilized, however, than the general staffs of most countries, and particularly our own, apparently discarded all that had been learned of these powerful war agencies and hindered rather than aided their development.

In this country military aviation furnishes a good example. It took an act of Congress and the Mitchell case to wrench from the older arms and vested interests sufficient money for the inauguration of our moderate air force. Gas, which produced one-third of the entire war casualties, still gets less than one-half of 1 per cent of the Army appropriation.

The machine-gun development has been slow. Where other nations are making preparations so that they can concentrate perhaps a thousand of these weapons, mounted on 1-man tankettes or single carriers, on a divisional front, we are still limited to mule-drawn weapons tied to the pace of infantry.

Our tank development has been pitiful and so slow that when the principles of the mechanization of armies began to be understood we were totally unable to take advantage of them. I do not mean that this has been the fault of the Ordnance Department, which is charged with the manufacture of tanks in our Army. Our slowness in tank development has come from an inability to recognize their tremendous usefulness and to pull away from less necessary things the money which was required for these modern weapons.

There is, in England, an important reader and writer of military literature, Liddell Hart, who, with two or three far-seeing British Army officers has literally pulled the British Army out of its postwar ruts and compelled it to utilize the war potential which is found in postwar scientific and industrial developments. I shall quote Liddell Hart considerably. In my opinion he is the outstanding civilian authority on mechanization of armies.

In a recent military book there occur these words:

> Every war is different from the one for which the experts prepare. The war the generals always get ready for is the previous war.

In commenting on this statement in a recent article in the London Times Liddell Hart says that he is inclined to believe that it is incorrect; and the war which the War Office prepares for is, unfortunately, not even the last war, but the one before the last. He proves his case by showing that almost all of the disconcerting developments which upset calculations in the World War could easily have been foreshadowed from the Russian-Japanese conflict.

These included the paralyzing effects of machine-gun fire; the hopelessness of frontal attacks; the consequent development of enormous trench systems; and, to conquer these, grenades and high-explosive shell. It did not require a fortune teller to predict the stagnation which finally set in and for which preparation should certainly have been made in order to restore conditions which would permit of generalship.

The World War had hardly ended, however, when there was announced through our military literature the doctrine that trench warfare on a large scale could never exist again; and that wars of maneuver would be the rule, and that our tactical teachings, consequently our development of weapons, would be based on this presumed condition.

The difficulty is to make this doctrine fit the facts. Attempts to prove that it does so are usually founded on a principle which makes insufficient allowance for the increased fire power of the defensive.

If we look back over the last decade it is evident that we are, in general, still using the same drill, the same system of marksmanship and musketry based largely on the rifle, the same ponderous 2½-mile-an-hour divisional organization of infantry troops, and tactical doctrines which ignore facts that we had 10 years ago.

We are the greatest scientific and industrial nation in the world and have applied our science and industry to everything except our military defensive power. One would imagine that it would be almost impossible to prevent our availing ourselves of the astounding scientific discoveries of the past few years, and that by now we should surely have gleaned from the World War facts the important things to our military development; but while the procession is moving along in other countries, we are standing still and seem utterly unable to lift ourselves out of the rut and apply drastically the principles which we should to military science in the United States.

Military reorganization and modern equipment for our forces are greatly needed if our Army is to remain efficient. This is realized by many Army officers, but even some of this class are keeping their eyes still turned to the past war and seem to forget that any reform which takes place must look not merely backward but forward, since the transitions which will follow any future mobilization will be so rapid and radical that we must be fully prepared for them.

The Great War evolved weapons and machines designed to meet very specialized conditions and to answer very definite purposes. While these may never reoccur, we must weigh the facts carefully, choosing and discarding with great judgment. Reorganization, therefore, must depend not merely on the experiences of the last war but with that as a starting point lead clearly to the future, and the vested interests of this branch or that of our military service must not be permitted to stand in the way of progress.

In the generation before the last war the military thought of Europe was fairly well crystallized into a blind faith in the ability of generals to win battles by massed attacks and through this method to push a war to an early and decisive victory. However, because of the severity of modern machine-gun fire, frontal attacks had been abandoned in the school books for more than 40 years.

In the Franco-Prussian War the German victories had been won by wide turning movements, and in the Russian-Japanese War this was invariably the method pursued by the victors. In France and Flanders for the first time in history, when the line of trenches ran continuously from the Alps to the sea, there were no flanks to turn. Ramparts more than 350 miles long, ceaselessly guarded by millions of men and sustained by thousands of cannon, stretched from barrier to barrier.

Confronted with this deadlock, military art remained dumb; commanders and their staffs had no plan except a frontal attack and no weapons to overcome the defensive power, which they should have foreseen. It was useless to squander the lives of endless masses of men; something had to be devised which could overcome the greatly increased power of the defense from automatic and semiautomatic weapons; yet in the World War the usual number of machine guns in the German division was less than 100 and never exceeded 142.

As the war years rolled along, a few leaders realized the causes of the deadlock; and the British military technicians, not having been as successfully deadened by military ritual as their continental companions in arms, finally brought forth the tank as the antidote to machine guns and barbed wire. From the first appearance of the tank until the close of the war, and even until the present time, there has been a continual struggle between those who favored the mechanization of armies and those who by their military conservatism have hampered and opposed every attempt to do away with the masses of slow-moving, slow-shooting, expensive massed troops by the development of proper mechanized forces.

It is necessary to state exactly what is meant by the term "mechanization." Mechanization, according to Capt. Arthur Wilson, of the Field Artillery, is the application of mechanics directly to the combat soldier on the battlefield. Mechanization differs from motorization in that the latter is merely the substitution of motor-propelled vehicles for animal-drawn ones in the supply echelons of all branches of the Army and in the substitution of automotive transport for foot movements.

Mechanization implies the actual use of automotive machines in combat. Aircraft, tanks, and armored cars are the outstanding examples of fighting machines. We have been accustomed to think of this line of development in connection with airplanes, but not as applied to the ground forces of our Army. The purpose of a mechanized force is to provide a powerful, fast-moving weapon, capable of wide maneuverability, which combines fire power, speed, and shock to a much higher degree than now exists in the older arms or in any one combatant arm. It is ideally organized for mobility and surprise. According to Major Brett, in the Coast Artillery Journal for January, 1930, mobility in this connection embraces "fire power, movement, supply, security, mental processes, and all other phases of the battle."

The scheme is simply this: Substitute for the 2½-mile-an-hour infantry masses or the 6 mile-an-hour cavalry lacking fire power, a fast-moving armored force capable of striking suddenly from one direction, disappearing, and then repeating its blows from another.

In considering the mechanization of our Army we must not lose sight of the advice of the British authority, as stated in the London Times of August 25, 1929:

> It is plain that as mechanization develops, the whole army reorganization will have to be considered, since the old-fashioned foot soldier in his trench is helpless against a tank working in cooperation with an air squadron. The army of the future will be a small and highly trained force of experts as compared with the masses required under the Napoleonic system that Germany and the other nations in her wake took over and developed to a ruinous extreme. The traditional British belief in a small army is thus being reaffirmed, very much to the advantage of the cause of peace and economy which the conscript armies of Europe have obstructed too long.

Although written for the British, this quotation has its lesson for our country as well. Our Army is limited, properly and necessarily, by the amount of money authorized for it by Congress. It is then for the military authorities to determine how the sum available to them can best be spent to insure the national defense; but when we see it used on the transient training of schoolboys and drill-ground maneuvers and in the use of single-shot rifles, carried by men on foot who in this age of speed can make but 2½ miles an hour, we are somewhat shaken in our belief in the good judgment of our General Staff. In fact, we see either that this good judgment is lacking or that the power of the vested interests in the branches of our Army is so great that something outside of the War Department is necessary to break the shackles. Obviously, the defense of this country lies in the utilization of science and industry applied to warfare by a comparatively small army of trained experts.

Fortunately, airplanes, tanks, and chemical-warfare agencies fit closely into commercial development.

With regard to this point Liddell Hart has stated:

> If we converted most of our existing regiments into tank or mobile machine-gun units, we should not only need fewer men but the expenditures on machines would have to be met by discharging the large surplus of men in order to apply the cost of their pay to a more practical object. * * * We can fully understand their hardship. * * * But is it right to keep the security of the Nation in jeopardy while soldiers are slowly reconciling themselves to the inevitable? * * *

This is the problem that is facing us in the United States. The problem of the antiquated against the modern army must be considered whether we like it or not.

It is my belief that an army provided with modern equipment and manned by a comparatively small number of experts can eventually be provided from our Army appropriations; and that we have delayed too long in starting on this course. We must not let the training of the masses interfere with the expert construction and utilization of scientific and mechanical means for the defense of the United States.

It was the machine gun which made the trench deadlock in the World War possible.

This deadlock—

Says Hart in his book the Real War—

> was due above all to the invention of an American, Hiram Maxim. His name is more deeply engraved on the real history of the World War than that of any other man. Emperors, statesmen, and generals had the power to make war but not to end it. Having created it they found themselves helpless puppets in the grip of Hiram Maxim, who by his machine gun had paralyzed the power of attack.

All efforts to break through the machine-gun defenses of the western front were in vain until the British developed an invention of another American, Mr. Holt's agricultural tractor, which became the World War tank. Both of these inventions profoundly altered the methods of warfare, but the latter was merely in its infancy when the war was brought to a close. Mechanized forces are merely the extension of the principles of the tank to all other units of our land defense.

Although the first tanks were amateurish in design, their general effectiveness was proved from their first appearance in battle. The highest German commanders have testified that they were a decisive military factor in the tide-turning battles at the end of the war. The Army tanks were slow, and consequently became armored companions to the infantry, a rôle from which it has been difficult to detach them. They proved the first effective antidote to machine guns and barbed wire, the deadly foes of the infantry. Conceived as a device to consist in breaking the stalemate, which had been brought about by trench warfare, their development was neglected as the military minds hoped for the abandonment of this form of battle, and looked forward to wars of maneuver. Groups of tanks operating as free agents, cut loose from the apron strings of the 2½-mile-an-hour foot soldier, are a much more modern conception.

It was not until 1926 that the advocates of a mechanized force in Great Britain succeeded in effecting the necessary separation between the older arms and the armored vehicles. By 1928 the armored cars had been turned over to the cavalry, and by 1929 British officials had determined upon the formation of armored brigades and fast-moving tanks. The description of the types of machines, which were used in the recent 1931 British maneuvers, reveals the extent to which the British Army has become both motorized and mechanized.

A mechanized force, or a mechanized brigade, should be visualized as a separate unit capable of acting without other units in somewhat the same manner as an infantry division. Unlike that division it possesses great mobility. By this increased mobility the art of generalship is given an opportunity.

Visualize the mechanized force as consisting of units of light tanks supported, when desirable, by companies of medium tanks, with artillery support moving on tank mounts; there must be help from the air, both for protection against enemy planes and as assistance for the supporting artillery. There must be smoke units with chemical mortars on fast-moving cross-country vehicles for the use of smoke shell and to blot out the enemy's antitank weapons with smoke screens. Antiaircraft artillery is, of course, essential.

Tanks can seize ground, but they can not hold it. Some form of "mopping-up" personnel supplied with machine guns and semiautomatic weapons on self-propelled cross-country cars must be available both to mop up in rear of the force and to hold gained ground. This form of infantry must also be used for such purposes as the guarding of defiles and bridges, landing fields, and prisoners, for outpost work at night, furnishing working parties, and so on.

There must be engineers for the necessary work of bridging rivers, ditches, and the destruction of man-made tank obstacles. The necessary wireless and radiotelephone service must be provided in special vehicles of the Signal Corps. Command tanks are essential. Without proper communications such a force is comparatively helpless.

Finally, there must be the usual train, repair, and salvage units, water and gasoline units, and medical service.

As I have said, you see we finally arrive at a unit at least as self-sustained as the present infantry division. Our force must have ammunition; it must have gas and smoke; it must have signal communication; it must be able to repair and salvage its own damaged vehicles, feed itself, take care of its wounded, and all of this must be performed on vehicles capable of varying degrees of cross-country ability.

The force, when complete with its trains fully loaded, should be capable of a total mileage of at least 150 miles a day, capable of staying out self-sustained for a considerable period of time and fighting whenever necessary.

It is true that our force can not move among rocky mountains, through forests, and other broken country. Rivers will delay it, but not more than they do other troops; over ordinarily flat or moderately hilly country it can, by picking its way, move day or night. Tank obstacles and antitank mines, plenty of artillery, and antitank weapons will check it; but for that matter it can prevent the movement of the old type of fighting units from any position and immobilize such units. Against a normal formation it can move and act with terrific force.

Imagine an infantry division of our present type on a march through a country in which a hostile mechanized force is known to be; our column is 15 miles long, encumbered with vehicles, moving at 2½ miles an hour with advance, rear, and flank guards out, screened by cavalry in the direction in which the enemy's armored forces are believed to be. The artillery is deployed throughout the column in formation suitable to meet tank attacks. For some hours the commanding general has been getting information from his airplanes of mechanized vehicles moving nearer and nearer to his line of march and at length pushing through places in his protective screen, shooting up units in the main column from time to time and moving off rapidly again. Just as his column is entering some pleasant open country, the enemy's tanks and mechanized artillery are reported to be some 15 miles away. In an hour they may be on him. What can he do?

He can not tell whether the attack will fall on the head or tail of his column, or in the middle of it, nor when the attack may be made. If he halts and further deploys his artillery, he may, and possibly will, find that he is putting it in the wrong place; it can not cover a column 7 or 8 miles long.

What he will do, probably, is to keep moving along, get his headquarters off the road to some place where they can function, notify his artillery to keep on the lookout for proper positions, and offer up a short prayer. Then he gets the report that the attack is coming against the rear brigade and not against the head of his column, as he had expected, and that it is only about 5 miles off. It consists, apparently, of two battalions of tanks employed in three ways, with a swarm of machine-gun tankettes in front and on the flanks of it. His flank guard is coming into action. His batteries of artillery get into position and open fire. His infantry halts, gets their antitank guns into action, and takes advantage of any obstacles which may be handy. Then all sorts of things begin to happen at once. Light tankettes come over and shoot up his divisional headquarters and his artillery as it is going into action; his flank guards are overrun as if they were not there; his guns and antitank machine guns are blotted out with smoke; and his main column is shelled and swept by machine-gun fire.

The first wave of tanks plows through his infantry, the flanks of the penetration are widened by the second wave, and a third wave strikes through his guns. The chemical tanks, laying smoke screens, cover the flanks of the tank companies as they move ahead. It is all over in 30 minutes. A certain number of tanks have been disabled by machine-gun fire, but the attack has not been stopped. The emeny's artillery is still firing, and there is no saying when the tanks may wheel and repeat their attack again.

Our division commander, his tactical teachings of no avail, can not cheer himself by saying, "Well, it was pretty bad, but at least it is over." It is not over. The mechanized force will certainly remain in his vicinity until the full effect of its action has been exploited, even though it does not strike again for some time.

This is a lurid picture, but I have drawn it from a description of a British general who has seen a mechanized force in action. Even if it is only half true, it shows the end of infantry as we know it. Troops can not remain immobilized and accomplish missions. It is necessary to go on with the war.

The ability of mechanized forces to attack flanks, the rear of entrenchments, or any place else that they may wish at quick notice, has added greatly to the confidence placed in this type of unit by the British.

The British mechanized force made its first real appearance in the recent 1931 maneuvers. These involved five exercises designed to show the unit at its best and at its worst. It was so completely successful that all observers agreed that the scrapping of horses, personnel, and obsolete material which had been necessary to create the force, had been many times worth while.

The results have been apparent in British military publications. The new British Field Service Regulations have been considerably changed over the old. The sentence, "Infantry is the arm which in the end wins battles," has been taken out and the infantry is no longer referred to as the "decisive arm." The new manual declares that the "machine gun in the hands of the enemy makes open ground virtually impossible in daylight to attacking infantry, and immobilizes them unless they are supported by an overwhelming artillery concentration." In this connection it will certainly be remembered that during the war it was only by placing artillery hub to hub that as a rule the slightest advance could be made and then at such expense to the victors that a few such were worse than a defeat.

The new manual declares also that the mobility of the armored fighting vehicles—

In formed bodies is at least double that of infantry formations and is likely to increase. Their power of endurance is much greater and they are less vulnerable to air and gas attack.

It then emphasizes their "moral and material effect" on other troops and states, "They can, in fact, render immobile by threat alone" old-style infantry formations.

Liddell Hart says in his book the Remaking of Modern Armies that the effective rôle of the infantry is now limited to "mopping up" the ground that the tanks have conquered and holding it, if possible, for the brief interval before the machine guns can be brought up. But Liddell Hart also points out that with the development of the 6-wheeled carrier "even this transitory rôle disappears, for the machine gun can be rushed forward more quickly than the infantry." I realize that in our Army machine gunners are infantrymen. The machine guns which I visualize as being rushed up, as Captain Hart says, are those carried on 1-man tanks or small cross-country cars, a conception not at all of an infantry nature.

If conditions are as Liddell Hart has pictured them as a result of the British maneuvers and other English studies, the question of the future of infantry as we now know it must be considered. Hart maintains that in certain unusual country, woods, or mountains infantry on foot is still necessary and is still an effective offensive arm when the thickness of the cover gives them a protection they otherwise lack. Such ground, however, is only a fraction of the land surface in theaters where we can expect wars to be fought, and Hart goes on to say that—

It is surely irrational to base the composition and policy of our army as a whole on the peculiar conditions of the northwest frontier of India.

The same argument applies to our Army—that is, if it is for defensive purposes only. In 1927 Hart asked the question, If the machine gun is master of the modern battlefield, in the absence of tanks, and infantry makes so limited a contribution to the military object, why were 136 infantry battalions retained to only 4 tank battalions, 2,176 infantry platoons to only 136 machine-gun platoons? He continues:

Rationally there is no answer, and we stand convicted of spending some 40,000,000 pounds a year on an army the bulk of which gives neither offensive nor defensive value in return. (The Remaking of Modern Armies.)

This criticism certainly applies to our Army when we realize that the bulk of our Army appropriations is for personnel to the almost utter neglect of matériel; that a prewar type of Army is being maintained and the remodeling of our Army along modern lines wholly neglected.

He continually repeats that—

War experience and postwar exercises have established beyond doubt the senile decay of infantry in its traditional form.

By 1929 these criticisms of Liddell Hart were accepted by the military authorities of Great Britain and the reorganization of the infantry took place. Not only were the infantry brigades decreased in size from four to three battalions but gradually the Infantry has been as much motorized as possible. By reducing the proportion of Infantry it was found possible to increase the tank strength, and hence the offensive and defensive power.

The reorganization problem has been discussed by Lieutenant Colonel Beauman in the Army Quarterly for April, 1930 (p. 98). He points out that organization of Infantry has been going on for 20 years. Each change has been bitterly opposed before its inception by the more conservative elements of the Army and has proved by trial to have considerably improved the fighting value of the battalion. The present war-strength personnel of a rifle company is more than is either desirable or necessary in the condition of modern war. In the above-mentioned article the following statements occur:

In the future the use of smoke, of armored fighting vehicles, of low-flying aircraft, and possibly of gas, is likely to become more intense. Each of these factors makes the control of infantry in battle more difficult. We require small, handy companies that can be easily controlled and maneuvered by their commanders. Instead of three companies of 160 men, we could have four companies of 120 men. The latter strength is probably more suitable than the former under the conditions of modern war.

Lieutenant Colonel Beauman states that the actual strength of a company in battle during the latter stages of the World War was seldom much more than a hundred, and such strength proved sufficient for all normal purposes.

The effect of mechanization on cavalry is extremely important. The keynote of cavalry and its essential value have always lain in its mobility, which has made it the best instrument to reconnoiter and to gain information about the enemy and his movements, and to form a protective screen at a distance from the main forces. But modern invention has given us the airplane, which is immensely faster than the cavalry. It possesses a far greater range, both of movement and of observation, and untrammeled by surface obstacles. Aircraft have replaced cavalry as a means of distant reconnaissance, leaving to cavalry the duty of close reconnaissance and acting as a protective screen within a short radius of the main forces, supplemented, however, by armored cars on the roads. Liddell Hart believes that it is possible that even this rôle may be taken over by the light tanks, cross-country cars carrying lightly equipped infantry, or scouts mounted on tractorized motor cycles.

The mobility of cavalry for strategic movements has been important in the past. By this means a commander could transfer part of his strength from one point to another to effect an unexpected concentration of force. But the development of railway and motor transport for troop movements has practically replaced them for this function, except in desert or undeveloped lands. Yet even in this field the cross-country car threatens their position, as was the case in Morocco and the Sahara. Finally, the hitting mobility, which lies in the impetus of attack and the demoralizing effect given by speed of onslaught, has been the rôle of the cavalry as distinct from the early dragoons and their successors, the mounted infantry. The cavalry charge has been the crowning achievement in the battle. But when modern fire made this impossible on the battlefield, armored vehicles took the place of the cavalry. Liddell Hart has stated that in the World War on the western front—

It became one of the tragic jokes of those weary years to see the cavalry massed, in readiness for its long-awaited rôle, behind the point where a grand attack was to be launched, raising hopes never to be fulfilled, for, if even isolated squadrons attempted to pass through, a few odd-machine guns sufficed to bring to a halt their vain advance. (The Remaking of Modern Armies, p. 52.)

If the cavalry played no more essential or important rôle in the last war, when the tank was as yet undeveloped and the machine gun limited in numbers, its excuse for existence in any future struggle is certainly doubtful—and I am aware of the Palestine campaign.

It is the threat of armored attack that has crippled the essential freedom of movement of the infantry and cavalry forces. It is mobility that has beaten them strategically. Small mobile elements have carried out vital tasks or seized the vital points, with the infantry and the cavalry powerless to intervene. Liddell Hart has stated in the Infantry Journal, January, 1929, that—

If horse-given mobility is far better than none, this year's exercises have given little support to the idea that it is equal to mechanized mobility (p. 86).

In this same article on The Army and the Future he emphasized that—

A marching infantryman is as absurd a freak as a man who should set out to walk to Edinburgh on an urgent business errand.

Major Brett in his article on Antitank Defense, in the Infantry Journal for February, 1929, points out that the foot troops should be provided with adequate means of protecting themselves against tanks, and, of course, the obvious means is the protection given by the armor of tanks. Soldiers with nothing to protect them but khaki are virtually asked to commit suicide. Without the protection of the modern means of defense, such neglect results in mass slaughter.

Major Bradley, writing in the August number, 1930, of the Infantry Journal, outlines the criticisms of the present infantry as follows:

The infantry lacks mobility on the march and on the battlefield.

It is too difficult to control on the battlefield.

Success is too costly in man power.

It does not have sufficient reconnaissance agencies.

It is vulnerable to air and tank attacks.

Its organization is not uniform.

All writers on military science agree that the greater mobility would remedy the weaknesses now considered inherent in the infantry and cavalry. Mobility on the march can be increased by lessening the load carried by the foot soldier and by giving him more speed. Speed can be gained only by motorization. Major Bradley urges that if, due to economy, the army can not be motorized that the units should be organized so that they can be transported on commercial vehicles such as trucks, busses, and passenger cars.

Mobility on the battlefield can be increased by increasing the speed of movement and decreasing the size of the units. All weapons heavier than the automatic rifle should be motorized. The speed thus gained by mechanizing the infantry and the cavalry and motorizing practically all equipment would give them more protection. This mode of transportation would permit the gun crews to be materially reduced in size, and the use of armor would supply the greater protection required. Major Bradley states that it appears that the best plan to gain mobility by decreasing the size of units is to decrease the size of our basic units, the squad, and the platoon. Armed with the new service automatic rifle, and I may say, parenthetically, that our ordnance department has developed and tested an excellent one, the major states that experience indicates that a squad of five men so armed will have as great a fire power as the present squad. This reduction in size of the squad and the platoon would make control easier.

Modernization of our wire and wireless means of communication would also aid control. Speed and reliability of transmission of messages and orders can be materially increased by giving the battalion and higher echelons light, cross-country armored cars for this purpose and eliminating the mounted messenger. As I pointed out in the Infantry Journal of January, 1930, in an article on Infantry Tactics by Capt. Charles L. Bolte, the army that adheres to outworn means and methods goes down to inevitable defeat before modern forces with up-to-date scientific methods and equipment.

Major Bradley, in agreement with this conclusion, lays stress on the fact that—

To conserve man power we must, as far as is practicable, replace men with machines. In other words, we must mechanize.

After stating what he conceives to be the necessary mechanized developments, he continues that unless we do mechanize—

We shall soon see the infantry losing more men and money to a mechanized corps to which infantry will be attached for certain operations. Then, indeed, will infantry play a subordinate rôle. Infantry must mechanize or mechanization will swallow the infantry. (Infantry Journal, August, 1930.)

The future of infantry which Major Bradley predicted in August, 1930, is already in sight. The methods of combat use of infantry are surely changing. The same conditions prevail in regard to cavalry. The development of weapons which can deliver a greater volume of accurate fire from a smaller number of sources have permitted and at the same time have forced a greater dispersion of combat elements in the contact zone. We can no longer safely group troops in masses or use them in concentrated formation within the zone of hostile ground fire or wherever there is possibility of attack from the air. Dispersion of troops, which has characterized infantry tactics in the past, tends to become stronger still. The density of men per unit of area in the extreme forward areas and throughout the increased depth of the battle zone, owing to the mechanized warfare and the increased dimensions of the battle zone, is becoming less and less.

Just one word as to motorization. From an excellent article on motorized infantry in Tank Notes of January, 1932, by Lieut. Col. A. L. Bump, a comparison of the cost of infantry motorized and infantry on foot with animal-drawn elements is given. The figures are startling.

Colonel Bump shows, based on the experiences of the Thirty-fourth Infantry during the past more than two years, the initial cost and cost of upkeep for both types of units. Here is the comparison at the end of various years.

For a comparison of costs at end of—

	For animal transport	For motor transport
First year	$95,539.27	$119,975.00
Second year	133,366.12	128,975.00
Third year	172,118.97	137,975.00
Fourth year	210,881.82	146,975.00
Fifth year	249,644.67	155,975.00
Tenth year	443,458.92	200,975.00

It is interesting to note that on the 52 Sundays and 13 holidays of a year (week from Christmas to New Year's included), 65 nonworking days for the animals, they eat up about 10 Chevrolet sedans or 13 Chevrolet touring cars or twelve 1½-ton trucks or four 2-ton G. M. C. trucks; that is, 65 days times $100.37 per day equals $6,524.05. As to strategic mobility, there can, of course, be no comparison.

Unfortunately it is maintained that, granted that mechanization is not only advisable but absolutely necessary, this military need to replace man power by machine power must yield to the need of keeping soldiers in employment. According to a British authority, the practical reply would be that—

Even the dole is but a fraction of what an infantry soldier costs the hard-pressed finances of the country. And all infantry beyond the proportion who can be provided with, and backed by, up-to-date armament are military superfluous. They are, indeed, merely a present charge on and a potential pension increase of the national debt in case of war.

Consequently, if the different arms of the service, particularly the Infantry and the Cavalry, would retain their prestige, they must modernize and look to the future instead of the past. They must develop new weapons and means to meet new weapons and conditions. They must maintain and increase their element of surprise and their mobility. We must develop increasingly the four major weapons which I have pointed out—aircraft, mechanized forces, gas, and machine guns. Unless this is done, we can not hope to have an efficient army, and ladies and gentlemen, unless we curtail expenditures for and on account of personnel in connection with the Military Establishment, I can see no way by which we may ever expect to equip the Army in reasonable measure with these modern, mechanical instruments of war. To undertake to maintain both would make the cost prohibitive.

In this particular bill, practically everything in it is pay, and it has resulted in the Chinesing of our Army. China has two and a half million men in its army; it has no effective fighting machines, and, therefore, it is powerless on the field of battle. Unless we take steps toward arming our soldiers with planes, machine guns, tanks, and smoke screens, our Army will be comparable to that of China. Under our Budget, limited as it is, it would be impossible to provide both unlimited personnel and adequate effective instruments of war except at an expenditure that would bankrupt the Government.

Now, with regard to this particular bill. It is divided into two parts—the military and the nonmilitary. The military part takes care of the Regular Army, including the civil components, and the nonmilitary section includes rivers and harbors, flood control, Panama Canal, Alaska roads and trails, and expenses of national military parks and monuments.

For the several objects comprised by these two titles, or general subdivisions, the Budget recommendation was $301,030,642 for the military title and $110,333,120 for the non-

military. The committee has reduced the Budget recommendation for the military division by $19,681,036 and the nonmilitary by $4,888,865.

With reference to the individual branches of the Army, Chemical Warfare was not touched, the Air Corps was not touched, the National Guard was not touched, but in a sense increased, Ordnance was not touched, Seacoast Defenses were not touched, the Medical Corps was not touched, and many other branches of the Army were not touched in the least by this subcommittee, or the full committee, which has approved the action of the subcommittee.

The reduction below current appropriations shown in the Budget, is more imaginary than real. The fact is there scarcely were any Budget reductions, and if the recommendations of the Budget had been accepted without change, the War Department's spending latitude would have been greater next year than this. Let me refer briefly to those Budget reductions. Firstly, there was about $8,000,000 on account of decreased commodity prices; then there was $18,445,990 for housing the Army, and the reason for that seemingly large reduction is because there was no authorization for additional housing of the Army and therefore the Budget could not properly carry funds for such purpose. The principal Budget reduction, at least from a money standpoint, was $5,000,000 on account of the Air Corps. Frankly, had it not been for the rule adopted by the Committee on Appropriations that it would recommend no increases in Budget estimates, I would have voted to increase the Budget estimate for the Air Corps up to the amount of the current appropriation. And then, much to our surprise, we found the Budget proposed to decrease the National Guard by $1,645,577. Now, let me tell you what the effect of that proposal would be. I say this to some of you folks who can not argue a question but can only resort to calling names. You have not said a word about the National Guard. The effect of the Budget proposal would have been to deprive 36,763 National Guard men from going to camp this year, and the National Guard unquestionably is the most important component of our Army. [Applause.]

The committee in its wisdom saw fit to provide for sending the National Guard men to camp rather than the citizens' military training camp boys, because the guardsmen are a thousand times more effective. We have disregarded the Budget estimate for the National Guard, and provide for them to go to camp, and also that they may have 48 drills a year instead of 42, to which they would be limited under the Budget estimate.

These several Budget reductions aggregate around $34,000,000 or $35,000,000. You will note that the only two real decreases pertain to the National Guard and the Air Corps, and they aggregate around six and a half million dollars. The rest of it was because no authorization existed and because of decreased commodity prices. Am I not, therefore, justified in saying that the Budget recommendations in the main are imaginary and not real?

With reference to the Budget cuts affecting the nonmilitary items, there were certain more or less drastic reductions touching the national military parks. The fact is, these parks as provided for will be left in wretched shape. They will be on a bare maintenance basis.

The Budget recommended $3,000,000 less for flood control for the reason that the annual rate of appropriation was exceeded by that amount in the emergency construction act of last year. The committee did not disturb the estimates as to the nonmilitary items I have mentioned. We found a way of saving some money on account of the Panama Canal by taking some of the surplus cash of the Panama Railroad Co. and applying it instead of appropriating money out of the Treasury. The Panama Railroad Co. had about a $14,000,000 reserve in cash and securities. About $6,500,000 was cash. The Budget included four and a half million dollars for continuing work on the Madden Dam, and the committee took three and a half million dollars of the cash on hand of the Panama Railroad Co. and directed its use toward the construction of this project.

The guiding policy of the committee in shaping this bill has been to economize without impairment of efficiency in every possible direction. Not a single branch of the Army is injured by this bill, in my judgment, and every person identified with the Regular Army and the civil components will be available to us to-morrow in the event of emergency to the same extent that he is available to us to-day. Every man that is available to-day will be available to this country in a period of emergency under the terms of this bill.

What is carried in this bill for objects other than pay and perquisites? Let me read them to you: Mechanization, $517,855; seacoast defenses, $1,039,972; ordance, augmentation, $265,366; research and development, $633,550; chemical warfare, exclusive of personal services, $304,017; new airplanes, $11,199,252; making a total of less than $14,000,000 out of an appropriation of approximately $300,000,000. The rest of it is for pay and perquisites, and that is the reason you are hearing so much squawking around here to-day.

Let us take up individually these items. I shall take up first one of the noncontroverted items—subsistence of the Army. There is a reduction of one item there of $2,667,000. The reason for that reduction is this. We found that because of decreased commodity costs in recent years the War Department was able to build up its working capital fund to $7,644,000. They estimate that approximately $5,000,000 is necessary as a working capital and that that amount should be maintained from year to year. The committee decided that the surplus of $2,667,000 should be drafted, and decreased the appropriation by that amount, which is already on hand. That accounts for that item.

The next is the ration, fixed on the basis of 36 cents rather than 37 cents. As you know, the President fixes the ration for the Army—so much meat, so much vegetables, so much of everything. We found that we can buy now more for 36 cents than we could when the ration was fixed at 50 cents back in 1929. If by any chance the cost of foodstuffs should advance, I might remind you that we have this working fund on hand of approximately $5,000,000, which could, if necessary, be drawn upon to increase the ration allowance from 36 cents to such an amount as might be necessary. So the figure 36 cents does not at all control the amount that will be available for rations, because it entirely discounts the $5,000,000 which is on hand.

The remaining item of reduction by the committee under the subsistence head is represented as a "transfer." All items on page 4 of the report, designated as "Transfers," are the result of this: We found that provision for the transportation of officers and men was scattered throughout this bill. It was very difficult to find out how much was spent on transportation of the Army, and in order to give the House and Congress and the American people the complete picture of it, we grouped all items pertaining to the transportation of persons under one head. That is what is meant by "transfers." We did that in this way: We took the total amount exclusive of the civil components and then deducted one-fourth of that amount, and then added the entire amount expended by civilian agencies, like rivers and harbors and flood control, to the amount which was reduced 25 per cent. When we deducted the 25 per cent we did not take off as much as this House approved on the Navy bill. The House approved a one-third reduction on the Navy bill for the travel of officer personnel.

The next uncontroverted item relates to clothing and equipage. We have subtracted $493,472, looking to the larger use of stocks and because of reduced commodity prices. Stocks on hand have somewhat expanded because we have been able to buy cheaper than we have in the past.

The next item is "Regular supplies." We asked the War Department if they could not give us a lower figure than originally estimated for forage by the Bureau of the Budget, and they did, and reduced the estimate by $750,000; so that amount we save.

Next, the Budget recommended 1,000 horses. The committee recommends 500, because we found that considering

the private mounts in the Army, which it is perfectly proper for us to consider because we give $150 a year to officers below the grade of major who provide their own mounts, and in addition feed and blanket and shoe and house their horses, and in reality they cost more than a Government-owned horse; so we figured, counting the private mounts plus the number of horses we have, according to the testimony submitted to us, we would be 400 horses over the prescribed allowance at the close of the fiscal year 1933; 900 over before we took off the 500, and with the 500 taken off the excess would be as I have indicated. So this $65,000 is for the feed and care of those 500 horses.

Then there is a reduction of $114,000 because of reduced commodity cost under the head of "Regular supplies."

The next item is Army transportation.

Of the reduction of $5,555,456 proposed under this appropriation, $3,363,840 represents a transfer to the pooled appropriation for travel. Generally speaking, deferments and reduced commodity costs account for another $1,636,253, of which $84,000 is on account of motor-propelled passenger-carrying vehicles, and $984,500 is on account of motor-propelled trucks. The committee has approved $80,000 for the procurement of ambulances and motor cycles and $150,000 for motor-propelled trucks, and has included as section 3 of the bill a provision which will preclude the use of cars on hand, except by the Secretary of War, for other than official purposes, and the exclusive assignment of any except to the Secretary of War and medical officers on out-patient medical service.

The estimates include $85,373 for the development and standardization of trucks and parts of truck chassis produced commercially, with a view to determining the extent of practicable and economical interchangeability, and with a further view of adopting standard types at the beginning of the motor-replacement program which are adapted to quantity production in time of an emergency. The committee has omitted the amount. The plan, in part at least, suggests ultimately putting the Army into purchasing parts and assembling cars. The automotive industry, the committee feels, may be relied upon to cooperate to the extent practicable in working out a scheme of standardization looking to the procurement of complete units from the industry.

The estimates include $543,522 for the rail movement of personal effects, and $567,204 for the packing and crating thereof. Officers are entitled upon permanent change of station to have their personal effects packed, crated, and shipped at public expense. The extent is controlled by prescribed weight allowances, graduated according to rank, and ranging from 4,500 to 14,500 pounds. No small part of such shipments consists of privately owned automobiles. The committee has had brought to its attention by the Comptroller General a number of instances where it would appear that the freight paid on privately owned automobiles exceeded the value of the automobile. The committee has halved the amounts for packing, crating, and shipping personal effects and has included a provision prohibiting the transfer of privately owned automobiles at public expense.

The next item is "Barracks and quarters," where we show a reduction of $1,141,000. The total amount appropriated for barracks and quarters is in excess of $13,500,000. A 10 per cent reduction would have entailed a larger decrease than we have made, and we know that commodity prices have been reduced by about 30 per cent.

"Purchase of land." That is land around West Point, for the benefit of the Military Academy. I do not suppose it is necessary to dwell upon that, because it was clearly shown that the purchase of this land is not necessary at this time. Moreover, we can consider the matter under the 5-minute rule.

"Signal Corps: Transfer of $24,000," and "deferments and reduced commodity costs, $398,000."

Now, I shall take up matters about which there seems to be some controversy, and first the proposal to place 2,000 Army officers in an inactive-duty status.

Mr. Chairman, we have over 12,000 officers in the Army. We appropriated for the present fiscal year under "Pay of the Army," for 12,000, and there are in addition 60 paid out of river and harbor funds and a number of officer professors at West Point; say, all told, about 12,100 Army officers. We have 118,750 enlisted men, aside from the Philippine Scouts. The situation as it confronted us was just this: There came into the Army after the war a large number of men.

The CHAIRMAN. The time of the gentleman has expired.

Mr. COLLINS. Mr. Chairman, I yield to myself one additional hour.

The CHAIRMAN. Without objection, the gentleman from Mississippi is recognized for one additional hour.

There was no objection.

Mr. COLLINS. Mr. Chairman, the ages of those men are getting so high that they were keeping the younger men in the Army from reaching positions of responsibility, and that condition will continue until 1950, so that a lieutenant in the Army has very little hope for the future left, because it is certain he is going to remain a lieutenant and certainly will not advance beyond the grade of major before the date of his retirement. Those men, to a very large extent, were all huddled together in the grades of lieutenant to major, inclusive. We have lieutenants 62 years old in our Army. We have captains 61 years old.

This is how it happened: Immediately after the war a great many ex-soldiers, sergeants and corporals, and so on, had a chance to join the Army as commissioned officers. Field clerks, clerks in the departments, had a chance to get into the Army, and they went into the Army. They, in conjunction with many others taken in from civil life, are in a hump, with the result that that hump is destroying the efficiency of the Army. I am not concerned as to whether the Army has 12,000 officers or 10,000 officers. No patriotic citizens can say that we ought to have the 12,000 that we have now, because we all know, and everybody has testified time and again, that many of those officers are overage, and they are preventing, according to their position on the promotion list, the proper flow of promotion for officers junior to them, upon whom we must depend in a future war.

I see my good friend TILSON sitting here, and I want to say to you that I do not have a better friend in this House than the gentleman from Connecticut, and there is no man in this House for whom I have greater respect than the gentleman from Connecticut. [Applause.]

The gentleman told me the other day that he talked to a major general who is now in the United States Army. I shall not tell you the officer's name or where he is stationed, but he asked this major general, "Where can a cut be made in the War Department appropriation bill?" And the general told him to take out 2,000 Army officers.

If you look at the Interdepartmental Pay Board reports—a board made up of Army officers and Navy officers—you will find that they propose reductions in order to make our Army efficient. Do not let our sympathies and the propaganda that is coming to us deter us from doing our plain duty. What are the proper ages for Army officers? West Point graduates should be first lieutenants in 3 years, captains in 10 years, majors in 17 years, lieutenant colonels in 22 years, and colonels in 28 years.

My friends, if an officer in the Navy fails of selection, if he be a captain, which is comparable to a colonel in the Army, he is taken out at about 57; a commander at about 50; and a lieutenant commander at about 43. We are not doing anything in this bill which we are not already doing. Why is it right to do it in the Navy and wrong to do it in the Army? Have we lost our sense of proportion merely because some old general says that what we are doing does not suit him?

These young men in the Army have no chance whatever unless these overage officers are eliminated. General MacArthur, in his promotion scheme, which he submitted to this House, does identically the same thing as is proposed here, except that he carries them as dead weight, while here it is proposed to place them in a retired status. Mind you, an officer is just as much an officer in the United

States Army after he is retired as if he were in the Army on the active list, and his services are available to us at any time. I had a colonel tell me not long ago that he did not have enough work to do to make his job respectable. He said he could do it in 10 minutes a day.

Now, then, do you not know that we do not need more than 2,500 officers for the troops we have? A man is lucky if he has an opportunity to serve with troops every six or seven years, and, therefore, every year he is away from them he is going backward rather than forward, and we are permitting the entire mass to become more inefficient day by day.

Now, then, let us do a little figuring. The national defense act, which these gentlemen say they are approving, provides for an enlisted strength of 280,000 men and 15,035 officers. That is one officer for every eighteen and a half men. Those estimates were made and submitted to the Congress after deliberate thought on the part of the department. Using that proportion of officers to our present enlisted strength it would give us a maximum of 6,500 officers, yet we have over 12,000. In the Hawaiian Islands we have 734 officers and 14,000 men. Certainly we have enough officers over there because it is an attractive place in which to live. That is 1 officer to 20 men. If we follow that through we need only about 5,500 officers. In Panama we have 395 officers and 8,630 men, 1 officer to every 22 men. In China we have 51 officers and 901 men, 1 officer to every 18 men. On that basis we find we need 5,900 officers in our Army.

General Pershing in his book figures a division during the World War at 979 officers and 27,082 men. That is about 1 officer to every 30 men. He figures a brigade at 258 officers and 8,200 men. That is 1 to about 35. He figures a company at 6 officers and 250 men. According to these compilations it is necessary to have less than 4,000 officers in our Army, but allowing that we need 50 per cent more back home it would still be less than 6,000 officers.

What is the situation with reference to another country? Our Army has been built up on the same plan as the British Army. I have made a table showing the British Army and our own Army. The British have 550,000 men in their army, in their overseas possessions, including Canada, Australia, and so on. The total of the army of the British Empire is 550,000 men, and how many officers? Twenty-three thousand and twenty-nine, all told. What about our own Army? We have, eliminating the National Board for the Promotion of Rifle Practice, about 550,000 men, too, and how many officers have we?

One hundred and twenty-seven thousand seven hundred and ninety-two. It looks as though everybody in this country has gotten to be an officer, and if it keeps on we are going to reach the day of the milk-white flag, with a company composed of 100 men, 99 officers and 1 private, and all of the officers taking their turn in drilling him.

Now, then, we have something which the British do not have. We have the National Guard, which is one of the most efficient military organizations on this earth. The British have no component in their army that even approaches in effectiveness the National Guard.

The purpose of this amendment is to take out about 2,000 officers from our Army. What did Mr. Good, when he was Secretary of War, say to my good friend on the Republican side, the gentleman from Washington [Mr. SUMMERS], 11 days before his death? He stated when he was Secretary of War that he was going to propose to the President the taking out of the Army of 5,000 officers. He was unable to do this because of his untimely death.

Now, what is the effect of this reduction? It will take out of the Army the overaged officers, so that promotions will flow for the younger men and give them a chance to be promoted. The method we have adopted is to take them out because of age, and the reason we have adopted this method is because we do not know of anything in the world that affects a man's usefulness in the Army so much as senility.

There is not a man that I know of in the Army who wants them taken out in any way except by order of the legislative body, and this method is prescribed because they do not want any politics in it. They say that if we adopted any other method, every Member of Congress and every Member of the Senate, practically, would be down there saying, "Do not touch this man," and many incompetent men, because of political influence, would be retained in the Army.

However, in order to take care of some officers that it is claimed no one else can replace, although I have not very much faith in that theory, we give them a discretion or leeway of 5 per cent, and we provide, in addition, that no Air Corps officer shall be taken out except with the approval of the Chief of the Air Corps.

I have no pride of authorship respecting the language employed for the accomplishment of the reduction. The subject is more or less technical, but my thought is that taking the provision as a whole, it will accomplish what we seek to accomplish in a reasonable, orderly, and fair way. However, if the provision be adopted, I propose to offer four amendments, namely: One, to exempt the Medical Administrative Corps from the 10,000 limitation. Second, to give the President the right to divide the total number of officers in the grade of first and second lieutenants between grades. Third, in making room for the June, 1933, West Point graduates by removing officers most advanced in age in the grades of colonel and lieutenant colonel, to provide for such removal proportionately from such grades, and fourth, to make the exemption of Air Corps officers mandatory.

I have now discussed, perhaps somewhat more at length than I should, the question of the officers. I have discussed the National Guard, and have advised you that the National Guard appropriation meets with the approval of the National Guard Association and likewise the head of the Militia Bureau in the War Department.

With regard to the Organized Reserves, we undertook to accomplish a saving of $2,109,000, and we undertook to do this by providing that these reservists may go to camp this year; their expenses are paid to and from camp, and they are given $1 a day for subsistence at camp. All of their expenses are taken care of, but we do not provide them with pay while at camp. All they have to forego is the pay that heretofore they have received while at camp. These gentlemen are patriotic Americans. They are outstanding citizens in the community in which they reside; and if they are as patriotic as I think they are, they are going to perform their duty in times of stress like these without the necessity of pay.

There are 19,000 of these men who go to camp. As to 1,000 Air Corps officers, we are going to continue to give them everything they have had in the past; and because of the larger purchasing power of the dollar, they will get more than they have been getting in the past.

In addition, there are 772 that go to schools and are instructors and are with tactical units, and so on. Their term of employment is longer than 15 days, and they are taken care of and are amply provided for.

With reference to the Reserve Officers' Training Corps, the provision in that regard is simply this: These boys go to school four years. The first two years are known as the basic course and the last two years as the advanced course. They have four years of military training.

Under the national defense act it has been the policy to send advanced students to camp for 42 days at the close of the school year. We have been sending between 6,000 and 7,000 of them to camp. This bill proposes to take away from them the camp training this year, but provides that they may go into the reserves, as they have done in the past.

Nobody on the committee wanted to take away from these boys their camp training. I do not want to take it away from them. I want them to continue to go to camp, but I felt that in periods of distress we could well afford to let these boys forego their camp training this year, because it is time that this Congress is doing something toward relieving the overburdened taxpayers in some way besides increased taxes. [Applause.]

I had an Army officer suggest to me yesterday in the dining room that he would not have objected to this if we had taken camp training away from everybody. He said there is discrimination—they take it away from some and not away from others.

But I did not want to go that far, and other members of the committee did not want to go that far. So we postponed camp training for only a part of them, and gave the camp training to the rest of them. This is just a temporary matter. Do you not think that everybody ought to make some character of sacrifice in times like these?

Now, I wish to refer to the citizens' military training camps. These are attended by a number of young men each year. I imagine that most of them are real nice boys.

I imagine they have a good time at camp. They learn how to "fours right" and "fours left," "squad right" and "squad left," and they are given a course in citizenship, patriotism, and so on. I know that it is a pleasant vacation for these young men. It may do them some good, doubtless it does much good, but I never thought that the expenditure for it was commensurate with the good that the Government got out of it in a military way.

In other words, I seriously doubt if it ought to be in this bill, but should be carried in some other bill.

Personally I would like to see the Boy Scouts given some sort of a camp training, but I am not going to advocate that now, because I do not believe that any new activity ought to be gone into at this particular time.

With regard to this activity I asked General Bridges—and you will find it in the hearings—if any serious harm would be done the Government if this activity should be suspended for one year, and he said, "No; not for one or two years"; and he is in charge of it.

It seems to me his opinion ought to be worth something. General Summerall in his last report, before he left as Chief of Staff, said that in his judgment that about the only worth-while good that the Government got out of the citizens' military training camps is the opportunity that the camps afforded the Army officers in charge to contact with the civilian population.

There is no disposition on the part of the committee to discontinue this work indefinitely, but we do feel that this year it ought to be suspended. If times get better, I assume we will be asked to provide for its resumption.

Now, let us see about the purpose of this component. This particular activity has been going on about 11 years, and the purpose is, according to the national defense act, to make officers for the Reserve Corps.

During the 11 years we have trained 223,198 of these boys. Only 10,562 have taken the 4-year course—that is, four training camps.

Now, with regard to those who did complete the course and went into the reserve, how many officers did we get?—1,441. And, listen, we would not have gotten the 1,441 had we not stopped giving the boys an examination at the end of the four years, because they could not stand the examination. So we adopted a new method and told the Army officers to pick out the likely boys and say, "Son, you can go into the reserves." If we had not done that, you would not have got the 1,441. During that particular length of time we spent on that activity $24,022,000. That means that every officer that we have gotten out of it has cost the Government, individually, $16,670, and if we add to that the cost of the Army officers and the civilian and enlisted men that we have used in the training of these, it will increase that amount to $27,000 plus per officer. In other words, we can train a boy at West Point or Annapolis for about half of the cost to train one in this activity. In view of that fact, at this particular time, I think we can forego this activity for at least one year.

With reference to the National Board for the Promotion of Rifle Practice, the head of this organization is one of the finest men I know. He is a very fine gentleman. They have rifle matches every year, or have had for the last four or five years. In the beginning they started out with a match every other year, but the last three or four years they have been having matches every year. The Army sends teams and the National Guard sends teams and the Organized Reserves and the Navy and the Marine Corps send teams there. Last year the membership of the civilian team was 461. In other words, the Army and the Navy and the Marine Corps, and so on, made up the rest of them; and counting the pay of officers, and so on, the camp last year cost $1,013,000, in reality to give two weeks training to 461 people who have not previously gotten rifle training at the expense of the Government. I do not think that any great harm will happen to the Government by a discontinuance of this activity. It seems to me that the training to shoot a rifle of 461 persons who have not been getting rifle practice in this day of want and distress is not worth $1,013,000.

That completes what I think are the controverted items in the bill, except that I do want to say this before I conclude. I read in the RECORD this morning a letter from the Chief of Staff, inserted at the request of the gentleman from New York [Mr. SNELL]. In that letter the Chief of Staff says:

WAR DEPARTMENT,
OFFICE OF THE CHIEF OF STAFF,
Washington, D. C., May 9, 1932.

Hon. BERTRAND H. SNELL,
House of Representatives, Washington, D. C.

DEAR MR. SNELL: In the hearings held by the Military Subcommittee on Appropriations on the Army appropriation bill no indication was given to the representatives of the War Department that a reduction of 2,000 officers was contemplated, and in consequence no opportunity has been afforded to express the opinion of the department on such a revolutionary step. As the military adviser of the Government, I am therefore taking the liberty of presenting to you the views of the General Staff on this important matter, with the hope that you will lay them before the House.

I think the Chief of Staff is a very estimable gentleman, and I have nothing but the kindliest feelings for my friend Mr. SNELL, but it seems to me, as a matter of strict propriety, that that letter should have been sent either to the Speaker of the House, the majority floor leader, the chairman of the Committee on Appropriations, or the chairman of the Committee on Military Affairs. And then I am wondering again why the Secretary of War did not send the letter instead of the Chief of Staff. The Secretary of War is the head of the War Department, and it seems to me that if he is opposing the economies that this committee is trying to bring about, he ought to have sent this message up here himself.

Mr. SNELL. Mr. Chairman, will the gentleman yield?

Mr. COLLINS. Yes.

Mr. SNELL. Perhaps I am to blame for that, because I indicated that I would like to have his views, and he sent the letter to me.

Mr. BYRNS. The gentleman has just said that the Secretary of War is the head of the department. Does the gentleman believe that the Chief of Staff would ever think of sending a letter of that importance and significance without first conferring with the Secretary of War?

Mr. COLLINS. I doubt that very much. With regard to that particular statement, on December 28, 1931, I wrote the Secretary of War and asked him how much ought to be reduced from this bill in money if 2,000 Army officers were to be taken off. That was in December. I received his answer on January 14, 1932. The Secretary of War in this letter gave the committee the information it wanted, as to the amount to be deducted in the event 2,000 officers were taken away from the officer personnel of the Army. If these 2,000 Army officers are taken off the saving will be approximately $4,000,000, but that does not begin to state the case, because already there is in the formative stage a proposal to begin a new housing program costing over $97,000,000 to house, among others, a portion of these 2,000 Army offieers. The average saving on account of these 2,000 officers ultimately will be approximately $25,000,000 a year.

Mr. WOODRUFF. Mr. Chairman, will the gentleman yield before he leaves that point?

Mr. COLLINS. I am sorry, but I can not yield.

Mr. WOODRUFF. I wish you would, because it will clear up in my mind an apprehension as to what the cost of that

particular activity will be. I think the gentleman misspoke himself. He made the statement that there would be a saving of $25,000,000 because of the additional cost of housing.

Mr. COLLINS. Not only housing, but an officer is paid in quite a number of ways. He gets his base pay and then his 5 per cent increase every three years, and in addition to that he gets commutation of rations and commutation of quarters, and so on.

In addition to that, he gets his transportation charges and many other charges, which make the cost of an Army officer over $10,000 to the Government.

Now, further, with reference to General MacArthur's letter, let us consider his testimony and see if he was not advised when he testified. He testified on December 21, 1931. I read from the hearings:

Mr. COLLINS. Should we not have, instead of our present conditions, a nucleus of real, live, vigorous, active officers, trained, commensurate with age and rank, for war-time missions in the field?

General MACARTHUR. That is the ideal condition.

Then later on:

The captain of a company has to go through physical exertions which the age of 63 makes it difficult for him to undertake. He should be in a higher rank at that age and not subject to such effort.

Mr. COLLINS. General, I can not believe that you are advocating as ideal a situation where a first lieutenant is 60 years of age and a captain is 63 years of age, and a major 61 years old. I can not believe that you advocate that as an ideal war condition.

General MACARTHUR. No, sir; I do not.

Then further on:

The average age of the Army in its various grades is much higher than I would have it.

Further, General MacArthur says:

My so-called promotion bill that you probably know about in a general way, is designed to reduce ages as far as possible.

Mr. COLLINS. I had understood that reduction in age was what you were trying to accomplish; that the idea you had in mind was reduction in age of the officer personnel of the Army.

General MACARTHUR. The object of the bill I suggested is to make the flow of promotion more rapid or to place officers in command rank at younger ages.

But at the same time I would not say * * * that those men did not represent a certain degree of merit.

Mr. COLLINS. Your promotion bill does, however, contemplate the carrying of these men on until age takes them out, does it not?

General MACARTHUR. Yes, sir.

And the entire question was brought to his attention at that time, and he gave us the information that we requested.

In addition to that, after this letter was written to Secretary Hurley, Mr. Hurley came before the committee to testify, and he said this:

Mr. Chairman, I, of course, have kept in touch with your hearings as they proceeded, and I am familiar with the bill and the hearings at the present time.

I have read the statement made to you by Chief of Staff, and I think it would be rather a waste of time for me to go over the same ground again unless you gentlemen have some questions you would like to ask me.

Now, it seems to me that all of the advance information that was necessary was afforded these gentlemen, and, aside from that, Congress has been hearing this question discussed ever since I have been on the floor of this House, and that is nearly 12 years. We have had hearing after hearing upon the subject.

There is no man in this House who does not know of the hump that is in the Army. We know the recommendations of the Interdepartmental Pay Board. We know of the hearing held by a committee of the House and by a committee of the Senate on the promotion of Army officers. Nearly all of us know it in more than a general way, and it seems to me, with the information before us, we could at least frame an appropriation bill without the aid of the Chief of Staff of the Army. It is a question of policy, anyway.

Mr. Chairman, the committee feels that the Military Establishment should bear its share in governmental economies, yet sheer economy was not the dominating factor in the drawing up of the bill under discussion. In spite of the vital need for economy, the committee, after a great deal of painstaking effort, has, by keeping efficiency in the foreground, brought forth a bill that combines both economy and efficiency. The reductions submitted to you will impair very slightly our military effectiveness for war. Reductions average less than 10 per cent when it is considered that commodity prices have been generally reduced from 30 to 75 per cent.

We believe that the country demands that governmental appropriations be reduced and that the Army should accept its share of the general reductions without protest and in the spirit of patriotism. Other individuals not on the pay roll of the United States are taking enormous losses, others have had their pay and incomes greatly reduced, while still others are entirely without work and are living on the barest necessities. A large part of our population are living on charity. Hunger is everywhere.

In April, 1930, when the census was taken, there were reported 48,832,589 gainful workers in the United States. Of this number, 3,187,649 were out of employment, as shown by the census. Since then the Labor Department, the Interstate Commerce Commission, and other Government agencies have been furnishing monthly reports of the percentage of jobs lost in various grades of employment that largely compose the better-organized groups of workers. The number of the better-organized groups of workers aggregate 26,643,323, or 54.6 per cent of the 48,832,587 gainful workers, as reported by the last census. Of these 26,643,323, the number of 6,502,794 have lost their jobs since April, 1930. This number added to the number out of employment in April, 1930, makes a total of 9,690,441 unemployed. In addition it should be recalled that we have no figures of the 45.4 per cent of unorganized workers. If unemployment of this group were known we would find that from twelve to fourteen million workers in the United States are now out of employment.

The minimum figure—and it is just as accurate as if we were taking a census—is 9,690,000 unemployed.

Now, then, with such a condition as that confronting us, with this terrible unemployment situation existing throughout the country, with hungry people walking the streets of the cities and towns of this country, do you not think it is time the War Department should take a reasonable cut without complaint, especially when no effective instrument of the Regular Establishment is touched and they are affected only temporarily in the other branches?

Under such conditions as these it would, indeed, be a violation of the trust imposed in us and a great disappointment to the thousands of the great rank and file of our citizens if we fail to let this bill substantially share in the reduction of governmental costs. That the Government has been extremely generous to its workers, civil and military, can not be denied, yet opposition to any reduction in pay and perquisites comes from many classes when it is well known that reductions in governmental costs must be made if our country is to survive.

We are not the only country that has found it necessary to curtail the lavish expenditure of the taxpayers' money. The British have found reductions absolutely necessary in every branch of government, and the recent British budget provided for the army, navy, and air force an appropriation of $364,753,228. The British Army budget is but $127,525,560.

The bill before us is not a partisan one, although an attempt to make it one seems imminent. The urgent demand for economy and the existence of numerous groups lobbying to prevent any move in this direction is well known to both Democratic and Republican Members of this House. That President Hoover agrees with the desire of the committee to bring about savings is evident from his message of May 5. An effort has been made here to-day to show that he does not believe in the reductions and economies brought forth by this committee, but I doubt that. Certainly it can not be true if his statement of the 5th of this month is true. In his message of May 5 he stated—

a drastic program of economy which, including the savings already made in the executive Budget of $369,000,000, can be increased to exceed $700,000,000 per annum.

He further stated that the economy program—

must embrace the rejection of all measures that increase expenditures unless they be for undoubted emergency.

That he understood the difficulties in the way of economies is evidenced by the following:

The Government can not be dictated to by organized minorities. Such action will undermine all popular government. I know that these actions do not reflect the will of the country, and I refuse to believe that the country is unable to reflect its will in legislation.

Mr. Chairman, I have confidence in the membership of this body. The entire country is looking our way. We are expected to bring some measure of relief to a suffering people. Surely in times like these we should unitedly labor for a balanced Budget not alone through increased taxes but through reduced appropriations as well. It is grossly unfair to loyal taxpaying citizens to expect them to make all the sacrifices while governmental expenses run smoothly on. [Applause.]

Mr. Chairman, I yield five minutes to the gentleman from Tennessee [Mr. BYRNS].

Mr. BYRNS. Mr. Chairman, I have asked for this time not to refer to this bill but to refer to some statements that have been made recently with reference to the necessity of reductions to be made by the Congress in order to balance the Budget. Taking into consideration the recommendations of the Secretary of the Treasury in regard to necessary revenue for the next year, it has been said repeatedly that $231,000,000 must be saved by way of reductions in expenditures in order that the Budget may be balanced. In most of the statements there has been no reference to the fact that the House of Representatives has already saved very nearly that amount in the way of reductions in estimates submitted by the President. There seemingly has been a purpose to ignore what the House of Representatives has done, or those who have made these statements are ignorant of just what reductions have been made.

I am simply taking advantage of this opportunity to repeat what I have said several times. As I said the other day, the House of Representatives has made a reduction at this session in the President's Budget estimates of $161,455,101.56. Of that amount, the sum of $14,071,120 represents reductions made in the first deficiency bill, which, therefore, can not be applied to the reductions for the year 1933. But it remains that if the House of Representatives shall concur with the Committee on Appropriations with reference to the reductions made in the pending bill, these bills will have left the House with a total reduction of $147,283,881.56. Add to that the $5,000,000 by which the Senate reduced the Interior Department appropriation bill, and you have $152,283,861.56. If you will add to that the reductions made by the Senate in the bill which carries appropriations for four of the departments, amounting, as I recall, to about $12,400,000, and also add to it the sum of $42,000,000 which it is stated was saved by the passage of the economy bill the other day, you have a total of $206,683,888.56, leaving in order to meet the requirements for the purpose of balancing the Budget, as we are told through the newspapers, about $24,000,000 or $25,000,000.

I call your attention to the fact that there are pending in the Senate the agricultural appropriation bill, the Treasury and Post Office appropriation bill, the Navy appropriation bill, the legislative appropriation bill, the District of Columbia appropriation bill, the independent offices appropriation bill, and there will follow the War Department appropriation bill. Certainly out of that great list of bills there will be many more millions of dollars saved and very much exceeding the $231,000,000 which it is said is essential in order to balance the Budget. I state this not to indicate that Congress ought to stop saving, but to show that Congress is making effective progress in the matter of reductions, and is certainly entitled to more credit than it is receiving. [Applause.]

[Here the gavel fell.]

The Clerk read as follows:

Be it enacted, etc., That the following sums are appropriated, out of any money in the Treasury not otherwise appropriated, for the military and nonmilitary activities of the War Department for the fiscal year ending June 30, 1933, and for other purposes, namely:

Mr. OLIVER of New York. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I am not in favor of the economy program on the Army bill. I believe the Appropriations Committee has usurped the functions of the Military Affairs Committee of the House. I do not believe that by the power of the purse we should change our policy of national defense. I believe this policy should be established by a report from the Committee on Military Affairs and by a vote of the House and the Senate and the signature of the President.

If we are to establish the policy of this Nation in regard to national defense through the medium of the purse, then we can establish the policy of the Federal Reserve Board through the medium of appropriations.

These things are essential to the security of the Nation. The Government is in the red, but I would rather see the Government in the red than to see the country unprotected and to find that the red blood of the boys of this Nation will be shed on battlefields because we are unprepared. I do not think we would have considered it great economy if General Pershing had wired back to the United States, "I saved $200,000,000 worth of ammunition and only lost 500,000 men." I do not believe the people of this country want to see our Nation stripped naked in the presence of those who might be our enemies in order that we may balance the Budget. If we can not balance the power of the Nation to defend itself, what is the use of balancing any budget?

I am opposed to the proposition that the youth of this country shall go into the next war—and God forbid that we shall have one; but there are clouds on the horizon of almost every nation in the world—without an opportunity to know the art and science of warfare and the intricate and technical conditions under which war is fought to-day.

The few millions we save under this bill will cost us billions if there be even the threat of war. The mad rush to train men in that exciting moment will drain the budget of every family in the land. In the last war troops were marched into the battle line who had had only a few weeks in camp under officers trained in the rush and hurry of war hysterics. Will we not take warning from the lessons of the past? Will we save in money now and pay in blood later?

I believe the officers' training camps are the soul of our national-defense policy. I believe that the officers in the Reserve Corps are as valuable to us to-day as the officers in the Medical Corps. You can not train doctors just by calling them to the colors any more than you can train officers by sounding the tocsin of war.

They are the teachers of the art of war. We may as well close up our colleges in the name of economy and pay in ignorance as to fling out these great trainers and war scholars. Ignorance of the arts of peace destroys commerce and liberty. Ignorance of the art of war challenges disaster to the sovereignty of a nation and is sure to bring humiliation and misery to its people.

I do not believe in a policy of economy which imperils our Nation. I believe the peril to the country that the terms of this bill will cause will be resented by the taxpayers. Taxpayers are citizens, and citizens might have to become soldiers. Yes; millions are out of work. I sympathize with them. I hope they will be employed soon. In the event of war millions might be flung into their graves without necessity. Sympathy will do them no good. Jobs will do them no good. To forestall that I vote to uphold our defense policy.

I, therefore, sir, shall support in minor details the recommendations of the committee, but I shall oppose the change

in national policy by mere manipulation of the purse. When this Nation wants to establish its policy it must do it in the open and not through the medium of cutting appropriations.

We are not going to cripple our Government against the day it faces an enemy. Knowing full well that this is not a partisan issue and that no one party has a monopoly on love of country or a monopoly on a desire for the country to be properly prepared, I for one on the Democratic side shall oppose this committee which, through the power of the purse, is attempting to strangle proper defense of our Nation as outlined in the present law of the land. [Applause.]

Mr. HOLADAY. Mr. Chairman, I rise in opposition to the pro forma amendment.

Mr. Chairman, the House is commencing the consideration of the last appropriation bill. The country within the last few days has heard a special message from the President calling upon Congress for nonpartisan cooperation in order that economies in government may be effected.

Last week we considered an economy bill, and we watched, day after day, while the economies, estimated at $210,000,000, were by the action of this House whittled down to $42,000,000. Here is an appropriation bill that has been brought in, prepared by a subcommittee and reported by the entire committee, that has attempted to effect economies in government, and before the first section has been read, I was sorry to hear the minority member of the subcommittee rise on this floor and announce that he proposed to introduce four amendments that would increase the bill by approximately $9,500,000.

Let me appeal to you that we keep in mind the financial condition of this country. Let me appeal to you that we keep in mind the message of the President, which met with the approval of this country.

National defense has not been injured by this bill. Are we to witness again this week the same chiseling process that robbed the economy bill and cut it from $210,000,000 to $42,000,000?

I am sorry to see these amendments come from the minority side of this House immediately following the appeal of our President for nonpartisan cooperation in reducing the expenditures of our Government.

I hope the House will proceed with the consideration of this bill with a realization of its responsibility to the country and with a realization of the financial situation that now faces the Government.

Mr. BARBOUR. Will the gentleman yield?

Mr. HOLADAY. I yield.

Mr. BARBOUR. Has the gentleman read the statement issued by the President to the press on March 25 in regard to economy, wherein he says, "We should not further reduce the strength of our defense"?

Mr. HOLADAY. Let me ask the gentleman whether in offering these four amendments he is doing it at the request of the President of the United States?

Mr. BARBOUR. I am not reducing the national defense beyond what it is now, and that is what the President recommends.

Mr. HOLADAY. Am I to understand, then, that the gentleman in offering these amendments to increase the amount of the bill $9,500,000 is representing the wishes of the President?

Mr. BARBOUR. No; of course not. I am simply citing the statement of the President in connection with our national defense, and I say that by reducing the appropriations $9,500,000 we are doing the very thing the President says we should not do.

Mr. HOLADAY. Then I take it the gentleman assumes he is representing the wishes of the President?

Mr. BARBOUR. No; I do not assume to speak for the President.

Mr. HOLADAY. I simply wanted the attitude of the gentleman made plain, so that the House and the country may know what we are doing.

Mr. BARBOUR. So far as the President is concerned, he can speak for himself, and he has spoken. So far as my amendments are concerned, I assume full responsibility for them.

Mr. HOLADAY. Do the gentleman's amendments coincide with the statement of the President?

Mr. BARBOUR. The President has said that we must not further reduce the national defense, and my amendments are to prevent any further reduction in the national defense.

Mr. BYRNS. Will the gentleman from Illinois yield to me?

Mr. HOLADAY. I yield.

Mr. BYRNS. I understood the gentleman from California, in response to an inquiry by the gentleman from New York [Mr. SNELL] in his speech a while ago on the same subject, to reply that he had an interview with the President; and although he did not say so, he left those of us here under the distinct impression that he was representing the views of the President.

Mr. BARBOUR. Oh, no; that is a violent assumption, I will say to the gentleman from Tennessee. The record will not show anything of that kind.

Mr. BYRNS. I do not know what the record will show, but that was the impression that we got. If I misunderstood the gentleman, I am glad to have him correct me.

Mr. BARBOUR. The gentleman did not hear me say that. I read a statement made by the President of the United States on March 28, and the gentleman from New York [Mr. SNELL] asked me if I knew whether the President had changed his attitude in regard to that matter. I said that the statement was made by the President that we must not reduce our national defense, and that I had called up the White House and asked one of the secretaries to send me that statement, and it was sent.

Mr. BYRNS. We heard the gentleman from Mississippi state that this bill does not carry the slightest reduction in appropriations for the National Guard; it does not carry the slightest reduction in appropriations for chemical warfare; it does not carry the slightest reduction for the Air Corps or the enlisted personnel of the Army. The only reduction it carries, so far as the fighting force is concerned, is with reference to 2,000 officers, and we have more than 12,000 officers now, and as those are retired they will be subject to call if needed. Now, does the gentleman think that these reductions in this bill is going to affect our national defense?

Mr. BARBOUR. According to my understanding we now have many officers not engaged in active military duties. We have men in the Engineer Corps working on the Mississippi River and on the Great Lakes. We have them training students in schools and agricultural colleges, and the Organized Reserves and National Guard and the Reserve Officers' Training Corps.

Mr. HOLADAY. Mr. Chairman, I can not yield further. I want to make this one statement: The gentleman from California is entitled to offer any amendments he wants to. This House and this country are entitled to know whether or not these amendments represent his personal view or the view of the subcommittee or somebody else. Gentlemen, let me appeal to you again, we must face the country on this question of economy, and we must not fail as the House failed on the economy bill last week.

[Here the gavel fell.]

Mr. BEEDY. Mr. Chairman, I move to strike out the last four words. I welcome the opportunity which is now presented to some of us who do not agree with all of the items in the pending bill, to make perfectly clear to the Members of the House and to the country precisely what our position is. Let it be understood once and for all that there is no disagreement among any of us as to the necessity for economy. What is economy? The dictionary says that economy is a careful, thrifty method of management, without loss and without waste. So that economy is a relative term. There is no one here at the outset who wishes this country to waste one penny in this pending bill, or in any other bill. The President and the Director of the Budget went all over the needs of the Army for the fiscal year of

1933 and they reduced the Budget recommendations from $451,000,000 in round numbers in 1932 to $411,000,000 for 1933. It is fair to say that $20,000,000 of that reduction was possible because projects for enlarged facilities in the Army were considered possible of postponement in the present exigency. A part of the remaining $21,000,000 reduction was made possible through the decrease in commodity prices. In addition to this Budget cut, which the Army was glad to take, in view of present necessities, this bill proceeds to cut still farther. After the War Department has taken the Budget cuts by reason of decreased commodity prices, this bill would enforce a further cut, on the same ground, of approximately $3,366,000. We say that the committee is crowding on this item in the pending bill. We think before the debate is over that we will be able to prove it.

Now, I want to get into the mind of the Members of the House, so that none of us can be accused of being militaristic, the picture presented before you on the chart, which I have exhibited here. We are a great Nation. We have a great measure of national wealth, and a great many people. The Army is a protection to both life and property in time of peace and in time of war. In these days God knows we can not afford to cripple this great protective agency, for nobody knows what danger may beset us at any moment. Some of us think that economy, careful management, demands that we go about so far in cutting this bill, and no farther.

I do not think any explanation of what the President meant when he said that we can not afford to go any farther in cutting the national defense is necessary. He meant just what he said, and he said it only this spring.

Look at these tables pictured before you on this chart representing the size of the United States reserve and of the United States Regular Army, which we maintain in proportion to our national wealth. (See charts on pp. 9942 and 9943.) The upper section above the solid black mark is the reserve army. The solid black mark represents our Regular Army. Take Italy. She has the biggest reserve army on the basis of national wealth. Then look at France, Russia, Japan, and also at the United Kingdom and Germany, and last at this tiny mark here, less than a quarter of an inch in width. It represents the total reserve and Regular Army of the United States. Such is the size of the Army which we are maintaining to protect our people and our property in any emergency. It is this Army which the gentleman from Mississippi would have us cut in the pending bill. For our present skeleton of an army we are spending less according to our wealth, infinitely less, than any nation in the world.

Mr. ALLGOOD. Mr. Chairman, will the gentleman yield?

Mr. BEEDY. No. I can not do it in the time at my command. I will be glad to yield if the gentleman can get me more time.

Mr. ALLGOOD. Oh, I think the gentleman will be able to get more time.

Mr. BANKHEAD. Mr. Chairman, I ask unanimous consent that the gentleman's time be extended an additional five minutes at the conclusion of the present time.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. BEEDY. I yield to the gentleman from Alabama.

Mr. ALLGOOD. What is the pay received by the Army and the officers in the United States as compared with the pay received in these other countries?

Mr. BEEDY. Oh, we pay our soldiers, I am happy to say, much more than Italy or China or Russia pays hers. I am now pointing out the size of our Army. The gentleman will note there are no dollar and cent signs on this chart. I am showing you the size of the Army as compared with the size of the armies in other nations of the world based on national wealth.

Mr. ALLGOOD. But that must be a very expensive proposition after all.

Mr. BEEDY. The gentleman can see right in the appropriation bill what we are asked to appropriate for the Army this fiscal year of 1933. It is $281,000,000. This is a cut of more than $53,000,000 from last year. We think, some of us, that such a cut is not in the interest of economy, of careful and prudent management. Let me call your attention to this second chart. Here is your army of reserve plus your Regular Army in the United States as compared with the other countries, based on each 1,000 of population. You can see this tiny mark in the right-hand corner. It represents the Army of the United States based on each 1,000 of our population. Yet we have more property to protect than any nation in the world, and ours is by no means a meager population.

What was this national defense act? We started in 1920 to map out an organized scheme of national defense. We said the only way that we can in safety proceed, in view of our experience in past wars, is this: We must have an Army of 280,000 enlisted men and 17,000 officers. Presently we began to cut our Army appropriation bills, and we cut the proposed 17,000 to 12,000 officers and 118,750 enlisted men. General Summerall when Chief of Staff became very much concerned, and in 1927 he went into a very careful analysis to show just how much we could cut this scheme of national defense with safety. He figured that we could never cut below a minimum of 14,000 officers, in round numbers, and a minimum of 165,000 enlisted men.

Now, we have a trifle less than 12,000 officers and 118,750 men. The pending bill proposes that the number of our officers be cut to 10,000, leaving the personnel as it is. This proposal might be justified if our officers were not obliged to train our entire reserve forces, officers as well as enlisted men.

I simply present these facts to show that we have gone just as far with cutting into our national defense as we possibly can within reason. This is the view of the President as recently expressed, and he favors economy—wise economy. I am glad to approve of all these cuts based on the fall in commodity prices; so is the War Department. But we say that when you make these cuts that absolutely eliminate activities of the Army it is going beyond reason. Our entire national-defense scheme works like a set of cogs in a wheel. If one part is crippled the whole does not function efficiently. So some of us here are trying to reason with the House and are asking it to decide whether this committee is right or whether those of us who shall support some of these amendments are right. None of us want a dollar of the people's money spent except in wisdom and in the interest of our general welfare.

Mr. KETCHAM. Will the gentleman yield?

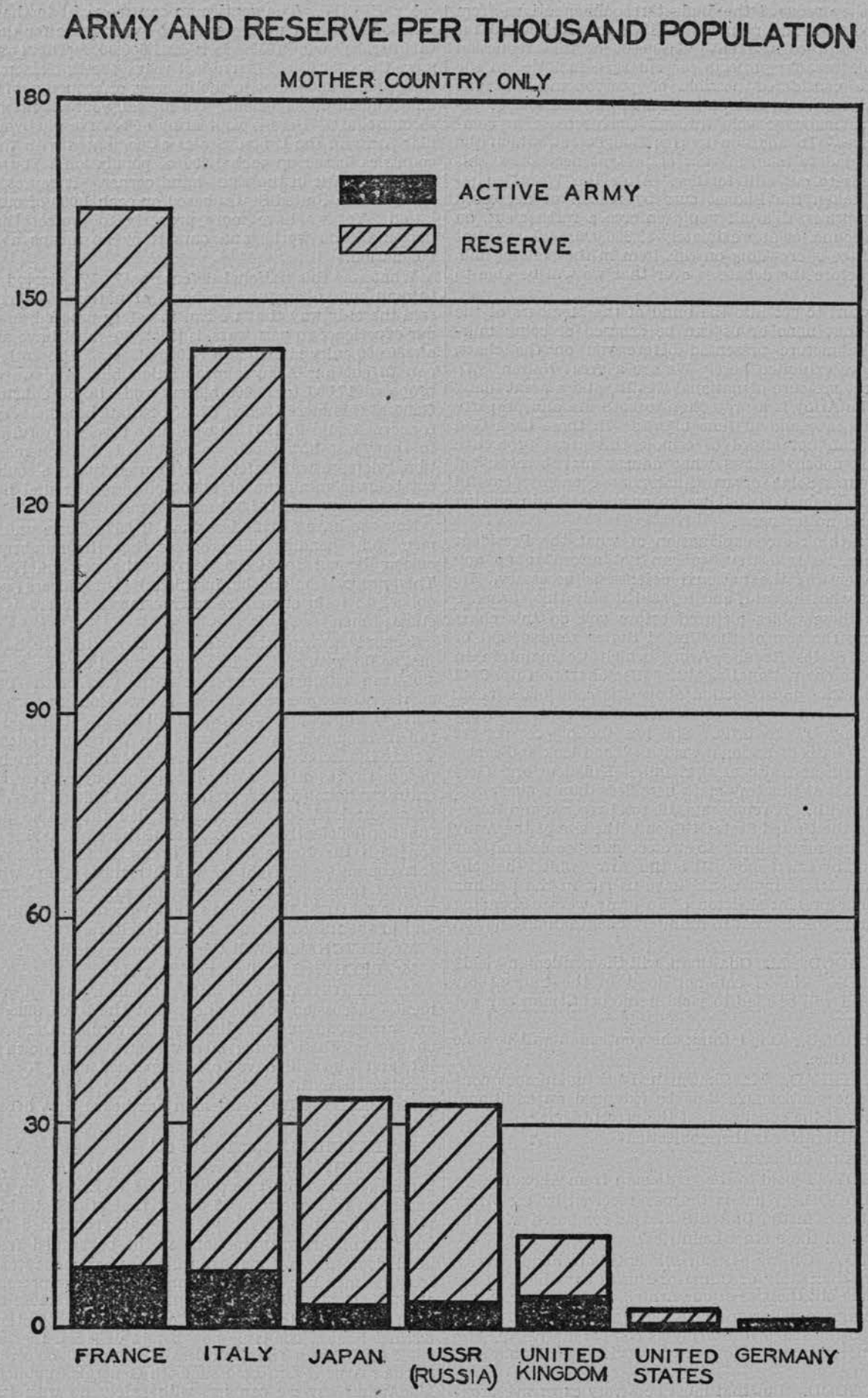
Mr. BEEDY. I shall be glad to yield.

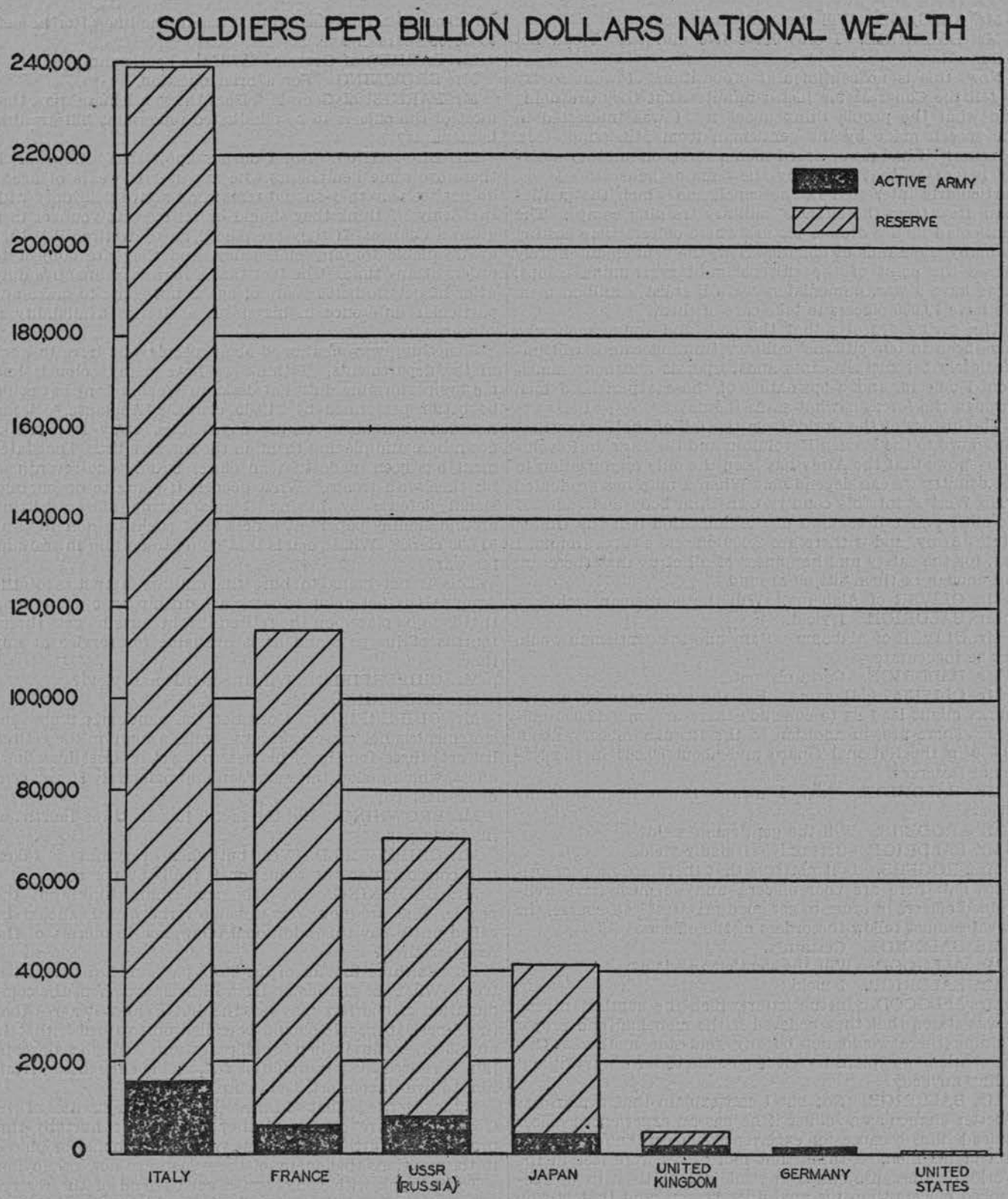
Mr. KETCHAM. Will the gentleman give just a moment's discussion to the effect that the 2,000 officers, who are far beyond their age limit, will have upon the promotion chances of these young men who are lower down on the list, and who will have to be depended upon for the real fighting strength?

Mr. BEEDY. The gentleman has heard that debated for years.

Mr. KETCHAM. No; I have not.

Mr. BEEDY. Well, I have, from time to time, for a number of years. I must confess that I do not claim to be an expert on that question. I do say that after listening to all this running debate for years I have concluded that the question of Army promotions might be argued from now until doomsday without securing a unanimous verdict. I feel that men like General Summerall and the present Chief of Staff, General MacArthur, probably know more about it than I do. By the way, the question of promotions is a distinct issue. The issue now before us is whether we shall cut 2,000 officers from our less than 12,000 officers in the Regular Army. On this issue both Generals Summerall and MacArthur say we can not with safety do with less than 14,000 officers in our Regular Army.


ARMY AND RESERVE PER THOUSAND POPULATION
MOTHER COUNTRY ONLY
180
150
120
90
60
30
0
ACTIVE ARMY
RESERVE
FRANCE
ITALY
JAPAN
USSR (RUSSIA)
UNITED KINGDOM
UNITED STATES
GERMANY



The CHAIRMAN. The time of the gentleman from Maine has expired. [Applause.]

Mr. BALDRIGE. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, we heard an appeal from the gentleman from Illinois in regard to saving $9,000,000, and the gentleman used the word "appeal" a great deal. I would like to read something that to me is a real appeal.

There is an association called American War Mothers, composed of women who are mothers of veterans of the World War. One division of that organization is called the Gold Star Mothers, a division of mothers who lost sons in the World War. I have a note here that came to me, not at my own seeking, but two ladies came to my office this morning, and this is what they wrote:

Every gold-star mother believes that if her boy had had the proper training he might be alive to-day. If there had been more Plattsburgs, there would be fewer white crosses in France to-day.

Gold-star mothers are the most peace-loving people in all of the world, but since we do furnish the man power for our Nation's defense we feel that we have the right to urge Congress to provide our sons with all the necessary and adequate mental and and physical training, experience, and equipment. We are against any reduction in the Army appropriation bill.

Mrs. WILLIAM D. ROCK, *Morristown, N. J.*,
Mrs. NICHOLAS N. NOCK, *Washington, D. C.*,
The Present and Past National Gold Star Chairmen of the American War Mothers.

Mr. ALLGOOD. Will the gentleman yield?

Mr. BALDRIGE. I only have five minutes. I can not yield.

Now, this is no sentimental proposition. I want to try to tell the Congress for just a minute what they are doing and what the people think about it. I was interested in the speech made by the gentleman from Mississippi [Mr. COLLINS]. I had never heard such a thesis on military activity before as that made by the "major general." I was particularly interested in the conclusion which the gentleman drew from the citizens' military training camps. The gentleman finally drew a picture where officers were costing us many thousands of dollars. Now, the gentleman entirely misses the point of the citizens' military training camps. If we have a war, immediately we will enlist a million men. We have 12,000 officers to take care of them.

The saving grace is that the boys and young men who have been in our citizens' military training camps will immediately become sergeants and corporals and noncommissioned officers, and a sprinkling of those experienced men through the forces is what saves the day.

The history of the world, from the fall of the Roman Empire down to the French Revolution and the Russian Revolution, shows that the Army has been the only organization in the country we can depend on. When a man has graduated from West Point this country owns him body and soul. If we must ever fall back on one organization it is the United States Army, and if there are 2,000 officers sitting around, I say, for the safety and happiness of all of us that there are not enough of them sitting around.

Mr. OLIVER of Alabama. Will the gentleman yield?

Mr. BALDRIGE. I yield.

Mr. OLIVER of Alabama. I am sure the gentleman would not be inaccurate.

Mr. BALDRIGE. Certainly not.

Mr. OLIVER of Alabama. But the gentleman by his remarks might lead us to conclude there are only 12,000 officers. There are, in addition to the Regular officers, about 13,000 in the National Guard and about 80,000 in the National Reserves.

Mr. BALDRIGE. Yes. I meant 12,000 Regular Army officers.

Mrs. ROGERS. Will the gentleman yield?

Mr. BALDRIGE. Certainly. I gladly yield.

Mrs. ROGERS. Is it not true that there are no poor privates but there are poor officers, and we must have well-trained officers in order to get good privates? Of course, the privates must follow the orders of the officers.

Mr. BALDRIGE. Certainly.

Mr. ALLGOOD. Will the gentleman yield?

Mr. BALDRIGE. I yield.

Mr. ALLGOOD. In the letter which the gentleman read it was stated that they believed if the men had had proper training there would not be any gold-star mothers. Can the gentleman explain how it is possible to have war without killing anybody?

Mr. BALDRIGE. No; but I can explain that a man has a better chance as a soldier if he has an experienced officer to lead him, because an experienced officer knows how to protect his men. I think that more lives were lost in the World War because our boys went into battle with inexperienced officers than for any other reason, and that is why the gold-star mothers favor all the training possible.

Mr. ALLGOOD. I feel that more lives were lost on our side because, possibly, our boys were brave and wanted to go through and fight in order to stop the war.

Mr. BROWNING. Mr. Chairman, I move to strike out the last two words. I think I am as far as any Member of this House from wanting to hurt the national defense. I am not one of those who have any grievance against the Regular Army; in fact, I have great admiration for it, but I do not view the matter as the gentleman from California does, when he says that the placing of 2,000 officers on the retired list would hurt the national defense.

Anyone with the least observation knows that war is a young man's game. Anyone with observation knows that an officer or a man has no business in the line after he gets to be 60 years of age.

Mr. PARKER of Georgia. Will the gentleman yield?

Mr. BROWNING. For a brief question.

Mr. PARKER of Georgia. Does the gentleman know that most of the officers to be eliminated under this bill are first lieutenants?

Mr. BROWNING. No; I do not know that. However, if there are some lieutenants who are over 60 years of age, I do not see why they should remain on active field duty with the Army. I think they should be retired and younger men given a chance. If they are placed on the retired list, they are available for any emergency, and they are subject to orders at any time. The fact that a man is on inactive duty after he gets to be 60 years of age is not going to make any particular difference in his status as far as availability is concerned.

Something was mentioned about people who have to work in the departments. I think we have many colonels and majors performing duties at desks in Washington that could be better performed by $1,800 clerks. [Applause.] I am not disturbed about taking a few men away from desks down here and placing them on the inactive list. The statement has been made that an officer is only one-seventh of his time with troops. What good is it going to do our national defense by having Regular Army officers sitting around signing papers at a desk that could be done by any $1,800 clerk? What good is that going to do him in training for war?

This is not going to hurt the military activities of the Army. It is not going to work a hardship on a single man that is to be placed on the retired list, because he gets three-fourths of his pay, and he is available for service at any time.

Mr. CHIPERFIELD. Will the gentleman yield?

Mr. BROWNING. Yes.

Mr. CHIPERFIELD. Does not the gentleman know his statement is not correct, because while a man on the retired list gets three-fourths of his base pay yet he loses his allowances, which makes the reduction approximately 50 per cent of his last pay.

Mr. BROWNING. But the fact is he gets three-fourths of his basic pay.

Mr. CHIPERFIELD. Yes; but when everything is taken into consideration the reduction is really 50 per cent.

Mr. BROWNING. Does the gentleman think that the people, who are now very much overburdened, should be called on to pay this additional allowance to officers of the Army, retired?

He gets three-fourths of his basic pay, and I insist that is true. What the gentleman from Illinois says about the commutation of quarters may be true, but I can not agree that the American people should be called on to furnish that to an officer, because when an officer who is as high as a captain is retired his pay would be reasonable enough to permit him to live in comfort, I am sure.

My insistence is that so far as the military activities of the Government are concerned they will not be hurt by this provision. I further insist that young men should be placed in the positions that many of these men are now occupying.

To be frank with you, I am a good friend of the reserve officers, but I think an age limit should be set for them, because when a man reaches a certain stage of his physical and mental capabilities he is not fit to be a line officer. [Applause.]

[Here the gavel fell.]

Mr. HARLAN. Mr. Chairman, I rise in opposition to the pro forma amendment. Mr. Chairman, there has been a great deal of discussion here, some of it, it seems to me, rather illogical and away from the point, as to whether the officer or the private does the fighting. A great deal of it has been with respect to what officers should be retired, and so forth.

There is one branch of our service where there is no question as to who does the fighting, and I refer to the officers in our aviation service. There is also no question but what

the retirement plan that is provided here provides that practically all of the officers that will be retired from the aviation service will be first lieutenants, men in the very peak of condition to serve their country, the men who in the event of the opening of hostilities will be the bulwark on which we will have to lean until our land forces get into shape, because as long as we maintain control of the air for defensive purposes we are safe and will have an opportunity to get our Army and Navy in condition for attack.

These officers have been specially trained. It was stated on the floor some time ago, in discussing the Navy appropriation bill, that it costs from $35,000 to $50,000 to train and equip one of these officers; and yet we are placing these men in the same class and category as officers of the other branches of the service. I do not believe, from a military point of view, these officers should be sacrificed in the same proportion as the rest of the Army, for the reason that we now have a quota of 1,200 officers in the Air Corps and we are 300 under that number now. In other words, we have approximately 900 officers in this corps; and if this bill goes through, we will reduce them over 300 more and will have the corps reduced to less than 50 per cent of its fighting strength. Men that we have trained at tremendous expense we are to put in the discard, and they are men who are in fighting trim—lieutenants and flyers who are working on experimental work. I say it is very poor economy to waste this great reserve that we have and to put them on the same proportionate basis as the officers in the other services.

For this reason, when the matter comes up for amendment, it is my intention to offer an amendment to line 23, on page 11, by inserting between the words "addition" and "such" the words "shall exempt," so that the clause would read that of the officers to be released by the general board the consent of the Chief of the Air Corps shall be necessary to release the officers in that particular branch of the service.

This will not add anything to the amount of appropriations necessary, but will preserve to our Air Corps the most valuable asset we have.

Mr. OLIVER of Alabama. Will the gentleman's amendment be so written as to limit it to qualified pilots?

Mr. HARLAN. Yes; my language was just a rough draft of the proposed suggestion.

I yield back the balance of my time, Mr. Chairman.

Mr. CHIPERFIELD. Mr. Chairman, I move to strike out the last four words.

Mr. Chairman, I do not wish to take any unpleasant issue with the gentleman who made the statement that an $1,800 clerk in one of the departments could just as well perform the work of a skilled and trained Army officer as the Army officer himself, but such statements are absurd.

Mr. BROWNING. Will the gentleman yield?

Mr. CHIPERFIELD. I will.

Mr. BROWNING. If the gentleman is going to take me to task for what I said, I wish he would quote me correctly.

Mr. CHIPERFIELD. I have quoted the gentleman as I understood him.

Mr. BROWNING. Will the gentleman allow me to make a correction?

Mr. CHIPERFIELD. If I may have a reasonable extension of time for the time the gentleman consumes.

Mr. BROWNING. Mr. Chairman, I ask unanimous consent that the gentleman's time may be extended three minutes so that I may make a statement.

The CHAIRMAN. Is there objection to the request of the gentleman from Tennessee?

There was no objection.

Mr. BROWNING. The gentleman will remember that I said that many colonels and majors in Washington were performing a duty that could well be performed by an $1,800 clerk. I did not say that the duties of a colonel or a major who is skilled in his line of work could be performed by an $1,800 clerk.

Mr. CHIPERFIELD. The gentleman said, "as well performed," as I understood him. Now, I do not want to misrepresent the gentleman.

Mr. BROWNING. I am sure the gentleman does not.

Mr. CHIPERFIELD. And, most certainly, I would not attempt to belittle or speak lightly of the gentleman's military service. I have no question that the gentleman was a good soldier, and I do not have any doubt now that he wants to make a fair statement here, but I do say when a gentleman on this floor makes the statement that a colonel of the Army who in that grade is from an assignment in the War Department, and I know the nature of the assignments there well enough to know that he will not be assigned to a task that can be done "as well" by an $1,800 clerk unskilled in military duties. It is unfair to the Army officer who is being classified with an $1,800 clerk, and it is also unfair to the service, and it is equally unfair to the War Department.

As a matter of fact, it is just as absurd as this proposal to strike 2,000 of the splendid officers of the Army from the active list in the ruthless manner proposed and to place them upon the retired list.

When the gentleman makes the statement that this can be done without any harm to the service, I take the most vigorous issue with him in that respect.

Let me tell you why I say it is absurd to strike this number of active officers from the list. In the first place, some 18,000 of these officers are required for duties of one kind or another by our national defense act.

We have about 12,000 officers now, and this proposed measure would reduce the active officers of the Army by about 2,000. We have a plan under the national defense act for the defense of this Nation in time of war, and you can not remove 2,000 trained officers from the Military Establishment of the United States without doing a great harm to the service that could not be corrected in many years.

The Chief of Staff, General MacArthur, has pointed out that we have two sources in this country for the creation of an army. One is for an army composed of citizens rallying to the defense of a nation, and the other is for a conscript army.

There is no halfway house between the two.

It is not fair to say that because there are 117,000 private soldiers in the United States to-day that it is overofficered by 12,000 commissioned personnel. These commissioned officers are the framework upon which an army would be built in time of war.

Now, so far as the proposed reduction of officers is concerned, nothing could be more unscientific.

You are retiring men under this plan purely by age.

No one who has any idea of military history would say that an officer over 60 should be retired on account of age.

Look at Von Moltke and Von Hindenburg, Von Bismarck, and others, who led their men to glorious action when they were approaching 80 years of age. It is an unwarranted slander on the officers of the Army of the United States to say, in view of their health, their condition, and their energies, that they are becoming surplus and worthless at the age of 60 years.

Mr. BROWNING. Does the gentleman know that Hindenburg was taken from the retired list?

Mr. CHIPERFIELD. I have no doubt Hindenburg was on the retired list; but when you take an officer and put him on the retired list for years without the advantage of schools and training, he can not keep abreast of the times and you have markedly decreased his efficiency and worth. To suddenly restore him to active duty would be to the detriment of the service.

Do you know that you are retiring the Chief of Ordnance, General Hof, because his actual rank is only that of colonel.

Under this plan you are retiring the Judge Advocate General of the Army, Gen. Blanton Winship, a fine officer. You are retiring every other judge advocate in the Judge Advocate General's Department until you leave, out of 80

or more, only 27, and of these there is only one who has had any sort of experience in a civil court. You are retiring Col. Tenny Ross and many others who acted as chiefs of staff and led the advance in the World War, and who, in view of their experiences, would be more valuable than any other men who might be left in the various grades, merely because they were younger.

Mr. BROWNING. General Pershing is on the retired list.

Mr. CHIPERFIELD. General Pershing is as much in the active service as he ever was. He is a general of the Army and would be subject to any active duty.

If you are going to retire men, retire them on some sensible plan, and not merely because of age. Retire them on some plan where you seek efficiency in the service, and not because they are the older men.

Let me read you some of these statistics:

There is a rating known as "superior," another as "excellent," and still another as "satisfactory"; and these ratings are made with much care and fairness every year. Of the officers you propose to retire, 79 are of the superior grade, the brightest, best minds of the Army, men who are looked up to by their associates, men who are an ornament to the profession of arms. Then there are 709 whose standing is excellent, the next degree.

The CHAIRMAN. The time of the gentleman from Illinois has expired.

Mr. CONNERY. Mr. Chairman, I ask unanimous consent that the gentleman's time be extended two minutes.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. CHIPERFIELD. There are 710 of these officers proposed to be retired whose standing is satisfactory.

Mr. MARTIN of Oregon. Mr. Chairman, will the gentleman yield?

Mr. CHIPERFIELD. Yes.

Mr. MARTIN of Oregon. And will not this thing rid the Army of practically all of the noncommissioned officers, the men who came in from the National Guard and from civil life?

Mr. CHIPERFIELD. That is so. I was about to come to that.

Mr. MARTIN of Oregon. It is not a direct favor to these obnoxious West Pointers—this plan?

Mr. CHIPERFIELD. Not at all. I put into the RECORD yesterday—because I thought the House would like the information—a list of the commissioned officers who are to be retired under this law, with the place where they come from, not that that makes any difference; whether they came from the Military Academy or were emergency officers or coming in from civil life.

As I compute it, about 40 per cent of these officers you are now trying to retire are men that so many sneer at, the graduates of the Military Academy; and about 60 per cent of the officers came from civil life. This latter class came from the emergency officers, from the men like my friend [Mr. BROWNING], who heroically performed their duty in the World War in the service of the United States. I am sure that what the Army needs at this time is not only these efficient officers from West Point, these regular officers of the service, with whom I served for nearly three years with so much delight; but it also needs the influence of men who come from civil life, men who entered the Army for the emergency. You can not well dispense with these men. The loss of either of these classes would be great and irreparable.

To get now to the subject of the unfairness of this plan to them, they started out in the profession of arms and they had a right to anticipate promotion with increase of pay, they had a right to anticipate under the law that they might stay in the service until a retiring age, they had a right to anticipate, because they can not save otherwise, that they might have all the emoluments and benefits of their position. I say again that the man who retires to-day in any grade in the United States Army will receive substantially 50 per cent of the pay that he is receiving at the time he retires. And so, gentlemen, ordinary fairness to the officers that this bill seeks to retire requires that such provision should be stricken out and should not have the approval of this House. To do less would be to work a great injustice. [Applause.]

Mr. WOOD of Indiana. Mr. Chairman, I can not agree with the gentleman from Illinois [Mr. CHIPERFIELD] that the retirement of these 2,000 officers will wreck the Army of the United States. He speaks about the possibility of promotion that will be denied these 2,000 men. I would have you consider that if that promotion is to be had it is going to be very slow, indeed; and if this amendment carries then, men who are lieutenants will be lieutenants until they are retired for age. You had better give the young men an opportunity to be advanced. These men who are now occupying these offices, who will be placed on the retired list or on the inactive list, have had their training and have had their fling. Why not give the young officers upon whom we must depend a chance, if we ever get into another war. Rather than diminishing the efficiency it will add to the efficiency of the Army of the United States if these old officers are put on the inactive list.

I want to say a word in answer to the argument of the gentleman from Maine [Mr. BEEDY]. He had a beautiful chart here showing the relative size of the armies of the different countries in Europe as compared with ours, taking into consideration their respective national wealth. He showed a great big black mark representing the army that Switzerland has, as compared with her national wealth, and that of France and Italy and Germany and England. Why, there is no comparison between our position and theirs. True, we are the wealthiest nation on the face of the earth; but we have this wealth because we have kept out of war, while these other countries have been constantly plunging into war. Switzerland of necessity has to have a large standing army, for the whole country is not as big as a county in Nebraska or Indiana, and her army is a nonpaid civilian army; everybody belongs to it.

Mr. HILL of Alabama. And the Swiss Army is entirely civilian, without any regular officers at all.

Mr. WOOD of Indiana. That is true. Speaking about the number of officers, we have 12,000 officers to-day in an army no larger than that of England, and she only has 5,000 officers. Our country is isolated and we are not threatened upon any side by a border territory, and we do not have to watch every moment in the day and night lest advantage be taken by some one across the border. You can not travel over Europe but you are awakened half a dozen times during the night by customs officers because of the fact that you have crossed from one country into another. It is unfair to make such a comparison. I would have you understand that the Army of the United States to-day is costing the American taxpayers three times as much as it cost before we got into the World War. Is there anybody here who is apprehensive that we are going to get into war in the near future? We better be a little bit more apprehensive about the Treasury of the United States. Do not be carried away by false alarm.

I know that the Army has a lobby here constantly, and we are beset on every hand by these groups, not only of the Army but of others that I might mention who have some selfish purpose, but there is nobody to represent those back home except we do it ourselves—the burden bearers of this country, the men and women who are paying the expenses of the Army and the Navy, which is more than three times what these respective services cost us before the war.

We should heed the voice of the people. We should pay some attention to the man on the farm who can not to-day pay his taxes, by reason of the economic conditions of this country. It would not hurt the Army; it will help the Treasury of the United States; it will please the taxpayers of the Union if this amendment is not adopted. [Applause.]

Mr. McCORMACK. Mr. Chairman, I rise in opposition to the pro forma amendment.

The gentleman from Indiana [Mr. WOOD] asked a very pertinent question:

Is anyone apprehensive that we are going to get into a war to-morrow?

Let me answer the gentleman by saying that prior to 1917, the great majority of our people did not think that we would get into war. We were unprepared. In 1898 the war with Spain was unexpected and we were not prepared. Neither were we prepared for the Civil War. We were not prepared for the War of 1812. We have never been prepared in this country for war.

Mr. WOOD of Indiana. Will the gentleman yield?

Mr. McCORMACK. I yield.

Mr. WOOD of Indiana. Does the gentleman expect we will ever be prepared to the extent where we will be immediately able to defend ourselves against any or all the nations of the earth? It is absolutely impossible for this country to be prepared in the sense the gentleman would have them believe they should be prepared.

Mr. McCORMACK. Mr. Chairman, that is the best argument in favor of the amendment which the gentleman from California [Mr. BARBOUR] is going to propose that I can think of. [Applause.]

Now, the fact remains we have never been prepared, and the 1920 act was passed for the purpose of trying to assure reasonable preparation in the event of future armed conflicts—preparation for defense and not for offense.

None of us want war; but in 1914, before Germany and England and France entered into war, a short time before the declaration of war, at a banquet held in London the ambassadors of those countries spoke about their love for each other, and the fact that the days of war were over. Yet within two months of that banquet the worst war in the history of all time was being waged.

We must think of the welfare and safety of 122,000,000 people.

Mr. BANKHEAD. Will the gentleman yield?

Mr. McCORMACK. I always yield to the gentleman from Alabama.

Mr. BANKHEAD. Will the gentleman explain to this House why it is that it is necessary for the Army of the United States to have an infinitely greater proportion of commissioned officers than it is for the great militaristic armies of Europe?

Mr. McCORMACK. For the very reason that we do not maintain in the United States the military theories of European nations but we are maintaining the groundwork of a civilian army through civilian training, under the leadership of Regular Army officers, cooperating with the other reserves, the National Guard, the citizens' military training camps, the Reserve Officers' Training Corps, the Regular Army being the leaders in the training, in order that in the event of war or in the event of danger we will have trained officers and enlisted personnel in this country that we may call upon. Such a policy requires for its success a larger officer personnel. [Applause.]

We have never stood for the European espionage system. We have never stood for the European military system. That is one of the reasons why our forefathers fought during the Revolutionary War—to try to get away from European conditions and policies and principles which existed at that time. We have always tried to keep away from those policies and those principles. We do not want a large standing army but we want a good respectable standing army, which will be well officered and trained, and behind that will be the National Guard; behind that will be our civilians, young men; behind that will be others who are interested, so that in the event of war we will at least be prepared to some extent and not be wholly unprepared as we have been for every war of the past.

Mr. MAY. Will the gentleman yield?

Mr. McCORMACK. I yield.

Mr. MAY. What does the gentleman think about the idea of proposing a reorganization of the United States Army in an appropriation bill?

Mr. McCORMACK. Well, of course, I think that the Appropriations Committee should be very careful before they undertake to legislate in an appropriation bill. They are usurping the functions and the jurisdiction of a legislative committee and it should only be done with the greatest caution. [Applause.] In this particular case it is unnecessary and unwise.

Now, there is another great question involved, whether or not we are going to have the pacifists determine our policies or whether or not we are going to have respect for the dignity and protection of our country. [Applause.]

I respect my friend, the gentleman from Mississippi. He is just as good an American as anybody in this country. He is a fine gentleman. He belongs to a school in this country which believes there should be no army and no navy. There are some in this country who believe that way; that we should show the world our altruism by being defenseless.

The CHAIRMAN. The time of the gentleman from Massachusetts has expired.

Mr. COLLINS. Mr. Chairman, I ask unanimous consent that the gentleman may proceed for five additional minutes.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. COLLINS. Will the gentleman yield?

Mr. McCORMACK. I yield.

Mr. COLLINS. The gentleman's statement is wholly untrue.

Mr. McCORMACK. The gentleman is expressing his opinion, and I am glad to hear the gentleman say that; but I have expressed my opinion.

Mr. COLLINS. I am saying that to the gentleman so that the gentleman will not make the statement any more. The gentleman's statement about me is wholly untrue.

Mr. McCORMACK. Does the gentleman believe in pacifism?

Mr. COLLINS. I do not; and I maintain that it can be demonstrated to any fair-minded person that there is not a proposition in this bill that should not have the support of every advocate of an efficient and effective military establishment.

Mr. McCORMACK. Very well. The gentleman indicates in this bill that pacifism is predominant. [Laughter and applause.] Permit me to read one paragraph on page 60 of this bill:

Provided further, That none of the funds appropriated in this act shall be expended for or on account of any educational institution not essentially a military school which does not leave the election of military training to all students enrolled therein, and this appropriation shall be available, in accordance with law, to such institutions as maintain elective military training courses.

Just think in time of war what this would mean. They would place the question of military training before the students for consideration and ask: "Do you want military training or not? You can vote one way or the other." Can you imagine the schools leaving it to the personnel of the school, the students, taking the power away from the faculty? This is what the pacifists have been trying to put into the law of this country and in the appropriation bills for the past several years. They say such schools are breeders of war. That is the argument of the pacifists, and that is the best answer to the gentleman's statement. The bill is permeated with pacifism.

Mr. COLLINS. Mr. Chairman, will the gentleman yield? The gentleman is jumping at conclusions.

Mr. McCORMACK. It is the only conclusion that can be reasonably arrived at.

Anything which is destructive of our national defense under the guise of economy is false economy. That is not the kind of economy the people of this country want. They want real economy. They want a reorganization of departments and bureaus and the elimination of bureaucracy. They do not want economy at the expense of our national defense.

The people of America are watching this bill. The people of America are also proud of our Army and our Navy and of the type and character of men who serve therein. The great rank and file of the people of America stand for adequate defense, stand for an adequate Army and Navy that will assure protection of our people, our wealth, and, as the gentleman from Maine [Mr. BEEDY] so well said, of our

shores, and of our institutions of government. We have enemies in this world, just the same as every Member of this House has enemies in his district. Other nations are jealous of our success.

War is not a thing of the past. Armies are maintained in Europe to-day, for what purpose? They are maintained in anticipation of war. They do not want war, but in the event of war they want to be prepared. I do not want war, but who can say that we are never going to have a war in the future? And if we do have a war, let us at least know that in our day, and on this occasion so far as this bill is concerned, we voted to have our country as well prepared as we could under the circumstances.

We have never been prepared for any war that we have entered. At least, let us have some semblance of preparation.

The reduction of 2,000 officers is destructive of our national defense so far as our Army is concerned. The elimination of the Citizens' Military Training Corps is another step in that direction, another attack against adequate defense, and a step in the direction of pacifism.

The elimination of 7,200 boys from the Reserve Officers' Training Corps camp is another step in the direction of pacifism.

The elimination of our Organized Reserves by the payment of only a dollar a day, and then saying that it is for meals is absurd. That is no proposition to put up to any respectable body of men, who have a regard for proper preparations for defense in the event of attack. That is another step in the direction of pacifism. The provision that I have just read appearing on page 60 of the bill caps the climax and shows that the whole purpose is to try to economize at the expense of national defense. A few million dollars saved at the expense of our national defense is not the kind of economy that our people are looking for. [Applause.]

Mr. COLLINS and Mr. GOSS rose.

Mr. COLLINS. Mr. Chairman, it is not my intention to read further than line 15, on page 8, to-day. When we reach line 16, on page 8, it is my idea to move that the committee rise. With that assurance I would like to have the Clerk read a while, so that we can approach that point.

Mr. BARBOUR. Mr. Chairman, when we reach line 15, page 8, we will come to the paragraph where we will meet the proposition of whether we will reduce the commissioned personnel.

Mr. COLLINS. That is right. With that assurance to the House, I would like to read a while.

Mr. STAFFORD. Is it the purpose of the gentleman to ask that the House consider this bill to-morrow and dispense with Calendar Wednesday business?

Mr. COLLINS. It is my understanding that we will take up the consideration of this bill again on Thursday.

Mr. GOSS. Mr. Chairman, one of the great past commanders in chief of the American Army once said that there was no right to strike against the public safety by anybody, anywhere, at any time. I am, therefore, taking this opportunity to speak for a few moments of the Organized Reserve and the Reserve Officers' Corps as components of that great organization.

We have about 80,000 officers in the Reserve Corps on the active list. We have some 27,000 others on the inactive list. May I call your attention to this fact, that in this bill, for the first time in the history of the world, has any nation ever asked its officers to serve without pay; yes, worse, to even buy their own uniforms in order that they may serve the Government which they love.

In the few minutes allotted to me I want to call attention to this fact, that during the last year these same officers put in, without any compensation at all, 1,325,000 hours, working in the winter months, in the monthly and bimonthly meetings, studying their problems, only to find that if this bill is passed without the proposed amendments that they go to camp this summer with no pay and with the allowance of $1 a day for subsistence.

During the last year there were 260,610 officers who attended 15,800 conferences without any pay. I want to call the attention of the committee to the fact that most of these officers are officers of the late World War. They are getting on in years, and it will not be very long that they can exert their influence on the young men who attend our citizens' military training camps, our reserve officers' training camps, or on the enlisted strength of the Army.

Mr. MAY. Will the gentleman yield?

Mr. GOSS. I yield.

Mr. MAY. Does the gentleman mean 260,000 officers or 26,000?

Mr. GOSS. I mean 260,000 officers, and that means not all the same officers.

Now, in this citizenry army of ours we draw from the citizens' military training camps, our Reserve Officers' Training Corps camps, the Organized Reserves, composed of the enlisted reserves and the reserve officers, and for the first time in the history of the world—and I say this without fear of contradiction—has a nation ever asked its officers to prepare themselves to fight without being paid and having to buy their own uniforms, because on the basis of our training, each one of these active officers only gets training for 14 days once in five years. The pittance they drew when they used to draw under old appropriation bills did not even pay for their clothes.

Mr. OLIVER of Alabama. Will the gentleman yield?

Mr. GOSS. I yield.

Mr. OLIVER of Alabama. In what appropriation bill did we ever carry money with which to pay for the uniforms of reserve officers?

Mr. GOSS. We have not; but we have carried money in the way of pay, most of which went to buy their uniforms because they were only trained once in five years, and the uniforms would not last that long.

We have heard about the citizens' military training camps and the Reserve Officers' Training Corps camps; we have heard from the able gentleman from Massachusetts with respect to the military schools, which are being thrown out under this bill, and I earnestly ask every man to put back every dollar that was in the Bureau of the Budget estimate for these citizens' training camps. [Applause.]

[Here the gavel fell.]

Mr. GOSS. As an extension of my remarks I submit the following:

THE ORGANIZED RESERVES

REASON FOR THE RESERVE

The Officers' Reserve Corps was created for the purpose of making immediately available in war the comparatively large number of officers who have military or civil experience directly useful in war but who are not enrolled in the Regular Army or the National Guard. Its members are willing to keep fit and available for emergency service but either can not or do not desire to devote to the professioh of arms the lifetime of the Regular Army or the extended peacetime duty sometimes incident to National Guard service. The reserve is the comparatively inexpensive component of the national defense.

PROCUREMENT OBJECTIVE

It is desired to enroll and train in peace sufficient officers to provide, together with those now in the Regular Army and the National Guard, enough to initiate mobilization in the event of emergency. We need to carry on mobilization up to the time graduates of the first training camps become available, 115,000 officers. It is this 115,000 that we are endeavoring to procure.

Of the 115,000, we have 80,399 on the active list. There is a further inactive list of 27,811, but these 27,811 have not taken training within five years and we are not sufficiently informed as to their present personal and military status to make any plans for mobilization dependent upon them. Doubtless there is much good material in this 27,811, but it will not be immediately available for the initial days of mobilization. We now have sufficient active officers for the 33 reserve divisions contemplated by the 6-army plan, but we are very considerably short on officers needed to reinforce the Regular Army and for the corps and army troops that must be organized earlier to back up the 34 Regular

and National Guard divisions of the first line. We are short both in the staff and in the line. For instance, we have only 8,000 of the 20,000 medical men that would be needed initially for mobilization. The present active Reserve Corps is about two-thirds line and one-third staff.

EFFECT OF SUSPENSION OF ACTIVE-DUTY TRAINING

The purpose of the Reserve Corps is to provide trained officers for war. It is fundamental that an untrained or incompetent officer is worse than none. He not only stands in the way of the competent officer who might be procured in emergency but he is, in addition, an actual menace wherever employed. When training ceases the third component in the national defense ceases with it. Without the reserve the Regular Army and the National Guard can not live one week in campaign.

First of all, thousands of reserve officers will be required to bring the Regular Army up to its war strength. The Regular Army and National Guard divisions at the front must be fed, armed, clothed, transported, and served in a thousand ways, largely by reserve officers. Hospital trains and hospitals must be provided, again largely by reserve officers. The peace organization of the War Department must be increased to war size, and the officer increase for that comes almost entirely from the Officers' Reserve Corps.

The reserve is a volunteer and popular movement. In America it is comparatively easy to start any patriotic movement, but those who have been associated with such movements know that the real difficulty is in holding that membership. Such movements survive storm and stress much better than they survive neglect. The stauncher spirits of the reserve will survive even neglect, but it is only human that many should be offended, discouraged, and lost on account of the lack of recognition that the occasional call to active duty implies. If we had the number that War Department plans show to be necessary for mobilization, we could afford some neglect, but we are already one-third short of our actual needs.

STATISTICS

The War Department mobilization plan calls for 67 divisions, with the necessary corps and Army troops to back them up.

Of the 67 divisions—first line:

Regular Army	12
National Guard	22
Reserve	33
Total	67

To initiate the mobilization and to maintain the Regular Army and National Guard divisions in the front line until training camp officers become available, 115,000 reserve officers will be needed. In detail:

To bring the Regular Army up to war strength	16,000
For the corps and Army troops needed to back up the Regular Army and the National Guard	38,000
For the command and business end of the war	31,000
For the 33 reserve divisions	30,000
Total	115,000
The "active" list (a)	80,399
The "inactive" list (b)	27,811

(a) Officers whose recent training and standing warrants their assignment to regiments, etc.

(b) Officers who have had no training within five years. They are usually dropped entirely at the end of one 5-year "inactive" appointment. They involve no expense.

(c) There are also 12,340 National Guard officers who have reserve commissions in addition to their National Guard commissions. They should not be included in any reserve totals.

SUPPLY SOURCE FOR THE OFFICERS' RESERVE CORPS, FISCAL YEAR 1931

Reserve Officers' Training Corps	6,000
World War	1,000
Citizens' military training camps	230
Civil life (staff duty)	1,750
From the rank (Regular Army, National Guard, and enlisted reserve)	1,000
Total	10,000

TRAINING—1931

14-day training	20,998
For more than 14 days (329 Air Corps)	762
Total	[1] 21,760

The Air Corps Reserve officer needs training every year, or he loses his ability to fly.

A medical or other staff officer should be ordered to active duty at least once in five years to be observed and refreshed as to his part in the war plan.

A combat officer, intrusted with the lives of men, should train at least every other year.

Growth in extension courses [1]

School year	Enrollment Mar. 31 [2]	Students completing subcourses	Subcourses completed	Hours for subcourses completed	Average hours per student completing subcourses
1925–26	23,316	11,976	15,972	320,255	26.7
1926–27	30,953	14,483	25,336	512,037	35.3
1927–28	34,998	19,066	32,403	659,273	34.6
1928–29	38,860	18,851	30,481	683,240	36.3
1929–30	38,431	22,282	35,282	791,395	35.5
1930–31	45,896	26,221	47,394	1,019,164	39.0
1931–32	[3] 59,591	[4] 34,500	[4] 69,750	[4] 1,325,000	[4] 38.6

[1] Data furnished by T. A. G.
[2] Enrollment is of Mar. 31, near end of school year.
[3] Exclusive of the Philippine Department enrollment, which is estimated as 450. Total estimated enrollment, 60,041.
[4] Estimated on partial returns.

CONFERENCES

Period: January 1–December 31, 1930; number of conferences held, 15,800; attendance at conferences, 260,610.

Mr. CHINDBLOM. Mr. Chairman, in 1916, by a happy and fortunate inspiration, the Congress of the United States, then under Democratic leadership, adopted the national defense act, and in 1920, following the war, by an equally happy and fortunate inspiration, the Congress, then under Republican leadership, adopted the Army reorganization act. By those two acts the Congress of the United States for the first time in the history of our land established a system of adequate national defense in case of emergency. That legislation was accomplished through great labor, after much discussion and persuasion, by which the people of the country were led to understand and know the necessity for adequate national preparedness.

We are now asked in the name of economy to change the laws enacted in these two instances, both the national defense act and the Army reorganization act, by amendments upon an appropriation bill.

I yield to no Member of the House in my devotion to economy. I voted for every proposal in the economy program except what I believed was another onslaught upon the adequacy of our national defense in the consolidation of the Army and Navy Departments. I have voiced my opposition to the soldiers' bonus proposal and have voted against it heretofore. I have voted against increases of pay for civilian employees. I have voted for reduction in the salaries of officials as well as of employees in the departments of the Government. I am not afraid to vote for reduction in salaries or in the compensation of men in the military service or in the civilian service of the United States Government. That is not the issue here, however. I shall vote for any real retrenchment proposal that is brought before us, but if we are going to revise, if we are going to change our system of national defense, if we are going to amend the national defense act and the Army reorganization act, let us do that by direct action and not by this subversive attack upon the defense system of the United States. [Applause.]

We are attacking the very services which come closest to the civilian population of the United States. I have had a son in the citizens' military training camps. I know what that service means to the young men of the land who have an opportunity to go to these camps in the summer.

[1] 21,760 is 27 per cent of the 80,399 active officers.

I have seen that service as well as the Reserve Officers' Training Corps in action at Fort Sheridan, in my district. Every year I try to make a visit to these organizations for the purpose of ascertaining just what they are doing. It is not only the military training which these young men are receiving, it is not only the improvement in the use of arms and in military tactics which these officers obtain in their brief service during the summer, but it is the civic morale, the idea of citizenship; it is the patriotism that is aroused in them when they have the opportunity to go to these camps and be employed in these services that are of even greater value to our Nation.

Mr. WOOD of Indiana rose.

Mr. CHINDBLOM. I am just as deeply in favor of economy as my good friend from Indiana ever hoped to be, and I will vote to reduce bureaus and eliminate establishments. There are many things that can be done and I have repeatedly called attention to them; but let us not strike a blow at this great national necessity of maintaining what we have in the way of a permanent establishment for our national defense.

Some of us seem to think we are living in a millennium and that we have perhaps come to a time when there is no longer any danger of war. Some one asked whether we are going to have a war to-morrow. Oh, I remember what was said back in 1916, "No war and no possibility of war." I am not going to refer to those unhappy days, but only a few months later, in 1917, we declared war.

We do not know what lies before us. We do not know just what we may have to do. We may do something here that may be very dangerous to the welfare of this Nation. God forbid that we should take an untoward step at this moment, when the whole world suffers from social and economic, if not political, unrest.

Mr. KLEBERG. Mr. Chairman, I would like to ask at this juncture unanimous consent, in order to save time, to present a statement which I have prepared concerning a program of national defense, together with one or two actuaries from some of our leading insurance companies, for the benefit of the membership of the House in studying the question of national defense.

I am particularly interested at this time in the manner in which this approach to attempted economies is being made. I do not believe that when the problem of national defense, viewed as I view it, from the standpoint of its being not only national defense, but Government insurance, in which every citizen of this country is interested, is approached, that it should be approached in any such hurried fashion as is being done at this particular moment, and with your permission I would like to insert this brief statement prepared from the angle strictly of an insurance policy in which every citizen of the United States, of every age, is directly interested. [Applause.]

The CHAIRMAN. The gentleman from Texas asks unanimous consent to extend his remarks in the RECORD by including the data indicated. Is there objection?

There was no objection.

Mr. KLEBERG. Mr. Chairman, let me direct your attention particularly to the personnel of both the Army and Navy, including all branches thereof, from the standpoint of viewing them in the light of their being our national defense, as well as taking into consideration the fact that at present our armament, personnel, and equipment are even below the recommendations of both departments (Army and Navy) for our peace-time strength. I call your attention to an intelligent consideration of the importance of our national defense through the eyes of each and every citizen of the United States of America from babyhood to old age. Our national-defense program, in my opinion, should properly be viewed from the angle of its universal importance as the only cover-all insurance held by every citizen and in which every citizen has an individual interest.

Taking the estimates secured from the United States Chamber of Commerce, the National Industrial Conference Board, and other authentic sources, we find the estimated national wealth as of 1930 amounting to $329,700,000,000. Dividing this into private wealth and public wealth, we find the private wealth amounting to $309,195,000,000 and the public wealth to $20,505,000,000. From the standpoint of wealth insurance we find our Army and Navy military-purposes budget for 1933 totaling $639,297,000; and considering this sum as the insurance premium paid, we find the premium to be at the annual rate of $1.94 per $1,000 of our national wealth per annum. This, distributed evenly among the 125,000,000 citizens of the United States, gives us our per capita national-wealth insurance at the rate of 1 cent 5½ mills ($0.0155) for each 1,000 of our population per annum, leaving the fraction per citizen so infinitesimally small that it is not even necessary to figure it out. By comparison we find that for the purpose of protecting our private wealth against all casualties, such as life, fire, demolition, etc., the aggregate premiums paid to insurance companies by private citizens of the United States as organizations and individuals amounted in the case of life-insurance premiums to $3,000,000,000; fire insurance, $1,000,000,000; casualty, etc., all claims, to $901,651,215—making the total of all premiums paid the sum of $5,001,651,215.

We find, therefore, that the total annual combined insurance premiums of $5,100,651,215 paid on our estimated private wealth of $309,195,000,000 is at the rate of $16.1763 per $1,000 of above estimated private wealth. Distributing this aggregate premium evenly between our total population, the per capita cost of our private insurance would be at the rate of $0.1294 for each 1,000 of our population. The average life-insurance-premium rate per $1,000 of life insurance alone is $25.50. By comparison, the average combined national insurance rate, as set out above for 1933, per $1,000 is $1.94.

Breaking down the 1933 Budget, covering all departments of the United States Government, we find this interesting result: Total Budget of the United States for the fiscal year ending June 30, 1933, $3,942,754,614; War Department (military purposes), $296,297,000; Navy Department, $343,000,000. I direct your attention to the fact that the sum total allocated to national defense is but 16.2 per cent of the total Government Budget—7.5 per cent charged to the War Department and 8.7 per cent to the Navy Department.

Applying the insurance basis to the War Department budget and providing full coverage for national wealth, human life, property, business, etc., we find the ridiculously low rate of $0.925, or 92 cents and 5 mills a year per $1,000 of national wealth.

On the basis of distribution among citizens of our Nation we find the rate to be $0.0074 per year per million of our population per annum.

I am hoping that this statement will be of some value to the membership in arriving at a sane, reasonable, and constructive attitude toward the solution of our economic problem, and am allowing myself to indulge in the belief that we will not deprive any citizen of both protection and insurance by crippling or rendering less efficient or less valuable to us as citizens the national defense of this country.

Mr. MARTIN of Oregon. Mr. Chairman, I move to strike out the last 10 words.

Mr. Chairman, I do not know but that you will have to have a survey on me, because I am one of those old, senile officers, according to Mr. COLLINS, who are now being retired. I reached my senility five years ago, but, Lord, how I love a fight. I have not got over that yet.

Of course you see the genesis of this whole bill in the preliminary remarks of the gentleman from Mississippi [Mr. COLLINS], who gave you his theory of war and his policies for waging it. For God's sake, I hope you will not follow his leadership. He presented to you his theory and policies as to how armies should be organized. He quoted from a distinguished captain—captain, mind you—generals and admirals do not amount to anything with him, only captains and majors. He told you how this English captain would organize armies, and he told you how that English captain would provide a national defense, and then, carrying the matter to the end, he tells you how he would run our Army. My God, think of the Appropriations Committee permitting the distinguished gentleman from Mississippi [Mr. COLLINS]

to write his theories of armies and his theory of the organization of armies into a bill. It makes your blood boil to think such things could be done in this distinguished body. I can not understand an organization that will permit such things to be done. [Applause.]

I know something about the national defense act. As I told you here yesterday, I was a close friend of another Mississippian, who came to Oregon, thank God, in the early days, the late Hon. George E. Chamberlain. Just before the World War broke out there came a realization to our people that we were unprepared, that we had gone into every war preceding the World War unprepared and had enacted our laws for carrying on the war after war had been declared.

Senator Chamberlain sat here much of the time getting his southern friends up to his committee hearings. He told me all about it. He plugged away at it and he got a great fund of information. It comprises all the history of the world on national defense. At last he prepared that great national defense act—not in 1920, but in 1916. That great act, prepared by a Democrat formerly from Mississippi, Senator Chamberlain, and a Democrat from Virginia, Mr. Hay. Do not go back on them, by southern friends. It was to save the Nation in case of war. We went into the World War and had this great national defense act. Never in this world did a nation carry on with greater efficiency. We had the greatest war President that we ever had working under this national defense act.

That national defense act was not written to carry out any pet theory on an appropriation bill. It was written after weeks and months of intensive study and with the best information that could be gotten on all military organization. It was the greatest piece of military legislation ever enacted for any country.

The act is like what my distinguished colleague from Maine [Mr. BEEDY] pointed out. The cogs all fit in. I am not going to plead for the 2,000 officers to be retired; I am going to put it on a higher plane than that.

[Here the gavel fell.]

Mr. MARTIN of Oregon. Mr. Chairman, I ask for five minutes more.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. MARTIN of Oregon. I am not going to plead for the 2,000 officers; I am pleading for the whole machine—all of it.

Now, this talk of 12,000 officers for 118,000 men shows the gross want of either intelligence or downright deception.

Take the General Staff for instance. This talk about these men being $1,800 men. These fine, learned, outstanding men, who have spent their lives for their country, being called $1,800 men. We have the great National Army, we have the reserves, we have the National Guard, and it is all a complete picture, and you must take it all in. It is not 12,000 officers for 118,000 men. Members should know better, or else they are grossly ignorant.

Now, gentlemen, do not disturb this Army in this way. Do not let the gentleman from Mississippi do that. If you want to amend the national defense act, bring in some legislative act under the advice of military experts.

You have your Committee on Military Affairs, with its learned chairman [Mr. MCSWAIN], who has been on the committee for years. If you want to change that act, the members of the Committee on Military Affairs are the ones to do it. They are familiar with the Army. Do not try to slip in changes through a side door, and, I fear, with ulterior motives destroy the defense of your country.

The following editorial appeared in a leading morning New York newspaper, which I commend to my distinguished colleague from Mississippi:

DESTROYING THE ARMY IS FALSE ECONOMY

As reported to the House the War Department appropriation bill for the fiscal year 1933 is what might have been expected from Congressman COLLINS, of Mississippi, with his record of fanatical pacifism.

It is in the name of economy now that Chairman COLLINS proposes the following sapping expedition against what is left of the Army of the United States:

Abolition of the citizens' military training camps.

Abolition of all annual training for the Organized Reserves.

Abolition of the Reserve Officers' Training Corps camp.

Abolition of military training as given in the land-grant colleges designated for that purpose by Abraham Lincoln.

Drastic reduction in the flying pay of the Army Air Corps.

Robbing what is left of the Cavalry of 500 horses without equipping that or any other branch with adequate motorized equipment.

In the name of common sense and American patriotism, the House should return this measure to committee for revision, or discharge the committee from its consideration and rewrite the bill in Committee of the Whole.

This is no emergency measure to save the Nation money. It is the same kind of pork-barrel pacifist legislation that Congressman COLLINS advocated last year.

A year ago this mis-Representative of Mississippi attacked not only the citizens' military training camps but also the Reserve Officers' Training Corps, and the Infantry, Cavalry, and Field Artillery arms as dangerous and useless agencies of defense.

Then Mr. COLLINS attempted to justify his pacifist program upon the ground that "our obligations under the Kellogg pact" committed us to such a course.

Now, with the Japanese Army in complete possession of Manchuria, with Russia mobilizing troops along her Asiatic frontier, and Europe refusing to disarm, Mr. COLLINS attempts to justify his sapping expedition against our little Army by changing his catchword to "economy."

The Collins type of legislator and the Collins type of legislation discredits the Congress and menaces the Nation.

Mr. BLANTON. Mr. Chairman, I want to read just a little excerpt from the United States Daily, published this morning, concerning my speech yesterday favoring consolidation. It says:

Representative BLANTON, a Democrat of Abilene, Tex., characterized as humbuggery the recent proposal to consolidate the Army and the Navy.

Gentlemen, that comes from a reputable newspaper. It is a reputable newspaper. It is one of the newspapers that you would expect to print the truth. I do not think they intended to print a falsehood, and they must have made an honest mistake. I spoke yesterday for an hour in favor of this consolidation—that is, consolidating the War and Navy Departments into one department of national defense—which would save $100,000,000 annually.

Mr. KELLER. Perhaps they did not understand you. [Laughter.]

Mr. BLANTON. It just shows you how important the CONGRESSIONAL RECORD is to the Members of Congress. My speech is in that RECORD, beginning on page 9849. Read it and see if you think there is anything I said there about consolidation being "humbuggery." It shows that if it were not for the CONGRESSIONAL RECORD all of us here would be at the mercy of the boys in the press gallery.

Mr. SNELL. We are, anyway. [Laughter.]

Mr. BLANTON. No; we are not. Fred Emery is a fine fellow and he is my friend. Fred Emery wrote that. He did not intend to do me an injustice, and he did not intend to say just the opposite of my position, but he made an honest mistake. However, if your friends will do that for you, what would your enemies do? [Laughter.]

Mr. GOSS and Mr. MAY rose.

Mr. BLANTON. Oh, just a moment, gentlemen. After listening to my friend from Oregon, the great retired major general [Mr. MARTIN], who speaks so eloquently for 5,000 surplus officers in the Army——

Mr. MARTIN of Oregon. I did not speak for them at all.

Mr. BLANTON. We need him here, I guess, and I am not averse to having our other good friend, General CHIPERFIELD. The Army and Navy Club needs them as spokesmen and mouthpieces, and also I think they need General Goss here to help them.

Mr. GOSS. Now, will the gentleman yield?

Mr. BLANTON. Yes.

Mr. GOSS. I just wanted to remind the gentleman that possibly the mixup in the newspaper came because of the extension of his remarks in the RECORD.

Mr. BLANTON. Oh, no. Either General CHIPERFIELD or General Goss, I forget which, put the names of officers who

will be retired in the RECORD, and they showed 90 from my own State that will lose their jobs if we pass this appropriation bill as written. The President says that we are going to have to cut the Budget $367,000,000. Do you know that if you do that, you are going to have to put somebody out of jobs? I remind you of this. Every time you put somebody out of a job you are going to find somebody up here on the floor trying to get him back. The governmental expenses must be retrenched, you have got to cut down this $4,000,000,000 Budget if our Government is to escape bankruptcy. But every time you find an effort made on this floor to properly retrench expenditures and to abolish some bureau or commission, you are going to find somebody here on the floor interested in the ones who are going to lose their jobs, speaking eloquently for them.

General MARTIN almost brought tears to our eyes when he spoke for these 2,000 surplus officers the War Department assures us it does not need.

Mr. MARTIN of Oregon. Oh, now, be honest. Will you not be honest? I told this House expressly that I was not interested in the 2,000 officers.

Mr. BLANTON. No; but the gentleman's eloquence against our getting rid of them almost caused us to shed tears. We now have 5,000 surplus officers whom the War Department says that we can dispense with. Are you not going to follow its recommendation and our Chairman COLLINS and take 2,000 of them out of the Army?

Mr. CHIPERFIELD. No.

Mr. BLANTON. We do not expect you generals to vote for it. I am going to follow COLLINS and vote to reduce expenditures.

Mr. SCHAFER. Mr. Chairman, I move to strike out the last word. The country is indeed fortunate to have in this legislative body a distinguished Jeffersonian Democrat such as the gentleman from Oregon, General MARTIN. I have served with him on the Expenditures Committee and I personally know that he is serving here, although he has passed the Army retirement age, as a Member has indicated, as ably, as efficiently, and as faithfully as if he were 40 years younger. [Applause.]

In order to make this Democratic War Department appropriation bill a complete monstrosity, following out the policies laid down in it by the Democratic majority of the Committee on Appropriations, all the gentleman from Mississippi [Mr. COLLINS] had to do was to provide that only one dollar should be appropriated from the Treasury of the United States for the purpose of maintaining the Army, with a provision that the Mexican or Chinese Army be hired to protect our Nation and the lives of our people, should America be forced into another major war in these critical times of depression and unrest among the nations of the world. There would be just about as much sense to a provision of that kind as there is to some of the provisions that he and his Democratic colleagues have incorporated in the pending bill. The gentleman from Texas [Mr. BLANTON] has again taken the floor to-day and orated in favor of reducing the Army officer personnel by 2,000 in the name of economy. He again struts forth to-day and indicates that he is practically the only Member who is interested in balancing the Federal Treasury, in favor of economy, and in favor of the elimination of Government bureaus. May I suggest to the gentleman from Texas how he would best serve the welfare of the United States and the welfare of our people, if he must take 2,000 employees off the pay roll and place them on the retired list in the name of economy, he would be serving his country better if he advocated a retirement of 2,000 employees from the Prohibition Unit and let these 2,000 officers remain in the active military service. [Applause.]

Conditions throughout the nations of the world to-day, as unsettled as just before the World War, are such as should prohibit the weakening of our national defense as this bill intends. Is it economy to risk the loss of our Nation and the destruction of the lives of our people in order to save a few millions of dollars, with the situation in the Far East as it is and has been for some time, and with some of our foreign debtor nations trying to repudiate their honest debts, although in some cases they have already been shaved four and one-half billion dollars, as in the case of the French debt? The French Government, which has failed to pay even the small amount of principal and interest due on her greatly reduced debt to us, has appropriated sufficient money to maintain a standing army of over 650,000 men in time of peace, and greatly increased her air and naval forces.

While the foreign nations of the world are increasing the effectiveness of their war machines I, for one, will vote to provide sufficient appropriations to maintain an adequate national defense for our common country and our fellow men. [Applause.]

I believe that if I were to follow the gentleman from Mississippi and wreck the effectiveness of our Army in the name of economy, I would be betraying my country and lending aid and comfort to her potential enemies.

Talk about the Treasury! If in the near future we are forced into another war we might not be so fortunate as we were in the World War to have some allied countries hold off the enemy for six months or a year, and by the time sufficient officers are trained, the Nation might be overcome and the very lives and homes of many of our people be destroyed. We might also find ourselves paying tax tributes levied by some foreign oppressor nation. The taxes thus levied would be hundreds of times the amounts which are needed to provide and maintain an adequate national defense.

To hear some of these economy experts talk, we would be led to believe that the reserve officers merely join the Reserve Corps in order to wear a uniform on parade and become lounge lizards and tea hounds. We must not fail to realize that reserve officers spend over 1,019,164 hours each year in studying the correspondence courses, for which time given to the country they do not receive one cent in compensation. They do not serve for a selfish but for a patriotic purpose, in order to equip themselves to help maintain our institutions in time of the Nation's peril. It must be disheartening to these red-blooded American citizens in the reserve to find that the Appropriations Committee of the House of Representatives recommends in the name of economy that the national defense be wrecked.

If our national defense policy is to be drastically changed, it should be done only after careful study by the proper legislative committees of Congress. I do not believe it is economy to place 2,000 Regular Army officers—many of whom are West Point graduates—in the prime of life on the retired list with pay and force the taxpayers to maintain them as long as they live without performing any service.

I sincerely hope that the Democratic Members of this House will think enough of their party and their country to rise up and vote to strike out some of the indefensible provisions of this bill. [Applause.]

The CHAIRMAN. The time of the gentleman from Wisconsin has expired.

The pro forma amendment was withdrawn.

The Clerk read as follows:

For printing and binding for the War Department, its bureaus and offices, and for all printing and binding for the field activities under the War Department, except such as may be authorized in accordance with existing law to be done elsewhere than at the Government Printing Office, $500,000: *Provided*, That the sum of $3,000, or so much thereof as may be necessary, may be used for the publication, from time to time, of bulletins prepared under the direction of the Surgeon General of the Army, for the instruction of medical officers, when approved by the Secretary of War, and not exceeding $95,854 shall be available for printing and binding under the direction of the Chief of Engineers.

Mr. GOSS. Mr. Chairman, I move to strike out the last word for the purpose of clarifying the record. Last year there was carried $157,500, which included traveling expenses. Wherever the words "traveling expenses" have been left out this year we have a lump-sum appropriation, and that has been reduced by 25 per cent. Am I correct?

Mr. COLLINS. The gentleman is partially correct.

Mr. GOSS. I would like to have that explained.

Mr. COLLINS. The travel items for the several branches of the departments, except the civilian components, have been reduced by 25 per cent. The travel item for rivers and harbors and flood control has not been reduced at all.

Mr. GOSS. And wherever they appeared last year they have all been lumped under one lump sum? After they have all been grouped under one lump sum.

The pro forma amendment was withdrawn.

The Clerk read as follows:

For contingent expenses of the Military Intelligence Division, General Staff Corps, and of the military attachés at the United States embassies and legations abroad, including the purchase of law books, professional books of reference, and subscriptions to newspapers and periodicals; for cost of maintenance of students and attachés; for the hire of interpreters, special agents, and guides, and for such other purposes as the Secretary of War may deem proper, including $5,000 for the actual and necessary expenses of officers of the Army on duty abroad for the purpose of observing operations of armies of foreign states at war, to be paid upon certificates of the Secretary of War that the expenditures were necessary for obtaining military information, $47,000, to be expended under the direction of the Secretary of War: *Provided*, that section 3648, Revised Statutes (U. S. C., title 31, sec. 529), shall not apply to payments made from appropriations contained in this act in compliance with the laws of foreign countries or their ministerial regulations under which the military attachés are required to operate.

Mr. LANKFORD of Virginia. Mr. Chairman, I move to strike out the last word for the purpose of asking the chairman of the committee to tell me what this proviso on page 7, line 7, means, and what is the purpose of it. Is that similar to the proviso that was in the Navy Department bill, to provide for publicity for all information received from the intelligence department? Is that the purpose of it?

Mr. COLLINS. There are certain advance payments that sometimes must be made, for instance, for tuition; and this proviso is for the purpose of permitting that to be done.

Mr. LANKFORD of Virginia. It has nothing to do with making public certain funds?

Mr. COLLINS. No, sir.

Mr. STEWART. Mr. Chairman, I rise in opposition to the pro forma amendment.

In the appropriation for ordnance service and supplies of the Army (p. 43, lines 10 and 11 of the bill) it is provided—

That $200,000 of this appropriation shall be available exclusively for the purchase of five convertible armored tanks.

There is nothing in the bill which would prevent the Ordnance Department from purchasing tanks of another type than the Christie tank and manufactured under other patents. Is this appropriation for the purchase of Christie tanks?

Mr. COLLINS. Yes, sir.

Mr. STEWART. The whole gist of the matter is that the Christie tank is probably the finest machine in the field, is eagerly sought for several countries, and has advantages which render it extremely useful both as to speed and multiplicity of uses. This machine would unquestionably take the place of large numbers of troops. It would appear to be a great addition to the armed forces, and is directly in line with the most recent military thought, which is tending toward a highly mechanized force rather than the employment of a large number of men.

Maj. Gen. Douglas MacArthur, Chief of Staff of the United States Army, in his testimony before the subcommittee (p. 12, hearings) stated:

The Christie tank finally passed all tests and we have ordered seven. My opinion is that it is the best tank that has ever been developed.

Maj. Gen. Stephen Fuqua, Chief of Infantry, in his testimony before the subcommittee (p. 666 of the hearings) testified:

My estimate is that it is the best tank produced up to date; it is the best in the world to-day.

General Fuqua also stated that the speed of this tank on an ordinary metal road had been shown to be between 60 and 70 miles per hour, and that the speed of the tank on its own tracks was somewhere between 35 and 40 miles per hour. General Fuqua observed and participated in the tests of the Christie tanks.

Mr. Christie assures me that his latest development in combat machines will make a speed over ordinary roads of 120 miles per hour, together with a speed of 70 miles per hour on its own tracks over rough terrain. It is possible to transport this machine by airplane to the scene of action, drop it at high speed so that it may immediately go into action. The machine carries a gun, shooting standard .75 mm. shells.

Mr. GOSS. Mr. Chairman, will the gentleman yield?

Mr. COLLINS. Yes.

Mr. GOSS. There is nothing in the bill that would prohibit the War Department from purchasing some other kind of tank if it so desired?

Mr. COLLINS. That is right; but it is the idea of this committee that the Christie tank is the tank that ought to be bought by the War Department.

Mr. GOSS. So that the record will be clear, there is nothing in the law that would force the War Department to buy that type?

Mr. COLLINS. No. As I recall the views of the individual members of the subcommittee, all were of the opinion that the Ordnance Department should buy the type of tank that the using department desires them to buy, and that is the Christie type of tank.

Mr. GOSS. Why was not the Christie type tank included in the bill instead of leaving it wide open?

Mr. STAFFORD. Mr. Chairman, will the gentleman yield? Are we not anticipating page 43, where this item occurs in the bill?

Mr. GOSS. If this is going to be gone into at this time, I wish the record to be correct. The gentleman is asking for information.

Mr. STAFFORD. But we are in advance of the item under consideration.

Mr. COLLINS. Let me state again what I conceive to be the thought of the subcommittee, and that is that if the Ordnance Department abides by the wishes of the subcommittee they will buy the Christie type tank, because that is the type of tank that the using branches of the Government desire the Ordnance Department to buy.

Mr. GOSS. Where in the hearings was that brought out? I refer to page 619. The gentleman from Mississippi [Mr. COLLINS] said:

General Hof, in that list I notice there is an item of $200,000 for tanks. Will that be for the Christie tanks?

General HOF. Yes; it will be for whatever tank the War Department decides is the proper thing to spend it for of that type. We have been thinking of manufacturing them in the arsenal rather than buying them from Christie.

Mr. COLLINS. That will be left up to the War Department?

General HOF. Yes, sir.

I refer the gentleman also to pages 630 and 666.

Mr. COLLINS. In addition to that, if the gentleman will permit, it is my recollection that General MacArthur has stated since then that the Army has decided to make standard the Christie type tanks.

Mr. CHIPERFIELD. Does the gentleman from New Jersey yield?

Mr. STEWART. I yield.

Mr. STAFFORD. Mr. Chairman, I make the point of order there is no quorum present.

Mr. CHIPERFIELD. I want to ask the gentleman the question, whether in his judgment or opinion in any appropriation bill they ought to have in mind the specific kind of tank which is to be bought by the War Department?

The CHAIRMAN. The gentleman from Wisconsin makes the point of order that no quorum is present.

Mr. COLLINS. Mr. Chairman, I move that the committee do now rise.

The motion was agreed to.

Accordingly the committee rose, and the Speaker having resumed the chair, Mr. LANHAM, chairman of the Committee of the Whole House on the state of the Union, reported that that committee had had under consideration the bill (H. R. 11897), making appropriations for the military and

nonmilitary activities of the War Department for the fiscal year ending June 30, 1933, and for other purposes, and had come to no resolution thereon.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted—

To Mr. POLK, for six days on account of important business; and

To Mr. REID of Illinois (at the request of Mr. RAINEY), for an indefinite period on account of illness.

ARMY APPROPRIATION BILL

Mr. HAINES. Mr. Speaker, I ask unanimous consent to revise and extend my remarks.

The SPEAKER. Is there objection?

There was no objection.

Mr. HAINES. Mr. Speaker, the country is watching Congress at this time perhaps as they have never watched any similar body before. They are expecting from us such legislation and action as will insure a balanced Budget, and which I am sure will be accomplished within a very few more days, when another body will have completed the same. When it comes back to us, we should hurry final passage so that the act may bring to the Treasury such additional revenues as are needed to restore confidence in the minds of the great host of our citizenship, and which I feel confident will have much to do to bring about better conditions in every line of endeavor.

This is no time for either of the great political parties to be engaged in debates of a partisan character, but the time is here for patriotic action on the part of the President and every Member of both branches of Congress. We are going to have plenty of time after we finish our work here to go out and make political speeches. Our big job now is to get the unemployed back into the ranks of industry and this calls for patriotism on the part of the employer as well as upon us. We can not restore prosperity by any act of ours, but we can let the country know that we have provided the necessary legislation to produce revenues to get our own house in order. Every Member here knows the critical condition the country is in so far as unemployment is concerned and I wish that throughout the Nation men in industry would immediately arrange to put men back to work, even though they must make idle some improved machinery. That is the great task ahead of us. While the country is looking for relief from Congress, we in these Halls are looking to our industrial leaders for the same leadership that will give jobs to men and women. We can accomplish much, if we are a united people, having this in mind, and I sincerely trust that throughout the Nation this shall be our aim.

The pending appropriation bill shows a reduction of more than $50,000,000 and which I hope will be accepted by the membership. The people back home expect us to economize and it is our duty to do this, as we are the representatives to whom they must look for economy. I think the committee is to be complimented for recommending these savings in the War Department and while there is a reduction in the amount for the national park in my district, I shall not protest this, for I know the work will not be hindered.

Mr. Speaker, I appreciate the time given to me to-day for a brief discussion of the pending appropriation bill, because in this bill is an appropriation for the national park, better known as Gettysburg Battlefield.

Mr. Speaker, I trust you and my colleagues have visited this old battlefield. It is just a short drive from Washington, through a country noted for its scenic beauty, fine agricultural soil, rich in the history of our Nation, and inhabited by a fine, loyal, patriotic people.

Gettysburg is a thrifty small city of about 6,000 souls and is an ideal strictly American community. Here you will find industry taking care of the people who work in the several industrial plants within the town, and surrounding the town you will find the battlefield. Gettysburg has become quite an educational center, for here is located Gettysburg College and Seminary, where each year we send forth young men and women to make their contribution to the cause of education and the building of a finer citizenship. Let me suggest, Mr. Speaker, that if you have not visited Gettysburg National Cemetery, you do so at the very first opportunity. I was there last Sunday attending a Masonic service, and as I mingled with others upon that soil, made sacred by the blood of martyrs, where lie buried the finest of America's manhood, who made that supreme sacrifice in the great war between the States, and where both the "Blue" and the "Gray" are at rest awaiting that day when God shall call each one of us to join them, and then there shall be no more North or South, but all shall be one in that land of eternal rest.

The national cemetery does credit to this Nation and the day should never come when this Nation should not show its gratitude to those who made the supreme sacrifice that this Nation should be one, by any neglect that might result from a lack of sufficient appropriation to take care of this holy place, for to me it is holy, and as I walked among the markers placed to the memory of the "unknown dead" of both the North and the South, I was impressed with the words: "Take off thy shoes from off they feet, for the ground whereon thou standest is holy ground." I am sure, my colleagues and Mr. Speaker, that no citizen of this great Nation can go upon this old battlefield without an emotion that words fail to express. So, Mr. Speaker, I want to invite in this brief time the membership of this House to visit Gettysburg in this beautiful springtime season of the year, when all nature is smiling upon us. Within two hours' drive, beautiful valleys and hills and fine roads all the distance will give you a fine day of recreation. You will find in Gettysburg a hospitality that is typically American. Do not go to Gettysburg and drive over the field without the assistance of a guide, for you will little appreciate the spectacle of monuments, cold marble and granite, without the information these guides can give you.

I am rather proud of the type of men who conduct visitors over the battlefield. Their charge is very reasonable, and about 90 guides are engaged to do this work and have the complete history of the three days' battle, and the lecture they give you is beyond value. Gettysburg has fine hotels to take care of you, and their rates are very reasonable. Driving from here to historic Frederick, then through to Gettysburg, you traverse a country rich in the history of this Nation; but at Gettysburg you have the great turning point of the Civil War, and the result of which had much to do in terminating that unfortunate struggle between the States.

Let me recommend, Mr. Speaker, that in returning from Gettysburg you drive through to Hanover, a town of 12,000 people, where the first blood was shed above the Mason-Dixon line in the Civil War, and where you will find a little city bustling with industry and a city with unsurpassed civic pride. Then drive on through to York, the seat of Continental Congress during the darkest days of the American Revolution. For nine months the Continental Congress was in session in York, and it was here that was frustrated the conspiracy to take the command of the Army away from George Washington. You will find York a city of more than 55,000 souls, with a greater York population of perhaps 75,000. York ranks third in the great State of Pennsylvania in diversified industry, and here you will find several of the largest industrial plants in the world of their kind.

Then drive from York to Baltimore, down the old historic Susquehanna Trail, passing by one of the finest impounding dams of water, a project of the York Water Co., to be found anywhere.

This is my district, gentlemen, and I am proud to be their Representative, for I do represent a people for whom I can be justly proud, for never have they failed to respond to the needs of their great country.

The amount of appropriation asked for in the pending bill, I trust, will be adequate for the needs of maintaining the very high standard upon which this park has been managed.

Will you permit me, Mr. Speaker, to add that the park is being most efficiently managed under the efficient supervision of Colonel Davis, a fine gentleman, beloved by all who know him, and a credit to the service; and I am glad to pay this tribute to the great work he has performed in the past and which I feel confident he will continue to do. There are 29 miles of fine highways on the Gettysburg Battlefield, in addition to perhaps 10 miles in good condition but not permanently improved. I hope some day that Congress will be in a position to improve all of these roads and make this national park even more beautiful than it now is. A million people visit the battlefield each year, and these come from every corner of the known world. Many of our Presidents have delivered addresses at Gettysburg, and it was here that the immortal Lincoln gave that classic unsurpassed in all literature.

Every distinguished gentleman that visits the United States from foreign countries is taken to Gettysburg, and each one of them learns the story of the great conflict that gave to this Nation a rebirth, that gave to our people a realizatiton of its unity and a vision of its united destiny. To-day we have but a few of the valiant men of 1861–1865, and we can not perpetuate the memory of those who died unless we be interested in seeing that the unity then realized, the vision then seen, might be exemplified in us and the things that we do.

America is not ungrateful to these men, nor will we as a people ever mant to fail, through lack of appropriation, to perpetuate their memory.

The Gettysburg National Park was taken over from the Battlefield Memorial Association through an act of Congress signed by President McKinley February 11, 1895.

It comprises more than 16,000 acres, covering an area approximately 40 square miles, of which 2,530 acres are Government owned; the balance is privately owned or leased.

There are 841 monuments of stone, bronze, and marble on the field; 5 steel observation towers, three 65 feet high, two 75 feet high; 464 bronze tablets; 37 bridges and culverts; 5 bronze equestrian statues; 30 bronze statues on pedestals; 417 cannon on carriages; 15 sets of farm buildings; 4 southern monuments—Maryland, Virginia, North Carolina, and Texas; and slightly more than 30 miles of paved roads.

THE MISUSE OF ADVERTISING

Mr. CELLER. Mr. Speaker, I ask unanimous consent to extend my own remarks on the subject of advertising and to include therein some remarks by Maj. Benjamin H. Namm, of Brooklyn, N. Y.

The SPEAKER. Is there objection?

There was no objection.

Mr. CELLER. Mr. Speaker, under leave granted me to extend my own remarks on the subject of advertising, and to include therein some remarks by Maj. Benjamin H. Namm, of Brooklyn, N. Y., I present the following:

Extreme exaggeration, ridiculous bombast, and actual distortion are words that might well characterize much of the advertising that is put forth over the radio, in newspapers, on posters, and on the screen. Next week's "talkie" is usually described as "the most thrilling, greatest sensation, most violently gripping murder mystery ever featured." U-pan-her tooth paste is radioed over station BLAH as one of the seven wonders of the world. The "None-Such" is blazoned in lurid colors as the greatest auto since the beginning of time. Macy's in New York have several times been cracked over the knuckles for their use of superlatives to describe their goods and practices.

By their continued use extreme words and exaggerations finally come to sound empty and hollow. They become as ineffectual as snow falling on an iceberg. There is a twice-told tale of a barber who had a competitor across the street. The latter put up a sign reading "I am the best barber in New York." Soon a third barber a block down the street put up the sign "I am the best barber in the world." The first barber was somewhat stumped; where did he fit in? One of his competitors was the best barber in the State, and the other was the best barber in the world. He thought a bit and then put up his own sign. It read: "I am the best barber in this block." Thus extreme exaggeration carries within itself the seeds of its own destruction.

However a far worse practice—one that is nasty and mean—is that kind of advertising that seeks to destroy by foul means honest competitors. It is the practice that distorts the facts and knocks and disparages other contestants in the same field. The worst offender in this regard is the American Tobacco Co. They sought to destroy the candy business by their slogan, "Reach for a 'Lucky' instead of a sweet." They sought to give the impression that all handmade cigars were made under unsanitary and loathsome conditions by the use of the various slogans advertising their "Cremo" brand. Strange to relate, it developed that in one of their own factories in Kentucky, where their own brands were made by hand, the ends of their cigars in that factory were "spit-tipped." The Better Business Bureau discovered this, to the dismay and chagrin of the American Tobacco Co. Thus it was hoist by its own petard.

One of the finest résumés of this entire matter is to be found in a speech made by my esteemed friend, Maj. Benjamin H. Namm, of Brooklyn, N. Y., before the Retail Trade Board of Providence, R. I., April 15, 1932, which is as follows:

INTRODUCTION

No merchant who has at heart the interest of his craft could feel anything but honored to receive an invitation such as you have extended to me to come to Providence, meet the merchants of your great city, and discuss with you one of the most vexing problems that confronts retailing to-day—the problem of advertising.

VARIOUS PROBLEMS

I fully realize that advertising is but one of the many problems that we retailers are facing. We are threatened with uneconomic legislation, we are faced with excessive overhead, our profits have reached the vanishing point, and we are surrounded on all sides by destructive competition. In my opinion, however, the problem of destructive competition is the most important of all. Supreme Court Justice Brandeis referred to this last month as having caused a greater crisis than that produced by the war. Secretary of Commerce Lamont made special reference to it last week as a great evil.

BELIEF

I am one of those who believe that the most practical solution to destructive competition lies in fostering the integrity of advertising. At the present time advertising is sick. It is suffering from autointoxication. Its blood stream is temporarily toxic from the twin poisons of exaggeration and abuse. Unless checked, these poisons may destroy the very life of advertising itself.

SUPPORT

Before proceeding further, let me state that I have always been a firm believer in the power of advertising. Ample proof of this lies in the fact that during the past 10 years our store in Brooklyn has spent over $5,000,000 for newspaper advertising alone.

DEFINITION

In the field of distribution, we believe that merchandising is that which moves goods toward people and advertising that which moves people toward goods. Properly used, the value of advertising can not be overestimated.

DECLINE

It must be apparent to everyone, however, that advertising has not been properly used by a large number of advertisers. On the contrary, it has been misused to such an extent that it no longer "pulls" as it should. What constitutes proper "pulling power"? I would say that every advertising dollar spent for direct returns should produce at least $10 in direct returns. I have met very few merchants who dispute this radio or yardstick and I have met equally few who tell me that their advertising produces any such full measure.

REASON

The principal reason, in my opinion, why most advertising no longer pulls properly is that it does not deserve to. A great mass of people have lost confidence in the printed word of business. Many have come to regard advertising as a waste. Others regard it as something of a joke. Some consider it a sort of "racket."

BALLYHOO

Witness the phenomenal success of the magazine Ballyhoo. The major aim of this publication was to burlesque advertising. In an incredibly short space of time, it found 2,000,000 readers who were willing to pay money to see the ballyhoo in advertising given a stiff dose of its own medicine.

CAUSES

I have already said that advertising was suffering from auto-intoxication and that the principal poisons were exaggeration and abuse. Of the two evils, exaggeration is the more prevalent. The number of offenders is almost as large as the number of advertisers. In the field of national advertising some of the largest concerns are the worst offenders.

DISILLUSION

How many of you are aware of the fact that consumers are seriously studying merchandise and the claims made for it by searching out the facts through an association of their own called "Consumers' Research (Inc.), of New York City." This is a nation-wide, nonprofit organization, headed by Stuart Chase and F. J. Schlink. It has 30,000 members and its own testing laboratory. It seeks to determine the merits or demerits of manufactured products and to prove or disprove the various claims made for these products by means of laboratory tests. If you will but read some of these reports you will be quite disillusioned by the obvious emptiness of some of the most familiar claims.

FACTS

We have been asked to believe that four out of every five have pyorrhea. Any medical society will tell you the true percentage is more like 1 in 20. We have been told that a certain mouth wash eliminates bad breath or "halitosis." Any doctor will tell you that it merely covers up one odor by substituting another. And so on, far into the night.

RETAILING

As regards our own field of retailing, I had the privilege recently of inspecting an old file that contained some of the earliest advertisements printed in New York City. I was struck by their simplicity and the complete absence of superlatives. One merchant announced that he had received a shipment of woolens from Glasgow via the brigantine *Sea-Rover*. Another merely welcomed his patrons to a new shop on Bowling Green. A saddler listed his wares and the price of each—that was all.

CHANGE

Ask any one of the 51 better business bureaus of the country to rate the value of present-day retail advertising. Most of them will tell you that the average newspaper contains numerous advertising statements and claims of a nature that tend to destroy confidence in all advertising. This includes exaggerated statements that tax credulity and comparative values that challenge belief.

PERSONAL

There is nothing invidious in these remarks. On the contrary, I am quite sure that our own store has offended just about as much as the average. We have no excuse to offer other than the poor one that is always advanced by our advertising manager. "It is standard practice," he says. He is right, it is standard practice but the ugly fact remains that our practices in advertising are far below the standard of our practices in private life.

ABUSE

Now let us look at the second poison in advertising, the use of disparaging and attacking copy. This is sometimes given the glorified title of "controversial copy," but call it what you may, it says just one thing: "Let competitors be damned."

ATTACKS

I will not take the time to detail the numerous controversies, attacks, and counterattacks that have been inflicted upon a long-suffering public through the columns of newspapers and magazines recently. The cigarette controversy, the cigar, tire, coffee, soap, restaurant, oil, and other controversies have all shown evidences of a dog-eat-dog spirit in business which is a disgrace to advertising. Furthermore, these advertisements inevitably create an adverse consumer psychology which does untold harm to the whole fabric of distribution.

CHEATING

Retail advertising has in no way been free of this evil. During the past year, the ugly word "cheat" has been resorted to and "fraud" has been more than broadly hinted at. To make matters worse, the offending stores have not been small ones, but among the largest and most influential in our great craft.

IMITATION

When I attended the annual meeting of the National Association of Retail Secretaries last February, I was told that these attacks apparently inspired similar attacks upon competitors in numerous other cities of the country. In one city a particularly offensive advertisement was copied almost verbatim.

OWN STORE

Confessions are good for the soul, so let me state that only a year or so ago our store adopted what we thought was a very clever slogan. It read "Manhattan can never compete with Namm's." We were using this slogan with considerable success when the better business bureau asked us to discontinue using it on the grounds that it disparaged those of our competitors who did business on the wrong side of the Brooklyn Bridge. We complied with this request but I can not say that we did it and liked it. We were too mindful of the fact that we had recently paid several thousand dollars for the slogan. To say that we enjoyed charging off this amount would be just another case of exaggerated advertising.

COOPERATION

The records of various better business bureaus throughout the country will show that there are many stores which are striving to build up confidence in advertising. Your own city, in fact, has a fine reputation in this respect. The records will also show, on the other hand, that there are stores both large and small which simply refuse to be bound by any advertising code, fair-practice rules, or fair-play standards promulgated for the common good.

RECALCITRANTS

Obviously, these attackers and raiders must be stopped. If they are not stopped, advertising may soon degenerate into an orgy of competitive mud-slinging from which it will take years to recover. No red-blooded store or individual will submit to attack without counterattacking.

CONTROLS

What can be done to curb exaggeration and abuse in advertising and thus preserve the integrity of the greatest ally that business has ever known? Let us review the various "remedies" which have been proposed from time to time. Briefly, they are (1) control by advertisers, (2) control by advertising mediums, (3) control by State and Federal legislation.

PREFERENCE

The objection to the first suggestion is obvious. A constructive advertiser can not control the actions of a destructive advertiser. As we have so often been reminded, "Codes of ethics merely bind the ethical." The second suggestion, control by advertising mediums, has merit, I believe, because newspapers, magazines, and radio stations have the power that is essential to police this situation. The third suggestion, control by legislation, should only be considered as a last resort.

CHALLENGE

I submitted these various thoughts to the publisher of a leading newspaper about six months ago and he said, "Why don't you call your shots? Why don't you tell us what constitutes improper copy?"

CODE

No sooner said than done. The following week I was on the train to Cleveland. Various merchants, manufacturers, and publishers, I among them, had been asked by the affiliated better-business bureau to assemble and do the very thing that my friend, the publisher, had suggested, namely, to draw up a code for advertising.

PERSONNEL

After several months of effort, the code was completed. Before reading it to you let me mention the names of some of the men who served on the committee so that you may judge as to its authorship and sponsorship.

Flint Grinnell, chairman of the committee, is manager of the Chicago Better Business Bureau. B. H. Namm is vice chairman. Other members are Gilbert Hodges, president Advertising Federation of America; Bernard Lichtenberg, chairman Association of National Advertisers; John Benson, president American Association of Advertising Agencies; Joseph Appel, vice president John Wanamaker, New York; Lew Hahn, head of the Hahn Department Stores; W. T. Grant, head of the W. T. Grant Stores; Samuel Weissenburger, of Halle Co., Cleveland; W. A. Sheaffer, president Sheaffer Pen Co.; H. Gruen, president Gruen Watch Co.; D. C. Keller, president Dow Drug Co.; and many others.

CODE

The fair-practice code, as drafted by the affiliated better-business bureaus' committee, reads as follows:

"Believing it to be of paramount importance to the economic and social welfare of the American people that practices in business should be more clearly established and firmly maintained on a plane of fairness to the public and fairness to competitors and to business as a whole, this committee proposes that business men themselves shall abandon and condemn any practice in advertising and selling merchandise, services, securities, and property of all kinds which may have:

"(A) The capacity or tendency to undermine public confidence in advertising announcements or other selling representations generally.

"(B) The effect of injuring unfairly the sales or the good will of a competitive product or service.

"To this end the following practices are considered to be unfair and against the public interest:

"1. Misleading advertising: The use of, participation in, publishing or broadcasting of any untrue, deceptive, or misleading statement, representation, or illustration in an effort to sell any merchandise, service, security, or property, or thing of any kind is an unfair and uneconomic practice.

"2. Unfair competitive claims: The use of, participation in, publishing or broadcasting of any statement, representation, or implication which might be reasonably construed to lead to a false or incorrect conclusion in regard to the goods, prices, service, or advertising of any competitor or of another industry is an unfair and uneconomic practice.

"3. Disparagement of competitors: The use of, participation in, publishing or broadcasting of any statement, representation, or insinuation which disparages or attacks the goods, prices, service, or advertising of any competitor or of any other industry is an unfair and uneconomic practice.

"4. Underselling claims: The use of, participation in, publishing or broadcasting of any statement or representation which lays claim to a policy or continuing practice of generally underselling competitors is an unfair and uneconomic practice.

"5. 'Bait' offers: The use of, participation in, publishing or broadcasting of 'bait' offers of merchandise wherein the prospective customer is denied a fair opportunity to purchase is an unfair and uneconomic practice.

"6. Deceptive statements accompanying cut prices: The use of, participation in, publishing or broadcasting of statements referring to cut prices on trade-marked merchandise or other goods in such a manner as to lead the public to believe that all other merchandise sold by the advertiser is similarly low priced when such is not the fact is an unfair and uneconomic practice."

UNDERSELLING

This code was received with almost universal approval. To the best of my knowledge there has been but one question raised and that has been in connection with paragraph 4, which deals with underselling claims.

ESSENTIAL

It so happens that I consider that paragraph to be the most important of them all. Show me any store or business which claims a continuing policy of underselling its competitors and I will brand that claim as both untrue and unfair.

UNTRUE

These claims are invariably untrue, because, under our highly competitive system, no store can possibly undersell all of its competitors all of the time. The reasons usually given to support such claims are specious and insincere. For instance: "We undersell because of cash savings, low rental, large volume, or what have you." Every merchant knows that these various factors are but small factors in the total cost of doing business. Strange as it may seem, the representative store in New York City which enjoys the lowest cost of doing business is a store which sells principally for credit, is located in the highest rental zone, and enjoys but a medium-sized volume. To complete the comparison, this store has never made any underselling claims.

UNFAIR

Continuous underselling claims, made regardless of cost, are invariably unfair. The more the claims are true, the more they are unfair. Let me quote from a recent ruling by the United States Federal Trade Commission:

"The selling of goods below cost with the intent and with the effect of injuring a competitor and where effect may be to substantially lessen competition or tend to create a monopoly or to unreasonably restrict trade is an unfair trade practice."

PREDATORY

The merchant who advertises a continuing policy of underselling his competitors is a predatory advertiser. He does not care whether he destroys commodity values, public confidence, or good will just so long as his underselling "supremacy" is maintained. When a competitor sets up a price, he knocks it down. When his competitor meets that price, he cuts again and again. Eventually the weaker merchant must go down. You may call this "underselling," but I call it nothing more nor less than "cutthroat competition." Such underselling is a menace to business, and any merchant who is a menace to business is also a menace to the consuming public.

PRICE CUTTING

I hold no brief against occasional price cutting, which is the safety valve of business. In fact, I have strenuously opposed price-maintenance legislation for that very reason. But continuous and habitual underselling is something entirely different. It is evil, rapacious, and predatory. Let us applaud the merchant who sells as cheaply as he legitimately can, but let us denounce the merchant who denies his competitors the right to sell except at prices higher than his own.

HOOVER

In his acceptance speech at Palo Alto, Calif., President Hoover said:

"The foundation of American business is the independent man. He and the public must be protected from unjust competition, from domination, and from predatory business."

CONFIRMATION

I submit that the fair-practice code, if honestly adhered to, will accomplish just that. It will protect merchants and the public from unjust competition and from predatory business.

RELEASE

The code was released for publication on February 1 of this year. Since then it has been adopted by better-business bureaus, retail-trade boards, and various associations throughout the land. In some cities it has been subscribed to either in letter or principle by the newspapers, magazines, and radio stations of the country. In most sections, however, misleading and attacking advertising continues to flourish.

SUGGESTION

The suggestion that I have to offer is simply this: Let us put the responsibility for this situation squarely up to our advertising mediums. If these mediums do not see the need of excluding misleading and attacking advertising for their own good and for the good of advertising, then let us demand that they do so for our own protection. No merchant may reasonably be expected to advertise indefinitely in a medium that allows a competitor to disparage his honest statements and to attack his reputation, either directly or by implication.

CENSORSHIP

Newspapers now maintain a strict censorship with regard to financial advertisements and classified advertisements. There is no good reason why they should not do likewise with retail advertising.

RATES

As everyone knows, there is a general feeling on the part of merchants that newspaper advertising rates are too high and that they should come down. Publishers tell us that there are good reasons why these rates can not come down. I do not wish to go into the merits of that controversy at this time, but I submit that there is one method by which advertising rates need not come down. That method consists of improving the quality of advertising by the elimination of that copy which tends to destroy confidence in advertising.

COOPERATION

I do not mean to place the entire responsibility upon the shoulders of the publishers. Advertisers must do their full part not only by cooperating in this respect but also by eliminating from their copy much of the sameness and the cheapness that seems to characterize it at the present time.

VASTNESS

Advertising is a billion-dollar industry. Department stores and specialty stores spend almost a quarter of this amount. In contemplating this expenditure to-day practically every merchant is asking himself the question, "What price advertising?" Very few, I am sorry to say, are finding a satisfactory answer.

CROSSROADS

In my humble opinion the great industry of advertising has come to the crossroads. One road is marked "Constructive methods" and the other "Destructive methods." The better-business bureaus have clearly pointed out the right direction. Now let the newspapers, magazines, and radio stations of the country keep advertising on the right road and lead the way to a new era of honesty and decency in advertising and selling.

TAXES AND TACTICS

Mr. LANKFORD of Georgia. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD.

The SPEAKER. Is there objection?

There was no objection.

Mr. LANKFORD of Georgia. Mr. Speaker, just after the settlement of Georgia, when Savannah was a mere village on the edge of a mighty empire, the sturdy settlers could be heard for some distance cracking their long whips, driving their cattle to market and to slaughter. The farmers who came to town cracking their whips were called crackers, and thus the good people of my State came to be called Georgia crackers.

These early settlers gained this badge of honor by herding and driving cattle, not by herding and stampeding their fellow men as is now sometimes attempted in Congress and elsewhere. These farmers of the pioneer days were serving mankind, taking care of their families in the country and feeding and supporting those who lived in the city. This is just what the farmers are doing to-day. In the early days, without the farmer the city people would have suffered. Then the farmer got a fair price for his cattle and other products. He supported the city folks and they supported him. Nobody had much money; no one needed much. They valued money as a medium of service and not as means of slavery. They wanted money only because, with it, they could better furnish food, clothing, and shelter for themselves and their neighbors. They did not want money as a powerful weapon by which and with which they could further impoverish the poor and drag men, women, and children to lower depths of degradation. They worshiped at the shrine of human rights and liberties and did not bow down to the golden calf of greed and base selfishness. They were men and women such as God would have build a great Nation and preserve it forever.

Thank God, these same people, their sons and daughters, still live out in the woods of Georgia, in the South, and throughout the length and breadth of this great Nation, to protect our rights and preserve our Nation if we will only let them have a chance.

Mr. Speaker, so sure as the sun shines and eternity is everlasting, so surely will our every liberty languish and die, our people perish and our national existence pass into

oblivion if we permit the love of money, greed, and selfishness to destroy our great citizenry of country people.

Neither a great navy, powerful army, vast expanse of territory, hoarded billions of gold locked in vaults of steel, nor inventive genius, nor men of letters from universities of law or science could stay the onrushing tide of national ruin that would be caused by the destruction of the men who want the chance to labor for an honest living and the men, women, and children of the farm. Destroy them and you destroy all. Without them our Nation would never have come into existence and without them it can not endure.

You ask for the cause of the present depression. The answer is the failure to give the average independent citizen a square deal, the failure to work out a system giving employment at reasonable wages to the working man, the lack of profitable prices to the producer for his products and the overcentralization of political and financial power with the accompanying graft and corruption. These troubles must be remedied if permanent prosperity is to come back to our people as a whole.

Congress will probably adjourn in a few weeks, as the leaders are saying the program is about complete. I regret to report that, to my mind, the program of this Congress—whoever may be responsible for that program or claim credit for it—is an awful and calamitous failure and does not in the least solve and remove the real causes of the depression. On every hand is to be seen more shadow boxing, straw-men contests, smoke screens, and false alarms than ever before.

Leaders and men in high authority who claim to be doctors, able to cure all the ills our Nation is heir to, are standing by a patient stricken unto death with an awful malady that will cause death unless cured, and that speedily, and yet these doctors say, " We will do nothing to remedy or cure the disease. We will simply varnish his toe nails with a sales tax mixture, use economy powders on his nose, present our depression-relief prescription to the National Conventions for party platforms, and present our doctor bills to the people, asking them to pay us by sending us back to Congress."

Only temporary expensive paliatives have been offered by the administration and those following the orders of the Chief Executive. These temporary expedients are costly, of no value to the great mass of people, and only helpful to the international bankers and their business associates in this country and to the foreign debtors of our Government.

With the exception of two or three provisions or measures of doubtful value, the record of this Congress to date is as follows: Moratorium for the debtor nations of Europe costing us $250,000,000; $2,000,000,000 available for big corporations and $125,000,000 for purchase of Federal Land Bank stock, all as per request of international banks, with the entire bill and more to be paid by less employment at lower wages, cheaper farm products, salary cuts " down to the most humble employee," and a sales tax to be paid out of want instead of wealth, out of losses instead of profits, out of poverty instead of prosperity, and by those least able to pay instead of by those most able to pay.

It seems that of all times and occasions the present depression is the one for Congress and the administration to pass some wholesome laws for the whole people, and yet it is evident that this awful depression is to be seized upon and utilized as a means of rushing through vicious measures that Congress would not dare pass at other times.

Take the sales tax for instance; it is not only unfair and vicious as a Federal tax but it should never be used as a means of raising money for the National Budget. If it is ever resorted to at all it should be by the States, for State, county, or other local purposes and then only as a part and parcel of a tax scheme exempting from all taxes a reasonable amount of land and other property for home purposes for every family.

Some relief must be given to the poor man who is struggling to buy a small home or to keep the one he already has. The big financial interests openly admit that it is their hope to fasten the sales tax on the American people and then leave it there, and from time to time increase it until all taxes for Federal purposes will be raised in this way and thus get big incomes, great fortunes, and tremendous estates and inheritances relieved of their just burden of taxation.

I am unalterably opposed to this scheme to relieve the rich at the expense of the poor and to raise revenue for the Federal Government by drying up this reservoir of revenue of the States, thus destroying the people's every hope of cheaper State and county ad valorem or property tax.

Neither the sales tax bill nor any other vicious tax bill should have come up at this time to put additional tax burdens on the people.

I undertake to argue that all this noise about balancing the Budget is the sound of the whip that is being cracked to stampede the American people on to assuming additional burdens and into an abject slavery even as our good old Georgia fathers in the early days cracked their whips to drive their cattle on to slaughter.

Better a thousand times that the pyramid of a balanced Budget be not built if it is to be constructed by American slaves under the crack of the whip of political taskmasters and is to be a monument to lost human rights and a powerful nation of the past.

It is being said " the Budget must be balanced by a sales tax, if necessary, even though the sales tax has heretofore been condemned as vicious and unfair in every particular." The middlemen and profiteers say " balance the Budget while we regain and rehabilitate our scheme of getting the lion's share of the profit that should go to the farmer." The trusts and monopolies say " do nothing to disturb us. Loan us the people's money in $100,000,000 items and raise these amounts by the sales tax and the slashing of wages. The Budget must be balanced."

The international bankers say, " We are in a specially preferred class. We demand and get enormous loans of the people's money on security so poor and a contract so drawn as to make this amount of the taxpayers' money an outright gift to us. We also demand and get foreign debt cancellations and moratoriums causing the gift of the people's money to the foreign countries to be in an amount large enough to pay off all the present loans and taxes of all the farmers in this country and guarantee the farmers a fair price for their products forever, but what do we care? We are getting our millions and billions of money here and abroad, in full with interest and profits. We believe in economy, and the slash of salaries down to the ' most humble employee.' Put on the sales tax. Take off all our taxes. The Budget must be balanced."

The big newspapers, periodicals, and magazines say " even if the Government actually loses nearly $100,000,000 per year handling our papers through the mail, and even though we get our papers handled through the mail so cheap until if we had paid the same postage during the last 10 years that the poor man, woman, and child pay for that same poundage of first-class-letter mail, we would have paid into the United States Treasury as postage over $16,000,000,000 more than we did pay, or enough to pay off the balance of the soldier's adjusted compensation more than six times, or enough to balance the Budget more than eight times. What do we care? Do not pay the soldiers' bonus. Put on a sales tax. Cut salaries down to the most humble employee. We believe in economy on the other fellow. Some of the presidents of our big newspaper publishing concerns get in salaries and commissions, and so forth, $12,000,000 per year or $1,000,000 per month, while the United States Postal Service hauls and delivers our papers at a tremendous loss, creating an additional deficit in the United States Treasury, and putting the Budget out of balance. The Budget must be balanced. Increase the poor man's postage from 2 cents to 3 cents per letter, but do not touch the graft of the big newspapers.

" Balance the Budget. Cut the pay of the charwoman who crawls on her knees and scrubs the floor to feed, house, and clothe her children and support her sick, invalid husband, but do not bother our great salaries. Cut the pay of the men

in the Postal Service who carry our papers at a loss to the Government, but do not dare pull our hand out of the United States Treasury. We are strong advocates of a full Treasury and a well-balanced Budget."

Ladies and gentlemen of the House, all this noise about balancing the Budget is the cracking of the whip to stampede Congress into doing things which Congress would not dare do under other circumstances. The men of great wealth hope to stampede the American people into a sales tax and then themselves dodge out from under income, inheritance and estate taxes. They want the average citizens of the Nation to balance the Budget. The rich do not want it balanced out of their fortunes.

People are being whipped into believing that the Budget must be balanced or all will be lost. Better for the Budget not to be balanced and some of the graft in newspaper transportation cut out, vicious bureaus eliminated, and useless expenditures curtailed, rather than a sales tax put on the poorest of the poor to sustain the orgy of waste and extravagance which has fastened itself upon the backs of our people. I repeat it is neither right nor proper for a tax bill putting additional burdens on our people to be passed at this time.

It was not at all necessary. Every reasonable economy should be brought about and millions should be saved by the elimination of useless expenditures. With this done enough money would be available for all purposes except emergency items such as moratorium losses and Government loans past and prospective, payment of adjusted compensation, and so forth. These and aid for the unemployment situation could and should have been handled by a bond issue just as emergency funds were raised during the World War. These bonds would have been bought at once by the big financiers as well as by the ordinary man who has any spare money.

Suppose the men of big means had decided not to buy them promptly and President Hoover had quietly but firmly told these financiers that there was a deficit in the Treasury, but that he had decided that it would be best to economize by eliminating useless expenditures, but that he would not stand for the cutting of the lower salaries or a tax bill putting new burdens on all the people and that the men of wealth must either buy promptly or their income, inheritance, and estate taxes would be increased so as to balance the Budget. There is no doubt about their preferring to put up the money in exchange for interest-bearing Government bonds rather than as taxes never to be repaid.

I voted against the sales tax, against the increase of postage on first-class mail, against several other specific taxes, and finally against the bill as a whole.

The wealthy sponsors of the sales tax, after its defeat in the House, hoped to make the tax bill so offensive to the public as to cause the public to say, "The sales tax is preferable to the bill that finally passed the House. Give us the sales tax." Suppose the bill which passed the House is more burdensome to some than the sales tax, even then it is better to bear this bad bill for a year or two rather than approve the vicious sales-tax system as a permanent Federal way of raising taxes to last forever.

Let us not sell the birthright of our people for a mess of pottage. But, it is urged that a sales tax is paid by everybody and is an easy way to raise money. This makes it more dangerous than money that is hard to get. If the crowd who gets the most out of the Government have to put up the money, there will be more real economy and less graft and criminal waste. Let all the burden of Federal taxes go on the backs of the poor and there will be an orgy of waste hitherto never dreamed of.

Some say the sales tax is paid without the purchaser really feeling it. I have heard this argument advanced in favor of every plan to plunder the people, put over since I came to Congress. This does not justify this tax. It is like giving a man a deadly poison that kills him without his knowing about his rapidly approaching demise.

The people are finding out that something wrong has been done to them. The great tax burden of our people is local—that is, State, county, and municipal—rather than Federal, and the adoption of a Federal sales-tax system will complicate and make more difficult the entire tax problem.

In a wild stampede to balance the Federal Budget there is danger of our wrecking the power of the States to balance their budgets and further wrecking the budget of the individual private citizen and small business man. We must not forget the people who are to pay these taxes. Their budgets are most important. I find that many Members of Congress are getting stacks of letters urging them to support the President's economy program or the House economy program, and yet ofttimes in the same letter are urgent requests for opposition to parts of the program affecting the writer of the letter. The great danger of a legislative stampede in times like these is that many, many worth-while projects and measures will be crushed to powder and forgotten.

For instance, the politician of the North wants to economize by cutting out navy yards at Charleston, S. C., and Key West, Fla., and transferring this work to the navy yard in his district, the net result of which would be additional cost and graft and gross favoritism. Others want the Budget balanced by discharging those whom they do not like and creating new and equally as expensive or even more expensive jobs for their special friends.

Too many want to crack the whip and cause a further stampede of Congress; and while "like dumb driven cattle" Congress is listening only to the cry of balance the Budget, they want to undo laws which grant and protect rights of the people to a much greater value than the cost of the particular statute. These same people are cracking the whip not only to stampede Congress into doing great injustices to the masses of struggling humanity but are increasing their burdens and losses rather than diminishing them.

This whip cracking and Budget-balancing cry is getting the attention of Congress away from the need of the farmer for farm relief, away from the vitally important transportation problem and the question of more employment at reasonable wages.

I refuse to be stampeded into forgetting that my farmers need and should get much better prices for their products, and that bills to reduce their taxes are to be fought for rather than measures increasing their taxes and that the States in their helpless condition can not be aided by the Federal Government entering the sales-tax field in the States and taxing poverty and distress. I will not be stampeded into taxing poverty instead of trying to relieve it; into taxing the poorest of the poor to raise money to give to international bankers and foreign nations; and into an outright delivery of my people, body and soul, and their every right into the hands of big corporations, bureaucrats, and other selfish interests.

Ah, Mr. Speaker, the tragedy of the whole situation is that all this noise about balancing the Budget will not help my farmers get a cent more for their tobacco or cotton this fall, will not stop a single mortgage foreclosure, will not put a single mouthful of food in a hungry mouth, will not clothe a single freezing back, and will not relieve the depression in the least.

All this Congress has done does not in the least solve the farm problem. My people, farmers, merchants, bankers, and all are more interested in a fair farm relief act giving them a fair price for their tobacco and cotton than about paying a deficit created by graft and vicious laws and now sought to be paid by taxing and slashing the salaries of the poor, when that deficit should never have been created and when created should be overcome by a bond issue.

The trouble with our country is that we are enmeshed in an economic system by which and under which the farmers and common people are enslaved and forced to pay tribute to tobacco corporations paying—even during this depression—unconscionable dividends to their stockholders and a million dollars a year as salary to the president of the concern.

Our people pay out of their pockets salaries and profits to the large newspaper organizations so large as to stagger the imagination, while our Government, through the Post

Office Department, is losing $3,000,000 per year hauling the newspapers of only the concern—namely, the Curtis Publishing Co.

Think of it, reliable information is available to the effect that this very paper with all this Government subsidy gets $10,000 per week for one double-page advertisement, $5,000 per week for single-page advertisements, and similarly large pay for all its advertising space.

The farmers and the average private citizen are being destroyed by these subsidies, exorbitant salaries of private business concerns and an economic system which is slavery of the most vicious type. The common people pay for all this expensive advertising and for all these salaries and subsidies.

I am so disappointed when I realize that a stampede has been caused by the great interest which will probably result in additional burdens on my farmers and other people rather than any sort of real relief.

Why does not Congress solve the farm problem? I have told you how it can be done. Why does not Congress pass some real legislation looking to a solution of the problems which caused the depression, instead of applying only temporary expedients? Loans made by the Government at best only give temporary relief. The farmers need better prices; everybody needs more employment and more business and a larger income.

The course of Congress in ignoring important issues and wasting time on minor matters reminds me of a hunter in a great forest being attacked by hundreds of wild ferocious beasts while he is wasting his ammunition shooting sparrows and jorees.

Why can not we stop, look, listen, take our bearings, and act sanely first on the matters that concern our people most vitally and later on those that are of minor importance. Congress should handle emergency matters, of course, but the real causes of our trouble should be remedied and that without delay.

Mr. Speaker, it is manifestly unfair to consider any legislative proposal without so far as possible taking into account every reason for the measure and its every effect, if enacted into law. No one can fathom to the fullest extent all these causes and effects and yet from the faithful study of them arises the ability to act intelligently. There are evils in our Government and they should be remedied. There are overlappings and duplications and they should be eliminated. Some salaries are too large and should be reduced. There are many unnecessary and even harmful activities which should be abolished with great resultant economies.

Bureaucratic government is sapping the very life out of our Nation and should be opposed in every way possible and reduced to the lowest minimum. And yet I urge with all the earnestness of my soul that a wholesale, ill-considered, and indiscriminate reduction of small Federal salaries will not remedy any of these evils, will not be real economy, and will only add to and perpetuate the present orgy of waste and extravagance. Those who are rolling in wealth—even in this depression—as the result of the evils in our Government, say with great vehemence do not touch the class legislation which enables us to keep one hand in the United States Treasury, but by all means reduce salaries of employees and laboring men and women "down to the most humble employee."

Those who are holding office and rendering no real service because of overlappings and duplications in vicious unnecessary bureaus say do not eliminate us, but cut all salaries, "down to the most humble employee." Those who are getting tremendous profits, rake-offs, commissions, and unreasonable salaries are very strong advocates of an economy program passing them by and cutting the salary of "the most humble employee." Big bankers, corporation officials, and other giants in the financial world who have robbed the common people until the country was plunged into this awful depression are saying, "The way to bring back prosperity is to bleed the people still farther by a sales tax and reduction of the salaries of Government and other employees 'down to the most humble' and turn this money over to us."

Ah, Mr. Speaker, these greedy, conscienceless money holders and hoarders of the Nation, not satisfied with their awful plunder of the farmer, the laborer, and the common people, are the strongest advocates of still further plunder and pillage of the "most humble" citizen.

Let us pause for a few minutes and see just what this Congress is doing. Over the protest of many of us, the first thing this Congress did last December was to pass a foreign-debts moratorium, thus for the present year donating approximately $250,000,000 to the nations of Europe. The same group of international bankers who wanted the foreign-debts moratorium so they could make enormous profits out of their foreign loans and investments are now loudest in their cry that reduction of the salary of "the most humble employee" must be made and a sales tax must be levied to balance the Budget.

But this is not all; the Members of Congress who voted loudest for the foreign-debts moratorium are now loudest in their advocacy of a sales tax and a salary reduction to be saddled on the "most humble employee" to replace the money given to European nations last December.

Listen while I tell more of the plot: The same international bankers and multimillionaires who made their millions out of foreign loans and investments and inveigled the United States into moratoriums and cancellations of practically all our foreign debts, so they—these financial sharks—could collect their profits and debts, also for selfish purposes equally as base and vile. They seduced the Congress into passing the Reconstruction Finance Corporation act making available as loans—on paper so insecure as to constitute a gift to these bankers—enough of the people's money to pay off the entire amount of money now admitted to be due as adjusted compensation to all the American veterans of the World War.

And yet the greatest opposition to payment of the soldiers' bonus, the greatest clamor for the sales tax and the greatest demand for reduction of salaries "down to the most humble employee" come from these international bankers and their cohorts. With their banks bulging with fraudulently obtained money, with full knowledge that they are the cause of the larger part, if not all, of the greatest and most severe financial suffering this country ever saw and with their hands dripping with innocent blood of millions of men, women, and children, these men of wealth make every possible maneuver to get more money and more political power.

Mr. Speaker, if this so-called economy bill had all stayed intact and all the reductions of salaries taken place as therein provided, the amount thus taken from all the Federal employees would only equal what the Reconstruction Finance Corporation act sponsors here in Congress provided should, in effect, be donated to only one of these big international banking concerns, it would only equal one-half what these sponsors desired should be handed to one big banking concern. All this so-called economy, if carried to its fullest extent, would only squeeze out of the small Federal employees a little more than one-third of what Congress graciously gave to the foreign nations as a Christmas present last December. I said this was given to the foreign countries, I am in error about this, it was practically all given to the international bankers, for they got it and more in ill-earned profits, bonuses, and commissions out of the foreign countries and from worthless foreign and other valueless securities unloaded by these New York bankers on innocent people and small banks in this country.

Another interesting fact is that practically every Member of Congress who sponsored the foreign-debts moratorium and the Reconstruction Finance Corporation act are now vigorously supporting the sales tax and salary reductions "down to the most humble employee."

It is millions and billions of money for foreign nations, for international bankers, and great corporations, but none to pay a just debt due the veterans of the World War and none for the poorest of the poor and "the humblest em-

ployee" and none for the farmer whose home is being sold by foreclosure.

As has always been the case, the farmer, the laborer, and the poor man must bear all the burden. They must pay a sales tax or other equally vicious tax and suffer salary reduction, if they have a salary; and toil and sell below the cost of production if they have a farm or can rent one. They must do all this, it is contended, to balance the Budget, which was gotten out of balance by the very crowd of financial pirates who are now trying to whip these people of the farm, store, shop, and office into balancing the Budget.

It is getting time for Congress to begin helping the common beople balance their budgets, rather than increase their burdens so they can not balance them.

On several occasions during these debates Members of the House have urged that everyone at this time should be willing to make a sacrifice by paying additional taxes or by selling farm products below the cost of production or by suffering salary reductions even if one is least of "the most humble employees."

Mr. Speaker, I am sure that every patriotic citizen not only of my district but of the whole Nation would gladly sacrifice to the limit in behalf of his or her Nation, but many are not willing to sacrifice themselves and their loved ones on an altar of gold or worship at the feet of the Wall Street interest, as a part and parcel of an endless servitude to the international bankers. I have not hesitated to announce myself as opposed to a reduction of the lower salaries or wages of the Federal employees or other employees. I have already voted for and will continue to vote for a reduction of the larger salaries including those of Members of Congress. I realize that it would be dangerous to reduce salaries of Members of Congress so low until no one but the very rich could afford to come here and pay the expenses of holding the office and running every two years for reelection. The people would become slaves indeed if Congress should become a rich man's club. But during this depression I feel all Members of Congress can afford to take a salary cut, and I will go as far as anyone in Congress or out in this respect. I have already voted and will continue to vote to cut my salary and my mileage, clerk hire, and stationery allowance. But I repeat I am opposed to slashing the lower salaries of Federal and other employees, not only because this is sought to be done to raise money to be wasted as the result of foreign-debt moratoriums, loans to great corporations, unnecessary extravagance, past and future but because of certain other reasons.

The wholesale reduction of salaries means a further fall of the price of farm products. Never in the history of the world has the price of farm products in any country gone up while the price of labor was going down. Reductions of lower or smaller salaries or wages means an additional pressure on the top of the price of farm products and will shove them farther down and hold them down until the pressure is removed. The slashing of the lower salaries will not cause my people to get one cent more for their products, but on the contrary will have a tendency to cause them to get less.

I know that even if the Army was called out and all employees of the Government were forced to work for only bread and water for food and a tent for shelter, the country would be no better off and would lose the helpful influence of the purchasing power of these employees. The argument would be made at once that since wages are now low, salaries meager, and many are out of employment, the prices of farm products must be dragged lower and yet lower.

This country owes billions of dollars of indebtedness made when prices of everything were high. The people can never pay all these high-price debts with low-price farm products and low-price labor. The prices of farm products must be elevated to where they were when the farmer made his debts or the farmer will simply continue to lose out and the depression will remain.

Ah! Mr. Speaker, there is method in the madness of the Wall Street interests and their friends in Congress. Not a word was said about the condition of the Treasury or the balancing of the Budget when the big financial interests sought the foreign-debt moratorium, or to put over the Reconstruction Finance Corporation steal, or to provide for the purchase of Federal land bank stock by the Government for the bankers, but the cry of Treasury deficit and Budget balancing became loud and continuous when it was suggested that something be done for the farmer, to stop the foreclosure orgy or to help the unemployment situation.

It was at once made known that these were to get no help and that a determined effort was to be made under the shout of Treasury deficit and the whip crack of Budget balancing not only to refuse help to the farmer, the laborer, and the private independent citizen but to squaeeze out of them the very money which had so lavishly been provided for foreign nations, international bankers, and other financial pirates of the Nation.

Mr. Speaker, one of the Members of this body has seen proper to say "There is less courage in the American Congress to-day than has been the case since the formation of the Government."

Mr. Speaker, it seems to me that the gentleman is trying to cover a lot of territory. It may be, though, that he will be able to do so, at least to his own satisfaction, since he is probably willing to admit that there is at least one courageous Member of the House and that he is that particular fellow.

Since I came to think fully about the matter, I find that the gentleman is probably mistaken. I find that the gentleman voted with the Democratic and Republican majority of this House in putting over the foreign-debts-moratorium robbery, the Reconstruction Finance Corporation steal, and the Federal land-bank stock grab, and voted with and helped the majority in blocking and killing the only proposal to come on the floor during this Congress to grant a moratorium to the farmers or a group of farmers.

The gentleman has been with the majority of Democrats and Republicans that has not offered a single worth-while proposal to solve either the marketing problem for the farmer, or the vitally important transportation problem, or the unemployment problem of the laboring man, or the depression problem of such great interest to us all. The gentleman has also been with the majority that has prevented the taking up for enactment of any and all measures looking to the proper permanent solution of any of these great questions.

Now, since the gentleman has been with the victorious Democratic and Republican majority in all these contests, it is only fair to assume that he thinks his own crowd is courageous and therefore that the real cowards are very much in the minority.

We find that the gentleman was only in the minority when in an effort to raise money to pay for the previous sins of the majority here, he tried to help fasten a Federal sales tax on the backs of the American people, when he attempted to destroy Federal aid for vocational education, and when he attempted to aid and abet in putting over certain other equally vicious measures.

It is really a pity for a Member to be so unfortunate as to be always with the majority when the majority is wrong and always with the minority when the minority is wrong.

It is time for him to get mad, but he ought not to blame other folks for his own errors. If anyone has any doubt about this particular gentleman being really mad, listen to this. He accuses some Members of "flagrant betrayal of the rights of the people closely approaching downright dishonesty."

Mr. Speaker, the drunkest man in the crowd always thinks that everybody else is drunk, and the most guilty man thinks that everybody else is a criminal.

Well, those of us who have conscienciously differed from the gentleman on these various matters are willing to let the voters determine to whom this accusation of his should apply.

The gentleman also mentions the power of "organized minorities." Well, he probably knows what he is talking about this time.

Some, if not all, of the vicious measures which have been attempted at this Congress were started and kept going by very small organized minorities, consisting of only two or three men, who traveled only the distance from Wall Street, New York, to Washington, D. C.

And now some of us are branded as cowards because we are not willing to join in with those who take directions from Wall Street and help them in this awful, murderous, traitorous program of delivering our fellow man into slavery and our Nation into chaos and destruction. It may take a certain kind of bravery to follow the Wall Street gang of financial pirates. Those who call such as this patriotism are welcome to their own self-praise. I realize that I oft-times commit error. I am human. I have but one conscience; and when I follow it, I am doing my best and performing my duty to the fullest extent of my capacity.

Mr. Speaker, to my mind more money must be put into circulation and not less. More and better wages must be paid and not less. The farmer must get more for his products, not less. There must be less Government bureaus and more efficient service and not more commissions, more bureaus, and more parasitic, useless, high-salaried bureau chiefs. There should be less taxes on the people and not more. By the way, taxes are necessary to pay the expense of government. Better a thousand times reasonable taxes and real government than no taxes and no government or no taxes and bad government.

My farmers would much prefer to pay heavy taxes if the money was used to usher in a period of prosperity and happiness for them and theirs. The question is whether or not the people are getting value received for their taxes. At present they are not able to pay their taxes, and the average citizen is getting worse than nothing in return. The Federal tax is not hurting the average citizen of small means as much as the State, county, and city tax. All tax sales are for these and not for Federal taxes. This, though, furnishes no reason for us here to waste Federal funds. The sales tax, though, would be different. It would reach every citizen everywhere, taking from the poorest of the poor and from all. I am bitterly opposed to a Federal sales tax. If levied at al, it should be by the States for State purposes and in lieu of taxes on property for home purposes, which I feel should carry a reasonable exemption.

This leads me to my idea of a farm-relief program which I have heretofore discussed, but which I will not take up just now. I will, though, discuss it again in the near future.

In this connection may I say I feel and contend that it is not necessary or best at this time to levy additional taxes or make cuts in smaller salaries to balance the Budget. Actual current expenses of the Government should be paid by taxes, tariffs, and so forth, but emergency expenditures such as got the Budget out of balance should be handled by a long-term bond issue to be paid when the country is more prosperous. This would bring more money into circulation, whereas the plan now sought to be put into effect will have the opposite result. In talking along these lines one naturally comes to the question of whether or not the balance of the adjusted compensation due the veterans of the World War should be paid. It therefore may not be amiss for me at this time to say a few words on this subject.

Mr. Speaker, it is admitted by all that the balance of adjusted compensation due the veterans of the World War is a debt. No one can honestly contend that the amount heretofore paid and to be paid is too large, that it was not honestly and honorably earned, or that it is not due for value received. Congress has by solemn act heretofore determined that this debt is just, true, due, and unpaid. The same Congress has determined this debt to be due that determined that these veterans owed their service and their lives, if need be, to their country, and that these veterans must pay in full their obligation to their country. Now that the service has been rendered and performed in full by these veterans, this same Congress is delaying the payment of the debt so adjudicated to be due for the services so demanded and so received.

This adjusted compensation is as much due these veterans as are the salaries that are being paid to the thousands of Government employees throughout the land. This money is more due than the salary of the President or the salaries of Members of Congress or United States Senators. We sought our positions of ease at a good salary while the soldier was forced to fight whether he wanted to or not, with all the hardships and risk of war, at a salary—adjusted compensation included—which is little more than a mere gesture. Why should not this debt be paid at once?

Can the United States pay its obligations? If not, why not? Why refuse payment of this debt to the veterans with one hand and with the other hand pay the debts due all other people? Why refuse the veterans of our Nation with one hand and with the other hand donate many, many times as much money to the nations of Europe to pay their veterans and to prepare for future wars into which we may be drawn or which may be declared and waged against us?

Why should this very Congress make arrangements through the Reconstruction Finance Corporation act to loan enough to the big corporations to pay the balance due the World War veterans, and yet refuse this just debt admitted to be due these veterans? Why should this $2,000,000,000 be loaned on security which no banker wants and on which the Government will probably lose its money, rather than pay it to these veterans in full settlement of money due them, which must be paid some day and, therefore, can not be lost by the Government now paying these just obligations?

I repeat, and repeat again, why loan this money to the very gang of multimillionaires who made their millions during the World War out of the suffering of these veterans, their families and friends, rather than pay it to the men and women who did the suffering incident to the war?

Why endeavor to raise this $2,000,000,000 by taxing the poorest of the poor and making loans—that amount to outright donations—to the Wall street interests, to be further hoarded and put out of circulation, rather than raise this same amount of money by a bond issue and pay these veterans, thus putting every cent of this money into circulation? The United States can either pay its debts or it can not pay them. If our Nation is able to build and equip various magnificient public buildings here in Washington which are now in course of construction, with all the park improvements, streets, bridges, roadways, and lavish expenditures that are taking place on every hand, the Government is able to pay these veterans their hard-earned compensation to keep them and their loved ones alive.

Surely if the Government is able to tear down the Post Office Department building here and thus destroy one of the most useful, valuable, and beautiful buildings in the world, simply and only because some group of Federal appointees doesn't like its looks quite as well as they do some other building to be built in its place at enormous cost to the taxpayers, then the measly sum due each of these veterans can be paid to drive the wolf of hunger and want from their doors.

I repeat, the same amount of money that has been authorized to be loaned to the big corporations, in $100,000,000 items to a single corporation, is sufficient to pay in full the adjusted compensation to the World War veterans.

How can anyone knowing of all the suffering which these veterans and their people have endured, say, "The Government is able to pay all else but not you; the Government is able to give to foreign nations many times the amount of your compensation and even continue to grant foreign-debt moratoriums at the annual cost of $250,000,000 for this year alone, but can not pay the veterans their just claim; and that the Government can actually raise enough money to pay the veterans in full, but must loan it on unsecured and worthless paper to the House of Morgan and other Wall Street interests and are determined not to pay these veterans what is due them and instead let want, starvation, and death overtake and destroy those who fought and suffered and sacrificed that we might live and our Nation might endure?" This course may be pursued by some but

in my heart I can not approve it and I shall in every way possible oppose it.

I would not at all favor raising the money to pay these veterans if it had to be taxed out of the poorest of the poor, during this very year. If this money had to be taxed out of the veterans themselves, and out of their fathers and mothers, brothers and sisters, and out of the taxpayers generally, then it might be urged that very little good would come to the country from this payment, but this is not the case.

Regardless of what may be said about raising this money by the various schemes that have been suggested, all who have closely studied the matter must admit that every cent needed to pay the veterans can be raised at once by a bond issue without impairment to the credit of the Nation. What would be the result? Money that is now in hiding in safety-deposit boxes and elsewhere and not in circulation would go into these bonds, to be used to pay these veterans and by them to be used for themselves and their families, thus going into circulation and again entering upon its mission of service to all mankind.

The United States Government, instead of owing this amount of money to the veterans, would owe the same amount to those whose money is now idle. The bond purchaser would be better off, for he would be getting interest on money now idle. The Government would owe the same amount to the bond purchasers it now owes to the veterans. The veteran would receive the money which he has earned, which is due him, and which he needs. This money would not only give the veteran a new lease on life but it would at once go into circulation, helping everybody everywhere.

Mr. Speaker, truly "the love of money is the root of all evil," and is the real cause of the present financial depression. The love of money has brought about the numerous vicious laws giving the money-mad monopolies a strangle hold on the throats of the laborer, the farmer, and the masses of American citizens. All these years the love of money has kept the farmer from getting a square deal, forced him to carry not only his own burden but the burden of all others, brought about an orgy of extravagance, gambling, and riotous criminal manipulations of human rights, caused the common people to be robbed of their all, and plunged our Nation and the world in the greatest panic of all time.

This depression will never be permanently relieved unless and until its causes are forever removed. This Nation can never again be prosperous without a contented citizenry of home owners in the smaller cities and especially in the country. With this, prosperity would return and remain forever. Community owned and controlled banks would reopen in the small towns and cities, business would revive and this Government would become stronger and more permanent as the years come and go.

To my mind we are at the parting of the ways. There is a right way and a wrong way. We have really been traveling the wrong way, and yet we can retrace our course and take the right way if we will act before it is too late. The decision must be made, and now. We must reestablish the common people in control of their own affairs and bring prosperity out of this wreckage and chaos, or suffer the inevitable downfall of our Government. There can be no abiding prosperity without the proper solution of the farm problem, the labor problem, the transportation problem, and other economic questions affecting the very lives of our people.

Let us quit taking up all our time with flimsy temporary palliatives. Let us find the real causes of the trouble and work day and night to overcome them. This and nothing else, in a legislative way, is our solemn duty.

OUR FOREIGN POLICY

Mr. MORTON D. HULL. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD.

The SPEAKER. Is there objection?

There was no objection.

Mr. MORTON D. HULL. Mr. Speaker, it is the fashion of the supporters of the present American foreign policy to take a separate and apart, do-nothing attitude, to glorify such an attitude as the "American tradition," and to seek to justify it as a wise and prudent course on the ground that any more positive and vigorous policy, whether pursued in concert with other nations or pursued alone, would be dangerous and lead us into war.

One of the by-products of this attitude always dragged into the discussion is the assumption that in following any other course our boys will be dragged onto some foreign battlefields to settle foreign quarrels. To say that a more vigorous attitude would be contrary to American tradition and policy, and to supplement it with the assumption our boys would be sent to fight in foreign fields, is expected to make the argument unanswerable.

It is assumed that because in the flintlock age a policy of "refraining from permanent alliances with particular nations" had its ample justification in experience, such aloofness must be our position to-day. It was good for our fathers and therefore is good for us. This is the argument of the blind leading the blind. When the spaces of the earth were thinly settled and the means of communication of the ox-cart kind, and when there existed a considerable economic self-sufficiency for each nation, such an attitude might well be justified, as it was for us 100 years ago. But in an age of far-reaching economic interdependence between nations, in an age of indemnities, international debts, lethal gas, of aviation and submarines, the combustible materials of international life are brought too close together to make the "let-alone" and "do-nothing" policy a safe one.

Some sniper of unbalanced mind in the international community, some red with his torch, may set them off. The hoary American tradition becomes then about as sure a test of wisdom as that of the man who found that if he lived through the month of March he lived the rest of the year. Yet this attitude is American statesmanship to-day. It would appear, however, that those who are the spokesmen of the "do-nothing" policy have not been and are not easy in their conscience. They recognize that a negative attitude that can not meet positive international requirements is subject to criticism on that account. It was this recognition on our part, this uneasy sense of something missing if we are to keep pace with national aspiration for sharing in the peace program, that led to the drafting and signing of the pact of Paris, renouncing war and pledging the signatories thereto to the use of pacific means for the settlement of international disputes.

And now since the Sino-Japanese affair it is, in turn, the realization of the inadequacy of the pact of Paris without sanctions that has prompted the State Department to set up as a new departure in international law the new formula that this Government will not recognize the legality of any situation, treaty, or agreement brought about by force. This attitude has been followed by like declaration on the part of the League of Nations. But will it accomplish anything? Our Secretary of State, Mr. Stimson, says it will. He says:

> It will effectively bar the legality hereafter of any title or right shown to be obtained by pressure or treaty violation.

The Acting Secretary of State, Hon. William R. Castle, jr., says of it in a recent address delivered by him for the general conference of the Methodist Episcopal Church, May 6, that it—

> Has put teeth in the pact of Paris and has done it in a way which avoids the use of force. * * * No such nation [predatory nation] in the future will be permitted to enjoy the fruits of its dishonest attack on the peace structure of society.

This is a bold prophecy made by the Acting Secretary of State. It is a much stronger claim of merit than any made by Secretary Stimson. The latter claims only that it will effectively bar the legality of any title shown to be obtained by pressure or treaty violation. Mr. Castle claims that it will bar the enjoyment of the fruits of predatory action. These two claims are very far apart. Will Mr. Castle's prophecy prove true? Has it yet proved true in Manchuria? Is not Japan in full possession of the fruits of its attack on the peace structure of society? Japan signed the pact of

Paris, and Japan has broken faith both with us and the world with respect to Manchuria. Yet Japan is apparently in possession of Manchuria to stay. Perhaps it will be said that it is too early to come to conclusions as to Japan's control in Manchuria, or, using the language of Mr. Castle, as to Japan's enjoyment of "the fruits of its attack on the peace structure of society." That may possibly be true; perhaps it is too early to judge. But I venture the prediction that Japan is in Manchuria to stay. Perhaps there is a moral law of compensations which in the course of ages will ultimately work retribution on Japan, but it is not apparent to-day.

I am inclined to believe that Secretary Stimson has his doubts about the effectiveness of his proposal from the cautious claims he makes for it. Acting Secretary Castle has prophesied that the enjoyment of the fruits of dishonesty will be barred. Secretary Stimson is much more cautious. He confines himself to the legality of title. Acting Secretary Castle speaks of the enjoyment of the fruits of attack. The colored boy who likes watermelons may never get title to the watermelons he purloins from his neighbor's garden, but neither will he be barred from the enjoyment of the fruits of his dishonesty by any caveat made against stealing. Legality of title in such a situation means nothing unless it includes the power of a superior agency to judge the rightfulness of possession and to punish, if necessary. And the creation of such an agency is what we of America scorn to attempt. We say it is against our national tradition and policy.

With every desire to find encouragement in the new policy presented by Secretary Stimson, with every wish that as a moral sanction it may prove effective, I can not see in it anything but a plausible, fine-appearing mantle to cover the poverty of a timid, fearsome policy. It represents drift, and the best than can be said of it is that it represents drift in the right direction.

ECONOMY

Mr. BUTLER. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD by including a copy of a letter which I wrote in answer to one on the subject of economy.

The SPEAKER. Is there objection?

There was no objection.

Mr. BUTLER. Mr. Speaker, under leave to extend my remarks in the RECORD I include the following letter written by me upon the subject of economy:

MAY 3, 1932.

Mr. E. B. MACNAUGHTON,
Vice President the First National Bank, Portland, Oreg.

DEAR MR. MACNAUGHTON: I have your letter of April 27, and, while contrary to popular belief, we are extremely busy and crowded for time, yet I feel that you are entitled to a more extended communication than a mere acknowledgment, because I think you are laboring under misinformation which has been industriously disseminated by interests apparently seeking to discredit the Congress and divert the attention of the rank and file of the American people away from some of the real causes of national distress.

My knowledge of your standing and character is such that I know you are seriously concerned and your interest in this matter is a sincere and patriotic one, and I gather from your communication that probably you are a stockholder in one or both of the business institutions mentioned, namely, the Du Pont Co. and the Standard Oil Co. of California, and I presume you received a letter from the former company similar to the one which various Members of Congress in both branches have caused to be placed in the RECORD as a monumental illustration of misleading propaganda.

This propaganda is in line with the course pursued by international bankers who dumped worthless foreign securities on unsuspecting citizens of this country as well as made loans in foreign countries and then joined with resident foreign manufacturers in a campaign against our system of protection to American producers and American laborers for the purpose of opening our markets up to cheap labor produced commodities of foreign countries to enable them to repay these loans at the expense of our own people and also for the additional purpose of diverting the attention of the people from their selfish manipulations, and the attitude of these people has been: "Look at governmental extravagance, look at congressional mismanagement, look at high salaries, look at high taxes, look at the tariff, but for God's sake, don't look at us."

While the Congress of the United States is doing its best to protect the business of the country and maintain the confidence of the people in our business institutions, these people are constantly inveighing against the Congress and against the Government, and if capitalism in this country is abolished and this Nation takes up the bloody road to Moscow, it will not be through organized "reds" and communists, but it will be due in a large measure to those with swollen fortunes who have joined hands with the "reds" in an effort to destroy the confidence of our people in their Government.

On April 30 Hon. PHIL SWING caused a copy of this letter to be placed in the RECORD, and made some remarks on the floor concerning the same, and called attention to the fact that the Budget, to begin with, was cut more than $350,000,000 under last year's expenses and that the House Appropriations Committee cut the appropriations 5 per cent in addition to the Budget cut and that the Senate made an additional cut of 10 per cent, which in some particulars, I fear, will work hardships upon some of the departments of the Government. I am inclosing you the remarks made by Mr. SWING, with the accompanying letter of the Du Pont Co.; also, on yesterday Mr. SWING made some additional remarks on the subject, and included in the RECORD a copy of memorandum from Mr. Roop, the Director of the Budget, concerning the comparison made in the Du Pont letter between the expenditures of the fiscal year 1927 and the fiscal year 1932. I am also inclosing you pages from the RECORD, showing this letter from the Bureau of the Budget, and in addition I am inclosing you an address delivered by David Lawrence, editor of the United States Daily and one of the most intelligent observers of governmental affairs in the country.

I am merely submitting these to you and calling your attention to the same for the reason that I know that a great deal of misinformation is being spread abroad in the land and many institutions would be pleased to have the country look in some other direction. So far as I am concerned, I believe in the strictest economy in governmental expenditures that is possible, and we all realize that there is more or less waste and extravagance in all governmental institutions from the small municipalities on up through the State and to the Federal Government, and I realize that when the national income is being reduced that expenditures must be curtailed and that the tax burden should be made as light as possible; but the Congress is constantly called upon by the people for various appropriations, and this is particularly true in our own State, and the people expect us to obtain appropriations to aid in the development of our State, due to the fact that we are a small State in population and that more than 50 per cent of the land is in governmental ownership, and we are blamed and condemned if we fail to secure the appropriations for our State.

We might strike from the appropriation list the one providing for post-office facilities of the city of Portland, but none would want that. We might strike from the list appropriations for rivers and harbors development and reclamation development, but none of our people want this done. The Congress has been called upon this session to save the banking systems of the country and their many millions of depositors, and conservative business men of outstanding prominence have stated that if the Congress had not come to the rescue and provided for the Refinancing Corporation that probably two-thirds of the banks in the United States would have failed before the year is over, and with this statement I am in agreement. The appropriation of these large sums of money sounds big, and they are enormous, but the Congress is composed of men who are trying to do their duty by the country and protect and save the country's institutions.

Concerning the proposed cuts in the small salaries of the wage earners of the Government, I have to say that I did not vote for the reduction of employees' salaries above $1,200 per year. I did vote for a cut above $2,500, and I did that with considerable hesitation, for the simple reason that about 75 per cent of Federal employees receive an average of $1,440 per year, and I do not believe that they should bear a big part of the burden that has been brought on the country through the misfortunes of war and thus relieve from the burden some of the great profiteers who are spreading the propaganda and who grew rich by coining blood and tears into money. Furthermore, reduction in wages and reduction in purchasing power, as you well know, will not help to restore prosperity.

The President of the United States was not in favor of reducing these small Federal employees' salaries, because he knew that on an average they were low and that if we were not careful we would only add to the long line of unemployment, and all that he recommended was the furlough plan, which I, together with the majority of the Republican Members, supported when the minimum was placed at $2,000.

I assure you that I was glad to have your letter and to know your interest in the situation and trust that I have made the situation a little clearer to you and will be glad to have your views at any time.

Sincerely yours,

ROBERT R. BUTLER.

INTERSTATE COMMERCE COMMISSION

Mr. CELLER. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD on the subject of the Interstate Commerce Commission.

The SPEAKER. Is there objection?

There was no objection.

Mr. CELLER. Mr. Speaker, severe criticism has developed against the Interstate Commerce Commission. For some time past such criticism was a mere smoldering of discontented but interested persons. This smoldering has become a jet of flaming condemnation against it. Railroads, bondholders, banks, publicists, economists, have raised a hue and cry that must sooner or later reach the Congress.

The commission, I believe, went pretty far in its laying heavy structures upon the application of the Missouri Pacific Railroad to the Reconstruction Finance Corporation to assume partially the road's loan to the banks. For this the commission was properly rebuked by the press generally.

It is difficult to understand the commission's recent decision in the case of the St. Louis-San Francisco Railroad, when it said the road could borrow from the Reconstruction Finance Corporation, but before any advance is made the road would have to submit a plan to effect substantial reduction in its fixed interest charges within 60 days. To do this in 60 days is impossible. Further, it is rather late for the commission to decrease the road's fixed charges when it has all along encouraged and approved substantially the road's fixed charges. The recent action of the commission rather delays than furthers strengthening railway credit through Reconstruction Finance Corporation or bank loans to railroads. The commission can easily undo the good the Reconstruction Finance Corporation is doing by undermining public confidence in the roads by its continued captious criticism.

The commission was mandated by Congress in 1920 to see to it that the railroads earned sufficient income. Five and three-quarters per cent was considered a fair return on investment. By many very unjust and unfair decisions the commission has made such return on investment utterly impossible.

Small wonder, therefore, we read frequently, only too frequently, condemnation of the commission of the type of the following:

[Reprint from the Wall Street Journal, December 16, 1931]

REGULATION PLUS TAXATION

EDITOR THE WALL STREET JOURNAL:

It is a self-evident fact if a nation is prosperous and is to continue so the government must conserve and safeguard the wealth of its citizens; when there is world-wide depression there must be causes which have produced such an abnormal situation in the United States.

Upon searching for fundamental facts we find that politics has given us legislation based on propaganda—cant, hypocrisy, and platitude—and our present conditions, the result.

In this country, after an experience of 50 years of the control of public street railways by State and city authorities, the regulations have been such that practically all have passed through bankruptcy. Owing to the hue and cry of over 40 years ago, the National Government embarked upon a campaign of Federal regulation authorized by Congress by which $25,000,000,000 worth of property is now in the absolute control of 11 men, who rely on their undermen to report what they should do; their dictates as laid down must be obeyed by the railroads; this commission tells them what they must do and what they can not do; in fact, tells them everything except how to earn the money to pay a return on bonds and stocks issued under the authority of the Interstate Commerce Commission. The railroads are supposed to pay taxes to every county, State, city, and town and a percentage of their profits to the United States Government; and the Interstate Commerce Commission is supposed to give them a fair return of 5¾ per cent on their property. This the Interstate Commerce Commission has never done, as under the law the members of this commission are not responsible to anyone for their action. In spite of this absolutely impossible situation, Congress in its wisdom inserted in the transportation act the recapture clause, which was the greatest piece of racketeering ever practiced in the United States. The railroads are expected to carry out the various orders issued by the Interstate Commerce Commission, but it does not supply them with the money needed so to do. What is the legal or moral responsibility of the Interstate Commerce Commission when it compels railroads to issue common stock at a price that they set; is it not a moral guaranty that the investor will receive a minimum rate of 5¾ per cent on his investment? But the investor knows now that the Interstate Commerce Commission has played a game.

The Interstate Commerce Commission has been, is, and continues to be a menace to the prosperity of this country; "the people's welfare" and "the people's interest" have simply been the propaganda of the loud-mouthed against a major industry of the United States, and the harassing of the railroads has now resulted in unemployment; the railroads have been compelled to discharge hundreds of thousands of men, the industries supplying the railroads are practically shut down; this in conjunction with the loss of railroad employment has caused a lack of business in every town where railroads have their shops or where railroad employees live, as well as where the materials used by railroads are manufactured. The Interstate Commerce Commission is aided in crowding the railroads by State commissions. The State of California, the home of antirailroad propaganda, through its supreme court, ordered three railroads to obey the order of the State railroad commission to build a $10,000,000 terminal in Los Angeles but forgot to tell the railroads where to obtain the money. Such power is beyond the sane thought of man. For years the railroads have received from Government nothing of material benefit, but, instead, orders for excessive expenditures, not the least of which has been the payment by the railroads of a major part of the expense to eliminate grade crossings, on the theory that new streets opened gave a railroad more business. How true this theory is is self-evident. The power to assess is the power to oppress; the power to regulate is the power to strangle; regulation plus taxation equals ruination.

WILLIAM I. WALTER.

NEW YORK, *December 12, 1931.*

CALENDAR WEDNESDAY

Mr. RAINEY. Mr. Speaker, I ask unanimous consent that Calendar Wednesday business in order to-morrow be dispensed with.

The SPEAKER. Is there objection?

Mr. STAFFORD. Mr. Speaker, reserving the right to object, if Calendar Wednesday business is dispensed with to-morrow we will go ahead with the War Department appropriation bill?

Mr. RAINEY. Yes.

The SPEAKER. Is there objection?

Mr. KVALE. Mr. Speaker, I understood last night that a tentative agreement was reached with the leadership not to dispense with Calendar Wednesday business to-morrow. Other Members have so understood, and have made their plans accordingly. I have just learned of some exercises on Thursday in which a very large proportion of the membership is interested, and while I regret the necessity, I shall feel constrained to object at this time, and I do object.

The SPEAKER. Will the House permit the Chair to make a statement in the way of a suggestion? It is desirable to pass this bill, if possible, this week. A large number of gentlemen have indicated a desire to attend certain exercises at Alexandria, Va., on Thursday. If we could consider the Army bill to-morrow and could have an understanding or a gentleman's agreement that we would have general debate only on Thursday, and a lot of gentlemen desire time in general debate; and if we could get through with the Army bill by Friday night, the Chair thinks it would be very agreeable to all concerned, because on Saturday the Chair thinks the private calendar is entitled to consideration. We have not had a Private Calendar on Saturday since the new rule was adopted, and the thought occurred to the Chair that if we could pass the Army bill after considering it on Wednesday and Friday, we might have general debate all day Thursday with a gentleman's agreement that no point of no quorum would be made.

Mr. SNELL. Mr. Speaker, on what is there going to be general debate?

The SPEAKER. On the President's message that we just referred to the Committee of the Whole, or on anything the Members may want. As a matter of fact, we could go into the Committee of the Whole to consider the President's message which was delivered in December last, as it is still pending. I do not know whether this suggestion of the Chair is agreeable to the Members or not.

Mr. TILSON. Mr. Speaker, will there be any veto message laid before the House on Thursday that the Chair knows about?

The SPEAKER. I could not possibly tell the gentleman what veto message may come to the House.

Mr. TILSON. I did not know but that there might be a message on the Speaker's desk.

The SPEAKER. If any such message comes on Thursday, undoubtedly it could be considered on Friday, and the Chair would undertake to protect the membership in that situation.

Mr. KVALE. Mr. Speaker, it grieves me very much to insist upon my objection, but in line with an agreement with one of my colleagues, I object.

Mr. STAFFORD. Mr. Speaker, objection would not prevent dispensing with Calendar Wednesday business upon motion made to-morrow or even to-night.

The SPEAKER. No; under the rule Calendar Wednesday business can be dispensed with by a two-thirds vote.

ENROLLED BILLS SIGNED

Mr. PARSONS, from the Committee on Enrolled Bills, reported that that committee had examined and found truly enrolled bills of the House of the following titles, which were thereupon signed by the Speaker:

H. R. 615. An act for the relief of C. B. Bellows;

H. R. 1554. An act for the relief of G. Carroll Ross;

H. R. 8637. An act to authorize the sale, on competitive bids, of unallotted lands on the Lac du Flambeau Indian Reservation, in Wisconsin, not needed for allotment, tribal, or administrative purposes;

H. R. 9393. An act to increase passport fees, and for other purposes;

H. R. 9591. An act to extend the period of time during which final proof may be offered by homestead entrymen;

H. R. 9970. An act to add certain land to the Crater Lake National Park in the State of Oregon, and for other purposes;

H. R. 10277. An act to transfer Lincoln County from the Columbia division to the Winchester division of the middle Tennessee judicial district;

H. R. 10284. An act to authorize the acquisition of additional land in the city of Medford, Oreg., for use in connection with the administration of the Crater Lake National Park; and

H. R. 10744. An act to authorize the issuance of patents for certain lands in the State of Colorado to certain persons.

The SPEAKER announced his signature to an enrolled bill and joint resolution of the Senate of the following titles:

S. 2775. An act to amend an act entitled "An act to incorporate the Masonic Mutual Relief Association of the District of Columbia," approved March 3, 1869, as amended; and

S. J. Res. 50. Joint resolution to authorize the Commissioners of the District of Columbia to close upper Water Street between Twenty-second and Twenty-third Streets.

ADJOURNMENT

Mr. COLLINS. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 5 o'clock and 22 minutes p. m.) the House adjourned until to-morrow, Wednesday, May 11, 1932, at 12 o'clock noon.

COMMITTEE HEARINGS

Tentative list of committee hearings scheduled for Wednesday, May 11, 1932, as reported to the floor leader by clerks of the several committees.

PATENTS

(10 a. m., caucus room, House Office Building)

Hearing on general revision of the design copyright law.

LABOR

(10 a. m.)

S. 3847. To amend the act approved March 31, 1931, relating to the rate of wages for laborers and mechanics employed by contractors and subcontractors on public buildings.

RULES

(10.30 a. m.)

Hearing, Steagall banking bill.

MILITARY AFFAIRS

(10 a. m.)

Hearing, Blanton resolution relative to retired officers.

RIVERS AND HARBORS

(10.30 a. m.)

Hearing, Alaska project and Columbia River.

AGRICULTURE

(10 a. m.)

Hearing, Representative SUMNERS of Texas—Debenture.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of Rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

555. A letter from the Assistant Secretary of Labor, transmitting a list of miscellaneous material in the Bureau of Labor Statistics and the Children's Bureau which will be of no further use in the transaction of official business; to the Committee on Disposition of Useless Executive Papers.

556. A letter from the chairman of United States Tariff Commission, transmitting information sent to-day, with illustrations, to the Senate as supplemental to the basic material submitted to the Senate under date of May 2, 1932; to the Committee on Ways and Means.

557. A communication from the President of the United States, transmitting deficiency estimates of appropriations for the Department of Justice for the fiscal year 1930 and prior fiscal years, amounting to $9,707.32, for the payment of claims settlements reported by the Comptroller General as chargeable to appropriations which are exhausted (H. Doc. No. 318); to the Committee on Appropriations and ordered to be printed.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of Rule XIII,

Mr. DOXEY: Committee on Agriculture. H. R. 11944. A bill to facilitate execution of and economy in field season contracts of the Forest Service; without amendment (Rept. No. 1266). Referred to the Committee of the Whole House on the state of the Union.

Mr. SPENCE: Committee on World War Veterans' Legislation. H. R. 10825. A bill to authorize the transfer of certain lands in Fayette County, Ky., to the Commonwealth of Kentucky; with an amendment (Rept. No. 1267). Referred to the Committee of the Whole House on the state of the Union.

Mr. FULMER: Committee on Agriculture. H. R. 9590. A bill to amend the act entitled "An act to provide for the collection and publication of statistics of tobacco by the Department of Agriculture," approved January 14, 1929; without amendment (Rept. No. 1268). Referred to the Committee of the Whole House on the state of the Union.

Mr. LEAVITT: Committee on the Public Lands. H. R. 9369. A bill to set aside certain lands around the abandoned Bowdoin well, Montana, for recreational purposes under a permit to Phillips County Post, No. 57, of the American Legion, Department of Montana; without amendment (Rept. No. 1269). Referred to the Committee of the Whole House on the state of the Union.

Mr. SUMNERS of Texas: Committee on the Judiciary. H. R. 4738. A bill to incorporate the Disabled American Veterans of the World War; without amendment (Rept No. 1271). Referred to the House Calendar

REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS

Under clause 2 of Rule XIII,

Mr. BUTLER: Committee on Claims. H. R. 6933. A bill for the relief of Zoe A. Tilghman; without amendment (Rept. No. 1270). Referred to the Committee of the Whole House.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of Rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. McLEOD: A bill (H. R. 11987) to provide for national reconstruction and permament relief to all unemployed World War veterans by providing for immediate payment of the face value of their adjusted-service certificates upon condition of engaging in farming for a period of not less than three years; to the Committee on Ways and Means.

By Mr. PESQUERA: A bill (H. R. 11988) to extend the benefits of the Reconstruction Finance Corporation act, approved January 22, 1932, to the banks and agricultural

credit corporations of Porto Rico; to the Committee on Banking and Currency.

By Mr. KELLER: A bill (H. R. 11989) to provide for emergency construction of certain authorized public works to aid in increasing employment; to authorize additional public works in certain cities and towns to further aid in increasing employment, and for other purposes; to the Committee on Ways and Means.

By Mr. WOODRUFF: A bill (H. R. 11990) to amend the national motor vehicle theft act to include boats and aircraft; to the Committee on the Judiciary.

By Mr. MONTET: A bill (H. R. 11991) to authorize the Attorney General and the Secretary of the Treasury to turn over to State agencies, for use in the enforcement of laws for the protection of migratory birds, forfeited vessels acquired by the Department of Justice and Treasury Department and no longer needed for official use; to the Committee on the Judiciary.

By Mr. PATMAN: A bill (H. R. 11992) to provide for controlled expansion of the currency and the immediate payment to veterans of the face value of their adjusted-service certificates; to the Committee on Ways and Means.

By Mr. DISNEY: A bill (H. R. 11993) relating to the tribal and individual affairs of the Osage Indians of Oklahoma; to the Committee on Indian Affairs.

By Mr. PATMAN: Resolution (H. Res. 220) to make H. R. 7726, a bill to provide for the immediate payment to veterans of the face value of adjusted-service certificates, a special order of business; to the Committee on Rules.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of Rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. BACHMAN: A bill (H. R. 11994) for the relief of James Evans Monroe; to the Committee on Claims.

By Mr. CAMPBELL of Iowa: A bill (H. R. 11995) granting an increase of pension to Agnes Lynn Stephenson; to the Committee on Invalid Pensions.

By Mr. CHRISTOPHERSON: A bill (H. R. 11996) for the relief of C. B. Dickinson; to the Committee on Indian Affairs.

By Mr. CRAIL: A bill (H. R. 11997) granting a pension to William R. Fouts; to the Committee on Pensions.

By Mr. FINLEY: A bill (H. R. 11998) granting an increase of pension to John D. Jones; to the Committee on Pensions.

Also, a bill (H. R. 11999) granting an increase of pension to Martha A. Bowman; to the Committee on Invalid Pensions.

By Mr. GIBSON: A bill (H. R. 12000) for the relief of Elizabeth Reynolds; to the Committee on Military Affairs.

Also, a bill (H. R. 12001) granting a pension to Lemira A. Graves; to the Committee on Invalid Pensions.

Also, a bill (H. R. 12002) granting a pension to Fannie G. Pore; to the Committee on Invalid Pensions.

Also, a bill (H. R. 12003) granting a pension to Arthur F. Sweet; to the Committee on Invalid Pensions.

By Mr. GILLEN: A bill (H. R. 12004) granting a pension to Gabriel M. Wilson; to the Committee on Pensions.

By Mr. GUYER: A bill (H. R. 12005) for the relief of Samuel W. Carnes; to the Committee on Military Affairs.

Also, a bill (H. R. 12006) for the relief of Charles P. Williamson; to the Committee on Military Affairs.

By Mr. WILLIAM E. HULL: A bill (H. R. 12007) granting an increase of pension to Harriet H. Morgan; to the Committee on Invalid Pensions.

Also, a bill (H. R. 12008) granting an increase of pension to Elizabeth Elkins; to the Committee on Invalid Pensions.

Also, a bill (H. R. 12009) granting a pension to Emily Cassady; to the Committee on Invalid Pensions.

Also, a bill (H. R. 12010) granting a pension to Robert A. Rose; to the Committee on Invalid Pensions.

Also, a bill (H. R. 12011) granting an increase of pension to Alice Ash; to the Committee on Invalid Pensions.

Also, a bill (H. R. 12012) granting a pension to Maude Thompson; to the Committee on Pensions.

By Mr. LAMNECK: A bill (H. R. 12013) granting an increase of pension to Anna W. McDonald; to the Committee on Invalid Pensions.

By Mr. LEWIS: A bill (H. R. 12014) granting an increase of pension to Anna R. Mongan; to the Committee on Invalid Pensions.

By Mr. MANLOVE: A bill (H. R. 12015) for the relief of Clara B. Drummond; to the Committee on Claims.

By Mrs. OWEN: A bill (H. R. 12016) granting a pension to Agnes Holbrook; to the Committee on Invalid Pensions.

By Mr. PARTRIDGE: A bill (H. R. 12017) granting a pension to Essie M. Cotton; to the Committee on Invalid Pensions.

Also, a bill (H. R. 12018) granting a pension to John Dudley; to the Committee on Invalid Pensions.

By Mr. SMITH of Virginia: A bill (H. R. 12019) for the relief of Marshall P. Grymes; to the Committee on War Claims.

By Mr. STEWART: A bill (H. R. 12020) granting an increase of pension to Frances Tuers; to the Committee on Invalid Pensions.

By Mr. SWICK: A bill (H. R. 12021) granting an increase of pension to Leonora L. Pomeroy; to the Committee on Invalid Pensions.

By Mr. TILSON: A bill (H. R. 12022) providing for an examination and survey of New Haven Harbor, Conn.; to the Committee on Rivers and Harbors.

By Mr. VINSON of Kentucky: A bill (H. R. 12023) granting a pension to Fannie Shields; to the Committee on Pensions.

Also, a bill (H. R. 12024) granting a pension to Sallie A. Mann; to the Committee on Invalid Pensions.

By Mr. WOOD of Indiana: A bill (H. R. 12025) granting a pension to William E. Boen; to the Committee on Invalid Pensions.

PETITIONS, ETC.

Under clause 1 of Rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

7666. By Mr. BOEHNE: Petition of Kiwanis Club of the city of Oakland City; to the Committee on Interstate and Foreign Commerce.

7667. By Mr. BOHN: Petition of American Legion Auxiliary of Sault Ste. Marie, Mich., favoring appropriation for citizens' military training camps and reserve officers' training camps; to the Committee on Appropriations.

7668. Also, petition of Chamber of Commerce of Sault Ste. Marie, Mich., opposing proposed bill to dispense with citizens' military training and reduction of Army officers; to the Committee on Appropriations.

7669. Also, petition of Tiny Ryan Auxiliary, No. 28, United Spanish War Veterans, in favor of appropriation for reserve officers and citizens' military training camps; to the Committee on Appropriations.

7670. Also, petition of American Legion Post No. 3, unanimously favoring continuance of reserve officers' training camps and citizens' military training camps, which current Army appropriation bill contemplates eliminating; to the Committee on Appropriations.

7671. Also, petition of Upper Peninsula Association of American Legion Posts, urging defeat of contemplated elimination of 2,000 Army officers, reserve officers' training camps, and citizens' military training camps by Army appropriation bill now before the House; to the Committee on Appropriations.

7672. Also, petition of Unit of Auxiliary Oscar Falk Post, No. 146, Menominee, Mich., urging defeat of bill suspending citizens' military training camps and officers' reserve training; to the Committee on Appropriations.

7673. Also, petition of American Legion Auxiliary of Manistique, Mich., favoring continuing the appropriation for citizens' military training camps and reserve officers' training camps; to the Committee on Appropriations.

7674. Also, petition of American Legion Auxiliary, Ira D. McLacklin Post, Sault Ste. Marie, Mich.; urging defeat of bill

suspending citizens' military training camps and reserve officers' training; to the Committee on Appropriations.

7675. Also, petition of Mr. Andrew Short, mayor of Sault Ste. Marie, Mich., protesting against the elimination of 2,000 Army officers, Reserve Officers' Training Corps, and citizens' military training camps, from Army appropriation bill now before the House; to the Committee on Appropriations.

7676. Also, petition of American Legion Auxiliary, Escanaba, Mich., protesting against suspension of reserve officers' and citizens' military training camps; to the Committee on Military Affairs.

7677. Also, petition of American Legion Auxiliary, Newberry, Mich., protesting against suspension of reserve officers' and citizens' military training camps; to the Committee on Military Affairs.

7678. Also, petition of 11 units of the American Legion Auxiliary in lower eleventh Michigan district, protesting against the suspension of reserve officers' and citizens' military training camps; to the Committee on Military Affairs.

7679. By Mr. BUTLER: Petition of citizens of Baker County, Oreg., protesting against compulsory Sunday observance; to the Committee on the District of Columbia.

7680. By Mr. CRAIL: Petition of Veterans of Foreign Wars, Department of California and Nevada, protesting against any reduction or disallowance in appropriations to Reserve Officers' Training Corps, citizens' military training camps, national rifle matches, reduction of National Guard strength, and reduction of Regular Army officers' strength; to the Committee on Appropriations.

7681. By Mr. HAINES: Resolution adopted by Gen. Joseph B. Hutchinson Camp, No. 92, United Spanish War Veterans, Department of Pennsylvania, protesting against legislation contained in economy bill affecting Spanish War veterans; to the Committee on Economy.

7682. Also, resolution adopted by Gen. Joseph B. Hutchinson Camp, No. 92, Auxiliary No. 51, of the United Spanish War Veterans, Department of Pennsylvania, protesting against legislation contained in economy bill affecting Spanish War veterans; to the Committee on Economy.

7683. By Mr. LINDSAY: Petition of employees of the Martindale Mercantile Agency, New York City, supporting the proposal submitted by Capt. Archibald B. Roosevelt, of the National Economy Committee; to the Committee on World War Veterans' Legislation.

7684. By Mr. RUDD: Petition of Delta Duck Club, New Orleans, La., protesting against the passage of Senate bill 763; to the Committee on Agriculture.

7685. Also, petition of Roger W. Allen, treasurer of Nugents the Garment Weekly, opposing postal rate increase on the advertising portions of magazines and newspapers; to the Committee on Ways and Means.

7686. Also, petition of employees of the Martindale Mercantile Agency (Inc.), New York City, favoring the proposal submitted by Capt. Archibald B. Roosevelt, of the National Economy Committee; to the Committee on World War Veterans' Legislation.

7687. By Mr. SANDERS of New York: Petition of the Rochester Amateur Radio Association, opposing provision requiring payment of fees by radio amateurs, contained in House bill 7716; to the Committee on Merchant Marine, Radio, and Fisheries.

7688. By Mr. SNOW: Petition of A. J. McNaughton, of Bangor, Me., and many other citizens, favoring passage of House bill 9891; to the Committee on Interstate and Foreign Commerce.

7689. Also, petition of Oscar H. Johnson, of Bangor, Me., and many other citizens, favoring passage of House bill 9891; to the Committee on Interstate and Foreign Commerce.

7690. Also, petition of Frank J. Albert, of Bangor, Me., and many other citizens, favoring passage of House bill 9891; to the Committee on Interstate and Foreign Commerce.

7691. By Mr. TREADWAY: Petition of H. A. Denman and others, favoring House bill 9891, providing for pensions for railroad employees; to the Committee on Interstate and Foreign Commerce.

7692. By Mr. WHITTINGTON: Petition of Beppo Arnold Post, American Legion, Greenville, Miss., opposing the payment of the soldiers' bonus and favoring suspending of the payment of interest on loans; to the Committee on Ways and Means.

7693. By Mr. WOOD of Indiana: Petition of residents of Indiana, protesting against compulsory Sunday laws; to the Committee on the District of Columbia.

SENATE

WEDNESDAY, MAY 11, 1932

(Legislative day of Monday, May 9, 1932)

The Senate met at 12 o'clock meridian, on the expiration of the recess.

The VICE PRESIDENT. The Senate will receive a message from the House of Representatives.

MESSAGE FROM THE HOUSE—ENROLLED BILLS AND JOINT RESOLUTION SIGNED

A message from the House of Representatives by Mr. Haltigan, one of its clerks, announced that the Speaker had affixed his signature to the following enrolled bills and joint resolution, and they were signed by the Vice President:

S. 2775. An act to amend an act entitled "An act to incorporate the Masonic Mutual Relief Association of the District of Columbia," approved March 3, 1869, as amended;

H. R. 615. An act for the relief of C. B. Bellows;

H. R. 1554. An act for the relief of G. Carroll Ross;

H. R. 3637. An act to authorize the sale, on competitive bids, of unallotted lands on the Lac du Flambeau Indian Reservation, in Wisconsin, not needed for allotment, tribal, or administrative purposes;

H. R. 9393. An act to increase passport fees, and for other purposes;

H. R. 9591. An act to extend the period of time during which final proof may be offered by homestead entrymen;

H. R. 9970. An act to add certain land to the Crater Lake National Park in the State of Oregon, and for other purposes;

H. R. 10277. An act to transfer Lincoln County from the Columbia division to the Winchester division of the middle Tennessee judicial district;

H. R. 10284. An act to authorize the acquisition of additional land in the city of Medford, Oreg., for use in connection with the administration of the Crater Lake National Park;

H. R. 10744. An act to authorize the issuance of patents for certain lands in the State of Colorado to certain persons; and

S. J. Res. 50. Joint resolution to authorize the Commissioners of the District of Columbia to close upper Water Street between Twenty-second and Twenty-third Streets.

REVENUE AND TAXATION

Mr. SMOOT. Mr. President, from the Committee on Finance I submit the majority report on the bill (H. R. 10236) to provide revenue, equalize taxation, and for other purposes, known as the revenue bill (Rept. No. 665). I will say to the Senate that in a very few moments there will be copies of the report on the desks of Senators so they will have it to look over during the day or this evening. Tomorrow, as soon as I can obtain the floor, I shall address the Senate on the bill, explaining in detail just what it accomplishes.

Mr. WALSH of Massachusetts. Mr. President, the senior Senator from Utah [Mr. SMOOT] has just filed a report from the Finance Committee on the revenue bill. Several members of that committee constituting a minority are desirous of filing, and now ask permission to file, the views of the minority, and ask also for authority to have the views of the minority printed.

The VICE PRESIDENT. Is there objection? The Chair hears none, and it is so ordered.

The views of the minority of the Committee on Finance on the revenue bill were subsequently submitted by Mr. WALSH of Massachusetts and ordered to be printed as part 2 of Report No. 665.

CALL OF THE ROLL

Mr. ROBINSON of Arkansas obtained the floor.

Mr. FESS. Will the Senator yield, that I may suggest the absence of a quorum?

Mr. ROBINSON of Arkansas. I yield.

Mr. FESS. Mr. President, I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Ashurst	Fletcher	Lewis	Smith
Austin	George	Logan	Smoot
Barbour	Glass	McGill	Steiwer
Bulkley	Glenn	McNary	Stephens
Bulow	Goldsborough	Moses	Thomas, Idaho
Capper	Gore	Norbeck	Townsend
Caraway	Hale	Norris	Trammell
Carey	Hastings	Nye	Vandenberg
Cohen	Hayden	Oddie	Wagner
Connally	Howell	Pittman	Walcott
Coolidge	Johnson	Reed	Walsh, Mass.
Copeland	Kean	Robinson, Ark.	Walsh, Mont.
Costigan	Kendrick	Robinson, Ind.	Watson
Davis	Keyes	Sheppard	Wheeler
Fess	La Follette	Shipstead	

Mr. FESS. I desire to announce that the following-named Senators are detained in a meeting of the Committee on Appropriations: The Senator from Washington [Mr. JONES], the Senator from Connecticut [Mr. BRIGHAM], the Senator from Iowa [Mr. DICKINSON], the Senator from South Carolina [Mr. BYRNES], the Senator from Tennessee [Mr. MCKELLAR], and the Senator from New Mexico [Mr. BRATTON].

The VICE PRESIDENT. Fifty-nine Senators have answered to their names. A quorum is present.

BUSINESS OF THE SESSION

Mr. ROBINSON of Arkansas. Mr. President, the importance and the urgency of the subject in mind are the justification for my taking the floor to make a brief statement.

The greatest fear that has gripped this country is that of unemployment, actual or apprehended. It has chilled every heart and carries back through the merchant, the manufacturer, the farmer, and the producer of other raw materials. Many suggestions for constructive measures have been made, some of them by Senators who have devoted much more study to the subject than I have been able to do. Suggestions have also been made by others who are not Members of the Congress. It is with a full consciousness of the limitations on my own knowledge that I venture to suggest in general terms some principles and measures which it is hoped will be given consideration and regarded as helpful in working out the problems to which the suggestions relate.

This is a crisis, and as in a war crisis we necessarily classify worthy economic projects in two groups: First, those which are indispensable and permit immediate action; second, other advantageous and helpful measures which can not be quickly or immediately formulated and carried into effect.

The indispensable measures, as I view them, are a balanced Budget and methods to get actual buying power into the hands of consumers. A government which can not or will not pay the bulk of its annual expenses out of revenues must soon come to the end of its borrowing capacity. There is only one course left, namely, by one means or another to issue money of doubtful value. Fear chills the hearts of our people because of the possibility of that now, and we shall go farther down into the depths unless expenses and receipts are brought together. The fear that this will not be done nullifies every plan enacted or proposed.

It is not practicable to provide out of revenues this year precisely all expenses contemplated by the appropriations which probably must be made. It is indispensable to take steps that will bring the Budget into approximate balance and appeal to every reasonable and informed man to aid in bringing about a complete balance next year. When this is done, and the honesty of our money and fiscal policy is established and maintained in the eyes of all the world, there will be no necessity to resort to questionable processes for expanding the currency or for any other form of fiscal tinkering. Money will flow here out of retreat from all parts of the world and out of hiding into business from all sections of the country, buying will be resumed, and we shall have reached the end of two and a half years of uninterrupted deflation. Based on these considerations, the following suggestions are respectfully submitted:

Establish and maintain the public credit beyond peradventure by a frank and unequivocal statement of probable revenues and proposed expenditures, not omitting from the latter items merely deferred. This information is essential to the reestablishment of confidence in the fiscal affairs of this Government.

Proceed by taxation and equitable reduction of Government costs to establish a sound relation between revenues and appropriations. I think we all realize the practical difficulties that inhere in this suggestion, but I also think there is no substantial disagreement as to the purpose to be accomplished. Inevitably and unavoidably differences have arisen over the method and means by which this end is to be obtained, and in working out this first great problem of satisfying the public that the United States purposes to maintain a proper proportion between its revenues and its expenditures we are called upon to exercise great patience and to use the utmost diligence.

If the Budget be balanced so that there is renewed confidence in the Government's monetary and fiscal policy, there will be little difficulty in reviving and expanding the actual buying power of consumers. Increased buying power may be brought about by supplying the immediate and pressing necessities of the unemployed and by a sound and well-considered program for the construction of self-liquidating projects.

It is my humble suggestion that before the present session ends there should be made available through the sale of Government bonds at least $300,000,000 to be advanced to the States and muicipalities in relief of suffering caused by unemployment. To be somewhat specific as to the measure, the bill before the Senate introduced by the Senator from New York [Mr. WAGNER], reported from the Committee on Manufactures, which has exhausted much effort in studying the subject, may be taken as a basis for this feature of the suggested program.

It will be recalled that earlier in the session a bill was presented to the Senate looking to the appropriation of $375,000,000 for the purposes now being discussed, and that all legislation on the subject failed because of a difference in opinion between those who were proposing legislation, one group suggesting and urging that the appropriation should be made without provision for return to the Treasury, the other group suggesting and insisting that it would be well and advisable to use the fund through local agencies and to provide for reimbursement of the Federal Treasury.

Whatever may be the conclusion of the Congress as to the right method to pursue, I believe the time has arrived when action should be taken by the Federal Government. We have all hoped, and some of us have believed, that conditions would improve and that the improvement would be reflected in a diminution of unemployment in this Nation. The information that reaches me is that notwithstanding the very effective efforts that have been made to stimulate employment by certain notable organizations unemployment is increasing rather than diminishing. We speak of adjourning the Congress, if possible, on the 10th of June. It is with the thought that some action on this subject should be taken before the Congress adjourns that I am prompted to make the remarks now being submitted.

The Government, in my opinion, should receive assurance of repayment such as may be obtainable, including State and municipal securities where they are available, and deductions may be made, as proposed in the Wagner bill, when necessary, from future allotments of Federal aid. I know that this phase of the question may provoke difference of

opinion, but it seems to me that at this stage it is sound and wise to make the advances to the State and municipal authorities with such arrangements as may be fairly obtained for reimbursement.

Reference was made a moment ago to the effective efforts of certain organizations to stimulate employment. One can not in that connection fail to think of the employment committee of the American Legion. Its goal has been to procure work for a million of the unemployed, and so ably and effectively has the task been carried on that the entire project is well on its way toward accomplishment. While I have no authority to speak for the American Legion or its employment committee I am informed, as other Senators are informed, that a study is being made of this subject by a committee of the Legion and by the American Federation of Labor, and that ample self-liquidating projects can be found or initiated to provide employment for a large number of people and to consume such a fund as at this time it may seem wise to provide.

I do not feel under present and prospective conditions that the mere carrying forward of a construction program will meet the full demands of the situation. There are many thousands of citizens who are willing to work, anxious to work, and who are unable to procure employment; and, if the Congress adjourns without taking any action looking to provision for their necessities, before we reconvene next December there may result suffering, which can not now be anticipated in detail, because of the threatened breakdown in local agencies or rather the exhaustion of their resources and funds.

With assurances that the Budget will be balanced and with emergency assistance in sight for those in distress, a well-considered construction program may be promptly authorized and entered upon by the issuance of, say, $2,000,000,000 of tax-exempt bonds, to be spent upon self-liquidating or profit-making enterprises, such as tunnels, bridges, and the destruction of slum districts in the great industrial centers. In instances where their credit resources have not been too far depleted and where authority exists or can be promptly obtained the States and the cities desiring to carry forward construction programs which have been suspended because of lack of credit should deliver to the Government their own tax-exempt obligations, and the revenues from the undertaking should be impounded to pay, first, the running expenses, and, second, interest and sinking fund to the Government.

It is estimated that there is enough work of a municipal nature which has been deferred because of lack of credit to employ more than a million men. Simultaneously with the issuance of these bonds a special tax may be necessary to pay the interest and amortization on the bonds and thus relieve the balanced Budget of any burden involved. I know this feature of the suggestion implies difficulties, but it is useless to balance the Budget by one act, by the tax bill, if in the making of additional appropriations we upset that balance. So the suggestion is for the formulation of a self-liquidating construction program, with the understanding that the interest and the sinking fund necessary will be provided.

The benefits to be derived from this method of increasing the buying power are not limited to the sums actually spent for employment, but extend to the revival of business and the sale of material, supplies, and other commodities. In addition, improved living conditions may be anticipated by the use of a portion of the funds in improvements in slum and tenement districts, where the rent of structures now in use could be lowered from the present charges, according to information supplied me, and yet be sufficient to pay interest and sinking fund upon the venture.

The 30-hour week, the application of the equalization fee to wheat as a test as to whether it is practicable to make tariff rates effective as to agricultural products, and modification of the Reconstruction Finance Corporation act so as to permit loans to farm-loan associations, are recommended as worthy subjects of legislation. It is especially emphasized that the Budget be balanced, that emergency relief legislation be enacted, and that a self-liquidating construction program be authorized and carried forward.

I thank the Senate for its patient attention to my remarks.

Mr. PITTMAN. Mr. President, I should like to have published in the RECORD, following the speech of the Senator from Arkansas, a memorandum prepared by a committee of the American Legion and the American Federation of Labor setting out definitely the plan that has been discussed, with a number of illustrations of the self-liquidating projects that might be considered.

The VICE PRESIDENT. Is there objection? The Chair hears none, and it is so ordered.

The matter referred to is as follows:

MEMORANDUM

There are to-day between eight and nine million unemployed, many of whom are reaching the starvation point—business is still receding with unemployment increasing—reports from many sections of the country indicate a growing and threatening social unrest.

This condition should be immediately corrected in some constructive manner for the general good.

METHOD

Creation of large works program through Government credit.

PURPOSE

Employment of between 2,500,000 and 3,500,000 workers with resultant increases in general business throughout the country.

CONDITIONS

1. Must prove their economic desirability.

2. Must prove their ability to become self-liquidating within a reasonable period by the establishment of either tolls or other amortizing charges.

3. Must produce the greatest number of labor hours per dollar expended.

4. Each State in the Union to be given an opportunity to participate, thereby giving the unemployed in each State a fair share of the work and eliminating the wasteful effort of the unemployed moving from one State to another.

5. Establishment of a board similar to the War Industry Board to pass on, supervise, and carry out the above purposes.

Examples of projects which have been engineered and are ready to go forward promptly are:

Bridge over the Mississippi River at New Orleans, costing $14,500,000, to be constructed jointly by the city of New Orleans and State of Louisiana. We understand the Southern Pacific Railroad has agreed to pay a rental for the use of the bridge sufficient to cover interest and sinking fund. Approximately 60,000 tons of steel involved.

Delaware River Joint Commission has authorized $10,000,000 to build high-speed subway system to connect Philadelphia and Camden. To be repaid by tolls.

California toll-bridge authority, created by California Legislature, power to build bridge from San Francisco to Oakland. Cost approximately $75,000,000. To be repaid by tolls.

Portland-Tualatin tunnel through the hills west of Portland, Oreg., authorized 1930. To be repaid by tolls.

Bridge St. Lawrence River. Engineering study completed. Cost approximately $4,000,000. To be repaid by tolls.

Thirty-eighth Street tunnel under Hudson River, costing approximately $90,000,000, authorized to be constructed by Port of New York Authority. Understand engineering work completed. To be repaid by tolls.

Triborough Bridge across East River costing $30,000,000. Work already started, but stopped account lack of funds. To be repaid by tolls.

Hudson-Catskill Bridge costing $3,500,000. Already authorized State of New York. Engineering work practically completed. To be repaid by tolls.

Hydroelectric power development Columbia River. Much of the necessary engineering work done. Probable cost upward $100,000,000. To be repaid by consumer charges.

Similar toll bridges, with engineering work done, projected in Chicago, St. Louis, Detroit, and Boston. To be repaid by tolls.

Large amounts of waterworks for communities of size projected and engineered. Estimated amount between $300,000,000 and $500,000,000. To be repaid by tolls.

LOANS TO STATES AND MUNICIPALITIES

Mr. NORBECK obtained the floor.

Mr. DAVIS. Mr. President——

The VICE PRESIDENT. Does the Senator from South Dakota yield to the Senator from Pennsylvania?

Mr. NORBECK. I do.

Mr. DAVIS. Out of order, I ask unanimous consent to introduce a bill and have it referred to the Committee on Banking and Currency; and I ask that the clerk read it, if possible.

The VICE PRESIDENT. Does the Senator yield for the reading of the bill?

Mr. NORBECK. I do not like to do that now. I have no objection to the introduction of bills. I have no objection to anything that will take just a moment or two. Will not the Senator state the substance of the bill briefly?

Mr. DAVIS. It will take only a second to read it.

Mr. NORBECK. Very well. I will take the Senator's word for it.

The VICE PRESIDENT. Without objection, the bill will be read.

The bill (S. 4632) to authorize the Reconstruction Finance Corporation to make loans to States and municipalities was read the first time at length as follows:

Be it enacted, etc., That section 5 of the Reconstruction Finance Corporation act is amended by adding at the end thereof the following:

"Within the foregoing limitations of this section the corporation may also make loans to States or municipalities or political subdivisions thereof to aid in temporary financing for unemployment relief, and when, in the opinion of the board of directors of the corporation, any such States, municipality, or political subdivision is unable to obtain funds upon reasonable terms through banking channels or from the general public, and the character and value of the security offered are such as to furnish adequate assurance of ability to repay within the time fixed therefor and to meet other obligations in connection therewith: *Provided*, That the aggregate sums advanced under this paragraph shall not exceed $500,000,000."

Mr. GORE addressed the Chair.

The VICE PRESIDENT. Does the Senator from South Dakota yield?

Mr. NORBECK. I yield for anything brief. I yield to the Senator from Oklahoma.

Mr. GORE. I merely wanted to object to the second reading of that bill to-day.

The VICE PRESIDENT. Objection is entered.

EFFECTS OF UNEMPLOYMENT

Mr. COPELAND. Mr. President——

The VICE PRESIDENT. Does the Senator from South Dakota yield to the Senator from New York?

Mr. NORBECK. For what purpose?

Mr. COPELAND. Mr. President, if the Senator from South Dakota wishes to discuss the pending bill, I shall not interfere with him. I did wish to comment on the statement made by the Senator from Arkansas [Mr. ROBINSON]; but if the Senator wishes to go ahead with his prepared address, of course, I shall not interfere.

Mr. NORBECK. If the Senator wants to speak for, say, two or three minutes, it will be all right. Otherwise I prefer to proceed.

Mr. COPELAND. I thank the Senator. I should like to speak for a minute.

I find in my mail this morning two letters that bear so directly on what has been said by the Senator from Arkansas that I should like to quote a paragraph. I am much concerned, and think the matter is more important than anything else we can possibly consider at this moment.

A teacher writes me that the other morning she found the children of her school unable to grasp the lesson because they were too hungry for their minds to function. One of the children answered her question as to home conditions by saying, "To-day is not my turn to eat."

When we have conditions like that in the homes of America it is time that the Congress of the United States gave some attention to them.

Here is a letter in the same mail from a Methodist minister in the northern part of my State, who says:

This entire north country is seething with communism. People are hungry and desperate. My son has been on one-third time, at small pay, for a year. His children cry for food. My son-in-law has lost his position. I am helping to feed his family from my small, poorly paid income. Expect revolution. I marvel at the patience of our American serfs. We expect no sympathy from those who have three square meals a day.

Mr. President, when reputable persons, persons of high character, write me, as this teacher and this preacher have done, it is time that we gave thought to the hungry people in America. I am glad that the Senator from Arkansas has voiced this sentiment, because, in my judgment, we can choose between feeding the people or having some great social and political disaster, which we wish to avoid, happen to the country.

I thank the Senator from South Dakota for permitting me to speak. I wanted it to appear in the RECORD immediately following what the Senator from Arkansas has said; and if time permitted I should wish to enlarge upon the subject.

Mr. COSTIGAN. Mr. President——

The VICE PRESIDENT. Does the Senator from South Dakota yield to the Senator from Colorado?

Mr. NORBECK. For what purpose?

Mr. COSTIGAN. Will the Senator yield for as brief a statement as that of the Senator from New York on the address of the Senator from Arkansas?

Mr. NORBECK. I beg the Senator's pardon, but I do not want to open up a general debate here. I am trying to make a few remarks and get through with them.

Mr. COSTIGAN. I shall reserve my remarks until later.

Several Senators addressed the Chair.

Mr. NORBECK. I yield for the transaction of routine business.

PETITIONS AND MEMORIALS

Mr. ASHURST presented a telegram in the nature of a memorial from R. R. Knotts, commander of Yuma (Ariz.) Post, remonstrating against cuts in appropriations for the Army, Navy, and citizens' military training camps, and also any changes in the veterans' program, which was referred to the Committee on Appropriations.

He also presented a telegram in the nature of a memorial from Grace M. Alexander, State chairman of national defense, Daughters of the American Revolution, Phoenix, Ariz., remonstrating against further cuts in appropriations for the Navy, which was referred to the Committee on Appropriations.

He also presented telegrams in the nature of memorials from the Mesa (Ariz.) District Chamber of Commerce and the Solano Theatre, by C. J. Stanley, of Fairfield, Calif., remonstrating against the imposition of taxes on admissions to amusements, which were ordered to lie on the table.

Mr. TYDINGS presented a memorial of sundry citizens of Frederick County, Md., and vicinity, remonstrating against inclusion in the pending revenue bill of a tax of 2 cents on bank checks, which was ordered to lie on the table.

He also presented a resolution adopted by Maryland Guard Memorial Post, No. 35, American Legion, of Baltimore, Md., favoring the reduction or elimination of the interest rates on adjusted-service compensation certificates of World War veterans, which was referred to the Committee on Finance.

Mr. BARBOUR presented a communication from members of Unity Church (Unitarian), of Montclair, N. J., indorsing the stand of the American delegation to the Geneva Disarmament Conference for the abolition of heavy mobile guns, tanks, and poison gases, and favoring the marked and progressive reduction of international armaments for the purpose of implementing the Briand-Kellogg pact, which was referred to the Committee on Foreign Relations.

He also presented resolutions adopted by the Lions Club of Cranford, N. J., favoring the prompt passage of legislation to balance the Budget and for retrenchment in governmental expenditures, which were referred to the Committee on Appropriations.

He also presented resolutions adopted by Joyce Kilmer Post, No. 25, American Legion, of Middlesex County, N. J., opposing reduction in the amount of disabled veterans' compensation and also the limitation of medical treatment to World War veterans, which were referred to the Committee on Appropriations.

He also presented a memorial of sundry citizens of Bergen County, N. J., remonstrating against a tax of 10 per cent on theater admissions selling at over 10 cents, and suggesting that if such a tax be included in the pending revenue bill it be imposed only on tickets selling in excess of 46 cents, which was ordered to lie on the table.

He also presented the memorial of Jerseyville Grange, No. 213, Patrons of Husbandry, of Jerseyville, N. J., remon-

strating against the imposition of taxes on the automobile industry, which was ordered to lie on the table.

He also presented a petition of sundry citizens of the State of New Jersey engaged in the rendering industry, praying for the imposition of an import tax of 2 cents per pound on oils and one-half a cent per pound on oil-cake meals and oil cakes, which was ordered to lie on the table.

GOVERNMENTAL POLICIES

Mr. BARBOUR presented resolutions adopted by the first convention of the Women's State Republican Club of New Jersey (Inc.), which were referred to the Committee on Appropriations and ordered to be printed in the RECORD, as follows:

Resolutions adopted April 30, 1932, at Asbury Park, at the First Convention of the Women's State Republican Club of New Jersey (Inc.)

Whereas we believe that our country can be best served at the present time by carrying out the plans outlined by the Republican administration; and

Whereas we believe the delay in Congress is dangerous to the stability of the country and its economic recovery: Therefore be it

Resolved by the Women's State Republican Club of New Jersey in convention assembled, That we urge Congress to support and uphold the policies of President Hoover in his efforts to balance the Budget and reduce the cost of government; and we further urge Congress to defeat the present bonus bill and to pass the general sales tax.

Whereas we believe the Republican Party in the State and Nation should be more definite in the enunciation of its principles: Therefore be it

Resolved by the Women's State Republican Club of New Jersey in convention assembled, That we urge that the platform to be adopted in Chicago at the Republican National Convention contain definite statements of policy on the questions of unemployment, taxation, lawlessness, and prohibition.

Mrs. G. L. A. THOMSON,
Mrs. LEWIS S. THOMPSON,
Mrs. E. GARFIELD GIFFORD,
Mrs. E. C. STOUT,
Mrs. CLARENCE B. MITCHELL,
Miss EMMA E. DILLON, *Chairman,*
Resolutions Committee.

TAX ON IMPORTED LUMBER

Mr. FLETCHER presented a telegram embodying a resolution unanimously adopted at a meeting of southern-pine manufacturers, New Orleans, La., which was referred to the Committee on Finance and ordered to be printed in the RECORD, as follows:

NEW ORLEANS, LA., *May 10, 1932.*

Senator DUNCAN U. FLETCHER,
Senate Office Building, Washington, D. C.:

At meeting to-day of southern-pine manufacturers from every Southern State following resolution unanimously adopted:

"Whereas the lumber industry of the United States is now operating at approximately 20 per cent of capacity, and with the many communities in the South dependent entirely upon the sawmills thousands of families are undergoing extreme hardship and privation because of the forced curtailment of lumber production; and

"Whereas Canadian trade agreements with Australia, South Africa, England, Ireland, and Scotland, preferential duties of other countries, and the general depreciation of foreign currency have practically eliminated the exportation of lumber by the United States to countries which heretofore have consumed tremendous quantities; and

"Whereas with only the domestic markets remaining and these being on an extremely subnormal basis of consumption, the lumber manufacturers are faced with the dumpage of surplusage by Canadian producers, who are protected by higher prices in British-controlled territories, and with the importations of lumber produced in Russia from confiscated timber with convict or forced labor; and

"Whereas the Senate Finance Committee, recognizing the principle of protecting the natural resources of this country and the labor engaged in their conversion, has incorporated in the pending revenue bill import taxes on certain commodities, including lumber: Therefore, be it

"*Resolved,* That we, manufacturers of southern-pine lumber, representing all of the Southern States, in meeting assembled, urge upon our Congressmen and Senators the vital importance to their constituents and to the country at large of this tax on lumber imports; and be it further

"*Resolved,* That copies of this resolution be mailed to Congressmen and Senators of the United States from all of the States represented at this meeting with the recommendation that party principles be brushed aside during the existing emergency and that they give their full support to this measure, which will not only serve to provide additional Federal revenue but will relieve a basic industry of uneconomic competition and more quickly provide employment for the hundreds of thousands of men and women whose only means of livelihood is provided by the lumber industry."

May we urge your active interest and support?

M. L. FLEISHEL, *Shamrock, Fla.*
B. E. KENNEY, *Caryville, Fla.*
J. S. FOLEY, *Foley, Fla.*

REMONETIZATION OF SILVER

Mr. DILL. Mr. President, I ask unanimous consent to present certain petitions in support of the use of silver in the monetary system of the world. These petitions are signed by a large number of citizens of Tacoma, Wash., and surrounding cities. They are in support of proposals by Mr. Arthur G. Prichard, of Tacoma, Wash. I should like to have these petitions referred to the Committee on Banking and Currency.

The PRESIDING OFFICER (Mr. CAREY in the chair). Without objection, the petitions will be received and referred to the Committee on Banking and Currency.

RELIEF OF AGRICULTURE—DEEP WATERWAY

Mr. SCHALL. Mr. President, I ask unanimous consent to insert in the RECORD and refer to the Committee on Agriculture and Forestry a resolution adopted at the Republican State Convention of Minnesota held on the 30th day of April, 1932.

The VICE PRESIDENT. Without objection, it is so ordered.

The resolution is as follows:

FROM REPORT OF RESOLUTIONS COMMITTEE ADOPTED AT REPUBLICAN STATE CONVENTION OF APRIL 30, 1932, ST. PAUL, MINN.

Agriculture is our basic industry. The prosperity of the whole State and Nation depends on the prosperity of agriculture.

We reaffirm the principles stated in our national Republican platforms that our National Government enact practical and efficient measures which will place the agricultural interests of the United States on a basis of economic equality with other industries to assure its greater success and prosperity, and we instruct our delegates to the National Republican Convention to work to secure the indorsement of policies that will insure adequate protection of farm products from invasion by foreign and insular imports, the orderly and economic marketing of farm products, and the handling of our agricultural surplus in such manner as to protect our farmers from the depressed markets of the world.

One essential to the securing of better prices for farm commodities is economical transportation. We favor development of our inland waterways and the early development of a deep waterway to the sea by way of the Great Lakes and the St. Lawrence River.

Amendment: Furthermore, we urge our representatives in Congress to do all in their power to hasten a sufficiently large appropriation by Congress toward paying our part of the cost of said seaway, so that construction of this great improvement of such vital importance to these many States may be completed at the earliest date possible. It is requested that copies of these resolutions be forwarded by our secretary to each Senator and Member of Congress.

THE LATE SENATOR HARRIS, OF GEORGIA

Mr. GEORGE. Mr. President, I ask unanimous consent to have inserted in the RECORD a resolution adopted by the members of the Georgia Cotton Growers' Cooperative Association at their recent annual convention in appreciation of the service rendered by my late colleague, William J. Harris, to the agricultural interests of the State of Georgia.

There being no objection, the resolution was ordered to be printed in the RECORD, as follows:

Whereas all Georgia has suffered an irreparable loss in the passing of Senator William J. Harris, who has long been identified with the affairs of the State of Georgia and who has performed with distinction a valuable and noble public service for the people of this State; and

Whereas we, as farmers, having long since learned to appreciate the value and sincerity of his public service for the farmers of Georgia and for all agricultural movements dedicated to the improvement of the financial and living condition of the producers; and

Whereas his death will cause not only to the farmers in our State but to all classes of our citizens the deepest sorrow in the hearts of his fellow Georgians, whom he loved and served faithfully: Therefore be it

Resolved by the members of the Georgia Cotton Growers' Cooperative Association in annual convention assembled on this the 19th day of April, 1932—

1. That we wish to express our appreciation for the long and untiring service performed by him at all times for the best interest of all Georgians, and particularly for the farmers of his State.

2. That we shall always remember him as one who was fair to all, courageous in the support of what he thought was right, and at all times a friend and servant of his people.

3. That we wish to express to the family of Senator Harris our deepest sympathy in the loss of their loved one and our able, loyal, and devoted friend.

4. *And be it further resolved,* That a copy of this resolution be entered upon the minutes of this association and that a copy be furnished to the members of the family of Senator Harris.

CERTIFICATE OF SECRETARY

GEORGIA,
Fulton County:

I, Andrew J. Fleming, secretary of Georgia Cotton Growers' Cooperative Association, do hereby certify that the above and foregoing is a true and correct copy of a resolution passed by a unanimous vote of the members of said association in annual convention duly assembled on the 19th day of April, 1932.

Dated this April 30, 1932.

[SEAL.] ANDREW J. FLEMING, *Secretary.*

REPORTS OF COMMITTEES

Mr. BRATTON, from the Committee on the Judiciary, to which was referred the bill (S. 2447) to provide for references in law cases by consent of the parties and declaring the effect of such submission, reported it without amendment and submitted a report (No. 675) thereon.

Mr. KING, from the Committee on Immigration, to which was recommitted the bill (S. 7) to provide for the deportation of certain alien seamen, and for other purposes, reported it with amendments and submitted a report (No. 677) thereon.

Mr. TOWNSEND, from the Committee to Audit and Control the Contingent Expenses of the Senate, to which were referred the following resolutions, reported them each with an amendment:

S. Res. 92. Resolution authorizing the Joint Committee on Printing to expend not to exceed $15,000 for the classification, arranging, compiling, and indexing of the documentary evidence submitted to the Senate by the National Commission for Law Observance and Enforcement; and

S. Res. 193. Resolution authorizing a further expenditure by the Committee on Indian Affairs for a general survey of Indian conditions.

RELIEF OF PERSONS HAVING INTERESTS IN BALTIMORE AND HARFORD COUNTIES, MD.

Mr. HOWELL, from the Committee on Claims, reported a resolution (S. Res. 212), which was ordered to be placed on the calendar, as follows:

Resolved, That the bill (S. 4415) for the relief of certain persons formerly having interests in Baltimore and Harford Counties, Md., now pending in the Senate, together with all the accompanying papers, be, and the same is hereby, referred to the Court of Claims, in pursuance of the provisions of an act entitled "An act to codify, revise, and amend the laws relating to the judiciary," approved March 3, 1911, and the said court shall proceed with the same in accordance with the provisions of such act and report to the Senate in accordance therewith.

EXECUTIVE REPORT OF THE FOREIGN RELATIONS COMMITTEE

As in excutive session,

Mr. BORAH, from the Committee on Foreign Relations, reported favorably the nomination of Orsen N. Nielsen, of Wisconsin, now a Foreign Service officer of class 5 and a consul, to be also a secretary in the Diplomatic Service of the United States of America, which was placed on the Executive Calendar.

BILLS INTRODUCED

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. SMOOT:

A bill (S. 4629) authorizing the Director of the Census to prepare and furnish lists of the names and addresses of persons shown by the Fifteenth Decennial Census to be blind; to the Committee on Commerce.

A bill (S. 4630) to provide for additional water supply for the Utah National Guard training camp on the Jordan Narrows Military Reservation; to the Committee on Military Affairs.

By Mr. COHEN:

A bill (S. 4631) for the relief of Samuel Childers; to the Committee on Claims.

(Mr. DAVIS introduced Senate bill No. 4632, which appears under a separate heading.)

By Mr. BARKLEY:

A bill (S. 4633) for the relief of Forest Mobley; to the Committee on Naval Affairs.

A bill (S. 4634) granting an increase of pension to Jesse R. Rector; to the Committee on Pensions.

A bill (S. 4635) authorizing the Commonwealth of Kentucky, by and through the State Highway Commission of Kentucky, or the successors of said commission, to construct, maintain, and operate a toll bridge across the Ohio River at or near Owensboro, and permitting the Commonwealth of Kentucky to act jointly with the State of Indiana in the construction, maintenance, and operation of said bridge; and

A bill (S. 4636) authorizing the Commonwealth of Kentucky, by and through the State Highway Commission of Kentucky, or the successors of said commission, to construct, maintain, and operate a toll bridge across the Ohio River at or near Cairo, Ill., and permitting the Commonwealth of Kentucky to act jointly with the State of Illinois in the construction, maintenance, and operation of said bridge; to the Committee on Commerce.

By Mr. SHORTRIDGE:

A bill (S. 4637) granting a pension to David P. McNally; to the Committee on Pensions.

By Mr. PATTERSON:

A bill (S. 4638) granting a pension to Joseph F. Dorgan (with accompanying papers); to the Committee on Pensions.

By Mr. FESS:

A bill (S. 4639) granting an increase of pension to Caroline Thompson (with accompanying papers); to the Committee on Pensions.

ALABAMA SENATORIAL CONTEST—EXPENSES

Mr. HASTINGS submitted a resolution (S. Res. 213), which was referred to the Committee to Audit and Control the Contingent Expenses of the Senate:

Resolved, That the Committee on Privileges and Elections, authorized by resolution of February 28, 1931, to hear and determine the pending contest between John H. Bankhead and J. Thomas Heflin involving the right to membership in the United States Senate as a Senator from the State of Alabama, hereby is authorized to expend from the contingent fund of the Senate $35,000 in addition to the amount heretofore authorized for such purpose.

INCREASE OF BANKING FACILITIES

The Senate resumed the consideration of the bill (S. 4412) to provide for the safer and more effective use of the assets of Federal reserve banks and of national banking associations to regulate interbank control, to prevent the undue diversion of funds into speculative operations, and for other purposes.

Mr. NORBECK. Mr. President, I am sorry to differ from the distinguished Senator from Virginia [Mr. GLASS] on even a single section of the bill on which he and the committee have worked so faithfully for 23 months.

It will be two years in June since the Senator from Virginia introduced this bill. The hearings have been held before a subcommittee, of which I have been a member. I have been well acquainted with the progress made and the changes in the bill; but I may add that even before June two years ago the Senator from Utah [Mr. KING] had this matter before the committee in somewhat different form. No action was taken at that time for various reasons, mainly for lack of time; but later the committee decided to go ahead under the Glass plan. A great many obstacles have been encountered. Many changes have been made.

AN INDICTMENT

I was more interested in the Senator's criticism of the practices of Federal reserve banks yesterday than in anything else I have heard in this Chamber. It was a frank and fair statement by a man whose courage and sincerity in this matter have never been questioned, by the greatest student of banking in this Chamber, by the author of the Federal reserve act. His indictment is severe. Summed up briefly, it is that the system has been controlled from New York,

notwithstanding the fact that a Government board, the Federal Reserve Board, centered in Washington, with supervisory powers, were intended to control the whole system. The governor of a branch bank of New York—Federal reserve bank—set himself up as the head of the whole system, took no orders from the Washington board; in fact, defied them, and was recognized in other countries, especially in England, as the head of the "central" bank of the United States. The governors of the different branches held meetings and decided on policies.

The Federal Reserve Board were ignored and insulted to the point of exasperation until some mild measures were actually taken by the Federal Reserve Board to prove they were still in existence. They were willing to be ignored in most things, but they were not willing to be ignored in all things. Just think of it! A branch bank in New York has assumed to speak for the whole system. That is the story that he told us yesterday—a fact too well known, too sadly known—and I admire the courage of the author of the system in bringing those facts before the Senate and the country.

The Senator from Virginia spoke about the use of the system for speculative purposes. He said that instead of retarding gambling and speculation the Federal reserve bank has become a fountain for that kind of operations. This bill is a desperate effort of the author so to change the act, so to reform it, as more nearly to serve the purpose for which it was passed.

The Senator told us more than that. He said that the Federal Reserve Bank of the United States has attempted to stabilize Europe instead of the United States of America. Those are severe indictments, Mr. President, of the banking system that we cherish so much, that we believe to be an improvement on previous systems that we have had. The Senator tells us frankly that it has not operated for the benefit of the United States. The remarks of the Senator are a severe indictment of the shortcomings of the system, or, rather, the abuses of it by selfish interests and by officials in authority. But, of course, the Senator is right.

MY CRITICISM

I had in mind making some criticisms. Mine may be more mild than those of the Senator from Virginia, but they are not included in his. I have reference to what seem to be fundamental failures in the system—the failure of a beautiful theory to work as expected.

Well do I remember the hope and the promise of the Federal reserve act. It was going to provide a currency automatically elastic. It was going to end depressions. That meant it was going to prevent wild speculations and resultant booms. We were going to have a system with a governor serving on same. It would regulate itself. When the demands of business were great the currency would expand proportionately. When the demands slowed down there would be an automatic and proper contraction of the currency, for much of the currency was based upon borrowings from the Federal reserve system. The millennium was near at hand.

THE DIFFERENCE BETWEEN THEORY AND PRACTICE

Mr. President, we are wiser now. We know that speculation and booms were possible; I believe they were actually aggravated. The large banks had the Federal reserve system to draw on and it created a recklessness with them heretofore unknown, and depressions followed.

It seems now, as we look back over it, that the main effect of the Federal reserve system was to give an extra swing to both the high and the low periods. The booms went higher on account of the Federal reserve bank, and I am wondering if the depression did not actually get worse. Certainly the banks are not making any use of the system for the purpose of stimulating business; it fails to work. But Senator GLASS has specific remedies for the weaknesses to which he points. I will admit I have no remedy for the weakness to which I am pointing. I am not suggesting a remedy; I am asking for an explanation. Possibly it lies in the fact that conditions are different than they used to be and that old rules do not govern.

ONE OLD RULE

For a long time economists have said that "other things being equal" prices correspond to the amount of money in circulation. Increase the circulation, you raise the price; decrease it, and the prices fall. But the old rule started with the words "other things being equal," and in this complex era it does seem that other things are not always equal. Perhaps that explains it.

For instance, Mr. President, we have found that business activities through the inflation period do not depend so much on currency as on bank credit. Bank checks took the place of currency. Their stimulating effect on prices seems to have been enormous. The discontinuance of their use seems to have had a disastrous effect on prices and on business. I do not know how to start these wheels in motion. I am wondering whether the Goldsborough bill, that has passed the House and will in the near future be taken up by the Senate Committee on Banking and Currency, will have an important bearing on this question. The purpose of the Goldsborough bill is to regulate prices by further inflation or deflation of currency.

But I am not speaking to condemn the Federal reserve system. It is our system. It is the best system we have had. We are just making slow progress in our plans. We are just paying for experience. I believe the Federal reserve system was a step forward. But if the American people had known the price they were to pay for it they would have shied off from it.

However, there are compensatory features in it. For instance, it probably took us over the war period without a breakdown in our money system, when the old system would not have done that. So we have to put down a big credit mark there. In other words, the Federal reserve system and the fundamental theory on which it was based failed to do that which was promised for it, but it did something else which justified its existence. That seems to be the way when we enact new legislation; we are unable to foresee what it will lead to.

GLASS BILL

I did not intend to speak on the Federal reserve system; I did not intend to speak critically of the Glass bill. I started out by saying that I thought the bill was an honest effort to remedy the evils which have developed, the evils which could not be foreseen. The author feels it is a good bill, and I want to be helpful and not be in the way. I differ with him in one matter. This bill provides for the extension of branch banking. I believe it to be a poor system—a dangerous system. It is an enlargement of centralized banking—a centralization of the control of the credit of the country as I see it—and I am fearful of it. That is why I want to speak my word in protest. That is why I have offered an amendment to strike out section 19 of the bill, which permits an enlargement of the branch-banking privileges.

BRANCH BANKING

I do that mainly because I believe in the American system of banking. We have a dual system. We have two systems. We have one controlled by the States, we have another one controlled by the Federal Government. The two have grown up side by side. I think they have rendered splendid service, and I think we should be ever jealous of anything that will tend to destroy one system for the benefit of the other.

I believe the State banking system is perhaps of even greater importance than the Federal system. Certainly it is the larger one and does the most business. Therefore I assume it enjoys greater confidence of depositors, and I do not want to be a party to any step which I think will tend to destroy it.

I say frankly that there are many plans under way here now to bring about a unified system of banking, a single system of banking, and I am afraid that the single system will soon fall into very few hands, fall into central control, and therefore I want to be among those who protest against that plan.

We have the dual system of banking. That is classification No. 1, State banks and Federal banks. But we can classify again. We have another division which is equally important. We have the unit bank, the American kind of a bank, the bank owned and managed by the home folks of a community, the bank which the law contemplated should be the bank. Federal laws and State laws provided for unit banks. The laws provided that the stockholders should be natural persons, not artificial persons, not corporations, not holding companies, not trust companies, not some other imaginary thing, but natural persons.

Mr. SHIPSTEAD. Not dummies.

Mr. NORBECK. Not dummies, but real people.

CHAIN BANKS

Mr. President, the first violation of the spirit of the law was perhaps not a violation of the letter of the law, for the owners of one bank would reach out to the next town and get control of a second bank and a third bank, and then we had what was called the chain system in banking. The system has not been good.

No one recommends the chain system, neither bankers nor political economists—not even an official of the Treasury. It is probably the weakest system we have in this country, especially when the chain includes any large number of banks.

GROUP BANKS (ERRONEOUSLY CALLED CHAIN BANKS)

In recent years there has been developed another system of banking, which is also an evasion of the law, and is now generally recognized under the name of "group banking." A holding company is formed and control of banks is secured through the purchase of shares of stock in same, which are then held by the holding company. The owners of the holding company, therefore, control the banks. The holding company is an intermediary, or an affiliate. It is generally the agent or instrument of some large bank seeking to build up a branch-banking system, which is not permitted by law. This fact certainly must have been known to important bankers who employed the best legal counsel. Only recently did I learn that the Attorney General of the United States some 20 years ago held to the view that the stockholders of national banks could only be natural persons, not holding companies or other artificial persons.

Under this system, the old bank charters were left in existence, the old board of directors was retained. It had the appearance of local control, even though members of the board owned only one share each. But, of course, the local board was without control, except by provision from the holding company, or those who controlled the holding company, for they selected and elected the local board. But the local board was at least composed of people of the community, acquainted with its needs, knowing the abilities and responsibilities of borrowers, being able to be helpful and pass judgment in matters that came up. It was not entirely deprived of home rule. There was at least the right of petition, the right to speak up. There was at least somebody in the town where the bank was located who was interested in the welfare of the bank and the welfare of the community.

BRANCH BANKING

That is the third point. We are asked to go on to a fourth one; that is a general branch-banking system. Under this system there will be only one board, the board of the central bank. The branch bank is more likely to become a branch office. Its personnel will be reduced. More of the work will be done at the central office. There would be hundreds of branches for each bank. Loans would have to be made according to rules; they would have to be handled with great speed. They would be handled by a man who lives far away and is often unfamiliar with the situation in a community and strange to the character and outlook of the borrower. The loan would be reduced largely to mathematics and bank rules.

Mr. President, in Canada I heard of loans being passed on by the chief officer at the rate of 5 or 10 a minute. What chance would a prairie farmer have under such a system in getting consideration of his case? I feel that branch banking will arrest the growth and development of the country.

The unit bank is, as I said, an American bank. It came into its full flower and strength during a century of growth in this country; and what country has had any growth like ours? In every community was a bank that had the deposits of the community, the savings of the community, in charge of the leading men of the community, men interested in the progress of every person in the community.

Loans were not always made according to rules. They were not standardized. Sometimes they were made upon the ability of a borrower to make headway. If a man was entitled to credit and had the confidence of the community, had good character and economical habits, and wanted to get $50 to buy a cow, he could get the $50 to buy the cow. Under the branch-banking system such a loan, if made at all, would be made upon the showing of adequate security. Such an applicant will be told that if he will mortgage three cows they will give him enough to buy one cow. He has to say, "I have not the other two cows," and that would end it. This is what they call sound banking in the big centers—it is sound on paper.

Mr. President, the Federal banking laws and the laws of the States provide that the stockholders of the banks shall be responsible for twice the value of their stock. This is for the protection of the depositors in case of bank failures. The full amount of the double liability is not ordinarily recovered, but the larger amount of it is. It is a real protection for the depositors. It is a responsibility on the bank. It is a warning to its officers. It has a healthy effect; it leads to good banking. Numerous groups have now been organized throughout the country that issue holding-company stock in lieu of bank stock. The holding-company stock does not carry the double liability. The assets of the holding company are made up very largely of bank stock. It has been argued that in case of a single bank failure, or a few bank failures, there would be a good claim against the holding company. But no one will maintain that the holding company is responsible for any substantial amount of double-liability claims. I do not mean that all the group banks did that; too many of them did. A few group banks tried to maintain the rule of double-liability provision on their holding-company stocks.

Where does the branch system come from? It is a foreign system. It has grown up in small countries, countries small in area, where the central bank would have a branch a few miles out, where there was actual contact anyway, where they did not have any conditions such as there are here. A branch-banking system has served some countries well, but it has only served countries with small areas well. It fit those countries. But how anxious we are to find something foreign to transplant onto American soil. Is this going to be the next importation?

We have quite a little start in it. The first thing we knew the big bank people came to Congress and said, "New York is getting to be a big city. We ought to have some branch banks here in the city." Congress said, "Yes." Later they came and said, "This should be extended to the metropolitan areas." We agreed to that. It was rather an indefinite thing, I think, but we agreed to it, although some said on the floor, "This is just an entering wedge. The danger will come later."

Mr. WHEELER. Mr. President——

The PRESIDING OFFICER (Mr. GOLDSBOROUGH in the chair). Does the Senator from South Dakota yield to the Senator from Montana?

Mr. NORBECK. I yield.

Mr. WHEELER. I want to call attention to the fact that when they asked for the branch banking for the metropolitan area the statement was made on the floor of the Senate by some of those who were favoring that that this was not going to extend into various communities outside of the metropolitan areas but that it was done purely for the purpose of making it possible for the big banks to compete with outlying districts in the metropolitan area. I said then just what was going to happen—that the next step would be

to authorize these same banks to establish branches. A statement was made on the floor of the Senate here yesterday with reference to the lobby that was here at that time to prevent branch banking. Never was there any such lobby present at that time as there is present in the Halls of Congress at the present time for the purpose of putting over this bill with reference to branch banking and some of the features which the bill contains.

Mr. NORBECK. I agree with the Senator in that. I am further confused by the statement on the floor yesterday that the lobby was sent here by the loop banks of Chicago. The loop banks are the ones who favor the branch-banking system. But there may be a mistake about that statement.

Now, they are here asking for State branch banking by State units only, giving us the assurance that the unit is small, and therefore the danger is small. I hear it stated all around that it should be a larger district, should be a Federal reserve district. The Comptroller of the Currency first announced that he favored branch banking by Federal reserve districts, but later by trade areas. Can anyone tell me what trade area is? What is the trade area of a metropolitan city like New York or Chicago? It covers the entire country, does it not?

We are soon going to be faced with a demand for a nation-wide banking system, of course, and that is the old fight coming up again. It is a reminder of the banking situation which existed in Andrew Jackson's time, when centralized credit had such enormous power that it was nearly impossible to encounter it politically.

The Comptroller of the Currency appeared before the committee and recommended the branch-banking system. His argument was based on the fact that we have had 6,000 bank failures during the previous 10 years—"sufficiently indicating the existence of fundamental adverse conditions." He had reference to banking and not agriculture.

In his statement made on January 19, 1931, before the Committee on Banking and Currency he dealt with the total number of State banks that had failed. He does not tell the total amount of money involved in the failures. He refers to an annual report he made. The annual report carries the same mistake and tells about the large number of State-bank failures, and does not tell anything about the sum involved in those failures. On cross-examination he admitted that it might be it was not any more than the amount involved in the failure of some of the big banks. We called his attention to the fact that the failure of one bank in New York involved more than $200,000,000 in deposits and had 450,000 depositors. The loss involved was four times that involved in all the bank failures in the State of South Dakota, where there has been quite a general breakdown of the banking system, due to the agricultural deflation. Why conceal these facts when he is trying to build up an argument?

Then we were told that the branch-banking system is safer, and yet this very New York bank to which I just referred had 60 branches. If they were 60 insurance companies, why should that bank have failed?

BRANCHES AND CHAINS

The failures of chain banks, group banks, and branch banks during the last few years are well known to everyone. It has created a very difficult situation in some of the Southern States.

Those who desire the unified-bank system are always telling us about the better management of the national banks. I do not care to make any comparisons of them except to observe that in some cases the State banks seemed to be handled much better than the national banks. The reverse is true in other cases. The two systems have grown up side by side. It is not the national-bank system that is the larger one, it is not the national system that enjoys the confidence of the people and the largest number of depositors. It is the State system that does that. The system placed in jeopardy by section 19 of this bill is not a State system; it has the largest number of depositors, the greatest amount of deposits, and does the greatest business.

If I understood the Senator from Virginia [Mr. GLASS] correctly the other day, he said he had gradually come to the opinion that a branch-banking system would prevent bank failures. I am not sure that he said it; I may have misunderstood him; but I do know the advocates of a branch-banking system use that as one argument. How would it prevent failures? When somebody comes along and offers us something for nothing and tells us we can lift ourselves by our own bootstraps we are likely to fall for it. How will the branch-banking system prevent bank failures? By changing the form of banking? By centralized control? How are we going to make a poor note good by taking it over? How are we going to restore agriculture and industry? Are we not talking about the effect instead of the cause of the banking trouble?

FIFTY YEARS OF GOOD BANKING

Is it not a fact that every system was good for half a century when the Nation prospered and most of the banks held up and we had State banks and we had national banks which rendered service and went along? Then when the earning power was destroyed, when values began to come down, banks failed. The earning power of the farmer was destroyed first and that is why the farm banks went down first. The comptroller might have told us that. Why conceal that from us? Can any banking system be very safe if the economic condition is unsound, if everything keeps sliding down, if the security we take one year is not good the next year? Can any system be sound under those conditions?

POSTAL SAVINGS BANKS

I was over in Canada a few years ago. We have to get away from home once in a while to get a new angle. Distance lends enchantment. I was told then they very much admired our banking system. They understood that depositors had not lost a penny in 15 years under our system. I did not know what the gentleman was talking about who told me that. I finally learned that he was talking about our postal savings banks. They looked good to him until I called his attention to the fact that they had no loss because they took no risk and rendered no service. If that is the ideal in banking, if the only thing involved is safety of deposits, we have that in the postal savings banks and we do not need to go to branch banking for it. We have a perfect system now, but it is not helpful to agriculture and it is not helpful to industry and it is not helping in the growth and development of the country, because if we put all our moneys in the postal savings banks everything would come to a standstill.

There is no criticism of the postal savings bank. It has been a fine thing for the poor man, the man who does not know enough about banking and bankers to take a chance on using their facilities. It is at least one safe plan, but we can not adopt it as our universal system of banking.

DOES SAFETY LIE IN BULK?

For a generation we have been told that the large corporations were the strong corporations and the big banks were the good banks, but we have found many exceptions to the rule—so much that we can no longer accept the rule.

The Banking Committee have listened to two arguments this winter—one a plea that the large banks should be permitted to have branches because they are so strong, they are so wise, they are so benevolent, they have such a desire to be helpful.

Then again we have been implored to appropriate large sums of money as a treasury to help the large banks because we can not afford to let the large ones get into jeopardy. The Reconstruction Finance Corporation legislation was asked for by the big fellows, and the benefits have not to any great extent extended to the smaller banks—certainly not to the general public. The most that can be said for it is it was a move to avoid a threatened disaster. This legislation was asked for by the very men who now pride themselves on their size and their strength.

We are told there is such a great demand for banking facilities in towns and villages where there are none. It

sounds reasonable, but the committee have also listened to much testimony to the effect that with better highways the trade gravitates to the centers, and the banks in the smaller communities are unneccessary, as well as unprofitable. Even the farmers and their families prefer to go to the larger towns to shop. They find greater selections of goods in the large cities, and there is a tendency on their part to do their banking business 20 to 50 miles from home. In former days, before the automobile came into being, they considered 10 miles a considerable distance.

We are told of the great desire of some of the large banks to "save" the banking system. From listening to the pleas, they are all ready to take over all the banks in the country—good, bad, and indifferent—for the sole purpose of protecting the depositors against losses.

This is ignoring the fact that the weak banks have for a long time been trying to sell out and have not found any buyers.

It is ignoring the fact that the good banks are not for sale at any reasonable price. We have some that are for sale, but it is a matter of dickering, and unfortunately our experience has shown that we have some whose safety and welfare depend on the return of the prosperity of agriculture, depend on the ability of the farmer to pay his notes. But no one cares to assume that risk in buying a bank.

A THOUSAND TELEGRAMS

When I was home in South Dakota last week, I found in many places that one of the group banks had sent out a general call to wire Senator GLASS—wire him on three things:

First. Approve the branch-bank feature of the bill.

Second. Give approval of the plan for the large banks to retain their affiliates—their back door to bad banking—under reasonable regulations, whatever that may be. The definite thing was the affiliates were to be retained.

Third. Approve the liquidating corporation provision in the Glass bill. Nobody seems to object to the latter, so the third provision was not important.

I knew the Senator from Virginia would have a bushel basket full of telegrams in support of the branch-banking feature, and on Monday morning, when he walked into the Senate Chamber with the staggering bundle, I knew what those messages contained. He was not responsible for the propaganda. He was not to blame for showing them. The only point I make is that they do not reflect public sentiment; they reflect "involuntary servitude." I suggest that those telegrams from my State be placed in the RECORD, so they may speak for themselves as to the power of propaganda under a partly centralized form of banking.

Mr. CAREY. Mr. President——

The PRESIDING OFFICER. Does the Senator from South Dakota yield to the Senator from Wyoming?

Mr. NORBECK. Certainly.

Mr. CAREY. I would like to ask the Senator if they had had one bank with $500,000 capital with a branch in every town in his State, would that have saved the situation in South Dakota?

Mr. NORBECK. It would not have saved the situation if they had rendered any service, because of the shrinkage in property values and the shrinkage in earnings. Of course it did not affect the Postal Savings banks.

Mr. CAREY. The Senator knows that the bill proposes to permit a bank with only $500,000 to cover an entire State with branch banks.

Mr. NORBECK. Mr. President, yes, I think section 19 is too liberal in its capital requirement for branch banks, and while it provides for State units, it does not provide that the ownership must be within the State.

I know of no one in South Dakota who wants to open up a branch bank. I know people in larger cities who favor branch banking in South Dakota, and are here advocating the branch banking system.

The Senator's remark goes to the fundamental thing in banking. If there is any fundamental principle that is recognized in banking, a fundamental principle that is well established and well recognized, it is that a bank must not owe more than ten times what it is worth, because if it does, it is not in a safe condition. In other words, the capital must be one-tenth of the deposits. Liabilities must not be more than ten times the amount of the capital. So if a bank has $100,000 in capital and $1,000,000 in deposits, it has $1,100,000 to protect $1,000,000 in deposits. They can stand a shrinkage, a substantial shrinkage, before there is any danger; but that is based upon experience. It has been found that is the best ratio at which a bank can safely do business and render service to the community.

What is it this bill proposes to use in place of it? It is proposed to increase the banking business without increasing the banking capital. Is not that right, may I ask the Senator from Wyoming?

Mr. CAREY. Yes; the Senator is correct.

Mr. NORBECK. They say if we will let them take over these banks with their capital structure, they will run the business as an office. We are told that branches that have losses equal to their capital can be taken over by the chain and operated as a bank. That is a violation of the rule. It is proposed to ignore the very fundamental thing upon which sound banking is based. They are going to defend that proposal by bringing in here a sheet to show that they have a margin of capital over deposits, because in the shrinkage of business in general the deposits have shrunk too. But we all know that is when the danger mark is reached in banking, in periods of depression like this, because deposits decrease during a depression, values shrink, the paper in the portfolio is not as good as previously. Losses will have to be charged off.

Bank depositors recognize the ratio of normal times and do not permit reduction in capital on account of shrinkage in deposits until there has been a most rigid examination of the bank's assets. The ratio of normal conditions must be maintained. Is Congress going to lend itself to changing that ratio? If we do that, we strike at the very foundation of banking. No, they should not owe in normal times more than ten times what they are worth.

Mr. President, it is now 1.30 p. m., and I want to say to the Senators who may be hungry and desire to go to their lunches that I am not going to deliver the whole speech which I had intended to make at this time.

SEVERAL SENATORS. Go ahead!

Mr. NORBECK. We have had so much expert advice given to the Committee on Banking and Currency that we would be wise if we were not dizzy. I am sure that applies to the author of the bill as it does to me. He has been pestered day and night. Bankers have wired out all over the country and propaganda came back, "Vote against the Glass bill."

Then some little change would be made, and they would wire out over the country again and propaganda would come back, "Vote for the Glass bill." There was propaganda pro and propaganda con. Hearings and arguments were heaped on top of hearings and arguments. Misstatements galore were made by lobbyists, misstatements that have been sent out of here, because the lobbyists have to maintain their offices also. They have to cry "Wolf" once in a while if they are going to continue to draw their salaries, so they sent out warnings galore against the Glass bill and against this and that section of the Glass bill and against the minority of the committee, and against the "wild jackasses" on the committee.

I protest only against section 19, and I protest because the compromise provision in same was removed a very short time ago after being a provision in this bill since 1930. The compromise provision was that no branch banks should be established in any States, except in States that permitted a branch-banking system. This was struck out, and section 19 now provides that national banks may have branches, regardless of the laws of the State.

EXPERT ADVICE

Among the wise men who came to Washington to aid this committee in drafting the bill was the then president of the American Bankers' Association, not the man who is now president. I think they have had three presidents since the

committee started its work on this bill—one every year. He attempted to lay much of the banking trouble in agricultural States to the increased prices of land. He complained there was a wild speculation, and the proof of it was that land had doubled in price.

When we asked him if anything else had been doubled in value, when we pinned him down and asked about a pair of shoes doubling in value, about a suit of clothes doubling in value, about a locomotive doubling in price, and numerous other things doubling as well, he gave up. He did not know what he was talking about. Yet he was the one who had been giving advice to the bankers of the land about how to get out of the depression.

We also had expert advice from a man who had been president of the United States Chamber of Commerce. When the farm relief bill was pending a number of years ago his advice then was to keep the Government out of business. But he came before the Banking Committee this winter and recommended the Government go into business for the purpose of helping the banker. He advocated the passage of the Reconstruction Finance Corporation legislation. He was another one of those who believed the Government should stay out of business when the other fellow was in trouble but should go into business when he himself is in trouble.

Mr. LEWIS. Mr. President——

The PRESIDING OFFICER. Does the Senator from South Dakota yield to the Senator from Illinois?

Mr. NORBECK. I yield.

Mr. LEWIS. May I say to the Senator that as I came in the door, having been called out for a moment, I heard the Senator allude to what seems to be a charge that the loop bankers in the city of Chicago have been maintaining a lobby here. Will the Senator let me know whence that information comes and what foundation there is for it?

Mr. NORBECK. I had reference to the statement made yesterday by the Senator from Virginia [Mr. GLASS]. In his discussion of the pending bill he referred to such activities in connection with a previous banking bill. I did not question his statement, the Senator will understand; but he did state that the loop bankers, if I understood him right, sponsored the lobby referred to.

Mr. GLASS. Mr. President——

The PRESIDING OFFICER. Does the Senator from South Dakota yield to the Senator from Virginia?

Mr. NORBECK. Yes.

Mr. GLASS. If the Senator had read my speech as it appears in the RECORD, he would have noted that I——

Mr. NORBECK. I just heard the Senator's remarks on the floor, and I may be in error. I did not think the statement was correct, and that is why I referred to it.

Mr. GLASS. I corrected my statement with respect to the loop bankers. I did not understand exactly the geography of Chicago. It was an association of bankers outside of the loop which did not want the loop bankers to invade their territory; it was not the loop bankers; and I corrected my speech accordingly.

Mr. President, if I may add a word or two further as pertinent at this moment, I said in my speech that this association of bankers had employed a Congressman to oppose that measure of branch banking provided in the McFadden bill, and that I had the documentary proof to that effect. It will be recalled by Senators that rumors to that effect were so insistent at the time that the Senate itself adopted a resolution directing an investigation of those rumors. A subcommittee of the Banking and Currency Committee of the Senate was appointed to make the investigation. As I recall, the subcommittee consisted of then Senator Sackett, now ambassador to Germany; then Senator Edge, now ambassador to France; and myself. We pursued the inquiry and obtained the documentary proofs with respect to one more or less prominent Member of Congress. We had the testimony of this man's family physician that any revelations of that nature would endanger his life, and therefore the subcommittee determined not to pursue its investigation any farther. That Congressman has since died, and because of that fact perhaps I should not have made the reference that I did make in my speech.

I understand that in the other House to-day a very vituperative reference was made to my statement, and the validity of it was called in question. If there is anybody in this or the other branch of Congress who is now eager to make a revelation of the facts, I still have the documentary evidence, and, if anybody is willing to take the responsibility to reveal the facts, it is accessible to him.

Mr. LEWIS. Mr. President——

The PRESIDING OFFICER. Does the Senator from South Dakota yield to the Senator from Illinois?

Mr. NORBECK. I yield.

Mr. LEWIS. I take it for granted that in these observations of the eminent Senator from Virginia and of the Senator from South Dakota there is no charge that the bankers of Chicago, known as the loop bankers, or any others, were the parties perpetrating these offenses?

Mr. NORBECK. I am not able to answer that question. I would rather that the Senator from Virginia answer as to who the responsible parties were.

Mr. GLASS. Mr. President, my statement stands in the RECORD, except that I was confused as to the geography of Chicago and located the offense within the loop rather than without the loop.

Mr. LEWIS. I will merely add that it seems to be an instance of "looping the loop." [Laughter.]

Mr. WHEELER. Mr. President, if the Senator from South Dakota will pardon me, when the Senator from Virginia was speaking I understood him rather than having reference to the "loop" banks to say "loot" banks.

Mr. LEWIS. That is a matter that may be corrected by a "t."

Mr. NORBECK. Mr. President, the Senator from Virginia called attention to one of the real evils developed in the banking system. When he made his speech yesterday he spoke about the pressure put upon the banks, and said it resulted in involuntary servitude; the big city banks, from whom accommodations had been received, insisted upon unloading on them such securities. The bank did not want them, but had to take same. Next, the bank had to find a way to sell the securities, for they were not readily salable. The banks also had to put on pressure. They could not put the pressure on the depositors; they put it on the borrowers. Many of the borrowers would be called in and suggestion made to them they should buy certain stocks or certain bonds. When the borrower objected—he could not afford to do so—he was told to think it over, the bank would take an additional note for this. After the borrower had thought it over a day or two he would go back and meekly comply with the suggestion. He could not afford to displease his banker any more than the bank in the country could reject the advice of the big city bank. Times were hard and everybody knew it. The sharks took advantage of their victims. The victim was first the little bank and next the customer of such bank. In this way bad securities were sold all over the country. The Senator from Virginia is right; it is involuntary servitude, but it is not due to our system of banking; it is due to the business situation.

THE CURE

Does anybody believe the cure lies in conferring greater power upon the offending person? With a branch-banking system the small bank would be owned by the large bank, who in turn would be able to enforce more "involuntary servitude"—not less.

AFFILIATES

One of the worst evils that grew up during our period of speculation was the side-line company of the banks, commonly called affiliates. They would be owned by the bank and controlled by the bank, or rather by the officers of the bank. Often it was their side line, and the bank carried the burden.

The affiliate has been described as a back door to the bank. It was usually a back door to bad banking, and with the bursting of the boom it often involved the banks in enor-

mous losses, and in some instances it brought on the failures of banks. One of the purposes of the Glass bill is to bring this system to an end by compelling the banks to dispense with their affiliates, and liberal time is provided—they are given three years to bring this about. Some of the better banks have already separated themselves from the affiliates.

A few good banks have maintained the high standard of business morality in the affiliates, as they have in the banks, but a number of our larger banks have a miserable record in this matter. They are, however, unwilling to dispense with this agency for gathering in the shekels. They are hoping for another boom, another opportunity to shear the lambs. They believe that wool grows rapidly. It has hardly occurred to them their business methods are largely responsible for the present financial condition of the country.

Mr. WHEELER. Mr. President——

The PRESIDING OFFICER. Does the Senator from South Dakota yield to the Senator from Montana?

Mr. NORBECK. I yield.

Mr. WHEELER. In view of the reference which has been made to involuntary servitude, let me say that every little bank in the Northwest is now practically under involuntary servitude to the larger banks in the great centers; so that it is almost impossible for stockmen and cattlemen in my State to borrow any money from any of the banks because of the fact that they are under the domination of the St. Paul and Minneapolis banks or the big chain banks.

Let me further call the attention of the Senator to the fact that those big banks, the holding-company banks, went out and paid enormous prices for small banks with the money of the good banks in various States of the Northwest, and then floated stock which was practically worthless and loaded it upon their depositors throughout the Northwest.

Mr. NORBECK. Which stock was of doubtful value at the time and proved of low value later on.

Mr. SHIPSTEAD. Mr. President, will the Senator permit me to interrupt him for a moment?

The PRESIDING OFFICER. Does the Senator from South Dakota yield to the Senator from Minnesota?

Mr. NORBECK. I yield.

Mr. SHIPSTEAD. I should like to call attention to a practice which also amounts to involuntary servitude. I have had many bankers tell me that even bank examiners come to their banks throwing out the thought that it would be good for the local banker in order to get more reserves to acquire more bonds and put bonds in their pouches.

Now they are in such a situation that the greatest losses they have sustained are in that class of paper which they were practically forced to take by the bank examiner and which they did not know anything about—foreign paper from different parts of the country, corporation bonds——

Mr. NORRIS. And paper from foreign countries, too.

Mr. SHIPSTEAD. Yes; paper from foreign countries, utility bonds, and corporation bonds into the purchase of which they were practically coerced to put their local money, and then put the bonds in their pouches.

Mr. CAREY. Were those State or national banks?

Mr. SHIPSTEAD. I have been told they were both State and national banks.

Mr. NORBECK. The Senator from Minnesota is quite right; it became a fad. People were taught to believe that property far away from home was good. For instance, I attended a meeting of the Independent Bankers' Association of the State of Minnesota, the home State of the Senator who has just spoken. The superintendent of banks of that State spoke for 30 minutes about bonds, how to classify bonds, and about so-called secondary reserves. There was not a thing said about milk cows in that greatest dairy State in the Union. It was all bonds, foreign bonds, domestic bonds, utility bonds, municipal bonds, Government bonds—bonds, bonds, bonds—as a secondary reserve, as something liquid, a class of securities that to-day is selling at from 20 to 80 cents on the dollar, when the loans which were made to the farmers are still good.

Mr. COPELAND. Mr. President——

The PRESIDING OFFICER. Does the Senator from South Dakota yield to the Senator from New York?

Mr. NORBECK. I yield.

Mr. COPELAND. I should like to ask the Senator a question. I have reached the conclusion from his remarks that he is opposed to branch banking. Assuming that the branch-banking feature is eliminated, are there other features in the bill which should be preserved?

Mr. NORBECK. I am committed to the bill, and think there are many splendid things in it. I should like to vote for it if this threatened danger to our section of the country can be removed. I may say that this bill was in the committee for a year or more without this provision in it.

Mr. President, let us reduce the involuntary servitude under which the small unit banks labor, but how are we going to do it?

Mr. KEAN. Mr. President——

The PRESIDING OFFICER. Does the Senator from South Dakota yield to the Senator from New Jersey?

Mr. NORBECK. I yield.

Mr. KEAN. I should like to ask a question about the Senator's statement concerning involuntary servitude. If he means involuntary servitude through the Federal reserve banks, of course, under the law the member banks are in involuntary servitude to the Federal reserve banks.

Mr. NORBECK. I think the Senator from New Jersey should address that remark to one more competent to answer it than am I. The Senator from New Jersey himself is a banker, a successful banker, a banker of wide experience, a banker who enjoys the confidence of his community, a banker who does not follow all the fads of banking, who does not subscribe to all the new notions because somebody else tried to foist them on the country. I wish the Senator from New Jersey would devote an hour to this question and speak to the Senate from his lifelong experience and his judgment on these matters. I have been discouraged at the silence of the Senator while this branch-banking matter is pending. Involuntary servitude? Yes; we get away from it by a centralized control, do we?

I talked to one of the greatest branch bankers in this country, and I said, "How did you come to establish a branch system?" He said, "The banks in our section were sending their money elsewhere. We got tired of begging for it. We went out and acquired control of them and told them to send it in here." Yes, there was more "involuntary servitude." It left the local boards of directors in charge; it left the same buildings and the same offices, but tied a real string to them by which it pulled the money to one place, where they can do with it as they please.

I said that the branch system was a foreign system. It is so foreign to us that the nearest example we have of it is the Canadian system, which was an outgrowth of the English system, and quite a natural one. It is a system that serves England well, but does not serve Canada so well, because the conditions are different; and thousands of farmers from our Northwest who have gone into the prairie Provinces will testify to that.

In Canada a number of years ago I got to visiting with a farmer who told his experience with the Canadian banking system. He happened to be a Canadian who was born in Canada. He said that in the early spring he had arranged for the renewal of a small loan and wished to borrow additional money, because he was a well-to-do rancher and had plenty of security. The man in charge told him he could have it. He said, "Come in in 30 days and we will fix it up." The rancher went in in 30 days. There was a new face in the office. Clerks had been shifted. Policies had been changed. Maybe the chairman of the board of directors had a stomach ache or something, and he said, "No," where otherwise he might have said, "Yes"; and he lived 2,000 miles away. All the farmer was told was, "No, no; we have changed our policy. We are not making any loans. We are collecting. You will have to pay your note." There was nobody to appeal to—nobody but the Lord in Heaven.

There was no local representative of the bank. A foreigner in their midst was telling them what they could have and what they could not have.

I know of another case that happened in this country under a similar system, even more tragic than that; but I shall not take the time to relate it.

I have another case that happened in Canada. A well-to-do merchant arranged for a loan. The security was good, and everything was satisfactory. He was to have $5,000, but when the matter went through the machinery down at Montreal, where they go through at a rate of a number of applications per minute, some one in charge of it had marked "$4,000" instead of "$5,000" on it. He could not use that, because it would not take up his obligations. That is what you call "service", "expert service."

SLOW PROGRESS OF CANADA

What has been the effect on Canada? Is there anyone here who will say that the natural resources of Canada do not come in the class of those of the United States, with her fertile soil, a climate that will raise wheat through that whole Northwest for 2,000 long miles, the East with its great fruit country. Land was selling seven years ago, when our depression was well under way, 30 miles north of Niagara Falls for $600 an acre, raw, because it was good fruit land.

Is there anyone who will say that the mineral wealth of Canada is limited? Why, it is well known to be fabulous. They have not started to develop it.

And what about her forests? I believe that she has forests enough to supply the world with lumber.

Is Canada young? The oldest settlement in Canada is older than that of the United States.

Has Canada an inferior population? No one will charge that. It is largely British; but the eastern Provinces were settled by the hard-working and thrifty French—thrifty and prolific. But the large families can not find a place to settle out there, so they come into the States here and crowd our New England farmers; and while we have built up 120,000,000 population, Canada has one-tenth as much.

What does Canada think of it? Oh, they are not all blind to it. I will read something here from a Canadian official document, the proceedings of the House of Commons select standing committee on banking and commerce, 1928. This is a statement by Mr. Arthur E. Darby, director of economic research, Canadian Council of Agriculture. I shall not read it at length; but Mr. Darby states:

> In Canada the chief financing of agriculture has been done by mortgage-loan companies.

He goes on:

> In any case, the ordinary commercial bank, operating for profit, can not cover the whole field of short-term and intermediate credit. * * *
>
> It may be, as European experience would seem to indicate, that in cooperative credit and banking lies the salvation of agricultural finance.

That is what their own official says about their own banking system—the one we are asked here to adopt.

CANADIAN BANKING SYSTEM

But we hear so much about the safety of the Canadian system. I made an error, in the minority report, in copying a magazine article boosting the Canadian system, in using their figures. Their figures were that there were only 16 failures in 62 years. I thought that was a great deal, considering that they only have 11 banks—more than 100 per cent—but I find that the figures were wrong. They had 26 failures, not 16; I get that from the official reports. Of course, they do not count the branches when they have a failure, and the average Canadian bank has 400 branches under a single management in a central city.

But what is the effect? What is the drift of branch banking in Canada? That is what we want to know.

I maintain that the danger is that we will centralize banking into a few hands here. But we are asked to look at Canada and see what they have done. Yes; let us look at Canada and see what they have done. Let us look at it. Let us not look at part of it but look at all of it. From the Banking System of Canada, by Beckhart, I learn that in 1890, 40 years ago, Canada had 40 banks. In 1928 they had 28. To-day they have 11. How long will it be until they have one?

Mr. WHEELER. Mr. President——

The PRESIDING OFFICER. Does the Senator from South Dakota yield to the Senator from Montana?

Mr. NORBECK. I do.

Mr. WHEELER. I think the Senator will agree with me that practically everybody in the Northwest agrees that the reason why that country was built up at all was because of the independent unit banker in that country who loaned money to the people who went into the stock business and into different enterprises, and they were successful. I venture the assertion that the strongest bank in Montana, at least, is a unit bank located in the city of Butte, Mont., at the present time—much stronger than all the others—and that it serves the local people probably better than any other bank in that whole territory.

Mr. NORBECK. I can say that we have a similar situation in my State.

In answer to this charge that only the national banks are safe, let me call attention to the fact that the largest banking institutions in the United States are not national banks. Has anybody claimed that the Pierpont Morgan banking firm is a national bank? We are told that national banks are well supervised and safe, but there are two sides to that, like everything else.

Mr. WHEELER. Mr. President——

The PRESIDING OFFICER. Does the Senator from South Dakota farther yield to the Senator from Montana?

Mr. NORBECK. I do.

Mr. WHEELER. I should like to make this further observation: It was stated on the floor of the Senate yesterday that none of the borrowers were complaining or objecting to branch banking. Let me say to the Senator that since these chain banks came into the State of Montana and into the Northwest stockmen and business men generally in my State have complained because of the fact that they could not get ample credit from the banks from which they formerly had been getting credit.

The sentiment became so strong, as a matter of fact, that some of the leading stockmen wanted to organize a bank in the city of Great Falls. They applied for a charter to the State bank examiner. The application was turned down because of the fact that they said that with these other banks there were ample banking facilities.

They then, as I understood, took up the matter with the comptroller's office here in Washington, and applied for a charter for an independent national bank. They were unable to get it because of the fact that they said there were ample banking facilities in that community.

These were leading stockmen who had money, who were willing to invest and put in a good, substantial bank for the purpose of serving the stock people and other men of that city; and a charter was denied to them, as I understand, both by the State bank examiner and by the national bank examiner.

When the stockmen gathered together in several parts of the State and wanted to organize a credit association for the purpose of serving the stockmen, the cattlemen, and the sheepmen of that State, the group bankers fought the organization of this credit association, so that they were unable to establish one to serve the stockmen and cattlemen of that State.

Mr. NORBECK. Mr. President, the demand for more power, of course, is a human instinct, and we need not wonder that men who have a great deal of it want more; but the penalty of giving them more power may be more than the country is able to bear. I can think of nothing worse befalling the country than to have credit centralized in a few places.

I know that the opposition says there is not much danger, but there are States where the branch banks control the whole situation. They not only control the banking situation; they control the politics of the State. No one denies that. The power of propaganda is a remarkable thing.

HOLDING COMPANIES

The new system of banking in the Northwest, commonly referred to as chain, is, of course, the group system of banking, controlled by the holding companies. It has been quite a problem with this committee to know what to do with this new system of banking, which had no foundation in law or in experience. The committee was of the view that strict regulations should be enforced, but reached the conclusion that it was impossible then to enforce very strict regulations. They did not want to assume the responsibility for important changes in times like these.

The bill, therefore, carries a provision which in effect legalizes this new system of banking, but throws some restriction in the way of further expansion of the system.

There are only three important provisions in the bill relating to this new system of banking:

First, it is legalizing; next, it provides that the holding company shall be examined, same as a bank; and third, it provides for the publication of statements after examination. The light of publicity will be turned on, but really nothing else of any importance is provided for.

The provision about adding to the surplus after three years will probably be neutralized by the fact that losses may be charged against the surplus.

The new system has saved some banks from failure. They sold a good deal of the stock in the corporation or holding company during the boom period. They sold such stock at high prices; the public bought freely. A large sum was accumulated. The examination will no doubt show that a large part of this money has been used to take up bank losses that had to be charged off. This was hard on the new stockholders. But it was helpful to the depositors. Unfortunately we find that sometimes the depositor was also a stockholder.

One of the representatives of the Northwest group banks first took the position that branch banking was not a desirable thing, but a year later, when the bill was still before the committee, took the opposite view.

I am frankly of the opinion that the advice we have received from bankers has been so conflicting and so confusing that it has not been of material aid to the committee.

Second, permit the New York banks to continue their affiliates, the back door to bad banking. They said, it is true, that they wanted that privilege under reasonable regulations, but that they wanted to continue them.

The committee is trying to get them separated. There is a provision in the bill to separate them in the course of three years. Many of the best banks in the country have separated them already. They want to get away from the charge, from the suspicion of bad practice. They want to run clean institutions. They do not have to have that kind of collusion. Others have grown up so close together during these years that it is hard to separate, and they do not want to separate. But the others are those who want to continue an illicit banking business through this back-door method, and the Glass bill provides for its elimination.

The telegrams said three things: First, enlarge the banking system. Second, let the other fellows keep the back-door affiliates. Third, provide liquidating corporations. The latter was a thing that looked good. It is one of the provisions of the Glass bill. I knew, therefore, the number of telegrams the Senator from Virginia would get, and that they would read in this way:

Urge passage of Glass banking bill providing for state-wide branch banking and creation of liquidating corporation for closed banks. Also favor amendment for retention of security affiliates under proper regulation.

I am sorry the Senator from Virginia is not here. Senators noticed that he came into the Chamber yesterday with a pile of telegrams as big as a corn basket.

Mr. WHEELER. Mr. President, will the Senator yield?

Mr. NORBECK. I yield.

Mr. WHEELER. I hope that before the Senator gets through with this argument he will request that those telegrams from the Northwest be placed in the RECORD.

Mr. NORBECK. I have already expressed the desire this morning, in opening my remarks, that those telegrams be placed in the RECORD, to show what propaganda will do.

Mr. WHEELER. I think it would be well not only to show what it would do, but to show how this chain-banking system is carried on.

Mr. NORBECK. I will say to the Senator from Montana that I talked to the senders of some of the telegrams. One was a stockholder in a holding company. He said, "NORBECK, you know I have to comply." I answered, "Of course, and I do not blame you." Another one was an employee of a bank, and he said, "You know, NORBECK, that I have to comply." I said, "Of course you do." Another was a borrower in a bank, and he said, "My note is due in 30 days, and I will do anything they ask me to do." Talk about involuntary servitude! These telegrams come by the thousand, by the two thousands, by the three thousands. When we get a nation-wide branch-banking system, the Western Union business will increase tenfold, because they can make every borrower bring pressure on Congress. All they will have to do will be to press a button from the central place.

Mr. SHIPSTEAD. Mr. President, will the Senator yield?

Mr. NORBECK. I yield.

Mr. SHIPSTEAD. Mr. President——

The PRESIDING OFFICER (Mr. LA FOLLETTE in the chair). Does the Senator from South Dakota yield to the Senator from Minnesota?

Mr. NORBECK. I yield.

Mr. SHIPSTEAD. The lobby on the McFadden banking bill has been referred to. I received telegrams from practically all over my State when that bill was being considered by the Senate, and a committee of bankers came here to put me right on that bill. I took them over to my office and asked them some questions, and found that they did not know what was in the bill, that they had not read it. When I explained what was in the bill, they went home and were not in favor of it.

Mr. COPELAND. Mr. President, will the Senator from South Dakota yield to me?

Mr. NORBECK. I yield.

Mr. COPELAND. I should like to say to the Senator from South Dakota that I found myself in such bitter opposition to this branch-bank feature of the bill that I wondered whether I might be prejudiced in some manner. To make sure that I was really voicing the sentiment of my State, I communicated with 200 communities in New York State, a very considerable number, as Senators will see, and while very few, perhaps a dozen, replies came favoring branch banking, the others were united in their opposition, and many of the writers of the communications expressed thoughts far more bitter than I had found in my own mind. Of course, I may say to the Senator, I did not communicate with the "banksters" in New York, the invisible oligarchy controlling the banking institutions of the country. I assume they are in favor of the bill. But when I talk with unit bankers, with patrons of unit bankers, and those who have an interest in localities, I find, as I have indicated, almost unanimous opposition to this feature of the bill. I am confident that the sentiment in my State is overwhelmingly in opposition to that particular feature.

I do wish, however, to press the matter I spoke of a moment ago, to know whether there are specific things in the bill which are desirable, and whether it is worth while to try to save a part of the bill, or to send it all to destruction. That is the thing I have in mind.

Mr. NORBECK. I thank the Senator. I am going to close in a few minutes, Mr. President. I am thinking of this branch-bank feature as having as one of its purposes the destruction of the State banks. "Unified banking system." That is a beautiful expression; it is an ideal which some have looked forward to; but I am afraid of it as I am of the ideals some people have on some other matters, because it may not work out so well. But we must not forget this, that the State banking system has deposits of about $30,000,000,000, and national banks have deposits of

about $20,000,000,000. Why destroy the larger one for the benefit of the smaller? Why standardize? Are we not standardized enough?

Have we not standardized securities? Yes; we have had standards of securities the last two or three years, a thing I referred to before. But let us not have any more of it. Let us not have any more central control. Let us leave the States with some rights. Let the wishes of the people in the States govern, and let us stop this everlasting encroachment, because a system is so powerful that when the public are off guard they push it up a notch here and a notch there. It is like Tennyson's Brook:

> Men may come and men may go,
> But I go on forever.

So with a system. If permitted to make an advance, they are encouraged to make more demands, and they will make more demands on various pretexts.

I am one of those who believe that the great danger of the unified system is the destruction of the State bank, and that that will come about as the result of the branch-banking system, although apparently free competition is permitted. But it is hard competition. It tends to destroy.

There are other plans which are possible. Who would have thought that the big banking centers and the big industrial centers would be here advocating more Government control of banking? Who would have thought they would be here advocating Government in business, as I have shown they have done already. But I am of the opinion that there is an organized movement on foot to guarantee national-bank deposits.

There is an organized movement on foot for the guaranteeing of deposits of national banks for the purpose of bringing on a unified banking system, to make it impossible for the State banks to exist. I might agree to a bank guaranty law soundly made, started in normal times, when there was stability of values. I do not consider that unsound. But I think it is unsound to go in and take up the other fellow's losses. I think it unsound to put bank losses on the taxpayers at this time, and I think it is an awful hardship on those sections of the country which have had bank losses for them to take up bank losses elsewhere. But, above all things, I am fearful of the purpose of the guaranty law, not as urged by some, for many Members of the Congress advocate it honestly and candidly, and want to bring on a better condition. But I have no doubt that those who want to bring about a unified system of banking and destroy State banks are getting back of the system for the purpose of doing that, and are the very people who always fought a bank guaranty law.

I thank the Senate for its attention.

Mr. FLETCHER. Mr. President, I had not expected to discuss this subject, and I will take just a few minutes to consider section 19 of the bill. I have always been in sympathy with the local unit banks. I have always wanted to see them prosper. The small country bank, located in a remote community, more or less, has been a very important and effective factor in accommodating the needs of the people in such communities. I have wanted to see them prosper, and I would not undertake to do anything which might harm them, if I could avoid it.

On the other hand, Mr. President, we must recognize that conditions have changed in this country very materially. Now we have improved highways, bringing a community that was formerly 50 miles away from a city and banking accommodations near ample and adequate facilities. We have the telephone and the telegraph and the radio, so that what were formerly rather remote communities are brought next door to the larger institutions in the cities and towns in the metropolitan areas.

It has become almost impossible for these small unit banks to operate successfully. The business goes to the larger banks. The deposits are carried to the larger banks, and the remote banks have not sufficient business, not sufficient deposits, not sufficient resources, to enable them to employ expert bankers, experienced and capable officials in connection with the banking business. Really, the banking business is a profession. The man engaged in banking ought to be a man experienced and trained in that business. Banking is a profession, just as much as law or medicine or engineering is a profession. One difficulty we have is that people have established small banks in various communities who have no banking experience, and who did not understand the business. They could get on very well when times were good and money was abundant and business was booming and prosperous. But when stress has come, when there was a tax on their resources and their skill and their experience and their knowledge, they were unequal to it, and the banks went down.

Let us not forget that many of the depositors in the banks of the country, the widows, the estates, the guardians, the individuals who have trusted the banks and who have put their funds on deposit in the banks for the purpose of safekeeping, have lost enormous sums, all they had, fortunes, life savings, in the last few years.

I sympathize with those people. I feel that whereas we may be deeply concerned about the banking business and want to see the bankers perform and serve the public as they should, yet we should be especially concerned about the depositors, the public. What is best for the public? That is the problem we must consider. What is in the public interest? It is not merely a question of what is in the interest of the bankers, the trust companies, the financial institutions, but what is in the interest of the public which those organizations and institutions are supposed to serve.

Having that in view and having in view the changed conditions, I confess to having somewhat changed my mind about the subject of branch banking. I have always heretofore felt opposed to it. I do not like the idea, as the Senator from South Dakota just mentioned, of centralizing financial strength and power in one or two great institutions in the country. I do not like that idea. We have to put the power somewhere to expand and contract the currency as the commerce and industry of the country require it. It must be put some place. We are tending to put extraordinary power in the Federal Reserve Board. That may not be wise, but it seems to be the only thing we can do. We have to vest it in some agency of the Government. That board is supposed to be nonpolitical, nonpartisan, and to be composed of widely experienced financiers of the country, patriotic as well as skillful. If we can not trust them, we can not trust anyone. That is the way it seems to me.

The small unit local banks serving in small communities, it seems to me, in the inevitable trend of events will gradually disappear. We can not help it. They will be unable to engage sufficient experience and skill in their management and to pay sufficient salaries to command that sort of management. The money of the communities where they exist will be gradually drifting to the larger centers, to the larger banks. It seems to me they are being eliminated, and we can not help it. I regret very much to see it. I do not want to hurt them and I do not want to harm them in any way, but we must recognize conditions as they are. As I said, our first duty is to look to the public interest.

Speaking of telegrams, I have had any number of them as other Senators have, by the dozens and dozens opposing section 19 of the bill. I have had them from State banks in my State, which does not permit branch banking. Florida does not allow branch banking. Under the provisions of the bill now before us that provision of the State laws would be overcome and branch banking would be allowed in accordance with this bill as to banks under Federal jurisdiction. At the same time Florida has the right, of course, to change her own laws to meet new conditions, and will have to change her laws to permit branch banking if she sees fit to do it. There is nothing compulsory about it, of course.

There is nothing compulsory about establishing branch banks. They are to be established in the same way as original banking institutions are established. Only where they are needed, where there is a demand for them, will they be established. They will be under control, they will be capitalized. The Senator said something about capital not being increased where a branch bank is established. The

bill expressly takes care of that and provides that "the aggregate capital of every banking association and its branches shall at no time be less than the aggregate minimum capital required by law for the establishment of an equal number of national banking associations situated in the various places where such association and its branches are situated," and then there is a provision that "No such association shall establish a branch outside of the city, town, or village in which it is situated unless it has a paid-in and unimpaired capital stock of not less than $500,000." Under the laws of the State of Florida and of other States, banks can be established now with a capital of $10,000. I submit that is not adequate capital for any bank, and I do not care whether it is a State bank or what kind of a bank it is.

Mr. COPELAND. Mr. President——

The PRESIDING OFFICER (Mr. FESS in the chair). Does the Senator from Florida yield to the Senator from New York?

Mr. FLETCHER. I yield.

Mr. COPELAND. Does the Senator understand that particular clause in the bill to mean a banking association with an unimpaired and paid-in capital stock of not less than $500,000 may establish just as many branches as it wishes throughout the State?

Mr. FLETCHER. No; I do not. The application must be passed upon favorably first by the Federal Reserve Board.

Mr. WALSH of Montana. With the approval of the Federal Reserve Board.

Mr. FLETCHER. Yes; the applications have to be approved by the Federal Reserve Board, just as the Comptroller of the Currency approves the establishment of a bank anywhere.

Mr. COPELAND. I want to be very clear about it. I asked the Senator from Virginia [Mr. GLASS] yesterday, and I am repeating the question now. If the Federal Reserve Board should agree that a $500,000 capitalization was sufficient, then that association could establish an unlimited number of branches with the approval of the board. Is that right?

Mr. GLASS. An unlimited number of branches?

Mr. COPELAND. Yes; with the approval of the board.

Mr. GLASS. Yes; just as an unlimited number of national banks can be established to-morrow with the consent of the Comptroller of the Currency.

Mr. FLETCHER. The provision reads:

> A national banking association may, with the approval of the Federal Reserve Board, establish and operate new branches—

And so forth. There may be some danger that the board would approve unwise and unnecessary branches, but that is not at all likely. I think the tendency will be rather the other way, to restrict the establishment of branches.

Mr. GLASS. Mr. President——

The PRESIDING OFFICER. Does the Senator from Florida yield to the Senator from Virginia?

Mr. FLETCHER. Certainly.

Mr. GLASS. As the Senator from Florida indicated a while ago, with each establishment of a branch the parent bank would have to increase its capital to the extent that would be required for the establishment of an independent unit national bank.

Mr. FLETCHER. That is what I meant to say, and that is what the bill provides. I want to be absolutely fair. This is a controversial question, and there is room for argument on both sides. I am going to ask to have inserted in the RECORD at this point a typical telegram sent to me by E. C. Stuart, president of the Lake Wales State Bank, stating their opposition to that feature of the bill.

The PRESIDING OFFICER. Without objection, it is so ordered.

The telegram is as follows:

LAKE WALES, FLA., *May 9, 1932.*

Senator DUNCAN U. FLETCHER,
Washington:

We do hope you will look carefully into any bill proposing a change in the banking laws. As you know, the national banks are located principally in the populous centers, while the State banks are scattered over the rural sections, and their problems are very different but should not be in conflict. We believe any thoughtful unprejudiced authority will agree that the State banks render important service in the conduct of the Nation's business and have a right to live. We do not fear group banking. We are willing to face legitimate competition, but branch banking is not legitimate competition in our opinion, and if the proposal to establish branch banking becomes a law it will be a fatal blow to State banks. If the laws governing the Federal reserve system had not deprived its members of the right to make a legitimate charge for legitimate services we would have been members of it from the beginning, but we can't pay interest on our deposits and keep the required reserve where it bears no interest. We can't incur 75 per cent of the cost of operating the bank, getting and keeping the accounts of our customers, and transfer their balances any and every where without making some charge for it. We believe it detrimental to the best interest of the country to support a measure that would further abridge the rights of the State and have for its ultimate purpose the concentration of wealth and power in the hands of the few.

LAKE WALES STATE BANK,
E. C. STUART, *President.*

Mr. FLETCHER. I have similar telegrams from other State banks. As bearing on the same subject I think it well to have inserted in the RECORD at this point a letter which I have received from Mr. C. B. Axford, editor of the American Banker, 32 Stone Street, New York, dated May 7. He discusses the whole subject, presenting all the argument and all the facts that could be stated, it seems to me, in opposition to branch banking. I ask that the letter may be inserted in the RECORD at this point.

The PRESIDING OFFICER. Without objection, it is so ordered.

The letter is as follows:

NEW YORK, *May 7, 1932.*

Hon. DUNCAN U. FLETCHER,
Senate Office Building, Washington, D. C.

HONORED SIR: Within a few weeks now, as a Member of the most representative governing body on earth, you will have the opportunity of signing the death warrant of your home-town banks.

You may not clearly realize it; but if you vote for the Glass banking act of 1932, with its degenerative branch-banking provisions, your local banks are doomed.

Are you for or against such a prospect?

You will be told the half truth that branch banking is necessary to make our banking system safer. The dubious examples of Great Britain and Canada, where "there have been no bank failures," will be pointed to as convincing "evidence" that branch banking is safer than unit banking. Heaven help these United States if your good sense does not cause you to smile a little.

We thought new-era economics fell ill in 1929, died in 1930, and were buried forever in 1931.

But enough unfortunately still lives of the errors of 1929 to tempt you with the half-truth arguments that branch banking is better for your people.

Half truths indeed!

For will these branch-bank survivors of the era of error tell you the other half of the story of branch banking—the discredited half?

No banks have failed in Great Britain and Canada? What is the crash of the British gold standard but the greatest bank failure of history, in which the unwieldiness of the branch-banking system was a major cause?

BRITISH AND AMERICAN BANK LOSSES COMPARED

No losses in bank failures in Great Britain? What else is the fact that the pound sterling dropped in purchasing power from $4.85 to $3.25 in gold, silver, or wheat, or other commodities almost overnight?

Owners of British bank deposits worth nearly $12,500,000,000 found nearly a third, i. e., $4,000,000,000—I estimate—wiped out overnight. With all our losses in this country's bank suspensions, no such figure as this will ever be reached. Of our $56,000,000,000 in deposits, only some $5,000,000,000 has been tied up for liquidation in bank failures, and less than a third of this will be seen to be lost when the liquidation of our suspended banks is completed.

A little more than a billion lost to Americans in unit banking, or about 4 per cent, while Britishers have lost $4,000,000,000, or about 30 per cent. And the end of British currency depreciation is not yet!

Meanwhile millions of Americans in the vast majority of our banks have 100 per cent of their money on deposit—safe, available—theirs when they need it most, and it is worth more to them than ever before in buying power, a genuine reward for their thrift.

Branch banking was inevitably a factor in the breaking of the Bank of England. Mismanagement of British public finances was paralleled by a banking system in which deflation could not be localized, as it has been in the United States. The pyramid of centralized banking and finance could only be readjusted by the disaster of currency revaluation.

Why substitute any step toward this discreditable system for the safety which 20,000 unit banks have given 120,000,000 Americans?

This is the dark side of the "no bank failure in England or Canada" argument.

FRENCH-GERMAN BREAKDOWNS OF BRANCH BANKING

Similar disasters have overtaken the French and German branch-banking systems. Branch banks with more than 200 branches have closed in France, quite exploding the idea over there that branch banking is failure proof, while other branch systems have had to be helped by the French Government. In Germany the centralized branch-banking system has broken down entirely, and is now almost wholly subsidized by the German Government. (See current April edition of The National Sphere, Washington, D. C., under Failure of Branch Banking in Germany.)

BRANCH BANKING MEANS CENTRALIZATION AND INCREASE OF WALL STREET DOMINANCE

However, the dismal example of the failure of branch banking in the British Empire, France, and Germany is only one of the full truths which should make you hesitate a long time before you attempt to justify the octopus idea to your constituents.

What is to be the effect upon your communities when a lending policy rationed from Wall Street dictates the uses to which the funds saved by your people shall be put?

Make no mistake. This is what the advocates of branch banking were aiming toward in 1926 when they "strengthened" the banking system with the branch-banking privilege for the first time. It is what they are aiming at now.

Do you want your communities starved for credit? Oh, we know that your British and Canadian branch bankers deny that their systems work that way. But they do not tell you that in a section of Alberta the dairymen are using creamery checks for money and that in many parts of Canada, where there is still hope for local expansion, a substantial body of public opinion thinks highly of the unit-banking system of the United States.

COUNTRY-BANK MANAGEMENT COMPARES FAVORABLY WITH FINANCIAL CENTERS

After our experiences of 1929–1931 we should have no illusions about city-bank management being safer per se than small-town banking. The hundreds of millions of dollars—the figure for charge-offs for 19 large banks in the last 12 months is $207,310,634—lost by New York City banks alone should serve as evidence that city-bank management has much to learn. Only the fortuitous accident of huge stock-market profits through sale of their shares at boom prices gave these city banks capital resources to stand the losses that they have announced to their shareholders. And hundreds of unfortunate country banks will testify that they lost most heavily, where they could least afford it, in bonds recommended for their vital secondary reserve accounts by their big-city correspondents.

The 18,000 or 19,000 small-town banks of this country which have managed their affairs so well as to ride the storms of the times unshaken are open challenges to the superiority of city-bank management.

Many of the smaller banks that failed are ghastly victims of the investment advices and called loans given them by city banks.

Yet all but a few of these 18,000 or 19,000 good small-town banks are doomed as surely as the branch-banking illusion gains ground.

Inevitably any further extension of branch banking means an irretrievable step toward putting the key banking resources of your community more at the disposal of the big financial centers and the stock markets. There is no alternative.

How easy and inevitable you will make the administration of your State's banking from Wall Street if you vote to permit national banks to have branches everywhere in every State.

Do you, Mr. Member of Congress, want this?

Your vote on the Glass bill, as long as it contains the present branch-banking provisions, will be the only answer your constituents need.

In the solid faith of 96 years of service to the banking profession that independent banking is better banking,

Faithfully yours,

C. B. AXFORD,
Editor American Banker.

Mr. FLETCHER. To-day I am receiving dozens and dozens of telegrams and letters from national banks and from State banks in my State, and from other States, favoring branch banks, approving of the idea, and asking me to support the Glass bill just as it is, section 19 and all other provisions included.

Mr. WAGNER. Mr. President——

The PRESIDING OFFICER. Does the Senator from Florida yield to the Senator from New York?

Mr. FLETCHER. Certainly.

Mr. WAGNER. Because I know the Senator has given much thought to the question, I would like to get his view as to the fairness of certain portions of section 5 of the bill. The Senator remembers that in 1917, I think it was, the Federal reserve act was amended so as to invite into membership the State banks. In that provision of the law it was stated that they should continue to enjoy all the charter rights which they then enjoyed under the State law. To me that seems a sort of promise made to the State banks that when they became members they would continue to enjoy those charter rights.

Under section 5 of the pending bill restrictions are now imposed or there is a prohibition of privileges which they now enjoy under their State charter. It does not seem to me that is a fair provision.

Mr. FLETCHER. To what particular provision does the Senator refer? The provision is:

Nothing herein contained shall prevent any such member bank from establishing and operating branches in the United States.

Mr. WAGNER. I had not in mind the branch-banking feature. I refer particularly to section 5, on page 8:

State member banks shall be subject to the same limitations and conditions with respect to the purchasing, selling, underwriting, and holding of investment securities and stock as are applicable in the case of national banks under paragraph seventh of section 5136 of the Revised Statutes, as amended.

Some of those rights the banks enjoy under their charters from their respective States. Under the law which we enacted we said to them, "You may join this system and continue to enjoy these charter rights." It seems to me, unless there is some very definite explanation for it, that it is a sort of a breach of a promise in now depriving them by prohibition law of the exercise of those charter rights.

Mr. FLETCHER. I think the Senator will admit that the State member banks, when they come to enjoy the rights and privileges under the Federal reserve system, must be subject to the same regulation as the regular member banks in the system.

Mr. WAGNER. But they are not at the present time.

Mr. GLASS. Oh, yes; they are at the present time; and they are required to be under the existing statute and under the original Federal reserve act. It was meant that they should enjoy their charter rights where not in conflict with the rules and regulations established by the Government for national member banks.

Moreover, the Senator from New York has not related this provision of the law to the other provision of the law to which it refers. It refers to another provision of the Revised Statutes, which is amended by section 14 of the bill, stating that their operations "hereafter" must be such operations as the Federal Reserve Board shall determine by rules and regulations adopted.

Mr. WAGNER. If the Senator from Florida will indulge me for another moment——

Mr. FLETCHER. Certainly.

Mr. WAGNER. I do not know what the Senator means by the intention of the original Federal reserve act. The Senator from Virginia is a greater authority upon that subject than anybody I know of, but the act itself simply says that they may join and continue to enjoy their charter rights under the State charter. That is as I recall the language of the act. If now we prohibit them from enjoying some of those charter rights granted to them by the States, we are to that extent, it seems to me, breaking with these banks the promise that was originally made by statute. Am I correct about the wording of the act?

Mr. GLASS. As a matter of fact, if the Senator from Florida will permit me——

Mr. FLETCHER. I yield.

Mr. GLASS. When the Federal reserve act was enacted there had not grown up and expanded to a tremendous degree what are now known as bank affiliates, investment affiliates, with their consequent abuses, and, as former Solicitor General Lehmann points out, with their irregular and illicit transactions. We are now proposing in this bill to deal with this Frankenstein in banking, and we are saying that hereafter State member banks shall be upon the same plane of equality and shall be subject to the same restrictions that apply to national member banks. That involves no violation of faith whatsoever with State

member banks. If there be any State member bank that is not willing to comply with that requirement of the law, it is its privilege to get out of the system.

Mr. WAGNER. Mr. President——

Mr. FLETCHER. I yield.

Mr. WAGNER. The case which I have in mind, which was communicated to me, was a case in which an affiliate was actually in existence at the time the statute was passed by Congress and developed by this particular bank. Under the amendment of 1917 we said to that bank, unless I am mistaken about the language of the act—and perhaps the Senator will read it——

Mr. GLASS. Here is the act.

Mr. WAGNER. Very well; if the Senator will read it, it may clear up the point.

Mr. GLASS. Note the qualifications, if the Senator please:

> Subject to the provisions of this act and to the regulations of the board made pursuant thereto, any bank becoming a member of the Federal reserve system shall retain its full charter and statutory rights as a State bank or trust company, and may continue to exercise all corporate powers granted to it by the State in which it was created, and shall be entitled to all privileges of member banks.

Mr. WAGNER. I think that carries out what I said.

Mr. GLASS. I do not think so.

Mr. WAGNER. A promise was made subject to certain regulations.

Mr. FLETCHER. And subject to the provisions of the act.

Mr. WAGNER. Now, it is proposed to go further.

Mr. GLASS. And subject to the reservation of the act that Congress reserved the right to alter or amend it at any time it might please. That is the right that we are proposing to exercise.

Mr. WAGNER. There is no use of my quarreling over the question of interpretation, but I do not agree with that interpretation at all.

Mr. FLETCHER. Mr. President, of course the Senator from New York is not only a distinguished and able Senator here but he comes from the judicial bench, and I can see how there might be some difficulty in satisfying him on that subject. I will not attempt to argue the case now, because I have other questions to discuss, and that might lead to unlimited debate. At any rate, it must be conceded that the Congress has power over all the national banks that are members of the Federal reserve system as well as over all the State banks that are becoming members or have become members or may become members of that system. I can not conceive that Congress would be justified in admitting State member banks and allowing them to have certain rights and privileges because of State laws that the national banks which are members of the system do not possess under the Federal statute. That would be a clear discrimination in favor of State banks that might become members. It might permit them to do what no other members of the system could do. All members of the system should be controlled by the same laws. I have not heard of any particular complaint—perhaps the Senator from New York has—that any of the State member banks are being denied any rights that they claim to exercise under State law by reason of this provision in this bill. Anyway, I think that any State bank becoming a member of the Federal reserve system must know, must have known at the time, and must always have known that it is subject to the jurisdiction of Congress just as are the national-bank members of the system. We must retain the same control over all the member banks of the system. Of course, if there is any right or privilege they have under a State law which they claim is being taken away from them by this statute, as the Senator from Virginia suggests, they have a perfect right to withdraw and get out of the system; but, so long as they remain in the system, State member banks must be subject to the same control and regulation to which the national member banks in the system are subject.

I was saying, Mr. President, that I had received to-day numbers of telegrams not only from Florida but from other portions of the country, and, contrary to the telegrams received yesterday, strongly favoring the branch-bank provision, they are urging the support of this bill just as it is. They favor the bill with section 19 in it. I think it is a very important piece of legislation, and I think Congress ought to enact it at this session. It is needed for the good of the country. The bankers need it. Some of them, as indicated by the testimony before the committee, did not seem to realize just what they themselves needed. They changed their views and attitude on various questions from time to time, but they have come to the conclusion that the financial situation of this country and the economic conditions prevailing are such that they need this proposed legislation.

One point I make with reference to branch banking is that, in my judgment, it will improve the safety of the deposits; it will safeguard and better protect depositors than they have been protected in the past. That is indicated by the figures. I have here a statement from the Federal Reserve Board under date of January 4, 1932, which states that in the year 1931 the total number of suspensions was 2,290 involving deposits of $1,759,000,000. The national banks which failed numbered 410, with deposits of $173,000,000. The State bank members of the Federal reserve system which failed numbered 108, with deposits of $302,000,000. The nonmember banks of the number which suspended were 1,772, with deposits of $984,000,000.

Those are the small unit State banks which are not in the system. It was stated this morning that the number would run up to quite a large figure, but that the amount on deposit, the volume of their business, was the main thing to consider. Very well, out of 2,290 failures in 1931, 1,772 were State banks, composed largely of what are called unit banks, and the amount of deposits in those banks was $984,000,000. I can not see but what that is a very considerable sum to be involved.

The depositors of this country in 1931, many of them poor people with from $5 up to $500 perhaps on deposit, lost practically $2,000,000,000, the figure being $1,759,000,000 as of January, 1932. Some of this may come back in small dividends, running over long periods. We must do something to remedy that situation, and I believe we will strengthen the banking system, we will make it more safe for the depositors, if we will permit the establishment of branch banks. They will have back of them the capital that is required. We have in this bill increased the capital required of national banks. Under this bill we are not dealing with the little banks with $10,000 capital such as are now located in various parts of the country and to which the people carry their money in small amounts for deposit on which they try to do business. They ought not to be banks at all; they ought never to have been established with any such capital, in my judgment. The branch banks will have back of them ample capital, expert management, and resources that will accommodate the communities where now the small unit banks are unable to do so.

Mr. DILL. Mr. President——

The VICE PRESIDENT. Does the Senator from Florida yield to the Senator from Washington?

Mr. FLETCHER. I yield.

Mr. DILL. The Senator has given us the figures as to the number of State banks which failed as compared to the member banks of the Federal reserve system which failed. Has the Senator made any compilation to show what percentage of the State banks that failed were in States that have branch banking now as compared to the number of failures in States that do not now have branch banking?

Mr. FLETCHER. I think most of them are in States that permit branch banking, because my recollection is there are only comparatively few States that do not permit branch banking.

Mr. DILL. Then, the branch-banking system has not prevented failures; the branch-banking system has proven ineffective to prevent failures, and they are as common in States where branch banking is permitted as in States where branch banking is not permitted?

Mr. FLETCHER. Does the Senator refer to branch banking carried on by State banks in the States?

Mr. DILL. Yes.

Mr. FLETCHER. In that case, that is because the States have generally only required $10,000 in order to capitalize a bank. They are small institutions.

Mr. DILL. But the Senator is proposing that by Federal statute we shall give the banks members of the Federal reserve system such power that we will, in effect, bludgeon the States into adopting branch banking everywhere. That is what the effect of it is.

Mr. FLETCHER. I differ with the Senator there. My idea is to strengthen the system, to require increased capital and increased resources for the branches under this plan, as authorized by the Federal Reserve Board, which will make the business safe and more active. That is my notion about it.

Mr. DAVIS and Mr. BLAINE addressed the Chair.

The VICE PRESIDENT. Does the Senator from Florida yield; and if so, to whom?

Mr. FLETCHER. I yield first to the Senator from Pennsylvania.

Mr. DAVIS. The Senator a moment ago referred to section 19. Do I understand that under section 19 any bank in the State of Pennsylvania having a capital of $500,000 can establish branch banks in any community throughout the State?

Mr. FLETCHER. Yes; with the consent of the Federal Reserve Board, and provided it supplies sufficient capital, just as if another bank were being established.

Mr. DAVIS. Then, the following paragraph, being paragraph (d), I do not quite understand. It says:

> (d) The aggregate capital of every national banking association and its branches shall at no time be less than the aggregate minimum capital required by law for the establishment of an equal number of national banking associations situated in the various places where such association and its branches are situated.

Does that mean that a branch bank must have a capital equal to that of the banking houses that are already established in that community?

Mr. FLETCHER. No; equal to the capital of a new institution. For instance, suppose the law requires a bank to have $100,000 capital before it can be chartered and open up and do business; and suppose a large bank wishes to establish branches in different parts of the State. It must supply $100,000 capital for each of those branches just as if it were establishing a new bank. Each branch must be capitalized to the same extent as if it were a new institution.

Mr. BLAINE. Mr. President——

The VICE PRESIDENT. Does the Senator from Florida yield to the Senator from Wisconsin?

Mr. FLETCHER. I yield.

Mr. BLAINE. The Senator from Washington [Mr. DILL] made an inquiry of the Senator from Florida. Let me call the Senator's attention to the fact that according to the report of the Federal Reserve Board of December, 1930, there are only 10 States which authorize state-wide branch banking, and that in 2 of those States 2 of the most serious failures occurred. A whole line of banks went down. There are only 12 States which permit branch banking in restricted locations; and in 2 of those States, as the Senator will recall the testimony before our committee, 48 banks belonging to one of these groups went to smash in one day.

I rather assume that in the face of this report and the facts which I expect to develop, there really is nothing to the contention that bigness means strength in banking. It may mean weakness.

Mr. FLETCHER. I am much obliged to the Senator. That supplies information which I did not have in my mind at the time; but it rather meets the argument of the Senator from Washington by showing that branch banking in the States has not been as successful as he supposed it might be. That is to say, the failures that have taken place are very largely in States that did not allow branch banking, because only 11 or 12 States permit it. I had an impression that most of the States did permit branch banking, but it seems not.

Notwithstanding the restrictions as to branch banking, failures have been taking place all over the country. The number of national banks is 6,480 and the number of State banks 21,500. Of course, when we count the number of failures we expect to find more among the State banks, but according to this report from the Federal Reserve Board the deposits in these local State banks outside of the system amounted to $954,000,000 last year.

That is a serious thing. People are not so much interested in interest or returns or advantages of a bank as they are in the one thing—they want it to be safe. That is what they want and that is what they ought to have.

Mr. BLAINE. Mr. President, will the Senator tolerate another interruption on that very point?

The VICE PRESIDENT. Does the Senator from Florida further yield to the Senator from Wisconsin?

Mr. FLETCHER. I yield to the Senator.

Mr. BLAINE. I want to beg the Senator's pardon. It was not my purpose to criticize or question the information, but I find upon an analysis of the Federal Reserve Bulletin of April, 1932, that in the 11 years preceding—that is, 1921 to 1931, both inclusive—the total amount of deposits in banks that go through liquidation after deducting the amount of deposits with respect to both classes where the banks were reorganized is about the same for nonmember banks as for member banks. In fact, the difference is less than half a million dollars. I have made a calculation, and I shall be glad to give the information a little more extensively when I discuss the matter.

Mr. FLETCHER. I am much obliged to the Senator. That bears on that subject.

I am anxious to close, but I will refer to one thing further.

Speaking about States that do not permit branch banking, what happens there? The national banks, contrary to what I have always thought was not allowable until I began to inquire into the matter and find that it has been established as a general practice, organize these holding companies, and then they establish what in effect is a branch in any portion of the State that they like. Although the State law does not permit branch banking, the national banks are doing that thing under the name of affiliates. They organize a holding company, and then they establish local banks in various parts of the State under the name of the parent bank—the national bank of such and such a locality. They give the name of the affiliate the name of the bank, adding the name of another locality, and they are organizing these affiliates and are doing a banking business in various communities of the States which do not permit branch banking. They are doing it under that authority and power which the Senator from Virginia has claimed were contrary to law as laid down by the Solicitor General, but they are doing it.

So, when we provide in this bill for branch banking, we are not adding to the privileges of national banks in the States where no branch banking is permitted. They are doing that thing under the name of affiliates to-day, and I think it is better to have them real, legitimate branches. In the case of affiliates, the depositors have no protection beyond the organization there, which is made up generally of clerks of the parent bank, and it has not the double liability and protection that would attach to a branch bank.

The system now in practice in the States where branch banking is not permitted, and in other States as well—they do it everywhere—is to establish these affiliates, which are much weaker than the branch banks would be. They have not the responsibility back of them, they have not the resources back of them, and they are not as adequate as a branch would be. So that we are not harming anybody here. We are benefiting the whole system and benefiting the public by permitting the establishment of branches instead of the organization of affiliates in which they now indulge.

I think that in those cases these affiliates will have to separate from the parent bank within three years, anyhow. They will be converted into branches. The banks that organized the affiliates would prefer to have them as branches, and this bill would allow that. I think that would improve the system. .We would get rid of a lot of affiliates in States where branches are not allowed and in States where they are allowed by providing for the establishment of branch banks; and, altogether, I think it would improve the situation generally.

I feel very sincerely that this bill is a very important bill and that it ought to pass the Congress as speedily as possible.

INCREASE OF FIRST-CLASS POSTAGE

Mr. COPELAND. Mr. President, John Howie Wright, editor of the Postage Magazine, of New York City, released to the press to-day a statement in which he took issue with the contention of the United States Post Office Department in its claim that an increase of 1 cent per ounce in first-class postage will result in an increased revenue of $134,000,000. Mr. Wright states that, on the contrary, the result of the proposed increase will be a loss in revenue of $50,495,000, because of the diversion of first-class mail to other classes and the inability of business to stand the increased burden of $10 per thousand additional cost which the 1-cent increase will mean.

The entire matter is of such vital importance to the people of the State of New York, as well as to other great centers of the country, that I believe the Members of the Senate should have the advantage of reading the letter which Mr. Wright has addressed to me, and which he wrote in reply to a letter sent to me on the same subject by the office of the Postmaster General on April 29.

I therefore ask that this statement, the correspondence, and the figures attached thereto be printed in the RECORD and referred to the Finance Committee.

There being no objection, the statement was ordered to be printed in the RECORD and referred to the Committee on Finance, as follows:

STATEMENT MADE BY JOHN HOWIE WRIGHT, EDITOR OF POSTAGE MAGAZINE, NEW YORK CITY, RELATIVE TO PROPOSED INCREASE IN FIRST-CLASS POSTAL RATES

The attached correspondence and chart reveal that the estimate of $134,000,000 increase in postal revenue as the result of the proposed increase of 1 cent in first-class mail was obtained by using the 1930–1931 postal receipts as the basis of computation. Current postal revenue, however, has decreased between 17 and 20 per cent. Revised figures for 1932 income will show that there has already been a shrinkage of more than a billion and a half pieces. This must be taken into consideration before any estimate can be made on the possible decrease in volume due to increased mailing cost.

Mr. Wright estimates that the total revenue during the fiscal year of 1933 on first-class mail will be $269,339,000 instead of $453,751,000, if the 3-cent rate is approved. Instead of an increase of $134,000,000 in revenue over 1931 volume, he predicts a decrease of $50,000,000.

The correspondence attached, together with accountants' chart of comparative effects, explains in detail the method of arriving at the estimate.

POSTAGE AND THE MAILBAG,
New York City, May 7, 1932.

Hon. ROYAL S. COPELAND,
United States Senate, Washington, D. C.

MY DEAR SENATOR COPELAND: I am very glad to have the opportunity of answering the letter from the office of the Postmaster General. I have been connected with mail advertising for over 20 years; with this magazine since 1917. I have watched the growth of the use of the mail service by business men, and I believe that I am qualified to represent the users of the mail in protesting against an inaccurate analysis of fact and figure.

Paragraph (b): Estimate is based upon volume of first-class mail during year ending June, 1931. What has been the shrinkage since then? Every month postal receipts have been showing a drop—even in December, the peak month. Analysis of letter production and printing business, together with a comparison of shrinkage in newspaper and magazine lineage advertising, would indicate a reduction in business (or selling) first-class mail of at least 20 per cent. Possibly more. Mr. Brown could give you the accurate figure. What is the present volume?

Leaving out the $37,500,000 overpaid first-class mail in which there may have been no shrinkage, the normal volume in June, 1931, was $282,334,353. Mr. Brown knows, or should know, that there has been a terrific shrinkage in business mail—in sales letters. At the present rate of business it is safe to say that mailings are off 20 per cent, representing in round figures about $56,000,000. This leaves a balance from above of $226,334,353 of present yearly first-class flow, or in round figures about 11,300,000,000 pieces of first-class mail bearing 2-cent stamps, excluding all the overpaid ounces. Increasing 1 cent per piece, where could Mr. Brown develop $159,000,000 increase?

Paragraph (c): Mr. Brown states that "much" of the advertising matter now being sent first class would be diverted, and yet he figures in paragraph (d) that this would represent 1,200,000,000 letters. Does Mr. Brown know how much of the volume is represented by advertising letters? Close to 70 per cent of the first-class mail is business mail described in brief attached. Does Mr. Brown know that banks will reduce statement mailings by asking depositors to call; public-utility companies will deliver by meter readers; acknowledgments will go by post card instead of letters? These are simple routine business economies. But does Mr. Brown know from contact with mail selling, the place of the letter in selling? Does he realize that there are approximately 2,500 commercial organizations in the United States producing personal form letters for clients? It can safely be estimated that around 40 per cent of first-class mail is selling literature (sales letters, inquiry letters, contact letters, follow ups). Mr. Brown can not estimate the loss of volume unless he recognizes the value of the letter to business men and the accepted place of the letter in business (at a carrying charge of $20 per thousand).

Paragraph (d): From our survey of business mail users we know that the "diversion" will be greater than a casual 1,200,000,000 letters. We know one company that has already diverted a schedule of 6,000,000 letters in anticipation of the raise. Another individual company has informed me of 1,000,000 letter diversion. If you can find time, read only a few of the serious letters from our great business mail users giving their estimate of diversion. Mr. Brown will lose one-half or more of the present sales letters.

Forty per cent of the present estimated flow would be four and a half billion pieces. A 50 per cent drop would represent two and a quarter billion pieces taken out of the mail. And we can safely predict that necessary economies in normal business use of the mail (the difference between 40 and 70 per cent) will show another 1,000,000,000 drop. I could show you volumes of evidence to support that claim.

To substantiate this claim we can point out that when third-class rates were raised around 1924 the department lost 1,000,000,000 pieces when the increase in rate for the weight carried was only a small percentage of the fraction of increase which is now threatened in first class, and the effect of the present raise is so much more far-reaching, reaching out to every possible business user of the mail. Third class was at that time largely limited to mail-order houses.

Another example:

The Post Office Department should not forget the experience of the department in increasing the rate on private mailing cards in 1925 from 1 cent to 2 cents, in the belief that whereas they were getting $10,000,000 they would thereafter receive $20,000,000, and the fact that in actual operation, instead of getting $20,000,000 they lost $6,000,000 of the $10,000,000 they had been receiving.

How can Mr. Brown justify, in all fairness, his estimate of 1,200,000,000 shrinkage with his remarks made October 18, 1930, before the Post Office Appropriation Committee in connection with second-class mail?—

"Increasing the second-class rates will not increase revenue, but will simply drive the business to other carriers that will carry it more cheaply than we will."

Does Mr. Brown think that business mail users (70 per cent the volume of first class) will stand an additional tax of $10 per 1,000 without a murmur or without trying to find a substitute? Their substitute can be third class, postal cards, or private distributing companies which are already being organized. From these facts, is our estimate of three and a quarter billion decrease too exaggerated? I do not think so. Our future annual flow is now down to, roundly, 8,000,000,000 pieces.

Now, let us multiply this figure by 3-cent postage rather than multiply present volume by 1 cent. What happens? The 8,000,000,000 pieces produce $240,000,000, which is just $14,000,000 more than present flow estimates from straight 1-ounce pieces. This difference can sink lower and very likely will sink below present volume if the experience in postal cards is any criterion and if business is made more chaotic by intolerable taxation.

Paragraph (e): We are glad that Postmaster General Brown realizes the possibility of shrinkage below 1931 volume. Why does he leave out the 1932 experience? Does Mr. Brown realize that this $10 per thousand tax for doing business by mail will make business even more chaotic?

Does Mr. Brown realize that a reduction of at least three and a quarter billion pieces of first-class mail means three and a quarter billion less envelopes to be manufactured, sold, distributed, typed, stamped, and mailed? Three and a quarter billion inclosures, involving the time of dictation, transcribing, printing, providing wages to stenographers, typographers, artists, engravers, employees engaged in manufacturing ink, type, and all the allied trades?

Will this help business? Will this increase the postal volume?

Your correspondent has not overlooked the fact that "overweight" mail will be even more unjustly taxed. We also realize that the extra tax of 1 cent each will make C. O. D. envelope

mailings (Postal Laws and Regulations, 384½) practically prohibitive. We know that even now all major companies are taking steps to eliminate overpaid mail. Mr. Brown's figure of 1,875,000,000 ounces will shrink in half. Instead of $36,000,000 revenue, he will be fortunate to get, at 3 cents, a $25,000,000 total.

Add this to our new figure of $240,000,000 and you have $265,000,000 total first-class revenue for 1933, which is a far cry from the 1931 volume of $319,834,353.

That is why, Senator COPELAND, the users of the mail have fought to be heard. We have sought to show that it is unfair to the Senators and to the public to let go unchallenged the Post Office Department's promised increase of revenue of $135,000,000, when it is a fact that first-class dollar revenue will be lower under 3-cent postage than it is now.

The impressive figure of $135,000,000 is fictional.

If the rate is passed, it will be another deterrent of business recovery; a nuisance tax against the source of getting business. It will be an injustice against business.

I want to thank you for the evidence of your sincere interest in knowing the facts. And I pledge you my earnest support if you can aid in stopping this ill-considered legislation.

Sincerely yours, JOHN H. WRIGHT, *Editor.*

OFFICE OF THE POSTMASTER GENERAL,
Washington, D. C., April 29, 1932.

Hon. ROYAL S. COPELAND,
United States Senate, Washington, D. C.

MY DEAR SENATOR COPELAND: The Postmaster General has asked me to acknowledge receipt of your letter of April 26, transmitting a communication addressed to you by Mr. John Howie Wright, editor Postage and Mail Bag, New York, N. Y., in which the writer takes exception to the estimate of the Post Office Department as to the amount of additional postal revenue that would result from increasing the letter rate of postage from 2 to 3 cents for each ounce or fraction thereof.

The estimate is essentially based upon the volume of postal business handled during the fiscal year 1931. During that fiscal year the computed total revenue from letter mail was $319,834,353.01. Assuming no diversions to other classes of mail and no loss in business, a 50 per cent increase in the letter rate of postage would produce $159,917,176.50 additional revenue.

But such an increase in the letter rate would inevitably result in diversions and loss of business. Much of the advertising matter now being sent out under cover of sealed envelopes at first-class rates would no doubt be diverted to the third class or to postal cards or post cards, and in all probability a 3-cent letter rate would have the effect of reducing materially the number of business letters written, perfunctory acknowledgments, follow-up letters, and good-will letters.

In computing the probable increase in postal revenues that would result from the 3-cent rate, it was assumed that there would be a reduction of 1,200,000,000 letters, of which 1,000,000,000 would be diverted to postal cards, post cards, or third class, and the remaining 200,000,000 would be lost from the mails. The net increase in revenue in that case would be $133,917,176.50, which was stated in round numbers as $134,000,000.

The accuracy of this estimate depends largely upon whether business generally in the fiscal year 1933 may approximate that of the fiscal year 1931. To whatever extent it may be more or less favorable the amount of increased revenue from the proposed 3-cent letter rate may be expected to vary proportionately from the original estimate.

Your correspondent has evidently overlooked the fact that the proposed increase in letter rate is 1 cent for each ounce or fraction thereof, and not simply 1 cent for each letter. In the fiscal year 1931 the postage weight of letter mail in addition to the first ounce was approximately 1,875,000,000 ounces, on which an additional revenue of 1 cent per ounce would have produced $18,750,000 additional revenue.

Mr. Wright's letter to you is inclosed herewith.

Very truly yours,

HAROLD N. GRAVES,
Executive Assistant to the Postmaster General.

Comparative effect of 3-cent postage

PART I

The Post Office Department's own figures, showing basis of computing increased revenue.

All figures based on 1930–31 fiscal year revenues.

Total 1930–31 first-class revenue was	(A)	$319,834,353.01
Deduct all revenue from over 1-ounce mail		$37,500,000.00
Leaves all revenue on straight 1-ounce mail at 2 cents		$282,334,353.01
Deduct Post Office Department's own estimate of shrinkage of 1,200,000,000 pieces due to 1-cent increase		$24,000,000.00
Balance of income at old rate of 2 cents		$258,334,353.01
Reduce to number of straight pieces to be mailed under 3-cent rate		12,916,717,655
Add overweight ounces		1,875,000,000
Total 1-ounce units		14,791,717,655
A 1-cent increase on each piece would gross		$147,917,176.55
Deduct from this the 2-cent loss on each of the 1,200,000,000 pieces withdrawn from first class		$24,000,000.00
Net increase on first class		$123,917,176.55
Add (by Post Office) the 1,000,000,000 pieces estimated as diverted to third class at 1 cent each		$10,000,000.00
Total Post Office estimate of increase	(B)	$133,917,176.55
Post Office estimate of total revenue on first-class mail at 3 cents per ounce (by adding A and B)		$453,751,529.56

PART II

Post Office Department did not correct figure on first-class volume to coincide with current shrinkage. Present volume is about 20 per cent lower than volume in 1930–31 fiscal year.

1930–31 first-class volume	$319,834,353.01
Deduct revenue from over 1-ounce mail	$37,500,000.00
Leaves 1931 figure of revenue on 1-ounce pieces	$282,334,353.01
Less 20 per cent decrease due to current shrinkage in volume of mail	$56,000,000.00
Present volume on straight 1-ounce pieces at 2 cents each	$226,334,353.01
Reduce to number of straight 1-ounce pieces being mailed at the present time—pieces	11,316,717,650

PART III

The advertising industry computes the effect of 3-cent postage by starting with the number of pieces being mailed at present time.

Pieces of straight 1-ounce mail	11,316,717,650
40 per cent of first-class volume is advertising or selling mail. Evidence indicates a 50 per cent decrease, or	[1] 2,263,243,680
Gross volume, in pieces	9,052,973,970
80 per cent of first-class volume is business mail (statements, collections, routine asknowledgments, etc.). Survey indicates a drop of	[2] 1,000,000,000
Net volume	[3] 8,052,973,970
Multiply by 3-cent postage	[4] $241,589,219.10
Add revenue from over 1-ounce mail, which Post Office figured in 1931 as 1,850,000,000 pieces. As current shrinkage is 20 per cent, and as banks and commercial houses will cut down overweight pieces, a 50 per cent reduction is logical	$27,750,000.00
Total revenue under 3-cent postage	$269,339,219.10
Note that Post Office figure for total volume of straight pieces to be mailed under 3 cents after all deductions for reduced use is	12,916,717,655
While it is an actual fact that present 1932 volume of straight pieces at 2 cents, without figuring for future diversion, is only	11,316,717,650
The advertisers place a fair estimate, backed up by evidence, that volume will be reduced by diversion to	8,052,973,970

CONCLUSIONS

Post Office figure of present first-class revenue	$319,834,353.01
Post Office estimate of volume of 3-cent postage	453,751,529.56
Post Office estimated increase over 1931 figures	133,917,176.55
Post Office figure of first-class revenue	319,834,353.01
Advertisers' estimate of 3-cent first-class volume	269,339,219.10
Decrease under 1931 figures	50,495,133.91
Post Office estimate of revenue with 3-cent postage	453,751,529.56
Advertisers' estimate of revenue with 3-cent postage	269,339,219.10
The Post Office has overestimated first-class volume by the sum of	184,412,310.46

The difference lies in the fact that the Post Office used the 1931 figures, and did not count present business shrinkage, together with wholesale diversions, of 3-cent postage enacted.

[1] Pieces lost or diverted.
[2] Minimum.
[3] Pieces of 1 ounce.
[4] Revenue.

LEGISLATIVE ANTHROPOLOGY AS APPLIED TO CONGRESS

Mr. COPELAND. Mr. President, I ask unanimous consent to have printed in the RECORD an interesting article entitled "Legislative Anthropology as Applied to Congress."

There being no objection, the article was ordered to be printed in the RECORD, as follows:

LEGISLATIVE ANTHROPOLOGY AS APPLIED TO CONGRESS—BEING A CHAPTER IN THE SCIENTIFIC STUDY OF MODERN CIVILIZED MAN

(By Dr. Arthur MacDonald, Washington, D. C.)

Legislative anthropology includes the legislative, political (not partisan), sociological, psychological, and physical status of members of a legislature or parliament.

The legislative status is based upon the number of bills, amendments, motions, and resolutions introduced and the number of these reported or passed either house or enacted into law; also upon the frequency of remarks (not length) on the floor, including number of subjects discussed; and also upon the number of appointments and designations. The legislative status is estimated mainly according to the difficulty of bills and resolutions, in passing through the regular legislative stages, up to and including enactment into law.

The political status consists in the political party to which a member belongs and in public offices held and political honors received previous to entering the legislature, also length of service in legislature or parliament.

The sociological and psychological status is concerned with predominant lineage or heredity, place and time of birth (including order of birth), profession, occupation, and degree of education of member previous to entering legislature; also any appropriate psychological tests.

The physical status includes fundamental anthropological measurements of the body, and what is most important, the health or hygienic condition of the member of a legislature.

In addition to the general importance of such data, one purpose is to find whether or not, and if so in what degree, these different statuses are related or depend upon each other and to compare nations as to anthropological status.

LEGISLATURE BEST ORGANIZATION TO REPRESENT COUNTRY

The physical measurements of members of a legislature represent the anthropological status of the whole country better than measurements of any other body of men. More important still, these measurements can be a basis for the health of the nation, one of its greatest assets. The examination of members of a parliament by specialists includes the stomach, heart, lungs, ear, nose, throat, genito-urinary organs, nervous system, skin and hair, blood, and eyes, X-ray and general physical examination, each by a different specialist.

MEMBERS OF CONGRESS AS AN OBJECT OF SCIENTIFIC STUDY

The Members of Congress are not only of special interest politically but scientifically. As chosen servants of the people, they have great importance; for coming from all sections of the United States, they are truly representative, and afford a good opportunity to establish an anthropological status of our country. It would be impracticable to study thousands or more of the adult population in all sections of this country. So, mathematically speaking, for purposes of research we can regard the 500 or more Members of Congress as representing the Nation. If Congress will set the example, it will help other countries to begin similar studies of their legislative bodies, until eventually we can establish a comparative anthropology of modern legislative man, and be able to distinguish between statesmen of different states and nations as to their general legislative and anthropological status. It is also probable that where the physical status of the legislature of a nation or state excels that of another nation or state, the general physical condition of that country or state itself is superior.

In Table 1 are given anthropological measurements of 89 Members of Congress, including length, breadth, and height of head, with estimates of cranial capacity and brain weight; also stature, sitting height, arm reach, chest girth, and weight; also length and width of face and nose. Then physiological measurements were taken, including hand grasp; also disagreeable, uncomfortable, and threshold of pain pressure on the temples; also sociological data, giving educational status, predominant lineage, occupation, and place and time of birth.

SIGNIFICANCE OF BRAIN WEIGHT

In the animal kingdom in at least three-fourths of the cases, and very probably more, the species with the heavier brain show more intelligence, and this is specially striking when we come to man as compared with the lower animals. For as man's intelligence is so much greater than that of the animals, so his brain is correspondingly heavier. Thus in the animals near to man, as the gorilla, the brain weight is from 400 to 500 grams (14 to 17 ounces), while in man it is from 900 to 1,800 (31 to 63 ounces) or more grams, certainly a prodigious rise or, rather, jump, the average for man being from 1,350 to 1,450 grams (47 to 51 ounces).

These comparative brain weights, especially in man, refer to groups and not to individuals; and here let me, once for all, caution the reader as to a very common error; that is, because Congressman A has a heavier brain than Congressman B it does not in the least mean that Congressman A is the more intelligent, but it does seem to mean that a hundred Congressman A's, whose average weight of brain is greater than the average brain weight of 100 Congressman B's, are the more intelligent in at least three-fourths, and probably more, of group instances. In short, it is the general trend in the animal kingdom that brain weight and intelligence go together; there are exceptions, but they are comparatively so few as to prove the rule. But when we come to man, individuals vary so that no conclusion can be drawn as to this or that person. Yet after all is said, a heavy brain, especially in relation to body build or weight, is a favorable sign. The elephant has a weight of brain more than twice that of man, but in relation to his body weight he is as 1 to 500, while man's weight of body is to his brain weight as 36 to 1. The brains of about 100 distinguished persons have been weighed and studied, and in the great majority of cases the weight is distinctly above the average, and here again the exception only tends to confirm the rule, or general trend. Many of the exceptions cited of large brains and little wit are pathological, and are necessarily excluded from consideration, as in the case, for instance, of idiots and imbeciles, some of whom have large brains.

In his study of 20,000 Washington school children some 30 years ago the author found that for each age the average head circumference of the positively bright children was distinctly greater than that of dull children of the same age; and as the numbers were large, this could hardly be accidental.[1]

METHOD OF ESTIMATING BRAIN WEIGHT

After permission for an autopsy is obtained, and as soon after death as possible, and before rigor mortis has set in, each case is measured just as on the living, and then the brain is removed and weighed; then the estimated weight is compared with the actual weight and the difference is noted. In about half of the cases the estimated weight is more than the actual weight, and in the other half less than the actual weight; so that the average of a number of cases of estimated weight can be determined approximately, because the too-muchs and too-littles cancel each other. Thus from outside head measurements of the 18 Members of the delegation from Massachusetts, for instance, their average weight of brain can be found approximately.

In estimating the brain weight of the 89 Members of Congress, from outside measurements of the head, the following equation was used, called the "Lee formula," which gives the cranial capacity and is written:

[(Head length−11)×(head breadth−11)×(head height−11)×.'000337]+406.01. In order to get the weight of brain from the cranial capacity, we use Welcker's formula thus:

WHEN CRANIAL CAPACITY RUNS—

From 1,200	to	1,300	cubic	centimeters	multiply by .91 =	= Brain weight in grams.
From 1,300	to	1,400	cubic	centimeters	multiply by .92 =	
From 1,400	to	1,500	cubic	centimeters	multiply by .93 =	
From 1,500	to	1,600	cubic	centimeters	multiply by .94 =	
From 1,600	to	1,700	cubic	centimeters	multiply by .95 =	

To illustrate, let us figure out the brain weight of Congressmen. As, for instance, his length of head is 201 millimeters (8 inches), width of head 152 millimeters (5 inches), and height of head 146 millimeters (5 inches). Applying the equation given above, we have:

[(201−11)×(152−11)×(146−11)×.000337]+406.01=1,625 cubic centimeters (98 cubic inches), which is the cranial capacity of the Congressmen. Looking at Welcher's table above, we find that to obtain the brain weight of one with a cranial capacity of 1,625 cubic centimeters, we must multiply this by .95, which gives 1,543 grams (54 ounces) as the estimated weight of this Congressman's brain. The results for each Member are given in Table 1, column 6.

HOMOGENEITY OF CONGRESS

In anthropological research the more homogeneous the subject matter, the more trustworthy the results. As will be seen from Table 1, column 29, the great majority (63) of the 89 Members of Congress studied have English or Scotch as their predominant lineage, and those with other predominant lineage show a goodly sprinkling of English and Scotch blood.

Doubtless the 89 Members of Congress measured, as well as Congress as a whole, represent successful Americans in their prime of life, as their average age is 53 years (see col. 1, Table 1). It is to be regretted, however, that a larger number were not studied, yet the 89 that were may be regarded as a random sample of Congress as a whole, for they come from almost all sections of our country, as is shown in Table 1.

[1] See S. Doc. No. 186, 63th Cong., 3d sess., entitled "Man and Abnormal Man."

TABLE 1.—*Anthropological measurements of 89 Members of Congress*

No.	Age	Head measurements (millimeters)			Estimate of—		Body					Face (millimeters)		Nose (millimeters)		Physiological									Sociological								
																Hand grasp (kilograms)			Temporal algometer pressure (grams):						Education				Lineage (heredity)	Occupation	Birth (time and place)			
																			Right hand			Left hand											
		Length	Breadth	Height	Cranial capacity (cubic centimeters)	Weight of brain (grams)	Stature (centimeters)	Sitting height (centimeters)	Arm reach (centimeters)	Chest girth (centimeters)	Weight (pounds)	Length	Width	Length	Width	Right	Left	Both hands	Least disagreeable	Uncomfortable	Threshhold of pain	Least disagreeable	Uncomfortable	Threshhold of pain	University	College	High school	Common school			Summer	Winter	City	Country
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34
1	29	198	160	145	1,664	1,581	178	92	179	107	210	97	140	32	20	49	39	88	800	1,050	1,500	1,100	1,200	2,450	---	x	---	---	French-Dutch, Irish-Scotch	Lawyer	---	x	---	x
2	31	184	146	138	1,405	1,306	175	90	174	88	134	102	130	47	32	50	41	91	1,600	------	------	1,650	------	------	x	---	---	---	Dutch-English, German-German	do	x	---	---	x
3	35	186	156	137	1,483	1,379	185	89	193	85	215	97	136	36	21	49	41	90	1,800	1,150	2,000	2,000	1,500	2,100	x	---	---	---	French	do	x	---	x	---
4	35	194	152	140	1,527	1,435	182	89	182	89	157	111	126	36	14	------	------	------	850	------	------	950	------	------	x	---	---	---	Norwegian	Business	---	---	---	x
5	36	201	152	146	1,625	1,543	180	95	178	90	167	105	122	42	13	------	------	------	1,600	1,500	------	1,700	1,250	------	x	---	---	---	Scotch-Irish	Lawyer	---	x	---	x
6	37	191	150	141	1,520	1,428	172	88	164	86	140	93	124	31	12	28	30	58	1,300	2,050	2,950	1,500	1,950	3,150	---	x	---	---	Irish	Art or business	x	---	x	---
7	38	200	160	142	1,649	1,566	176	89	182	108	220	96	142	34	15	49	46	95	1,950	2,050	2,400	2,600	2,600	2,850	---	---	---	x	German	Farmer	---	x	x	---
8	39	191	164	140	1,603	1,523	171	89	166	93	------	95	142	33	16	25	23	48	1,300	------	------	1,100	------	------	x	---	---	---	English	Lawyer	x	---	x	---
9	39	192	152	149	1,593	1,499	176	90	180	89	154	92	130	30	12	43	34	77	1,950	1,700	2,350	1,575	2,100	2,650	x	---	---	---	English-Welsh	do	---	---	---	x
10	41	188	156	144	1,556	1,462	191	97	195	120	228	95	144	33	17	50	45	95	1,000	1,200	950	1,250	1,250	750	x	---	---	---	Norwegian	do	---	x	---	x
11	41	196	156	135	1,527	1,435	177	85	183	95	163	100	132	26	14	35	31	66	850	------	------	1,000	------	------	---	x	---	---	English-German	Teacher	x	---	---	x
12	42	196	151	145	1,576	1,481	173	93	171	93	158	99	126	37	19	35	30	65	1,250	1,700	2,100	1,150	1,750	2,500	x	---	---	---	Irish	Lawyer	x	---	---	x
13	43	200	160	150	1,724	1,655	170	91	177	111	210	92	126	30	22	38	38	76	1,500	2,500	2,300	1,950	2,400	2,200	x	---	---	---	Irish-English	do	---	x	---	x
14	44	190	150	145	1,529	1,437	177	84	170	102	181	93	140	29	19	34	29	63	1,600	------	------	1,800	------	------	x	---	---	---	English-French	do	x	---	---	x
15	44	194	148	138	1,591	1,495	174	82	176	90	150	100	124	37	14	47	38	85	2,300	1,700	1,750	2,500	1,150	2,000	x	---	---	---	Scotch	do	---	x	---	x
16	45	202	157	148	1,693	1,608	183	------	198	104	200	112	152	33	17	------	------	------	------	------	------	------	------	------	---	x	---	---	Norwegian	Dentist	---	x	---	x
17	45	202	156	132	1,535	1,443	177	90	181	97	180	95	130	34	13	44	48	92	1,650	1,550	1,800	1,400	1,650	1,750	x	---	---	---	French-English	Lawyer	x	---	---	x
18	45	194	154	140	1,543	1,450	178	92	177	106	195	91	124	33	15	------	------	------	1,500	2,100	2,600	1,550	2,000	3,150	x	---	---	---	English-Scotch	do	x	---	---	x
19	45	200	142	140	1,482	1,378	171	93	176	100	170	100	134	52	14	39	38	77	2,000	2,350	2,500	1,950	2,300	2,650	x	---	---	---	English-English	do	x	---	---	x
20	46	196	156	151	1,671	1,587	182	95	183	99	195	99	122	31	16	40	38	78	1,650	1,800	2,450	1,016	2,200	2,800	x	---	---	---	Welsh-Norwegian	do	---	x	x	---
21	46	200	154	145	1,626	1,545	188	91	185	99	165	110	122	46	32	48	43	91	1,600	------	------	850	------	------	x	---	---	---	Scotch-English	Engineer	x	---	x	---
22	46	188	156	140	1,521	1,430	164	87	165	100	179	98	140	40	14	35	32	67	1,000	1,000	1,050	1,100	1,400	1,050	x	---	---	---	Dutch	Lawyer	---	x	x	---
23	46	198	150	141	1,545	1,452	178	90	180	92	170	102	124	32	16	45	31	76	2,575	1,550	2,350	2,650	1,250	2,250	---	---	---	x	English-Irish	do	x	---	---	x
24	47	190	152	134	1,452	1,350	172	89	172	105	190	97	142	27	19	39	36	75	1,000	1,500	1,550	950	1,200	1,050	---	x	---	---	English-English	do	x	---	---	x
25	47	194	150	137	1,486	1,382	168	81	164	92	150	115	130	37	15	30	30	60	855	------	------	950	------	------	---	---	---	x	Scotch-Irish	do	x	---	---	x
26	48	194	158	140	1,657	1,574	177	88	178	116	235	107	148	37	20	55	44	99	1,500	1,800	1,500	2,000	1,700	1,600	---	---	---	x	English-German	Banker	x	---	x	---
27	48	196	162	143	1,575	1,480	182	95	182	108	202	111	140	32	17	41	30	71	1,500	1,750	2,400	1,800	2,250	2,300	x	---	---	---	English-Scotch	Lawyer	---	x	---	x
28	49	198	152	141	1,561	1,467	183	95	187	93	168	97	134	37	17	48	42	90	1,600	1,650	2,000	1,450	1,500	2,500	---	x	---	---	German-Welsh	Educator	---	x	---	x
29	49	186	156	136	1,475	1,371	177	89	180	93	150	95	132	29	13	30	26	56	1,550	1,700	1,800	1,350	1,600	1,950	x	---	---	---	English-Scotch	Lawyer	---	x	---	x
30	49	192	156	140	1,547	1,454	186	95	190	101	200	96	132	33	16	50	55	105	2,050	2,600	3,600	2,050	2,450	3,000	x	---	---	---	Dutch-English	Educator	x	---	---	x
31	50	212	164	151	1,857	1,801	193	------	211	122	258	118	148	36	23	58	52	110	2,300	1,650	2,300	2,700	1,700	2,700	---	x	---	---	Irish-Scotch	Manufacturer	---	---	---	x
32	50	206	152	130	1,587	1,492	179	84	188	111	------	103	146	36	22	55	50	105	850	------	------	800	------	------	x	---	---	---	English	Farmer	---	x	---	x
33	51	202	156	147	1,675	1,591	179	98	190	100	190	101	132	34	17	30	28	58	1,300	------	------	1,100	------	------	---	x	---	---	English-German	Business	---	---	---	x
34	50	202	160	138	1,624	1,543	177	88	184	106	167	93	132	32	16	44	38	82	1,000	1,550	1,500	1,100	1,750	1,800	---	x	---	---	English-Scotch	Dentist	---	x	---	x
35	50	201	150	134	1,506	1,416	181	95	185	107	170	98	126	31	14	36	34	70	3,000	2,760	3,050	2,700	3,200	3,700	---	x	---	---	English-English	Lawyer	x	---	---	x
36	50	194	156	141	1,568	1,473	191	94	199	104	191	93	124	32	18	40	29	69	2,100	1,750	1,500	2,000	1,750	1,950	x	---	---	---	Scotch-Irish	Farmer, teacher, lawyer	---	x	---	x
37	50	188	156	134	1,470	1,367	183	93	180	105	200	93	126	33	13	48	45	93	1,700	1,800	1,800	2,000	1,600	1,800	x	---	---	---	English-English	Lawyer	---	x	---	x
38	50	201	150	141	1,563	1,469	170	84	170	98	180	98	136	36	19	41	32	73	1,750	2,100	1,950	2,000	2,450	------	---	---	x	---	German-Dutch	Farmer, banker	x	---	---	x
39	51	200	160	146	1,687	1,602	169	84	176	98	155	96	138	39	18	39	36	75	1,600	1,700	2,300	1,400	2,050	2,300	---	x	---	---	Scotch-Welsh-English	Lawyer	---	x	---	x
40	51	200	160	137	1,602	1,522	177	92	178	104	170	111	122	65	13	42	38	80	1,800	2,000	2,300	1,700	2,000	2,200	x	---	---	---	Scotch-Irish-English	do	---	x	---	x
41	51	192	146	141	1,476	1,372	177	92	172	97	167	98	120	32	11	35	29	64	1,750	------	------	1,650	------	------	x	---	---	---	English-Welsh	do	x	---	---	x
42	52	204	160	139	1,646	1,564	181	93	182	105	200	106	130	29	17	28	25	53	1,250	2,000	2,250	1,450	2,000	2,300	x	---	---	---	English-English	do	---	x	---	x
43	52	198	162	146	1,691	1,605	177	88	181	93	167	93	128	27	17	41	40	81	1,250	------	------	1,150	------	------	---	---	x	---	English-Scotch	Educator	---	x	x	---
44	52	194	162	134	1,518	1,427	182	86	180	106	217	96	150	27	14	45	44	89	2,150	------	------	1,950	------	------	x	---	---	---	German-German	Lawyer	---	x	x	---

45	52	196	160	145	1,642	1,560	167	90	171	104	169	107	136	37	16	34	35	69	2,000	2,800	4,000	2,400	3,800	4,000		x			Dutch-French	Editor-author.		x		x
46	53	192	150	134	1,432	1,332	178	91	178	105	196	103	130	32	16	31	32	63	1,200			1,500				x			Serbia-French-Spanish.	Physician	x			x
47	53	194	162	154	1,737	1,668	175	96	166	89	144	106	130	29	11	34	34	68	1,050	800		1,150	750					x	English-Scotch-Irish.	Lawyer		x		x
48	53	196	150	135	1,480	1,377	170	87	197	95	148	90	134	32	20	29	25	54	1,300			1,400				x			Scotch-Dutch-English.	do	x			x
49	53	196	150	136	1,489	1,384	171	83	175	106	205	95	114	28	17	31	25	56	953	1,050	1,400	950	1,550	1,100				x	English-Scotch.	do	x			x
50	54	192	160	136	1,541	1,448	171	87	176	101	175	99	140	32	18	38	29	67	1,100	1,250	1,250	1,800	1,500	2,050		x			Scotch-English.	do		x		x
51	54	182	144	133	1,341	1,234	173	92	167	94	156	98	134	32	13	45	38	83	1,600	1,400		1,655	1,500				x		do	Business		x		x
52	54	214	154	144	1,707	1,639	186	90	194	110	225	116	134	36	21	38	35	73	2,450	2,650	3,100	2,550	3,600	4,000		x			do	Lawyer, oil producer.		x		x
53	55	192	156	130	1,458	1,356	181	92	183	96	165	85	138	38	21	32	35	67	950			800			x				Scotch-Aryan	Lawyer		x		x
54	55	192	152	141	1,524	1,432	173	90	174	112	205	116	124	34	22	38	36	74	2,350	2,300	3,000	3,550	2,500	3,100		x			English-Dutch.	do	x			x
55	55	194	156	142	1,577	1,482	174	87	178	104	175	100	128	33	14	42	38	80	1,100	1,500	1,500	1,100	1,350	1,750	x				German-English.	Physician	x			x
56	56	196	156	141	1,581	1,486	177	84	167	99	178	97	124	30	16	26	24	50	1,500	2,000	2,000	950	2,000	2,900	x				Scotch-English.	Lawyer		x		x
57	56	212	154	147	1,723	1,654	184	93	177	109	225	88	130	27	20	31	24	55	1,600	2,100	2,650	2,050	2,200	2,250	x				English-Scotch.	do		x		x
58	56	192	160	144	1,615	1,534	175	84	173	112	175	97	142	28	16				1,800			2,000			x				Scotch	do				x
59	56	196	156	135	1,523	1,432	180	92	175	119	205	97	130	40	18	32	32	64	1,750	1,250		2,300	1,450		x				Norwegian	Business		x	x	
60	56	188	144	131	1,358	1,250	177	80	182	85	133	97	122	32	17	34	33	67	1,500	1,100	1,000	1,700	1,100	1,000	x				do	Preacher		x		x
61	56	208	162	152	1,819	1,764	185	91	180	92	166	73	134	28	19	38	34	72	550	700		1,000	900		x				Scotch-Irish	Lawyer	x			x
62	57	194	150	159	1,675	1,591	178	92	173	89	178	93	134	32	15	29	29	58	1,200	1,500	1,450	1,250	1,150	1,500	x				do	do	x			x
63	57	202	152	139	1,568	1,473	172	86	167	120	174	96	140	33	12	42	20	62	1,500			1,200					x		do	do		x		x
64	57	201	154	150	1,675	1,591	174		168	99	176	97	124	32	15	36	37	73	2,100			2,050			x				English-English.	Lawyer, business.		x	x	
65	57	184	160	143	1,552	1,459	175	89	178	95	158	96	128	42	13	30	28	58	1,000			950			x				Scotch-English.	Lawyer		x		x
66	58	198	158	139	1,591	1,495	163	88	165	104	174	104	128	35	16	22	16	38	1,300	1,700	2,050	2,000	1,800	2,250		x			English-English.	do	x		x	
67	58	192	146	144	1,504	1,414	167	91	160	92	142	78	114	30	16	36	28	64	1,500	1,100		2,150	1,250		x				Scotch-French	do	x			x
68	59	212	162	148	1,807	1,753	176	99	177	90	264	112	138	37	21	55	55	110	1,650	2,050	2,500	1,750	2,400	2,500	x				Dutch-Irish	Farmer		x		x
69	60	206	160	138	1,649	1,566	187	93	189	108	203	101	152	46	20				800			800					x		English-English.	Merchant, farmer.		x		x
70	60	202	162	149	1,747	1,678	177	83	178	122	223	100	150	22	23	40	30	70	1,500			1,300			x				French-Welsh	Lawyer	x		x	
71	60	199	154	144	1,610	1,529	184		194	107	268	103	142	45	17	25	32	57	1,250	1,650	2,050	1,150	1,650	2,050	x				Welsh-English.	do		x	x	
72	60	192	154	137	1,505	1,415	178	87	181	105	184	103	140	34	17	35	32	67	1,400	1,550	2,250	1,990	2,000	2,450	x				English / Scotch-Irish	do	x			x
73	60	194	146	144	1,513	1,422	177	88	179	92	150	96	120	46	29	34	26	60	2,000	1,950	2,000	2,000	2,200	2,300			x		English-English.	do		x		x
74	62	194	142	130	1,367	1,258	179	88	183	106	193	93	120	33	18	38	35	73	1,750	1,500	1,750	1,625	1,250	1,000		x			Dutch	Lawyer		x		x
75	62	204	166	145	1,756	1,687	175	92	172	105	192	94	134	31	19	35	29	64	2,950	1,650	2,250	2,600	2,000	2,100	x				English-Scotch	do	x			x
76	63	188	152	133	1,432	1,332	182	97	185	104	202	97	136	35	13	41	38	79	3,000	2,000	2,600	3,800	2,250	3,000		x			Scotch-Irish	do	x			x
77	63	200	151	137	1,529	1,437	181	91	179	91	150	104	131	33	17	33	32	65	1,500	1,450	1,750	1,200	1,600	1,750		x			Welsh-English	Banker		x	x	
78	63	202	146	138	1,509	1,418	188	96	189	105	202	116	130	28	22		34		1,050			1,050					x		English-Dutch	Business		x	x	
79	63	198	154	143	1,595	1,499	173	90	173	101	190	98	124	34	18	22	19	41	1,300	1,650	1,750	1,400	1,500	1,800	x				Scotch-Irish-English.	Elevator conductor.	x			x
80	65	206	154	133	1,552	1,459	176	90	178	106	193	117	128	48	20	49	44	93	2,150	1,800	2,000	2,400	2,100	2,500				x	Scotch-English	Farmer		x		x
81	66	194	166	144	1,677	1,593	177	83	173	113	208	102	146	33	17	27	18	45	1,020	2,001	2,000	1,001	1,600	2,400	x				German-German.	Editor		x	x	
82	66	194	162	137	1,579	1,484	171	82	175	89	149	101	132	15	17	36	28	64	1,750	2,350	2,200	1,900	2,500	2,700	x				Irish-Irish	Lawyer	x			x
83	66	200	151	135	1,511	1,420	176	84	168	101	180	89	136	27	25	27	27	54	700			750			x				English-Scotch	do		x		x
84	67	190	150	143	1,512	1,421	169	94	164	92	145	103	132	33	14	24	26	50	2,050	1,150		1,750	2,000		x				Scotch-Scotch	do		x		x
85	68	198	156	134	1,547	1,454	182	94	184	96	185	100	134	33	22	34	30	64	2,400	1,500	2,450	2,000	1,900	2,750			x		English-English.	Farmer	x			x
86	68	196	154	141	1,565	1,471	176	79	178	98	163	97	126	40	21	30	18	48	1,250	1,300	2,050	1,250	1,250	1,600	x				German-English.	Lawyer		x	x	
87	69	196	152	146	1,593	1,497	181	91	184	110	217	110	140	33	16	32	30	62	1,800	1,800	2,400	1,800	1,800	2,350				x	English-Irish	Business		x		x
88	69	192	156	139	1,538	1,445	168	80	169	105	170	95	140	40	18	33	25	58	1,600			1,550			x				English-Scotch	Lawyer		x		x
89	75	182	150	135	1,399	1,286	180	88	183	110	183	95	154			27	17	44	760			1,000			x				Scotch-Scotch	do		x		x
Av.	53	196	156	139		[1]1,450	177	90	178	104	183					38	38	70	1,582	1,784	2,166	1,662	1,855	2,356	[2]52	27	7	9	(3)	(3)	35	50	19	70
		Inches					Inches									Pounds			Ounces															
		7.7	6.14	5.47			69	35	70	40						85	73	155	55	63	76	58	65	83											

[1] English, 32; Scotch, 28; German, 8; Norwegian, 6; Irish, 5; French, 4; Welsh, 3; Dutch, 3.

[2] Lawyers, 56; educators, 5; business men, 12; farmers, 8; physicians, 2; other professions, 6.

MEASUREMENTS OF MEMBERS OF CONGRESS BY STATE GROUPS

In Table 2 below the 89 Members of Congress, who were measured by myself personally, are arranged according to the usual geographical divisions by State groups, giving their head measurements, measurements for body build, and strength of hand grasp. Also an estimate of brain weights is given for each State group or geographical division.

The west South Central States—that is, Arkansas, Louisiana, Oklahoma, and Texas—show the greatest stature, 179 centimeters (70 inches), and at the same time the greatest brain weights, 1,571 grams (55 ounces); also the greatest length of head, 198 millimeters (8 inches). The next highest in brain weight, 1,525 grams (53 ounces), is shown by Members from the west North Central States—that is, Minnesota, Iowa, Missouri, North Dakota, South Dakota, Nebraska, and Kansas. These are also high in stature, 177 centimeters. This tends to confirm other studies on larger numbers of a positive correlation of height and brain weight and still higher correlation between length of head and weight of brain. Also the lowest brain weight (1,419 grams, or 49 ounces) has the smallest length of head (191 millimeters, or 7 inches), as indicated in the measurements of the five Members from the Pacific States—that is, California, Washington, and Oregon.

The 13 Members of the east South Central States (Kentucky, Tennessee, Alabama, Mississippi), though having the greatest average brain weight, show the lowest figures for strength of hand grasp (34, 30 kilograms=91, 80 pounds). On the other hand, the five Pacific Coast Members have the greatest hand grasp (76 kilograms=203 pounds) but the lowest brain weight.

TABLE 2.—*Measurements of Members of Congress by State groups*

Number of Members	States—Members of Congress from—	Average head measurements			Average body measurements					Average hand grasp		Average estimated brain weight
		Length	Breadth	Height	Stature	Sitting height	Arm reach	Chest girth	Weight (lbs.)	Right	Left	
		1	2	3	4	5	6	7	8	9	10	11
11	New England and Middle Atlantic: Maine, New Hampshire, Vermont, Massachusetts, Rhode Island, Connecticut, New York, New Jersey, Pennsylvania	*Mm.* 197	*Mm.* 152	*Mm.* 139	*Cm.* 174	*Cm.* 90	*Cm.* 172	*Cm.* 91	*Lbs.* 159	*Kg.* 35	*Kg* 36	*Gr.* 1,444
20	East North Central: Ohio, Indiana, Illinois, Michigan, Wisconsin	195	155	137	176	91	180	99	183	33	33	1,439
16	West North Central: Minnesota, Iowa, Missouri, North Dakota, South Dakota, Nebraska, Kansas	197	157	142	177	89	178	101	189	39	35	1,525
8	South Atlantic: Delaware, Maryland, Virginia, North Carolina, South Carolina, Georgia, Florida	196	155	140	179	90	180	108	189	37	35	1,472
13	East South Central: Kentucky, Tennessee, Alabama, Mississippi	197	155	140	178	86	182	117	191	36	32	1,476
13	West South Central: Arkansas, Louisiana, Oklahoma, Texas	198	161	143	179	91	178	100	147	34	30	1,571
3	Mountain: Utah, Nevada	195	153	140	175	81	174	100	175	38	32	1,449
5	Pacific: Washington, Oregon, California	191	151	141	175	89	177	104	183	40	36	1,419

TEMPLE PRESSURE MEASUREMENTS OF DISAGREEABLENESS, UNCOMFORTABLENESS, AND THRESHOLD OF PAIN

The instruments used in this study were the usual ones employed in anthropology with the exception of a temple algometer (designed by the author) to measure pain threshold and states up to it.

This algometer consists of a brass cylinder with a steel rod running through one of the ends of the cylinder. This rod is attached to a spring with a marker on the scale; this scale is graded from zero to 4,000 grams (141 ounces). The brass disk is 15 millimeters (one-half inch) in diameter. The whole instrument is 30 centimeters (12 inches) in length.

In using this algometer it is held in the right hand by the experimenter, who stands back of the subject and presses the disk against the right temporal muscle; then he moves in front of the subject, where he can conveniently press the disk against the left temple, or temporal muscle. As soon as the pressure feels the least bit disagreeable, the amount of pressure is read from the scale, as indicated by the marker. The pressure is gradually and slowly increased, the same words are said to each subject in the same manner, and otherwise the psychological part is made as uniform as possible. As soon as the pressure is felt to be the least disagreeable the amount of pressure is read by observing the marker on the scale.

The subject sometimes hesitates to say just when the pressure becomes disagreeable, but this intellectual factor forms part of the experiment. In fact, there are three inseparable elements in this experiment. First, the idea of disagreeable; second, the feeling disagreeable; and, third, the muscle itself; that is, one mental, one sensitive, and one physical element are all combined and do not exist separated. The intellectual part probably depends mainly upon the general idea of disagreeable formed from disagreeable experiences in life; the disagreeable feeling may be influenced by disagreeable pains and physical injuries suffered in the past. The experiment also is affected by the texture of the muscle itself, its thickness and that of the skin over it.

After the amount of pressure feeling becomes the least bit disagreeable it is recorded for each temple. The experiment is again made to find the least pressure necessary to make an uncomfortable feeling. Here also, as in the first experiment, the intellectual, sensitive, and physical factors are combined in their influence on the resultant record. With the threshold of pain the same procedure is followed as in the other experiments for disagreeable and uncomfortable pressure.

INTERPRETATION OF THE PRESSURE EXPERIMENTS

When, for instance, a subject feels a 1,500-gram (53 ounces) pressure a least bit disagreeable and a 2,000-gram (70 ounces) pressure uncomfortable, the difference between these pressures, 500 grams (17 ounces), measures the difference between the disagreeable and the uncomfortable pressure feeling. When the same subject requires 3,000-gram (106 ounces) pressure to have the threshold of pain feeling, the difference between his 2,000-gram (70 ounces) uncomfortable feeling and this 3,000-gram (106 ounces) threshold of pain feeling—that is, 1,000 grams (35 ounces)—measures the difference between these feelings. Since the muscle or physical factor in the experiment is practically constant, the mental and sensitive factors in the two following experiments for uncomfortable and threshold of pain feeling have increasingly greater influence; that is, this psychophysical experiment becomes more psychical, and thus to a certain extent the difference between the idea of disagreeable and that of uncomfortable or of threshold of pain can be measured in grams or ounces.

In general, the amount of pressure required to produce a disagreeable or uncomfortable or threshold of pain feeling varies with the resistance of the subject; that is, the more sensitive the subject the less the pressure required.

BODY BUILD

The body build or frame is obtained by dividing the chest circumference (at the armpits) by the stature. As body build increases, one passes from slenderness to stoutness in build; that is, the chest girth is larger relatively to the height; that is, the frame is broader relative to the stature. When chest circumference is large compared with height, we often call the man "thick set." These terms do not always have exactly the same meaning in actual use, but slenderness and stoutness, or thicksetness, seem most appropriate. Stoutness does not necessarily mean vigor. Circumference has an almost constant relation to chest diameter; its ratio to stature probably serves as the best index of body build. This is preferable to weight, which is quite variable, as compared with chest circumference.

TABLE 3.—*Predominant lineage, temple pressure sensitiveness, and brain weight*

Predominant lineage	Right temple (grams)			Left temple (grams)			Hand grasp	Average brain weight (grams)	Average for both temples (grams)			Summary of all sensitiveness
	Disagreeable	Uncomfortable	Threshold of pain	Disagreeable	Uncomfortable	Threshold of pain			Least disagreeable	Uncomfortable	Threshold of pain	
	1	2	3	4	5	6	7	8	9	10	11	12
English (32)	1,652	1,718	2,218	1,649	1,895	2,360	67	1,500	1,650	1,801	2,289	1,913
Scotch (30)	1,658	1,856	2,129	1,782	1,829	2,438	73	1,462	1,720	1,847	2,283	1,950
German (8)	1,565	1,692	2,042	1,712	1,871	2,166	74	1,484	1,638	1,781	2,104	1,841
Norwegian (6)	1,340	1,183	----------	1,410	1,266	----------	79	1,455	1,375	1,224	----------	----------
Irish (5)	1,360	2,020	2,220	1,490	1,960	2,320	67	1,479	1,425	1,990	2,270	1,895
French (3)	1,216	1,300	1,650	1,333	1,425	2,100	81	1,452	1,274	1,362	1,875	1,503
Welsh (3)	1,433	1,600	1,866	1,233	1,616	1,916	59	1,445	1,333	1,608	1,891	1,670
Dutch (2)	1,825	2,425	3,250	2,075	3,100	3,250	89	1,656	1,950	2,762	3,250	2,656
Average of all	1,582	1,784	2,166	1,662	1,855	2,356	70	1,450	1,622	1,819	2,261	1,900
Average in ounces	55	63	76	58	65	83	[1]154	50	57	64	79	67

[1] Pounds.

In Table 3 we will first compare in a general way the Members of Congress as to their sensitiveness to least disagreeable, uncomfortable, and threshold of pain pressure on the temporal muscles, and this in relation to their predominant lineage. It will be noted that almost without exception the Members require the least pressure for that considered disagreeable (1,622 grams (58 ounces)) (col. 9) and the most pressure for the threshold of pain (2,261 grams (79 ounces)) (col. 11). It will further be seen that the left temple is more sensitive than the right. In previous studies [1] of both children and adults the author found the same to be true.

[1] Man and Abnormal Man (S. Doc. 187, 58th Cong., 3d sess., pp. 178–179).

TABLE 4.—*Summary of the arithmetical means, standard deviations, correlation coefficients, and probable errors for disagreeable and threshold pain pressure, hand strength, body build and estimated brain weight of 85 Members of Congress as a whole, and also in connection with predominant lineage, educational status, and place of birth*

	Arithmetical mean (grams)	Probable error of mean	Standard deviation	Probable error of standard deviation	Arithmetical mean (grams)	Probable error of mean	Standard deviation	Probable error of standard deviation	Coefficient of correlation
Section A	Disagreeable pressure and strength of hand grasp								
89 Members in general	1657	47·47	664	33·53	70	1·440	16	·8080	·49±·054
35 English lineage	1532	61·78	542	43·68	66	1·482	13	1·0478	·60±·077
28 Scotch lineage	1771	53·58	658	59·28	73	2·159	17	1·531	·60±·074
23 other lineage	1520	53·20	380	37·77	71	2·240	16	1·584	·68±·077
Section B	Relation of body build to disagreeable pressure								
	Body build				Disagreeable pressure				
89 Members in general	5,709	36·30	515	26·00	1,596	36·67	513	25·90	·64±·042
35 Members of English lineage	5,715	46·51	408	32·88	1,607	68·28	599	48·27	·62±·0709
Section C	Relation of body build to estimated weight of brain								
89 Members in general	5,709	36·82	515	26·20	1,450	8·222	115	5·80	·63±·043
Section D	Relation of estimated brain weight to stature								
	Brain weight				Stature				
89 Members in general	1,450	8·222	115	5·80	177	414	5·8	·2939	·55±·053
Section E	Threshold of pain pressure sensitiveness								
15 Members city birth	2,048	91·52	526	64·69	----------	----------	----------	----------	----------
35 Members country birth	2,274	65·43	574	46·26	----------	----------	----------	----------	----------
29 Members university education	2,082	61·12	489	43·03	----------	----------	----------	----------	----------
21 Members with less education	2,377	92·16	627	65·20	----------	----------	----------	----------	----------

MEANING OF CORRELATION COEFFICIENT

If your two hands were exactly alike, the relation between them would be 100, a perfect correlation; but if very nearly alike, say, 97 or 98, though not perfect, the correlation is of a very high degree; that is, very nearly perfect.

If you have, for example, the heights of 1,000 soldiers in one column and their weights in a corresponding column, the question is, What, if any, is the degree of relation between them; that is, are the taller soldiers heavier in weight or not; and if they weigh more, to what extent; that is, what is their correlation coefficient? The method of finding this coefficient is described in statistical works.

RELATION OF DISAGREEABLE PRESSURE TO STRENGTH OF HAND GRASP

In arranging the figures for disagreeable pressure the amounts for each temple were added together and then the result was divided by two, making a single quantity. The figures for hand grasp for each hand were combined to give one figure for the total hand strength of each Member. All these figures are based upon columns 18, 19, 20, 21, 22, 23, and 24 of Table 1. The Pearson correlation coefficient is worked out in Table 4 with body build and brain weight. In applying the same methods to determine the degree of relationship between disagreeable pressure upon the temples and strength of hand grasp, the correlation coefficient for Members of Congress in general (see Table 4, sec. A) is found to

be 0.49±0.054. The cause of this substantial relation between disagreeable pressure and strength of hand may be due to the fact that physically strong persons tend to be less sensitive. As Congressmen with a large body build tend to be strong, and as we see (Table 4) the correlation between body build and disagreeable pressure is high, being .64±.042 (see Table 4, sec. B), this confirms still further this idea, that the greater the strength of hand of Members of Congress, the more resistant they are to disagreeable pressure, which suggests less sensitiveness to disagreeable experiences, which might be useful in the vicissitudes of political life.

RELATION OF THRESHOLD-PAIN PRESSURE TO EDUCATIONAL STATUS

We have divided the Members of Congress studied into two classes according to degree of education received in earlier life (Table 1, cols. 25–28); one class are those with university education, and the second class, those with less than university education, as college, high-school, or common-school training. By university education, we mean those who have graduated from college or have been there a year or more and then studied for their profession in some university.

By examining Table 4, section E, it will be found that those Members with university education show an average threshold-pain pressure of 2,082 grams (73 ounces), and those with less education a threshold pain pressure of 2,377 grams (83 ounces). Thus the university-trained Members of Congress studied are more sensitive to the threshold of pain pressure than those with less education by 295 grams (10⅜ ounces). This suggests the idea that the higher the degree of education, the greater is the threshold-pain pressure sensitiveness.

RELATION OF THRESHOLD-PAIN PRESSURE TO PLACE OF BIRTH

We have also divided the Members into two classes—those born in the country and those born in the city—and then found the average of each for threshold of pain pressure. As will be noted from Table 4, section E, the average for those born in the country is 2,274 grams (80 ounces), and for those of city birth, 2,048 grams (72 ounces); that is, those of country birth are less sensitive to the threshold of pain pressure by 226 grams (8 ounces) than those born in the city, which also suggests that country life tends to develop hardihood to be able to endure better that which is physically painful.

As those who live in the country are generally not as highly educated as those who dwell in the city, and as those with university education have just been shown to be more sensitive to threshold-pain pressure than those with less education, the suggestion that country life tends to develop a hardihood to endure better, physical pain is strengthened.

RELATION BETWEEN BODY BUILD AND DISAGREEABLE TEMPLE PRESSURE

In Table 4, section B, are given the means, standard deviations, and correlation coefficients with their respective probable errors, for the relation between body build and disagreeable temple pressure for all 89 Members, and also for Members whose lineage is predominantly English.

There is practically no difference between the average body build of the Members in general and that of those with English lineage, the one being 5,709 and the other 5,715. The correlation coefficient for body build and disagreeable temple pressure is .64±.042 for all the Members and 0.62±0.0709 for those with predominant English lineage. Here also the difference is insignificant. The correlation coefficients are distinctly high.

APPLICATION OF CORRELATION COEFFICIENT TO PREDOMINANT LINEAGE

In column 29 of Table 1 is given the predominant and other lineage of each Member of Congress measured. From Table 3 will be found the number of Members of Congress according to predominant lineage, the English numbering 32, the Scotch 30, the German 8, Norwegian 6, and so on. As already noted, the English and Scotch constitute the great majority for predominant lineage.

In determining the degree of relationship of disagreeable pressure and hand strength, in connection with predominant lineage, by working out the correlation coefficient, we find from Table 4, section A, that those Members with predominant English lineage have a coefficient of correlation of 0.60±0.077, the Scotch a correlation of 0.60±0.074, and those with other lineage combined (24 Members) have a coefficient of correlation of 0.68±0.077. These coefficients all indicate high degrees of correlation between disagreeable pressure and hand strength according to predominant lineage. The average disagreeable pressure for Members of Scotch lineage is 1,771 grams (62 ounces), that for those of English descent 1,532 grams (63 ounces), and those of other lineage 1,520 grams, thus indicating that those with predominant Scotch descent are less sensitive to disagreeable pressure than the English by 239 grams (8 ounces); that is to say, that those with Scotch descent are the most resistant to disagreeable pressure of all, and might suggest a greater hardihood to disagreeable experiences in life.

Why the left temple should be more sensitive than the right may be due to the fact that the great majority of persons are right handed, having more physical activity and consequent blood flow on the right side, feeding the nerves more, and it may be making these more resistant to pain and also to deterioration on the right side. Thus it has been said by dentists that teeth decay more on the left side of the face than on the right.

It appears also that those with the heaviest estimated brain weight tend to resist pressure most, showing more hardihood. In Table 4, section B, this is indicated by the fact that the correlation of body build with brain weight is 0.63±0.043, and the correlation of body build with disagreeable pressure is 0.64±0.042, practically the same and distinctly high correlations. In connection with this, on the other hand, there are those with less brain weight, as in French and Welsh lineage, who show more sensitiveness, as indicated in column 12, Table 3, where all the averages are summed up and averaged.

Those members whose predominant lineage is Dutch, Scotch, English, or Irish show the least sensitiveness in order mentioned.

In distinguishing this pressure feeling as disagreeable and uncomfortable (Table 3) the Dutch show a difference of 812 grams (28 ounces), the Irish 565 grams (20 ounces), and the Welsh 275 grams (9 ounces), which is practically a quantitative measurement of the difference between disagreeable and uncomfortable pressure, as they experience it. To distinguish uncomfortable from the threshold of pain, those with French lineage require 513 grams (18 ounces) pressure, the Dutch, 488 grams (16 ounces), and English, 487 grams (17 ounces) pressure. Members with other lineage require much less pressure.

BRAIN WEIGHT AND STATURE

From Table 4, section D, it will be seen that the correlation coefficient for estimated brain weight and stature of all the 89 Members of Congress measured is 0.55±0.53, which is quite high when compared with the correlation of English brain weight with stature which, as given by Blakeman, is 0.288±0.057.

RADIO AGREEMENT BETWEEN CANADA AND THE UNITED STATES

Mr. DILL. Mr. President, I do not want to delay the debate on this particular measure more than a few moments. I waited yesterday in the hope that I would have an opportunity to say something about the Canadian-American agreement concerning radio channels, and I could not get the opportunity. To-morrow we are to take up the revenue bill, and for that reason I venture to break into the debate for a few moments to discuss that agreement.

On the 9th of May the Secretary of State gave to the press a statement containing the correspondence between the representatives of the Canadian Government and the representatives of this Government whereby it is agreed that Canada shall use for radio broadcasting certain wave lengths that she has not previously used, and that she shall have the privilege of sharing certain channels under this agreement. I ask unanimous consent that this statement may be printed in my remarks at this point.

The PRESIDING OFFICER (Mr. CAREY in the chair). Without objection, it is so ordered.

The matter referred to is as follows:

RADIO BROADCASTING IN CANADA

DEPARTMENT OF STATE,
May 9, 1932.

On May 5, 1932, the Canadian minister sent the following note to the Acting Secretary of State:

[No. 81]

CANADIAN LEGATION,
Washington, May 5, 1932.

The Hon. W. R. CASTLE, Jr.,
Acting Secretary of State, Washington, D. C.

SIR: I have the honor to inform you that the Canadian House of Commons recently appointed a committee to inquire into the whole position of radiobroadcasting in Canada. This committee has under consideration a technical scheme for broadcasting in Canada which it is considered will provide satisfactory coverage in the chief population areas throughout the Dominion and at the same time make provision for the community service that may be desired. This scheme is divided into two distinct parts:

(a) A chain of high-power stations, operating on clear channels, and located at suitable intervals across Canada.

(b) A number of low-power stations of very limited range, operating on shared channels, and located as required for community service.

If this scheme receives the approval of Parliament, it is proposed to use 50-kilowatt stations, one in each of the Provinces of British Columbia, Manitoba, Ontario, Quebec, and eventually one in the maritime Provinces. In Saskatchewan and Alberta it is proposed to use 5-kilowatt stations at present, two being used in each Province, synchronized on a common channel. In Ontario there will be, in addition, two 10-kilowatt stations, one in western Ontario and one in northern Ontario. Four smaller stations of 1-kilowatt capacity each are provided for the Port Arthur-Fort William area, and for Ottawa, Montreal, and Quebec. In the maritimes, three 500-watt stations are provided for the present, one in each Province. The scheme also includes a 500-watt station on the shared channels for the city of Toronto for local service.

In adopting this plan Canada would reserve the right to increase the power of the stations in Alberta, Saskatchewan, northern and western Ontario to 50 kilowatts each, should such increase become necessary.

The committee, in addition to considering the power required, propose the following channels as suitable for the main stations:

Prince Edward Island, 630 kilocycles.
New Brunswick, 1,030 kilocycles.
Nova Scotia, 1,050 kilocycles.
Quebec, 930 kilocycles.

Montreal area (1 kilowatt), 600 kilocycles.
Montreal area (50 kilowatts), 730 kilocycles.
Ottawa, 880 kilocycles.
Toronto area (500 watts), 1,120 kilocycles.
Toronto area (50 kilowatts), 690 kilocycles.
Western Ontario, 840 kilocycles.
Northern Ontario, 960 kilocycles.
Port Arthur-Fort William area, 780 kilocycles.
Manitoba, 910 kilocycles.
Saskatchewan, 540 kilocycles.
Alberta, 1,030 kilocycles.
British Columbia, 1,100 kilocycles.

In order to insure satisfactory local broadcast service throughout Canada, it is proposed that stations, limited to a maximum power of 100 watts, be erected where necessary, and that they should be operated on shared channels. It is considered that 100 or more such stations may eventually be required in Canada, and that 20 channels should be available for this type of service. In establishing such stations it is proposed to maintain the same geographical separation between Canadian and United States stations as is maintained between United States stations of the same power.

Due notification would, of course, be given of the effective dates of any changes in the present operation to conform with the above plan.

In the event of the adoption of the above arrangement it is understood that if, as the result of the Madrid conference, any additional channels are made available for broadcasting a further allocation will be made as between the United States and Canada on an equitable basis.

I shall be obliged if you will inform me at your early convenience whether the United States authorities can make the necessary readjustments, so that these channels will be available for effective use in Canada.

I have the honor to be with the highest consideration, sir,

Your most obedient humble servant,

W. D. HERRIDGE.

The Acting Secretary of State sent the following note in reply:

MAY 5, 1932.

The Hon. WILLIAM DUNCAN HERRIDGE, K. C., D. S. O., M. C.,
Minister of the Dominion of Canada.

SIR: I am grateful for your courtesy in informing me by your note of May 5, 1932, of the technical plan which is being considered by the committee of the Canadian House of Commons as a means of providing Canada with satisfactory radiobroadcasting coverage. You inquire whether the authorities of the United States can make the readjustment necessary to render certain channels available for effective use in Canada.

In reply, I am glad to inform you that as notice is given from time to time of the dates of changes to be made in the present operations of Canadian broadcasting stations to conform to the plan set out, this Government will be glad to make the necessary readjustments.

It is understood that if, as the result of the Madrid conference, any additional channels are made available for broadcasting, a further allocation will be made, as between the United States and Canada, on an equitable basis.

Accept, sir, the renewed assurances of my highest consideration.

W. R. CASTLE,
Acting Secretary of State.

The committee of the Canadian House of Commons was appointed pursuant to the following resolution:

HOUSE OF COMMONS,
Wednesday, March 2, 1932.

Resolved, That a special committee of this House be appointed to consist of Messrs. Morand, Wright, Beynon, Smith (Cumberland), Gagnon, Cardin, Euler, Ilsley, and Garland (Bow River) for the following purposes:

1. To consider the report of the Royal Commission on Radio Broadcasting dated the 11th day of September, 1929, and commonly known as the Aird report.

2. To advise and recommend a complete technical scheme for radio broadcasting for Canada, so designed as to insure from Canadian sources as complete and satisfactory a service as the present development of radio science will permit.

3. To investigate and report upon the most satisfactory agency for carrying out such a scheme, with power to the said committee to send for persons and papers and to examine witnesses, and to report from time to time to this House.

Attest:

ARTHUR BEAUCHESNE,
Clerk of the House.

Mr. DILL. Mr. President, under this agreement Canada will have 9 cleared channels instead of 6 cleared channels for the purpose of broadcasting. Then she will share the use of 6 channels instead of 11, as she previously did. Her system is to be run by the Government with nine large stations, one in each Province, connected for purposes of chain broadcasting; and she is then to be permitted to use whatever number of 100-watt stations she may later desire, and arrangements will be made between the Governments as to the use of wave lengths for that purpose.

I desire to call attention to what this agreement really does.

Under this agreement the Radio Commission approves the simultaneous operation of high-powered radio stations on the east coast and the west coast of this continent on the same wave length. It proposes to permit a high-powered station in Vancouver, British Columbia, to operate on the same wave length as station WPG in Atlantic City, N. J. It proposes to permit a station in Nova Scotia to operate on the same wave length as station KNX, a cleared-channel station in Los Angeles.

I do not complain of this arrangement, but I speak of it because the Radio Commission now has broken down the rule which it foolishly set up some years ago. It permits foreign stations to do what it has refused again and again to allow American stations to do, namely, to have simultaneous operation of stations on the two sides of the continent on the same wave length.

I have argued for a number of years that it was an indefensible waste of radio facilities to prohibit the use of a wave length by a radio station on the Pacific coast simply because some radio station on the Atlantic coast was using that wave length.

The decision of the district court of appeals in the WGY case some years ago laid down the principle that it was in the interest of the public listening to radio programs to permit WGY in Schnectady and KGO in Oakland to operate simultaneously with high power, because, as was pointed out, the service to the people within a few hundred miles of these stations was far more important than the possibility that a few listeners midway across the country might have the service of one station or another if both did not operate. But the thing that is a pitiful commentary upon it all is that our Radio Commission, appointed to administer radio in the interest of the American people, should consent that a foreign government should have stations which would operate on the two coasts instead of permitting our own stations here in this country to operate in that way.

I do not know what defense the Radio Commission can have now for refusing to allow a station in San Francisco, Portland, Tacoma, or Seattle from operating on the same wave length with a station in New York or Boston when it has agreed to permit a station in Vancouver, British Columbia, to operate on the same wave length with a station in Atlantic City.

I am glad the commission has reached the common-sense viewpoint of permitting this use of the radio facilities by the Canadian people; but I am, to say the least, humiliated that a commission appointed to serve the American people should refuse our own stations a privilege so long and now grant it to foreigners.

I hope the commission will have enough patriotism, will have enough consideration for the listening public of the two coasts of this country, that it will not further insist upon the technically indefensible and foolish rule of prohibiting stations which want to serve the people of the Pacific coast from operating simply because a station on the Atlantic coast is operating on the same wave length, or vice versa.

ST. CLAIR RIVER BRIDGE, MICHIGAN

Mr. VANDENBERG. Mr. President, I report back favorably without amendment, from the Committee on Commerce, Senate bill 4581, to extend the times for commencing and completing the construction of a bridge across the St. Clair River at or near Port Huron, Mich., and I submit a report thereon (No. 676).

This bill is in the usual form approved by the department. There seems to be anxiety for immediate action on the bill so that construction may start. I am sure there will be no controversy about the measure, and I ask unanimous consent for the present consideration of the bill.

The PRESIDING OFFICER. Is there objection?

There being no objection, the Senate proceeded to consider the bill, which was ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the times for commencing and completing the construction of the bridge across the St. Clair River at or near Port Huron, Mich., authorized to be built by the Great Lakes Bridge Commission by the act of Congress approved June 25, 1930, heretofore extended by an act of Congress approved February 28, 1931, are hereby further extended one and three years, respectively, from June 25, 1932.

SEC. 2. The right to alter, amend, or repeal this act is hereby expressly reserved.

INCREASE OF BANKING FACILITIES

The Senate resumed the consideration of the bill (S. 4412) to provide for the safer and more effective use of the assets of Federal reserve banks and of national banking associations to regulate interbank control, to prevent the undue diversion of funds into speculative operations, and for other purposes.

Mr. VANDENBERG. Mr. President, the pending amendment is the amendment which I offered on yesterday. I ask leave to perfect the amendment by substituting for it the amendment which I send to the desk.

Mr. VANDENBERG's amendment as modified is as follows:

On page 45, line 8, after the period, insert: "Except in a city, town, or village where there is no national or State bank regularly transacting customary banking business, no such association shall establish a branch except by taking over an existing unit bank or an affiliate of such association."

Mr. KEAN obtained the floor.

Mr. McNARY. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER (Mr. CAREY in the chair). The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Austin	Cutting	Johnson	Patterson
Bailey	Dale	Kean	Reed
Bankhead	Davis	Kendrick	Robinson, Ind.
Barbour	Dill	Keyes	Sheppard
Barkley	Fletcher	King	Smoot
Blaine	Frazier	La Follette	Townsend
Borah	George	Lewis	Trammell
Bulkley	Glass	McGill	Tydings
Bulow	Glenn	McNary	Vandenberg
Capper	Goldsborough	Metcalf	Walsh, Mass.
Carey	Gore	Moses	Walsh, Mont.
Cohen	Hale	Norbeck	Wheeler
Connally	Hastings	Norris	
Coolidge	Hayden	Nye	
Copeland	Hull	Oddie	

Mr. McNARY. I wish to announce that the following Senators are absent, engaged in the Committee on Appropriations: The Senator from Washington [Mr. JONES], the Senator from Connecticut [Mr. BINGHAM], the Senator from Iowa [Mr. DICKINSON], the Senator from Tennessee [Mr. MCKELLAR], the Senator from New Mexico [Mr. BRATTON], and the Senator from South Carolina [Mr. BYRNES].

The PRESIDING OFFICER. Fifty-seven Senators having answered to their names, there is a quorum present.

Mr. KEAN. Mr. President, I desire to say at the start that I am making no reflection upon any of the Members of the Senate on the other side of the aisle, whose patriotism I believe equals my own, and whose love of country I believe is as great as it is on this side of the aisle. But it seems to me it is my duty to draw the attention of the Senate to some of the things which have happened in the Banking and Currency Committee, of which I have not the honor to be a member, and which have come under my observation.

The Banking and Currency Committee, under a resolution passed by the Senate, appointed a subcommittee to examine into the operations in New York in regards to pools and other transactions involving directly or indirectly the depression of the securities listed on the stock exchange. They have examined witnesses from Wall Street, and have had testimony, not from members of the stock exchange but from others, showing that they have been engaged in violent speculation both on the bull side and the bear side of the market.

The Bible tells us that one should pull out the beam that is in his own eye before considering the mote that is in his neighbor's eye.

When Mr. Eugene Meyer was requested to testify before the Banking and Currency Committee I went to that committee to hear his testimony. There was another person in the witness seat when I arrived there. On the right hand of the stenographer sat the distinguished Senator from Virginia [Mr. GLASS] and on the left the junior Senator from Ohio [Mr. BULKLEY]. Immediately behind them was a man I did not know, but I soon found out his name was Mr. H. Parker Willis. Mr. Willis kept suggesting questions to Mr. GLASS, and perhaps to Mr. BULKLEY also, and it seemed to me that it was Mr. Willis who was cross-examining the witness, rather than either of the distinguished gentlemen I have mentioned.

I believe Mr. Willis was employed by the Banking and Currency Committee, and in this confidential position was enabled to obtain facts and figures from the Federal reserve banks and from the Comptroller of the Currency in the name of the committee, to which no Senator on the floor of the Senate and no Senator except the members of the subcommittee in charge of the so-called Glass bill had access. In this confidential capacity Mr. Willis received that information, and was in almost daily communication with Paris, transmitting the information to the Paris newspapers.

The first copy of a dispatch that I have is dated October 11, 1931, in which Mr. Willis talks of the coming of the French representatives to talk over the financial plan with the President and the Secretary of the Treasury. He informs the readers of the French papers that—

The total of foreign short-term securities of all sorts which could be rapidly withdrawn from the United States is estimated at a little more than $700,000,000.

The dangers to the gold standard are well understood and the banks are taking all the measures necessary to assure it a maximum of protection.

For Saturday the exploitations of gold were $2,000,000, and the amount reserved (earmarked) was increased by $18,800,000.

I send to the desk Mr. H. Parker Willis's telegram, taken from the French paper, together with a translation thereof, and ask to have the translation printed in the RECORD as a part of my remarks.

The PRESIDING OFFICER. Without objection, it is so ordered.

The translation is as follows:

THE HOOVER PLAN AND THE GREAT AMERICAN BANKS—THE MISTAKES OF THE DIRECTORS OF THE FEDERAL RESERVE SYSTEM—THE PROBLEM OF DOLLARS AND GOLD RESERVES—CRITICISM OF THE POLICY FOLLOWED FOR TWO YEARS BY THE HOOVER ADMINISTRATION—PARLIAMENTARY CIRCLES SHOW THEMSELVES QUITE SKEPTICAL AS TO THE PRACTICAL RESULTS OF THE VIEW OF MR. LAVAL—THE SINO-JAPANESE CONFLICT

NEW YORK, October 11.—In spite of the irregular movements of the last two weeks, the atmosphere in Wall Street is better; the general statement is more optimistic and the market price is being well maintained in most divisions.

The Hoover plan of reanimating banking affairs seems to have been well received, and the subscriptions of banks from all parts of the country to the National Credit Corporation appear important. The measure of its real success depends upon the stopping of the withdrawal of funds and the restoration of confidence; one can not render in this respect for some time. No doubt there will be still a certain number of banking failures, although the plan should bring about a diminution of them The essential thing is to know whether the great banks will have sufficient breadth of view to recognize the necessity of putting an end to the bank failures, medium and small, or whether they will persist in the egotism which they have shown for years, being content to declare that the establishments failing were too insignificant for their difficulties to be given serious consideration.

Public opinion is much aroused against the negligence of the directors of the Federal reserve system and the bad methods of the principal banks which have led to the present crisis. Consequently it may not be completely reassured if the least capable directors of the Federal reserve system and certain members of the banking organizations of various cities do not leave their posts. That is an element of uncertainty which must be taken into account.

In enlightened circles, opposition is still increasing against the project to amend the statutes of the Federal reserve system to permit the discount of paper guaranteed by industrial or railroad bonds; but most of the officials continue to think that the adoption of this amendment will present no difficulties. The truth is quite otherwise, an important part of Congress being hostile to

every plan for the enlargement of the bases of discount. If the plan envisaged is adopted, which is not at all certain, it will be done only by a violent struggle, because of the lack of prestige of the administration, and the general feeling of the country that for two years there has been a total absence of comprehension and competence to meet the danger of panic and atrophy.

The coming of Mr. Laval to New York is more and more commented upon in the world of affairs, whose feeling toward France—treated up to you as a European country of no great financial interest for America—is completely modified. The opinion continues to prevail on the American side that the interview will be as extensive as Mr. Laval permits. It is believed that the question of a new moratorium of the war debts and a moratorium of reparations for several years will be put forward.

On all sides a discussion on the subject of the gold standard is demanded also, and a clear exposition of the attitude of France on the entire gold question, which will give more clarity to the Washington policy. Many people are disturbed by the danger that the gold standard might fall because of the Hoover-Mellon plan to give more latitude to the discount operations of the reserve banks. One is surprised that the elements of the problem are so well known and that the dangers are so clearly appreciated on the foreign exchanges; it appears, in consequence, the more imperative not to do anything which might strengthen the apprehensions and harm still more the situation of the dollar.

Banking operations have been extended during the past week; the available funds of gold of the reserve banks have put financial establishments in a better position in regard to the foreign agreements. The total of foreign short-term securities of all sorts which could be rapidly withdrawn from the United States is estimated at a little more than $700,000,000. The available funds of gold would reach $900,000,000.

The dangers to the gold standard are well understood and the banks are taking all the measures necessary to assure it a maximum of protection. For Saturday the exportations of gold were $2,000,000 and the amount reserved (earmarked) was increased by $18,800,000.

In parliamentary circles one is skeptical as to the practical results of Mr. Laval's visit, but one is ready to welcome any new elucidation which may result. Everything depends on the attitude of the administration and the measure in which the public is informed with precision so that it understands the situation.

The Sino-Japanese conflict has aroused only slight interest in business and financial circles, whose attention is absorbed by the immediate complication of affairs in the United States. Washington is studying the question. So far the conflict has not appreciably affected the stock exchange or the commercial markets.

H. PARKER WILLIS.

Mr. KEAN. On October 14, 1931, Mr. Willis cabled on the arrival of the Frenchmen in this country that they were charged, if necessary, to withdraw a large part of the remaining "short-term funds belonging to the Bank of France, and thus possibly avoid an erroneous interpretation of the conferences with Mr. Laval in case that, after his visit, these withdrawals are decided upon." "The indications which I cable you have not an official character, but come from a competent source."

I ask whether the Bank of France did not make threats to withdraw these funds in hopes of forcing the United States to further extend the moratorium, and I also ask, Mr. President, what is the "competent source" that allowed Mr. H. Parker Willis to cable on the 14th day of October, 1931, such a statement as this?

On October 17, 1931, Mr. Willis cabled:

I learn from a good source that the French envoys have arrived at an agreement with the authorities of the Federal reserve system. The Bank of France will leave here available deposits valued between two hundred and three hundred million dollars; two hundred millions will be freed on earmark gold. The Federal reserve bank, to remain in line with this agreement, must be induced to raise the discount rate to 4 per cent and even higher and ask to practice a better selection of commercial paper to protect the gold coin and bullion, avoiding all securities not bankable or difficult to negotiate. An investigation has shown that the amount of foreign credits still open here is $1,200,000,000 and that of American credits abroad is $600,000,000.

Where did Mr. H. Parker Willis obtain this information?

On October 21, 1931:

The Bank of France is said to have purchased to-day on the market a new amount of about twenty millions in securities. It has made known to the great financial establishments its desire to see increased by one-half per cent the interest on the funds which it has in deposit in our market.

On October 22, 1931:

Statesmen have told me that several criticisms will be made in Congress on the subject of the policy of the Federal reserve system, especially in regard to the granting of credits to Germany and England last summer.

Among the numerous subjects which Laval and Hoover must discuss, two problems seem to have the greatest chance of a useful solution in the form of an "entente cordiale," the circulation of gold and questions of a monetary and banking nature.

At midnight on October 23, 1931, Mr. Willis cabled:

I learned from an authoritative source that the policy of the deposit of the Bank of France and of the gold held in the United States decreed by the French representative has been submitted to the French Government and accepted as satisfactory.

Another person of great authority told me that the Government is much embarrassed by the attitude of a certain public, which expects too much from the Laval-Hoover conversations.

I understand that difficulties might arise from the fact that the French representatives may have committed the same tactical error as Mr. Montague Norman did some years ago. The negotiations of the government of the Bank of England failed because in omitting to consult the Federal Reserve Board they failed to recognize the rights of that supreme authority of the Federal reserve system. The directors of certain Federal reserve banks have been accustomed in recent years to have little regard for the board and have pretended that they themselves represent the Federal reserve system in Europe, although they had no right to do so. Under these conditions it may be that certain questions which appear solved by the visit of Mr. Laval will still remain open after his departure.

I call attention to this part of the telegram because Senators will notice that in the so-called Glass bill the authority to negotiate is taken away from the board of the Federal reserve bank and vested entirely in the board created by this bill.

On October 27, 1931, a cable was sent, but it contains no special information that could not be obtained from ordinary sources.

On November 3, 1931, a cable was sent, but this also contains nothing except information that is readily obtainable by any person.

On December 2, 1931, Mr. Willis cabled "the pessimism of numerous operators knows no limit." In his dispatch of December 7, 1931, he said:

The present vogue of issuing Treasury bonds at a very low rate of interest constitutes an anomaly which can only be upheld by the tacit authorization to use the bonds to obtain credit from the reserve banks. In case the Treasury should be obliged to follow the recommendation of the bankers the present market prices of Liberty bonds can not be maintained.

In other words, he is warning the French that they had better sell United States bonds. These dispatches cost the United States from December 3 to December 5, 1931, $1,722,000 in gold shipped abroad.

On December 14, 1931, the dispatch deals with the forming of the Reconstruction Finance Corporation—

to authorize the credit corporation to discount at the reserve banks, on the same basis as the funds of the Government, various classes of securities up to a sum of $2,000,000,000.

On December 15, 1931, Mr. Willis cabled with regard to the plan for a new credit corporation, "It is said the plan would tend toward inflation." During the week ending December 12, 1931, $3,513,000 in gold was shipped out of the United States.

That is the first mention in his dispatches of inflation. I do not know whether the Senate realizes what inflation means in Europe. Germany inflated until their currency became worthless. France inflated until their currency was worth less than 80 per cent of what it was prior to the war. Thus it can be seen that the word "inflation" would frighten any investor, any holder of American securities, any banker who held American currency. All such people would be very much alarmed by the word "inflation."

On December 17, 1931, a cable was sent to France, from which I quote:

The serious situation of various kinds of financial establishments, which have large portfolios of securities, whose market price is constantly dropping without any really justified motive, comes in large part from the realizations effected by other bearers who procure funds for themselves, in a period when the demands of the market are more unusual than they have ever been.

From December 14 to December 18, 1931, we shipped $5,148,000 in gold.

From December 21 to December 26, 1931, we shipped $8,295,000 in gold from the United States.

From December 28 to December 31, 1931, we shipped $13,954,000 in gold.

January 6, 1932: The heading of the dispatch is, "The various inflation tendencies." Inflationist ideas are coming to light to such an extent that a number of absurd projects for the issuing of new notes as legal tender are being proposed. The Government operations themselves bear the danger of inflation.

I have never mentioned any provision which would tend to inflate the public debt, nevertheless, the intention exists.

Loans on a vast scale are also inevitable, the budgetary deficit being more than two billions.

We shipped during this week $6,679,000 in gold.

Let us consider for a moment, Mr. President, what inflation means to Europe. Germany inflated her currency after the war until it went from 24 cents to nothing, and everybody who held German marks lost what had been paid for them. France inflated after the war, thereby reducing the value of the franc 80 per cent, and everybody who held francs lost 80 per cent of their value. This shows what the talk of inflation means to Europe.

On January 13, 1932, the dispatch was headed "The inflationist policy." The dispatch reads:

Inflation is the order of the day.

Again—

All attempts to restrain inflation and prevent expansion of credit which would have as a basis long-term engagements will meet general opposition.

On January 17, 1932, the cable reads:

The fact that the Federal reserve system is participating in a program of inflation is considered by certain authorities as a violation of the entente which was made public at the time of the visit of Laval and even before.

During this week we shipped $17,138,000 in gold.

On January 20, 1932, a cable to France was headed "The antideflationist measures and their consequences."

The problem of inflation continues to be keenly debated in financial and political circles.

During this week we shipped $41,214,000 in gold.

On January 24, 1932, a cable was sent, from which I quote:

The definite adoption of the Reconstruction Finance Corporation is received with less enthusiasm than was predicted. It is probable that the market is going to remain in expectation, awaiting a definite term taken by the question of inflation and by those of the banking policy and the railroad régime. Wall Street seems to be at the point where its capacity for resistance may be again put to the test.

During this week we shipped $42,154,000 in gold.

During the week ending February 6, 1932, we shipped $34,489,000 in gold.

The last dispatch which I have is dated February 14, 1932. During the week ending February 13, 1932, we shipped $36,129,000 in gold.

From February 16 to February 20, 1932, we shipped $52,371,000 in gold.

From February 24 to February 27, 1932, we shipped $5,047,000 in gold.

During the week ending March 5, 1932, we shipped $28,920,000 in gold.

For the week ending March 12, 1932, we shipped $2,756,000 in gold.

On March 15, 1932, we shipped $12,511,000 in gold.

On April 8, 1932, and April 9, 1932, we shipped $10,919,000 in gold.

During the week ending April 16, 1932, we shipped $12,286,000 in gold.

During the week ending April 23, 1932, we shipped $22,626,000 in gold.

Nothing affects the credit of the country as does the shipment of gold. This contracts the credit basis of the country to the extent of $10 for every dollar of gold shipped abroad.

To recapitulate, the following gold shipments were made:

December, 1931	$32,632,000
January, 1932	107,185,000
February, 1932	128,036,000
March, 1932	$44,187,000
April, 1932	45,831,000
Total	357,871,000

On the basis of a contraction of $10 in credit for every dollar of gold shipped, the following contraction is shown:

December, 1931	$326,320,000
January, 1932	1,071,850,000
February, 1932	1,280,360,000
March, 1932	441,870,000
April, 1932	458,310,000
Total	3,578,710,000

Mr. KING. Mr. President, may I interrupt the Senator?

The VICE PRESIDENT. Does the Senator from New Jersey yield to the Senator from Utah?

Mr. KEAN. I yield.

Mr. KING. I am not sure that I understand the implications the Senator desires to be drawn from his remarks. I rise, however, to inquire if it is not a fact that the world at large has suffered because of the maldistribution of gold, the United States and France having approximately 70 per cent of the $11,000,000,000 of gold in the world? It is also known that European nations, France among them, had in the United States considerable gold, which was earmarked, and they also had credits calling for gold. Does the Senator think that we could have inhibited France and other nations that had gold which was earmarked and which was in the United States and that also had credits which they had obtained in the United States from shipping gold from the United States to themselves, they being entitled to it?

Mr. KEAN. Gold is shipped, Mr. President, according to the rate of exchange. Of course, a foreign nation that owns gold in the United States could have it shipped to itself, anyway. Foreign nations can come here and buy gold; but, as a rule, when gold is shipped in quantities, it is because of goods, securities, or some other commodity being sent to this country, which creates a credit in favor of the country sending them here, against which they may draw exchange. If the price of exchange goes sufficiently higher than par to cover the cost of shipment, insurance, freight, and to insure a profit, then gold is shipped. Does that answer the Senator's question?

Mr. KING. I am not sure that I quite understand the Senator's answer; but it does seem to me, Mr. President, if the Senator will pardon me, there having been a considerable flight of gold from Europe to the United States, much of which was earmarked, and some of which consisted of credits which France or other nations or individuals or corporations had in the United States, they, having the gold here, had a right to withdraw it. While we might have desired to have it retained here, I am not so sure that it was not advantageous, generally speaking, to the world's commerce and the trade to have a little better distribution of gold than has existed for the past year or two.

Mr. KEAN. Mr. President, when gold is earmarked, it means that it is put in vaults; it is gold that France or some other country has bought here, but does not choose to ship at the present time. Therefore, it is simply in storage and is not affected by the exchange rate; it belongs to the country that bought it; and although the exchange rate may go to the gold shipping point, instead of shipping it and paying the price of shipping it, they simply say, "Store that gold for us."

Mr. KING. If the Senator will pardon me, I think it is true that a considerable amount of gold was purchased in the United States and a great deal came here as the result of settling the balances of trade. Nevertheless, I think that, because of the precarious situation of some of the countries of Europe during the past two years, there was a large amount of gold shipped to the United States because they believed that in the United States it was safer than it was in their own country. I may be in error, but that is my recollection of the facts.

Mr. KEAN. I have no doubt that is true, for as long as we are on the gold basis many countries of the world will open accounts in New York and Chicago and various other

cities where they will keep large balances, because they feel that they can get that money back at any time they want it. That is the reason they send it here; but, of course, if they buy the gold, then the gold belongs to them, and they have it in storage. In exchange transactions, however, as a rule the exchange of a country must go up to a point above par before it is profitable to ship gold. Gold is worth so much per ounce. In the United States, I think, gold is 99 fine; the sovereign is about 98 fine; and so gold must go up to a point where an ounce of it in England will pay the freight and insurance, and so forth, in order that the shipment may be profitable.

Mr. President, as I have shown, the withdrawal of these vast quantities of gold means the contraction of credit in the United States to the extent of $3,578,710,000; and that is one of the difficulties of the situation.

The result of the dispatches to which I have referred has been to make depositors of foreign money in the United States withdraw their funds and to frighten foreign investors to such an extent that they have sold back securities which they had bought in the United States. Large amounts of dollars have been for many years circulated throughout Europe, both in the form of gold notes and Federal reserve notes. Europe has been so frightened that at times one could buy $1 in American money at 2 or 3 cents less than its face value.

To illustrate this propaganda, an Amsterdam correspondent wrote that while, of course, he knew that the firm of Curtis & Sanger, having a branch in Red Bank, N. J., had failed, yet the principal paper in Amsterdam published the following:

An important bank failure in the United States. The Red Bank has failed. Labor organizations are very powerful in America

The question is, Mr. President, whether the original Glass bill was not conceived and largely written by Mr. H. Parker Willis. In my opinion it was not written or conceived for the best interests of the United States.

Mr. GLASS. Mr. President, I can answer the Senator very peremptorily on that proposition. There is not a sentence in the bill that the technician of the committee was not directed to put in it by the subcommittee. It was not conceived by him, but was conceived by the various members of the subcommittee, and passed on exhaustively by the Banking and Currency Committee with a pretty full membership.

Mr. KEAN. I am very glad to hear that, because it looked to me very much as if Mr. H. Parker Willis had very largely drawn the bill.

The present Glass bill has many of the features of the original Glass bill.

After the panic of 1907 there was passed what was known as the Vreeland-Aldrich Act, approved May 30, 1908, establishing the National Monetary Commission. The distinguished Senator from Rhode Island did a tremendous work on this commission. He investigated the banking systems of the entire world, the reports of which include over 30 volumes. There was submitted to the Senate a bill to incorporate a national reserve association of the United States. This bill was introduced in the Sixty-second Congress and was not considered. It was, however, reintroduced in the first session of the Sixty-third Congress and known as Senate bill No. 7. It has been commonly referred to as the Aldrich bill.

This bill created a central bank with 15 branches. It was made a matter of general debate throughout the United States, and was discussed in all the large cities of the Nation. It was condemned by the Democratic National Convention at Baltimore on July 3, 1912, which was the convention that nominated Mr. Wilson for the Presidency, in the following words:

We oppose the so-called Aldrich bill for the establishment of a central bank; and we believe the people of the country will be largely freed from panics and consequent unemployment and business depression by such a systematic revision of our banking laws as will render temporary relief in localities where such relief is needed, with protection from control or dominion by what is known as the Money Trust.

Banks exist for the accommodation of the public and not for the control of business. All legislation on the subject of banking and currency should have for its purpose the securing of these accommodations on terms of absolute security to the public and of complete protection from the misuse of the power that wealth gives to those who possess it.

We condemn the present methods of depositing Government funds in a few favored banks, largely situated in or controlled by Wall Street, in return for political favors, and we pledge our party to provide by law for their deposit by competitive bidding in the banking institutions of the country, National and State, without discrimination as to locality, upon approved securities and subject to call by the Government.

The present Federal reserve system is composed of eight banks, each bank having its own directors, the majority of whom are elected by the member banks. In other words, the original Federal reserve act contemplated not a central bank but 12 regional banks. The present Glass bill repudiates the original Federal reserve bank, goes back to the Aldrich bill condemned by the Democratic Party, and concentrates all the power in the Federal Reserve Board in Washington. Seven members are political appointees, and only two of them are required to have tested banking experience. Commercial banks have no representation on this board, but they have on the reserve banks. The question raised by the bill, therefore, is one of reversal of the national policy underlying the creation of the Federal reserve system. It would seem that a change in national policy ought not to be made during the critical financial period through which the world is now passing, but this change should await a more settled time and a thorough study and broad public discussion of the advisability of the proposed change.

While many of the deflationary characteristics of the original bill have been eliminated in the last draft, there are certain features which would be particularly disturbing to the financial structure of the country at this time.

In effect the security affiliates of national banks are to be eliminated within three years. This means that national banks would have to commence to liquidate the portfolios of their security affiliates upon a declining market. The destruction of national bank security affiliates would also mean the loss of a large portion of the security-distributing machinery of the country. In view of the large refunding operations of municipalities, railroads, and industry, which will require every existing means to meet, a change in the machinery of distribution would prevent the early emergence of the country from the existing depression.

The contribution of member banks to the liquidating corporation means the freezing up of member-bank assets to the extent of these subscriptions.

I should like to say that that means locking up at the present time practically thirteen times the amount of money involved. At the present time, if you deposit $100 in a bank, you lock up $13. If this bill becomes a law as it is, as I figure it, it would lock 16.30 per cent of every dollar that is deposited in every bank in the country.

Section 13 prohibits any national bank from owning more than 10 per cent of "the total amount of any issue of investment securities of any one obligor or maker." It is a common practice in forced reorganizations of industrial companies for banks to accept an issue of securities in exchange for the commercial debt of the industry; and many banks have in their portfolios the entire amount of a particular issue of the industry, although the total amount held does not exceed the 10 per cent limitation of capital and surplus of the bank. If national banks are required to sell their excess holdings of issues of securities of this character, it would mean throwing on the market securities which, from the very nature of their origin, have little or no ready public market, with consequent great loss to the bank.

Mr. FESS. Mr. President, will the Senator yield for a question?

The VICE PRESIDENT. Does the Senator from New Jersey yield to the Senator from Ohio?

Mr. KEAN. I do.

Mr. FESS. The Senator is dealing now with an item about which there has been a great deal of opposition from certain sections of my own State.

Mr. KEAN. Naturally there would be, because if a bank has $1,000,000 of capital and surplus and makes a loan of $100,000 to an industrial company, and the industrial company fails, perhaps the bank may take the whole $100,000, or perhaps the bank is a little bigger and may take $150,000 and get somebody else to put in some money behind it and start the industry over again. Under this bill the bank could not hold more than 10 per cent of the total issues of any one obligor. It could hold up to $100,000, but it could not hold above $100,000. If it held $150,000 of debt, it would have to sell it to somebody else; and it could not sell it when the company had failed.

Mr. FESS. The Senator will recognize that Ohio has four cities of considerably over 300,000 population each and five others of over 100,000.

Mr. KEAN. Yes.

Mr. FESS. It is quite a banking State; and from many of those cities I have had opposition specifically to this feature. Is there any effort to correct it in the bill?

Mr. KEAN. I have an amendment which corrects it. It is submitted that the true test of the amount of a bank's investment is the same as the test for the amount of a bank's loan; that is, the relation of the investment or the loan to the bank's capital and surplus and not whether or not the investment or loan represents more than 10 per cent of the debtor's obligation of a particular issue.

The limitation of a bank's loan to one debtor to 10 per cent of the bank's capital and surplus is further limited by including loans to any subsidiary of the debtor. This provision may be sound in principle, but there must be many large railroad, utility, and industrial groups which would be affected by this amendment and which can not now establish new lines of credit. Unless time for compliance with the limitation is given, many large companies may be made unable to meet their obligations.

The bill proposes the abolition of all affiliates where the connection between the bank and the affiliate is represented by stock certificates, and permits in a different technical situation the continuance of some affiliates. For example, a holding company controlling a bank may also control a trust-company affiliate, but not a security affiliate. Also, some State banks and trust companies have charter authority to own shares of stock; and any affiliate of these banks and trust companies may be, and frequently is, a wholly owned subsidiary of the State bank or trust company. The ownership of these affiliates is not affected by the bill.

I should like to say in this connection, Mr. President, that there is a strong feeling among the State banks and trust companies all over the United States owning more than $200,000,000 of stocks that if this bill passes they will either have to get out of the Federal reserve system or else take a perfectly enormous loss on the stocks they now hold.

National banks, having no authority to own shares of stock, have been obliged to link their trust-company affiliates and security affiliates through the identity of stock ownership of the affiliate with the shareholders of the national bank. The practical effect, therefore, of the provision that a national bank stock certificate shall not be tied up with the certificate of stock of any other corporation is to eliminate trust-company and security-company affiliates if the bank continues to remain in the national system.

I would like to say there, Mr. President, that there are a great many banks all over the United States which have built large banking houses, and in order to finance them they have created affiliates, to which their stockholders have subscribed. They have put mortgages on the banking houses and the stock of the bank and the stock of the affiliates is identical. So that if this bill becomes a law and these affiliates are separated, then they would have to separate the stock, and there would be one man owning a few shares representing the building, another man owning a few shares representing the bank, and under those circumstances the man owning the shares representing the building would say that the bank was not paying him enough rent, and the man owning the shares of the bank would say that the bank was paying too much rent. There would be a continual squabble, whereas under the law as it stands now, where the stockholder is the same in both cases, trouble of that kind is avoided.

State banks and trust companies which now have a security affiliate as a wholly owned subsidiary are not affected by the bill. It is true there is a provision in section 5 affecting banks admitted to membership after the passage of the bill which would, if the bill is in that respect constitutional, deprive such banks of the right to own stock in a subsidiary. This, however, does not seem to be applicable to State banks and trust companies now members of the system.

Trust companies were originally affiliated with national banks when national banks did not have the authority to exercise trust powers. During their existence these State trust companies have become trustees under many deeds of trust. It is exceedingly doubtful, under the existing law, whether one of these trust companies can be consolidated with a national bank without destroying the authority to act as trustee under existing trusts. National banks now have trust powers, and it could not have been the intention of the bill to change the existing policy of the law by eliminating this branch of a national bank's organization simply because a separate corporation had to be originally employed. One practical solution, if the bill becomes law in its present form, might be for the national bank to become a State bank and consolidate with the trust company under the trust company's charter, but this means a weakening of the national-bank system.

It is submitted that the elimination of any unsound practices of banks through security affiliates which Congress may wish to correct can be adequately reached by the provisions in the bill for examination and report of affiliates and by the power given the Federal Reserve Board to maintain sound credit conditions and to restrict the availability of 15-day loans to member banks.

The report from affiliates, which is to be published, requires a statement of "the expense of operation for the preceding year," but not a profit and loss account. It would seem the latter item was more informing to the public and more usual in any corporate report. The provision for publication of the affiliate's entire portfolio, if it is borrowing from any bank 5 per cent or 10 per cent of its parent bank's capital and surplus, appears to be important to the lending bank, not the public, and the common sense of this requirement can not be seen.

An opinion has been written on the Glass bill by Dr. Benjamin M. Anderson, jr., economist of the Chase National Bank, of New York, which I send to the desk and ask to be inserted in the RECORD as a part of my remarks.

The VICE PRESIDENT. Is there objection?

There being no objection, the matter was ordered to be printed in the RECORD, as follows:

[The Chase Economic Bulletin, Vol. XII, No. 1, issued April 25, 1932, on Proposed Banking Legislation, by Benjamin M. Anderson, jr., Ph. D., economist of the Chase National Bank, of the city of New York, discusses the Glass bill]

The revised Glass bill, S. 4412, voted by the Senate Committee on Banking and Currency on April 16, though a much softened document as compared with S. 4115, still retains the essentially wrong point of view of the original measure. It is aimed at symptoms rather than causes. Designed to prevent a repetition of the speculative orgy of 1928–29, and the abuse of bank credit and financial machinery which that speculative orgy involved, it actually contains no provisions which, had they been in effect in 1928–29 and in the preceding period when the unsound situation was created, would have prevented the main evils of that period.

The earlier Glass bill was designed to sweep away a great body of financial practices which have grown up by an evolutionary process in the country, and which have, on the whole, worked well. The new bill is less sweeping in its scope, but is unchanged in spirit. In the years 1928–29 these normal financial practices obviously and notoriously worked very badly, with results which have been disastrous for the country and for the world. Less obviously but demonstrably, they were being perverted and poisoned in the years which preceded, the process beginning, in fact, in early 1922 and moving rapidly from the middle of 1924 to the end of 1927.

The remedy is not to be found in striking at the financial practices and institutions which were thus perverted and poisoned. The remedy is rather to eliminate for the future the poison which perverted them. That poison is a general excess of bank credit

at artificially low rates, growing out of excessive bank reserves, the control of which rests with the open-market policy and discount policy of the Federal reserve system. The original Glass bill contained some provisions aimed at preventing overrapid expansion of bank credit in the future. The present measure contains practically nothing that would work in this direction.

The new bill does contain, however, many important provisions which would make a great deal of unnecessary disturbance in the banking situation and less sound rather than sounder conditions in the securities market and in the general banking situation. Among these may be especially mentioned the provision designed to force branch banking on States which do not want it; those aimed at abolishing the security affiliates of chartered banks; those drastically limiting the ability of banks to engage in buying and selling bonds; the provision restricting bank loans to consolidated businesses; the provision dealing with brokers' loans "for account of others"; and the provision taxing solvent banks for the purpose of liquidating insolvent banks, which is apparently an opening wedge for the permanent adoption by the Federal Government of the policy, already proved unsound by various States, of bank deposit guaranty.

SENATOR GLASS'S DISAPPOINTMENT

The present writer entertains a great respect for Senator GLASS and shares his disappointment that so many of the purposes of the Federal reserve act have been defeated. Senator GLASS had supposed that he had created a commercial paper system, under which Federal reserve credit would expand and contract with the needs of trade, as manifested by the rediscount of commercial paper. The original act authorized the use of Government bonds as a basis for Federal reserve credit, but the total of Government bonds in existence was only about a billion dollars, of which seven hundred millions was used as security for national-bank notes. Much of the rest was in trust funds, leaving too small a floating supply to serve as a real basis for Federal reserve credit. The war and the great issue of Liberty bonds spoiled the original plan. Since early 1917 Federal reserve credit has been governed rather (a) by the fiscal needs of the Treasury, or (b) by the policy of the Federal reserve authorities.

THE BASIC CAUSE—CHEAP MONEY AND BANK EXPANSION

A physician, dealing with a diphtheria patient, does not employ a wide range of remedies for each of the symptoms. Instead he uses a serum to control the germ. For the past 11 years the Chase Economic Bulletin has been tracing the progress of the disease which culminated in the mad symptoms of 1929 and in the disasters which followed, and protesting against the original infection and the continued reinfections. From January, 1922, to April 11 of 1928 the loans and investments of the commercial banks of the United States (savings banks and private banks excluded) increased fourteen and one-half billion dollars, while their deposits increased thirteen and one-half billion dollars. This very great and wholly unnecessary expansion of bank credit may be compared with that which was necessary to finance and win the war. Between April of 1917 and December of 1918 we financed the four Liberty loans and a great volume of short-term Government paper. We transformed industry from a peace-time to a war-time basis. We did business on a very high and rising level of commodity prices. We sent an immense army to France and built a merchant marine. To accomplish this we expanded bank credit by $5,800,000,000 in deposits and seven billions in loans and investments. The expansion, more than twice as great, from the middle of 1922 to April of 1928, on the other hand, was added to a volume of credit already greater than commerce needed, and went into noncommercial uses, notably real-estate mortgage loans, installment finance, bank investments in bonds, including foreign bonds, and stock and bond collateral loans, including loans on foreign securities.

THE CAUSES OF THE EXPANSION

Three abnormal circumstances made this expansion: (1) Gold came to us from the outside world in great quantity. (2) The Federal reserve banks intensified the influence of this incoming gold by keeping their rediscount rates below the market and by engaging on a great scale in open-market purchases of Government securities and acceptances. These two things in combination made bank reserves excessive through practically all the period, and when bank reserves are excessive bank credit expands rapidly. (3) The low reserve requirements of member banks, reduced by the war-time amendments to the Federal reserve act, greatly intensified the influence of excessive reserves.

STAGES IN FEDERAL RESERVE POLICY

Heavy buying of Government securities in 1922 started a boom which created alarm and led to a reversal of Federal reserve policy in early 1923. In 1924 the Federal reserve authorities bought Government securities on a gigantic scale and reduced rediscount rates and acceptance rates to very low levels. Bank expansion grew by leaps and bounds. The stock market rose, and a great flood of new securities was issued, including approximately a billion dollars of foreign securities. In 1927 an immense new move in the direction of cheap money began.

THE DRAMATIC ABUSES AGAINST WHICH THE GLASS BILL IS AIMED FOLLOWED THE CHEAP MONEY EPISODE OF 1927

The worst of the evils at which the Glass bill is aimed followed this last episode. (1) The stock market started its wild and apparently uncontrollable rise. (2) The immense issue of investment trust securities followed, though there had been a substantial amount of this before. (3) There was a rapid multiplication of investment and financial institutions of all kinds—finance companies, houses for underwriting, wholesaling and retailing of securities, including security affiliates of banks, and branch offices of brokerage houses. (4) The rapid throwing together of banks through holding companies, with rapidly rising prices of bank stocks and holding company stocks followed. (5) The most reckless issue of unsound securities of various kinds followed. (6) The largest volume of foreign securities placed in any 12 months' period took place from the middle of 1927 to the middle of 1928, when the total exceeded $1,800,000,000 publicly placed, refunding excluded. (7) The great increase in brokers' loans followed, the total figure rising from a little over three billions in early 1927 to over eight billions in October of 1929. (8) Brokers' loans "for account of others" rose, according to the Federal reserve figures, from about $700,000,000 in early 1927 to a peak of $3,907,000,000 in October of 1929, while the total of these "outside loans," if we add to the Federal reserve figures the additional items reported by the stock exchange itself, increased from a little over a billion in early 1927 to over five billions in October, 1929. (9) Bank credit expanded with startling rapidity from July 27, 1927, to January 4, 1928, the increase for the commercial banks being $3,361,000,000 in loans and investments, and $3,117,000,000 in deposits.

All of these main symptoms can be related to one common cause—cheap money and excessive credit.

APPARENT ABUNDANCE OF INVESTORS' MONEY AND GREAT VOLUME OF "BROKERS' LOANS FOR ACCOUNT OF OTHERS" IN 1928–29 GREW OUT OF THE BANK EXPANSION WHICH HAD PRECEDED

(a) Old investments displaced: There was an apparent abundance of investors' money from the middle of 1924 till toward the end of the boom. But it was not new savings. Here is a concrete instance. A joint-stock land bank in Missouri floated a bond issue in New York. The syndicate which took the issue borrowed from New York banks to get the money while the bonds were being placed, receiving deposits with the New York banks—a process of bank expansion. The deposits were transferred to a large city in Missouri. Then part of the deposits were transferred to an interior town in Missouri, where an old 7 per cent farm mortgage that had stood for many years was refunded at a lower rate. The mortgagee, a lady, was paid off. She sent the funds to New York to buy some bonds. This was investors' money coming to New York from the interior, but it started in bank expansion in New York. The lady did not save that money. She inherited it. Her father saved that money 40 years before. All over the country, in this process of bank expansion, there was a similar shifting and switching about of old displaced investments.

(b) The new securities issued in excess of needs created huge cash assets for corporations, foreign banks, and others, which was the source of "brokers' loans for account of others." Never before in our history was any such volume of nonbanking money available for brokers' loans.

Expansion had gone so far and so fast before the stock market got wild, and before the money rates got high in 1928 and 1929, that when the Federal reserve system tried to put the brakes on gently it found itself pumping back again the funds it had previously put out, which helped to defeat its efforts to control the situation.

If the water is allowed to overflow in the tub of an upstairs bathroom for five minutes it is a fairly simple matter to "mop up" when you turn off the tap. But if you let it overflow for six years and then turn off the tap, you have a tremendous amount of pumping to do before you get the house dry again. And long after you have pumped enough to take up the water in sight you find water pouring in from the interior of the walls and from other unexpected places—this is assuming a very strong house which doesn't collapse entirely.

LEGISLATION CONTROLLING DETAILS UNSATISFACTORY

The real remedy lies in control of the money market by sound Federal reserve policy. The crux of the matter is therefore not to be found in detailed points relating to procedure in placing brokers' loans, or with respect to security affiliates, or loans on securities or similar matters. If credit is not excessive, most of the abuses will disappear. It is desirable that good bankers should have freedom of action to use their best judgment. Bad bankers get their inning when funds are excessive and when the speculative spirit runs wild. The commercial customers of banks have first call on loan funds. If the total of loan funds is not excessive, the stock market will not get too much.

BRANCH BANKING FORCED ON STATES THAT OBJECT TO IT

Here, as elsewhere in the Glass bill, there is a striking at symptoms rather than causes. The assumption that our banking troubles in the past few years are due to unit banking is pure assumption. Branch banking systems and unit banking systems alike have suffered in the great world crisis. When a great branch banking system gets into trouble, the consequences are very widespread indeed. In several foreign countries this has necessitated the placing of the credit of the government behind the banks, and in some countries the burden has been too heavy for the governments, with the result of impaired public credit and currency depreciation. Our unit banking system, like everything else in our financial machinery, was perverted and demoralized by the appalling expansion of bank credit based on excess reserves.

The passage of this provision would force a very undesirable competition among great banks in major cities for the acquisition of branches throughout their States. The more conservative bankers would enter it reluctantly but would be forced into it "to protect their positions." The requirement that the Federal

Reserve Board give its approval could not be an adequate safeguard, since the Federal Reserve Board could not play favorites among banks. Concretely, it seems to me definitely undesirable that the great banks of the city of New York should be reaching out over the State of New York, and for 50 miles into New Jersey, with an occasional foray into Connecticut, in such a competitive struggle.

SECURITY AFFILIATES OF BANKS

Before the great chartered banks developed security affiliates, the business of underwriting securities was primarily in the hands of a few great private bankers. Complaints of a "money trust," of a capital market virtually closed to all who would not deal with a few great private bankers, were frequently made. The charges were exaggerated but contained an element of truth. The security affiliates of great banks, chartered by the Federal Government or by the States, have undoubtedly introduced a needed competitive element.

This has been done without putting the funds of the depositors of the banks at the risks of the market. The security affiliate, separately capitalized, risks its own funds but not the bank's funds in underwritings.

In the period from 1924 to 1929, when the whole financial picture was distorted by the startling excess of money-market funds, the security affiliates of banks, as well as private investment bankers, made many mistakes and contributed to the overissue of securities. The mistakes are admitted. One of the chief activities to-day of the great security affiliates, as of the stronger private banking houses, is trying to rectify the mistakes and to salvage as much as can be salvaged for the unfortunate investors who bought the securities that were overissued during this period. Many of the foreign loans issued during this period were brought out by small houses which are no longer in existence. The affiliates of the great chartered institutions to-day have agents in foreign countries, not making new loans, but working to see to it, as far as may be, that coupons are collected and amortization payments made.

That security affiliates and other corporate affiliates of great banks should be examined and regulated by the authorities which charter the great banks themselves is thoroughly desirable. But that, properly examined and regulated, they have a distinct and useful place in our financial system, seems also clear. To abolish the issue of new securities, in a country whose business is so largely in the hands of corporations accustomed to obtaining new capital from the public for the expansion of business, would clearly be industrial suicide. To throw the issue of securities back into the hands of private bankers little subject to public authority, as proposed in the Glass bill, could hardly improve the picture.

LIMITATIONS ON LOANS TO CONSOLIDATED BUSINESSES

The provision that in lending to a consolidated business and to its subsidiaries the loan limit of 10 per cent of the capital and surplus of the bank shall be construed as covering the total of loans to the corporation and to all of its subsidiaries is a purely arbitrary provision which would seriously hamper regular commercial banking. The decision here is one for the credit man in the individual case. Legislation can not create good credit analysis, and arbitrary legislation with respect to these matters is greatly to be deplored.

UNREASONABLE LIMITATIONS ON BANK INVESTMENTS IN BONDS

The Glass bill forbids member banks to underwrite bonds or to buy and sell bonds for their own account but permits the comptroller to allow certain purchases of investment securities under the following restriction: The total amount of any issue of any one obligor or maker shall not exceed at any time 10 per cent of the total amount of such issue outstanding.

The Chase Economic Bulletin has for many years contended that, as a result of the excess cheap money running far beyond the needs of commerce, member banks were buying altogether too many bonds. Bank investment policy, like everything else in the financial system, was distorted, and the consequent losses of banks on bond account have been fearful. This is particularly true of the smaller banks and country banks, which bought many bonds with high yield and narrow market. The great city banks, sacrificing yield to safety and liquidity, bought a much higher percentage of Government securities and short maturities. But here, as elsewhere, the Glass bill aims at symptoms rather than causes.

As a general rule of investment policy, a bank would not ordinarily buy more than 10 per cent of any one issue, but circumstances can easily arise where a large bank might be justified in buying the whole of a particular issue. A bank might have a loan to a business corporation made in anticipation of the placing of a bond issue and the state of the bond market might preclude a public issue. The bank might very well improve its position by accepting an issue of bonds from the borrower in place of the slow loan. It is a question of judgment.

The next few years will see, as is always true after crises, many reorganizations in which banks, and creditors' committees of several banks, will be obliged to accept what payment they can get from customers who are hard pressed and unable to meet maturing loans. The bank policy is to keep such debtors "going concerns," if the management is good, rather than force them into bankruptcy, and it is often wise to put the debt into funded form rather than to have floating debt imperil the life of the business at every maturity. These bonds, held by the bank or banks through several years, while the corporation is improving its position, putting earnings back into surplus, and accumulating a margin of capital, ultimately may become good marketable securities. This new section will impair the bond market a great deal, lessen the salability of bonds, and force the withdrawal from the bond market of very important and useful trading activities of great well-informed banks.

Finally, it will lessen sharply the ability of banks to aid in crises. It is absolutely necessary at times that the great banks should be in a position to underwrite refunding bond issues when great railroads or industrial corporations have large maturities in crises. A case in point is the refunding issues of $230,000,000 of the Great Northern and Northern Pacific Railroads in 1921, which would have been a failure, with disastrous consequences to the country, if the great banks had not helped out.

Many deviations from regular banking policy are called for in crises. The writer welcomes the provisions of the Glass bill giving greater supervisory authority to the comptroller and the Federal reserve authorities in these matters. But he protests against legal restrictions which would hamper the comptroller, Federal reserve authorities, and banks, all three, in the concerted measures which they take in times of public emergency.

BLUE, PINK, AND YELLOW MONEY

The Glass bill proceeds on the theory that it is possible to keep different kinds of money in water-tight compartments and, in particular, to make money scarce and dear for stock-market purposes while keeping it cheap for commercial uses. The earlier Glass bill proposed to accomplish this by requiring the Federal reserve banks to refuse rediscounts to member banks for the purpose of lending on securities or carrying loans on securities. The new bill contains a rather feeble authorization to the Federal reserve authorities to do this—a power which they already had and which the Federal reserve authorities, in an announcement dated February 7, 1929, asserted but used ineffectively.

But loans and discounts to member banks constitute only one of three ways in which Federal reserve credit is expanded. In the autumn of 1928, when the Federal reserve banks were trying to hold down stock-market speculation, they made large purchases of acceptances representing commercial transactions. The stock exchange got the money. There is nothing in the Glass bill to prevent a recurrence of this. The Glass bill would not in any way have restricted the stock-exchange boom of 1924 based on Federal reserve open-market purchases in that year. The Glass bill would in no way have interfered with the expansion of Federal reserve credit or the rise in security prices from July, 1927, to February, 1928.

When the Federal reserve authorities put out credit, the first bank to receive it may know that it is new Federal reserve credit, and, wishing to obey the spirit of the law, may refrain from employing the money in security loans. It may use it to buy Government securities or even commercial paper. But as the money passes on to another bank its identity is absolutely lost in the general stream of funds. The second bank, with a clear conscience, lends its money at the money post of the stock exchange. The money is blue when the Federal reserve bank puts it out, it becomes pink in the possession of the first bank, but it becomes definitely yellow once it gets into the hands of the second bank.

There has grown up an appalling fear of raising rediscount rates to restrict speculation or for any other purpose, and the theory persists that money can be kept in water-tight compartments, cheap for commerce and dear for speculation. The fact is that any restriction of money for speculative uses must involve a general tightening of money.

CONTROL OF THE MONEY MARKET

If the total of money-market funds is excessive, speculative abuses will arise. Efforts to control the direction of funds are, in the first place, largely futile; and, in the second place, if effective, constitute no safeguard against dangerous speculation, because that can arise in every imaginable field. Security speculation was conspicuous in 1928–29; but commodity speculation, financed with excessive credit, was the conspicuous thing in 1919–20. The Glass bill seems to have forgotten 1919–20 and to look only at 1928–29.

The heart of the problem is in the control of the total of money-market funds. The technique of this control is old and well known. It consists in keeping rediscount rates above the market rates for the particular kind of paper rediscounted and in using open-market operations for the purpose of taking up slack as well as for the purpose of relieving tension in the money market. Open-market policy and discount-rate policy must work together. Open-market policy can be effective in checking overexpansion of credit only if buttressed behind a rediscount rate above the market. It is to these matters that the Glass bill should address itself if it wishes to prevent a repetition of speculative abuses in the future.

INCREASED SUPERVISION BY THE COMPTROLLER AND FEDERAL RESERVE AUTHORITIES

The writer sympathizes with the Glass bill's provisions which increase supervisory powers on the part of the Federal reserve system and the Comptroller of the Currency. Security affiliates should be subject to examination and regulation. The Federal reserve authorities and the comptroller should be able to restrain individual banks engaging in unsound practices and to dismiss bank officials who persist in unsound practices after being warned. The writer is glad to see that in the new version of the Glass bill the committee has accepted the suggestions of the governor of the Federal Reserve Board designed to prevent the arbitrary use of these increased supervisory powers

TAXING GOOD BANKS TO LIQUIDATE POOR ONES

That the Government should compel the member banks to subscribe their shareholders' money to stock in a corporation to liquidate failed banks is absolutely unjust. The term "guaranty of bank deposits" is not used in the Glass bill, but the proposal pretty clearly points in that direction. Various States have tried the guaranty of bank deposits. The results have been disastrous. Bad bankers have enjoyed public confidence because of the guaranty fund behind them, and, in their failures, they have exhausted the guaranty funds.

The stock which the banks are compelled to buy can not possibly be a good investment. The liquidating corporation is handicapped from the start. It can incur substantial losses, but it can not make substantial profits to offset these losses, because if it makes profits from selling the assets which it purchases from a failed bank, it is obliged to return the profit to the receiver of the failed bank, less an 8 per cent liquidation fee.

POLITICAL VERSUS BANKING CONTROL OF THE FEDERAL RESERVE SYSTEM

The original Federal reserve act was meant to accomplish a compromise between banking control and Government control of the Federal reserve system. All the developments since have been in the direction of increasing political control. To support the credit of the Government during the war, all elements willingly surrendered to the policy of the Treasury. The Federal reserve board, politically appointed, has increasingly asserted authority over the Federal reserve banks. The Glass bill seems designed to intensify this and to make the Federal reserve system almost wholly political, though it will reduce Treasury control through eliminating the Secretary of the Treasury from the Federal Reserve Board. I believe that the Federal reserve system should be freed from political control and that it should be guided by technical banking principles, administered by trained bankers. I believe that many of the new regulatory functions which are being given to the Federal reserve system by the new legislation would be better handled by the individual Federal reserve banks than by the Federal Reserve Board.

Mr. KEAN. Mr. President, the first part of the bill defines what an affiliate of a bank is and defines it on such broad lines that it will probably take in some companies as affiliates of banks which are neither controlled by the banks nor are subject to their dictation, and therefore may refuse to allow a bank examiner to examine their affairs, and under these circumstances would place the banks in a position where, from no fault of their own, their charters may be forfeited.

On page 8 of Senate bill 4412, lines 5 to 19, State member banks are urged to come into the Federal reserve system on the promise that all the rights contained in their charter would remain unabridged. This section would force the State banks to part with stocks worth more than $200,000,000 which they now legally hold, in a market which is so depressed that it is doubtful what they could realize on them.

The bill also creates a liquidating corporation. The capital for this corporation is subscribed for as follows: One hundred and twenty-five million dollars out of the Treasury of the United States.

Mr. WHEELER. Mr. President, will the Senator yield?

Mr. KEAN. I yield.

Mr. WHEELER. I have heard the Senator many times express his views with reference to the Government engaging in business, and I assume that he is not in favor of taking $125,000,000 out of the Treasury of the United States and turning it over to the Federal reserve banks. Is that correct?

Mr. KEAN. I am not in favor of taking it away from the member banks, because, as I have said, they have to keep 13 per cent of every dollar they receive, without interest, and this clause would make it necessary for them to keep 16.30 per cent.

Mr. WHEELER. Is the Senator in favor of taking $125,000,000 out of the Treasury of the United States and turning it over to these banks, making a gift to them?

Mr. KEAN. I think I am.

Mr. WHEELER. The Senator thinks he is?

Mr. KEAN. Yes.

Mr. WHEELER. What excuse can the Senator give for taking $125,000,000 out of the Treasury of the United States and giving it to the banks, any more than he could excuse taking $125,000,000 out of the Treasury of the United States and giving it to any other group of individuals?

Mr. KEAN. This, of course, is money that has been paid in by the Federal reserve banks, and the object of this measure is to try to form a liquidating corporation. I would be in favor of the United States lending this money to this corporation, and have the Federal reserve banks paying it back to the United States in full, with interest. I would be in favor of that. But I think that the Federal reserve banks should put up a large part of the money, because they have been very prosperous, they have made a great deal of money out of the member banks, and they are making money all the time. I think they are the people who ought to create this fund to take care of any failed banks.

Mr. WHEELER. I am glad to hear the Senator say that, because I agree thoroughly that the money that is put up ought to be paid out of the Federal reserve banks, but that it should not be taken out of the Treasury of the United States. There is no more justification for appropriating $125,000,000 or $150,000,000 out of the Treasury of the United States and giving it to these banks than there would be for the United States Steel Co., or a railroad company, saying, "I have paid in so much money in taxes, and now I want you to appropriate $125,000,000 and give it to me." Or for farmers to say, "We paid taxes, and we think they were illegal, and now, after having paid them in, we want a gift of $125,000,000."

Mr. KEAN. We have already loaned a large sum of money to the farmers.

Mr. WHEELER. I am not objecting, if it is the policy to lend it to them. That is quite different. But to make an outright gift to them I think is indefensible.

Mr. KEAN. Mr. President, if the Senator will offer an amendment providing that this money shall be loaned at 4 per cent interest, I shall be glad to vote for such an amendment.

Mr. WHEELER. I have no objection to making a loan, but I say that for Congress to appropriate money out of the Treasury of the United States and give it to the banks, just on the theory that they have paid it in and that we are going to give it back, can not be justified, and it will come to meet every man who votes for such an appropriation.

Mr. WALCOTT. Mr. President, will the Senator from New Jersey yield to me?

Mr. KEAN. I yield.

Mr. WALCOTT. For the sake of accuracy of the record, I would like to explain to the Senator from Montana that while this is a contribution from the Federal Treasury of $125,000,000, it comes out of a fund in the Treasury which has belonged to the Federal reserve system. It is not given directly to the banks, but to the liquidating corporation, so called, which is to be set up, and the capital of which is to be formed, not only by the contribution from the Federal Treasury but by a contribution amounting to one-eighth of 1 per cent of the deposits of the member banks, which will subscribe this amount in case it is asked for to this liquidating corporation, to establish a fund as a guaranty to the depositors of failed banks within the system. I say that merely to straighten the record.

Mr. WHEELER. The Senator is not straightening the record, because this means $125,000,000, or whatever the sum is, which belongs to the Government of the United States, and the proposal is to take $125,000,000 which belongs to the Government of the United States and appropriate it as a gift to this corporation which is proposed to be organized. I say it can not be justified on either a moral or a legal basis.

Mr. WALCOTT. The part I wanted to correct with the Senator from Montana was his claim that this money was to be given to the banks. This is to be given to a new corporation to be set up, and it is for the sake of protecting the deposits of failed banks; and a very much milder form of protecting failed banks than the bill which has recently been proposed in the House for the guarantee of bank deposits.

Mr. WHEELER. What justification is there for taking $125,000,000 out of the Treasury and giving it to the banks,

money which has been paid into the Treasury of the United States, taking it out and giving it to this corporation? As the Senator from New Jersey [Mr. KEAN] has said, the Federal reserve bank is very wealthy. I am not familiar with the figures, but they themselves are the ones who have given that information. I am very much opposed to the proposal, and still say that it can not be justified on any basis.

Mr. GLASS. Mr. President, will the Senator from New Jersey yield to me?

Mr. KEAN. I yield.

Mr. GLASS. The justification of it is that the Federal Treasury never should have received a dollar of that money. Speaking of the equities of the case, the Federal Government never rendered any service for a dollar of the more than $150,000,000 it derived from the profits of the Federal reserve banks.

Mr. WHEELER. If the Senator from New Jersey will pardon a further interruption, let me say that I violently disagree with the Senator from Virginia with reference to his statement that the Federal Government has not rendered any service to these banks, because everybody who knows anything about the banking system knows that the Government of the United States, when it gives them the privilege of issuing money and lending that money at interest, is rendering a service to the banks of this country. To say that this money was wrongly paid in is just like having somebody come and say that the United States Steel Co. wrongfully paid in too much in the way of taxes because we formerly taxed them too much and that now we ought to give the money back.

Mr. SHIPSTEAD. Mr. President, will the Senator yield?

The VICE PRESIDENT. Does the Senator from New Jersey yield to the Senator from Minnesota?

Mr. KEAN. I yield.

Mr. SHIPSTEAD. I want to say with reference to what the Senator from Montana said that when the Government grants the right to a corporation to issue money it grants the greatest privilege which can be given to any corporation.

Mr. GLASS. As a matter of textual fact, the Government grants no such right to a Federal reserve bank. It is a Government note, and the text of the law says it shall be so considered as a note of the United States, so that the Federal Government simply uses the Federal reserve bank as an instrumentality for issuing the Government notes.

Mr. BLAINE. Mr. President——

The VICE PRESIDENT. Does the Senator from New Jersey yield to the Senator from Wisconsin?

Mr. KEAN. I yield.

Mr. BLAINE. Is not this the situation, that the Federal reserve system issues two classes of circulating medium, one a Federal reserve note and the other a Federal reserve bank note? The Federal reserve bank notes have back of them Government bonds.

Mr. KEAN. The member banks have a right to use the 2 per cent bonds of the United States for the purpose of issuing notes to a limited extent, but those are the old notes that they had a right to issue prior to the establishment of the Federal reserve banks.

Mr. BLAINE. But the Federal reserve bank notes, of which $2,800,000,000 is outstanding, are backed by Federal bonds.

Mr. KEAN. Not the Federal reserve notes.

Mr. BLAINE. No; the Federal reserve bank notes.

Mr. KEAN. No; the member bank notes.

Mr. GLASS. The Senator from Wisconsin is exactly right. The Federal reserve banks under the law have acquired several million dollars of bonds with a circulating privilege by purchase from the member banks. The Senator from Wisconsin is exactly right. There are two species of notes, one which is called the Federal reserve notes, which are really in the text of the law designated as Government notes, and the other Federal reserve bank notes issued upon the basis of the bonds acquired by purchase by the Federal reserve banks from the member banks.

Mr. KEAN. But they also are member bank notes.

Mr. BLAINE. Mr. President, if the Senator will yield further——

Mr. KEAN. Certainly.

Mr. BLAINE. After confirmation by the Senator from Virginia of my understanding of the matter, the Federal reserve notes, of which there are outstanding about $3,000,000,000, are all guaranteed by the Government of the United States, are they not?

Mr. KEAN. Practically.

Mr. BLAINE. In other words, if the Federal reserve system defaulted—that is, if whatever bank issued the notes defaulted on those Federal reserve notes—then the holders of those notes would have a right to go to the Treasury of the United States and demand from the Treasurer the full amount of the notes in gold. That is correct, is it not?

Mr. KEAN. I do not know that they would have the right to demand. They might ask.

Mr. BLAINE. They may demand, since the Government has guaranteed them. I think I can assure the Senator on behalf of the Government that if he holds a Government note and the issuing institution has defaulted and is insolvent, if he walks down to the office of Mr. Ogden Mills and presents those notes he will receive currency or gold, whichever he requests, 100 cents on the dollar.

Mr. KEAN. In currency.

Mr. BLAINE. I was giving the Senator assurance, and I think I am correct. The Government having obligated itself as accommodation maker, putting it that way, or as guarantor and as well the surety, why should not the system pay something to the Government inasmuch as the Government holds the entire bag under the circumstances?

Mr. KEAN. I agree entirely with the Senator from Wisconsin that they should; but there are also member bank notes outstanding, and the Government keeps a fund on hand to redeem any of those notes if any bank should fail. If the Senator could get the old charters of all the national banks that have failed and get the Government to make good on its guaranty on those notes, I think the Senator would get a very handsome sum of money.

Mr. BLAINE. Mr. President, will the Senator yield further?

The PRESIDING OFFICER (Mr. FESS in the chair). Does the Senator from New Jersey yield further to the Senator from Wisconsin?

Mr. KEAN. I yield.

Mr. BLAINE. The national-bank notes issued by national banks——

Mr. KEAN. That is what I am talking about.

Mr. BLAINE. Those notes are backed up by the Government of the United States. That is, the national bank puts up bonds of the United States. Those bonds are payable in gold. Those bonds bear a certain rate of interest. Under the usual and customary practice that has prevailed in the past that rate of interest has been rather small. It is only 2 or 2¼ per cent.

Mr. KEAN. Two per cent.

Mr. BLAINE. The Government is paying the national banks 2 per cent on the circulating medium which the bank issues.

Mr. KEAN. Oh, no.

Mr. BLAINE. Indirectly it is paying 2 per cent to the banks on the bonds that have been put up and against which the circulating medium is issued.

Mr. KEAN. The trouble with the Senator's statement is, in the first place, that the Treasury always keeps 10 per cent of the notes here in Washington so that the banks only get 90 per cent. It figures out less than 90 per cent, because the Treasury keeps 10 per cent here in order to redeem any note that may be sent down here for redemption.

Mr. BLAINE. If the Senator will permit another interruption, my impression was that it was 5 per cent, though I may be mistaken in that.

Under the Glass-Steagall bill there may be issued circulating medium backed by 40 per cent gold and 60 per cent Government bonds. Those bonds may be any Government

bonds, Government bonds that bear a rate of interest as high as 4 or 4¼ per cent per annum. On those bonds the Government is paying that rate of interest, and the system is entitled to issue circulating medium against those bonds to the amount of 60 per cent of the bonds. Sixty per cent of 4 or 4¼ per cent would be about 2.48 or 2.50, I will say for convenience. The Government pays interest in effect, indirectly, of course, upon that circulating medium and the Government is responsible for those notes. The Government must redeem those notes. Why should the Government be the guarantor, the surety, the accommodation maker, without some compensation, without something that would compensate the Government of the United States in case it was called upon to redeem any of the circulating medium? I think I have stated the situation correctly. I hope the Senator will give us the benefit of his views.

Mr. KEAN. The Government does receive something, because it receives taxes.

Mr. BLAINE. Does the Senator refer to that class of taxes which all citizens must pay under like conditions?

Mr. KEAN. No; I am talking about taxes on banks. There are other taxes which the Government receives.

Mr. BLAINE. Does the Senator refer to the one-half of 1 per cent tax on the circulating medium?

Mr. KEAN. Yes.

Mr. BLAINE. It is proposed to do away with that, as I understand.

Mr. KEAN. I do not know. That is not proposed in this bill.

Mr. BLAINE. The proposal is to repeal that part of the Federal reserve act which imposes the franchise tax, as I understand it.

Mr. KEAN. Perhaps the Senator from Virginia [Mr. GLASS] would answer that question.

Mr. GLASS. Mr. President, as a matter of fact the Government's responsibility is a mere figure of speech imposed upon the banks of the country over their unanimous protest. It does not amount to a thrip, because the notes issued would be redeemed twenty times over again before they ever reached the United States Treasury for redemption as a Government obligor. It is a mere figure of speech put in the bill by the late William J. Bryan, who was at that time Secretary of State. I have recited a very interesting incident touching that particular point.

I protested to the President of the United States against calling these notes "Government notes." I pointed out to him that behind the notes was the individual responsibility of the unit bank, the double liability of the stockholders of the unit bank, the double liability of the Federal reserve bank, and all of the assets of all 12 of the Federal reserve banks combined. Those were all behind the so-called Government notes.

I called his attention to the fact that nobody ever before in the history of the world knew anything about a Government note that could not be issued except upon the demand of a bank. His response was, indicating to me that there was a misconception of Mr. Wilson as a practical politician, "GLASS, that is all true; but if we can retain the substance and give the other fellow the shadow in order to pass your bank bill, why not do it?" I did so for that reason.

Mr. BLAINE. Mr. President, the Senator from New Jersey has been very generous in yielding, but in this connection will he suffer just another short interruption?

Mr. KEAN. Certainly.

Mr. BLAINE. I would like to inquire of the Senator from Virginia if he regards as a figure of speech or a shadow the interest the Government is paying on bonds which are hypothecated for the purpose of issuing this circulating medium?

Mr. GLASS. Oh, no; it is very real—not particularly real either—but it is nominal. The advantage that the Government derives from the system which it has established is vastly greater than the inconsequential interest that it pays on the bonds.

As I undertook to point out day before yesterday, the actual service, the practical service performed by the Federal reserve bank for the Government without one cent of compensation exceeds, I would say, twenty times over again the worth of any privilege that the banks derive from the Government.

Mr. KEAN. The Government keeps its deposits with those banks, and that is of some value.

Mr. GLASS. Oh, the Government keeps its deposits in innumerable banks.

Mr. WHEELER. Mr. President, if the Senator from New Jersey will pardon me——

The PRESIDING OFFICER. Does the Senator from New Jersey yield to the Senator from Montana?

Mr. KEAN. I yield.

Mr. WHEELER. Assuming that the Senator's statement is absolutely correct——

Mr. GLASS. It is absolutely correct.

Mr. WHEELER. I do not agree that these banks do not have a great privilege when they are given a monopoly to operate; but assuming the facts to be as stated, it is proposed to appropriate out of the Treasury of the United States $125,000,000 and give it to a private institution. We are talking about economy and about cutting the wages of poor unfortunate employees who are having a hard time to make a living; we are refusing, if you please, to pass a law to give something to the unemployed in this country who are literally starving, and then Senators have the temerity to stand here on the floor of the Senate and propose to appropriate $125,000,000, in the name, I suppose, of economy. When we are talking about economy, when we are talking about balancing the Budget, and when we are going to cut down the wages of employees, stenographers, and everybody else in the effort to balance the Budget, I say it is outrageous to take $125,000,000 out of the Treasury and give it to a private institution.

Mr. GLASS. Yet I suspect, Mr. President, that the Senator from Montana was one of the Senators who voted for the Reconstruction Finance Corporation bill, which appropriated $200,000,000 out of the Federal Treasury to take care of the deposits in banks over which the Government has no supervision at all.

Mr. WHEELER. The Senator is entirely mistaken in assuming that I voted for that bill.

Mr. GLASS. I may be mistaken, and therefore I said I simply suspected; but the Senate itself voted for it, the other House voted for it, the President approved it, and it is now the law.

Mr. WHEELER. Yes; but that is quite a different thing. As a matter of fact, it amounts to a loan of $200,000,000, while this bill proposes to give almost as large a sum to a private institution.

Mr. KEAN. Mr. President, I have no doubt that the enactment of the Reconstruction Finance Corporation bill saved more than 200,000 people their homes, and various other things, and I am glad I voted for it.

Mr. GLASS. Mr. President, will the Senator permit me to interrupt him right there?

The PRESIDING OFFICER. Does the Senator from New Jersey yield to the Senator from Virginia?

Mr. KEAN. I yield.

Mr. GLASS. This bill is not for the benefit of the banks; it is for the benefit of the innocent depositors in the banks.

Mr. KEAN. I quite agree with the Senator from Virginia that the provision referred to is for the benefit of the depositors and is an effort to enable them to get back their money.

Mr. WHEELER. Of course, no one is contending otherwise; there is not any question but that many innocent depositors in national banks and in State banks have lost their money, and there are a tremendous number of innocent people in this country to-day who are suffering through no fault of their own.

Mr. KEAN. That is quite right.

Mr. WHEELER. But if the Government of the United States is going to take one special class and turn over $125,000,000 to that class because a certain group who have had money in the banks have lost it, then it ought to go down the line and appropriate money out of the Treasury

of the United States and give it to every innocent person who has lost money through no fault of his own.

Mr. KEAN. As I told the Senator, I do not want to give it at all but want to lend it.

Mr. NORRIS. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from New Jersey yield to the Senator from Nebraska?

Mr. KEAN. I yield.

Mr. NORRIS. This bill does not provide, does it, that the $125,000,000 shall be used to pay depositors in failed banks now, but that it shall be used to build up a fund with which to pay depositors of failed banks in the future?

Mr. KEAN. No, Mr. President; the $125,000,000 fund is derived in part from the Federal Treasury, in part from the subscriptions which the Federal reserve banks make, and from the subscriptions which the member banks make; and the fund thus collected can be used to pay depositors in banks that are now closed or that may close hereafter.

Under the bill the receiver of a failed bank may tender its assets to the liquidating corporation, on the basis of such valuation as may be agreed upon by a valuation committee composed of the receiver, a member selected by the directors of the bank, and a third member agreed upon by the receiver and the member thus selected. If the offer is sufficiently attractive, the liquidating corporation may give the receiver the money so that he can pay off in part the depositors of the failed bank. If the net amount realized by the liquidating corporation from the sale of the assets of the closed bank exceeds the amount originally paid to the receiver, the excess, after deducting a liquidating fee of 8 per cent, is returned to the receiver of the bank, so that he may distribute it as an additional dividend to the depositors. It is a very important provision of the bill. I am not sure that it will work, but I should like to see it work. I should like it arranged so that when a bank closes within 30 days 40 or 50 or 60 per cent of the deposits could be paid at once. I should be glad to vote for any bill which would bring about such a result that the depositors would not have to wait for a long time during which claims might be filed against the bank and long delays ensue. If there could be some way devised so that if a bank fails its depositors within 30 days could get 50 per cent of their money, thus enabling them to continue in business or to use it for their household necessities, I would be enthusiastic for such a measure.

Mr. President, I have recited the manner in which the liquidating corporation is formed under the provisions of the bill. Member banks are required to subscribe to its stock to the extent of one-eighth per cent of the total of their outstanding time and demand deposits as of July 1, 1932.

Mr. President, in the cities where Federal reserve banks are located there have been erected buildings, some of which might be described as palaces, for the respective Federal reserve banks; they have usually the finest offices in any town. The profit of the Federal reserve bank is largely derived from the poor little member banks that are in practical slavery to the Federal reserve system. The Federal reserve banks have made large sums of money. I can not state it as a fact, because I can not prove it, but it is probable that thousands of banks which have failed would not have failed if the Federal reserve system had allowed them 2 or 2½ per cent on the money which they were obliged to keep on deposit with the Federal reserve system.

For every dollar that the banks receive at the present time in deposits they have to keep a reserve, and what they keep in the Federal reserve bank and what they have to keep in cash amounts to 13 per cent. If this bill passes in its present form, it will make the country banks put up sixteen and a little over a quarter per cent of every dollar they receive from their depositors in the Federal reserve bank or keep it in cash, so that they will not be able to earn as much as heretofore. What a tremendous amount of money will be taken out of the little banks on which they will earn no interest!

Mr. METCALF. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from New Jersey yield to the Senator from Rhode Island?

Mr. KEAN. I yield.

Mr. METCALF. Will not the amount be something like $70,000,000 that will thus be taken out of the banks?

Mr. KEAN. It will be a great deal more than that.

Mr. WALCOTT. It figures out about $112,000,000 on the basis of a subscription of a quarter of 1 per cent.

Mr. KEAN. On the basis of a quarter of 1 per cent, the amount of $112,000,000 will be taken from the small country banks and the big city banks. I am particularly speaking of the small country banks, for to them the Federal reserve system renders practically no service, though the small country banks are obliged to keep deposits there. If some one would propose it, I should be glad to vote for an amendment providing that every bank that did not borrow money from the Federal reserve banks should obtain interest on its money on deposit.

It is provided that the liquidating corporation shall be a depositary of public moneys, except of receipts from customs. It also may be employed as a fiscal agent for the Government, and it shall perform all such reasonable duties as depositary of public money and financial agent for the Government as may be required of it. Mr. President, I can not see, for the life of me, why it is desired to put in this bill a provision that the liquidating corporation shall be a Government depositary and that it shall be a fiscal agent of the Government. The Federal reserve banks are already that, and why should there be in this bill a provision that the liquidating corporation shall be a fiscal agent of the Government and receive deposits of public moneys and act as financial agent of the Government, I can not see.

This bill also very largely increases the power of the Comptroller of the Currency. The bill in its present form will further cause deflation in the market because of the necessity of the banks parting with their present portfolio securities.

Mr. President, I think I have shown what this bill will do. I feel that in its present form it will do a great deal of harm to the banking system of the United States. We have passed two bills here—the Glass bill and the Reconstruction Finance Corporation bill—which have helped the situation tremendously. I feel that the passage of the bill in its present form will be a backward step and an injury to the financial interests of the country.

Mr. BLAINE. Mr. President, before the Senator takes his seat, I desire to say that I was interested in the suggestion he made that the bill would bring about further deflation. I assume that the Senator has in mind the restrictions respecting the use of Federal reserve credit in the stock market.

Mr. KEAN. I have in mind that member banks organized under the various State laws—State banks—have more than $200,000,000 of stocks which, under this bill, they would have to sell at once; that many banks have bond departments in which they are holding bonds at the present time, although they may have gone down—they may be city bonds; they may be State bonds; they may be United States bonds—and they would have to do away with those bond departments. They would have to sell their bonds; and so, from step to step, taking it all together, there would be a tremendous amount of liquidation under this bill.

Mr. BLAINE. Mr. President, will the Senator yield for another question?

Mr. KEAN. Surely.

Mr. BLAINE. Assuming that we get out of the present depression within the next 12 or 18 months—of course, that is a violent assumption, but for the purpose of my question I am making that assumption—would this bill, by reason of its restriction on the use of Federal reserve credit, retard the development of industry?

Mr. KEAN. Surely.

Mr. BLAINE. Would it retard the development of new industry through the possibility of the new industry being unable to market its stocks and bonds, its securities? I

should like to have the opinion of the Senator on that question.

Mr. KEAN. In my opinion, one of the troubles with this bill is that it will eliminate all the distributors of securities, and that there will be no distributor of securities of large amounts with the exception of J. P. Morgan & Co. This bill is of such a nature that the only concern that will be able to take an issue of United States bonds or take an issue of any other large sum of money will be J. P. Morgan & Co.

Mr. BLAINE. That is, the Senator's view is that in issuing securities for new industries those who were organizing and promoting the new industries would find no place to go for credit except to the house of Morgan?

Mr. KEAN. That is my opinion, Mr. President.

Mr. BLAINE. Will the Senator tell me—perhaps I ought not to ask him this question——

Mr. KEAN. Go on.

Mr. BLAINE. It is probably due to my own failure to grasp the whole situation, but I should like to have the Senator's discussion as far as he wants to go upon the proposition as to how the bill would have the effect of directing all new industry to a large financial organization like the house of Morgan instead of to the credit possibilities of the Federal reserve system.

Mr. KEAN. Mr. President, at the present time most of the large banks have an affiliate which they have built up in the last 10 years with salesmen and customers who go out and distribute these securities. These men go from town to town, and they are known. They are known to the investor, and the consequence is that the banks that own these affiliates can and do distribute a large part of the securities that are issued in this country.

For instance, if we take any one of the cities, they have to get a syndicate together composed of half a dozen of these banks to take twenty-five or twenty millions of their bonds, and that is the only way in which they can distribute them. If we do away with the tools that are now used to distribute these securities, naturally practically the only tool of any size that will be left will be Messrs. J. P. Morgan & Co. It would be necessary to go to them; and whatever their price was it would have to be met.

Mr. BLAINE. Will the Senator yield for another question? We bolsheviks, radicals, and perhaps we might be characterized by some other name, such as "sons of wild jackasses," usually refer to the house of Morgan, but we are told that that is just a fiction, that there is no such thing as the house of Morgan. The Senator understands that the Bankers' Trust Co. organization with some $26,000,000,000 of assets, the Guaranty Trust organization with some $28,000,000,000 of assets, the National City Bank with something like $18,000,000,000 of assets, and the Chase National Bank with something like $33,000,000,000 of assets, all have a community of interest with the organization that we call the house of Morgan. Is that the Senator's understanding?

Mr. KEAN. Does the Senator want me to reply to that?

Mr. BLAINE. I should be glad to have the Senator's opinion.

Mr. KEAN. Mr. President, I will go back a good many years.

Years ago there were two dry-goods houses up in Hartford, Conn. Mr. Peabody, of London, who during the Civil War floated most of the United States bonds in London, came over here and was looking for a partner. He said that he was getting old, that he had lost touch with the business of the United States, and that he wanted a young partner who would be in touch with the merchants of the United States. He asked Mr. George Bliss whether he would not become a partner of his. Mr. Bliss was a partner of Mr. Levi P. Morton, who afterwards became Vice President of the United States.

Mr. Bliss said no; that he did not want to go to London, but that he knew a young man named Junius Morgan, who was a merchant in Hartford, and that he would recommend him as a partner for Mr. Peabody. So, Mr. Junius Morgan went over to London and became a partner of Mr. Peabody. Mr. Peabody died without children, and Mr. Junius Morgan organized the firm of J. S. Morgan & Co. of London. He had a son named J. Pierpont Morgan, who went to college in Germany, and he telegraphed to his father that he had an opportunity of becoming professor of mathematics in this German university. His father telegraphed back to him that he had something else for him to do besides becoming a professor of mathematics in a German university. So he sent him over to this country, and in a few years he had an opportunity, and he became a partner of Mr. Anthony Drexel. The firm was Drexel, Morgan & Co. After that it became J. P. Morgan & Co. Mr. Morgan could run up three columns of figures just as easily as he could run up one. He built up the firm so that it became the largest banking firm in New York.

Of course, anybody making security issues and doing business on a very large scale has friends and opportunities of giving favors or interests to various banks and various individuals, and everybody in business is anxious to get what may be a "plum." That is, they may be able to make a little money out of an interest in this bond issue or that bond issue. The consequence is that there is that community of interest, if the Senator means that—not financially, but a community of interest whereby they get favors from one another, and the consequence is that J. P. Morgan & Co. divide the risk.

Say that they take $20,000,000 of a security issue. Say that they divide that up so that their risk is four or five millions of dollars, and the rest is distributed around. They get a commission on it first, but it is distributed around so that nobody has any more risk than four or five million dollars. That is called a syndicate. They manage the syndicate; they sell the bonds; you get interest on your money, and a check, probably, for a small profit.

Everybody is anxious to go into these syndicates. Everybody is anxious to have a share in this business, and everybody helps sell the bonds. That is the interest that the Senator calls the house of Morgan; but the National City Bank, the Guaranty Co., and the Chase Bank, through Harris, Forbes & Co., may originate a syndicate, and they may give a share to Morgan.

Of course, what we want in this country is this: We want several concerns that will compete against each other to bid for these blocks of city bonds or blocks of industrial bonds, so that there will be an incentive for them to pay the highest price that the city or the industry can get for its bonds. That is what we want to have; that is what we want to receive; and if this bill is passed as it is, all chance of having this competition will be wiped out.

Mr. President, I ask to have printed in the RECORD as a part of my remarks the articles from the French papers by Mr. H. Parker Willis, which I send to the desk.

The PRESIDING OFFICER. Without objection, it is so ordered.

The matter referred to is as follows:

(October 17, 1931)

THE MISSION OF MESSRS. FARNIER AND LACOUR-GAYET—A FRANCO-AMERICAN MONETARY AND BANKING AGREEMENT IS REALIZED

WASHINGTON, October 17.—I learn from a good source that Messrs. Farnier and Lacour-Gayet have arrived at an agreement with the authorities of the Federal reserve system. The Bank of France will leave here available deposits valued between two hundred and three hundred million dollars; two hundred millions will be freed on earmarked gold. The Federal reserve bank, to remain in line with this agreement, must be induced to raise the discount rate to 4 per cent, and even higher, and ask to practice a better selection of commercial paper to protect the gold coin and bullion, avoiding all securities not bankable or difficult to negotiate.

An investigation has shown that the amount of foreign credits still open here is $1,200,000,000 and that of American credits abroad is $600,000,000.

I might add that the American Government is paying respect to the attitude of France and is disposed to lend a favorable ear to Mr. Laval's proposals on various important subjects.

(October 14, 1931)

THE MISSION OF MESSRS. FARNIER AND LACOUR-GAYET IN NEW YORK

Possible withdrawals of short-term securities of the Bank of France. Messrs. Farnier and Lacour-Gayet arrived here Tuesday and spent the afternoon at the Federal reserve bank.

Financial circles believe they know that the mission of the representatives of the Bank of France consists especially in studying

the opportunity of the withdrawal from here of a large part of what remains of the short-term funds belonging to the Bank of France and thus possibly avoid an erroneous interpretation of the conferences with Mr. Laval in case that after his visit these withdrawals are decided upon.

Messrs. Farnier and Lacour-Gayet are said to be also charged with studying the general conditions of our market, to serve as a guide for the policy of the Bank of France in the future. A summary of the financial proposals of President Hoover might also be presented to them in order that they might be led to examine the extent of his suggestions and give their advice to Laval before the conversations.

The indications which I cable you have not an official character, but come from a competent source.

ARRANGEMENTS PROPOSED BY FARNIER AND LACOUR-GAYET APPROVED IN PARIS—INTERVENTION OF THE BANK OF FRANCE IN THE ACCEPTANCE MARKET—GOLD WITHDRAWALS—OPTIMISTIC IMPRESSION OF FRENCH EXPERTS

NEW YORK, October 18.—From a sure source I learn that the Bank of France has ratified the proposal formulated by Messrs. Farnier and Lacour-Gayet to preserve $200,000,000 in gold on the New York market.

The Bank of France is said to have bought to-day $20,000,000 worth of securities, at a time when it had abstained for a long time on the acceptance market. It is probable that it will settle this purchase by means of funds which it has on deposit here.

It appears from certain indications given in Wall Street that some large private Parisian banks do not yet seem completely reassured and will continue to withdraw gold. New and important shipments of metal are foreseen. To-day the shipments of gold have been very small, no large ship departing for France.

French experts are said to have sent very optimistic reports to France. They spent all last Monday afternoon at the Federal reserve bank; the conversations are supposed to have concerned especially the situation of the New York market, and the impression was said to have been good.

THE BANK OF FRANCE AND THE AMERICAN MONEY MARKET—APROPOS OF THE PROGRAM OF THE HOOVER-LAVAL CONVERSATIONS, PUBLISHED IN PARIS

NEW YORK, October 20.—The Bank of France is said to have purchased to-day on the market a new amount of about twenty millions in securities. It has made known to the great financial establishments its desire to see increased by one-half per cent the interest on the funds which it has on deposit in our market.

This request is keenly criticized and discussed by certain bankers who are not disposed to raise the interest rates beyond the level established last week, when the rates on foreign deposits were advanced in conformity with the discount rate of the Federal reserve bank. The request of the Bank of France is attributed to its desire to realize a moderate gain on its deposits after having paid the tax to which it is liable to the French Government.

Certain bankers are said to be inclined to state frankly that they prefer to give up foreign deposits rather than pay a higher interest; some express the opinion that it is not desirable to entice the Bank of France to leave on the New York market the $200,000,000 in gold which have already been the subject of negotiations, and maintain that the situation of the market would be healthier without foreign money. The simple idea that our market has need of any foreign aid irritates certain feelings.

Nevertheless the point of view of the Federal reserve bank is absolutely different and aims to keep here as much gold as possible. The differences of opinion on this subject seem to need rapid solution before the arrival of Mr. Laval. That now constitutes the principal subject of conversation in Wall Street circles, where it is believed that it may lead to an entente on several vital questions; but all that is published on this subject is premature.

The general sentiment is that the program of the projected conversations, as published by the French papers, is, from certain sides, quite deceptive, from the fact that it does not show sufficient comprehension of the practical financial problems, the solution of which seems most urgent here.

THE DIFFICULTIES OF THE LAVAL-HOOVER NEGOTIATIONS—THE ATTITUDE OF AMERICAN POLITICIANS—WASHINGTON LESS OPTIMISTIC THAN NEW YORK—THE GERMAN POINT OF VIEW—THE NEW MORATORIUM—CRITICISMS OF THE ACTION OF THE FEDERAL RESERVE—TOWARD A FRANCO-AMERICAN "ENTENTE CORDIALE" IN THE MONETARY AND BANKING DOMAIN—A COMMUNICTION OF M. LAVAL

WASHINGTON, October 22.—From a preliminary examination of the situation it appears that the task before the two Presidents is difficult. Mr. Hoover has conferred with Senator BORAH and other statesmen. Nothing indicates a change in the well-known attitude of Congress toward the principal problems of security—war debts and armaments. It seems that Mr. Laval and Mr. Hoover will be obliged to maneuver, and it is not possible to say to what point they would be ready to go to avoid cessation of their conferences. If they were obliged to recognize that they were at an impasse, the consequences for Wall Street would be severe.

The optimism concerning the issue of the conversations is much less pronounced in Washington than in New York. Numerous Members of Congress are in the Capital or near by and are following developments from day to day. In their opinion Hoover knows the opinion prevailing in the Congress. This opinion is suspicious and in general hostile toward the establishment of closer relations with Europe. The country is generally opposed to cancellation of the German reparations or interallied debts, fearing a proportional increase in taxes.

It is the general opinion that the maximum which would be permitted by public opinion would be the granting of a 3-year moratorium for debts and reparations.

Numerous German financiers and business men are now in the United States on business. They do not count on tangible results from the conference. They are more interested in the question of the postponement of banking acceptances, whose maturity was only extended until next February.

Statesmen have told me that several criticisms will be made in Congress on the subject of the policy of the Federal reserve system, especially in regard to the granting of credits to Germany and England last summer.

Among the numerous subjects which Laval and Hoover must discuss, two problems seem to have the greatest chance of a useful solution in the form of an "entente cordiale," the circulation of gold and questions of a monetary and banking nature.

(October 24, 1931)

NEGOTIATIONS ARE STATED PRECISELY—MR. LAVAL PROCEEDS TO THE "EXPLOITATION OF MINDS" AWAITING AN OFFICIAL STATEMENT ON THE GOLD STANDARD—THE POLITICAL DIFFICULTIES OF MR. HOOVER—TACTICAL ERROR OF MR. FARNIER AND MR. LACOUR-GAYET—INTERALLIED DEBTS AND THE GERMAN MORATORIUM; SOLUTION ENVISAGED—AN OUTBURST BY SENATOR BORAH—MR. LAVAL HOLDS TO HIS POSITIONS

WASHINGTON, October 23 (midnight).—The preliminary consultations create the general impression that Mr. Laval's visit will lead to an official statement on the gold policy, which would include assurance concerning the preservation of the gold standard as well as the defense of the monetary system based on this principle. I believe, although it is not yet certain nor can it be officially confirmed, that the communication on gold will be made before the end of the conference. It is not yet decided up to what point the promises made on this subject will be made public.

At the same time I learn from an authoritative source that the policy of the deposits of the Bank of France and of the gold held in the United States, decreed by Farnier and Lacour-Gayet, has been submitted to the French Government and accepted as satisfactory.

The opinion in diplomatic circles and others concerning the results of the conference beyond the monetary and banking questions, is still skeptical. Discussions can be of only a preliminary character; acts will follow.

A Republican leader who has carefully studied the situation from the point of view of his party, told me that it was, in his opinion, dangerous to give publicity to any political agreements made. Also, it is probable that the conclusions to which the conference leads will not be made public until the opening of the session of Congress. It appears more and more clearly that the circumstances do not lend themselves to radical measures. Political struggles are being prepared and the public is distrustful on the subject of all questions which are being debated.

Another person of great authority told me that the Government is much embarrassed by the attitude of a certain public which expects too much from the Laval-Hoover conversations. * * * The Government hopes to arrive at a better reciprocal comprehension of the two countries in the domain of the principal economic, financial, and political problems, but can not foresee any definite agreement, even in principle, on questions such as disarmament and pacts. An agreement of principle might be concluded on reparations and interallied debts, but, as far as concerns the United States, it would have to be submitted to the approval of Congress.

The true work began to-day at 5 p. m. Only Messrs. Laval, Hoover, Stimson, Mills, and the interpreters, an American and a Frenchman, took part in the conversations.

Mr. Laval is faithful to his methods: he is the only source of communications. The French Premier examines in detail all the questions with the experts, then communicates the conclusions on the basis of the advice expressed by his qualified colleagues.

Up to now, before the conversations at the White House, Mr. Laval has proceeded only to a friendly exchange of views using the indications furnished by the experts. According to the expression of a high American personality, the interviews of the French Premier had for their object "the exploration of minds." It seems that he will continue to follow these same methods during his stay in the United States.

The conversations at dinner in the White House did not have an official character, but the visits made by Laval to the different personages of the financial and political world gave place to an exchange of views, and some impressions were collected. The general atmosphere at Washington is always the same. The sojourn of Mr. Laval at the White House will mark the culminating point of the discussions but it is possible that the real results will not be known for some days; certain details of the proposals will be formulated which will take some time to edit.

I understand that difficulties might arise from the fact that Messrs. Farnier and Lacour-Gayet may have committed the same tactical error as Mr. Montagu Norman did some years ago. The negotiations of the government of the Bank of England failed because in omitting to consult the Federal Reserve Board they

failed to recognize the rights of that supreme authority of the Federal reserve system. The directors of certain Federal reserve banks have been accustomed, in recent years, to have little regard for the board, and have pretended that they themselves represent the Federal reserve system in Europe, although they had no right to do so. Under these conditions, it may be that certain questions which appear solved by the visit of Mr. Laval will still remain open after his departure.

I learn from leaders in the Senate and House that strong political influences are at work to induce President Hoover to abandon the idea of asking Mr. Laval to promise a reduction of armaments in proportion or in exchange for a reduction of the war debts of the Allies. Mr. Hoover is also being urged to denounce any request or suggestion of the extension of the moratorium, and to propose a direct diminution of war debts, joined with a corresponding reduction in German reparations payments, even to complete cancellation, in the conviction that Congress would entirely indorse this proposal, a strong group of influential members being disposed to support this policy if it were adopted.

On the other hand, assurances have been given to Mr. Hoover that the business world would welcome such a proposal, seeing in it a real guaranty for relief and real improvement in the general situation.

If it had been possible to induce Mr. Laval to accept a heavy reduction of reparations on this basis, after investigation of Germany's present capacity to pay, he would then have proposed that the latter resume the payments thus determined, beginning next July. It is believed that this combination will be discussed at the conference to-day.

This afternoon Mr. BORAH expressed to the representatives of the American and European press his ideas on the security of France and the guaranties which might be given therefor. Mr. BORAH is a partisan of the cancellation of debts under proper conditions.

(October 27, 1931)

THE FRENCH DELEGATION SATISFIED—THE PRESERVATION OF THE YOUNG PLAN—SHORT-TERM DEBT OF GERMANY AND CONGRESS—WALL STREET AND THE DIFFICULTIES OF CONSTITUTION OF THE NATIONAL CREDIT CORPORATION—SHIPMENTS OF GOLD

Mr. Laval's conferees are more and more satisfied with the results of the conferences, especially with the clause relative to nonintervention in the reparations or moratorium outside the mechanism of the Young plan. American circles, while recognizing the victory from Laval's point of view, indicate that the solution interposed can not bind Congress, which has its own ideas on the whole problem of debts and reparations. A very clear movement is on foot to induce Congress to take a vote on this question, and it is certain that this political movement is going to be accentuated this winter.

What is especially criticized here in the Laval-Hoover agreement is that nothing is said on the subject of the important short-term German debt due next February. The foreign bankers and the Germans themselves would like to settle this affair, but can do nothing without colliding with the provisions concerning the policy of long-term debts. It is probable that this urgent problem will be the subject of discussions in Congress after it assembles, and that the promises given by Mr. Hoover and the agreements made will render the domestic political situation still more difficult.

The heaviness of the market is not directly connected with the Hoover-Laval agreement, but might be due rather to the news concerning the National Credit Corporation, the constitution of which is not progressing rapidly since banking difficulties in the country are increasing.

In Wall Street private and international bankers are satisfied with the results of the conference; the discount banks, on the other hand, fear that the recovery of short-term debts will be made more difficult.

(November 3, 1931)

GERMAN PROBLEM: PRIVATE AGREEMENTS—POLITICAL LEADERS AND FINANCIAL DIRECTORS DEMAND THAT WASHINGTON TAKE A POSITION TO HELP DEVELOP THE SLIGHT RECOVERY OF BUSINESS—NATIONAL CREDIT CORPORATION—HOARDING—RISE OF AGRICULTURAL PRODUCTS—WEAKNESS OF THE POUND—"STERLING BLOC" AGAINST THE GOLD STANDARD

NEW YORK, November 2.—Since the departure of Mr. Laval, the question of war debts does not cease to be on the order of the day in financial circles. The world of business is already disappointed by the absence of all exact information on the settlement of the German problem, especially short-term debts. Considering the importance of this problem, the opinion prevails that the negotiations must have reached a private and nonofficial agreement, destined to be developed later. Such are the opinions expressed by the directors of finance, well informed on the situation. They add that the conferences which will be held in Paris this week, under the direction of Laval, will inform the public on this subject.

Here are the three things more desired by most financiers: (1) Immediate settlement of the problem of German short-term debts, maturing next February, at the expiration of the "standstill" agreement; (2) indication of the policy to be followed after July; (3) indication on the policy toward the revision of the Young plan. A constant and intense pressure is exerted on the political leaders to obtain a statement on these three points, and one may expect official communications on the attitude of the American Government on this subject at any moment, at least before Congress convenes.

Bankers are more or less resigned to consolidating a part of the German short-term obligations or graduating all the payments over some years. They are likewise disposed to accept some plan for the amendment of an important part of the war debts with corresponding annulment of reparations. I believe that certain bankers are actively occupied with financial projects in connection with the plan, which they will submit, with all the details, to President Hoover. It is the opinion in financial circles that a real revival of business, the settlement of international problems, and all the question of the recovery of credits granted abroad depends upon the official definition of the attitude of Washington toward the desiderata indicated above. As a movement for the restoration of business in the United States, pressure on the part of the financiers to induce the Government to take action is certainly going to be intensified.

It is not necessary to take seriously the statements of Mr. MCFADDEN. He has long been at grips with the directors of finance and makes sensational statements without proving them. His partisans in Congress are very limited.

The last communication of President Hoover considers the diminution of banking failures, cessation of hoarding, of reduction of exportation of gold, and the rise in prime materials. As concerns banking failures, it seems that the runs on the banks for lack of confidence are no longer probable, but it would be premature to say that banking difficulties have entirely ceased. The National Credit Corporation is just organized, and its bureau in various places will be able to aid establishments more or less important, but many small banks will probably remain closed. The withdrawals of gold have only been partially checked, for those who hoard the metal throughout the world continue to drain gold from here, contrary to the wish of the banks of issue. There are not yet any clear indications that hoarding in the United States has ceased. The notes in circulation are diminishing, but that may be due to other causes. Finally, the rise in agricultural products was expected and has nothing to do with the general situation.

The weakness of the pound is attributed to rumors that the British Government has other monetary plans than the direct reestablishment of the gold standard. A cable from London reports the belief there that Great Britain will not return to the gold standard but will establish a régime of managed money, in agreement with all the countries which have abandoned the gold standard and which will form a "sterling bloc" to prevent the money of the countries faithful to the gold standard—especially the dollar and the franc—from being adopted as a base for world commerce. These rumors can not be controlled. The repayment by England of 40 per cent of Franco-American credits indicates also that London is little worried about the preservation of its gold reserve and corroborates the opinion that it does not intend an immediate return to the gold standard.

(New York, December 3)

THE RAILROAD CRISIS AND THE MARKET—AFTER THE WABASH FAILURE—THE QUESTION OF SALARIES—IMPOSITION OF OTHER MEANS OF TRANSPORTATION TO PROTECT THE RAILROADS—HASTY SALES OF INVESTMENT TRUSTS—THE GOVERNMENT EVENTUALLY OBLIGED TO ASSURE THE FUNCTIONING OF CERTAIN SYSTEMS—THE PROBLEM OF THE GERMAN SHORT-TERM DEBTS

NEW YORK, December 2.—At the middle of this week the market is in a more depressed state than at the end of the preceding week. The pessimism of numerous operators knows no limits. A useful discovery is made in these conditions. The weakness of railroad securities and the conditions of the railroads are the dominant preoccupations. The receipts of the railroads continue to diminish, and the market value of stocks and railroad bonds is dropping rapidly to new levels unknown for years.

The putting of the Wabash Railway under judicial administration is the first important event of this order since the failure some years ago of the Chicago, Milwaukee & St. Paul. At the same time the Chicago-Rock Island, after having passed its dividend on common stocks for some time, announced the passing of the dividend on the 7 per cent and 6 per cent preferred.

There is reason to believe that the railroad employees of the West, who met in Chicago last week, will examine more seriously the problem of the reduction of wages. The Wabash Railway, in the hands of a receiver, will certainly reduce them, and the unions of employees will have to decide whether it is right to put other railroads in a similar situation, since the receivers, in their capacity as judiciary administrators, will not hesitate to reduce the wages. Already the Chicago & North Western Railway has announced that it will ask a reduction of 15 per cent. The office of arbitration of the Canadian Government decided to-day to reduce the wages on the Canadian system 10 per cent.

The movements counterbalance up to a certain point the discouraging effect of the passing of dividends and the depression on the stock exchange. But factors of this sort hardly suffice to lighten the pessimistic expectations of a new reaction on the securities market. The investment trusts are especially disturbed and certain ones are completely abandoning the market. They are throwing obligations overboard in order to create available funds in the hope of being able to proceed finally to repurchase them at more advantageous prices.

Congress next week will take up plans for taxation of transportation by trucks, pipe lines, and other means of communication.

The taxes envisaged would be sufficiently heavy to permit the railroads to fight their fatal competition. If Congress refuses to vote the necessary laws, there will be nothing for certain railroads to do but fail, certain experts affirm. In fact, the Government must acquire certain systems in order to resume their operation on a healthy basis. Projects of this sort are gaining ground, although official circles do not generally admit that things are really so or that the immediate prospects have become so menacing. But even these circles are beginning to get worried. * * *

After the rails, it is short-term credits granted to Germany which cause an atmosphere of disquietude among bankers and their clientele. In financial circles here the opinion prevails that the situation in Germany is worse than appears from information in the press. The continual lowering of all German securities reflects the apprehensions on the subject of the payment of the interest on these bonds. Wall Street insists to the authorities that they maintain absolutely the priority of German short-term debts to American bankers.

THE AMERICAN MARKETS BEFORE THE GERMAN PROBLEM—HELP FOR THE RAILROADS—BUDGETARY DEFICITS AND LOAN—A WEEK FULL OF DEVELOPMENTS

NEW YORK, December 6.—The pessimism which has prevailed in Wall Street concerning the menace of Germany's downfall or a coup d'état has been partly dissipated by the telephonic messages received from Berlin by the directors of New York finance. These messages say that no change in the situation of Germany is to be foreseen for the immediate future. The rumor has reached here that Germany would soon abandon the gold standard, but it is indicated from the same source that an event of that sort is excluded at least for the present.

The bankers, from the international point of view, are concerned only with short-term German debts. The fact that a change in the situation in Germany would be capable of creating serious obstacles to their recovery explains in part the great lowering of certain bank securities. There is reason to expect at the end of the year important amortizations representing losses sustained during the last 12 months. These losses, whatever their origin, discourage the clientele and intensify the feeling of uncertainty accentuated by the news abroad.

The continual lowering of securities of fixed yield causes grave worries to all financial institutions which hold important quantities of bonds, especially railroad bonds. The opinion is strengthening that it is the duty of Congress to occupy itself in the first place with the question of loans to railroads as well as the plan for taxing other means of transportation in order to lessen their competition.

The problem of Treasury loans is likewise becoming urgent. The budgetary deficit is increasing at a rate that indicates an excess of expenses for the fiscal year of about two billion. The Treasury always has recourse to the issuing of short-term bonds; and as the amount of debts due December 15 represents almost one billion, a new operation is announced. The bankers are certain the issues of December will greatly exceed one billion. Their situation permits them to finance these important operations less and less, and many among them insist that the Treasury procure funds directly from the public, offering these loans at increased rates of interest. Bankers also oppose these bonds serving as basis for the rediscount operations of Federal reserve banks. The present vogue of issuing Treasury bonds at a very low rate of interest constitutes an anomaly which can only be upheld by the tacit authorization to use the bonds to obtain credit from the reserve banks. In case the Treasury should be obliged to follow the recommendations of the bankers, the present market prices of Liberty bonds can not be maintained. So far they have resisted the depression and have remained almost intact.

This week will be very busy.

CONGRESS AND THE CRISIS

NEW YORK, December 8.—The message of the President was received with a certain deception. On foreign questions he avoids taking a position, limiting himself to proposing the ratification of the present moratorium; he announces that a special message on the entire foreign policy will follow. Business circles regret the absence of a definite program on this side. The same was said to me by one of the chief bankers of New York, who thinks that this will not facilitate the task of negotiators now in Europe.

More than ever Wall Street is disturbed and alarmed, fearing that, in spite of the latest news from Paris, the short-term obligations will finally have to be consolidated into long-term credits.

The opinion of Congress concerning the necessity of arriving at a settlement of the question of foreign debts, including inter-allied debts and reparations, is taking second place in the presence of the anxiety caused by the domestic situation of the country, which data from all parts indicate as progressively worse. The Members of Congress are very much impressed by the uniformly unfavorable tenor of information received from their constituents. The presidential plan, announced in the message, of creating the Reconstruction Finance Corporation, with a capital of $500,000,000 and authorized to loan one billion five hundred million to reinforce feeble points, produces a good impression; but it is agreed that if it is not quickly realized and skilfully directed this enterprise will come too late. The situation of the railroads continues to inspire special apprehension.

CRITICISM OF THE POLICY OF PRESIDENT HOOVER—EUROPEAN PROBLEMS—WEAKNESS OF THE MARKET

1. The opposition of Congress to the proposals of President Hoover, tending to reestablish the debt commission and put on its feet the new credit corporation, disturbs Wall Street, which fears new difficulties because of the postponement of measures of aid.

2. It is true that public opinion as well as that of Congress judges unfavorably the President's plan to authorize the credit corporation to discount at the reserve banks on the same basis as the funds of the Government various classes of securities up to a sum of $2,000,000,000. Some elements are opposed to any plan of this nature; one would prefer to see the credit corporation given less important resources, but coming from a loan issued to the public.

3. There is no doubt that the measures envisaged for the revision of foreign debts will be finally adopted; but the method proposed by the President which would place the entire question in the hands of a commission, apparently appointed by him, is not well received.

4. The step taken before the Senate committees by Mr. Mills, Under Secretary of the Treasury, to submit to the chief of the two parties a statement authorizing the foreign governments to postpone their payments due the 15th of this month, seems to indicate that events are going to be precipitated. It does not follow, however, that a decision is near, but rather than the struggle is going to begin. One is led to believe that it will be relatively long. If the ratification of the present moratorium is considered certain, one can not foresee what will follow, and the debates may last weeks. The inclination to give England more favorable treatment than France meets a certain opposition, but Mr. Hoover and Mr. Mellon have probably made promises on this matter.

In Wall Street the week has been bad; the bond market is equally heavy; the announcement Monday of the embargo on exports of gold from Japan affected the Japanese funds. Canadian currency and funds have suffered because of the critical position of Canada from the point of view of gold.

THE HOOVER PROJECTS

NEW YORK, December 15.—The presidential plan of reestablishing the debt commission is meeting serious obstacles, and it is predicted on various sides that it can not be adopted. The moratorium is also the subject of prolonged discussions in the committees and corridors, especially in the House, where the Democratic majority shows little sympathy for the wishes of the Executive. However, it is generally believed that the moratorium will be ratified.

Keen criticism is also directed against the Hoover plan for a new credit corporation. It is said the plan would tend toward inflation. Republican Senators are inclined to support it, but many believe that the power of rediscounting the bonds of the corporation at the reserve banks is a danger and refuse to approve it.

The fight is lively. It seems virtually impossible now that the plan can be adopted before the parliamentary recess beginning the 23d. In various parts of the country financial establishments are in an increasingly difficult situation and waiting to ask aid of the corporation.

The National Credit Corporation constituted some time ago by the bankers is almost inactive.

THE STOCK EXCHANGE CRISIS—IN CONGRESS

NEW YORK, December 17.—The new collapse on the part of Wall Street has increased uneasiness and provoked a renewal of demands for the closing of the exchange, which have been produced at each critical moment since the abandonment of the gold standard by Great Britain. The advocates of the maintenance operations reply that no good would come from its closing, particularly this month, which is that of the realization of securities in view of the payment of taxes and other operations at the end of the year. They emphasize, moreover, that the fall of the market price has probably already done all the damage possible.

The serious situation of various kinds of financial establishments, which have large portfolios of securities whose market price is constantly dropping without any really justified motive, comes in large part from the realizations effected by other bearers who procure funds for themselves in a period when the demands of the market are more unusual than they have ever been.

In Congress Mr. Davidson, of the house of Morgan, disclosed to the Committee on Ways and Means, which was discussing the moratorium, that foreign governments indebted to the United States had not deposited the funds to meet the payments of December 15, contrary to certain statements. The committee ended its debates and agreed that the question of the ratification of the moratorium be presented to-day. It is expected that the present moratorium will be ratified by the House before Saturday night. On the other hand, no progress seems to have been made concerning an extension of the moratorium or the reestablishment of the debt commission.

IN WALL STREET

The atmosphere was still improved Saturday. Profit taking after the active advance of the evening before caused a little irregularity, but on closing the rises amounted to more than the falls. Variations in either direction were of slight importance.

Bond market well sustained.

The weekly circular of the principal brokerage houses reflects the improvement in general sentiment.

THE SITUATION OF THE AMERICAN MARKETS

NEW YORK, December 20.—After the active advance of Friday, which was affirmed to-day, the pessimistic predictions and the somber analyses of recent times are no longer much heard. Passing of dividends continues. Financial establishments and to a lesser extent industrial establishments will be obliged at the end of the year to allot large sums for amortizations.

The market is carefully following the debates in Congress, thinking that a rapid vote on the measures envisaged would cause certain financial embarrassments to be avoided, which otherwise would be unavoidable.

There is no longer a question of the possibility of the closing of Wall Street. The president of the stock exchange will not even permit the question to be discussed. The latter is a firm defender of a free and open market under all circumstances, and has not ceased to state this point of view on all occasions, exactly like the syndic of the Paris Bourse, who expressed this opinion to us when I was last in Paris.

THE MOST CRITICAL PERIOD FOR ALL AMERICAN BUSINESS

NEW YORK, December 27.—Financial circles have made use of these three days' vacation to try to appreciate the elements of the situation at their true value. These various aspects form the subject of discussions in New York and Washington, and consequently there is expected a vigorous action in favor of measures of aid when Congress reconvenes. Numerous industrial and financial enterprises who have doubts about the future are postponing important decisions concerning their program of activity until it is certain what the Government can do to help enterprises which are threatened with difficulties. The beginning of the year is going to be the most critical period for all American business.

The discussions by Congress may delay the realization of projects envisaged, and in that case the enterprises which find no more help on the money market and count absolutely upon the immediate aid of the Government will be reduced to the deposit of their balance.

The short-term commitments which mature early in 1932 are very heavy and a number of them can not be honored with State aid.

Wall Street is very disappointed at the vote of Congress on the moratorium and the various reservations introduced in the terms of the final resolution of approval. It is thought the position adopted is apparently a recall from that of last summer.

As concerns the railroads, better conditions for long-term bonds will be made possible by the present projects for raising the rates which are on the point of becoming effective and by the concessions on the part of the personnel on the question of salaries. Nevertheless, some extremists continue to state that the Government may be obliged to retake the systems and assume their financial responsibilities, even if it does not exploit them itself.

The increase in activity in the iron and steel industry and in the automobile industry appears to be continuing, and orders are somewhat better for the beginning of the new year.

The manufacturing activity and the sales of the products are quite satisfactory in certain branches, but, on the whole, uncertainty persists.

The fundamental problem is to end banking failures. The new "corporation" which the Government is going to create will try to improve the lot of small establishments.

In Wall Street the renewal of transactions Monday will probably show the natural indecision after three days of closing, accentuated by the lack of initiative and the absence of any program by business men and financiers. Sales at a loss in view of the establishment of the taxes will continue.

THE RÔLE OF THE RECONSTRUCTION FINANCE CORPORATION—IMPROVEMENT IN THE GENERAL SITUATION—APPREHENSIONS ON THE SUBJECT OF COUNTRY BANKS—THE VARIOUS INFLATION TENDENCIES

NEW YORK, January 6.—1. The report of the Senate Committee on Banking and Currency, charged to examine the project of creating the Reconstruction Finance Corporation, has just been published. It indicates that all the witnesses heard by the committee and all persons, political and otherwise, which it questioned were unanimous in demanding a vote on the bill deposed by the Government. The amendments adopted by the committee tend to modify the provisions relative to the issuing of the bonds for the purpose of rendering them unacceptable for discount by the Federal reserve banks. The Government will try in the course of the debate in the Senate to make its point of view prevail, but there are more chances now that the amendment will stand so that the bonds of the Finance Corporation will depend on their own virtue to find takers. The Treasury will have the right to buy and sell them to preserve their market value, which, in the opinion of the directors of finance, should facilitate their placement. There is the explanation for the rise in railroad securities Wednesday. The market thinks that the new corporation will certainly furnish all the funds necessary to redeem the railroad bonds maturing in the winter or spring; the railroads will thus have time to right themselves.

2. The general situation is improving.

3. On the contrary, the discouraging factor resides in the precarious position of the country banks. It will fall upon the new corporation to facilitate the reopening of banks which have closed their doors. The problem of righting the banking situation in the United States remains most difficult. It is possible that the Government may be obliged to ask Congress for several hundreds of millions to aid the depositors of the banks that have failed. Otherwise the distress will continue for a long time and become worse, because many people are entirely without resources.

4. Inflationist ideas are coming to light to such an extent that a number of absurd projects for the issuing of new notes as legal tender are being proposed. The Government operations themselves bear the danger of inflation. This danger can only be removed if the new corporation succeeds in placing its bonds among the public without recourse to the resources of the banks.

THE NEW ANTIDEFLATION POLICY OF THE FEDERAL RESERVE BANKS

1. According to the official report, Governor Harrison of the Federal Reserve Bank of New York made the following statement on January 8 to the conference of the New York Bankers Association:

2. We have at our disposal the mechanism for stopping deflation and to gradually erect a structure of healthy values and solid business. What we need is to slaken the reins, to drive away the fear which is paralyzing the world. We must establish confidence in ourselves and the courage to go forward.

3. The reserve banks are in a position to increase by $3,500,000,000 their credit to members of the system, which would mathematically form the basis of an increase of $35,000,000,000 of banking credit.

4. There are more than $8,000,000,000 of "eligible" assets in the banks affiliated with the system. In banks which do not have "eligible" paper, or for banks not affiliated with the system, it will be the Reconstruction Finance Corporation which must constitute a particularly powerful support. With the supplementary help of the National Credit Corporation, it seems reasonable to predict that every healthy bank will be able to procure resources which are necessary as soon as the demand for an increase in credit is manifest.

5. The total volume of banking credits has diminished in two years by more than $6,500,000,000. That is perhaps the chief reason for the rapid reduction in bank deposits. One thing is certain; the deflation of credit must end if we hope to help in a speedy revival. The Federal reserve banks can not stop it by themselves alone, nor can the public. But the efforts of all combined can do it and must. It is a question of confidence in ourselves and of reciprocal confidence.

6. In reply to a cable, we received the following from New York:

7. The general policy of ease and expansion of credit, decided upon by the Federal reserve system a week ago, has been the subject of commentaries in the American press for several days.

8. The Journal of Commerce of New York in an article published January 13, said: "The Federal Reserve Bank of New York has inaugurated a new effort to stimulate expansion of credit," etc.

9. The New York Times published an article under the title, "The Reserve Bank Acts to Arrest Deflation."

10. It is understood that these articles were inspired and, after their publication, approved by the directors of the reserve system. Other articles along the same line appeared in numerous papers.

11. In previous cables I have limited myself to calling attention to the request of the President in his various statements, including messages to Congress, for easing the restrictions governing the régime of advances made by the reserve banks so as to enlarge the bases of credit. That means the adoption of projects destined to facilitate discount and permitting the admission to the reserve banks of paper unacceptable up to the present. One of these projects, originally supported by Senator VANDENBERG and apparently approved in high places, would permit the admission of promissory notes of banks affiliated to the system, guaranteed collaterally by industrial and railroad bonds.

12. These inflationist ideas continue to be the object of discussions and have many advocates.

13. I have never mentioned any provision which would tend to inflate the public debt; nevertheless, the intention exists, as the authorities admit, of proceeding to important operations of issue to meet obligations due next June, so much the more since the new taxes can not be created and collected in time. Loans on a vast scale are also inevitable, the budgetary deficit being more than two billion. All the new obligations, according to the present régime, are "eligible" as collateral guarantee for discount by the reserve banks. If the authorities of the reserve bank commence the campaign for easy money, as has been announced, it is inevitable that the issue of new obligations will tend strongly to increase the volume of credits of the reserve banks pledged on these securities.

NEW YORK, January 10.—Great purchases of German bonds were carried out in the last stock exchanges, and especially Friday, on the announcement, professing to be from a source of the first order, of a definitive Franco-German agreement on the subject of the prorogation of the reparations moratorium for three years. According to these rumors, put in circulation in a private way, the Lausanne conference would give no definitive result, but afterwards, when the political situation in France became clearer, a statement would be made in the sense indicated above. It is evident that this point of view may be modified because of the position taken Saturday by Mr. Brüning, considered here a rude

maneuver, right in the German manner, to facilitate further bargaining.

The step taken by the mayor of New York, through the Senators of New York State, showed the grave situation in which various municipalities find themselves from the point of view of the financing of their immediate needs. In his memorandum the mayor demands an enlargement of the statutes of the Reconstruction Finance Corporation in order that cities may contract loans from the Federal Government. The fact that Chicago, Philadelphia, and several other cities have suspended payments on a number of municipal obligations, the market price of which has been considerably lowered, gives an idea of the extent of the depression and its consequences for the finances of the towns and States.

New acceptances by the railroad workers of a reduction of 10 per cent in salary indicate that the conference of the general directors of the systems and the representatives of the workers, which will take place next Thursday, will result in an agreement on the basis of the proposals of the railroads.

The industrial companies are beginning to publish the results of 1931. According to the preliminary figures just announced, the profits of General Electric would not exceed $1.35 per share (against $1.90 for 1930). The company would be obliged to appropriate large sums for the amortization of losses on participation in foreign enterprises. These amortizations will appear in the balance at the end of the year. Various companies, and especially the banks, are in the same situation. Rumor says—and it comes from a very good source—that the New York banks would soon agree to a general reduction of dividends.

A better atmosphere prevails in certain branches of industry and commerce, but disquiet on the subject of the weak financial condition of enterprises and the desire to be reassured on this point by the definitive constitution of the Reconstruction Finance Corporation tend to counteract the effect of the improvement in general perspectives.

As concerns the siderurgical industry the announcement of the diminution of about 200,000 tons of orders on the books of United States Steel for December has had a discouraging effect on those who expected a more favorable evolution in the production of steel, the activity of the factories having been recently increased.

The investigation of foreign issues is being continued, but the financial world is interested in it less and less. The investigation is now considered an element of propaganda against foreign countries in general, carried out for political ends, and it would not have occurred if any practical effects had been expected.

THE INFLATIONIST POLICY

NEW YORK, January 13.—1. Inflation is the order of the day. The Federal reserve banks as well as the legislative assemblies seem to wish to enter upon this path. The lowering of the discount rate will probably be decided upon at the next meeting of the council of the reserve bank of New York. The reduction in rate of purchase of acceptances on the free market, which took place Tuesday, is a preparatory measure to which the reserve bank always has recourse in this case. The financial world considers it an index of a change in the monetary policy and expects large purchases of Government funds, acceptances, and perhaps other securities for the purpose of increasing the available funds of the market and definitely easing the general situation. The efforts to create easy money are accompanied by proposals tending to enlarge the basis of credit at the Federal reserve banks. President Hoover made them in his message of January 4, and since then has asked Congress for various measures in this sense.

2. All attempts to restrain inflation and prevent expansion of credit, which would have as basis long-term engagements, will meet general opposition. The inflationist ideas are solidly in possession of a number of minds in financial circles and their care is rather to succeed in putting these ideas into practice, at least in part, rather than to limit their development. Wall Street is generally favorable to the proposed legislative measures and greets inflation as assuring a rise in values.

3. Some financiers are frightened by the apparent inauguration of a new era of squandering and presage possibilities of dangerous consequences. They do not believe that the good effects from an era of expansion of credit can be expected to last long and think that good results should be obtained rather by the systematic application of other remedies, concerning especially foreign commerce, Government finances, and taxes. The greatest danger resides in the risks to which the Federal reserve banks are exposed in regard to the various plans for the extension of their operations of discount and loans. The reserve banks themselves some time ago pronounced themselves against any modification of the régime of discount and against any enlargements of the bases of credit which they are now authorized to grant. They have the appearance now of having changed their opinion. Some insist even on the necessity of easing the regulations now in effect.

4. Certain observers note that the departure of gold, stopped some time ago, may recommence.

THE NEW INFLATION POLICY

NEW YORK, January 17.—1. The situation of the market as a whole is improving, in spite of fluctuations and recoils. Qualified observers incline more and more to believe that the liquidations are almost ended, and that henceforth every effective revival in commerce and industry will bring about an advance of securities. Conservative circles are, however, convinced that inflation alone will not suffice to attain this end, but a vigorous impulse has been given in this direction, especially considering the presidential campaign. The keen desire of the politicians is evidently to create a semblance of return to prosperity before the formal designation of candidates, which will occur in the middle of the year.

2. The fact that the Federal reserve system is participating in a program of inflation is considered by certain authorities as a violation of the entente which was made public at the time of the visit of Laval and even before. This new policy is likewise contrary to the teachings of experience. Some still hope that the projects for inflation will be retained but the great desire of Government authorities to create a market favorable to the issuing of bonds is opposed to the maintenance of a deflation policy. Present needs for very great issues of bonds require the return of easy money. The Secretary of the Treasury this week informed the Committee on Ways and Means that a great deficit must be expected in June, amounting to about two thousand one hundred and fifty million, which must be covered for the most part by issues of bonds. Opposition to increased taxes is evident on all sides. Such measures are necessary but will not produce results for some time.

3. The rumor current here that the Bank of France is recalling its credits from abroad is received without surprise. The opinion was recently expressed in banking circles that nothing should be done to encourage the maintenance here of deposits of foreign gold nor to attract new ones and that the condition of the country would be more solid without them.

4. The adoption by the House of the plan for the Reconstruction Finance Corporation presages a near agreement between the two assemblies on the final form of the bill, but there are several points still to be discussed.

5. In spite of all that one says of inflation, the table of effective deposits in the 44 principal banks, having each at least $100,000,000 in deposits, shows for last year a total diminution of two billion six hundred million, which brought them to fourteen billion two hundred and eighty-five million. Nevertheless, this number is much higher than that of 1926.

6. Conversions which marked Wall Street on Saturday are apparently mere takings of profit.

7. It seems that speculation properly so-called has not yet decided to interfere in the upward movement. The new rise in price should therefore be the result of real purchases, including those made by European capitalists. These latter seem to have been very active lately, believing that the situation of the United States is more favorable.

CONCERNING INFLATION OF CREDIT—THE HESITATION OF THE FEDERAL RESERVE SYSTEM

NEW YORK, January 18.—1. The information concerning the new policy of the Federal reserve system and the plans for pushing the program of inflation on a vast scale is widely spread throughout the country and the serious press generally sanctions it.

2. However, the repercussion of these projects on the French and English markets, as well as on numerous large capitalists in the United States itself, has provoked hesitation. According to information obtained to-day the directors of the Federal reserve system are inclined at present to take into account, in the orientation of their policy, the effect it will produce on European markets.

In any case there can be no doubt of the nature of the plan originally established.

THE ANTIDEFLATIONIST MEASURES AND THEIR CONSEQUENCES

NEW YORK, January 20.—1. The problem of inflation continues to be keenly debated in financial and political circles. The number of bankers who take a strong position against inflation is steadily increasing. There is manifest a pressure on the Federal reserve system to abandon the policy, widely announced last week, tending to resort again to the application of lowered monetary rates and important purchases on the open market. Conservative opinion remains opposed to it.

2. The financial world is in general well satisfied with the nomination of General Dawes as head of the Reconstruction Finance Corporation. It is believed that he has financial experience, and his previous career as a banker will induce him to put his influence on the side of prudence, which advises not to enter except circumspectly in the way of expansion of credit. The nomination of the other administrators is awaited with impatience. Unless there is among them a number of opponents of inflation sufficient to overcome the inflationist interests the danger might be grave.

3. The opinion is gaining ground that if one wishes to obtain real results the available funds which the new loans are destined to bring to the Government must be obtained as soon as possible by a direct appeal to the public, who at present are hoarding cash to a large extent or are keeping their funds inactive in banks.

4. It is now generally forecast that the Bank of France will recall from here its earmarked gold and will likewise retire a part of its credits in dollars. This conforms to what I have already cabled you; the fact is known and published by various papers, even by certain ones which were previously inclined to deny it. Qualified representatives of the financial world continue to consider the repatriation of gold as the best policy. In their opinion, the influence of the European markets, which have shown uneasiness on the subject of the projects of expression of credit,

has been beneficial. I believe that the Farnier-Lacour-Gayet-Federal reserve agreement was concluded for three months. If this limit is correct, it must expire soon, but the problems which confront the banking authorities are the same as last autumn. Also, a vigorous opposition against the expansion of credit exercises at this time an exceptional influence on American opinion.

5. The representatives of the two legislative assemblies came to an agreement this evening on the definitive text of the bill relative to the Reconstruction Finance Corporation. The bonds of the corporation may not be discounted or sold by the reserve banks, but the Treasury is authorized to issue bonds to support the bonds of the corporation on the market, and these Treasury bonds are eligible for purchase as well as discount.

6. The cables received up to to-day from European sources indicating that the Lausanne conference will probably only assemble experts to arrange the postponement of the question of the moratorium are in accord with American predictions.

UNCERTAINTY AT WASHINGTON AND IN WALL STREET

NEW YORK, January 24.—All business is now in suspense awaiting events and especially the result of the negotiations in Chicago between the representatives of the railroad employees and those of the railroad companies. The market fears that this result will not be satisfactory, even if the directors of the systems are successful on certain points. The sole entirely satisfactory result would be the acceptance in block of the proposals of the companies.

The definitive adoption of the Reconstruction Finance Corporation is received with less enthusiasm than was predicted; apparently the market wishes to know first how the enterprise will be organized. Everything depends on the directors. It is admitted in Washington that the principal authority will probably be in the hands of General Dawes, but it will be limited by the general directives established by the council of administration. The market is impatient to have some indications of the financial policy of the council.

The movement of exportation of gold continues and it seems that it must last for some time. All the information which I have received concerning this question is confirmed by facts. The Bank of France is gradually recalling its credits, taking them in a way to disturb our markets as little as possible. The attempts to make it be believed that the shipments of gold represent only the withdrawal of earmarked gold has not had any results, the daily figures of shipments of gold greatly exceeding the diminution of earmarked gold.

The repercussions of European opinion on the policy of the inflation of credit are gaining in strength and if they develop may determine the modifications in the banking measures which otherwise would have been applied. My warning cables may have helped to warn European bankers in time. The Wall Street circles and qualified bankers are now inclined to consider the entire question with more care than before.

It is probable that the market is going to remain in expectation, awaiting the definitive turn taken by the question of inflation and by those of the banking policy and the railroad régime. Wall Street seems to be at the point where its capacity for resistance may be again put to the test.

WHY WALL STREET REMAINS DEPRESSED, FEBRUARY 7

1. Wall Street ended the week on a heavy note, without trace of improvement. Optimistic data are rare, and the bears spread the impression that the near turn of events will be unfavorable to the market. Business men are disappointed, although the organization for help, which was the object of general hope at the beginning of the winter, was put on its feet under the conditions provided. The news that certain large railroads have asked help from the Reconstruction Finance Corporation was a disagreeable surprise, for it was thought that enterprises of wide expanse would refrain and leave the funds at the disposal of weaker companies.

2. The opinion is growing that a radical change of orientation of the policy of the United States, especially as concerns the commercial relations with foreign countries and foreign loans, is indispensable in order to prepare a real return to prosperity. The public is beginning to wish to see clearly into these problems and to know the exact attitude of the parties on these questions in view of the coming electoral campaign.

The appeal of President Hoover against hoarding is criticized by his political opponents, who think that the true way to end hoarding is to restore confidence, adopting healthy methods and economic principles.

The possibility of differences with Japan is received calmly and without particular uneasiness, but a large part of the press expresses its discontent with the way our policy has been conducted in the Far East up to the present. The market continues to attach very little importance to the Sino-Japanese conflict.

The attention of Wall Street is concentrated entirely on the development of difficulties in business; it is the prospects of essential industries which weigh on the exchange, so much the more since it is still impossible to figure exactly in what measure these new organizations of financial aid will bring relief, and especially as concerns the situation of the banks. The new diminution of advances to brokers shows that the public is not interested in the market. The sales of securities on behalf of banks are less pressing.

THE NEW BANKING AND MONETARY POLICY

NEW YORK, February 14.—The great animation which characterized the market Saturday and the strong advances in certain securities reflect the approval by Wall Street of the policy of extension of credit. The attention of financial circles is for the moment concentrated principally on the two clauses of the new bill; the one which admits the State funds as cover for the Federal reserve notes, at the pleasure of the reserve banks, in view of the liberation of gold; the other which authorizes these latter to discount the drafts of affiliated banks pledged on all sorts of guaranties which may be thought acceptable, without any account being taken of the restrictions up to now imposed by the Federal reserve act.

The opinion on the financial market is divided. The speculative interests, in general, approve the project, as it was conceived with a view to inflation. Certain brokers express themselves the same in their circulars to the clientele. Other houses are much disturbed, and express the fear in their weekly letters that the new measures will not increase the demands for gold within the United States as well as for accounts abroad.

The press is no longer in agreement. Certain papers speak against the new plan, which they consider too hazardous; others say that it will check the depression and encourage the liberation of credits. Finally, those who believe that when the banks of issue proceed to an extension of credit, there can be expected a rise in prime materials, count upon this latter result.

Up to now there are no serious indications which permit a pronouncement in either sense. Conservative opinion thinks that the reserve banks and the Government are called upon to play the decisive rôle in the question; it is therefore only an affair of administration and direction.

The problem remains this: Is the new policy of expansion healthy? Washington and Wall Street are especially interested in the attitude of Europe toward this new situation and the interpretations of the new law beyond the Atlantic.

The conditions of industry and commerce are not improved. Banks tend to limit or refuse credit to numerous borrowers, being anxious to maintain the liquidity of their resources.

Gold exports from the United States by days, December 1, 1931, to April 23, 1932

[In thousands of dollars. Blank dates omitted]

	Total	France	Belgium	Netherlands	Switzerland	All other
1931						
Dec. 3	198					198
Dec. 4	860	250		610		
Dec. 5	664	550		100	14	
Dec. 11	2,451	2,016	150	235	50	
Dec. 12	1,062		57	850	105	50
Dec. 14	8					8
Dec. 15	936	690		150	96	
Dec. 16	420	350			70	
Dec. 17	3,084			2,984	100	
Dec. 18	700			695		5
1931						
Dec. 21	140			140		
Dec. 22	350	300				50
Dec. 23	3,034	1,890	200	460	484	
Dec. 24	3,641	550	2,791	300		
Dec. 26	1,130			1,130		
Dec. 28	8,397	7,947		435	15	
Dec. 30	2,449	454		1,995		
Dec. 31	3,108		2,543	495	70	
1932						
Jan. 4	80	80				
Jan. 5	2,200	2,050			150	
Jan. 6	65		15			50
Jan. 8	4,197	4,000		100		97
Jan. 9	137			137		
Jan. 12	100	100				
Jan. 13	360	200			160	
Jan. 15	16,678	12,269	4,091	210	108	
Jan. 19	168				168	
Jan. 20	19,392	12,000	4,142			3,250
Jan. 22	21,004	20,474			530	
Jan. 23	650			650		
Jan. 25	20				20	
Jan. 27	12,405	12,005				400
Jan. 29	29,379	20,370	4,165	4,765	80	
Jan. 30	350			350		
Feb. 2	4,209		4,209			
Feb. 3	13,050	12,650		300	100	
Feb. 5	1,901	1,701		200		
Feb. 6	15,329	13,024		2,300		5
Feb. 10	16,023	15,851	2	50	20	100
Feb. 11	17,416	12,000	5,396			20
Feb. 13	2,690			2,690		
Feb. 16	38,245	38,045				200
Feb. 17	4,416	100	4,135	50	130	
Feb. 19	7,428	4,711		50		2,663
Feb. 20	2,282			2,282		
Feb. 24	200					200
Feb. 25	32				32	
Feb. 26	4,158		4,093	50		15
Feb. 27	657			600		57
Mar. 1	16,096	12,505	3,591			
Mar. 3	23					23
Mar. 4	12,801	12,801				

Gold exports from the United States by days, December 1, 1931, to April 23, 1932—Continued

	Total	France	Belgium	Netherlands	Switzerland	All other
1932						
Mar. 7	2,756		2,750		6	
Mar. 15	12,511	12,511				
Apr. 8	10,417	10,402				15
Apr. 9	502	502				
Apr. 11	10				10	
Apr. 12	8,430	7,796		634		
Apr. 13	495			495		
Apr. 14	50	50				
Apr. 15	1,796	998		599		200
Apr. 16	1,505	1,004		501		
Apr. 18	1,200			1,200		
Apr. 19	4,627	3,725		502		400
Apr. 20	24					24
Apr. 21	2,411			2,411		
Apr. 22	14,364		619	13,545		200

RELIEF OF AGRICULTURE

Mr. HOWELL. Mr. President, I do not propose to detain the Senate long, but I do want to call attention to a report sent out by the Associated Press respecting a hearing which is in progress at Chicago. I quote:

TELLS DROUGHT EFFECT IN RAIL-RATE ATTACK—GOVERNOR RELATES CONDITIONS IN NORTH DAKOTA AT CHICAGO HEARING

CHICAGO, ILL., May 2.—The first evidence of agriculture's plight was presented the Interstate Commerce Commission to-day by Gov. George Shafer, of North Dakota. This opened the grain growers' attack on the rate increases asked by the western railroads.

Declaring he was not seeking special privilege for agriculture as against the carriers, Governor Shafer said he was advocating the growers' cause in the rate hearing "in the interests of economic justice."

Conditions in the northwestern counties of North Dakota, the governor said, have reached the proportions of disaster. Some 9,000 families, or 45,000 men, women, and children, in the 15 counties of this area, have lived on relief during the winter.

CITES DROUGHT PRODUCTION

Governor Shafer outlined the wheat production of his State: In 1928, 155,000,000 bushels; 99,000,000 bushels in 1929; 108,000,000 bushels in 1930; and 32,000,000 in 1931—this last the worst drought year in North Dakota's history. Too, weather conditions in 1929 and 1930 were unfavorable for an average good yield.

Benjamin Larkin, president of the North Dakota Board of Railway Commissioners, said this testimony was designed to show that bad crops were responsible for the grain-revenue declines of carriers; that what was needed was a good crop and not increased revenue.

"Why should the growers," Larkin asked, "be penalized by higher rates on something over which they had no control?"

RAIL LAWYER PROTESTS

Examiner Arthur Mackley asked Governor Shafer if he believed that inasmuch as the carriers have lost traffic to competition in other commodities, the rates should be hiked on what traffic the carriers still had, such as grain and grain products.

A. B. Enoch, chairman of the carriers' legal counsel, who previously had said the railroads would enter no objection to Governor Shafer's presentation of evidence on the growers' economic distress, jumped up in protest of this question. He contended that inasmuch as the governor said he was not qualified to discuss rates, this question was improper.

The examiner withdrew the question.

Mr. President, notwithstanding the deplorable situation of agriculture, and despite the fact that last month both wheat and corn were less than one-half the price of these cereals, as an average during the month of April, from 1909 to 1914, the railroads are contending for an increase, compared with the rates of that period, up to 44 per cent per bushel in the case of wheat and 46 per cent per bushel in the case of corn, from such a point in the wheat-and-corn region of the Middle West as Grand Island, Nebr., situated near the center of the State.

I call attention to the following table:

Freight rates on wheat and corn from Grand Island, Nebr., to Chicago, from 1914 to February 20, 1932, as reported by Interstate Commerce Commission

Year	Wheat		Rate index numbers	Corn		Rate index numbers
	100 pounds	Bushel		100 pounds	Bushel	
Jan. 1, 1914	25.6	15.4	100	22.9	13.74	100
June 25, 1918	31.5	18.9	123	31.5	18.9	137
Feb. 24, 1920	31.5	18.9	123	31.5	18.9	137
Apr. 16, 1920	35.5	21.3	138	31.5	18.9	137

Freight rates on wheat and corn from Grand Island, Nebr., to Chicago, from 1914 to February 20, 1932, as reported by Interstate Commerce Commission—Continued

Year	Wheat		Rate index numbers	Corn		Rate index numbers
	100 pounds	Bushel		100 pounds	Bushel	
May 20, 1920	31.5	18.9	123	31.5	18.9	137
Aug. 25, 1920	42.5	25.5	166	42.5	25.5	185
Nov. 22, 1920	43.0	25.8	168	43.0	25.8	187
Jan. 2, 1922	37.5	22.5	146	34.0	20.4	148
June 1, 1922	37.0	22.2	144	33.5	20.1	146
Aug. 1, 1931	28.0	16.8	109.3	28.0	16.8	122
Feb. 20, 1932	37.0	22.2	144	33.5	20.1	146
Proposed 10 per cent increase on wheat	40.7	24.4	158.4			
Proposed 20 per cent increase on corn				40.2	24.12	175.2

What does this all mean? It means that in the pre-war period referred to it was necessary for a farmer in that section of Nebraska to pay the railroads 15.4 cents to get a bushel of wheat to the Chicago market. His net return for that bushel of wheat was about 90 cents.

How much wheat was it necessary for the farmer to ship to Chicago last month to net 90 cents? Not 1 bushel, but 2 bushels. Therefore, to net the farmer last month in Grand Island 90 cents from the sale of wheat it was necessary for him to pay the railroads not 15.4 cents but 44.4 cents.

In the case of corn, during April of the pre-war period the farmer received, as an average, 49 cents as a net return from shipping a bushel of corn to the Chicago market. For the transportation service on this corn the farmer was compelled to pay at that time 13¾ cents per bushel. But last month, that the farmer might net 49 cents from the sale of corn in Chicago, it was necessary for him to pay the railroads not 13¾ cents but 40.2 cents.

Notwithstanding these facts, Mr. President, the railroads are contending for an increase of 10 per cent in the present freight rate in the case of wheat and 20 per cent in the case of corn.

Why is this? It is because the strong arm of the Government is extended to protect the railroads, though they are monopolies. The rates are fixed; they are fixed by decree of Congress. But what about agriculture? Congress has failed to do anything to give a corresponding protection to agriculture; and what is the consequence? To net the farmer 90 cents, shipping wheat from Grand Island to the Chicago market, whereas he paid the railroad 15.4 cents in the period 1909–1914, he must now supply twice the wheat and pay the railroads nearly three times 15.4 cents to net 90 cents. Yet we in Congress have no time for the farmer. This is the fourth bank bill that has been considered at this session of Congress. The moratorium was nothing but a bankers' bill. Then we had the Reconstruction Finance Corporation bill; then the Glass-Steagall bill; and now we have the pending Glass bill under consideration.

Mr. President, it is time we took occasion to think about the farmer and the debtor, not the creditor wholly. There are two classes in this country, generally speaking, creditors and debtors. We have been thinking altogether too much about the creditor. What we ought to do is to give some time and attention to the debtor.

Mr. President, are we to do anything for agriculture? Are we to continue through the remaining portion of the session—and only 30 days are left—without acting for agriculture? There is not a bill pending on the calendar of the House for a constructive measure on behalf of agriculture. There is not a bill pending on the calendar of the Senate of a constructive nature for agriculture.

Mr. SHEPPARD. Mr. President, until the purchasing power of the farmer is restored, can we hope for permanent prosperity?

Mr. HOWELL. Mr. President, the farmers and the other ruralists of this country constitute 44 per cent of our population. The economic fortunes of the ruralists other than the farmer follow that of the farmer's. The farmer's buying power has been decreased one-half, and that means that 44 per cent of our population have but one-half of the pur-

chasing power they formerly had, and until we restore that purchasing power we will not recover from this depression. The whole country is vitally interested. That ought to have been apparent to Congress years ago.

Mr. SHEPPARD. Mr. President, was it not pointed out a number of times by the friends of agriculture, and by the supporters of bills to aid agriculture, that if the purchasing power of the farmer should be permitted to continue in its decline the collapse which we have witnessed was inevitable?

Mr. HOWELL. Congress has had ample warning of what might occur, but we have been thinking about commerce and the mechanical industries rather than about the agricultural industry. I want to emphasize again, we have been giving most of our thought to the creditor and little to the debtor, and the debtor in this country is obligated to-day, taking into account public and private debts, to the extent of $203,000,000,000. With the purchasing power of the debtor where it is to-day, $203,000,000,000 is not the real measure of our indebtedness. It is vastly more.

Mr. President, I urge again that we do something for the farmer before we adjourn. If we do not, what are we going to say to the farmer when we return home?

Mr. COPELAND. Mr. President, will the Senator yield to me?

Mr. HOWELL. I yield.

Mr. COPELAND. I notice the Senator has had a very distinguished convert to his views. I observe that Mr. Owen D. Young yesterday came out for the equalization fee.

Mr. HOWELL. I am not at all surprised that a man who is so familiar with business and with economics as is Mr. Owen D. Young should finally conclude that the equalization-fee plan, which was twice passed by Congress, has in it such merit as to justify the enactment of such a measure for the rescue of agriculture. This we must do before we leave Washington in June.

Mr. COPELAND. Mr. President, if two Presidents of the United States had taken the same view of the economic soundness of the equalization fee, we might have had that law in operation, and this calamity would have been averted. I was delighted to see Mr. Young take that view, because, as the Senator knows, I personally have always supported the equalization fee, and have believed it was economically sound, and was the only way, in my vision, which made possible revival of agricultural prosperity. I sincerely hope the Senator will succeed in getting a favorable recommendation upon his bill, in order that the spirit of the Senate may be tested, to see whether or not there is here a genuine interest on behalf of the farmer.

Mr. HOWELL. Mr. President, it is a fact that I have introduced a bill, which I think would at least prove a consolation prize to the farmer. Yet I have an open mind. What I want to see done is something of a constructive character, and I am not insisting upon my plan. I do not merely want to see something done of such character, but I also want something done that will aid industry generally. Therefore upon several occasions I have raised my voice in behalf of the Goldsborough bill, a measure which has the approval of the leading economists of this country. I have not been pleading merely for agriculture alone but for the Nation at large. All must rise from this depression together.

EASEMENT FOR RAILROAD RIGHT OF WAY, POTTER COUNTY, TEX.

Mr. SHEPPARD. Mr. President, I ask unanimous consent for the present consideration of Calendar No. 677, the bill (S. 4576) to authorize the Secretary of Commerce to grant an easement for a railroad right of way over and upon a portion of the helium gas bearing lands of the United States of America, in Potter County, in the State of Texas. The easement involves about 14 acres, for which the company is to pay the amount recommended by the Department of Commerce. The bill is approved by the entire committee and ought to pass immediately if it is to become law at this session.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Texas?

Mr. McNARY. Mr. President, while I generally oppose the practice of taking up matters on the calendar outside of the regular calendar hour, I have examined the bill in question and see the emergency, and therefore have no objection.

Mr. SHEPPARD. I thank the Senator.

There being no objection, the bill was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the Secretary of Commerce be, and he is hereby, authorized and directed to grant and convey to North Plains & Santa Fe Railway Co., a railroad corporation organized and existing under and by virtue of the laws of the State of Texas, its successors and assigns, an easement for railroad purposes over and upon the following-described property, being a part of certain helium gas bearing lands heretofore acquired by the United States of America, to wit: A strip of land 400 feet wide lying 200 feet each side of the center line of the main track of the North Plains & Sante Fe Railway Co. as said main track is now located and constructed over that part of survey No. 35, G. & M. survey block No. 5, conveyed to the United States of America by deed recorded on the 19th day of September, 1931, in volume 227, pages 221 and the following, of the deed records of Potter County, State of Texas, said strip of land containing an area of 13.88 acres, more or less.

SEC. 2. That the grantee shall pay the Government of the United States of America $13.87 per acre for the acreage contained in the right of way hereinbefore described.

SEC. 3. That the grantee, in further consideration for said easement, shall construct fences on each side of the right of way and maintain them in good condition.

SEC. 4. That the grant herein made shall be subject to the rights excepted and reserved to the Humble Oil & Refining Co. by the provisions of that certain warranty deed dated March 6, 1931, executed by said Humble Oil & Refining Co. to the United States of America, recorded September 19, 1931, in volume 227, pages 221 and the following, of the deed records of Potter County, Tex., and that certain working agreement between the Humble Oil & Refining Co. and the United States of America dated March 6, 1931, recorded September 19, 1931, in volume 224, pages 299 and the following, of said deed records.

SEC. 5. That the United States of America, its successors and assigns, shall have the unrestricted and unimpeded right to lay, maintain, inspect, and remove pipe lines for the transportation of oil, gas, and water, and lines for power and telephone, across said right of way at any and all times, and shall have the right to drill and operate oil and gas wells on said right of way at any location selected by the United States of America, its successors and assigns, except that while railroad tracks are actually in use thereon no well shall be drilled so close as to interfere with the operation of trains across said tracks; also that the grantee shall not unduly and unnecessarily interfere with the United States of America, its successors and assigns, in its use of said right of way.

RECESS

Mr. McNARY. I move that the Senate take a recess until 12 o'clock noon to-morrow.

The motion was agreed to; and the Senate (at 5 o'clock p. m.) took a recess until to-morrow, Thursday, May 12, 1932, at 12 o'clock meridian.

HOUSE OF REPRESENTATIVES

WEDNESDAY, MAY 11, 1932

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

Again, Blessed Lord, Thou hast not forgotten to be good and merciful unto us, hence we are prompted to repentance and faith; forgive our sins and help us along in hope and effort. In the performance of all our duties keep us free from misconceptions and misdirections; guard us against mistaken methods and ends. By Thy most holy Word and by the promises of the World's Redeemer let there be inspired in us high character and heroic service. Thou dost unerringly recognize the great soul in the smallest act, and in time Thou wilt crown it beyond the most glowing dream. Our Heavenly Father, we thank Thee. Amen.

The Journal of the proceedings of yesterday was read and approved.

CORRECT THE SPELLING OF THE NAME OF THE ISLAND OF PORTO RICO

The SPEAKER. This is Calendar Wednesday, and the Clerk will call the committees.

The Clerk called the committees; and when the Committee on Insular Affairs was called,

Mr. WILLIAMS of Texas. Mr. Speaker, I call up House Joint Resolution 149, to correct the spelling of the name of the island of Porto Rico.

The SPEAKER. The gentleman from Texas calls up a resolution, of which the Clerk will read the title.

The Clerk read the title, as follows:

House Joint Resolution 149, to correct the spelling of the name of the island of Porto Rico.

Mr. WILLIAMS of Texas. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of House Joint Resolution 149.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union, with Mr. BROWNING in the chair.

The CHAIRMAN. The Clerk will report the joint resolution.

Mr. WILLIAMS of Texas. Mr. Chairman, I ask unanimous consent that the first reading of the joint resolution be dispensed with.

Mr. JOHNSON of Washington. This is an important joint resolution, Mr. Chairman, and I object.

The Clerk read the joint resolution, as follows:

Whereas in accordance with all historical data relative to the discovery and colonization of the island known as "Porto Rico" the original name given thereto by its discoverer, and consecrated in the royal orders of the colonizing nation, was Isla de San Juan; and

Whereas the first city found on Porto Rican soil, and denominated Villa de Caparra, was given the name of Ciudad de Puertorrico; and

Whereas subsequently, and by virtue of the transfer of the old Ciudad de Puertorrico to the site now occupied by the capital city, the aforesaid names of San Juan and Puertorrico became the exclusive patrimony of such city and island, respectively; and

Whereas the history and traditions of the people have since then sustained and consecrated the name of Puerto Rico, given to such island, as its sole name; and

Whereas immediately following the change of sovereignty which took place in the island, the Congress, without justifying reasons, gave the island the name of "Porto Rico"; and

Whereas the aforesaid name of "Porto Rico" is an impure idiomatic compound partly formed of the word "porto," which, although of Latin origin, has not yet been adopted into the language of the island, but is here used illegitimately as a substitute for the word "puerto," genuinely Spanish, although no license, reasons of diction, or advantages of euphony exist to warrant such substitution; and

Whereas there are no reasons either in the history, the language, or the traditions of the people of the island which support the use of the term "porto" as a part of the name of the island: Therefore be it

Resolved, etc., That from and after the passage of this resolution the island designated "Porto Rico" in the act entitled "An act to provide a civil government for Porto Rico, and for other purposes," approved March 2, 1917, as amended, shall be known and designated as "Puerto Rico." All laws, regulations, and public documents and records of the United States in which such island is designated or referred to under the name of "Porto Rico" shall be held to refer to such island under and by the name of "Puerto Rico."

Mr. STAFFORD. Mr. Chairman, if the gentleman from Texas does not wish to proceed, I ask for recognition.

The CHAIRMAN. Is the gentleman opposed to the joint resolution?

Mr. STAFFORD. I am.

The CHAIRMAN. Is any member of the committee opposed to the joint resolution? If not, the Chair will recognize the gentleman from Wisconsin for one hour.

Mr. STAFFORD. Mr. Chairman, I yield 10 minutes to the gentleman from Virginia [Mr. WOODRUM].

Mr. WOODRUM. Mr. Chairman, I ask unanimous consent to proceed out of order.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. WOODRUM. Mr. Chairman, I ask unanimous consent to revise and extend my remarks and include therein a few parallel paragraphs from an address delivered by the gentleman from Texas [Mr. BUCHANAN], delivered in debate on the independent offices appropriation bill.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. WOODRUM. Mr. Chairman, when the independent offices appropriation bill was before the House for consideration, Members will recall that there was quite an interesting little scrap over the item of some $880,000 for the Federal Farm Board. My colleague, the distinguished gentleman from Texas [Mr. BUCHANAN], himself a member of the Appropriations Committee, led the fight in an effort to put back into the appropriation bill $880,000 for the Farm Board which had been taken out.

Mr. SUMMERS of Washington. Will the gentleman yield?

Mr. WOODRUM. I yield.

Mr. SUMMERS of Washington. I think the gentleman's colleague is not here, but the amount was $380,000, instead of $880,000.

Mr. WOODRUM. The gentleman from Washington is correct. When the gentleman from Texas addressed the committee on the 8th of April, apparently he was laboring under a good deal of excitement, and he made some remarks about the chairman of the subcommittee that did not sound exactly right, but under the heat and stress of battle, I thought my distinguished friend would have the good taste and tact to take those offensive remarks out of his speech if and when he put the speech in the RECORD.

When he put that speech in the RECORD, this is what he said:

Now, gentlemen, I want to call your attention to a few comments which my colleague, Mr. WOODRUM, made in his address. You know, I was never more surprised in my life than I was in my colleague, Mr. WOODRUM. Judging from his ministerial face and affidavit voice, I was surprised at the violent language used by him and his misrepresentations of the facts.

Of course, I do not care anything about what my friend said in the heat of battle, but I was disappointed that he thought about it for a month and then put it into the RECORD. The gentleman goes on to say that sooner than take the position that I took in fighting the Farm Board's appropriation on that occasion, he would retire from Congress. Of course, we would hate to see the gentleman do that, but I always regret to see a Member take the floor in debate, or take any position, in which he undertakes to make slurring remarks about his colleagues and at the same time holds himself up as the acme of perfection and intellectual honesty and integrity. I do not know about my ministerial face or my affidavit voice, but I did try as best I could on that occasion to lead my erring friend back into the paths of legislative righteousness, though to no avail. However, the House, in its good judgment, vindicated my position. I was fighting on the floor of this House for economy and the attitude of the cooperative associations, the Grain Stabilization Corporation and the American Cotton Cooperative Association, in racketeering—and I repeat the term I used then—at the expense of the American farmer, by paying outrageous salaries to their employees. I showed in my remarks on April 6 that 10 employees of these organizations average $34,000 each as salaries. I do not know whether they were taking it out of the Treasury of the United States, or taking it out of the pockets of the farmers, but wherever it comes from, I said then and I say now, it is unconscionable, and Congress ought to correct it.

But, Mr. Chairman, when my friend charges me with misrepresenting facts, he makes a rather serious charge. And while we are speaking of misrepresentations, I know the House and the country will be interested to have the distinguished gentleman explain, if he can explain, how it happens that his speech is in portions practically verbatim, column for column, word for word, with the speech that was put into the RECORD by the distinguished gentleman from New York [Mr. LAGUARDIA], who also addressed the committee when it was considering this bill on the 8th of April. The integrity of the CONGRESSIONAL RECORD is a matter that should receive the careful consideration of this Congress, and while there are certain latitudes that Members have a right to indulge in in revising and extending remarks made upon the floor, I have never understood that a man had

the right to deliberately appropriate the language of another and insert it in the RECORD as his own speech, without giving credit to whomever was the author of the language. Yet we find that remarkable situation. I have here two speeches, set paragraph to paragraph, in parallel columns, which I shall insert in the RECORD under leave heretofore granted. Mark you, both of these speeches are supposed to have been delivered on the 8th of April by these two gentlemen. This document I hold in my hand is not the entire speech of either gentleman, but I have deleted from their speeches those sentences and paragraphs which are identical and which show upon their face beyond any possible controversy that they are identical language and that they came from the pen of the same author. Mark also the fact that they are not put in as quotations, but put in as the language of the gentlemen and supposed to have been delivered on the floor on the same day. I find the distinguished gentleman from New York [Mr. LAGUARDIA] saying (p. 7796):

This country is committed, by the passage of the agricultural marketing act, to the policy of Government aid to cooperating marketing associations owned, controlled, and managed by farmers. That was three years ago. The action of this subcommittee reverses the policy of Congress, nullifies the agricultural marketing act, and brings joy and gladness of heart to every cotton and grain gambler in New York, Chicago, Dallas, New Orleans, and elsewhere.

Then I find the gentleman from Texas saying (p. 7781):

Congress committed this country, by the passage of the agricultural marketing act, to the policy of Government aid to cooperative marketing associations, owned, controlled, and managed by farmers. That was three years ago. The action of this subcommittee reverses the policy of Congress, nullifies the agricultural marketing act, and brings joy and gladness to the heart of every cotton and grain gambler in New York and Chicago.

Then I find again that the gentleman from New York [Mr. LAGUARDIA] on page 7796 of the RECORD, says:

Why this discrimination against agriculture in favor of the stock-ticker boys? And that, too, at the very point where agriculture converts its yearly labor into cash through marketing. I challenge a reading, line by line, of the statement of the chairman of the subcommittee, the gentleman from Virginia, and find one solitary statement therein in which this cut of 47 per cent is justified on the ground of economy. His able and broad statement was filled with criticism of the activities of the Federal Farm Board and of cooperative marketing associations in the country.

Now, listen to my friend from Texas [Mr. BUCHANAN] (p. 7782):

Why this discrimination against agriculture? And that, too, at the very point where agriculture converts its yearly labor into cash through marketing. I challenge you to read line by line the statement of the chairman of the subcommittee, the gentleman from Virginia, and find one solitary statement therein in which this cut of 47 per cent is justified on the ground of economy. His able and broad statement is filled with criticism of the activities of the Federal Farm Board and of cooperative marketing associations in this country.

[Laughter.]

Then my friend from New York says, soaring into the very clouds of eloquence (p. 7796):

You may wonder at my interest in this situation. Maybe I am unique in looking beyond my nose and unrolling the curtain of the future and seeing out yonder in the not distant future to the day when organized consumers in great centers like New York and Chicago will be grasping the hands of organized producers throughout the land and wiping out thereby the greatest burden that rests upon the backs of both—the burden of distribution and cost of the manipulation of gamblers.

Then my friend from Texas, in his time, says (p. 7782):

You may wonder at my interest in this situation. Maybe I am unique in looking beyond my nose and unrolling the curtain of the future and seeing out yonder in the distance to the coming of the day when organized consumers in great centers like New York and Chicago will be grasping the hands of organized producers throughout the land and wiping out thereby the greatest burden that rests upon the backs of both—the burden of distribution.

[Laughter.]

Mr. JOHNSON of Washington. Will the gentleman yield?

Mr. WOODRUM. I yield.

Mr. JOHNSON of Washington. I wanted to inquire if the gentleman appeared to be seeing double?

Mr. WOODRUM. It seems so.

Mr. HART. Will the gentleman yield?

Mr. WOODRUM. I yield.

Mr. HART. Does the gentleman recall that I objected to some of the extravagant language that the gentleman from New York was using with reference to these merchants who distributed grain and so forth for the farmer? I did not realize at that time that the language had been furnished to the gentleman by the lobbyists of the Farm Board.

Mr. WOODRUM. Of course I do not know who furnished the language, and that is a matter, I am sure, the Congress and the country will await with a great deal of interest. But I must pass on.

I find the gentleman from New York, on page 7797 of the RECORD, said this:

If cooperative marketing under the agricultural marketing act were not succeeding, the Macedonian cry of one cotton gambler to another would not sound up to heaven, "Help me, Cassius, or I sink!" And who is "me"? The fellow who has ridden the bent backs of cotton farmers of the South and wheat growers of the North and West until the income for over 75 years of such riding has been less than $300 a year for each family. Let us get right on this thing, my colleagues. I stand for the rights of organized labor and have always stood for it. By the same token I stand for the right of agriculture to organize. The right to organize, to exercise the inalienable right to market its own products in its own way in keeping with the intent of the marketing act which Congress passed two years ago.

Then the gentleman from Texas [Mr. BUCHANAN], in that deep, resonant voice of his, says:

If cooperative marketing under the agricultural marketing act were not succeeding, the Macedonian cry of one cotton gambler to another would not sound up to heaven, "Help me, Cassius, or I sink!"—

And so on, to the end of the paragraph. [Laughter.]

Now, Mr. Chairman, this is all more or less in good fun——

Mr. LEAVITT. Will the gentleman yield?

Mr. WOODRUM. I yield.

Mr. LEAVITT. Does the gentleman not think he should place the blame on the bad example set by Al Smith and Franklin Roosevelt in making the same tariff speech? [Laughter.]

Mr. WOODRUM. I was just about to remark on that when my friend interrupted me. Now, I think, seriously, Congress ought to do something about this. It has become so that it is dangerous for a Member to go out in the open market and buy a good speech. [Laughter.]

Mr. PARSONS. Will the gentleman yield?

Mr. WOODRUM. I yield.

Mr. PARSONS. Are they offered at a discount, as much as everything else?

Mr. WOODRUM. I would like to know what these speeches cost, if in fact they were purchased, which, of course, I doubt. But it is dangerous for a man to go out in the open market now and buy a good speech and read it and in his mind's eye picture how his constituents will thrill with ecstasy and pride when they see how their able and eloquent Congressman has risen to the heights of logic and forceful argument in defense of their interest, when on the next page he may pick up the same speech by some other Member. [Laughter.]

I think we really ought to take cognizance of this fact and try to pass a law. For instance, have some clearing house here so that when we want a good speech we could be sure we would get it fresh and unused and not meet it the next day delivered by some other Member of the House of Representatives. These gentlemen are both useful Members of this House, and I hope that our good friends who have waxed so eloquent, though used such bad judgment, when election time comes will not find themselves, one up in New York and the other down in Texas, hollering "Help me Cassius, or I sink!" [Laughter and applause.]

A parallel comparison of portions of addresses delivered, or supposed to have been delivered, in the House of Representatives on April 8, 1932, by Hon. JAMES P. BUCHANAN and Hon.

F. H. LAGUARDIA, respectively. This does not purport to be the entire speech of either gentleman.

(P. 7781.) H. R. 10022. Speech of Hon. JAMES P. BUCHANAN, of Texas, in the House of Representatives, Friday, April 8, 1932.

The House in Committee of the Whole House on the state of the Union had under consideration the bill H. R. 10022, the independent offices appropriation bill.

* * * * *

Congress committed this country, by the passage of the agricultural marketing act, to the policy of Government aid to cooperative-marketing associations owned, controlled, and managed by farmers. That was three years ago. The action of this subcommittee reverses the policy of Congress, nullifies the agricultural marketing act, and brings joy and gladness of heart to every cotton and grain gambler in New York and Chicago.

The Budget estimate for the work of the Federal Farm Board, carrying out the mandate of Congress under the marketing act, was $1,880,000. This subcommittee has cut that estimate $880,000, or approximately 47 per cent, while there is no other item in the independent offices bill, covering 56 measures and dozens of items, where the cut has been above 20 per cent.

* * * * *

(P. 7782.) Why this discrimination against agriculture? And that, too, is the very point where agriculture converts its yearly labor into cash through marketing. I challenge you to read line by line the statement of the chairman of the subcommittee, the gentleman from Virginia, and find one solitary statement therein in which this cut of 47 per cent is justified on the grounds of economy. His able and broad statement was filled with criticism of the activities of the Federal Farm Board and of cooperative-marketing associations in the country. There is not a word said about economy in that remarkable presentation.

* * * * *

You may wonder at my interest in this situation. Maybe I am unique in looking beyond my nose and unrolling the curtain of the future and seeing out yonder in the distance to the coming of the day when organized consumers in great centers like New York and Chicago will be grasping the hands of organized producers throughout the land and wiping out thereby the greatest burden that rests upon the backs of both—the burden of distribution. That accounts for my interest in this matter; I am talking for these people as well as for farmers. The consumer has a vital and direct interest in agriculture; agriculture has a direct and vital interest in the consumer. They are just as interdependent as any two forces in our economic system can be interdependent.

(P. 7796.) H. R. 10022. Speech of Hon. FIORELLO H. LAGUARDIA, of New York, in the House of Representatives, Friday, April 8, 1932.

The House in Committee of the Whole House on the state of the Union had under consideration the bill H. R. 10022, the independent offices appropriation bill.

This country is committed, by the passage of the agricultural marketing act, to the policy of Government aid to cooperative marketing associations owned, controlled, and managed by farmers. That passed three years ago. The action of this subcommittee reverses the policy of Congress, nullifies the agricultural marketing act, and brings joy and gladness of heart to every cotton and grain gambler in New York, Chicago, Dallas, New Orleans, and elsewhere.

The Budget estimate for the work of the Federal Farm Board, carrying out the mandate of Congress under the marketing act, was $1,880,000. This subcommittee has cut that estimate $880,000, or approximately 47 per cent, while there is no other item in the independent offices bill, covering 56 pages and dozens of items, where the cut has been above 5 or 6 per cent.

Why this discrimination against agriculture in favor of the stock-ticker boys? And that, too, at the very point where agriculture converts its yearly labor into cash through marketing. I challenge a reading, line by line, of the statement of the chairman of the subcommittee, the gentleman from Virginia, to find one solitary statement therein in which this cut of 47 per cent is justified on the grounds of economy. His able and broad statement was filled with criticism of the activities of the Federal Farm Board and of cooperative-marketing associations in the country. There is not a word said about economy in that remarkable presentation.

You may wonder at my interest in this situation. Maybe I am unique in looking beyond my nose and unrolling the curtain of the future and seeing out yonder in the not-distant future to the day when organized consumers in great centers like New York and Chicago will be grasping the hands of organized producers throughout the land and wiping out thereby the greatest burden that rests upon the backs of both—the burden of distribution and the cost of the manipulation of gamblers. That accounts for my interest in this matter; I am talking for these people. The consumer has a vital and direct interest in agriculture; agriculture has a direct and vital interest in the consumer. They are just as interdependent as any two forces in our economic system can be interdependent. That representative of the consumer in this body who fails to recognize this fact is failing to measure to the high standards of statesmanship which the country demands so much in these distressing times.

(Page 7782.) But if I had no interest in these matters, if I were thoroughly indifferent to the interests of my own constituents in this item, there is another reason why I would support a decent portion of the amount which this subcommittee has indecently cut from the estimates of the Budget. I agree with Elbert Hubbard, who says, "I judge the character of an institution by the enemies it makes." Who are the enemies of cooperative marketing among farmers in this country? Every farm organization is supporting the efforts of the Federal Farm Board. The American Farm Bureau Federation, the Farmers' Union, the National Grange, the National Committee of Farm Organizations, and all cooperative associations, whether or not they have been aided by the Farm Board, are unanimous in their support of my amendment to the Appropriations Committee report.

* * * * *

(Page 7783.) When you have a farm relief act which has such great potentialities in it for the benefit of the farmers and our country, do not try to destroy it because of a little carbuncle on its neck. Cut out the carbuncle by amending the act.

I say without hesitation or fear of contradiction—the private marketing agencies—the American Cotton Shippers Association, with a membership of only 800, and their allied interests, who have sucked the blood of southern farmers ever since Eli Whitney invented the cotton gin on the back porch of the widow of Gen. Nathanael Greene; the grain trade, the speculator and gambler in foods and clothing; the New York and New Orleans Cotton Exchanges; the Chicago Grain Exchange—are the forces who are fighting this act and who are in favor of allowing the work of the subcommittee to stand unamended, because they know that it injures cooperative marketing in this country. To destroy the Farm Board would set the wheels of agricultural progress back a half century.

* * * * *

(P. 7784.) In my experience of 20 years on the floor of the House this is the boldest attempt which paid propaganda has ever undertaken to influence congressional action. As far as I am concerned, if there were no other reasons to move me, I would find myself fighting under the flag of the organized cooperative farmers of America rather than under the black flag of the slushers whose well-marked trail I have pointed out to you in this speech. Under whose flag are you going to stand? The issue is clear-cut and unmistakable.

Why are they fighting this act? They say that cooperative marketing has not succeeded. They convict themselves of misrepresentation in their own testimony. They know cooperative

(Page 7796.) But if I had no interest in these matters, if I were thoroughly indifferent to the interests of my own constituents in this item, there is another reason why I would support the efforts of the gentleman from Texas [Mr. BUCHANAN] to restore a decent portion of the amount which this subcommittee has indecently cut from the estimates of the Budget. I agree with Elbert Hubbard, who says, "I judge the character of an institution by the enemies it makes." Who are the enemies of the cooperative marketing among farmers in this country? Every farm organization is supporting the efforts of the gentleman from Texas to treat the Federal Farm Board and its activities decently. The American Farm Bureau Federation, the Farmers' Union, the National Grange, the National Committee of Farm Organizations, and all cooperative associations, whether or not they have been aided by the Farm Board, are unanimous in their suport of the efforts of the gentleman from Texas. Who is against them? I say witnout hesitation or fear of contradiction—the private marketing agencies.

The American Cotton Shippers' Association, with a membership of 800 only, who have sucked the blood of southern farmers ever since Eli Whitney invented the cotton gin on the back porch of the widow of Gen. Nathanael Greene; the grain trade; the speculator and gambler in foods and clothing; the New York and New Orleans Cotton Exchanges; the Chicago Grain Exchange—these are the forces who are fighting this act and who are in favor of allowing the work of the subcommittee to stand unamended, because they know (p. 9906) that it kills cooperative marketing in this country. It sets the wheels of agricultural progress back a half century. And what are their methods? That is what gets me. I invite your attention to pages 393 and 394 of the hearings before the Committee on Agriculture and Forestry, United States Senate, this Congress, on November 24, 25, 27, and 28, 1931.

(P. 7796.) In my experience of 14 years on the floor of the House this is the boldest attempt which paid propaganda has ever undertaken to influence congressional action. As far as I am concerned, if there were no other reasons to move me, I would find myself fighting under the flag of the organized cooperative farmers of America rather than under the black flag of the slushers whose well-marked trail I have pointed out to you in this public document. Under whose flag are you going to stand? The issue is clear-cut and unmistakable.

Why are they fighting this act? They say that cooperative marketing has not succeeded. They convict themselves of lying in their own testimony. They know cooperative marketing is

marketing is succeeding, and that is why they want to beat it, strangle it, hamstring it. Am I justified in making this statement? Let me read from the telegram:

"We feel that our existence is at stake and that something must be done immediately, and will be if we have the moral [God forbid—'moral!'] and financial support of the cotton trade."

Why are they trying to beat this act, to hamstring it? There is the answer to it: "Our existence is at stake." Why is it at stake? Because cooperative marketing has made more progress since the agricultural marketing act was passed in 1929 and the Government put its seal upon it than it had made in 50 years previously. If cooperative marketing under the agricultural marketing act were not succeeding, the Macedonian cry of one cotton gambler to another would not sound up to heaven—"Help me, Cassius, or I sink!" And who is "me"? The net fellow who has ridden the bent backs of cotton farmers of the South until his income for over 75 years of such riding has been less than $300 a year for each family. Let us get right on this thing, my colleagues. I stand for the rights of free-born American citizens to protect themselves against organized greed, and have always stood for them. By the same token I stand for the right of agriculture to organize. The right to organize, to exercise the inalienable right to market its own products for its own benefit in its own God-given way!

(P. 7784.) How were they going to influence Congress? What are their methods? What was the language just read by me? Is there anything written between the lines that we can see? Are there hidden, devious ways of obtaining congressional or legislative action? If so, I would like to drag them out, let the rays of a noonday sun shine upon them that we might see them and honest men in every calling pass judgment thereon.

I want to call your attention to the language in the telegram which I have just read:

"In addition to this amount, $100,000, the firms of Clayton and McFadden will be solicited direct."

Who are the firms of Clayton and McFadden? They are the two biggest cotton firms in the world. Mr. Clayton is regarded as the greatest cotton man in the world. And why did not they allot him a certain amount of this fund as his contribution to this assessment of $100,000, as they allotted $10,000 to Dallas, $10,000 to Houston, $10,000 to Memphis? There is a nigger in the woodpile here, and I want to see it. This telegram means this: That you little pikers in Memphis and Houston and Dallas and Savannah have got to raise a minimum of $100,000, and if that does not do the job of repealing this act, then Clayton and McFadden will put up the difference.

succeeding and that is why they want to beat it, strangle it, hamstring it. Am I justified in making this statement? Let me read from the telegram:

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Why is it at stake? Because cooperative marketing has made more progress since the agricultural marketing act was passed in 1929 and the Government put its seal upon it than it had made in 50 years previously.

If cooperative marketing under the agricultural marketing act were not succeeding, the Macedonian cry of one cotton gambler to another would not sound up to heaven, "Help me, Cassius, or I sink!" And who is "me"? The fellow who has ridden the bent backs of cotton farmers of the South and wheat growers of the North and West until the income for over 75 years of such riding has been less than $300 a year for each family. Let us get right on this thing, my colleagues. I stand for the rights of organized labor and have always stood for them. By the same token I stand for the right of agriculture to organize. The right to organize, to exercise the inalienable right to market its own products in its own way in keeping with the intent of the marketing act which Congress passed two years ago.

(P. 7796.) How were they going to influence Congress? What are their methods? What was the language just read by me? Is there anything written between the lines? Are there hidden, devious ways of obtaining congressional or legislative action? If so, I would like to drag them out, let the sun shine upon them that they might see them in their filth and sliminess.

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Who is the firm of Clayton & McFadden? It is the biggest cotton firm in the world. The head of it, Mr. Clayton, is regarded as the greatest cotton man in the world. And why did not they allot him a certain amount of this fund as his contribution to this assessment of $100,000 as they allotted $10,000 to Dallas, $10,000 to Houston, $10,000 to Memphis? There is a joker somewhere, and I want to find it. This telegram means this: That the little pikers in Memphis and Houston and Dallas and Savannah have got to raise a minimum of $100,000, and if that does not do the job of repealing this act, then Clayton & McFadden Co. will put up the difference, and the sky is the limit.

Mr. STAFFORD. Mr. Chairman, I yield five minutes to the gentleman from Illinois [Mr. BRITTEN].

Mr. BRITTEN. Mr. Chairman, I ask unanimous consent that I may proceed out of order, and I will not take more than three minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Illinois?

Mr. PARKS. Mr. Chairman, reserving the right to object——

The CHAIRMAN. As the Chair understands, it is a matter of privilege that the gentleman from Illinois wishes to discuss.

Mr. PARKS. I did not intend to object, but I wanted to know if we were going to take an hour with reference to changing the name of Porto Rico?

The CHAIRMAN. Is there objection to the request of the gentleman from Illinois?

There was no objection.

Mr. BRITTEN. Mr. Chairman, I want to call to the attention of the House a point which I consider of very, very high personal privilege, and I want to read to the Members of the House an extract from the CONGRESSIONAL RECORD which lies on our desks this morning, which impugns the honesty of purpose of every Member of this House. I think it is uncalled for. I do not think it was deliberately done on the other side of the Capitol, but nevertheless it has been done, and I think it should be called to the attention of the House, and I think a clarifying statement should come from the distinguished Senator who made the statement printed on page 9897 of yesterday's CONGRESSIONAL RECORD.

Mr. BLANTON. Mr. Chairman, I make a point of order. I am sure, knowing my friend as I do, that I would probably agree with him entirely in his contention, and in resenting an insult to any Member, but, regardless of what any Member of some other body has done with reference to alleged actions of any Member of this body, in order to preserve the friendliness and the amity and the comity that exist, and should exist between the two Houses of Congress, it has always been the rule that no criticism or censure could be made from this floor concerning any Member of the body in the other end of the Capitol. While what the gentleman is about to say probably may be deserved, we must observe the rules and follow the wise precedents of the House.

Mr. BRITTEN. Mr. Chairman, I will not refer specifically to any Member in another body.

Mr. BLANTON. But the gentleman said that a retraction should come from the Senator.

Mr. O'CONNOR. Mr. Chairman, may I be heard on the point of order? The article to which the gentleman is about to refer also appeared in the newspapers this morning.

Mr. BRITTEN. Oh, yes. All the newspapers.

Mr. BLANTON. Mr. Chairman, my point of order is that it is against the House rules and precedents and is not going to bring about any better situation between the two bodies, who must continue to transact business with each other, if such criticisms are to be made upon this floor. I make the point of order, Mr. Chairman, that the gentleman from Illinois has no right to refer to any statement that appears in the CONGRESSIONAL RECORD from any Senator in the other body in this Capitol.

Mr. UNDERHILL. Mr. Chairman, there is no rule that prevents a Member from reading from the RECORD any matter published therein.

The CHAIRMAN. The Chair would call attention to a ruling made by Mr. Speaker Longworth on May 6, 1930—RECORD, pages 8453–8456—in which he said:

> A Member of the House may not reflect in any way in debate on the floor of the House on the actions, speeches, or proceedings of a Senator, or of the Senate itself.

The Chair is inclined to hold that the matter the gentleman from Illinois [Mr. BRITTEN] refers to comes under that ruling, and it would not be in order to discuss on the floor of the House a speech made in the Senate.

Mr. UNDERHILL. Mr. Chairman, does that prevent a Member from reading from the RECORD matter which may be published therein by the Senate?

The CHAIRMAN. The Chair thinks it does. It is commenting on a speech made in the Senate, and the Chair thinks the ruling of Mr. Speaker Longworth should be followed.

Mr. BRITTEN. Mr. Chairman, I will modify my position to say that I want to quote something from the newspapers that has nothing whatever to do with the CONGRESSIONAL RECORD, except in so far as it may be more or less like matter appearing in the CONGRESSIONAL RECORD.

The CHAIRMAN. The Chair thinks that if it is in reference to a speech made in the Senate the same ruling would apply.

Mr. PARKS. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. PARKS. If a Member in another body calls a Member of this House a thief, do the rules forbid the Members of this House from referring to that speech, though it be made in the other body?

The CHAIRMAN. The Chair is of that opinion.

Mr. BLANTON. In that situation the gentleman could call him to account when they met.

Mr. DYER. Mr. Chairman, under the rules of the House we have the right to move to expunge from the RECORD statements made by a Senator criticizing Members of the House.

Mr. BLANTON. No; I make a point of order against that. The House has no control whatever over any matter that any Senator inserts in the RECORD as a part of the Senate proceeding, and the matter could be reviewed only by action of the Joint Committee on Printing, or by a joint resolution.

The CHAIRMAN. The House has no control over the proceedings of the Senate or what they put in the RECORD.

Mr. SCHAFER. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. SCHAFER. Is it the rule that a Member of the other body may on the floor of that body accuse every Member of the House of accepting bribes on legislation pending in the House and the Members of the House have no authority and no right to call to the attention of the country and of the other body that serious charge and ask for proof? If that be so, we might as well abolish the House of Representatives and let the Senate do all the legislating.

The CHAIRMAN. The Chair thinks the decision made by Mr. Speaker Longworth applies to such a case.

Mr. BRITTEN. Very well, Mr. Chairman; I will proceed in order.

Mr. GREEN. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. GREEN. In that connection, Mr. Chairman, a few days ago in the CONGRESSIONAL RECORD there was a long statement inserted in an extension of remarks by a Member of the other body in which some doctor diagnosed the mental ability of the Members of the House and Senate and determined the weight of the brain of the Senate and the weight of the brain of the House on the average, and, of course, being put in on the other side, it showed them far superior. I wonder if that is subject to a point of order?

Mr. DYER. Mr. Chairman, I demand the regular order.

The CHAIRMAN. The regular order is the gentleman from Illinois is recognized to proceed in order.

Mr. BRITTEN. Mr. Chairman——

Mr. UNDERHILL. Mr. Chairman, I think this is a question that ought to be settled. Mr. Chairman, under a parliamentary inquiry, I understood the Chair to rule that a Member of the House was not allowed to quote from the RECORD, which is the official document of the proceedings of Congress. If that be so, we might as well abolish the RECORD. It seems to me that any Member of the House or Senate has a perfect right to quote verbatim from the RECORD. Consequently I would like to have a ruling from the Chair in order that this point may be determined at this time.

The CHAIRMAN. Permit the Chair to read the opinion of Mr. Speaker Longworth on which the Chair relied when he made his ruling:

> The question raised by the gentleman from New York is whether a Member may reflect in any way on the floor of the House against the actions, speeches, or proceedings of another Member or of the body itself.
>
> To put it in another way, Shall the House, notwithstanding any adverse action by the other body, adhere to the provisions laid down in Jefferson's Manual, which have always governed?
>
> The answer of the Chair is emphatically "Yes." Indeed, it appears to the Chair that it has become all the more necessary, if the rules of comity between the two Houses are to be at all preserved, that Members of the House should be limited even more rigidly than ever by Jefferson's rules prohibiting reference in terms of the slightest disparagement of the remarks or actions of Members or any of the proceedings of the other body.
>
> If no rules of comity are to be followed in either House, then legislation may become chaos, indeed.
>
> In conclusion the Chair will say that so long as he remains Presiding Officer of this body he will see to it that the rules of Jefferson's Manual, in so far as they apply to the friendly relations between the Members of the two Houses and the Houses themselves, shall be enforced with the utmost rigidity, not only in the letter but in the spirit.

Mr. BRITTEN. Does the Chair hold that under the rules a Member of the House can not read extracts from the CONGRESSIONAL RECORD?

The CHAIRMAN. That was the ruling of Speaker Longworth, and that is the rule until the House changes it.

Mr. BLANTON. If reference had been made to the gentleman from Illinois, he would have the God-given right to rise to a question of privilege. There is the distinction. Whatever reference was made was made to a man who is dead and gone, and the gentleman from Illinois is not privileged to rise and defend some one who is dead and gone.

Mr. MICHENER. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. MICHENER. I think we are all familiar with the rule as laid down by the former Speaker of the House, but permit me to suggest this, that the House has established a precedent in a case where a Senator made some disparaging remarks about a former Member of the House. It was held at that time that a resolution expressing the views of the House might be introduced in the House and acted upon by the House and sent to the Senate. So there is a way, established by precedent, whereby the House may communicate to the Senate its feelings in reference to any observation made on the floor of the Senate concerning a Member of the House or the House as a unit.

Mr. STAFFORD. Will the gentleman yield?

Mr. MICHENER. Yes.

Mr. STAFFORD. Did not the action which the House took in regard to the remarks made by a certain Senator against the gentleman from Michigan, Mr. Cramton, involve the privileges of the House, and would it not be proper, if the House were acting as the House rather than as in the Committee of the Whole, for a Member to rise to a question of the privileges of the House and present a resolution condemning the action of the Senate or a Senator because of aspersions which have been made against this body?

Mr. MICHENER. That is the opinion of the gentleman from Michigan.

Mr. DYER. If the gentleman will permit, we have another precedent in the case of former Senator Reed of my State, when he criticized and attacked former Representative Volstead. We passed a resolution and sent it to the Senate asking that the language be corrected.

The CHAIRMAN. The Chair will observe that under the debate which is in progress now the matter of privilege would not have to be passed on, but in the opinion of the Chair matters that were excluded under Mr. Speaker Longworth's ruling would have to be excluded in debate now, and the gentleman from Illinois can present his matter of privilege to the House but not to the Committee of the Whole.

Mr. BRITTEN. Then does the Chair rule that I am not privileged under the rules of the House to read from the CONGRESSIONAL RECORD?

The CHAIRMAN. The Chair has so held.

Mr. BRITTEN. Then I respectfully appeal from the decision of the Chair.

Mr. BLANTON. Mr. Chairman, pending the appeal, may I ask the gentleman from Illinois a question? I want to ask him if it is not a fact that the word "Congressmen" refers to and embraces Senators as well as Members of the House?

Mr. BRITTEN. No; not in this application.

Mr. BLANTON. The word "Congressmen" has always been a generic term that embraces both Members of the Senate and the House.

The CHAIRMAN. The question is, Shall the decision of the Chair stand as the judgment of the committee?

Mr. BANKHEAD. Mr. Chairman, I shall consume but a few moments of the five minutes allowed me under the rule to discuss the proposition of the appeal made by the gentleman from Illinois from the decision of the Chair. Anyone who is familiar with the rules of the House and their proper application under circumstances like these, by all of the precedents and all of the constructions, must know that in the Committee of the Whole it is not proper to take advantage of the gentleman's position. When we get back into the House the gentleman can well raise the question of privilege by a proper resolution. The Chair has read to the Committee of the Whole House an opinion which was almost a cause célèbre in this House on the matter of parliamentary construction as to the proper relationships of comity between the two Houses of Congress. I remember with a great deal of interest the very elaborate and very learned, and in my opinion very correct, decision of the late Speaker Longworth, excerpts from which have been read by the present occupant of the chair. The present occupant of the chair in his construction of the rules of the House, operating in the Committee of the Whole, is absolutely correct. There can not be any question about that. [Applause.]

Mr. BLANTON. And he is bound by this precedent.

Mr. BANKHEAD. Not only that, but the Chair has ruled in accordance with the wise and well-considered opinion rendered by Speaker Longworth, after long and careful consideration. I appeal to the members of the Committee of the Whole to sustain the Chair, regardless of what the gentleman has in mind.

I am somewhat in sympathy with the gentleman's attitude upon this question, but it seems to me it is a question that involves proper construction of the rules of the House and, in my opinion, the chairman has correctly construed the rule. [Applause.]

Mr. BRITTEN. Mr. Chairman, I will withdraw my appeal from the decision of the Chair, and shall proceed for the five minutes that have been yielded me.

The CHAIRMAN. The gentleman from Illinois is recognized for five minutes, and will proceed in order.

Mr. BRITTEN. Mr. Chairman, the newspapers of the country, through their various press associations, this morning carry a suggestion that Chicago bankers hired Members of Congress to influence legislation in this House, and I say that this is not the truth. [Applause.]

There is not money enough in Chicago to do that. There is not money enough in New York to do that. You can not hire Congressmen to influence legislation. That is not the way legislation is influenced.

I want to read to you an extract from the papers and see if you do not agree with me that something more than what appears in the paper has got to be said in order to take from our shoulders this cloak of dishonesty that does not belong there, and every Member of the House and every member of the press gallery knows it as well as you and I do.

The subject matter before the House some years ago was the McFadden banking bill. It provided for the establishment of branch banks throughout the country. I think this was in 1926, or thereabouts. Many of you will recall that the matter was bitterly fought, and now, at this late day, the language as carried in the newspapers is that Chicago bankers—

Hired a skillful and persuasive professional lobbyist and paid him a large salary to come to Washington.

The papers even went farther and said that Congressmen were hired for pay to influence this legislation. They said, and worse than that, they say the Chicago bankers hired some Congressmen to oppose legislation for branch banking.

Are we going to sit idly by and allow stuff like this to be spread around the country? I do not care who spreads it, he has got to account to me as one Member of this House, and there are four hundred-and-odd others equally as proud of their reputation as I am of mine. [Applause.]

We all know that legislation is not influenced by money, and the men in the press gallery know it as well as we do.

If a lobbyist came here from Chicago in 1926 to influence banking legislation, this is the first time I have heard of it. He did not present himself to me nor do I recall hearing anything about him or his reputed activities. It sounds like a fairy tale to me.

Legislation may be influenced by friendship, by society, by well-written newspaper articles or editorials, if you please, but never by hire of Congressmen, and I resent this broad statement so gratuitously made by a Member of the other branch of Congress.

Mr. SCHAFER rose.

Mr. BRITTEN. I yield to the gentleman from Wisconsin.

Mr. SCHAFER. I just want to be certain that the gentleman is not criticizing newspapermen for correctly reporting a statement made on the floor of a supposedly great legislative body by a politician who holds public office. [Applause.]

Mr. BRITTEN. The gentlemen in the press gallery know that I would not criticize any newspaper. The newspaper is a great business unto itself. It has its own methods for spreading the news and educating the public. Newspapers and magazines are the greatest educators on earth. They certainly mold public sentiment, and that is my principal complaint concerning the remarks made in another body on yesterday. They were carried to all sections of the earth, notwithstanding their unwarranted scandal and error. I find no fault and I have no complaint of the newspapers, but I do object to any individual—I do not care whether he is a Member of the Senate or in the gutters of the streets—if he seriously states that Members of Congress (plural) are hired to influence legislation. It is a deliberate misstatement. [Applause.]

Mr. WILLIAMS of Texas. Mr. Chairman, I yield 10 minutes to the gentleman from Illinois [Mr. PARSONS].

Mr. PARSONS. Mr. Chairman, I ask unanimous consent to include at the close of my remarks a table showing the appropriations for the year 1933.

The CHAIRMAN. Is there objection to the request of the gentleman from Illinois?

There was no objection.

Mr. PARSONS. Mr. Chairman, much has been written and circulated through the press during the past few weeks with reference to appropriations passed by the first session of the Seventy-second Congress. To read the metropolitan newspapers, one is led to believe that the President, the House of Representatives, and the United States Senate have effected little or no economy. The President, in what the newspapers said was an attack on Congress, seems to have forgotten all of the savings made, except what the Bureau of the Budget eliminated in its estimates.

Certain chains of newspapers have been interested in foisting a sales tax upon the American people. Owners of such sheets constitute an insidious lobby, which swarms not only around Congress but around the White House and the country at large, poisoning the minds of the people toward their representatives in Congress, all because Congress defeated the iniquitous sales tax.

The metropolitan press, owned and controlled, in whole or in part, and in many instances largely influenced, by the international banking group and great commercial interests, is doing more to break down the confidence of the people in their Government and prolong the depression than any other agency in the United States to-day. [Applause.]

The reportorial staff in Washington are a high-class set of ladies and gentlemen. I have the highest personal regard for them all. I know they want to be fair and send the truth to the readers of the publications which employ them, but in many instances they are prohibited from doing so because of orders issued by their masters or the dispatch is not printed if it tells the facts. I appeal to their sense of justice, I appeal to the honor and integrity of the owners and chief editors to carry the truth to the people. As an exponent of the rights of free speech and free press, I have a right to criticize the action of the news services for the false and gross misrepresentation of facts on the events that have happened in Congress during the past few weeks.

Sensational and spectacular headlines sell the newspaper and wondrously appeal to popular favor. In seeking to commercialize upon the unfortunate condition of the country the press is indicting itself by a violation of the very spirit of the freedom of the press. How much longer, O Lord, will this sinister influence try to intimidate Congress? How much longer will this same force try to influence and inflame the minds of the people against their Representatives and against their Government? If the practice is continued, just as surely as I stand here there will come a day when the press will be muzzled, because the truth will have been known, and the people as a unit will demand that false and malicious misrepresentation cease; and when that day comes the press of this country will have no one to blame but itself.

By referring to the actual facts with reference to appropriation bills passed by this House of Representatives I call attention to the fact that the appropriations for the year 1931 were $3,750,971,431; for 1932 the appropriations were $3,752,667,053. These appropriations are exclusive of interest and debt settlements and extra appropriations, and involve only the nine major departmental appropriation bills. The appropriations for the fiscal year 1933 as reported to and passed by the House represent a saving of $623,301,222. The Senate has acted on only two of the major supply bills, and it is estimated and expected that that body will further increase savings to an extent of $80,000,000 to $100,000,000. The truth of the matter is that in spite of the President's message, which was wholly misleading and unjustified by the facts, and in spite of the propaganda circulated through the metropolitan press, an unprecedented economy has been and will be effected by the House and the Senate of more than $700,000,000, which the President talked about in his message on May 5. The savings may be even greater.

Mr. ARNOLD. Will the gentleman yield?

Mr. PARSONS. I yield.

Mr. ARNOLD. Does not the gentleman think that the propaganda which the gentleman speaks of is doing more to break down representative government in this country than any other one thing?

Mr. PARSONS. The gentleman is right. I said at the beginning of my remarks that it was doing more to break down the confidence of the people and prolong the depression than anything else.

Mr. ARNOLD. And to break down representative government.

Mr. PARSONS. The gentleman is correct.

The President knew these reductions had been made when his message was written. Furthermore he knew that his advisers had helped to defeat the major item in the economy bill. Some of his spokesmen are seeking to add appropriations to the bill now pending in the House. Consistency where art thou? The language should be changed to "Inconsistency, thou art a jewel." It appears that everyone is in favor of economy except on those items which he wishes to preserve for himself or his friends. That specific criticism was contained in the President's message, and yet we find him and his closest advisers practicing the same thing on Capitol Hill that he criticized Members of Congress for on May 5. [Applause.] I submit it comes with poor grace, even from the highest office in the land, to assassinate the honor and integrity of Members on both sides of the aisle. It reflects upon Republicans as well as Democrats, and I am sure it is resented by every Member of this House.

In addition, the House passed a tax bill which, with the savings mentioned above, will balance the Budget for the fiscal year 1933, if Secretary Mills's figures are accurate. Why did not the press gallery give all these facts to the country when they reported the President's message? Why did not the press tell this to the country when they reported the action of the House on the economy bill? Why did not the headlines tell this to the country alongside of the criticisms which have been heaped upon Congress? Let the press of the country answer. They still have time to redeem themselves in the eyes of the Congress and of the people.

The opportunity is in the hands of the press gallery. I challenge them to rise to the occasion. Let us take the mask of political hypocrisy off the whole proposition and be fair about it. [Applause.]

The table referred to is as follows:

Comparison of appropriations by departments for fiscal years 1931, 1932, and 1933, as passed by the House of Representatives

Department	Appropriations, 1931	Appropriations, 1932	Appropriations, 1933 (as passed by House)	Reduction under 1932
Legislative	$28,840,895	$28,127,386	$20,223,869	$7,903,517
Executive and independent offices	1,120,210,054	1,306,196,777	985,031,431	320,265,346
Agriculture	259,048,791	235,664,694	175,408,814	60,255,880
State, Justice, Commerce, and Labor	128,924,998	139,001,704	124,215,992	14,785,712
Interior	96,742,887	69,342,606	50,446,432	18,896,174
Navy	400,008,100	358,262,123	326,353,459	31,908,664
Post Office and Treasury	1,192,256,593	1,104,586,890	1,059,778,163	44,808,727
War	475,612,495	445,773,235	386,793,861	58,979,374
District of Columbia	49,326,618	45,711,638	39,913,810	5,797,828
Savings in economy bill				42,500,000
Savings effected by Senate on Interior and State Departments				17,200,000
Total	3,750,971,431	3,732,667,053	3,169,065,831	623,301,222
Estimated savings to be made by Senate on other bills				80,000,000
Total				703,301,222

Treasury deficits

1931	$903,000,000
1932	2,600,000,000
1933	1,243,000,000

Mr. STAFFORD. Mr. Chairman, I yield five minutes to the gentleman from Washington [Mr. JOHNSON].

Mr. JOHNSON of Washington. Mr. Chairman, I shall devote myself to the bill under consideration on this Calendar Wednesday. There has been a great struggle for 10 or more years to keep sacred Calendar Wednesday in its place, but with not much success.

Both parties at the beginning of each Congress have assured the membership, and particularly the chairman of the nonprivileged committees—and that means most of them—that Calendar Wednesday would be observed, and would not be set aside. No leader on either side has been able to carry out that well-meant purpose. It is assumed that we are within six or eight weeks of the end of this session. We have canceled in this session several Calendar Wednesdays, and now that we have come to the sixteenth Committee on Insular Affairs, and lo and behold, we are making use of Calendar Wednesday, and have gone into Committee of the Whole for bills called up by the Committee on Insular Affairs, and they have brought up for consideration the absolute irreducible minimum in public legislation—House Joint Resolution 149, a bill to correct the spelling of the name of Porto Rico. [Laughter.] The debate this morning has been fast and furious. Porto Rico has not been mentioned. [Laughter.]

There are in the Committee on Insular Affairs important matters of legislation with reference to Porto Rico and the Virgin Islands that should receive attention of this committee. But we have this bill to correct the spelling of the name of the island of Porto Rico, and there are at least seven "whereases" in the bill. For some reason or other we are going to use up a lot of time and then next

week and the week after that we shall do away with calendar Wednesday, and so on to the end of the session, unless it is decided to kill off one or two Wednesdays with some light-weight bill.

It is now 10 years and 3 months since that committee had one Calendar Wednesday call. That committee now has numerous bills of considerable importance upon the calendar, with no chance of their being reached except by unanimous consent or by rule. Calendar Wednesday is either a good day or it is nothing. It is supposed to be sacred and to guarantee the various nonprivileged committees a chance to be heard. But to-day we have the observance of Calendar Wednesday with this bill on a great, a gigantic problem—a bill providing that the spelling of Porto Rico shall be changed to the Spanish style Puerto Rico.

Mr. WILLIAMS of Texas. Mr. Chairman, will the gentleman yield?

Mr. JOHNSON of Washington. Yes; certainly.

Mr. WILLIAMS of Texas. Let me inform the gentleman from Washington that he did not make the rules of the House, and these bills are here and we are considering them because the chairman of the committee is away.

Mr. JOHNSON of Washington. Nevertheless, I think it is a waste of time.

Mr. WILLIAMS of Texas. Perhaps it is, but is this the only day that the gentleman has ever seen wasted?

Mr. JOHNSON of Washington. I admit that I have and am wasting time in trying to protect each and every Calendar Wednesday. As to Porto Rico, it has been spelled "Porto Rico" for 33 years. The bill will pass, the name will be changed, and I hope that the historians will mark the act as one of the great achievements of the Seventy-second Congress.

The CHAIRMAN. The time of the gentleman from Washington has expired.

Mr. WILLIAMS of Texas. Mr. Chairman, I yield 20 minutes to the gentleman from Texas [Mr. BLANTON].

Mr. BLANTON. Mr. Chairman, I move to amend by striking out the words "exclusive patrimony" and the words "history and traditions of the people," on page 1, of the joint resolution.

Until the last few years the Department of Justice has handled the legal business of the Government of the United States. It has always represented the Government of the United States in legal matters before the courts of the country. When our departments were first created by the fundamental law that brought them into existence they did not have a big legal coterie in them. They got their legal advice from the Department of Justice. They got their opinions on legal matters and were guided by them, from the Department of Justice, and it has only been within the last few years that there has grown up in every department of this Government, in every bureau if you please, a big legal department, with high salaried attorneys procured through the civil service, some of whom would not know how to give a proper opinion on a question of law any more than would a wire-haired terrier.

I put in the RECORD the other day, and I wish you would get it and read it, a list giving names and salaries of 876 lawyers who are drawing big salaries from the Government in the Veterans' Bureau, and out of that 876 there are probably 50 who are real lawyers.

Mr. COLE of Iowa. Are they all lawyers?

Mr. BLANTON. No. They are what I would call "lawyerettes." We must remedy that situation before we adjourn. We must take these 876 lawyers off of the pay roll. We must take off of the pay roll the army of lawyers in the numerous bureaus, and stop this waste. That is what is heading this Government into bankruptcy.

If you will look at the expense account of those 876 lawyers lolling around everywhere on the Veterans' Administration pay roll, see the amounts of money they draw monthly for travel, per diem, and other expenses, in addition to their salary, it will astound you; and they are losing cases all the time for the Government. I think before we adjourn that we ought to separate from that bureau and from all other bureaus in Washington every lawyer now wasting the people's money. We ought to put the control of Veterans' Bureau cases and all of its other legal matters into the hands of the Department of Justice and make it responsible to the country for a proper handling of the Government's legal business.

Mr. LANKFORD of Virginia. I agree with what the gentleman has said, but we are working now on a proposition to cut down the expenses of the Department of Justice. How could they function if we put this increased load on them?

Mr. BLANTON. You could take 5 per cent of the amount of money that these 876 lawyers in the Veterans' Bureau are spending every day, counting their salaries, and give it to the Department of Justice, and you would get better results and more efficiency in behalf of the Government than you are getting now.

Mr. LANKFORD of Virginia. Let us give the Department of Justice the 5 per cent and let them do it.

Mr. BLANTON. And take all of these little fellows away from this bureau and disconnect them and send them back to $1,440 clerkships where they belong, as that was and still is their real capacity; excepting the few fine lawyers in the bureau daily handicapped by the inefficients.

What are we going to do with the army of lawyers in the Shipping Board, in the Federal Radio Commission, in the State Department, in the War Department, and in the Navy Department? Did you ever attend a court-martial in the Navy or in the Army? It is the most ridiculous affair I ever saw. You go in and you will find seven or eight lines of tables for the press boys. Then you will find the social gallery for the high society of the Navy and the Army family connections. They walk in, in their silks and satins, and they salute, and all that is done before the main show starts, and the whole proceeding is ridiculous and absurd. We should disconnect half of the lawyers in both of these departments from them.

Go down to the Department of Agriculture and ascertain how many high-salaried lawyers they have. Look into their different bureaus. Go to the Department of Commerce, if you please, and look into their many bureaus and see how many high-salaried lawyers they have employed there. We ought to take the lawyers out of all of these departments and let all of them get their legal advice from the Department of Justice, which should handle all of their legal matters, and we would save multiplied millions of dollars for the people of this country. I am going to make a determined, uncompromising fight to effect this saving for the taxpayers of the United States.

Mr. WILLIAMS of Texas. Will the gentleman yield?

Mr. BLANTON. I yield.

Mr. WILLIAMS of Texas. Why not take a few lawyers out of the Veterans' Administration?

Mr. BLANTON. That is what I said a moment ago. The gentleman was occupied and did not hear me. We ought to take these 876 "lawyerettes" away from that bureau before we adjourn. That would save several million dollars annually. We could add a few assistant district attorneys over the country, who are the real men, who furnish the brains and the law when the cases are tried, and make them responsible, under the control of the Department of Justice, and stop this terrible expense and waste.

The district attorneys really try the cases now, and the lawyers for the Veterans' Bureau rarely ever open their mouths. The Federal district attorney and his assistants are the ones who actually handle the cases.

Mr. GOSS. Will the gentleman yield?

Mr. BLANTON. I yield.

Mr. GOSS. Did I understand the gentleman to suggest the abolishment of the general courts-martial in the Army and Navy?

Mr. BLANTON. No.

Mr. GOSS. I do not understand how we could handle it in a foreign country if we wanted to convene a general court-martial, and we abolished that and put it into the

Department of Justice. I wish the gentleman would explain that.

Mr. BLANTON. I will explain what I mean to our distinguished military friend from Connecticut; and he is; I can tell his military standing by his bearing.

Mr. GOSS. I wish the gentleman would explain the point about which I asked him.

Mr. BLANTON. I am going to explain it. There ought to be courts-martial during war, but none in peace time. We have too many lawyers connected with the Army and Navy Departments. They are really dead timber.

On last Friday I received a letter from a poor, broken-hearted, widowed mother down in Texas. Her boy was under a charge of desertion. I am sure the gentleman will allow me to talk about the Navy, because that is not his department.

Mr. GOSS. Oh, certainly. I just wanted to get this straightened out in my own mind.

Mr. BLANTON. If it had been in the Army, I would not have mentioned it.

This boy was charged with desertion in peace time. Some of the boys told him he would be court-martialed and probably hanged when he overstayed his leave, and they scared that boy nearly to death, and he pulled out for home, and he was scared to go back, so deserted. They caught him finally, of course; and, under a charge of that kind, something that any unsophisticated country boy from the farm anywhere in the United States could have done, without any criminal intent involving moral turpitude, he was hauled up before a court-martial.

Mr. GOSS. Before a summary court instead of a court-martial, was it not?

Mr. BLANTON. Probably; but either was equally ridiculous, under the circumstances. They gave him about three years and forfeited all of his pay; and his poor mother needs him badly. When I think about what they did to that poor country boy, and then remember what they did to a public Cabinet officer like Albert B. Fall, who was convicted of accepting $100,000 bribe and giving away the oil lands of the people that were worth hundreds of millions of dollars, and he was assessed punishment of only one year and fined $100,000, and then when he had served a few months of it they turned him out yesterday and did not even make him pay a dollar of that fine——

Mr. COLE of Iowa. He still has it to pay.

Mr. BLANTON. Oh, no; they have turned him out. They should have said, "Whenever you want to walk out of the door of that New Mexico penitentiary, you first pay what you owe the Government of the United States."

Mr. GOSS. Mr. Chairman, will the gentleman yield?

Mr. BLANTON. I yield.

Mr. GOSS. I am interested in what the gentleman is saying, and I have followed it in the Committee on Military Affairs, but I understood the gentleman to say something about doing away with general courts-martial. I do not see how that could be done if we had a vessel in a foreign port or an army in a foreign country. How could we do away with the general courts-martial?

Mr. BLANTON. I would like to see them do away with it in peace time. Of course, it is necessary in war time. Now, I will cite the gentleman to his Army. I remember about Billy Mitchell, who made some very salutary and valuable suggestions to the Government about consolidations. I agreed with 99 per cent of what Billy Mitchell said.

Mr. GOSS. He would be court-martialed.

Mr. BLANTON. He was court-martialed and tried right here in Washington, and I attended the trial. My friend did not, but I did. I watched that society function take place every day down there for quite a while. They forced Billy Mitchell to resign. They forced him to give up his high commission. What had he done to deserve such punishment in peace time? Given his views on vital questions.

And I remember about our Scotch admiral up in Philadelphia making a salutary recommendation to his Government about the discontinuance of the Philadelphia Navy Yard, if you please, showing that if they would carry out his suggestions this Government could save enormous sums of money every year. How they did punish that admiral for being a real American! I would like to see all courts-martial done away with in peace time.

Mr. BALDRIGE. Mr. Chairman, will the gentleman yield for a question?

Mr. BLANTON. Just a minute. I want to get rid of this general from the Army first. Then I will come to the admiral from the Navy later.

Mr. GOSS. Mr. Chairman, I wish the gentleman would confine his remarks to how he would have the general courts-martial operate in the Army and Navy if he wants to abolish them. How would we handle it to do justice to the service and to the men tried?

Mr. BLANTON. I would have it just like it is now in war times, that if a man failed to do his duty in war they could court-martial him, and for an offense serious enough stand him up against a brick wall and have him shot at daybreak by the firing squad.

Mr. GOSS. But the gentleman wants to do away with that.

Mr. BLANTON. Only during peace time, which, thank God, is most of the time. I would want them in war time, but I want to get rid of such ridiculous absurdities in peace time, both in the Army and the Navy.

Mr. GOSS. The gentleman wants discipline, does he not?

Mr. BLANTON. Certainly. The men can be disciplined by firing them.

Mr. GOSS. After a court-martial.

Mr. BLANTON. No; after a sane hearing. The way the people discipline us Congressmen when they do not like what we do is to fire us at primary time; and it seems to me the knowledge that they can fire us makes us a little more careful what we do up here. Every man in the Army from the little buck private up to the high general, if you please, if he knows that he can be fired in peace time for any dereliction in duty, will be more careful. And likewise with the Navy.

But I did not want to get off on that. I do not want these generals and admirals to divert me from making my speech about surplus lawyers, both inefficient and efficient.

Mr. BALDRIGE. Mr. Chairman, will the gentleman yield just at that point for a question?

Mr. BLANTON. Yes; certainly.

Mr. BALDRIGE. I would not like to cross swords with the distinguished gentleman from Texas, because he is a rough-and-tumble fighter and I am just a new Congressman without that experience.

Mr. BLANTON. Oh, my friend will be able to take care of himself.

Mr. BALDRIGE. But I have been tremendously impressed with the tenacity with which the gentleman from Texas hangs on to these two-bit lawyers, and I would just like to say that I would not want to be up for trial and have the gentleman from Texas as the prosecuting attorney on the other side of the table.

Mr. BLANTON. Well, I may have to defend the gentleman at some of these Navy peace-time courts-martial; and I will give him the best defense I can.

Mr. Chairman, I want to get back to my subject of surplus lawyers.

Mr. WOODRUM. Mr. Chairman, will the gentleman yield?

Mr. BLANTON. I yield.

Mr. WOODRUM. Right at that point I want to ask the gentleman from Texas a question regarding the lawyers in the Veterans' Bureau. I want to say to him that I am in sympathy with his idea that litigated cases ought to be handled by the Department of Justice, and the Administrator of Veterans' Affairs is now concluding arrangements with the Department of Justice to take over the trial of these cases. However, the gentleman must know, because he is informed on the subject, that the actual trial of litigated cases is only an infinitesimal part of the legal work

that has to be done by the Veterans' Administration, because the gentleman must remember they have to do with the estates of deceased people.

Mr. BLANTON. I want to tell my friend from Virginia that the Department of Justice, if given 5 per cent of the money now spent by lawyers in the Veterans' Bureau, could better represent the Veterans' Administration on all legal matters, and save the Government millions of dollars annually.

[Here the gavel fell.]

Mr. WILLIAMS of Texas. Mr. Chairman, I yield the gentleman 10 additional minutes.

Mr. BLANTON. I want to say this about General Crowder, and put this flower on his grave: He was one of the most efficient men we have ever had in the United States Army. When preparing the draft act, he picked his lawyers on their merits, and he tried to pick them without regard to political influence.

Mr. GOSS. If that is the case, why would the gentleman abolish those efficient men from the Army and the Navy in connection with court-martial?

Mr. BLANTON. I would do it only in peace time. If you leave it to the Attorney General of the United States to select his attorneys to handle the legal business of the Government in the Federal courts of the United States, he is going to select men qualified to meet the biggest lawyers across the table that exist in the United States; but when you leave it to General Hines, of the Veterans' Bureau, he picks them through the Civil Service, where all on earth they have to do is to be certified by the Civil Service after showing they have stood a bar examination, and have gotten a license or probably have graduated from some law school.

Mr. WOODRUM. Will the gentleman yield?

Mr. BLANTON. Yes.

Mr. WOODRUM. The gentleman knows the basic law compels the Administrator of Veterans' Affairs to get his attorneys through the Civil Service.

Mr. BLANTON. I know that, and that is the reason I want to make a change. Good lawyers can not be secured through the civil service. We must get these surplus lawyers out of all of the bureaus of the different departments of Government and make these departments go to the Department of Justice for their legal help and information. Let me make this suggestion: You can not get legislation out of a committee quickly and pass it. You know that. However, you can get a legislative provision on an appropriation bill any time the House is willing to do it.

If this House wants to get rid of these "lawyerettes" in every bureau, if they are in earnest about it, if they are for retrenchment and want to stop unnecessary expenses, they know they can put a rider on an appropriation bill which will accomplish that purpose if no Member makes a point of order against it. Such a provision would cause all of these lawyers to be removed from these bureaus, and give General Mitchell—a high-class lawyer and a first-class Attorney General—even if he is a Republican, he is a high-class official—give him the right to pick his own lawyers, and I will back the lawyers he picks.

Mr. PARKER of New York. Will the gentleman yield?

Mr. BLANTON. I yield.

Mr. PARKER of New York. Did I understand the gentleman to say he is in favor of abolishing the legal staff of the Interstate Commerce Commission?

Mr. BLANTON. Yes; in every bureau and department of the Government. I am in favor of every bureau and every department of Government getting its lawyers and its legal advice from the Department of Justice.

Mr. PARKER of New York. Does the gentleman realize that the Interstate Commerce Commission is a highly technical branch of the Government?

Mr. BLANTON. Yes; of course. I want to say this to my friend: For 10 years, every time Congress adjourned—and sometimes it would adjourn in March and would not meet until December—I spent every single month of those vacations here in Washington with my force of helpers, and I did have some experts helping me, checking up. I was determined to understand the inside business of the bureaus and commissions of this Government, and I took them up one at a time, and I checked up and familiarized myself with the details of every last one of them. I was not on the Committee on Appropriations then where I could get such knowledge without paying for it. Now I can get it easily. But then I had to pay the men who were helping me. That is how interested I was in the matter, and I think I know as much about the inside workings of that commission and every other bureau of the Government as my friend does.

Mr. PARKER of New York. Does the gentleman mean to say that the men down there do not work?

Mr. BLANTON. Oh, they work, but I want to say that you can take half of the money we are spending in that bureau for lawyers and give it to the Department of Justice and they will have better legal information than they now have.

Mr. PARKER of New York. I disagree with the gentleman entirely on that matter.

Mr. BLANTON. The Department of Justice ought to handle the legal end of all such business.

Mr. PARKER of New York. Not in a highly technical branch of the service like the Interstate Commerce Commission.

Mr. BLANTON. Every bureau, then, ought to have a large legal department. It is ridiculous. I am against it.

Mr. PARKS. Will the gentleman yield?

Mr. BLANTON. Yes.

Mr. PARKS. As I understand it, this is a bill to change the spelling of the name of Porto Rico?

Mr. BLANTON. Yes. But we have been indulging in general debate on the good of the Union.

Mr. PARKS. I am just wondering, after we have spent all of this day in this manner, how it is going to help the farmer to change the spelling of Porto Rico.

Mr. BLANTON. If the people who live there are in favor of changing that, I am with them.

Mr. HART. Will the gentleman yield?

Mr. BLANTON. Yes.

Mr. HART. Does the gentleman know that we have a couple of learned doctors from the Department of Agriculture now down in Chile looking for wild potatoes, when potatoes in this country are selling for 10 cents a bushel?

Mr. BLANTON. I thank the gentleman for clinching that nail of my argument.

Mr. McCORMACK. Will the gentleman put in the RECORD whether or not changing the spelling of Porto Rico will cost anything?

Mr. BLANTON. Those people want it changed. If the people who live in Porto Rico want to spell it "Puerto," let us permit them to do it.

Mr. LINTHICUM. Will the gentleman yield?

Mr. BLANTON. Yes.

Mr. LINTHICUM. I want to ask the gentleman whether in peace time these cases before courts-martial could not be referred to some local court for trial.

Mr. BLANTON. They could, if the law so provided. The Secretary of the Navy ought to handle such cases simply and sanely, as you and I would handle a piece of business over in Baltimore. If they did not do right, out they would go. That is the way it ought to be handled, in my judgment.

Mr. LINTHICUM. But a man ought to be entitled to a trial.

Mr. BLANTON. Certainly. Proper hearings could be had. To send a poor, unsophisticated farm boy to the brig for three years, with his pay forfeited, for desertion in peace time is ridiculous.

Mr. LINTHICUM. That is the reason I say that such matters ought to be referred to a court during times of peace.

Mr. BLANTON. They should be handled in some saner and simpler way in peace time than by expensive courts-martial.

[Here the gavel fell.]

Mr. WILLIAMS of Texas. Mr. Chairman, I yield 10 minutes to the gentleman from Kentucky [Mr. MAY].

Mr. MAY. Mr. Chairman, I have no axes to grind; I have no crows to pick, and no bags in which to put the feathers if I did pick them. I have no criticism to make, no charges to prefer, but I want to make a few suggestions that I hope shall appeal to the sober judgment and right thinking of the membership of this House.

We, of course, must economize in the administrative expense of Government in every possible direction, but with secret plots all over this land by the vicious agencies of Soviet Russia masquerading under the guise and false cloak of pacifists, we should direct our efforts at economy in some other directions, many of which may be utilized; and regardless of the issue I feel that the time has arrived in the Congress of the United States when our constituents and the country are entitled to our best thought, our best efforts, and our best judgment. I am just able to discern from the line of argument here that we sometimes act under the influence of passion or prejudice, sometimes influenced by political considerations in some matters, but I want to take a little while to-day to talk about the proposition pending under the House bill for the reorganization, in effect, of our American Army.

It is my belief that this is the wrong method to take, the wrong course to pursue, with respect to the great arm of our national defense. It is my understanding that one of the gentlemen of the House, the gentleman from Indiana [Mr. WOOD], said that this country was the greatest and richest country in the world because it had kept out of war.

That is an idle boast. When you come down to the facts of history the record shows that in a period of 150 years this country has had, including the Revolution, six wars, an average of one every 25 years. History discloses the fact that France, a republic, has had three wars in 100 years, or one every 33 years. It has been said, and it has been established by history and by our experience, that we have never entered a war when we were adequately prepared.

Now, I believe that if the Congress of the United States desires to retire 2,000 Army officers from the Regular Army, in a desire to bring about economy in the administration of the affairs of the Army, it ought to be done by amendment to the national defense act and not by the method of appropriation bills. In other words, we are saying to the Army, "We are going to withdraw the funds that make it possible to maintain the national defense."

Now, there is another thing I trust the membership will consider, and that is that if you get sick you naturally want a doctor, and do not call a lawyer to treat you; if you desire to build a house, you want a carpenter and not a Congressman. If you want to know something about military affairs and about the United States Army, you would properly call on the Chief of Staff of the Army. That is what the Committee on Military Affairs has done.

When we thought we needed advice about this matter, we submitted it to the Army authorities, and from the evidence we got from them it appears that the Budget presented by the Army or the Secretary of War was cut by the War Department about $38,000,000 below last year. In addition to that they consent to a reduction of $4,000,000 in connection with the subsistence of the Army, approximately $1,000,000 reduction for clothing and equipage, and approximately $5,000,000 for Army transportation, and for other matters, $400,000, making a total of $45,000,000 below the Budget of last year.

Now, this committee proposes a further reduction of twenty-four million two hundred and some odd thousand dollars, or a total of approximately $68,000,000 below last year.

Mr. LINTHICUM. How much below the Budget of this year?

Mr. MAY. Twenty-four million dollars below the Budget as requested by the Army.

Now, there is one thing that I have always believed in, and that is adequate defense of my country. I am from over in the hills of Kentucky, where my friend Mr. FINLEY comes from. He is an old Stephen Decatur, and I am a young Decatur. "My country, may she always be in the right, but my country right or wrong" is my creed. [Applause.]

Now, in order that I may illustrate the situation just as it is, the testimony of the Chief of Staff of the United States Army is to the effect that, based on the national wealth, the cost of the maintenance of our Army is eight one-hundredths of 1 per cent, while in other nations it is much larger.

The cost, based on the Budget cost of maintaining an army, is 6.27 per cent, while in Italy it is 24 per cent, Japan 13 per cent, France 17 per cent, and England 8 per cent. In addition to that, the testimony reveals a startling fact. We boast about our great power and influence in the world. The testimony shows that we start at the top of the ladder and go down 17 steps before we get to the position of the United States Army as compared with those of the great military powers of the world. Is not that a handsome thing to boast about? We are even behind Japan and China. We are behind Bulgaria, we are behind Spain, a nation that we defeated in 1898, we are trailing in the rear of a military sense until we become the laughingstock of the world. Talk about military preparation and military power! We saw that illustrated just a few months ago in the incident that occurred at Shanghai, when a little island nation, with some 65,000,000 people, with a trained army of one-fifth of the number they met, crushed and demolished the opposition. Why? Because of preparation and trained soldiers, and with all due respect and an unusual amount of charity for my friend the gentleman from Tennessee [Mr. BROWNING], now the Chairman of the Committee of the Whole, I am unwilling to believe that we can take an $1,800 clerk and put him out to play the part of a major general in the leading of an army in the field. I believe in sufficient appropriations to maintain this Army as it is and I am going to stand for that position in this House of Representatives. [Applause.] In other words, we are seeking here to indirectly reorganize the United States Army by an appropriation bill, and perhaps cripple it forever. According to the undisputed evidence the reduction of the personnel at this time will destroy the morale of the Army.

The CHAIRMAN. The time of the gentleman from Kentucky has expired.

Mr. WILLIAMS of Texas. I yield the gentleman two minutes more.

Mr. STAFFORD. I yield the gentleman three minutes.

Mr. KETCHAM. Mr. Chairman, will the gentleman yield?

Mr. MAY. Yes.

Mr. KETCHAM. In respect to the gentleman's reference to the gentleman from Tennessee [Mr. BROWNING], who now occupies the chair, was he not complaining rather about the fact that generals and captains were taking the places down here in the department that could be filled with $1,800 clerks? He did not say that an $1,800 clerk could occupy the place of a general.

Mr. MAY. I suggest that correction. I think that is the just import of his remarks, but I meant to say that I was not willing to leave that clerk there and retire the trained officer so that we would have to take the clerk in place of a major general when the fight came on. When you undertake by implication to repeal a statute, you can not do it by an appropriation bill, and the effect of this bill is to repeal the national defense act so far as the effectiveness of the Army is concerned.

Mr. CELLER. Mr. Chairman, will the gentleman yield?

Mr. MAY. Yes.

Mr. CELLER. I take it that the Committee on Military Affairs on our side of the House are not in agreement with the members on our side who comprise the majority of the Committee on Appropriations. Am I right in that?

Mr. MAY. I can not speak for the committee. I am speaking as one of its members, but I believe it is generally true of the other members that we are not in favor of this method of eliminating officers of the United States Army. I,

at least, think it ought to be done entirely on the merit system.

Mr. CELLER. Does not that present a rather insurmountable difficulty to the other Democrats on this side of the House? We have the sorry spectacle of a cleavage between two groups of Members on our side.

Mr. MAY. I think the gentleman's question would imply that it is in the nature of a political controversy, when as a matter of fact there is no politics in it, because we are dealing with the national defense. I am sure no one on either side of this House would allow politics to influence him in the consideration of questions affecting our national defense.

Mr. CELLER. But there ought to be some sort of unanimity of opinion, it seems to me, on this side which would not put the remaining Members on the Democratic side to any degree of embarrassment when we come to vote on a proposition like that.

Mr. MAY. I think the gentleman is correct in that, but I think it is a question of economy in which we are all interested, and I believe that the method of economy sought here is unwise, that it is in line with the old adage of penny-wise and pound-foolish, with all due respect to the members of the Committee on Appropriations, who by their perseverance and patriotism have shown themselves entitled to the confidence and support of the country.

Mr. FINLEY. Mr. Chairman, will the gentleman yield?

Mr. MAY. Yes.

Mr. FINLEY. Would the gentleman weigh paltry dollars against the national defense and the safety and security of our people?

Mr. MAY. Never in the world.

Mr. OLIVER of Alabama. Mr. Chairman, will the gentleman yield?

Mr. MAY. Yes.

Mr. OLIVER of Alabama. I think the gentleman very properly answered the gentleman from New York [Mr. CELLER] when he stated that neither the Committee on Military Affairs nor the Committee on Appropriations ever consider questions of this kind in a partisan way.

Mr. MAY. That is correct.

Mr. OLIVER of Alabama. If Members differ, they differ because of differences based on individual judgments, but there is no division along party lines, in reference to matters of national defense.

Mr. MAY. None whatever. That is my understanding. Further, I think the Secretary of War and the Chief of Staff of the United States Army are entitled to great weight in their recommendations in these matters, because they are in touch with them and they know about them and we do not. One of the statements of the Chief of Staff, made in connection with eliminating certain proposed appropriations, was "that they were willing to consent to those," and he extended his remarks by saying that if we would not cripple the effectiveness of the man power of the United States Army they would suffer, being placed in any kind of quarters in which we were pleased to put them and live on half rations if they could but maintain their position of patriotism and love of country and their position in the United States Army as professional Army officers.

Mr. McCORMACK. Will the gentleman yield?

Mr. MAY. I yield.

Mr. McCORMACK. What he meant was that we would not cripple what little effectiveness there was left in the United States Army?

Mr. MAY. That is it exactly, and he was of the decided opinion that the passage of this bill in its present form would practically destroy it, rather than cripple it.

Mr. ROGERS. Will the gentleman yield?

Mr. MAY. I yield.

Mr. ROGERS. What the Secretary said was that we must not make the mistake of crippling the man power of the military organization of this country.

Mr. MAY. That is exactly it.

Mr. GILCHRIST. Will the gentleman yield?

Mr. MAY. I yield.

Mr. GILCHRIST. I notice what the gentleman said about following the advice of the generals, that we should not follow carpenters but follow those who are in authority in the Army. I have been thinking about one statement that was made by Gen. Charles E. Bridges, The Adjutant General, who appeared before the subcommittee and being asked the following question:

> Do you not think that in a time of depression like this you could well dispense with this activity for one year, without doing any harm?

He was referring to the citizens' military training camps. He replied, saying:

> I think it might possibly be dispensed with for one year or possibly two years, without any great amount of harm.

In view of what the gentleman has said, what would the gentleman say about following the advice of that expert?

Mr. MAY. I would say in respect to that matter that the Chief of Staff of the United States Army testified before our committee that the future hope of the Nation was in its citizen soldiery, and that a vitally important and effective feature of that training was the Reserve Officers' Training Corps and the Army training camps, and that the elimination of that meant a destruction or weakening of the man power of the United States Army. He said, furthermore, that the maintenance of the training camps in the country meant the elimination of the necessity of keeping all the time a large standing army, and there would be great economy in that direction. I agree with him absolutely. In addition to that the training camps of the country develop the characteristics of patriotism, neatness, system, and everything else among our young men that make them available as great soldiers. [Applause.]

Mr. WILLIAMS of Texas. Mr. Chairman, I yield five minutes to the gentleman from Massachusetts [Mr. UNDERHILL].

Mr. UNDERHILL. Mr. Chairman, we have gone rather far afield and discussed many subjects without touching upon the matter before the House at the present time, and I would like to devote just a few minutes to the bill under consideration.

Members who have served here for several years past were all acquainted with our one-time colleague who represented Porto Rico, Hon. Felix Cordova Davila. You all knew him as a courteous gentleman, as a statesman of the old school, tremendously interested in the welfare of the island, and a patriotic citizen of the United States. During his service he introduced on various occasions a bill similar in character to the one under consideration. I think the bill is just, fair, and equitable, but, beyond that, I think it would be a very gracious gesture on the part of the House, in the absence of Mr. Davila, who has been appointed justice of one of the courts in Porto Rico, to pass this bill practically by unanimous vote. His service to his little island and his service to the Nation will thus be recognized by Congress and will undoubtedly be received by him and by the people of Porto Rico not as a gesture but as a bona fide recognition of their patriotism and their desires to perpetuate the traditions of their original race and of their island.

There is one thing about the bill, however, that I do not like. I have always been opposed to writing a preamble to any legislation, and I do not think this in any way, shape, or manner helps the bill. In fact, I think it would be improved if we struck out everything in the bill up to line 1 on page 2, and I hope as one of the members of the committee, the acting chairman will accept as a committee amendment an amendment to strike out in the joint resolution all up to line 1 on page 2. I am sorry to say I was not in the committee when this was reported out. This language that I ask to be stricken out does not add to subtract anything in the legislation; it is not at all necessary, and it is bad practice to write a preamble in a bill.

Mr. WILLIAMS of Texas. The committee accepts the gentleman's amendment.

Mr. UNDERHILL. Mr. Chairman, I yield back the balance of my time.

Mr. WILLIAMS of Texas. Mr. Chairman, I yield five minutes to the gentleman from Missouri [Mr. LOZIER].

Mr. LOZIER. Mr. Chairman, I trust the committee will consider this resolution seriously, although it merely corrects the spelling of the name of one of our insular possessions, generally referred to as "Porto Rico," when the correct name is "Puerto Rico." I do not think that we should treat this proposal with indifference, and we should adopt the correct spelling of this name and abandon the incorrect spelling, which has been used since we acquired that island.

The Committee on Insular Affairs unanimously and favorably reported this bill. Before we acquired this island it was a Spanish possession. It is inhabited by Spanish-speaking people. The name, from a historic and linguistic standpoint, is and always has been "Puerto Rico" and not "Porto Rico." While I am not a linguist, I understand there is no such word in the Spanish language as "porto," but there is a word "puerto," which primarily means "a pass in a mountain." "Porto" is a Latin word, found to a limited extent in the French and in the Italian languages, but more extensively in the Portuguese. "Porto" has never been engrafted into or upon the Spanish language.

In 1493, when Columbus landed on this island, he called it "San Juan Bautista." The natives called it "Borinquen." Since about 1515 it has been customary to refer to the island as "Puerto Rico." I submit that this historic and traditional name should not be abandoned and a name substituted which is entirely foreign to the language of its inhabitants and for the adoption of which there is no historic or other justification.

The Spanish-speaking people who inhabit the island are now loyal American citizens. They are interested in the proper spelling of the name of their island home. There is no reason, either in the history, language, or traditions of these Spanish-speaking people to support the legitimacy of the foreign term "Porto," used in connection with their island habitation. The name "Porto Rico" is an impure, idiomatic compound, partly formed of the foreign word "Porto," of Latin origin, but which has never been adopted into the Spanish language, and which Americans, and particularly the United States Government, have used illegitimately as a substitute for the word "Puerto," which is a genuinely Spanish word, though no reason of diction or advantage of euphony exists to warrant such substitution.

By resolution of the Legislature of Porto Rico (Puerto Rico) passed on May 6, 1930, the United States Congress was petitioned to restore officially to that island its true name of Puerto Rico, in place of Porto Rico as it is now generally called in America. The copy of this resolution was transmitted to President Hoover and to Congress.

We acquired this island from Spain by the treaty of Paris, which was signed in December, 1898. This treaty was written and executed in duplicate originals, one in the English and the other in the Spanish language. I am informed by the State Department that in the English duplicate copy the name of the island is spelled "Porto Rico," while in the Spanish duplicate copy of the treaty the spelling is "Puerto Rico."

The Spanish-speaking American citizens who reside in this island have a sentimental interest in the restoration of the traditional name of the island. Since its discovery it has been known as "Isla de Puerto Rico." If this change is desired by our Spanish-speaking American citizens in the island, I know of no reason why the change in spelling should not be made. I am sure the American people would seriously object to the misspelling of the name of an essentially American city, State, or community. There is no reason why we should abandon the traditional and historic name of this island. I trust that Congress will act favorably upon this bill.

In this connection, I will say that we have never changed the native or geographic name of our insular possessions, the loyal citizens of which I am sure would seriously object to an abandonment of the traditional names of the lands that gave them birth.

Mr. JOHNSON of Washington. Mr. Chairman, will the gentleman yield?

Mr. LOZIER. I yield to my colleague from Washington.

Mr. JOHNSON of Washington. I would like to ask the committee if it has consulted any members of the National Geographic Board, which is a select board that attempts to correct the spelling of the names used in the United States, and Porto Rico, of course, is part of the United States.

Mr. LOZIER. In answering my friend from Washington I will say that no representative of the National Geographic Board or Society appeared before the Committee on Insular Affairs, or approved or disapproved the pending bill.

Mr. JOHNSON of Washington. That board rises up in its wrath and objects to names it does not pass on.

Mr. LOZIER. That may be true, and we all recognize that that society performs a very useful service. I am not authorized to speak for that organization, nor do I know their attitude to the pending bill, but that great organization, notwithstanding some peculiarities and idiosyncrasies, stands for accuracy in spelling and accuracy in the use of geographic terms. Among many other useful activities it seeks to discourage departure from accuracy in all things geographic.

[Here the gavel fell.]

Mr. WILLIAMS of Texas. Mr. Chairman, I yield the balance of my time to the gentleman from Oklahoma [Mr. MCKEOWN].

Mr. STAFFORD. Mr. Chairman, I yield 17 minutes of my time to the gentleman from Oklahoma.

Mr. MCKEOWN. Mr. Chairman, I am very grateful to my colleagues for the time they have yielded me. I rise to say a word about this propaganda that has been carried on by the great newspapers relative to the policy of Congress in cutting the salaries of its Members. Before that step was taken, it was featured in big heavy letters on the front pages that Members of Congress refused to cut their own salaries. After Congress cut its salaries we do not even see mention of it on the middle pages of the paper or the back page.

A strange situation exists among the newspapers of this country. The reporters are honest and truthful. They are notoriously honest and truthful. I have never met a reporter yet who would not tell the truth about any conversation or situation he reported. However, the editorial departments of these newspapers are notorious for their loose use of the truth. We hear condemnation of Congress on all sides for what they said would balance the Budget, either by raising taxes or cutting down expenses, and we are ballyhooed about balancing the Budget.

We never had a Budget in this country until 1921. What did they do during the previous hundred years when they did not have a Budget to balance?

A lot of this talk about balancing the Budget is merely bankers' "boloney," because they do not want this Congress to appropriate any money out of the Treasury either to relieve unemployment or the distressed condition of agriculture. [Applause.] That is what is the matter.

When it was discovered that the Budget was so seriously out of balance what was the sane thing to do? It was not to levy an unheard burden of taxes upon the distressed people of this country but was to cut every expense possible and issue a few bonds and levy moderate taxes.

They talk about soaking the rich. Why, there are not many rich to soak. All of us woke up and found that we are financially poorer. Some had more and some had less, but we were all in a bad fix. This is no time to talk about levying a heavy tax burden upon the American people.

When I came into this Congress the first of the session what did I expect and what did you expect? We expected there would be some program here by which the unemployed of this country could be put back to work. We expected a program that would help relieve agriculture, which is now in the slough of poverty.

Why, I saw where ewes were selling in Omaha for 10 cents apiece, and the fattest hogs in the world were selling for $3.50 a hundred. Talk about farmers prospering! I will tell you what has been the matter for the last five years. The Reserve Bank of New York has been putting in its time trying to rehabilitate Europe; and the other day when we passed what is known as the Goldsborough bill to stabilize the dollar and to stabilize price of products in this country, we found the Reserve Bank of New York in telegraphic communication with Paris to keep them buying the American dollar. They were more interested in keeping it up over there.

When we talk about paying the bonus, what do they tell us? The big financiers come here and tell us that if we issue any new money or pay any bonus you are going to take us off the gold standard and we are going to make the foreigners take their gold out of this country. If they have enough money over here to determine the destiny of the American people and affect the finances of this country, the quicker they get it out of here the better off America will be. Let us get it out of here if it is going to have that effect on our country.

Mr. JOHNSON of Oklahoma. Will the gentleman yield?

Mr. McKEOWN. Yes.

Mr. JOHNSON of Oklahoma. Does not the gentleman think it would be a good idea to keep that gold and apply it to our foreign debts?

Mr. McKEOWN. You can not take private foreign money and pay a political debt. I brought in a bill to pay this bonus. I will tell you what it will do. My bill provides a way by which you can bring into the Treasury $1,400,000,000 and at the same time pay the bonus. I say it will do it, and you will bring into the Treasury $1,400,000,000. That will help to balance the Budget and you will pay the soldiers their bonus in cash but you will pay it in circulating bank notes. You can take a $1,000 certificate that has a $500 loan on it. A banker pays in to the Administrator of Veterans' Affairs $500 which the veteran has borrowed. That certificate is taken and deposited in the Treasury of the United States for note-issuing purposes. The banker can then issue on that certificate $500 in note issues and pay the soldier what is owing him, and the bank gets $1,000 in 1945. In that way the soldiers' bonus will be paid and it will put $1,400,000,000 into the Treasury.

The banks will not do any business now because they are afraid, but under my bill you will provide a note issue to all the boys over this country.

What has been done for agriculture? What has been done for the unemployed of this country? What program has been provided for work for the unemployed of this country? Will you go back home and say you could not pay the bonus and that all you did was to balance the Budget and levy taxes that would absolutely break the back of business?

Take the great resources of this country. Why, we are not broke by a long shot. The Treasury of the United States shows that we have $12,000,000,000 of assets in the Treasury of the United States. We owe only $17,000,000,000, or $5,000,000,000 more than assets in the Treasury. Uncle Sam is in the shape of a great number of the bankers of this country. He has a lot of frozen assets. If you will but give him time, he will not be in such bad shape.

You have to give people an opportunity to make money. You have to restore the buying power of this country. When the people of this country realize that the domestic market is the only market they are going to have for the next four or five years, and they trim their sails accordingly, everything will work out all right. Then let the farmer produce his products accordingly, enough for himself at home and let whatever surplus he may have go to the American market. When you do that, you will start the wheels of industry turning; but until you do that, all the laws that Congress can enact will not change the economic situation.

They talk about this inflation of money. The best economists in the country have all contended and maintained for half a century that $1 for every $25 in property is not excessive circulation, and we have not anything like that. We are supposed to have $360,000,000,000 worth of wealth, but that has probably decreased to $300,000,000,000, and we all know we could have a little more money in circulation. They stand up here and tell us that they have our bonds and that our bonds call for payment in so many grains of fine gold, that we have outstanding gold obligation, and we can not change the gold standard.

Let me call your attention to the law of this country. On the statute books of this country there is a law that says the policy of the United States is bimetallism and that a silver dollar shall be as good as gold in this country and abroad to pay debts.

Mr. GLOVER. Will the gentleman yield?

Mr. McKEOWN. Yes.

Mr. GLOVER. About two-fifths of the population of the world now is on the gold standard and three-fifths on the silver standard. How in the world would we ever establish the world trade that America must have on a single standard of money and deal with those folks where silver is only worth about 25 cents on the gold standard?

Mr. McKEOWN. That is a very hard proposition, and I doubt if we can do it, but we need not worry about doing any foreign business for the next four or five years. With the present tariff situation there will be none.

Mr. GLOVER. We could do it if we had bimetallism, could we not?

Mr. McKEOWN. I do not know whether we could or not under present circumstances. I am trying to urge the American manufacturer and the American farmer to come to the conclusion that America is the only market they can expect. There is enough market in America to make the Americans prosperous if they have sense enough and courage enough to regulate their sales according to the American market.

Mr. JOHNSON of Washington. And if other countries are at a very low ebb, it would be reasonable to suppose that they should not be permitted to send their products in here.

Mr. McKEOWN. Absolutely not. Let them keep their products where they belong.

Mr. JOHNSON of Washington. And the farmers of America ought to have the benefit of their home markets.

Mr. McKEOWN. If the United States has no other market, they certainly ought to keep the home market for their home folks.

Mr. WILLIAM E. HULL. Then we would have to have a high tariff to keep foreign products out of this country.

Mr. McKEOWN. We have a high tariff now that is keeping them out.

Mr. WILLIAM E. HULL. How would you keep them out if you did not have a high tariff?

Mr. McKEOWN. But we have a high tariff now that keeps them out. I am talking now about what we can do without bringing any political proposition into it. I could say a whole lot if I were going to talk about the tariff, but what I say now is that Congress is about to adjourn, and there has not been a single, constructive measure passed that has carried a thing down to the little man in this country.

If you pay this soldiers' bonus in new money, it will do more to start a revival of business than anything else. Why was there not a revival of business when the other bonus was paid? Because there was not a single dollar of new money involved, whereas under my proposed plan you would have some new money.

You can not prosper in this country if you borrowed money in 1925 and now have to pay it back at the rate of three dollars for one. If your farmers borrowed money in 1925, when they could pay it with a bushel of wheat at $1, how can they ever hope to pay their debts when it takes 4 bushels of wheat to make $1 and the rates of interest are enormous?

Mr. ARENTZ. Will the gentleman yield?

Mr. McKEOWN. Yes.

Mr. ARENTZ. While the gentleman is on the question of people who have borrowed money, unless something is done by the Congress to help those who borrowed money from the

Federal land banks or the joint-stock land banks who can not meet their interest and the amortization of their debt, the gentleman has got to answer for something when he gets home and so have I.

Mr. McKEOWN. I shall not have to answer myself, because I stood here and fought to the last ditch for a moratorium of one year. I did not want any discretionary power and therefore I introduced an amendment to give them a moratorium of one year, and the amendment was lost by a few votes.

Mr. ARENTZ. But many of your people have borrowed money from joint-stock land banks, and there is a bill now before the Banking and Currency Committee, and if something is not done with respect to that bill to help the men who borrowed from the joint-stock land banks, we are all going to have to answer for it.

Mr. McKEOWN. I do not know about the power of Congress to stay execution under certain circumstances, but your judges ought to do like some of our judges in Oklahoma. They have taken the bit in their mouths and have said to these farm-mortgage companies, "You are not going to foreclose these mortgages in my court. You may submit them and I shall take them under advisement while the man has an opportunity to live."

We are letting the Federal land banks sell them out, we are permitting the joint-stock land banks to sell them out, and we are not doing a single thing here to increase the opportunity of such men to pay their debts. The farmers of this country want no alms and ask no charity at anybody's hands. The farmer does not want to borrow any more money. He needs money, but he knows he can not pay it back. What the farmer wants is an opportunity to sell his products for enough money to pay his debts and meet his municipal and State taxes. All this talk about high taxes in a large part of the country is by people who do not pay any direct Federal tax. There are great masses of people who are suffering from their State and local taxes.

Why, they talk about great hordes of lobbyists coming down here to the Congress. There were a lot of poor employees of the Government who came down here and sat in the galleries to see what was going to happen to them.

Now, my friends I do not want to give the money of the United States away, but when Members stand here and say you can not make appropriations to relieve distress in this country, you admit that you can not meet expediencies when they arise in a free government.

This abuse and propaganda is for no other purpose than to scare Members of Congress. When a proposition is made here to appropriate money for unemployment, the papers immediately shout "Look at the condition of the Treasury." Gentlemen, we should look at the condition of the Treasury, but we should have looked at the condition of the Treasury during the years gone by when we appropriated money for that monstrous extravagance, that $14,000,000 bridge over the Potomac River, which should not have cost more than a million and a half.

Look at the magnificent buildings we are building in Washington in a flood of extravagance.

There is a man in this House who has been fighting extravagance for years. The gentleman from Wisconsin [Mr. STAFFORD] has been fighting in this House for 12 years against undue extravagance in Government, and I suppose he has saved the salary not only of himself but thousands by his objection to extravagant appropriations. Take my colleague from Texas [Mr. BUCHANAN], he has spent many hours in this House not only saving millions to taxpayers but by his expert knowledge of the cotton plant has on more than one occasion saved that great agricultural industry to the people of America. [Applause.]

[Here the gavel fell.]

Mr. STAFFORD. Mr. Chairman, I yield two minutes to the Commissioner from the Philippines [Mr. OSIAS].

Mr. OSIAS. Mr. Chairman, prompted by a duty of friendship for the author of the resolution and for the people affected, I crave the indulgence of the committee for two brief minutes.

I take issue with my good friend the gentleman from Arkansas [Mr. PARKS] in thinking that this is an insignificant matter growing out of mere sentiment. Never underrate the importance of individual and national sentiment in human affairs. It is sentiment that has made the history of this Republic so rich in traditions and achievements; it is sentiment, individual and national, that carried that starry banner from victory to victory until to-day its shining folds protect the islands of the sea. [Applause.]

The change of the spelling of the name of Porto Rico may seem trivial to some, but to the inhabitants of that island it is fundamental, priceless, all important.

Mr. Chairman, when you approve this measure, House Joint Resolution 149, you are investing in friendship. You do more than that. You are preventing the perpetuation of inaccuracy, both historical and linguistic. Porto Rico is neither good Spanish nor good English, it is not even good American. Puerto Rico is the name used in important documents and writings hoary with age.

Puerto Rico is the name near and dear to the hearts of the people of that island. They petition you to restore and legalize the name they adore. The change is requested by the legislature of that island Territory. That demand was transmitted through the presentation of this House joint resolution by the former Resident Commissioner from Porto Rico, Mr. Davila. It is suppored by the new Commissioner, Mr. PESQUERA, and it has merited the approval of the Committee on Insular Affairs.

I ask that it be approved because we shall be correcting a historical and linguistic inaccuracy, we shall be investing in friendship, and we shall be doing something that will evoke the eternal gratitude of a people to the United States. [Applause.]

Mr. STAFFORD. Mr. Chairman, I yield three minutes to the Commissioner from Porto Rico [Mr. PESQUERA].

Mr. PESQUERA. Mr. Chairman, first of all I must say that I feel very proud and greatly honored on this first occasion in which I am to be heard by this high body. I represent a small country, but a country which is a community of one and a half million American citizens. I have heard what the gentleman from Washington [Mr. JOHNSON] and what the gentleman from Arkansas [Mr. PARKS] have said about the bill, which only seeks the changing of the word Porto Rico to Puerto Rico, which they consider of no importance whatever. The first little piece of ribbon with which a mother ties the hair of her daughter is a thing of very little importance in and of itself, but for that mother it means everything. It means the traditional love of her child and her sentiment, and it becomes a most distressing event for her if that little piece of ribbon is taken away from her. It constitutes a relic for which the mother would give her life. Puerto Rico is the name we have given to our fair land. Puerto Rico is the word associated with the tombs of our parents and the cradles of our sons. Puerto Rico is the word we have consecrated as representative of our patriotic sentiments. The gentleman from Texas [Mr. BLANTON] said that he would defend by any means the name of his State if anyone would try to change a letter of it. We consider that we were deprived of something of our own, something of our soul, just the same as a mother would feel if she were deprived of that little ribbon, of which I have spoken, as being kept by her in remembrance of her beloved daughter.

I am here because we have faith in the justice of the American people and because we believe in American institutions. We know that this Congress of the United States is not like a man who would take away violently the little piece of ribbon from the hands of the mother. We know that this Congress is not willing to impose itself upon the patriotic feelings of the people of Puerto Rico, and we know that we are going to have the restitution that we are asking for in this bill, which is of no significance whatever to the United States from an economic standpoint but which is of immense significance to the high feelings and patriotic sentiment of one and a half millions of American citizens in the island of Puerto Rico. [Applause.]

Mr. STAFFORD. Mr. Chairman, I take the time in opposition to this bill because I believe it would be a mistake to change a name that all the children, all the people for years back, have known under that name the island adjoining that of Cuba. Since the gentleman from Missouri spoke I have taken occasion to look up in the dictionary a number of places which bore the name of Porto, not Puerto, and I find 20, but not one which bears the Spanish name "Puerto." I find there Porto Alegre, Porto Bello, Porto Novo, Porto Rico, Porto Royal—all down the line. There are 10 or more. Now, as the gentleman from Arkansas said, it is a mistake for us to try to engraft a Spanish name upon an Anglican name. "Porto" is Anglican for this island, and it has been accepted as such. It would not only cost thousands but hundreds of thousands of dollars to make this change. Throughout this dictionary there is "Porto Rico," "Porto Rican," and others, and all those plates would have to be changed. We would have to change the names on the bonds. Why should we in this particular change a name just because the Legislature of Porto Rico wishes to have a Spanish rather than an American name? For instance, I learned the name "Havana," not "Habana," the Spanish spelling. I learned the name "Constantinople" and not the name "Stamboul" or "Istanboul" or "Byzantine." I know it as "Constantinople." So I might go and cite other instances. We have it established in the minds of the people of this country as "Porto Rico" as the name of the island, and when the bill is read I intend to move to strike out the enacting clause, because I do not think this Congress should be occupied with these insignificant matters.

The CHAIRMAN. The time of the gentleman from Wisconsin has expired. All time has expired.

The Clerk will read the joint resolution.

The Clerk read as follows:

Resolved, etc., That from and after the passage of this resolution the island designated "Porto Rico" in the act entitled "An act to provide a civil government for Porto Rico, and for other purposes," approved March 2, 1917, as amended, shall be known and designated as "Puerto Rico." All laws, regulations, and public documents and records of the United States in which such island is designated or referred to under the name of "Porto Rico" shall be held to refer to such island under and by the name of "Puerto Rico."

Mr. TILSON. Mr. Chairman, I move to strike out the last word. I do this to ask the gentleman from Texas, or the Commissioner from Porto Rico, as to what evidence there was before the committee that the people of Porto Rico really desire this change? I am quite sure this information would have a great deal of influence with a number of the Members in this House.

Mr. WILLIAMS of Texas. This report contains all that I know about the matter.

Mr. TILSON. Is the Commissioner from Porto Rico certain that he represents the sentiment of his people and the legislative body of Porto Rico in urging this request?

Mr. PESQUERA. In the report is the resolution of the Legislature of Porto Rico.

Mr. TILSON. The report is very brief, and I wondered if the gentleman had any further information that he wished to give the House to assure the membership that this change of name is desired by his people, and that they are willing to incur additional expense, if necessary, in order to change the name?

Mr. PESQUERA. The Legislature of Porto Rico is the representative of the whole people. You can not see any Porto Rican write the name down "Porto Rico" except when addressing somebody in the United States. They all call it "Puerto Rico" down there.

Mr. TILSON. Does the gentleman have any idea as to the actual expense to the government of Porto Rico that will be involved in making this change?

Mr. PESQUERA. I do not think there will be any expense at all, because the change is not going to be made rapidly, but just to declare that the official name is "Puerto Rico." Time will take care of the substitution.

Mr. TILSON. And the Commissioner is certain that in making this request he is making a request that is in line with the sympathy of his people, that they desire it, and that if there is any expense connected with it they are willing to bear it?

Mr. PESQUERA. Yes, sir.

Mr. SNELL. Will the gentleman from Connecticut yield to me?

Mr. TILSON. I yield.

Mr. SNELL. For how many years have they used the present spelling?

Mr. PESQUERA. They use the Spanish word.

Mr. SNELL. But how long have they used it as "Porto"?

Mr. PESQUERA. Ever since a few years after American occupation. As a matter of fact, I have a report here from a brigadier general of the United States who was military governor of Porto Rico, and he called it "Puerto Rico" in his official report in 1899.

Mr. SNELL. What is the occasion of calling it up at this time?

Mr. UNDERHILL. It has been before Congress and before the committee before this. Mr. Davila, who was here for a number of years, urged it strongly before the committee at other times, but it has always been lost in the shuffle. The Committee on Insular Affairs has not had a Calendar Wednesday, in my recollection, in the last 10 years.

Mr. LOZIER. Will the gentleman yield?

Mr. TILSON. I yield.

Mr. LOZIER. The gentleman from Connecticut is familiar with the fact that the Porto Rican Legislature petitioned Congress to make this change?

Mr. TILSON. When was that?

Mr. LOZIER. It is shown in the report. It was on the 6th day of May, 1930. May I say, if the gentleman from Connecticut will permit, that the American people have never adopted the practice of changing the historic and linguistic names of any of our dependencies. The names of the Philippine Islands or Hawaii or any of the other islands have not been changed.

Mr. SNELL. We did change this name, did we?

Mr. UNDERHILL. Yes. They use "Puerto Rico" down there almost universally, and we changed it because it was easier to spell it "Porto."

Mr. STAFFORD. In our school days we always knew it as "Porto Rico." The geographies all have it "Porto Rico."

Mr. TILSON. Mr. Chairman, I have in my hand a report of Brig. Gen. George W. Davis on the industrial and economic conditions of "Puerto Rico," spelling it as it is provided in the bill. This was issued by the Division of Insular Affairs in the War Department in 1899 and printed at the Government Printing Office in 1900.

Mr. SNELL. It was spelled the way we are spelling it now.

Mr. TILSON. No; it was spelled there the way it is now provided for in this bill. It was spelled in this official report written in 1899 the way it is now desired to have it changed—"Puerto Rico."

Mr. STAFFORD. Mr. Chairman, I move to strike out the enacting clause.

Mr. Chairman, the impression is sought to be conveyed that the Anglican term Porto Rico is of recent usage. Every one of us who studied geography 50 or more years ago knows that the island to the east of Cuba was known as Porto Rico.

I cited from Webster's Dictionary name after name having as part of it the word "Porto"—20 or more—every one being of Spanish derivation.

Are we in America going to have a hybrid name, or the Anglican, Americanized name of Porto Rico?

Are we to put the Government and the Porto Ricans to the expense of changing these plates? Are we to put the Government of Porto Rico or the Government of the United States to the expense of changing dies for postage stamps, for their currency, for their bonds, and many other things merely to gratify the sentimental whim of the local inhabitants of Porto Rico who are of Spanish descent and who would like the name spelled the Spanish way rather than the Anglican or American way?

I say it comes with rather ill grace from the erudite gentleman from Missouri. He should study the names I have referred to. The first name is Porto Bello. Then there is Porto Torres, a Spanish Province in Sardinia, spelled "Porto." Then we have Porto Santo, Porto Rico, Porto Novo, Porto Maurizio. So we find that Porto is the accepted spelling, but now by congressional enactment you are going to change the spelling that is accepted everywhere.

Mr. LOZIER. Mr. Chairman, will the gentleman yield?

Mr. STAFFORD. I yield.

Mr. LOZIER. Is the gentleman serious when he says that postage stamps, bonds, and currency would have to be changed? Does not the gentleman know that when a corporation changes its name, or a city or municipality changes its name, their outstanding obligations do not have to be changed?

Mr. STAFFORD. Those plates are now in existence. When we by congressional action give a new name to this land the dies will have to be changed for all subsequent issues of bonds, postage stamps, and currency.

If there were any basis whatsoever for this change, it would be all right. Why should we make an exception just because persons of Spanish descent would like to have the Spanish name ingrafted upon the American people who use the English language and not the Spanish language?

Mr. UNDERHILL. Mr. Chairman, will the gentleman yield?

Mr. STAFFORD. I yield.

Mr. UNDERHILL. Every bond issue that is engraved has to have a new plate. Every stamp issue that is printed has to have a new plate.

Mr. STAFFORD. Why should we in America—why should we in the good old United States—adopt a Spanish name as against an American name that has been accepted and taught in the American schools for more than 50 years?

Mr. LOZIER. Mr. Chairman, will the gentleman yield farther?

Mr. STAFFORD. I yield.

Mr. LOZIER. The gentleman has read the names of a number of places with the prefix "Porto"?

Mr. STAFFORD. Yes.

Mr. LOZIER. Will the gentleman tell the House how many "Puertos" are in the dictionary?

Mr. STAFFORD. Not as many.

Mr. LOZIER. If the gentleman will look at them, he will find there are 17.

Mr. STAFFORD. There are not nearly as many.

Mr. LOZIER. There are 17 "Puertos" in the dictionary from which you are quoting.

Mr. STAFFORD. There are not nearly as many "Puertos" as there are "Portos."

Mr. LOZIER. The "Portos" to which the gentleman referred are of Latin or Portuguese origin.

Mr. STAFFORD. They are of Spanish origin.

Mr. LOZIER. There is no such word as "Porto" in the Spanish language.

Mr. STAFFORD. Here is one Porto Grande. There is a Porto Grande in the Cape Verde Islands. There is Porto Bello at Panama, of Spanish derivation, but they have adopted the Anglicized American spelling. [Applause.]

Mr. LOZIER. The gentleman is quoting from Portuguese. The gentleman from Wisconsin, whom we all respect and admire for his sincerity and legislative ability, quoting from the dictionary enumerates a number of places, the names of which have the prefix "Porto." I call his attention to the fact that these are not Spanish names, but largely Portuguese—"Porto Grande" is Portuguese; "Porto Alegre" and "Porto Feliz," both in Brazil, were originally Portuguese settlements, and these names are Portuguese; "Portomaggiore" and "Porto Maurizio" are in Italy, and these names are not Spanish but Italian; "Porto Novo" is not Spanish, but is in British India; "Porto Praya" and "Porto Santo" are in the Cape Verde and Madeira Islands, and are Portuguese. My scholarly friend from Milwaukee can not show that the word "Porto" has ever been ingrafted onto the Spanish language.

Mr. ALMON. Mr. Chairman, I demand the regular order.

Mr. KELLER. Mr. Chairman, I shall not take much of your time; but happening to understand something of the Spanish language through 12 years' residence in Old Mexico, I heartily sympathize with this movement. The people of Puerto Rico have a right to the original name of their country, which was only taken from them through a mistake in translating the original treaty of the United States with Spain. It would be just as foolish to compel those people to keep the name Porto Rico, which means nothing at all, as it would be to spell New York with an "a," "Naw York," or to spell Milwaukee with a "u," "Mulewaukee." [Applause and laughter.]

Mr. STAFFORD. The mules come from Little Egypt and Missouri, where they have mule whisky and foul moonshine.

Mr. OSIAS. Will the gentleman yield?

Mr. KELLER. Yes.

Mr. OSIAS. Is not the word "Rico" Spanish, while "Porto" is not?

Mr. KELLER. Why, surely.

Mr. OSIAS. Therefore, in order that the name shall not continue to be hybrid, the two words "Puerto Rico" should be Spanish; and that is all this bill seeks to accomplish, is it not?

Mr. KELLER. That is exactly the idea.

Mr. FINLEY. Will the gentleman yield?

Mr. KELLER. Yes.

Mr. FINLEY. Would it not be as consistent to require the State of Arkansas to pronounce the name of their State the way it is spelled—call it "Arkansas" in place of "Arkansaw"?

Mr. GLOVER. If the gentleman will permit, I will say that an act of the Arkansas Legislature provides that it shall be pronounced that way—"Arkansaw."

Mr. FINLEY. And the Legislature of Porto Rico has petitioned that it shall be spelled "Puerto Rico."

Mr. KELLER. Mr. Chairman, I yield back the balance of my time.

The CHAIRMAN. The question is on the motion of the gentleman from Wisconsin [Mr. STAFFORD] that the committee do now rise and report the House joint resolution back to the House with the recommendation that the enacting clause be stricken out.

The question was taken; and on a division (demanded by Mr. STAFFORD) there were—ayes 31, noes 88.

So the motion was rejected.

The CHAIRMAN. The Clerk will report the preamble.

Mr. STAFFORD. Mr. Chairman, I ask unanimous consent that the reading of the preamble be dispensed with.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. STAFFORD. Mr. Chairman, I move that the preamble be stricken out.

The motion was agreed to.

Mr. WILLIAMS of Texas. Mr. Chairman, I move that the committee do now rise and report the House joint resolution back to the House with an amendment, with the recommendation that the amendment be agreed to and that the House joint resolution as amended do pass.

The motion was agreed to.

Accordingly the committee rose; and the Speaker having resumed the chair, Mr. BROWNING, Chairman of the Committee of the Whole House on the state of the Union, reported that that committee had had under consideration House Joint Resolution 149, to correct the spelling of the name of the island of Porto Rico, and had directed him to report the same back to the House with an amendment, with the recommendation that the amendment be agreed to and that as amended the resolution do pass.

The previous question was ordered.

Mr. WILLIAMS of Texas. Mr. Speaker, I ask unanimous consent to substitute a similar Senate joint resolution (S. J. Res. 36) with the House amendment.

The SPEAKER. The gentleman from Texas asks unanimous consent to substitute Senate Joint Resolution 36 for

the pending resolution with the House amendment. Is there objection?

The Clerk read the Senate joint resolution.

There was no objection.

The SPEAKER. Without objection, the preamble will be stricken out.

There was no objection.

The Senate joint resolution was ordered to be read a third time, was read the third time, and passed.

A motion to reconsider the vote by which the Senate joint resolution was passed was laid on the table.

MESSAGE FROM THE PRESIDENT

A message in writing from the President of the United States was communicated to the House by Mr. Latta, one of his secretaries.

DISABLED AMERICAN WAR VETERANS

Mr. PARKS. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD by inserting therein a speech which my colleague, Hon. CLAUDE A. FULLER, delivered last night over the radio at a meeting of the Disabled American War Veterans.

The SPEAKER. Is there objection?

There was no objection.

Mr. PARKS. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include the following address by my colleague, Hon. CLAUDE A. FULLER, at a meeting last night of the Disabled American War Veterans:

Mr. Chairman, ladies and gentlemen and friends of the radio audience, it is appropriate that we should meet on this occasion to do honor to E. Claude Babcock, national commander of the Disabled American Veterans of the World War. Our honored guest, as a law student in George Washington University, volunteered his services in the great world conflict. He was offered and refused a commission, preferring to remain a private. He was a real soldier, the kind that defends and wins victories for his country; as a result he engaged in numerous battles, was wounded, and later honored as national commander of his disabled "buddies."

The veterans of every war, in every nation in the world's history, have been those who made the future history of their country. I never come in contact with one who has worn the uniform in defense of his country, especially one who has been disabled by reason of his service, that I do not feel like doffing my hat in admiration and respect. It is proper that these disabled veterans should organize in order that they might be drawn closer together, with a view of promoting the best interest of the communities in which they live, as well as the welfare of their beloved country. It brings them together as in a family reunion, where they can think and talk of the glories, achievements, and valor of their comrades in days gone by, cooperate, and present a united front to the entire world in the interest of better government. Each of these disabled veterans is a living example of the horrors and misfortunes of war. Regardless of whether they served in the camps or whether they went across, a matter over which they had no control, entitles them to the same honor and respect. The promptitude with which our great Army of over four million was mobilized, their courage and bravery in the Battles of the Marne, St. Mihiel, and Argonne Forest have forever stamped us in the eyes of the world as a brave and liberty-loving Nation. Methinks I can see them to-night as they left homes of loved ones and plenty to die, if need be, for their country's cause.

Methinks I can see them as they were transported 3,000 miles across the briny deep, many in poorly equipped transports, watching and waiting every moment for the approach of a submarine threatening to send them to a watery grave, and at last landing upon the soil of a country, in a climate unusual to many, and among a people whose language they did not know. Although required to do duty in trenches, sometimes in mud shoe deep and in the rain, they never faltered nor became discouraged. When the order was given they courageously went over the top, through no man's land, through barbed-wire entanglements, in the face of liquid fire, poisonous gas, and deadly machine-gun nests, and routed from their trenches the trained forces of a formidable power and forever sealed the doom of the barbaric hordes of Prussianism. By their bravery and loyalty they won the war and taught the Germans that we were not a gold-loving people and afraid to fight after our women and babes had been sent to a watery grave and our flag shot from the masts of our ships. They demonstrated that the spirit which gave to paganism its dazzling luster, to barbarism its redeeming trait, to Christianity its heroic form, and to the American people our liberty, that this spirit was enthroned in the heart of our soldiery and ever present around the firesides of our American homes.

Jew and Gentile, Catholic and Protestant, the rich and the poor fought side by side, shoulder to shoulder, as real "buddies." To these great disabled American veterans, many of whom bared their bosoms to the storm of battle when the heart beat fast and the blood flowed strong, I would that I could strew flowers before them as they march on to the eternal camping ground. May they live long in the land they love and for which they served at the expense of personal disability. May the winter of their age be as green as spring, as full of blossoms as summer, and as generous as autumn. And when at last the fires of life grow low, when at last they shall enter the deepening dusk, after many, many happy years, surrounded by their loved ones with their grandchildren upon their knees, may the memory of their glorious deeds, deeds that tell of heroism, chivalry, and bravery of the flower of American manhood; deeds which will live as long as honesty remains the corner stone of good government and patriotism and loyalty the password of good citizenship; may the memory of these great deeds fill their souls with peace and perfect joy. Centuries hence their achievements will be sung in songs by millions yet unborn, who will lovingly lay flowers upon their honored graves. No greater love has any man than that he is willing to give his life in defense of his country.

ARMY APPROPRIATION BILL

Mr. MANSFIELD. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and to include therein a brief memorandum from the Chief of Engineers of the War Department.

The SPEAKER. Is there objection?

There was no objection.

Mr. MANSFIELD. Mr. Speaker, the pending bill making appropriations for the military and nonmilitary activities of the War Department for the fiscal year ending June 30, 1933, and for other purposes, carries a provision on page 72, lines 17 to 22, prohibiting the engineers, while carrying out the works of river and harbor improvements and for flood control, from purchasing any motor-propelled vehicles or launches unless there shall be a specific appropriation for such purpose.

This provision, if it becomes law, will greatly hamper and cripple the Corps of Engineers in carrying out such work. For the general information of Members of the House I insert a communication from Maj. Gen. Lytle Brown, Chief of Engineers, as follows:

The bill making appropriations for military and nonmilitary activities of the War Department for the fiscal year ending June 30, 1933, and for other purposes provides on page 72, lines 17–22 "*Provided further*, That no part of any appropriation expended under the supervision of the Chief of Engineers shall be available for the purchase of motor-propelled passenger-carrying vehicles, launches, speed boats or other similar motor-propelled boats unless there shall be a specific appropriation therefor."

The work carried on by appropriations expended under the supervision of the Chief of Engineers includes the maintenance and improvement of authorized river and harbor works, the prosecution of examinations and surveys that have been directed by Congress, the control and supervision of harbor and adjacent waters of New York City, flood control on the Mississippi River and its tributaries, and on the Sacramento River. For the efficient prosecution of this work launches are essential. The work can not be prosecuted without them. They are necessary not only for surveys but are also essential to the service of dredges and other floating plant operated by the department. For work in swift waters and to provide for the speedy transportation of the inspection and supervisory personnel, high-powered speed boats must be provided. The total number of launches, speed boats, and other similar small motor-propelled boats in use by the department is approximately 275. Relatively few of these are high-powered speed boats. Replacements of these boats must be made as required.

The efficient and economical supervision of work spread out over a large area, transportation of survey parties, etc., requires the use of motor-propelled passenger-carrying vehicles. The department does not purchase expensive motor vehicles. The total number of motor vehicles in the department is 295. Their average cost is approximately $750. These vehicles are subjected to hard service in carrying out the work for which they were acquired, and frequent replacement is necessary.

Recognizing the need for the use of motor boats and motor-propelled vehicles in the efficient supervision of the prosecution of the river and harbor work directed by Congress, the river and harbor act of March 4, 1915, provided in section 10 that the prohibition in prior legislation against the purchase of such means of transportation should not be construed as applying to the purchase, maintenance, and repair of motor boats, trucks, and other vehicles needed in carrying out the various projects adopted by Congress for the improvement, preservation, and protection of rivers and harbors.

No reports have reached the Chief of Engineers that the motor cars and motor vehicles procured for the official use of the works have been utilized for pleasure purposes. If any such instances are known to any Member of Congress and are reported to the Chief of Engineers, drastic corrective action will be applied. The proviso incorporated in the act does not prevent the misuse of motor vehicles, but will seriously impair the efficiency of the prosecution of the work.

LYTLE BROWN,
Major General, Chief of Engineers.

EXTENSION OF REMARKS

Mr. GREEN. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and to include therein a resolution adopted by the Temperance Organization of Live Oak, Fla.

The SPEAKER. Is there objection?

Mr. UNDERHILL. Mr. Speaker, I object.

ISSUANCE OF BONDS BY THE ST. THOMAS HARBOR BOARD, VIRGIN ISLANDS

Mr. WILLIAMS of Texas. Mr. Speaker, I call up the bill (H. R. 10867) to authorize the issuance of bonds by the St. Thomas Harbor Board, Virgin Islands, for the acquisition or construction of a graving or dry dock.

The SPEAKER. The gentleman from Texas calls up a bill which the Clerk will report.

The Clerk read the title of the bill.

Mr. WILLIAMS of Texas. Mr. Speaker, I yield five minutes to the gentleman from Missouri [Mr. LOZIER].

Mr. LOZIER. Mr. Speaker, this is a bill which authorizes the issuance of bonds by the St. Thomas Harbor Board, Virgin Islands, for the acquisition or construction of a graving or dry dock. For many years the harbor at St. Thomas had a dry dock, profitably operated by the St. Thomas Harbor Board. St. Thomas is a port of call for many vessels engaged in commerce on the Atlantic, and is in a direct line between London, Liverpool, and the Panama Canal. A number of years ago, in a great hurricane, this dry dock at St. Thomas was demolished. It has not since been reconstructed.

The Governor of the Virgin Islands appeared before the Committee on Insular Affairs and urged the enactment of this bill. This measure has the approval of the Secretary of the Interior. It involves no liability or expense on the part of the Government of the United States, and to satisfy the most technical members an amendment will be offered which, if adopted, will satisfy the most exacting legalistic mind that no financial liability will be incurred by the United States Government under the provisions of this bill.

Mr. THATCHER. Will the gentleman yield?

Mr. LOZIER. Yes; I yield to my friend from Kentucky.

Mr. THATCHER. At whose expense will it be built?

Mr. LOZIER. At the expense of the St. Thomas Harbor Board. It was shown in the hearings that the revenues from the old dry dock were very handsome, and it is believed that the revenues from the new graving or dry dock will be sufficient to provide an ample sinking fund so as to retire the new bonds at the end of 20 years. I quote from a letter of Secretary Wilbur to Mr. HARE, chairman of the Committee on Insular Affairs:

> The harbor board is an independent branch of the local government of the Virgin Islands. It has its own treasury and is self-supporting from fees collected for certain services. I am of the opinion that no other branch of the Government will become financially involved by the proposed legislation. However, it is suggested that any existing doubt may be removed by the insertion after the word "payable," in line 3, page 2, of the bill the following: "from the treasury of said board."

The cost of the proposed dock is limited to $150,000. It will probably cost not to exceed $100,000. The harbor board expects to use part of the revenue from this dock to make other important improvements in the harbor.

May I say, as I have stated before, the harbor of St. Thomas is in the direct path of commerce between Europe and the Panama Canal. It is the most favorable and desirable port in the Caribbean for dry-docking of boats that are engaged in commerce moving between Europe and the Panama Canal. The harbor of St. Thomas is one of the deepest and finest in the world.

The Committee on Insular Affairs was convinced by the governor and by the recommendations of the Interior Department that this project is feasible, that the income and revenue arising therefrom will be sufficient to maintain the dry dock and to provide an adequate sinking fund for the ultimate redemption of these bonds, and the committee in a unanimous report has recommended that this bill do pass.

Mr. LAMNECK. Will the gentleman yield?

Mr. LOZIER. I yield to my friend from Ohio.

Mr. LAMNECK. It may be a contribution to the argument of the gentleman to say that the same board that the gentleman is asking this bond issue for has already demonstrated its ability to handle a proposition like this by paying off the previous bond issue in the amount of $100,000.

Mr. LOZIER. I thank the gentleman from Ohio for his contribution to this subject. The old bonds, issued many years ago, were adequately financed, and the old dry dock produced revenue sufficient to cover all the expenses of operating the dock and to retire the former bond issue. The bonds issued under the pending bill will be the only obligation of the St. Thomas Harbor Board, and it is the thought of the committee that by authorizing this harbor board to issue these bonds we will enable the harbor of St. Thomas to regain much of this dry-dock business that has been lost to that port since the destruction of the old dry dock.

The Clerk read the bill, with the following committee amendment:

> Page 2, line 4, after the word "payable" insert: "from the treasury of said board."

The committee amendment was agreed to.

Mr. WILLIAMS of Texas. Mr. Speaker, I ask unanimous consent to substitute a similar Senate bill, S. 4193, and for the information of the House I will say that with this amendment the bill is identical with the House bill.

Mr. McDUFFIE. Mr. Speaker, reserving the right to object, and I shall not object, may I ask the gentleman if this bill in any way will result in a charge on the Public Treasury?

Mr. WILLIAMS of Texas. The amendment takes care of that.

The SPEAKER. The gentleman from Texas asks unanimous consent to substitute a Senate bill for the House bill, with an amendment. Is there objection?

There was no objection.

The Clerk read the Senate bill with the following amendment:

> Amendment offered by Mr. WILLIAMS of Texas: On page 2, in line 3, after the word "payable" insert "from the treasury of said board."

The amendment was agreed to.

The Senate bill, as amended, was ordered to be read a third time, was read the third time, and passed.

A motion to reconsider was laid on the table.

A similar House bill was laid on the table.

Mr. WILLIAMS of Texas. Mr. Speaker, I have no other business from the Committee on Insular Affairs.

The SPEAKER. The Clerk will call the committees.

SUSPENSION OF ANNUAL ASSESSMENT WORK ON MINING CLAIMS

Mr. EVANS of Montana (when the Committee on Mines and Mining was called). Mr. Speaker, by direction of the Committee on Mines and Mining I call up the joint resolution (H. J. Res. 341) providing for the suspension of annual assessment work on mining claims held by location in the United States and Alaska.

The Clerk read the title of the joint resolution.

Mr. EVANS of Montana. Mr. Speaker, I ask unanimous consent that the joint resolution may be considered in the House as in Committee of the Whole.

The SPEAKER. Is there objection to the request of the gentleman from Montana?

There was no objection.

The Clerk read the joint resolution, as follows:

Resolved, etc., That the provision of section 2394 of the Revised Statutes of the United States which requires on each mining claim located, and until a patent has been issued therefor, not less than $100 worth of labor to be performed, or improvements aggregating such amount to be made each year, be, and the same is hereby, suspended as to all mining claims in the United States, including Alaska, during the fiscal year from July 1, 1931, to July 1, 1932: *Provided*, That every claimant of any such mining claim, in order to obtain the benefits of this resolution, shall file or

cause to be filed in the office where the location notice or certificate is recorded, on or before July 1, 1932, a notice of his desire to hold said mining claim under this resolution.

With the following committee amendment:

Beginning in line 1, page 2, after "1932," strike out the colon and the remainder of the resolution.

Mr. STAFFORD. Will the gentleman yield me a few minutes?

Mr. EVANS of Montana. I yield the gentleman from Wisconsin five minutes.

Mr. STAFFORD. The Commissioner of the General Land Office, in which the Secretary of the Interior concurs, recommends an adverse report on this bill, setting forth very specifically that it will be an incentive to absent mine locators to just hold their speculative entries against the business interests of the resident entrymen. I think some explanation should be made to the House controverting the position of the Commissioner of the General Land Office.

Mr. COLTON. I think everyone who has made an investigation of this subject is convinced that practically all the work that can be done for this year has already been done, but owing to the depression and hard times there are a great many poor men who hold these claims who can not do the work.

Mr. STAFFORD. It was difficult, concurring in the position of the Commissioner of the Land Office, to see why the poor man could not perform this little work at a cost of $100.

Mr. COLTON. It is surprising to a great many, but these men, in very many cases, can not get the food and powder and other necessary things in order to do this work. This is in the interest of the poor claimants.

Mr. STAFFORD. From the gentleman's personal acquaintance with this situation the gentleman does not agree with the Commissioner of the General Land Office that this is in the interest of speculative entrymen?

Mr. COLTON. No. It may result in benefit to a few of that kind, but on the whole it is in the interest of the poor claimants.

Mr. STAFFORD. I recall that in the last Congress we passed some bill lifting the requirement of performing this $100 worth of work——

Mr. COLTON. Not last year.

Mr. STAFFORD. In the last Congress.

Mr. EVANS of Montana. No; that bill was passed during the war.

Mr. STAFFORD. It may have been way back during the war that we passed some such bill.

Mr. COLTON. This has been done in other times of emergency.

Mr. STAFFORD. Will not this be taken as a precedent next year?

Mr. COLTON. No; because the western Members heretofore have opposed this kind of legislation.

Mr. STAFFORD. Mr. Speaker, with the assurance of the ranking Republican Member that this will not be in the interest of speculative entrymen, I will not oppose the joint resolution.

The SPEAKER. The question is on the amendment.

The amendment was agreed to.

The joint resolution, as amended, was ordered to be engrossed and read a third time, was read the third time, and passed.

A motion by Mr. EVANS of Montana to reconsider the vote whereby the joint resolution was passed was laid on the table.

Mr. EVANS of Montana. Mr. Speaker, the Committee on Mines and Mining have no further business to-day.

AMENDING NATIONAL BANKING ACT AND FEDERAL RESERVE ACT

Mr. BANKHEAD. Mr. Speaker, by direction of the Committee on Rules, I offer the following privileged report.

The Clerk read as follows:

House Resolution 221 (Rept. No. 1287)

Resolved, That immediately upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of H. R. 11362, a bill to amend the national banking act and the Federal reserve act, and to provide a guaranty fund for depositors in banks.

That after general debate, which shall be confined to the bill and shall continue not to exceed four hours, to be equally divided and controlled by the Chairman and ranking minority member of the Committee on Banking and Currency, the bill shall be read for amendment under the 5-minute rule. At the conclusion of the reading of the bill for amendment the committee shall rise and report the same to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and any amendments thereto to final passage without intervening motion except one motion to recommit.

The resolution was referred to the House Calendar and ordered to be printed.

PRESIDENT'S MESSAGE (H. DOC. NO. 319)

The SPEAKER. The Chair lays before the House the following message from the President of the United States.

Mr. STAFFORD. Mr. Speaker, this being Calendar Wednesday, ought not further business be dispensed with before we consider any other business?

The SPEAKER. Not necessarily.

Mr. STAFFORD. This is holy Wednesday.

Mr. CRISP. Is there any other business under Calendar Wednesday?

Mr. STAFFORD. No.

Mr. CRISP. Mr. Speaker, to save any question, I move that further business under Calendar Wednesday be dispensed with.

The motion was agreed to.

The SPEAKER. Let the Chair say, however, in connection with this Calendar Wednesday rule, that it does not suspend the Constitution of the United States, which provides that a veto message of the President shall have immediate consideration. The Clerk will read the message.

The Clerk read the message as follows:

To the House of Representatives:

I am returning without my approval H. R. 6662, entitled "An act to amend the tariff act of 1930, and for other purposes."

My first objection to the bill is the misimpression and uncertainty it may convey as to its purpose. If the purpose of the proponents of this act is to secure lower tariffs on the 35 per cent of our imports which are not on the free list, it would seem that the direct and simple method of so doing would be to recognize that tariffs are duties applied to particular commodities, and to propose definite reduction of the duties on such particular commodities as are believed to be at fault and upon which the full facts can be developed. Alternatively, the Congress is able to direct the Tariff Commission under the "flexible" provisions of the act of 1930 to act upon such schedules as are believed to be too high.

As a matter of fact, there never has been a time in the history of the United States when tariff protection was more essential to the welfare of the American people than at present. Prices have declined throughout the world, but to a far greater extent in other countries than in the United States. Manufacturers in foreign countries which have abandoned the gold standard are producing goods and paying for raw materials in depreciated currency. They may ship their goods into the United States with great detriment to the American producer and laborer because of the difference in the value of the money they pay for their raw materials and the money they receive for their finished products. Under such conditions it is imperative that the American protective policy be maintained. If the intent or the effect of the proposed bill is to remove the possibility of Executive action or to reduce tariff protection, there never was a time more inappropriate on account of widespread domestic unemployment and the possibilities which lie before us.

The second objection to the bill is that it practically destroys the "flexible" tariff through the removal of Executive authority to render conclusions of the Tariff Commission effective. This bill would again reduce the Tariff Commission to a purely advisory body to the Congress, and thus defeat a reform so earnestly sought ever since its first advocacy by President Roosevelt and finally fully realized in the tariff act of 1930. By the act of 1930 the principle of a "flexible" tariff based upon determination by a bipartisan commission, subject to approval of the Executive, was firmly

and effectively established. Beyond the ability to change the duties by 50 per cent, there lies within the provisions the development of the definite principle of preference of the home market for American industry, workmen, and agriculture, based upon the difference of cost of production at home and abroad plus transportation to the principal markets. This open process, upon the application of any responsible party, is an assurance against either excessive duties or nonprotective tariffs upon dutiable goods.

The broad purpose of the present form of Executive action upon the "flexible" provision is promptly to remedy inequities and injustices in the tariff as they may be discovered; to prevent any tariff system being frozen upon the Nation despite economic shifts, and by providing this flexibility to meet changing economic conditions greatly to lessen the necessity for periodic general revision of the tariff, with its disturbance to economic life and its orgy of politics and logrolling. The "flexible" provision has since the act of 1930 proved its high usefulness in these particulars. The commission has completed or has in progress investigations covering 291 different articles. Of those which come under the "flexible" provisions, the recommendations were for no change in about 54 per cent of the cases, increases in 16 per cent, and decreases in 30 per cent, which were placed in effect within a few days. This effective "flexible" tariff as a protection to sound progress and for the future protection of our farmers, workmen, industries, and consumers should be maintained in our American system. The proposal in the bill under consideration will effectively destroy it and is a step backward.

Under the present law the Congress has the benefit of the advisory functions of the Tariff Commission, upon which it can act at any time. If this bill is to have any practical result by reserving to the Congress incidental or occasional readjustment of the tariff, it simply opens the way for logrolling every time Congress is called upon to consider a report of the Tariff Commission recommending any specific change in rates or schedules. In an effort to avoid this obvious objection, the act attempts to limit Congress, in legislating upon the recommendations of the commission, to the specific items included in the report. But no Congress can bind another Congress in any such manner, relating as it does to a question of legislative procedure.

My third objection to the bill lies in the conditions stipulated for action in an international conference which it is proposed should be called to deal with trade questions. I wish to say at once that I am in fullest accord with the proposal for an international action or conference to "eliminate discriminatory and unfair trade practices," "preventing economic wars," and "promoting fair, equal, and friendly trade and commercial relations among nations." The American Government has participated in several international economic conferences for these identic purposes since the Great War. They have resulted in very little accomplishment.

But the objectives proposed in this bill for such a conference are not limited to the constructive purposes above mentioned. Some of the proposals in the bill for such a conference raise questions of futility or alternatively of abandonment of essential American policies. The first legislative act of Washington's administration was a tariff bill. From that day to this, one of our firm national policies has been that tariffs are solely a domestic question in protection of our own people. It is now proposed that an international conference should be called with a view to "lowering excessive tariffs." The very implication of calling other nations into conference with view to changing our tariff duties is to subject our tariffs to international agreement.

For myself, I hold that any inequalities or excessive duties in the American tariff can be corrected through the flexible provisions of the present tariff law. If other nations should adopt this principle and such an instrumentality, it would automatically remove excessive duties and unequal treatment throughout the world without interference with domestic control of tariff policies.

If the meaning of the Congress is that such a conference should discover and negotiate the elimination of particular excessive duties throughout the world, then I do not need to elaborate upon the direction in which such action leads, for it means simply attempting the futility of negotiating a world tariff amongst 60 or 70 nations subject to confirmation of their legislative bodies. If, on the other hand, what the Congress means is to undertake a general lowering of American tariffs in exchange for lowering of tariffs elsewhere in the world, and if the Congress proposes to make such a radical change in our historic policies by international negotiation affecting the whole of American tariffs, then it is the duty of the Congress to state so frankly and indicate the extent to which it is prepared to go.

I am fully alive to the effect on our own and world commerce of the many arbitrary restrictions now in existence. The Departments of State and Commerce are actively engaged in protecting our export trade from unfair discriminations and infractions. If at any time circumstances are such as to permit the hope that such barriers to international trade and commerce may be removed through the medium of an international conference without sacrificing American interests or departing from the historic policies followed by our country, I shall not hesitate to take the lead in calling such a conference.

If this measure is intended to do more than this, then the new policy should be clearly indicated for clarity to the American people and for the guidance and judgment of the Executive. An established national policy should not be changed by implication.

My fourth objection to the bill lies in the further request that I should "negotiate with foreign governments reciprocal trade agreements under a policy of mutual tariff concessions." This proposal is in direct conflict with the other proposals "to eliminate discriminatory tariffs; prevent economic wars; and promote fair, equal, and friendly trade," all of which latter are desirable.

A firmly established principle of the American tariff policy is the uniform and equal treatment of all nations without preferences, concessions, or discriminations (with the sole exception of certain concessions to Cuba). No reform is required in the United States in this matter, but we should have at once abandoned this principle when we enter upon reciprocal concessions with any other nation. That is at once unequal treatment to all other governments not parties thereto. That is the very breeding ground for trade wars. This type of preferential tariff agreement which exists abroad to-day is one of the primary causes of trade wars between other countries at the present moment.

It has been the policy of our Government for many years to advance "most-favored-nation" treaties with view to extinguishing these very processes, preferences, and trade frictions and to secure equal treatment to us by the other nations in all their tariff and economic arrangements. We have such treaties or Executive agreements with 31 nations. If we adopted this complete reversal of policies and now negotiated reciprocal tariff agreements we should either under our "most-favored-nation" obligations need extend these rights to all nations having such treaties with us, or to denounce such treaties.

The struggle for special privileges by reciprocal agreements abroad has produced not only trade wars but has become the basis of political concessions and alliances which lead to international entanglements of the first order. These very processes are adding instability to the world to-day, and I am unwilling to enter upon any course which would result in the United States being involved in such complexities and such entanglements.

Of high importance to us, also in consideration of these matters, is that the principal interest of a majority of the 60 or 70 other nations which might be approached for mutual tariff concessions would be to reduce the American agricultural tariffs. No concessions otherwise than those related to agricultural products would be of any importance to those particular nations. The effect of such a shift in the basis of our agricultural tariffs would be to make us large

importers of food products, to demoralize our agricultural industry, and render us more and more dependent upon foreign countries for food supply; to drive our farmers into the towns and factories, and thus demoralize our whole national economic and social stability.

Moreover, the futility of the Executive negotiating such traties as reciprocal tariffs has been often demonstrated in our past. Before we definitely adopted the policy of equal treatment to all nations, the Congress had from time to time authorized such treaties. Out of some 22 such treaties providing for reciprocal tariff concessions, the Congress either refused to confirm or failed to act in 16, and 2 of the remaining 6 failed of confirmation by other governments. On another occasion the Congress conferred upon the Executive a limited authority to conclude reciprocal or preferential tariffs without confirmation. Twenty-two such agreements were entered upon, all of which were repealed in subsequent tariff acts. The experience would not seem to be encouraging for this type of action.

There are other objections which might well be taken to this bill. It is enough, however, that this bill would destroy the effectiveness of the flexible tariff which, for the first time, gives protection against excessive or inadequate tariffs, prevents a system of frozen tariffs upon the country irrespective of economic change, and gives relief from logrolling and politics in tariff making. It would surrender our own control of an important part of our domestic affairs to the influence of other nations or, alternatively, would lead us into futilities in international negotiations. It would start our country upon the road of a system of preferential tariffs between nations with all the trade wars, international entanglements, etc., which our country has sought to avoid by extending equal treatment to all of them.

HERBERT HOOVER.

THE WHITE HOUSE,
May 11, 1932.

The SPEAKER. The message is ordered spread upon the Journal.

Mr. CRISP. Mr. Speaker, I rise to make a privileged motion. I move that the message be referred to the Committee on Ways and Means and ordered printed. As the matter is debatable, Mr. Speaker, I am entitled to the floor under the motion. I deem it an unnecessary waste of time of the House to have a roll call on this very important bill. The reason I say that is because it will be futile to do so. I am still for the bill, and if there was any chance to pass it, the objections of the President to the contrary notwithstanding, I would make such a motion. The bill passed the House on January 9 with an affirmative vote of 214 and a negative vote of 182. The tariff question is and always will be very largely a political question. It takes a two-thirds vote to pass this bill over the objection of the President. With 182 negative votes on the passage of the bill it is silly to presume that we can get two-thirds to override the veto.

Mr. SCHAFER. Mr. Speaker, will the gentleman yield?

Mr. CRISP. Yes.

Mr. SCHAFER. Perhaps some of your embargo tariff Democrats might obtain a little light from the President's message and want to go on record in favor of sustaining it. Why deny them that opportunity? [Laughter.]

Mr. CRISP. I am not denying them that privilege. Another reason why I deem it unnecessary to move to pass the bill over the President's veto is because every Member of the House is already on record as to how he feels on the bill, having voted either in the affirmative or in the negative. The President's veto does not present any new thought. I am constrained to believe that the President must have read carefully the CONGRESSIONAL RECORD during the consideration of the bill, for practically everything he says in his message was said by those Members of the House who were opposed to it in the debate, and the last part of the President's message seems to me rather to contradict itself. The President, in enumerating different reciprocal trade agreements, did not refer to the one we had with Canada, which resulted in benefit to both countries. Under the bill as passed no American right of sovereignty was affected at all. Anything the international conference did was subject to the approval of Congress.

I am one of those who believe that the Smoot-Hawley Tariff Act resulted in injury to the country, resulted in American capital going abroad and establishing branch factories, giving employment to foreigners, and paying taxes to foreign governments instead of their own country.

Mr. SNELL. Mr. Speaker, will the gentleman yield?

Mr. CRISP. In a moment. I may be wrong, but I honestly believe that. I believe the bill further resulted in other countries placing retaliatory tariffs against us, and we are now in the unfortunate situation, resultant from those retaliatory tariffs, that if we at once and alone reduce our tariff rates, without some concession or benefit from foreign countries by their reducing theirs, we might be in a worse fix than ever. Therefore, it seems to me the more logical way is to see if you can get mutual agreements so as to make some of the commerce of the world flow in exchange of products as heretofore. I do not believe anything has contributed more to the economic undoing of the world than these artificial trade barriers. I now yield to the gentleman from New York.

Mr. SNELL. Mr. Speaker, the gentleman has answered my question, because he has made an argument on both sides of the tariff proposition. What I was going to ask the gentleman is this: If he actually believes the statement he made in the earlier part of his remarks, and I suppose he did, why did not the Democratic committee, which is in control of tariff measures in this branch, bring a measure to the floor saying specifically what items they wanted to reduce the tariff on? [Applause on the Republican side.]

Mr. CRISP. It is very easy to answer my friend. My answer may not be satisfactory to him. This Congress has been busy from the day it met, and that is especially true of the Ways and Means Committee, in trying to aid the President in carrying out his reconstruction relief measures, and we have eschewed politics and have passed all of those measures.

Mr. SNELL. Mr. Speaker, will the gentleman yield?

Mr. CRISP. Just wait one moment. I am going to answer the gentleman's question. The gentleman knows, and he is a practical man, that it would have been an idle gesture for us to bring in a tariff bill at this session of Congress reducing specifically certain tariff items, because we are in control of only one branch of Congress, the House of Representatives, and that by a very narrow margin. The Senate is Republican, the Executive is Republican, and we do not believe that we could get any such bill through.

Mr. SNELL. If the gentleman says he kept away from all politics, why did he pass this political gesture that is before us to-day with a veto message?

Mr. CRISP. Because we have denounced on the stump throughout the country the Smoot-Hawley tariff bill. At least I did. I thought we should at least officially, affirmatively, let the country know that we still objected to that bill and condemned that bill, and we had hope that some of the splendid progressive Representatives on the gentleman's side, both in this Chamber and the Senate, would vote for a bill of this character, and we brought it in. Our hopes were realized, for they did vote for it and the bill was passed.

Mr. SNELL. I appreciate the fact that the gentleman has condemned the Smoot-Hawley tariff bill on every stump from the Atlantic to the Pacific; but when you had the power in your own hands to do something definite in way of remedy, you did not have the nerve to do it.]Applause.[

Mr. CRISP. I would say to my friend one of the features of the present law, which the Democrats most severely criticized and objected to when it passed, was Congress surrendering to the Executive the right to make tariffs, under the flexible clause of that act. [Applause.] And we did specifically in this bill take that power away from the President and again confer it where the Constitution placed it—in the House of Representatives. [Applause.]

May I say another thing? There are two very, very substantial and important provisions in the bill as it passed

the House that the President did not see fit to refer to in his veto message. One of them was to give the consuming public a representative before the Tariff Commission when they were considering questions of raising or lowering tariffs, to wit, a consumers' counsel, to see that the facts were all brought out.

Another provision, and I consider it one of the highest importance, known as the Norris antimonopoly amendment, was contained in the bill. That simply provided that when any domestic manufacturers created a monopoly, and the Court of Customs Appeals and Patents found that it was a monopoly, the tariff on competitive goods of those manufacturers was to be suspended, and the goods placed on the free list until that monopoly ceased to exist. Clearly that is a very important provision in the interest of the American consuming public. The President, in his veto message, did not even see fit to refer to those two provisions.

Mr. SNELL. He referred to the two most important provisions in the bill.

Mr. CRISP. I think the three most important provisions were taking away from him the right to make tariffs and giving to the public the right to be represented before the Tariff Commission and the antimonopoly provision.

Mr. SNELL. The flexible provision of the tariff bill is always a debatable one, but as far as I am personally concerned that is the best provision in the entire bill and always has been. If the gentleman wanted to go back to the statement made by his own political party leaders, that we should have a scientific way of arriving at a tariff, the only way it can be done is through the Tariff Commission, such as we have at the present time.

Mr. CRISP. I wish I might have some assurance that I would live until the time arrived when a tariff bill would be written without a swarm of lobbyists around here and without logrolling tactics. I think I saw an effort at a logrolling tariff when we were considering the tax bill on the floor of this House. As far as it was possible to prevent logrolling tariffs, which I condemn as strongly as anyone, this bill might have been helpful in that way, for the bill provided that where the Tariff Commission recommended either the raising or lowering of a tariff, that bill could be considered, and it would not be open for the amendment of other schedules.

Of course, I noted what the President said, that one House could not bind another as to the rules. Of course, it can not; and that was argued on the floor of the House when the bill was passed; but each Congress can make its rules. If both branches of Congress made a provision of that kind in a law regularly passed, of course they would make rules consonant with it, and that is the only way that I know of by which logrolling tactics can be prevented.

I now yield to my able and beloved friend, the greatest protectionist in the United States, and he is not sectional in it. He believes in it, and he believes in every section of the country having it, and I have a very great admiration for him, the gentleman from New York. [Laughter and applause.]

Mr. CROWTHER. After the gentleman has been so exceedingly gracious, I almost hesitate to ask him this question——

Mr. CRISP. "Lay on, Macduff."

Mr. CROWTHER. The gentleman from Georgia, for whom I have as sincere admiration as he expressed for me, is always eminently fair. He has never made any speeches either against the tariff or in favor of them that he has not printed in the RECORD. He is fair along those lines. [Laughter and applause.] I want to suggest this to the gentleman: The gentleman spoke of the absolute futility of the majority party introducing a bill at this time to change any specific rates that have been complained of. When we had surrendered our majority on this side and when the Senate was Republican, did the gentleman not introduce a tariff bill himself under those circumstances? Did not the gentleman introduce the Fordney-McCumber bill with the industrial rates intact, and added to it the agricultural rates proposed in the Hawley-Smoot bill? I want to ask the gentleman if he did not introduce a bill of that character in the last Congress, when there was less opportunity, according to his contention, of getting action on any such measure than there is now?

Mr. CRISP. I did that, with two other additions, the Norris antimonopoly amendment and the consumers' counsel.

I introduced it to give emphasis to my disapproval of the Smoot-Hawley bill; and I did think possibly though the rates were certainly high, and I thought too high, but better than the higher ones of the Smoot-Hawley bill, we could get enough progressive Republicans in both branches of Congress to join the Democrats and pass it, but my hope proved futile.

Mr. SNELL. Is that all the gentleman was hoping to do, to appeal to the progressives on our side to pass his legislation?

Mr. CROWTHER. I would like to say to the gentleman in answer, if I may be permitted, that I think he did a brave and courageous thing when he introduced that bill. The gentleman had the courage of his convictions; and that bill was much more commendable than this little weasely tariff bill that the gentleman's party brought in this time. [Applause.] Talk about gestures! This was not even a gesture; it was less than that.

Mr. CRISP. I would say to my friend the gentleman from New York that he knows very well my tariff views. I am not and never have been a free trader. I have always believed in a sufficient tariff to equalize the difference in the cost of efficient production at home and abroad. [Applause.] I have repeatedly stated this on the stump in my own district. I have said it on this floor. I have said it in the committee room. I say it again. But I am opposed to unconscionably high tariffs that result in destroying competition and preventing the importation of any goods into the United States. [Applause.]

With the formula I announced, if American industry can not compete on that basis, it should go out of business. On that formula monopolies can not be created to make the American people pay unconscionably high prices for the necessities of life, because on that basis, if they are running the prices too high, goods can come in here from elsewhere and prevent such monopoly. This is my position.

Mr. SCHAFER. Mr. Speaker, will the gentleman yield?

Mr. CRISP. I yield.

Mr. SCHAFER. If the protective tariff—the Smoot-Hawley tariff—was such a monstrosity that it caused all the ills of the world, why did the gentleman and his Democratic colleagues add the 2¼ per cent to every tariff rate in that bill as well as on many of those imports on the free list under the sales tax reported by his Ways and Means Committee in this session of Congress? Why did the gentleman advocate the embargo tariff on oil? Because his Democratic colleagues wanted it?

Mr. CRISP. That is easy to answer. My friend's questions always sound worse than they really are when you analyze them. [Laughter.]

To start with, I am opposed to any embargo tariff on oil. I am opposed to any tariff on it; but the committee brought in a tax bill and it was a composite tax bill. Politics were forgotten. Republicans and Democrats sat around the table trying to serve their country and trying to bring in a bill to balance the Budget. A provision was put in that bill for a tax of 1 cent a gallon on imported gasoline. That was not an embargo, and it could fairly be argued that it was a revenue producer.

Now, as to the other question, why we put the 2¼ per cent excise tax on imported merchandise whether on the free list or otherwise. There was much opposition to that provision on this side of the House; but when the committee brought in a bill levying a 2¼ per cent manufacturers' excise tax on domestically produced articles to furnish money to the Treasury of the United States to make up a Republican deficit in the Treasury, they thought it would be unconscionable to allow foreign goods to come in here and be sold without paying a like excise tax of 2¼ per cent. [Applause.]

Furthermore, every cent of the 2¼ per cent excise tax paid under that bill went into the Treasury of the United States and not one dollar to any manufacturer. That is why it was in there. [Applause.]

Mr. SCHAFER. Will the gentleman yield?

Mr. CRISP. Yes.

Mr. SCHAFER. We admit that every dollar of revenue goes into the Treasury.

Mr. CRISP. I do not admit that.

Mr. SCHAFER. But if, as the gentleman has stated, a protective tariff is such a monstrosity and affects our trade among the nations of the world, how can the gentleman justify as a matter of principle the levying of the additional tariff of 2¼ per cent?

Mr. CRISP. I do not admit by any means that all the money which the American people are required to pay on account of tariffs goes into the Treasury of the United States. A very small percentage of the goods consumed are imported. Of course, the money collected on goods imported goes into the Treasury of the United States, but three or four times the amount of imported goods are produced in the United States and consumed by the American public. The prices of those goods are increased on account of the tariff, and those increased prices go to the manufacturers and not to the Treasury of the United States. [Applause.]

Mr. SNELL. Will the gentleman yield?

Mr. CRISP. Yes.

Mr. SNELL. I appreciate the fact that there are two ways of dealing with the President's veto message; but as this message deals largely with party matters and, as the gentleman says, is more or less of a political message, we on this side would like to have a vote.

Mr. CRISP. That is perfectly satisfactory to me. Does the gentleman desire any time?

Mr. SNELL. No.

Mr. CROWTHER. Will the gentleman yield to me?

Mr. CRISP. I will.

Mr. CROWTHER. Of course, I realize that the gentleman is speaking the exact truth when he says the tariff is purely a political proposition. The gentleman had the courage in the last Congress to present a concrete proposition in the shape of a tariff bill. If we are going to go before the public next fall on this tariff question, why does not the gentleman from Georgia, aided by the wonderful and distinguished Speaker of the House, and the other splendid talent on your side, prepare a Democratic tariff bill with all the rates you have complained of reduced by the Democratic tariff yardstick, introduce it and say to the people of this Nation, "If you elect us next fall this is the kind of a tariff bill we will pass," and let the people know just what kind of a tariff bill they may expect. [Applause.] Would not that be the courageous thing to do?

Mr. CRISP. We are so confident that in the ides of November we will be given a substantial majority in both branches of Congress, and the Executive, that we are waiting until then, and then we will bring in a tariff bill. [Applause.]

Mr. Speaker, I move a reconsideration of the President's veto message and move that the bill become a law, the objections of the President to the contrary notwithstanding, and on that I ask for the yeas and nays.

The SPEAKER. The question is, Will the House on reconsideration agree to pass the bill, the objections of the President to the contrary notwithstanding. As many as are in favor will, as their names are called, answer "yea" and those opposed will answer "nay." The Clerk will call the roll.

The question was taken; and there were—yeas 178, nays 166, not voting 88, as follows:

[Roll No. 74]

YEAS—178

Allgood	Barton	Boland	Busby
Almon	Black	Brand, Ga.	Byrns
Amlie	Bland	Briggs	Campbell, Iowa
Arnold	Blanton	Browning	Cannon
Auf der Heide	Bloom	Brunner	Carden
Ayres	Boehne	Buchanan	Carley
Bankhead	Bolleau	Burch	Cartwright
Celler	Granfield	Lozier	Rankin
Christgau	Green	Ludlow	Rayburn
Clark, N. C.	Greenwood	McClintic, Okla.	Reilly
Cochran, Mo.	Gregory	McCormack	Rogers, N. H.
Collins	Griswold	McDuffie	Rudd
Condon	Haines	McKeown	Sabath
Cooper, Tenn.	Hall, Miss.	McMillan	Sanders, Tex.
Cox	Hancock, N. C.	McReynolds	Sandlin
Crisp	Harlan	Major	Schneider
Cross	Hart	Maloney	Sinclair
Crosser	Hastings	Mansfield	Sirovich
Crowe	Hill, Ala.	Martin, Oreg.	Somers, N. Y.
Cullen	Hill, Wash.	May	Spence
Davis	Howard	Mead	Stafford
Delaney	Huddleston	Miller	Steagall
DeRouen	Hull, Morton D.	Milligan	Stevenson
Dickinson	Jacobsen	Mobley	Sullivan, N. Y.
Dickstein	Jeffers	Montague	Sumners, Tex.
Dies	Johnson, Mo.	Moore, Ky.	Sutphin
Disney	Johnson, Okla.	Morehead	Swank
Drewry	Johnson, Tex.	Nelson, Mo.	Tarver
Driver	Jones	Nelson, Wis.	Taylor, Colo.
Eslick	Keller	Norton, Nebr.	Thomason
Evans, Mont.	Kelly, Ill.	Norton, N. J.	Tierney
Fernandez	Kemp	O'Connor	Vinson, Ga.
Fiesinger	Kennedy	Oliver, N. Y.	Vinson, Ky.
Fishburne	Kniffin	Parker, Ga.	Weaver
Fitzpatrick	Kvale	Parks	Whittington
Fulbright	Lambeth	Parsons	Williams, Mo.
Fuller	Lamneck	Patman	Williams, Tex.
Gambrill	Lanham	Patterson	Wilson
Garrett	Lankford, Ga.	Peavey	Wingo
Gasque	Larrabee	Pettengill	Withrow
Gavagan	Larsen	Pou	Wood, Ga.
Gilbert	Lewis	Prall	Woodrum
Gilchrist	Lindsay	Ragon	Wright
Glover	Linthicum	Rainey	
Goldsborough	Lonergan	Ramspeck	

NAYS—166

Adkins	Darrow	Kendall	Selberling
Aldrich	Davenport	Ketcham	Selvig
Allen	Dowell	Kinzer	Shreve
Andresen	Dyer	Knutson	Simmons
Andrew, Mass.	Eaton, Colo.	Kopp	Smith, Idaho
Arentz	Eaton, N. J.	Lambertson	Snell
Bacharach	Englebright	Lankford, Va.	Snow
Bachmann	Erk	Leavitt	Sparks
Bacon	Estep	Lehlbach	Stalker
Baldrige	Evans, Calif.	Loofbourow	Stokes
Barbour	Finley	Luce	Strong, Kans.
Beady	Fish	McClintock, Ohio	Stull
Bolton	Foss	McFadden	Summers, Wash.
Bowman	Free	McGugin	Swanson
Britten	French	McLaughlin	Swick
Brumm	Garber	McLeod	Swing
Burtness	Gibson	Maas	Taber
Butler	Gifford	Magrady	Temple
Cable	Golder	Manlove	Thatcher
Campbell, Pa.	Goodwin	Mapes	Thurston
Carter, Calif.	Goss	Martin, Mass.	Tilson
Carter, Wyo.	Guyer	Michener	Timberlake
Cavicchia	Hadley	Millard	Tinkham
Chindblom	Hall, Ill.	Montet	Treadway
Chiperfield	Hall, N. Dak.	Mouser	Turpin
Christopherson	Hancock, N. Y.	Nelson, Me.	Underhill
Clague	Hardy	Niedringhaus	Wason
Clancy	Hoch	Nolan	Watson
Clarke, N. Y.	Hogg, Ind.	Parker, N. Y.	Welch, Calif.
Cochran, Pa.	Holaday	Person	Welsh, Pa.
Cole, Iowa	Hollister	Pittenger	White
Colton	Holmes	Pratt, Harcourt J.	Whitley
Connery	Hooper	Pratt, Ruth	Williamson
Connolly	Hope	Purnell	Wolcott
Cooke	Hopkins	Ramseyer	Wolfenden
Cooper, Ohio	Houston, Del.	Ransley	Wolverton
Coyle	Hull, William E.	Reed, N. Y.	Wood, Ind.
Crail	Johnson, S. Dak.	Rich	Woodruff
Crowther	Johnson, Wash.	Robinson	Wyant
Culkin	Kading	Rogers, Mass.	Yates
Curry	Kahn	Schafer	
Dallinger	Kelly, Pa.	Seger	

NOT VOTING—88

Abernethy	Doughton	James	Polk
Andrews, N. Y.	Douglas, Ariz.	Jenkins	Reid, Ill.
Beam	Douglass, Mass.	Johnson, Ill.	Romjue
Beck	Doutrich	Karch	Sanders, N. Y.
Bohn	Doxey	Kerr	Schuetz
Boylan	Drane	Kleberg	Shallenberger
Brand, Ohio	Ellzey	Kunz	Shannon
Buckbee	Flannagan	Kurtz	Shott
Bulwinkle	Frear	LaGuardia	Smith, Va.
Burdick	Freeman	Lea	Smith, W. Va.
Canfield	Fulmer	Lichtenwalner	Stewart
Cary	Gillen	Lovette	Strong, Pa.
Chapman	Griffin	McSwain	Sullivan, Pa.
Chase	Hare	Mitchell	Sweeney
Chavez	Hartley	Moore, Ohio	Taylor, Tenn.
Cole, Md.	Haugen	Murphy	Tucker
Collier	Hawley	Oliver, Ala.	Underwood
Corning	Hess	Overton	Warren
Crump	Hogg, W. Va.	Owen	Weeks
De Priest	Hornor	Palmisano	West
Dieterich	Horr	Partridge	Wigglesworth
Dominick	Igoe	Perkins	Yon

So (two-thirds not having voted in favor thereof) the House refused to reconsider and pass the bill, the objections of the President to the contrary notwithstanding.

The Clerk announced the following pairs:

On this vote:

Mr. Boylan and Mr. Stewart (for) with Mr. Murphy (against).

Mr. Chapman and Mr. Abernethy (for) with Mr. Andrews of New York (against).

Mr. Canfield and Mr. Tucker (for) with Mr. Wigglesworth (against).

Mr. Igoe and Mr. LaGuardia (for) with Mr. Jenkins (against).

Mr. Shannon and Mr. Bulwinkle (for) with Mr. Moore of Ohio (against).

Mr. Warren and Mr. Schuetz (for) with Mr. Hess (against).

Mr. Dieterich and Mr. Beam (for) with Mr. Taylor of Tennessee (against).

Mr. Drane and Mr. Romjue (for) with Mr. Shott (against).

Mr. Cary and Mr. Hornor (for) with Mr. Bohn (against).

Mr. Smith of West Virginia and Mr. Collier (for) with Mr. Lovette (against).

Mr. Douglass of Massachusetts and Mr. Underwood (for) with Mr. Hogg of West Virginia (against).

Mr. Griffin and Mr. Doxey (for) with Mr. Horr (against).

Mr. Corning and Mr. McSwain (for) with Mr. Hartley (against).

Mr. Sweeney and Mr. Dominick (for) with Mr. Hawley (against).

Mr. Crump and Mr. Karch (for) with Mr. Buckbee (against).

Mr. West and Mr. Kleberg (for) with Mr. Strong of Pennsylvania (against).

Mr. Douglas of Arizona and Mr. Oliver of Alabama (for) with Mr. Sanders of New York (against).

Mr. Fulmer and Mr. Palmisano (for) with Mr. Perkins (against).

Mr. Chavez and Mr. Smith of Virginia (for) with Mr. Beck (against).

Mr. Doughton and Mr. Hare (for) with Mr. Haugen (against).

Mr. Kerr and Mrs. Owen (for) with Mr. Reid of Illinois (against).

Mr. Elzey and Mr. Polk (for) with Mr. Kurtz (against).

Mr. Cole of Maryland and Mr. Mitchell (for) with Mr. James (against).

Mr. Flannagan and Mr. Overton (for) with Mr. Doutrich (against).

Mr. Yon and Mr. Gillen (for) with Mr. Burdick (against).

Mr. Shallenberger and Mr. Kunz (for) with Mr. Partridge (against).

Mr. CONNERY. Mr. Speaker, my colleague, the gentleman from Massachusetts [Mr. DOUGLASS] is unable to be present. I am authorized to state that if he were present he would vote "aye."

Mr. OLIVER of Alabama. Mr. Speaker, I can not qualify to vote. If I had been present, I would have voted "aye." I was attending to official business at one of the departments and had been assured in advance that nothing of importance would take place in the House. This was the reason I was not present at the roll call.

Mr. PARTRIDGE. Mr. Speaker, I am unable to qualify. If I were allowed to vote, I would vote "no."

Mr. DOXEY. Mr. Speaker, I can not qualify, but if I were permitted to vote, I would vote "aye."

Mr. McSWAIN. Mr. Speaker, I regret I was detained by official business and unable to reach the room in time to qualify. If I had been present, I would have voted "aye."

The result of the vote was announced as above recorded.

The SPEAKER. The message is referred to the Committee on Ways and Means and ordered printed with the bill. The Clerk will notify the Senate of the action of the House.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted as follows:

To Mr. GRIFFIN, indefinitely, on account of death in his family.

To Mr. JAMES, for to-day, on account of illness.

WASHINGTON WAS THE FIRST PRESIDENT OF THE UNITED STATES

Mr. BLOOM. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD by inserting a statement recently prepared by myself.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. BLOOM. Mr. Speaker, I doubt if the Members of Congress, or the people of America generally, realize the tremendous service that has been rendered by the United States George Washington Bicentennial Commission in correcting popular historical fallacies and setting forth for the future the facts in relation to the history of George Washington and his time.

This work of eliminating the false from the true and in setting up unassailable facts of history has been, in a sense, a by-product of the commission's activities, but its importance is becoming more apparent every day.

To those of us who have been laboring in the almost endless research and publication necessary to bring forth an authentic history of George Washington and his time, it has been astonishing to realize the persistence of error. Almost from the day we started our research service, we were confronted constantly with criticisms, denials, and assertions that indicated the general fog, not only in the popular mind but in the minds of many so-called historians, in relation to this period of our history. We were continually meeting these critics and building up a structure of historical facts that could be relied upon and which would stand for all time as the official record.

It is amazing to note the stubbornness with which a certain number of people contend that Washington's Birthday should be observed on the 11th of February instead of February 22. I have already placed in the CONGRESSIONAL RECORD a complete statement covering that question and proving beyond any question of doubt that February 22 is the true birthday of George Washington.

Another persistent error is the often repeated assertion that George Washington did not receive a salary as President. By searching the records we have found that George Washington did receive a salary.

Recently another statement has had wide circulation, which declares that one John Hanson was the first President of the United States. We have repeatedly denied this and pointed to historical references to sustain our position. It has remained for the State Department of the United States Government to place its final stamp of authority upon the fact that John Hanson was not the first President of the United States, but that George Washington himself was the first President of the United States.

In order to preserve this statement and to correlate it with other important facts which are of official record, I wish to quote a statement issued by the State Department of the United States, May 9, 1932, which says:

> Probably because of the bicentennial celebration an unusual amount of interest has been aroused in this country as to who was the first President of the United States. The following is a sample of the replies sent by the department to the various inquirers:
>
> "SIR: The receipt is acknowledged of your letter of April 23, 1932, in which you inquire 'Who is considered the first President of the United States?'"
>
> George Washington was the first President of the United States of America. The office of President of the United States of America was created by express words of the Constitution, which says (Art. II, sec. 1): "The executive power shall be vested in a President of the United States of America."
>
> George Washington took the oath of office on April 30, 1789, and having been reelected served until March 3, 1797, as it was then considered that the term of office of a President expired at midnight of March 3, although it is now the settled practice that the term expires on March 4, at noon.
>
> Prior to the Articles of Confederation, which went into force on March 1, 1781, upon the completion of their ratification by the Thirteen States, the Continental Congress chose from time to time presiding officers or "presidents." Of these there were seven chosen prior to March 1, 1781, Samuel Huntington, of Connecticut, being then in office.
>
> Samuel Huntington continued to preside over the session of the Continental Congress then holding until July 10, 1781. He had asked to be relieved of the duties of that office on the ground of ill health and Thomas McKean was elected to succeed him.
>
> By the Articles of Confederation (Article V) the delegates were to meet in Congress on the first Monday of November in every year and (Article IX) "the United States, in Congress assembled, shall have authority * * * to appoint one of their number to preside, provided that no person be allowed to serve in the office of President more than one year in any term of three years."
>
> On November 5, 1781, the first Monday in November of that year, "Congress proceeded to the election of a President; and the ballots being taken, the Hon. John Hanson was elected." (Journals of the Continental Congress, XXI, 1100.) Thus, under the Articles of the Confederation, John Hanson was appointed to preside and held the "office of President" of "the United States in Congress assembled." John Hanson had six successors elected at various dates from 1782 to 1788.
>
> The names of the various Presidents of the Congress prior to 1789 will be found on page 31 of the Biographical Directory of the American Congress (Government Printing Office, 1928), which is available in many public libraries.
>
> While John Hanson (and sometimes Thomas McKean) has in various writings been spoken of as the "first President" because of

the position which he held under the Articles of Confederation, his office was that of President of the United States in Congress assembled, and was not the office of President of the United States of America.

Not only actually and really but also in the most strict legal sense as well, George Washington was the first President of the United States of America.

There is nothing new in the foregoing statement so far as historical research is concerned. The United States George Washington Bicentennial Commission had ascertained these facts many months ago, but it is reassuring to note the State Department's voluntary statement and to feel that this should, and undoubtedly will, put an effective and permanent quietus upon a silly and unjustifiable historical mistake.

Posterity will owe to the United States George Washington Bicentennial Commission a deep debt of gratitude for its studious, earnest, and persistent efforts to clarify authentic history and I am convinced that this general subject is of such paramount importance that the Congress of the United States should in some way continue such activities, not only for the Americans of to-day but for the generations of Americans yet to come.

CONTESTED-ELECTION CASE OF O'CONNOR *v.* DISNEY

Mr. GAVAGAN. Mr. Speaker, by direction of the Committee on Elections No. 2, I present a report on the contested-election case of O'Connor *v.* Disney.

The Clerk read the report.

The SPEAKER. Referred to the House Calendar and ordered printed.

VOTE ON THE PRESIDENT'S MESSAGE

Mr. CRISP. Mr. Speaker, I ask unanimous consent to address the House for one minute.

The SPEAKER. Is there objection to the request of the gentleman from Georgia?

There was no objection.

Mr. CRISP. Mr. Speaker, I desire to make this statement in justice to some of our colleagues on both sides of the House. It was not intended originally to have a roll call on the passage of the bill, notwithstanding the objections of the President in his veto message. The Speaker had said to some gentlemen that nothing of importance would come up to-day, and therefore these gentlemen had the right to be away. I knew nothing about it. I had talked privately with my friend the distinguished gentleman from New York [Mr. SNELL] and had told him that I was going to move to refer the message to the committee without a roll call. The gentlemen present know what took place on the floor of the House. When the gentleman from New York twitted me to put the matter to a roll-call vote, I did so. I simply make this statement in justice to the Speaker, who had made this statement to some of the Members, and also to let the Members know that I was not aware of that statement when I moved to pass the bill, the objections of the President to the contrary notwithstanding.

The SPEAKER. May the Chair state that in discussing this matter with the gentleman from New York [Mr. SNELL], the Chair suggested to him that a motion would be made by the gentleman from Georgia to send the message to the committee, and the gentleman stated that was entirely agreeable. So the Chair did not anticipate there would be any vote on the message. There were a number of gentlemen who came to me and asked me what we were going to consider for the balance of the day and I stated that we would not consider anything else and therefore they could leave the Chamber, so far as I knew, and could go to their homes. The Chair feels this statement should go into the RECORD so that these gentlemen and their constituents may know that I was the cause of their not being here to answer the roll call.

Mr. SNELL. I did not know I had made any agreement that there would not be a roll call. The Speaker stated to me he thought probably the message would be referred to the committee and I suspected that the Democratic side had the votes and I did not protest. I stated that so far as I was concerned we were here and wanted to vote on the bill.

The SPEAKER. The Chair is not going to quarrel with the gentleman about the conversation, but the Chair has a distinct recollection of telling the gentleman we were going to send the message to the committee and that this was satisfactory.

Mr. SNELL. I admit the Speaker told me that.

ADJOURNMENT OVER

Mr. CRISP. Mr. Speaker, the leaders on both sides have conferred and there are about 200 Members of the House who desire to participate to-morrow in the celebration in connection with the dedication of the memorial to Gen. George Washington at Alexandria, Va. I therefore ask unanimous consent that when the House adjourns to-day it adjourn to meet on Friday next at 11 o'clock.

Mr. WOODRUM. Mr. Speaker, reserving the right to object, I wonder if the gentleman can tell us what will be the order of business on Saturday, whether the War Department appropriation bill will continue to be under consideration or whether we will consider bills on the Private Calendar. There seems to be a difference of opinion among the membership about this.

Mr. CRISP. My friend from Virginia will readily understand that I have no titular position in the House and I do not know.

Mr. WOODRUM. The gentleman from Illinois [Mr. RAINEY] is here. Will the gentleman inform the House about the program for Saturday?

Mr. RAINEY. I may say to the gentleman that if we do not get through with consideration of the War Department appropriation bill we will have to go ahead with that bill on Saturday, of course. If we do get through with its consideration, we will consider bills on the Private Calendar, under the new rule.

Mr. DYER. Will there be a night session Friday night?

Mr. RAINEY. I do not know. That will depend upon developments.

Mr. COCHRAN of Missouri. Mr. Speaker, as I understood it, the Speaker stated yesterday he felt we should have the Private Calendar called Saturday, under the new rule. What is the situation now?

The SPEAKER. The Chair stated yesterday that he felt that the Private Calendar should be called some time in the near future. Members who have legislation on that calendar ought to have an opportunity to have it passed where there is no objection. Some time we will have to call the Private Calendar. Just when it will be the Chair does not know. The Chair expressed the hope that to-day, to-morrow, and Friday we could conclude the consideration of the Army bill, but the gentleman from Minnesota, on account of promises made, thought he ought to object to dispensing with Calendar Wednesday. To-morrow a large number of Members wish to attend the services at Alexandria, and the House ought to accommodate them.

Mr. O'CONNOR. A parliamentary inquiry, Mr. Speaker.

The SPEAKER. The gentleman will state it.

Mr. O'CONNOR. Do I understand that the call of the Private Calendar will be under the new rule relating to the Private Calendar?

The SPEAKER. Unless some other arrangement is made it will have to be called under the new rule. Is there objection to the request of the gentleman from Georgia?

Mr. WOODRUFF. Mr. Speaker, I think there are Members of the House who have an earnest desire to consider the Private Calendar, and I think, in view of the fact that the House will stand adjourned to-morrow, that on Friday, at the resumption of the consideration of the Army appropriation bill, the House ought to be willing to stay here until the bill is disposed of, and then the Private Calendar be taken up on Saturday. I suggest to the gentleman from Georgia that he amend his request to incorporate this.

The SPEAKER. It is within the power of the House to stay in session on Friday until it passes the bill if it so desires, even if it takes 24 hours. The gentleman from

Georgia is now asking the privilege to adjourn until Friday at 11 o'clock.

Mr. BLANTON. May I ask the gentleman from Illinois [Mr. RAINEY] if we could not have the Private Calendar to-morrow night, beginning at 8 o'clock? Those of us who work on it—and I am one—are willing to come here to-morrow night and look after it if the Members are willing to hold a night session. [Cries of "No! No!"]

The SPEAKER. Is there objection to the request of the gentleman from Georgia that when the House adjourns to-day it adjourn to meet on Friday next at 11 a. m.?

Mr. HOWARD. Reserving the right to object. Every Member of Congress has been lambasted all over the country for the failure to accomplish something in behalf of the people of the country generally. I do not like to labor under that castigation, and I therefore feel it my duty to ask the House to remain on duty. I object.

Mr. CRISP. Mr. Speaker, I move that the House do now adjourn.

The question was taken, and the motion was rejected.

Mr. CRISP. Mr. Speaker, I now move that when the House adjourns to-day it adjourn to meet at 11 a. m. on Friday next.

The motion was agreed to.

BILLS PRESENTED TO THE PRESIDENT

Mr. PARSONS, from the Committee on Enrolled Bills, reported that that committee did on this day present to the President for his approval bills of the House of the following titles:

H. R. 615. An act for the relief of C. B. Bellows;

H. R. 1554. An act for the relief of G. Carroll Ross;

H. R. 8637. An act to authorize the sale on competitive bids of unallotted lands on the Lac du Flambeau Indian Reservation, in Wisconsin, not needed for allotment, tribal, or administrative purposes;

H. R. 9393. An act to increase passport fees, and for other purposes;

H. R. 9591. An act to extend the period of time during which final proof may be offered by homestead entrymen;

H. R. 9970. An act to add certain land to the Crater Lake National Park, in the State of Oregon, and for other purposes;

H. R. 10277. An act to transfer Lincoln County from the Columbia division to the Winchester division of the middle Tennessee judicial district;

H. R. 10284. An act to authorize the acquisition of additional land in the city of Medford, Oreg., for use in connection with the administration of the Crater Lake National Park; and

H. R. 10744. An act to authorize the issuance of patents for certain lands in the State of Colorado for certain purposes.

ADJOURNMENT

Mr. CRISP. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 4 o'clock and 23 minutes p. m.), in accordance with the order heretofore made, the House adjourned until Friday, May 13, 1932, at 11 o'clock a. m.

COMMITTEE HEARINGS

Tentative list of committee hearings scheduled for Thursday, May 12, 1932, as reported to the floor leader by clerks of the several committees:

INTERSTATE AND FOREIGN COMMERCE

(10 a. m.)

H. R. 11867. To amend the railroad labor act to include air pilots.

PATENTS

(10 a. m.)

To continue hearings on general revision of the design copyright law.

LABOR

(10 a. m.)

S. 3847. Prevailing rate of wages.

DISTRICT OF COLUMBIA

(10.30 a. m.)

H. R. 6169. Closing of Thirteenth Street.

IMMIGRATION AND NATURALIZATION

(10.30 a. m.)

H. R. 8873. To amend section 9 of the Cable Act.

EXECUTIVE COMMUNICATIONS, ETC.

558. Under clause 2 of Rule XXIV, a communication from the President of the United States, transmitting deficiency and supplemental estimates of appropriations for the Department of State for the fiscal years 1930, 1931, and 1932, amounting to $17,801.49, and a draft of proposed provision pertaining to an existing appropriation (H. Doc. No. 320), was taken from the Speaker's table, referred to the Committee on Appropriations, and ordered to be printed.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of Rule XIII,

Mr. COCHRAN of Missouri: Committee on Expenditures in the Executive Departments. H. R. 9921. A bill to require contractors on public-building projects to name their subcontractors, material men, and supply men, and for other purposes; without amendment (Rept. No. 1272). Referred to the Committee of the Whole House on the state of the Union.

Mr. SMITH of Idaho: Committee on Irrigation and Reclamation. House Joint Resolution 369. Joint resolution to permit a compact or agreement between the States of Idaho and Wyoming respecting the disposition and apportionment of the waters of the Snake River and its tributaries, and for other purposes; with amendment (Rept. No. 1273). Referred to the Committee of the Whole House on the state of the Union.

Mr. MAPES: Committee on Interstate and Foreign Commerce. H. R. 10795. A bill to extend the times for commencing and completing the construction of a bridge across the St. Clair River at or near Port Huron, Mich.; with amendment (Rept. No. 1274). Referred to the House Calendar.

Mr. CHAPMAN: Committee on Interstate and Foreign Commerce. H. R. 10982. A bill authorizing the Commonwealth of Kentucky, by and through the State Highway Commission of Kentucky, or the successors of said commission, to construct, maintain, and operate a toll bridge across the Ohio River at or near Owensboro, and permitting the Commonwealth of Kentucky to act jointly with the State of Indiana in the construction, maintenance, and operation of said bridge; with amendment (Rept. No. 1275). Referred to the House Calendar.

Mr. MALONEY: Committee on Interstate and Foreign Commerce. H. R. 11020. A bill authorizing the Louisiana Highway Commission to construct, maintain, and operate a free highway bridge across the Pearl River at or near Pearlington, Miss.; without amendment (Rept. No. 1276). Referred to the House Calendar.

Mr. MALONEY: Committee on Interstate and Foreign Commerce. H. R. 11081. A bill to extend the time for construction of a free highway bridge across the Sabine River where Louisiana Highway No. 21 meets Texas Highway No. 45; with amendment (Rept. No. 1277). Referred to the House Calendar.

Mr. MALONEY: Committee on Interstate and Foreign Commerce. H. R. 11085. A bill to extend the times for commencing and completing the construction of a bridge across the Sabine River where Louisiana Highway No. 6 meets Texas Highway No. 21; without amendment (Rept. No. 1278). Referred to the House Calendar.

Mr. MALONEY: Committee on Interstate and Foreign Commerce. H. R. 11153. A bill to extend the times for commencing and completing the construction of a bridge across the Sabine River where Louisiana Highway No. 7 meets Texas Highway No. 87; without amendment (Rept. No. 1279). Referred to the House Calendar.

Mr. CHAPMAN: Committee on Interstate and Foreign Commerce. H. R. 11417. A bill authorizing the Common-

wealth of Kentucky, by and through the State Highway Commission of Kentucky, or the successors of said commission, to construct, maintain, and operate a toll bridge across the Ohio River at or near Cairo, Ill., and permitting the Commonwealth of Kentucky to act jointly with the State of Illinois in the construction, maintenance, and operation of said bridge; with amendment (Rept. No. 1280). Referred to the House Calendar.

Mr. ARENTZ: Committee on Irrigation and Reclamation. H. R. 11945. A bill to provide that tax laws of Nevada and Arizona shall apply to construction and reserved areas at Boulder Dam; without amendment (Rept. No. 1281). Referred to the House Calendar.

Mr. SHALLENBERGER: Committee on Interstate and Foreign Commerce. S. 4401. An act to extend the times for commencing and completing the construction of a bridge across the Missouri River at or near Farnam Street, Omaha, Nebr.; without amendment (Rept. No. 1282). Referred to the House Calendar.

Mr. BANKHEAD: Committee on Rules. House Resolution 221. Resolution for the consideration of H. R. 11362, a bill to amend the national banking act and the Federal reserve act, and to provide a guaranty fund for depositors in banks; without amendment (Rept. No. 1287). Referred to the House Calendar.

Mr. GAVAGAN: Committee on Elections No. 2. A report on the contested-election case of Charles O'Connor *v.* Wesley E. Disney, from the first congressional district of the State of Oklahoma (Rept. No. 1288). Referred to the House Calendar.

Mr. LEAVITT: Committee on Indian Affairs. H. R. 11120. A bill to amend an act (ch. 300) entitled "An act authorizing the Coos (Kowes) Bay, Lower Umpqua (Kalawatset), and Siuslaw Tribes of Indians of the State of Oregon to present their claims to the Court of Claims," approved February 23, 1929 (45 Stat. 1256); without amendment (Rept. No. 1289). Referred to the Committee of the Whole House on the state of the Union.

Mr. LOOFBOUROW: Committee on Indian Affairs. S. 3085. An act relating to the tribal and individual affairs of the Osage Indians of Oklahoma; without amendment (Rept. No. 1290). Referred to the Committee of the Whole House on the state of the Union.

REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS

Under clause 2 of Rule XIII,

Mr. PETTENGILL: Committee on Military Affairs. H. R. 2601. A bill for the relief of William Mathew Squires; with amendment (Rept. No. 1283). Referred to the Committee of the Whole House.

Mr. PETTENGILL: Committee on Military Affairs. H. R. 3969. A bill for the relief of John P. Leonard; with amendment (Rept. No. 1284). Referred to the Committee of the Whole House.

Mr. PETTENGILL: Committee on Military Affairs. H. R. 11980. A bill authorizing the President of the United States to make a posthumous award of a distinguished-flying cross to Glenn H. Curtiss, deceased, and to present the same to Lua Curtiss, mother of the said Glenn H. Curtiss, deceased; without amendment (Rept. No. 1285). Referred to the Committee of the Whole House.

Mr. STAFFORD: Committee on Military Affairs. S. 567. An act to authorize the Secretary of War to sell to the Philadelphia, Baltimore & Washington Railroad Co. certain tracts of land situate in the county of Harford and State of Maryland; with amendment (Rept. No. 1286). Referred to the Committee of the Whole House.

Mr. PETTENGILL: Committee on Military Affairs. H. R. 7174. A bill for the relief of James J. Meaney; with amendment (Rept. No. 1291). Referred to the Committee of the Whole House.

CHANGE OF REFERENCE

Under clause 2 of Rule XXII, the Committee on Invalid Pensions was discharged from the consideration of the bill (H. R. 2567) granting a pension to Alvina Plant, and the same was referred to the Committee on Pensions.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of Rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. GILBERT: A bill (H. R. 12026) to purchase and erect in the city of Washington the group of statuary known as the Indian Buffalo Hunt; to the Committee on the Library.

By Mr. BANKHEAD: Resolution (H. Res. 221) for the consideration of H. R. 11362, a bill to amend the national banking act and the Federal reserve act, and to provide a guaranty fund for the depositors in banks; to the Committee on Rules.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of Rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. BALDRIGE: A bill (H. R. 12027) granting a pension to Gurley N. Sandberg; to the Committee on Pensions.

By Mr. BURTNESS: A bill (H. R. 12028) for the relief of Lillian Morden; to the Committee on Claims.

By Mr. CHAPMAN: A bill (H. R. 12029) granting a pension to Lyda M. Harbold; to the Committee on Pensions.

Also, a bill (H. R. 12030) extending the provisions of an act entitled "An act to amend the act entitled 'An act for the retirement of employees in the classified civil service, and for other purposes,' approved May 22, 1920, and acts in amendment thereof," to Joseph M. Tanner; to the Committee on the Civil Service.

By Mr. DYER: A bill (H. R. 12031) granting a pension to Ruth T. Hathaway; to the Committee on Invalid Pensions.

By Mr. JOHNSON of Texas: A bill (H. R. 12032) granting a pension to Mary Ann Wilkinson; to the Committee on Pensions.

By Mr. KELLY of Pennsylvania: A bill (H. R. 12033) to correct the naval record of George V. Cruden; to the Committee on Naval Affairs.

By Mr. LONERGAN: A bill (H. R. 12034) providing for an examination and survey of Connecticut River, Conn.; to the Committee on Rivers and Harbors.

By Mr. McCORMACK: A bill (H. R. 12035) for the relief of Emma F. Taber; to the Committee on Claims.

By Mr. MOUSER: A bill (H. R. 12036) for the relief of Theodore John Campbell; to the Committee on Naval Affairs.

By Mr. THOMASON: A bill (H. R. 12037) for the relief of J. W. Jackson; to the Committee on Military Affairs.

By Mr. WICKERSHAM: A bill (H. R. 12038) to authorize the conveyance by the United States to the city of Nome, Alaska, of certain land situated therein; to the Committee on the Public Lands.

By Mr. WITHROW: A bill (H. R. 12039) granting an increase of pension to Anna Sholts; to the Committee on Invalid Pensions.

By Mr. WOODRUFF: A bill (H. R. 12040) granting an increase of pension to Susie Johnson; to the Committee on Invalid Pensions.

PETITIONS, ETC.

Under clause 1 of Rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

7694. By Mr. BOHN: Petition of Michigan State College, East Lansing, Mich., protesting against the bill to eliminate the appropriation for reserve officers and citizens' military training camps; to the Committee on Appropriations.

7695. By Mr. CRAIL: Petition of 40 residents of Los Angeles County, Calif., favoring the 5-day week plan; to the Committee on Ways and Means.

7696. Also, petition of the Independent Petroleum Association of America, central California division, favoring Federal regulation or control by such methods as will effectually stop the importations of foreign-produced petroleum and refined products; to the Committee on Ways and Means.

7697. By Mr. GOLDSBOROUGH: Resolution requesting that interest rates on adjusted-service-certificate loan be eliminated so that adjusted-service certificates may retain their value instead of being wiped out by interest; to the Committee on Ways and Means.

7698. By Mr. JAMES: Resolution from Houghton Association of Commerce, through C. S. Gale, president, of Houghton, Mich., opposing reduction of number of Army officers, and in favor of retaining the Reserve Officers' Training Corps and citizens' military training camps; to the Committee on Appropriations.

7699. By Mr. KELLY of Pennsylvania: Petition of residents of Philipsburg, Pa., urging enactment of the Davis-Kelly coal stabilization bill; to the Committee on Interstate and Foreign Commerce.

7700. Also, petition of residents of Reynoldsville, Pa., urging enactment of the Davis-Kelly coal stabilization bill; to the Committee on Interstate and Foreign Commerce.

7701. Also, petition of residents of Osceola Mills, Pa., urging enactment of the Davis-Kelly coal stabilization bill; to the Committee on Interstate and Foreign Commerce.

7702. Also, petition of residents of Du Bois, Pa., urging the enactment of the Davis-Kelly coal stabilization bill; to the Committee on Interstate and Foreign Commerce.

7703. By Mr. NIEDRINGHAUS: Petition of 11 citizens of St. Louis, Mo., advocating the payment of adjusted-service certificates; to the Committee on Ways and Means.

7704. By Mr. PARKER of Georgia: Petition of J. W. Urquhart and 10 other citizens of Savannah, Ga., urging the passage of the railroad pension bill, H. R. 9891, and voicing opposition to House bill 10023 and Senate bill 3892; to the Committee on Interstate and Foreign Commerce.

7705. By Mr. RUDD: Petition of the International Printing Ink Corporation, New York City, favoring the balancing of the Budget; to the Committee on Appropriations.

7706. Also, petition of Military Training Camps Association of the United States, opposing the suspension or abolishing of training camps; to the Committee on Appropriations.

7707. Also, petition of Kem Manufacturing Co., New York City, referring to excise tax on automobile parts and accessories; to the Committee on Ways and Means.

7708. By Mr. STEWART: Petition of Lions Club of Cranford, N. J., favoring economies in governmental departments and divisions and legislation assuring a balanced Budget; to the Committee on Ways and Means.

7709. By Mr. YATES: Petition of A. Dinksen & Sons, Springfield, Ill., urging that there be placed in the revenue bill the 1928 act's provisions concerning net loss deduction, and protesting against changing radically net loss deduction provisions; to the Committee on Ways and Means.

SENATE

THURSDAY, MAY 12, 1932

(Legislative day of Monday, May 9, 1932)

The Senate met at 12 o'clock meridian, on the expiration of the recess.

Mr. FESS. Mr. President, I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Ashurst	Coolidge	Kean	Robinson, Ind.
Bailey	Copeland	Kendrick	Sheppard
Bankhead	Costigan	Keyes	Smith
Barbour	Couzens	King	Smoot
Bingham	Davis	La Follette	Steiwer
Black	Dickinson	Logan	Stephens
Blaine	Fess	Long	Thomas, Idaho
Bratton	Frazier	McGill	Thomas, Okla.
Bulkley	George	McKellar	Townsend
Bulow	Glass	McNary	Trammell
Byrnes	Glenn	Moses	Vandenberg
Capper	Hale	Norris	Walsh, Mass.
Caraway	Hatfield	Nye	Walsh, Mont.
Carey	Hawes	Oddie	Watson
Cohen	Johnson	Pittman	Wheeler
Connally	Jones	Reed	

Mr. FESS. I desire to announce that the following Senators are detained in a meeting of the Committee on Banking and Currency: The Senator from South Dakota [Mr. NORBECK], the Senator from Maryland [Mr. GOLDSBOROUGH], the Senator from Connecticut [Mr. WALCOTT], the Senator from Florida [Mr. FLETCHER], the Senator from New York [Mr. WAGNER], the Senator from Tennessee [Mr. HULL], and the Senator from Oklahoma [Mr. GORE].

I also wish to announce that the Senator from Delaware [Mr. HASTINGS] and the Senator from Vermont [Mr. AUSTIN] are detained in a committee meeting.

Mr. SHEPPARD. I wish to announce that the following Senators are detained on official business: The Senator from Arkansas [Mr. ROBINSON], the Senator from Washington [Mr. DILL], the Senator from New York [Mr. WAGNER], and the Senator from Tennessee [Mr. HULL].

The VICE PRESIDENT. Sixty-three Senators have answered to their names. A quorum is present.

MESSAGE FROM THE HOUSE

A message from the House of Representatives by Mr. Chaffee, one of its clerks, informed the Senate that the President of the United States having returned to the House, with his objections thereto, the bill (H. R. 6662) to amend the tariff act of 1930, and for other purposes, the House proceeded to consider the bill and resolved that it do not pass, two-thirds not voting in favor thereof.

The message announced that the House had passed the following bill and joint resolution of the Senate, each with an amendment, in which it requested the concurrence of the Senate:

S. 4193. An act to authorize the issuance of bonds by the St. Thomas Harbor Board, Virgin Islands, for the acquisition or construction of a graving or dry dock; and

S. J. Res. 36. Joint resolution to change the name of the island of "Porto Rico" to "Puerto Rico."

The message also announced that the House had passed a joint resolution (H. J. Res. 341) providing for the suspension of annual assessment work on mining claims held by location in the United States and Alaska, in which it requested the concurrence of the Senate.

INSURANCE CORPORATIONS IN THE DISTRICT OF COLUMBIA

The VICE PRESIDENT laid before the Senate the amendments of the House of Representatives to the concurrent resolution (S. Con. Res. 27) providing for the correction of an error in the enrollment of Senate bill 3584, relating to insurance corporations in the District of Columbia, which were, on page 1, line 11, to strike out "amendment" and insert "amendments"; on page 1, line 12, to strike out "a correction" and insert "corrections"; and on page 1, line 15, after "corporation"", to insert "; and on page 1, line 12, of the engrossed House amendment, after 'agency,' insert: : *And provided further*, That any insurance corporation created by special act of Congress is hereby authorized upon resolution of its board of directors or trustees to reincorporate under the laws of any State of the United States, a certified copy of such resolution of such board of directors or trustees having first been filed in the office of the superintendent of insurance of the District of Columbia and recorded in the office of the recorder of deeds of the District of Columbia. Upon compliance with the above conditions, the assets of the said corporation shall thereby become vested in the new corporation. Said new corporation shall faithfully carry out any and every right, obligation, and liability of said original corporation."

Mr. CAPPER. I move that the Senate concur in the amendments of the House.

The motion was agreed to.

NATURALIZATION PRIVILEGES OF ALIEN WORLD WAR VETERANS

The VICE PRESIDENT laid before the Senate the action of the House of Representatives disagreeing to the amendments of the Senate to the bill (H. R. 6477) to further amend the naturalization laws, and for other purposes, and requesting a conference with the Senate on the disagreeing votes of the two Houses thereon.

Mr. KING. I move that the Senate insist on its amendments, agree to the conference asked by the House, and that the Chair appoint the conferees on the part of the Senate.

The motion was agreed to; and the Vice President appointed Mr. HATFIELD, Mr. JOHNSON, and Mr. KING conferees on the part of the Senate.

COMPILATION OF LAWS RELATING TO VETERANS

The VICE PRESIDENT. The Chair lays before the Senate a letter, with an accompanying compilation, from the Administrator of Veterans' Affairs, which will be read. The Chair calls the matter to the attention of the Senator from Nebraska [Mr. NORRIS].

The Chief Clerk read the letter, as follows:

VETERANS' ADMINISTRATION,
Washington, May 10, 1932.

PRESIDENT OF THE SENATE OF THE UNITED STATES.

SIR: There is transmitted herewith in compliance with the provisions of Senate Resolution No. 412, dated January 21, 1931, a compilation of all Federal laws relating to the veterans of our various wars, with appropriate explanatory notes and annotations, suitable headings, reference tables, and indices.

Very truly yours,

FRANK T. HINES,
Administrator.

Mr. NORRIS. Mr. President, I move that the manuscript be referred to the Committee on Printing, with instructions to report to the Senate the cost of printing the document in sufficient quantity to supply each Legion post, each Grand Army post, and the posts of the Spanish-American War veterans, together with such other copies as may be necessary for the use of the Senate and House of Representatives.

The motion was agreed to.

PETITIONS AND MEMORIALS

The VICE PRESIDENT laid before the Senate a telegram in the nature of a petition from the Topeka (Kans.) Chamber of Commerce and the petition of K. L. Browne, of Kansas City, Kans., praying for reductions in governmental expenditures and the balancing of the Budget, which were referred to the Committee on Appropriations.

He also laid before the Senate a letter from Hon. V. S. K. HOUSTON, Delegate in Congress from Hawaii, together with a copy of a telegram from the president of the Senate and speaker of the House of the Legislature of Hawaii, relative to the postponement of consideration of Senate bills 4309 to 4315, inclusive, providing for changes in the government of the Territory of Hawaii, which was referred to the Committee on Territories and Insular Affairs.

He also laid before the Senate a telegram from Gertrud McCourt Shirk, of McPherson, Kans., favoring a 1 cent per gallon tax on imported crude and fuel oils and a tax of 3 cents per gallon on imported gasoline, which was ordered to lie on the table.

He also laid before the Senate a telegram in the nature of a memorial from Hon. Laning Harvey, Wilkes-Barre, Pa., remonstrating against the imposition of a tax on admissions to baseball games, which was ordered to lie on the table.

He also laid before the Senate a telegram in the nature of a memorial from B. I. Litowich, of Salina, Kans., remonstrating against the imposition of a tariff duty on importations of wood pulp, which was ordered to lie on the table.

He also laid before the Senate a resolution adopted by the Board of Supervisors of the City and County of San Francisco, Calif., favoring the passage of legislation providing for the restriction of immigration from the Philippine Islands, which was ordered to lie on the table.

Mr. CAPPER presented a resolution adopted by the Chamber of Commerce of Coffeyville, Kans., favoring the repeal of section 15a of the transportation act of 1920, known as the recapture clause, which was referred to the Committee on Interstate Commerce.

Mr. KEAN presented a resolution adopted by the Kiwanis Club of Elizabeth, N. J., favoring the prompt ratification of the World Court protocols without reservation, which was referred to the Committee on Foreign Relations.

He also presented a resolution adopted by the Kiwanis Club of Blackwood, N. J., favoring retrenchment in governmental expenditures rather than increased taxation in the balancing of the Budget, which was referred to the Committee on Appropriations.

Mr. SHIPSTEAD presented a petition of sundry citizens of Hawley and vicinity, in the State of Minnesota, praying for the passage of Senate bill 1197, known as the Frazier farm relief bill, which was referred to the Committee on Agriculture and Forestry.

He also presented a resolution adopted by members of Cerro Gordo-Lac qui Parle Local, No. 132, Farmer's Educational and Cooperative Union of America, of Lac qui Parle County, Minn., favoring the passage of Senate bill 1197, known as the Frazier farm relief bill; Senate bill 2487, providing for the remonetization of silver; and Senate bill 3133, known as the marketing bill; and protesting against inclusion of a general sales tax in the pending tax bill, which was referred to the Committee on Agriculture and Forestry.

Mr. WALCOTT presented the petition of Wadhams Post, No. 49, Grand Army of the Republic, of Waterbury, Conn., praying for the passage of House bills 7230 and 8082, granting uniform pensions to widows and dependents of certain war veterans, which was referred to the Committee on Pensions.

He also presented memorials of the Borough of Wallingford and the Chambers of Commerce of Wallingford and Torrington, in the State of Connecticut, remonstrating against the passage of legislation to prohibit the printing of return cards on stamped envelopes, which were referred to the Committee on Post Offices and Post Roads.

He also presented a resolution adopted at New Haven, Conn., by the executive committee of the Southern Connecticut Branch, National Metal Trades Association, favoring the balancing of the Budget through reduced expenditures and supplemental taxation, and remonstrating against the passage of legislation providing for the cash payment of World War veterans' adjusted-compensation certificates (bonus), which was referred to the Committee on Finance.

He also presented memorials of the Exchange Club, of New Britain; the Edgewood Civic Association, of New Haven; and the Chamber of Commerce, of New Haven, all in the State of Connecticut, remonstrating against the passage of legislation providing for the cash payment of World War veterans' adjusted-compensation certificates (bonus), which were referred to the Committee on Finance.

He also presented memorials of postal employees of Derby and several organizations in the State of Connecticut, remonstrating against reductions in the compensation of postal employees, which were referred to the Committee on Appropriations.

He also presented the petition of members of Faith Trumbull Chapter, Daughters of the American Revolution (Inc.), of Norwich, Conn., praying for the passage of legislation to make it a crime to advocate or promote the overthrow of government by force or violence, to provide for the exclusion and expulsion of alien communists, to prohibit importations from Soviet Russia, and to build up the Navy to the strength permitted by the Washington and London treaties, which was referred to the Committee on the Judiciary.

He also presented the petition of Tunxis Grange, No. 13, Patrons of Husbandry, of Bloomfield, Conn., praying for the granting of independence to the Philippine Islands, which was ordered to lie on the table.

He also presented the petition of the Fifth District, Department of Connecticut, American Legion, of Norwich, Conn., praying for the passage of legislation to legalize the manufacture and sale of beer and its taxation for revenue purposes, which was ordered to lie on the table.

He also presented the memorials of Coventry Grange, No. 75, of Rockville; Killingly Grange, No. 112, of Danielson; Wapping Grange, No. 30, of Wapping; Easton Grange, No. 149, of Fairfield; Indian River Grange, No. 73, of Milford; Mad River Grange, No. 71, of Waterbury; Simsbury Grange, No. 197, of Simsbury; Mattabessett Grange, No. 42, of Middletown; Quinnatisset Grange, No. 65, of Thompson; Rock Rimmon Grange, No. 142, of Beacon Falls; Mountain County Pomona Grange, No. 4, of Torrington; and Vernon Grange,

No. 52, of Vernon Center, all of the Patrons of Husbandry, in the State of Connecticut, remonstrating against the imposition of taxes on the automobile industry, which were ordered to lie on the table.

Mr. WALSH of Massachusetts presented papers in the nature of petitions from 500 citizens of the State of Massachusetts, praying for the balancing of the Budget, the defeat of the cash-bonus proposal, the stopping of "all raids on the Treasury," retrenchment in governmental expenditures, but the preservation of the national defense, the enactment of fair sales and stamp taxes, amendment of the Volstead Act, and the taxation of light wine and beer, which were referred to the Committee on Appropriations.

He also presented petitions of 700 citizens of the State of Massachusetts, praying for the prompt adoption of an orderly tax program, retrenchment in governmental expenditures, and the defeat of the so-called cash bonus bill, which were referred to the Committee on Appropriations.

BALANCING THE BUDGET AND TAXATION

Mr. WALSH of Massachusetts. Mr. President, I present a letter embodying a resolution adopted by the board of directors of the Motor Truck Club of Massachusetts (Inc.), Boston, Mass., relative to the balancing of the Budget and taxation, which I ask may be printed in the RECORD and referred to the Committee on Appropriations.

There being no objection, the letter was referred to the Committee on Appropriations and ordered to be printed in the RECORD, as follows:

MOTOR TRUCK CLUB OF MASSACHUSETTS (INC.),
Boston, April 28, 1932.

Hon. DAVID I. WALSH,
Senate Office Building, Washington, D. C.

MY DEAR SENATOR: At a duly called meeting of the board of directors of the Motor Truck Club of Massachusetts (Inc.) held this day it was—

"*Resolved*, That the Motor Truck Club of Massachusetts desires to be placed on record with the Federal Congress—

"1. We favor the balancing of the Federal Budget—

"(a) By the reduction of public expenditures.

"(b) By the imposition of a manufacturers' sales tax, without exemptions. This will distribute the tax equally to every citizen in the country according to his purchasing capacity.

"2. We are opposed to the immediate payment of $2,000,000,000 to veterans if it causes any form of currency inflation.

"3. We are opposed to special selection for taxation of motor vehicles, tires, accessories, coal, coke, petroleum products, or any other form of taxation which may affect any specific industry."

Respectfully submitted.

DAY BAKER, *Executive Secretary.*

Mr. WALSH of Massachusetts. Mr. President, also I have received a petition signed by over 1,000 citizens of the State of Massachusetts relative to governmental expenditures and taxation, which I ask may lie on the table and be printed in the RECORD without the signatures.

There being no objection, the petition was ordered to lie on the table and to be printed in the RECORD without the signatures, as follows:

To all Members of Congress from Massachusetts:

The undersigned individual voters demand radically reduced Government expenditures, particularly in payments and pensions to veterans not disabled in actual warfare, and prompt action to balance the Budget through taxation on such a broad, sound, and nonpolitical basis as is offered by the sales tax. Our industries and institutions disintegrate while Congress fiddles. An increase in employment depends on constructive action to create some courage, confidence, and hope in the future. What can we do to help?

ADMISSIONS TAX

Mr. SHORTRIDGE. Mr. President, I present telegrams from various organizations, business firms, moving-picture actors and actresses, officials of the moving-picture industry, theater owners and managers, and sundry citizens in the State of California, opposing a 10 per cent tax on all theater admission tickets over 10 cents. I ask that the telegrams may lie on the table and that the names of the firms and individuals sending the telegrams be noted in the RECORD.

There being no objection, the telegrams were ordered to lie on the table and the names of the senders (all in the State of California) were orderd to be printed in the RECORD, as follows:

Riverside Chamber of Commerce, Tom Gore, president, of Riverside.
Fullerton Chamber of Commerce, Thomas Taylor, president, of Fullerton.
Anaheim Chamber of Commerce, Fred Koeselmayer and Charles Pearson, President, of Anaheim.
Corona Chamber of Commerce, W. C. Sutter, secretary, of Corona.
Corona Business Men's Association, A. Blakeley, of Corona.
Mission Optimist Club, Dr. A. E. Ambaugh, president, of San Francisco.
Mission Merchants Association, Arthur Holl, president, of San Francisco.
Westlake District Chamber of Commerce, O. N. Walla, secretary, of Los Angeles.
Rotary Club, of Beverley Hills, Ira N. Frisbee, secretary.
Independent Motion Picture Theater Owners' Association of Northern California, by Morgan A. Walsh, president, of San Francisco.
Haight Ashbury Improvement Association, Hugo Schunert, secretary, of San Francisco.
Motor Dealers Association, Bert Roberts, secretary, of Los Angeles.
Breakfast Club, Harold B. Ling, manager, of Los Angeles.
Hollywood Boulevard Association, Col. Harry Baine, president, of Los Angeles.
Merchants Association of Bakersfield, John F. O'Neill, manager.
Independent Theater Owners of Southern California, of Los Angeles.
Los Angeles Moving Picture Projectionists, Local 150, M. J. Sands, secretary-treasurer, of Los Angeles.
First National Bank and Citizens Bank, of Corona.
Ben Platt Music Co., of Los Angeles.
John Gage, president, Pig 'n' Whistle, of Los Angeles.
Harold Lloyd, president Harold Lloyd Corporation, of Los Angeles.
Marie Dressler, of Los Angeles.
John T. Rennie, of San Fernando.
Robert Montgomery, of Los Angeles.
Wallace Beery, of Los Angeles.
John Gilbert, of Los Angeles.
Buster Keaton, of Los Angeles.
Lionel Barrymore, of Los Angeles.
Joan Crawford, of Los Angeles.
Ramon Novarro, of Los Angeles.
Norma Shearer, of Los Angeles.
Richard A. Rowland, of Los Angeles.
Tallulah Bankhead, of Hollywood.
Janet Gaynor, of Los Angeles.
Jack Dempsey, of Los Angeles.
Tom Mix, of Hollywood.
June Clyde, of Hollywood.
Slim Summerville, of Hollywood.
Boris Karloff, of Hollywood.
Lew Ayres, of Hollywood.
Sidney Fox, of Hollywood.
John Boles, of Hollywood.
Tom Brown, of Hollywood.
Laurel and Hardy, of Los Angeles.
Hal E. Roach Studios, of Los Angeles.
Henry Ginsberg, vice president Hal Roach Studios, of Los Angeles.
Sam Katz, vice president Paramount Publix Corporation, of Hollywood.
E. W. Hammons, president Educational Talking Pictures Co., of Hollywood.
Eddie Belasco, Belasco Theaters, of Los Angeles.
Universal Producers and Directors, of Hollywood.
Carl Laemmle, jr., of Hollywood.
David O. Selznick, vice president RKO Radio & Pathe Pictures, of Los Angeles.
Joseph M. Schenck, of Hollywood.
Madrid Theater, P. J. Warpack, of Los Angeles.
Egyptian Theater, of Maywood.
Savoy Theater, of Los Angeles.
Metro Ebell Theater, of Los Angeles.
Stanley Theater, of Long Beach.
Herman Lewis, theater owner, of Los Angeles.
Thomas Herbert, manager New Palace Theater, of Oakland.
Ward Morris, New Rialto Theater, of San Francisco.
J. H. Kavern, Strand Theater, of San Pedro.
Jack Hare, Fox Belmont Theater, of Los Angeles.
Oxnard Theater, of Oxnard.
California Theater, by C. H. Powers, manager, of Dunsmuir.
James Gleason, manager Fox Hippodrome Theater, of Taft.
Nathan Hoffman, Embassy Theater, of Los Angeles.
O. B. Attkisson, manager Parkside Theater, of San Francisco.
M. Spencer Leve, manager Fox Ritz Theater, of Los Angeles.
Albert Levin, Alexandria Theater, of San Francisco.
Harry Sacks, manager Haight Theater, of San Francisco.
Fox. Theater employees, W. L. Doudlah, of San Diego.
L. J. Williams, El Rey Theater, of San Francisco.
H. J. Peskay, La Brea Theater, of Los Angeles.
Ralph W. McGowan, manager Fox Uptown Theater, Los Angeles.
Harry Levin, Harding Theater, of San Francisco.
A. E. Levin, Coliseum Theater, of San Francisco.
M. Kassis, Metropolitan Theater, of San Francisco.

Fox California Theater, Reno Wilk, manager, of Bakersfield.
C. R. Mosher, Riviera Theater, of San Francisco.
Nile Theater, Blaine Clinite, manager, of Bakersfield.
W. E. Tooley, State Theater, of Red Bluff.
F. J. Alberti, manager Granada Theater, Excelsior District, San Francisco.
John Carnakis, Virginia Theater, of Bakersfield.
Rex Theater, Simos & Porous, owners, of Bakersfield.
Fox Theater, of Bakersfield.
Rialto Theater, of Bakersfield.
Westwood Village Theater, of West Los Angeles.
Fox Scenic Theater, of Whittier.
Loews State Theater, of Los Angeles.
Redland Theater, of Redlands.
Western Theater, of Hollywood.
Monterey Theater Co., of Monterey.
Globe Theater, of San Pedro.
Warner Bros. Hollywood Theater, of Hollywood.
Beverly Hills Theater, of Hollywood.
Warner Bros. Downtown Theater, of Hollywood.
Warner Bros. Forum Theater, of Hollywood.
New Merced Theater, of Merced.
Rialto Theater, of San Bernardino.
Victor Theater, of Victorville.
California Theater, of Sacramento.
State Theater, of Oroville.
Los Angeles Theater, of Los Angeles.
Strand Theater, of Ocean Beach.
West Coast Theater, of San Bernardino.
Hollywood Theaters (Ltd.), of Beverly Hills.
Brayton Theater, of Long Beach.
Sunset Theater, of Hollywood.
Palace Theater, of San Leandro.
Roy C. Hunts Theaters (Inc.), of Riverside.
State Theater, of Auburn.
Uptown Theater, of San Francisco.
Senator Theater, of Chico.
Hillstreet Theater, of Los Angeles.
Orpheum Theater, of Los Angeles.
Van Nuys Theater Co., of Van Nuys.
Corona Theater, of Corona.
Fox Wilshire Theater, of Los Angeles.
Fairoaks Theater, of Pasadena.
New Fox Theater, of Pomona.
Nuart Theater, of Santa Monica.
Strand Theater, of Gilroy.
Castle Theater, of Los Angeles.
California Theater, of Santa Rosa.
State Theater, of Martinez.
Lincoln Theater, of Los Angeles.
Uptown Theater, of Oakland.
Rivoli Theater, of Berkeley.
Redding Theater, of Redding.
Lodi Theater, of Lodi.
Hayward Theater, of Hayward.
Strand Theater, of Los Angeles.
Westland Theaters (Inc.), of Los Angeles.
Golden State Theater Circuit, of Oakland.
Cozy Theaters, of Los Angeles.
Diamond Theater, of Oakland.
Burbank Theaters, of Burbank.
Pacific Coast Theaters, of Los Angeles.
Arcade Theater, of Los Angeles.
Hunleys Theater, of Los Angeles.
Daly City Theater, of San Francisco.
Tulare Theater, of Tulare.
Grenada Theater, of Wilmington.
Cabrillo Theater, of San Pedro.
Westcoast Theater, of Santa Ana.
Redondo Theater, of Redondo Beach.
Irving Theater, of San Francisco.
Broadway Theater, of Santa Ana.
West Coast Theater, of Long Beach.
California Theater, of Petaluma.
Tracys Laughlin Theater, of Long Beach.
Imperial Theater, of Long Beach.
Fullerton Theater, of Fullerton.
United Artists Theater, of Long Beach.
New Santa Cruz Theater, of Santa Cruz.
Paso Robles Theater, of Paso Robles.
Marquis Theater, of Hollywood.
Rosemare Theater, of Ocean Park.
Palmer Theater, of San Francisco.
Fairfax Theater, of Oakland.
Dome Theater, of Ocean Park.
Criteron Theater, of Santa Monica.
California Theater, of Ocean Park.
Parkway Theater, of Oakland.
Verdi Theater, of San Francisco.
Milano Theater, of San Francisco.
Marcal Theater, of Hollywood.
Larchmont Theater, of Hollywood.
Mecca and Mayfair Theaters, of Los Angeles.
Whittier Boulevard Theater, of Los Angeles.
New Spreckles Theater, of San Diego.
Anaheim Theaters, of Los Angeles.
Dr. R. B. Von Kleinsmid, president University of Southern California, Los Angeles.
Orra Monnette, vice president Bank of America, Los Angeles.
Nathan F. Milnor, Milnor Shop, Los Angeles.
Charles Baad, manager Biltmore Hotel, Los Angeles.
Joseph Baldi, vice president Yellow Taxicab Co., Los Angeles.
Col. William Eric Fowler, Los Angeles.
Charles B. Hamilton, manager Alexandria Hotel, Los Angeles.
Seymour Swartz, health commissioner, of Los Angeles.
I. W. Birnbaum, former president police commission, Los Angeles.
Tom May, May Co., department store, Los Angeles.
Jake Hartman, clothier, Merced.
J. E. Killian, president First National Bank, Riverside.
C. E. Brouse, president Citizens National Trust & Savings Bank, Riverside.
George E. Cryer, former mayor, Los Angeles.
W. L. Hale, mayor, Fullerton.
John Knox, mayor, Santa Ana.
Harold N. Wright, councilman and commissioner, Hollister.
Judge A. Allbright, of Los Angeles.
William I. Traeger, sheriff, Los Angeles.
Herberg L. Beach, member of city council, Oakland.
Earl L. Yonker, of Anaheim.
W. E. Drury, of Bakersfield.
A. M. Bowles, of San Francisco.
Ray Robbins, of Los Angeles.
A. H. Curran, of Bakersfield.
Thomas W. McManus, of Bakersfield.
William M. Gunn, of Calipatria.
Hugh K. McKevitt, of San Francisco.
H. Lew Zuckerman, realtor, of Los Angeles.
G. Elmer Moreland, of Los Angeles.
Dr. Earl G. Brown, of Los Angeles.
John Mott, attorney, of Los Angeles.
Joe Toplitsky, realtor, of Los Angeles.
J. J. Doyle, of Los Angeles.
Eugene Marcus, attorney, of Los Angeles.
Harry L. Lewis, of Los Angeles.
John H. Considine, sr., of Los Angeles.
J. Harvey McCarthy, of Los Angeles.
Rev. J. Whitcomb Brougher, jr., of Los Angeles.
William W. Bearman, attorney, of Los Angeles.
Judge E. P. Wood, of Los Angeles.
Doctor Fountain, of Merced.
Edwin J. Loeb, of Hollywood.

REPORTS OF COMMITTEES

Mr. BRATTON, from the Committee on Indian Affairs, to which was referred the bill (S. 2914) to authorize appropriations to pay in part the liability of the United States to the Indian pueblos herein named, under the terms of the act of June 7, 1924, and the liability of the United States to non-Indian claimants on Indian pueblo grants whose claims, extinguished under the act of June 7, 1924, have been found by the Pueblo Lands Board to have been claims in good faith; to authorize the expenditure by the Secretary of the Interior of the sums herein authorized and of sums heretofore appropriated, in conformity with the act of June 7, 1924, for the purchase of needed lands and water rights and the creation of other permanent economic improvements as contemplated by said act; to direct the issuance of a patent to the pueblo of Taos for certain lands described herein, and for other purposes, reported it with an amendment and submitted a report (No. 678) thereon.

Mr. JOHNSON, from the Committee on Commerce, to which was referred the bill (S. 4512) authorizing a preliminary examination and survey of the McKenzie River, in the State of Oregon, with a view to the controlling of floods, reported it with amendments and submitted a report (No. 679) thereon.

He also, from the same committee, to which was referred the bill (H. R. 10683) to provide for the conveyance by the United States of a certain tract of land to the Borough of Stonington, in the county of New London, in the State of Connecticut, reported it without amendment and submitted a report (No. 680) thereon.

Mr. WALSH of Massachusetts, from the Committee on Public Buildings and Grounds, to which was referred the bill (H. R. 8907) to authorize the Secretary of the Treasury to acquire land adjoining Lawrence (Mass.) post-office site, reported it without amendment and submitted a report (No. 681) thereon.

Mr. KEYES, from the Committee on Public Buildings and Grounds, to which were referred the following bill and joint resolution, reported them each without amendment and submitted reports thereon:

S. 4542. An act providing for the use by the Veterans' Administration of the old post-office building in Casper, Wyo. (Rept. No. 682); and

H. J. Res. 305. Joint resolution for the improvement of Meridian Hill Park (Rept. No. 683).

Mr. McNARY, from the Committee on Agriculture and Forestry, to which was referred the bill (S. 4374) to empower the superintendent of the Hawaii National Park to perform the functions now performed by the United States commissioner for the said national park, and for other purposes, reported it without amendment and submitted a report (No. 684) thereon.

Mr. TOWNSEND, from the Committee to Audit and Control the Contingent Expenses of the Senate, to which were referred the following resolutions, reported them each with an amendment:

S. Res. 203. Resolution authorizing an additional expenditure to investigate methods for replacement and conservation of wild animal life; and

S. Res. 213. Resolution further increasing the limit of expenditures in the matter of the Heflin-Bankhead senatorial contest from the State of Alabama.

ENROLLED BILL AND JOINT RESOLUTION PRESENTED

Mr. WATERMAN, from the Committee on Enrolled Bills, reported that on the 11th instant that committee presented to the President of the United States the following enrolled bill and joint resolution:

S. 2775. An act to amend an act entitled "An act to incorporate the Masonic Mutual Relief Association of the District of Columbia," approved March 3, 1869, as amended; and

S. J. Res. 50. Joint resolution to authorize the Commissioners of the District of Columbia to close upper Water Street between Twenty-second and Twenty-third Streets.

EXECUTIVE REPORTS OF COMMITTEES

As in executive session,

Mr. JOHNSON, from the Committee on Commerce, reported favorably the nomination of T. V. O'Connor, of New York, to be a member of the United States Shipping Board for a term of six years from June 9, 1932 (reappointment), which was placed on the Executive Calendar.

Mr. ODDIE, from the Committee on Post Offices and Post Roads, reported favorably sundry nominations of postmasters, which were placed on the Executive Calendar.

BILLS INTRODUCED

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. WALSH of Montana:

A bill (S. 4640) to amend section 19 of the World War veterans' act of 1924, as amended; to the Committee on Finance.

By Mr. McGILL:

A bill (S. 4641) granting a pension to Franklin A. Sprenger; to the Committee on Pensions.

By Mr. BANKHEAD:

A bill (S. 4642) granting six months' pay to Ruth McCarn (with an accompanying paper); to the Committee on Naval Affairs.

By Mr. KEAN:

A bill (S. 4643) for the relief of Philip W. Kerley; to the Committee on Naval Affairs.

By Mr. LONG:

A bill (S. 4644) to extend the time for construction of a free highway bridge across the Sabine River, where Louisiana Highway No. 21 meets Texas Highway No. 45; and

A bill (S. 4645) to extend the times for commencing and completing the construction of a bridge across the Sabine River, where Louisiana Highway No. 6 meets Texas Highway No. 21; to the Committee on Commerce.

By Mr. HATFIELD:

A bill (S. 4646) to provide for the establishment of a system of pensions for railroad and transportation employees, and for a railroad pension board, and for other purposes; to the Committee on Interstate Commerce.

By Mr. GEORGE:

A bill (S. 4648) for the relief of Dock Inmon; to the Committee on Military Affairs.

By Mr. COPELAND:

A bill (S. 4649) to authorize the Secretary of War to transfer and convey to the State of New York all right and title now vested in the United States to land and buildings thereon known as Fort Schuyler, N. Y.; to the Committee on Military Affairs.

A bill (S. 4650) for the relief of Robbins-Ripley Co. (Inc.);

A bill (S. 4651) for the relief of the Bowers Southern Dredging Co.; and

A bill (S. 4652) for the relief of the Sound Construction & Engineering Co. (Inc.); to the Committee on Claims.

By Mr. SHIPSTEAD:

A bill (S. 4653) for the relief of M. N. Lipinski; to the Committee on Claims.

REGULATION OF STOCK-EXCHANGE TRANSACTIONS

Mr. KING introduced a bill (S. 4647) to prevent the use of the mails and of telegraph and telephone facilities in furtherance of fraudulent and harmful transactions on stock exchanges, which was read twice by its title.

Mr. KING. Mr. President, the purpose of this bill is to prevent the use of the mails and of telegraph and telephone facilities for transmitting information about transactions in securities on stock exchanges, the quotation of prices, and the like, except under certain safeguards for the protection of the public. It is proposed that no such information with respect to securities listed, quoted, or dealt in on any stock exchange be transmitted through the mails or by telegraph or telephone unless the exchange on which the transaction takes place has been incorporated under the laws of the State or Territory in which its business is conducted and unless the charter and by-laws of the exchange, or the laws under which it is incorporated contain certain regulations and prohibitions satisfactory to the Postmaster General with respect to security transactions on the exchange, the character of the securities dealt in, the genuineness of the price quotations of such securities, and with respect to other information concerning such transactions which is to be transmitted either through the mails or by telegraph or telephone beyond the limits of the State or Territory in which the exchange is incorporated.

It is proposed that before the securities of any corporation are listed, quoted, or dealt in on any such exchange the corporation shall file with the secretary of the exchange a statement relating to the property of the corporation, its liabilities and obligations, the volume of its business, and net earnings for a period of at least three years preceding the filing of the statement. A like statement is to be required with respect to every subsidiary of the corporation. Such statement shall also contain information with respect to contracts entered into by the corporation affecting the authorization, issue, sale, or disposition of the securities which are sought to be admitted to the official list of the exchange, and the corporation is also to be required to file with the secretary of the exchange and the Postmaster General detailed statements with respect to agreements entered into between the corporation and its officers and directors and of the salaries, commissions, or other compensation paid to such officers and directors.

It is also provided in the bill that securities once listed on an exchange shall not be removed from the security list of the exchange except after due notice to all security holders.

The manipulation of securities and all fictitious purchases and sales, including "matched orders" and "wash sales," are to be prohibited. Likewise, it is proposed that members of the exchange be forbidden from hypothecating any securities of their customers for any amount in excess of the sum owed to such members, from entering into agreements with customers for such use of their securities, and from lending securities pledged with them.

The regulations are also to contain provisions requiring members of any such exchange to keep accurate accounts of all transactions conducted by them upon the exchange and to keep their books of accounts and records open to inspection by the officers of the exchange and by the Postmaster General.

No member of an exchange is to be permitted to purchase any securities unless he has received from the customer a partial payment of at least 20 per cent of the market price of the securities on the date of purchase. Other prohibitions are imposed upon the sale by an officer or director of a corporation of securities which he does not own.

Appropriate penalties are provided for violation of the provisions of the bill.

It is proposed that the provisions of the bill shall take effect six months after the date of its enactment.

The gambling in securities which has been promoted by stock exchanges and some brokers and investment trusts has been a curse to our country, and is in part responsible for the deplorable conditions now prevailing. If the bill which I have offered is enacted, it will prove an obstacle to future stock gambling and a corrective of stock-exchange methods.

I move that the bill be referred to the Committee on Banking and Currency.

The motion was agreed to.

RECOMMITTAL OF A BILL

On motion of Mr. COUZENS, the bill (H. R. 7716) to amend the radio act of 1927, approved February 23, 1927, as amended (U. S. C., Supp. V, title 47, ch. 4), and for other purposes, was recommitted to the Committee on Interstate Commerce.

HOUSE JOINT RESOLUTION REFERRED

The joint resolution (H. J. Res. 341) providing for the suspension of annual assessment work on mining claims held by location in the United States and Alaska was read twice by its title and referred to the Committee on Mines and Mining.

REVENUE AND TAXATION—AMENDMENTS

Mr. JONES submitted an amendment intended to be proposed by him to House bill 10236, the revenue and taxation bill, which was ordered to lie on the table and to be printed, as follows:

At the appropriate place, insert the following new section:

"SEC. —. There shall be levied, collected, and paid upon all articles, imported from a country whose currency has depreciated on the day of exportation of such articles, an excise tax of 1 per cent of the value thereof for each 1 per cent that the value of the currency of such country, as proclaimed by the Secretary of the Treasury in accordance with subsection (a) of section 522 of the tariff act of 1930, for the quarter in which the articles were exported, exceeds the value of the currency of such country on the day of importation as certified by the Federal Reserve Bank of New York to the Secretary of the Treasury in accordance with subsection (c) of section 522 of the tariff act of 1930."

Mr. HAYDEN submitted an amendment intended to be proposed by him to House bill 10236, the revenue and taxation bill, which was ordered to lie on the table and to be printed, as follows:

On page 244, line 16, after the word "processes," insert the following: "*Provided further*, That ores or concentrates usable as a flux or sulphur reagent in copper smelting or converting, and having a copper content of not more than 15 per cent when imported for fluxing purposes, shall be admitted free of said tax in the aggregate amount of not to exceed in any one year 15,000 tons of copper content."

Mr. CAPPER submitted an amendment intended to be proposed by him to House bill 10236, the revenue and taxation bill, which was ordered to lie on the table and to be printed, as follows:

Amendment intended to be proposed by Mr. CAPPER to the bill (H. R. 10236) to provide revenue, equalize taxation, and for other purposes, viz: On page 281, following line 9, insert a new section, to be known as section 726, as follows:

"SEC. 726. Except as hereinafter provided, all short sales of grain and cotton by any person for future delivery, where the seller does not own the commodity and which amount in any one day to the quantities hereinafter specified, shall be subject to the taxes hereinafter prescribed:

"Upon short sales of grain:

"One-fiftieth of 1 cent per bushel on sales totaling less than 50,000 bushels.

"One-twenty-fifth of 1 cent per bushel on sales totaling 50,000 bushels and less than 100,000 bushels.

"One-tenth of 1 cent per bushel on sales totaling 100,000 bushels and less than 500,000 bushels.

"One-fifth of 1 cent per bushel on sales totaling 500,000 bushels and less than 1,000,000 bushels.

"Two-fifths of 1 cent per bushel on sales totaling 1,000,000 bushels and less than 1,500,000 bushels.

"Three-fifths of 1 cent per bushel on sales totaling 1,500,000 bushels and less than 2,000,000 bushels.

"One cent per bushel on sales totaling 2,000,000 bushels and over.

"Upon short sales of cotton:

"One cent per bale on sales totaling less than 1,000 bales.

"Two cents per bale on sales totaling 1,000 bales and less than 2,000 bales.

"Five cents per bale on sales totaling 2,000 bales and less than 10,000 bales.

"Ten cents per bale on sales totaling 10,000 bales and less than 20,000 bales.

"Twenty cents per bale on sales totaling 20,000 bales and less than 30,000 bales.

"Thirty cents per bale on sales totaling 30,000 bales and less than 40,000 bales.

"One dollar per bale on sales totaling 40,000 bales and over.

"In order to determine the amount of any commodity owned by any person the amount of such commodity such person is raising or in good faith expects to raise within the next 12 months, on land (in the United States or its Territories) which such person owns or leases, shall be included; and in order to determine the amount of any commodity owned by any person, in the case of a resident of the United States or a domestic corporation, the amount of such commodity in the United States or elsewhere shall be included; and in the case of all other persons, only so much of the commodity in the United States owned by such person shall be included.

"Nothing in this section shall be construed to place a tax upon a 'hedging' transaction when it can be shown to the satisfaction of the Commissioner of Internal Revenue that said transaction constitutes a bona fide 'hedging' transaction, as defined by regulations to be issued by the Commissioner of Internal Revenue in cooperation with the Grain Futures Administration and the Cotton Futures Administration of the United States Department of Agriculture."

CLERK IN THE DISBURSING OFFICE

Mr. FLETCHER. Mr. President, the Committee to Audit and Control the Contingent Expenses of the Senate reported unanimously Senate Resolution 208, and it is on the calendar. I ask unanimous consent that it may be taken up and agreed to.

Mr. McNARY. As I stated last evening, I do not usually consent to taking up business irregularly from the calendar, but this is a pressing matter to meet an emergency situation, and I have no objection to the adoption of the resolution.

The resolution (S. Res. 208) was read, considered, and agreed to, as follows:

Resolved, That the Secretary of the Senate hereby is authorized and directed to employ a clerk for service in the disbursing office of the Senate at the rate of $2,220 per annum, to be paid from the contingent fund of the Senate until otherwise provided by law.

OCEAN MAIL AND SHIPPING ROUTES

Mr. McKELLAR. Mr. President, I ask unanimous consent to insert in the RECORD, as part of my remarks, a compilation of the instances where competition in bidding on mail routes was made impossible under the specifications of the Post Office Department, by Mr. John Nicolson. It gives most valuable information and information that the Senate ought to have. It is compiled by an expert, long familiar with the business of shipping and ocean routes and having had a long experience as an official of the Shipping Board or Fleet Corporation, and it ought to be made a part of the RECORD.

There being no objection, the statement was ordered to be printed in the RECORD, and it is as follows:

Instances where competition was impossible under the specifications of the Post Office Department in the award of ocean mail contracts

[NOTE.—The data in the tabular statement below have been compiled from the report of the Postmaster General in response to Senate Resolution 85 (S. Doc. 69). Supplemental comments are given at the end.—JOHN NICOLSON. *May 9, 1932.*]

| | Contracting lines | | |

FURTHER COMMENTS SUPPLEMENTING THE ABOVE STATEMENT

I

COMPETITION WAS EXCLUDED, INTENTIONALLY EXCLUDED, BY SPECIFICATIONS, COMPLIANCE WITH WHICH WAS POSSIBLE BY ONE PERSON ONLY

The monopoly in bidding resulted primarily from the certifications made by the Shipping Board relative to kind, size, and speed of vessels "required" for the postal route involved. The exclusion of all bids other than the preferred line was perfected by two limitations imposed by the Postmaster General, viz: (a) The short time allowed within which to present a bid and (b) the very early date by which the operation of the service was required to commence.

The text of the law made wholly unnecessary the undue speed attending the award of these contracts, for instance: The law provided (sec. 414f) as much as 12 months from June 30, 1928, through which investigations could have been made, wise procedure developed, and reasonable time given prospective bidders to examine and consider the matter within a reasonable time limit for bidding.

The commencement of operations under the contract could also have been fixed to allow prospective bidders time within which to secure necessary equipment, etc., with which to perform. The text reads (sec. 403), "Performance under any such contract shall begin not more than three years after the contract is let * * *," a provision clearly contemplating that an award may be made to a company which may have to build new vessels for performance.

The following is a sample of what in fact was done: The act was approved May 22, 1928. On May 24, two days later, the Post Office Department immediately adopted a group of routes for certification; they were in fact routes which had been previously recommended by the board. On May 29 the board certified the vessels' requirements, in the manner and on the basis we have described.

The advertisements inviting bids were then immediately inserted, viz, on June 9, 1930; they required bids to be presented by July 9, 1930, or within less than 30 days from the first appearance of the publication. More serious than these, however, was the requirement that performance of the contract should commence on August 1, 1930.

This speed seems to have been unjustified from every point of view. Prompt movement of the mails was not involved not only because the new act provided for the extension of the existing contracts for a term not exceeding one additional year but also because, if such contracts were not extended, the steamship services were there and in the absence of any contract, their legal obligation to convey the mails was definite and certain—at the poundage rates.

II

POWERS RESERVED TO CHANGE, BY MUTUAL AGREEMENT, PORTS, ROUTES, AND VESSELS, NULLIFY COMPETITIVE BIDDING, EVEN WHEN THE INITIAL BIDDING WAS COMPETITIVE; OR, DO THE RESERVED POWERS NULLIFY THE CONTRACT?

A transaction is not based on competitive bidding unless the services in fact rendered and paid for, under the awards, are substantially the same services on which the competing but losing bids were also based. The law provides (sec. 406) that in the advertisement inviting bids for the particular route the Postmaster General—

"shall describe the proposed route, the time when such contract will be made, the number of trips a year, the schedule required, the time when the service shall commence, the character of the vessels required, and all other information deemed by the Postmaster General to be necessary to inform prospective bidders as to the character of the service to be required."

The above provision requires that definite specifications be presented, so that definite bids may in turn be submitted; and that all bids shall relate to the same services, viz, the services in fact wanted and in fact to be rendered.

Although the notices advertised were apparently definite in describing a particular route, the vessels to be used, and the number of voyages to be made, the contracts contain provisions that the Postmaster General and the contractor may make basic changes in the services to be rendered and the compensation to be paid, changes which may be equivalent to the abandonment of the original agreement. Among such "reserved powers" in the contract are the following:

(a) They "may extend the service to additional ports, curtail the route to omit ports, change the service to substitute ports, or increase or reduce the number of trips."

(b) Although the contracts provide for the operation, in the first instance, of vessels of specified size and speed, they contain, on the other hand, a provision that if the Postmaster General and the contractor mutually agree that "the needs of the service require it" they may also agree to operate additional vessels and to substitute vessels of higher classes; that is, larger and faster vessels.

Now, if these reserved powers are valid, the requirement for competitive bidding is superfluous. We think the law authorizes no such reservations, and the serious question is presented whether a contract containing such provisions is not voidable at the instance of the Government. They conflict with the following provision of section 410 of the act:

"The Postmaster General may, in case of emergency, permit the substitution for a particular voyage of a vessel not within the provisions of the contract, even though not conforming to the requirements of section 405."

This provision clearly implies and assumes the contract has been written to conform with what the law, as mentioned above, clearly requires, viz, the designation of vessels of size and speed described, and performance of the contract with vessels which were the basis of presumptively competing bids. The provision quoted above is, of course, wise, to meet an emergency.

While in violation of the text quoted above, their legality is subject to challenge on broader principles of law and of common justice—assuming that competitive bidding was in fact intended; indeed, whether intended or not, the fact remains competitive bidding is required.

If these reserved powers are valid, then it would seem the advertised notice could describe and have sole reference to a proposed service from Miami, Fla., to Habana, Cuba, requiring only the comparatively small vessels sufficient for that service, say 2,000 tons. Bids having been received accordingly, and a contract awarded accordingly, but containing these reserved powers, may it then be expanded, by private agreement between the Postmaster General and the contractor, not only without inviting further bids but without notice of any kind, into a contract for a service between New York and Rio Janeiro with great ocean liners, say of 20,000 tons and 20 knots speed, with maximum compensation belonging to that class. The mere statement of the possibilities under such reserved powers reveals the possible illegality of the contract containing them, irrespective of the high motives which may have prompted them.

INCREASE OF BANKING FACILITIES

Mr. GLASS. Mr. President, it is my understanding that the Senate is to proceed with the unfinished business.

The VICE PRESIDENT. The Chair is advised that the Senator from Wisconsin [Mr. BLAINE] is to proceed this morning on the unfinished business.

The Senate resumed the consideration of the bill (S. 4412) to provide for the safer and more effective use of the assets of Federal reserve banks and of national banking associations to regulate interbank control, to prevent the undue diversion of funds into speculative operations, and for other purposes.

The VICE PRESIDENT. The question is on the amendment of the Senator from Michigan [Mr. VANDENBERG].

Mr. BLAINE. Mr. President, it is not my purpose to discuss the bill as a whole. I desire to confine my remarks to a discussion of the subject of branch banking. I understand the amendment offered by the Senator from Michigan [Mr. VANDENBERG] applies to that subject. However, I shall discuss primarily branch banking, as I conceive it to be a very dangerous undertaking for America to engage in upon a scale beyond branch banking within a municipality. The Senator from South Dakota [Mr. NORBECK], the chairman of the Committee on Banking and Currency, has proposed an amendment to strike out section 19, and it is that amendment which I propose to discuss.

Before entering upon a general discussion of branch banking, I want to point out two very material propositions which have not been discussed to any great degree up to this point and one of which has not been touched upon at all. I want to call the attention of the Senator from Virginia [Mr. GLASS], who is sponsoring this bill, to the fact that if section 19 as proposed shall permit branch banking, then we will be initiating a system which will deprive all local communities, every town, city, and village, wherever there may be established a branch bank, of revenue that now comes from the taxation of banks.

Let me point out that under a branch-banking system only the fixtures in the branch bank and its real estate will be subject to taxation. All taxes upon the assets of the bank, all income taxes, if there be a State system of income taxes, will be made impossible by section 19 as to every locality. I know of cities in my own State having a population of twenty or twenty-five thousand, which, if the branch banking system were in any general degree extended throughout the State, would lose at least from $50,000 to $75,000 a year in taxes that ought to go to those communities. Under the system suggested it is proposed to drain the local communities; it is proposed to suck the financial resources out of those communities, and to deprive them, on the other hand, of the sources of taxation which they now enjoy. I think that is a very serious objection to the enactment of the bill in its present form.

Mr. BORAH. Mr. President——

The VICE PRESIDENT. Does the Senator from Wisconsin yield to the Senator from Idaho?

Mr. BLAINE. I yield.

Mr. BORAH. The Senator's contention is based on the proposition that the branch banks will not be taxable by the States?

Mr. BLAINE. No; I base my contention upon the proposition that, under the present laws of the United States and under whatever laws the Congress may hereafter pass, unless they very materially modify the organization of branch banks, the respective communities in which such banks are located will have no power to tax them except as to the fixtures and the real estate of the particular branch bank. The assets of the branch bank, no matter how great they may be or of whatever character they are, will escape all taxation in those local communities, and all taxes of that character will go to the community where the parent bank may be located.

Mr. President, the various subdivisions of government are having a difficult time under present circumstances; they have difficulty under any circumstances, whether in good times or in depression, to find the sources of revenue with which to carry on the undertakings of local government. Let me say, by way of parenthesis, that, after all, practically all the useful and immediate services that come from government are paid for by the local communities. It is our cities and villages and towns and counties that must operate the courts. They must pay for those institutions; they must take care of the poor; they must support the libraries; they must support the schools; they must support the police system; they must support all the local undertakings of government that afford protection to person and property. After all, upon our local communities is placed the burden of providing for the security and protection of our citizens and their property. That is why taxes are high in local communities. The Federal Government contributes very little, on the whole, with respect to the enforcement of law, the protection of property, the promotion of health, education, libraries, or any other service to which the citizens are entitled. In the very nature of things the realm of the Federal Government is with respect to purely national and international affairs; and so the burden of taxation for all of the projects to which I have referred rests upon the localities and the property within those localities. To take away this source of taxation is to deprive them of revenues essential for the protection of life and property and the promotion of health, education, and all the other undertakings in which local communities engage.

Mr. WALSH of Montana. Mr. President——

The VICE PRESIDENT. Does the Senator from Wisconsin yield to the Senator from Montana?

Mr. BLAINE. I yield.

Mr. WALSH of Montana. I should like to inquire of the Senator if it is his view that a bank with all its branches would be taxable only in the county or municipality in which the parent bank is located?

Mr. BLAINE. That is the only place where the bank owns property outside of the real estate and fixtures of the branch bank.

Mr. WALSH of Montana. The Bank of Canada, for instance, has branches all over the Dominion. Are we to understand that those branches pay no provincial taxes at all?

Mr. BLAINE. My understanding is that the only tax they pay is the tax upon real estate and fixtures. But, however that may be, I know in my own State under our system of taxation the law provides for an income tax but not for a tax on intangible property. We tax only tangible property, not notes, bonds, shares of stock; all intangible property under the laws of my State is exempt from taxation, and the income tax is substituted in lieu of that source of taxation. So, in my State under our present law the only property of branch banks subject to tax under this bill would be their real estate and fixtures—the physical property actually owned and occupied by the branch banks. That perhaps is true in other States having an income tax, and it is true in every State where intangible property is taxed.

There is another objection which has received no discussion except the assertion by the Senator from Virginia—and it was a very material assertion—in the debate the other day that if the branch-banking system were authorized as proposed by this bill the inevitable result would be that the States would authorize branch banking for the State banks, thereby putting the State banks upon a parity with the banks operated under the National Government. But let me call attention to this very pertinent fact which the Senator did not discuss, namely, that under this bill the parent bank may establish a branch bank outside the boundaries of the State in which it is located.

I want to suggest and seriously call to the attention of the Senate the fact that this is just another step to the final end that branch banking will be permitted in this country, without respect to any territorial area whatever. Assuming, however, that that may not occur—which, in my opinion, is not a valid assumption—under this bill a parent bank may establish branch banks outside of the State where the parent bank is located. It is well known to every lawyer that a State can not authorize its banking institutions to do business beyond its own boundaries. In other words, there is no State in the Union that can authorize a banking institution organized under its laws to go into another State and there engage in the banking business—I mean operate a bank. It has no control over banking institutions in other States. If a bank in any State has connection with a bank in another State, the States where the respective banks are located have exclusive jurisdiction in each case, and therefore it is impossible under our fundamental law to place the States of the Union on a parity with the Federal Government in connection with branch banking. I think that is a very serious objection to the establishment of branch banking as proposed by this bill.

I have pointed out those two circumstances. I think the objections are valid. I have examined this problem very diligently; I know of no answer to the two objections which I have suggested, and I think they alone ought to defeat the proposal contained in this bill and thereby bring about the adoption of the amendment proposed by the Senator from South Dakota [Mr. NORBECK].

Mr. President, the distinguished chairman of the Committee on Banking and Currency has very ably outlined the subject of branch banking. I do not want to repeat what he has said or to engage in any discussion of the very pertinent facts which he has presented. I think I can discuss this subject without trespassing upon the premises which he has set forth.

Before entering upon the general phase of the subject, I want to bring to the attention of the Senate another argument in favor of branch banking to which some reference has been made. It has been stated that a large number of our bank failures have been among the smaller banks of the country. In connection with that subject, it is also pointed out that the number of State banks far exceeds the number of national banks; that the number of State banks that are not members of the Federal reserve system far exceeds the number of member banks in the Federal reserve system. All that may be important, and I think is an answer to the proposition when it is contended that these small banks have been unable to support themselves or to maintain their existence and therefore fail. But this proposition is subject to another analysis, and I think I shall be able to point out by the official record—I think it can be asserted with entire confidence that the record can not be disputed—that our smaller banks and our State banks have come through this depression with a success greater than, or at least equal to, that of the banks in the Federal reserve system.

In discussing this matter the other day, one of the Senators pointed out that in the last 11 years, from 1921 to 1931, both inclusive, the amount of deposits in suspended nonmember banks—and I am going to give just the round fig-

ures in order to save time—was $957,000,000 and then in the same breath suggested that the amount of deposits in suspended national banks members of the Federal reserve system was only $439,000,000; but there are other suspended member banks of the Federal reserve system the total deposits in which were $294,000,000.

In order to compare the non-member-bank success and the member-bank success, if we align the two items, the amount of deposits in national banks and in State banks that were members of the Federal reserve system, we find that the total of deposits in those suspended banks during the 11 years was $733,000,000, as compared with $957,000,000 of deposits in the nonmember banks.

But that does not tell all the story. It tells only a portion of the fact. These figures I am taking from the Federal Reserve Bulletin of April, 1932, and therefore they are official. On page 237 of that bulletin we find this fact:

The member banks that were reopened during the 11 years had deposits of $119,000,000. When a bank is reopened or reorganized, the general rule is that the deposits are accounted for to the amount of 100 per cent. There may be a suspension respecting the payment of those deposits; their payments may be, by agreement of the depositors, spread out over a year, two years, or three years; but the amount of deposits in the reopened member banks during the 11 years, which represents 100 per cent of the deposits, in all probability is $119,000,000, while the amount of deposits in the reopened nonmember banks was $344,000,000. Therefore, in order to ascertain the exact status of the member banks and the nonmember banks as to deposits which are subject to discount through liquidation of the closed banks, after deducting the amount of deposits in the reopened banks, we have $614,000,000 in deposits in banks of the Federal reserve system which must go through liquidation. In the case of the nonmember banks, taking into account the $344,000,000 of deposits in the reopened banks, we have only $613,000,000 of deposits in suspended banks that are subject to liquidation, and therefore the depositors subject to a reduction in the amount that may be received upon their deposits.

That record discloses that the nonmember banks, though the failures have been many, at the end of an 11-year period show a record in the saving of depositors equal to the record of the members of the Federal reserve system. So the argument that has been made that there is greater safety for depositors under the Federal reserve system with the branch banking proposed than there is with respect to the independent nonmember banks falls to the ground. The security of deposits in nonmember banks is as great, if not slightly greater, than the security of deposits in the member banks, in which group we find most of the branch banking, group banking, and chain banking.

Now, Mr. President, passing on to the general subject, as the chairman of the committee said, branch banking is a foreign system, perhaps suitable to countries that are small in area and population; but let us contrast that foreign system in its efficiency and its accomplishments with the efficiency and accomplishments of the independent banking system that has prevailed in America.

During the World War there was not a nation in Europe, either among the Allies or any other nation, having a centralized banking system with all the characteristics of branch banking, that was able to sustain even its own domestic credit. That statement can not be successfully challenged. In America, where up to the time of the opening of the World War, branch banking, group banking, and chain banking had not developed, the banking system was able to sustain the domestic credit and the foreign credit. Apply that test to a branch-banking system and at once its weakness appears. When I speak of branch banking I think I can apply that term to the banking systems of Great Britain, France, continental Europe, Canada, and Australia—a centralized system with a parent bank, with member banks or branch banks scattered all over the realms of the respective countries. I think it can be demonstrated that that system has been unable to supply the essential credit for agriculture, industry, and in most instances commerce. I will use but one illustration. That is Canada.

As I recall, Canada has 10 or 11 parent banks. Those parent banks have their branch banks scattered over the Dominion. The first 150 miles just north of the American boundary line, or an area of land 150 miles wide, is comparable with an area 150 miles wide in the United States just south of the boundary line as to fertility, climatic conditions, rainfall, and seasonal variations. It is also comparable respecting commerce, especially the water commerce of the Great Lakes, with greater advantages to commerce on the St. Lawrence River going to Canada.

Canada possesses natural resources, even in coal, second only to the United States, and second or third in the production of gold and silver, as I recall; first with respect to some of the more precious metals; with vast timber areas, accessible, with water transportation, the most ideal system for the lumber industry; with hydroelectric possibilities and industrial possibilities comparable to those of the area in the United States to which I have referred.

I do not say that Canada's agricultural and industrial development has been retarded because of branch banking, but I do say that its agricultural and industrial development has not kept step with the possibilities possessed by Canada, and for the reason that the Canadian banking system has been unable or unwilling, whichever the case may be, to furnish the essential credit and currency for agriculture and industry.

Canada's position with respect to commerce is ideal—commerce that would promote agriculture and industry—so it is not her lack of commerce or facilities for commerce that has retarded the agricultural and industrial development in Canada.

Canada's population has increased but a very small percentage, and I call attention to the fact that Canada has a population made up of nationalities and races almost of the same type and character as are found in the United States; indeed, absolutely of the same type.

Canada's wealth has had a very small percentage of increase. Before the present depression, with a population of less than 10,000,000, Canada had wealth of only $30,000,000,000; and 11 per cent of that wealth was American capital, due to the ability of the American banking system to advance credit and the essential currency for the development of American capital in Canada.

What happens in Canada? There have not been many bank failures there, it is true. But the Canadian branch-banking system has not taken risks. Bank failures do not occur, except in case of criminal defalcation, when no risks are assumed by the banks. We would not have had the number of bank failures we have had in the last few years had it not been for the risks the American banking system assumed. They were not unreasonable risks. The American banking system had a right to assume that farm values were sound, that those values would continue unimpaired. The American banking system had a right to believe that the value of American securities would remain unimpaired. The American banking system took the risk that agriculture and industry would continue prosperous, or in part prosperous. The American banking system advanced credit.

Not so in Canada. The reason why banks do not fail in Canada is that the banks do not assume the risks. The banks do not furnish the essential credit, or any credit to speak of, for agriculture. They do not assume to advance the essential credit for industry.

The experience of Canada has been that, through the branch-banking system, the parent banks have siphoned the wealth and the income from communities all over Canada and left those communities stripped of that to which they were entitled, stripped of their incomes, stripped of the fruits of their labor, and the money carted off to some central bank.

I want to read the expression of an opinion which I think represents generally the situation in Canada, appearing in the Toronto Star, in discussing the Canadian branch-banking system. This is what the Toronto Star said, and this is

what the Canadians who live in communities which have been drained of the essential credit to which they are entitled will tell:

Monster banking monopoly, a leech at Canada's throat, killing local industry, depopulating rural districts. Centralization of almost entire financial power of Dominion in the hands of a few capitalists has resulted from our much-vaunted banking system—almost total extermination of local banks.

Under these startling headlines the following article appeared:

While large capital insures slow, steady transmission of deposits to branches for control and use of head offices in smart, alien centers, local credit based on local savings is transferred to parasites, on whom rests neither responsibility, object, nor desire to exercise banking functions in support of local enterprises. With such credit basis lost, not only does the collapse or absorption of local bank institutions become inevitable, but local aspirations and confidence which had sustained local industry are wiped out or made dependent on the will and nod of competitive enterprises. So secretly, so gradually does this sequestration of savings proceed, so insidiously are local enterprises undermined, that planting of a branch to suck out local earnings, to exterpation of even the last local industry or institution is embraced by "slow going" people with the same artless innocence as a 3-year old child fondles a viper. To this accursed system of concentration of credit and destruction of local industry, the Dominion of Canada stands indebted for a contracted population of 7,000,000 in place of 25,000,000 rightfully due it under decentralized systems of banks designated to sustain, to breathe the breath of economic life through the remotest, as well as the most insulated of its parts.

Mr. President, that opinion, expressed by a Canadian, ought to be convincing of the fact that a branch-banking system will slowly, gradually, wipe out independent local banks, siphon the income from the localities, and centralize the power of credit in the hands of a few institutions in the larger centers.

I want to read some extracts from letters which were published by the American Bankers' Association Journal in 1929 with reference to the Canadian branch banking system. These letters point out how credit is denied, how local initiative is chloroformed. As we all understand, under a branch-banking system, the branch bank is not the proud creature of a community. It has not developed out of the ingenuity and the honesty and the integrity of a local citizen who has served his community for on to half a century.

There being no local board of directors, there is no one having a great pride in an institution like the board of directors of an independent banking system would have, proud of their honesty, proud of their integrity, proud of their opportunity to serve their community.

Unit banking lifts the banking business to a plane where the bank becomes a local institution to which the entire community points with pride. It inspires the confidence of friends and neighbors in the officers and the board of directors, the men who have operated the bank. The patrons of the bank feel that there is a sympathetic attitude on the part of the officers toward local institutions. No matter what may be the financial trouble of a local citizen, whether he is engaged in farming or in commercial business or in industrial business, he feels a perfect freedom to go to the office of the bank and there sit down and discuss the financial circumstances of the individual or the institution which he represents, knowing full well the local interest and the local desire to protect that interest.

The whole scheme of independent banking, therefore, is to develop the respective communities and diversify the industries of the Nation. That is impossible under a branch-banking system. We have no diversification under a branch-banking system. In the case of the farmer, for instance, who may want to borrow $300, when he goes to a branch bank or chain bank, or whatever the centralized system may be, he is not treated as a human being. He is given a questionnaire and pen and ink and he must make out a schedule of his property holdings. That is not considered by the branch bank. That is forwarded to the central bank 100 or 200 miles away, whose officers know nothing of the personal integrity and honesty and capacity of the individual who desires to borrow the $300. They know nothing of the honesty and integrity and capacity of the individual to pay, which is of far greater importance than the mere fact he may possess property double the amount of the loan. The far-distant institution knows nothing of the relationship of the individual to the community and his responsibility as an individual. He must wait for days and weeks before he can obtain a loan. It is identically the same with respect to the development of industry, though on a larger scale.

Let us see what the American Bankers' Association Journal found in Canada. They reproduced these letters in November, 1929. The first is dated January 18, 1918, and reads as follows:

It has been decided that it is to the advantage of the institution, and also it will be of great assistance if, until further notice, all applications for loans exceeding $300 be submitted to the directors through the head office for their approval.

That letter was sent out by a parent bank to its branches in the Dominion of Canada, and yet some one has had the temerity to testify before some congressional committee, as I recall, that $2,500 is the minimum limit ever placed on a branch manager. The fact is that the minimum limit is even less than $300 in cases where the branch manager has the right to pass upon the application and grant the loan.

Another letter dated July 5, 1918, is from a parent bank to one of its branches in Canada:

After taking everything into consideration it has been decided that the wisest thing to do is to ask the managers not to make any more loans, except very small ones, say, from $50 to $75, without first sending the application to the head office.

Another letter of July 10, 1918, from a parent bank to a branch bank in Canada:

I realize that a great many of the farmers do need $50 to $75 to buy what coal they would stock at this time of the year, and it is not expected that you loan even this amount unless they are entitled to it without question. Unless we get more rain the condition as to the crop situation is not bright and, although it is disagreeable to refuse people credit which ordinarily we should be glad to grant, still the good of the community is best served by keeping people from borrowing money under such conditions.

Yes; the best interest of the community is served by permitting the farmers to freeze to death! The letter closes with this statement:

It is surprising how little money a man can get along with when he has to.

If that is not a cold, cruel method of determining the question of extending credit to an individual, I do not know what is cold and cruel and heartless. That is exactly the branch-banking system—cold, heartless, cruel, indifferent, because it is an alien system, an absentee landlord.

Is the Canadian banking system a success? It is a success in having few bank failures and it is a success in extending practically no credit. If that kind of banking system is a success, then no banking system could acquire a greater success.

There is very little statistical information as to bank failures in Canada, but they have failures there just the same. We have found that one bank, under the branch-banking plan, in 1923 had 68 branch banks. The parent bank failed and dragged down with it the 68 branch banks. Of course there are failures in Canada. At an earlier date another parent bank crashed and with it crashed its 10 branch banks. Another one crashed and with it went down 27 branch banks.

Mr. President, that is the evidence, and it seems to me it can not be successfully disputed or controverted.

Mr. NORRIS. Mr. President——

The PRESIDING OFFICER (Mr. LOGAN in the chair). Does the Senator from Wisconsin yield to the Senator from Nebraska?

Mr. BLAINE. I yield.

Mr. NORRIS. On that question it often occurs, I know, that a misunderstanding goes out as to the bank failures when speaking of Canada, because when it is said that only so many banks have failed, it means parent banks. It seems to me it would be fairer if we counted each branch bank as a bank, because each branch bank performs the functions of a bank in a community. I would like to have the figures based on that sort of calculation. If we should count each branch bank as a bank, how many failures would it make in Canada?

Mr. BLAINE. I have not the information. I would ask the attention of the Senator from Virginia [Mr. GLASS], if I may have it?

The PRESIDING OFFICER. The attention of the Senator from Virginia is requested.

Mr. GLASS. Very well.

Mr. BLAINE. The Senator from Nebraska has asked if there might be made available the number of branch banks that went down with the parent banks in Canada. I do not know whether the Senator from Virginia has had that information presented to him or not.

Mr. GLASS. No; I have not. I stated yesterday that I was chiefly interested in the aggregate of losses by depositors by reason of bank failures in Canada in contrast to the volume of losses to depositors in this country. I may add, as stated yesterday, that we are not proposing to transfer the branch-banking system of Canada to the United States. That is a system which covers the entire Dominion of Canada. We are proposing to confine branch banking in this country within the limits of each State.

Mr. NORRIS. Mr. President——

The PRESIDING OFFICER. Does the Senator from Wisconsin yield to the Senator from Nebraska?

Mr. BLAINE. I yield.

Mr. NORRIS. I do not want the Senator from Virginia, the Senator from Wisconsin, or any other Senator to get the idea that I asked my question in any spirit of hostility. I remember the figures which the Senator from Virginia gave; they were very illuminating and, I think, very important. Nevertheless, it seemed to me that it would add to the picture if for the purpose of counting bank failures we considered each branch bank a bank. Otherwise, when we speak of so many bank failures in Canada and so many bank failures in the United States we get a misapprehension, because the failure of a bank in Canada means the failure of what would be equivalent to a good many banks in this country, dependent upon the number of branch banks the parent bank owned and operated.

Mr. GLASS. Mr. President, that observation would apply to the failure of banks in this country which have branches.

Mr. NORRIS. Yes, indeed, it would.

Mr. GLASS. As I understand, there are 10 or 12 States which permit state-wide branch banking. There is an additional number of States which permit to a limited degree branch banking. For example, the Bank of the United States, which never should have been permitted to take that name because it was not a bank of the United States—the very title produced a false impression that it was a national bank—had a very large number of branches in New York, so that what the Senator suggests would apply also in this country.

Mr. BLAINE. I desire to ask the Senator from Virginia a question. I may be mistaken, but my information, I think, is fairly reliable. I am sure the Senator from Virginia, with his candor and frankness, will be able to tell me whether or not the information I have is reliable. As the Senator from Virginia knows, the subcommittee of the Committee on Banking and Currency, of which the Senator from Virginia was chairman——

Mr. GLASS. And I did not desire to be.

Mr. BLAINE. The Senator performed the duty, however, whether or not it was compatible with his desire. My information is that the subcommittee had information from the comptroller's office which, perhaps necessarily, was not brought to the attention of the full committee, that the comptroller presented to the subcommittee quite a full statement respecting bank failures in Canada, with a great deal of data which the Senator was not privileged to make public. I am going to inquire whether or not the Senator's committee had access to that information?

Mr. GLASS. I will say to the Senator that he is totally misinformed. The Comptroller of the Currency furnished us no such information. I may make the broad statement that the Comptroller of the Currency did not furnish the subcommittee one bit of information, and not up to this day has he ever commented upon the provisions of the pending bill to the subcommittee.

Mr. BLAINE. I assume, then, that there is not entire harmony in the comptroller's office, and I was very anxious to get the Senator's statement as to that, because I would accept his statement as being correct.

Mr. GLASS. I can not undertake to say anything about the harmony in the comptroller's office. I know what has happened in and before the subcommittee, and we were furnished with nothing of the kind.

Mr. BLAINE. I am quite content to accept the Senator's statement about it.

Mr. LONG. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Wisconsin yield to the Senator from Louisiana?

Mr. BLAINE. I yield.

Mr. LONG. If I may attract the attention of the Senator from Virginia, the comptroller has very definitely gone on record in favor of the branch-banking system.

Mr. GLASS. Undoubtedly, and in a very much more extended way than this bill provides.

Mr. LONG. And he has used in support of the effort to compel branch banking over the United States the example of a bank that during late years has practically exhausted the resources of a State in order to keep open. I have personal knowledge of this matter. The present comptroller's policy is and has been to bring about a branch-banking concentrated system. Without making matters too public, I can point out that the greatest of disasters has come from the enforced branch-banking system, low or no law, that has been foisted on this country by the present comptroller. Whether there is any law for it or not, it is in effect.

Mr. GLASS. The only information I have from the comptroller's office is the information contained in his annual report to the Congress and the information he furnished us at our public hearings. No other information has been furnished the subcommittee from the comptroller's office.

Mr. BLAINE. Mr. President, in connection with the inquiry made by the Senator from Nebraska [Mr. NORRIS], let me say unless we have a comparison of the assets of the Canadian banks with the assets of American banks we do not get any adequate conception of the vastness of the American system. The Canadian banks on December 31, 1931, had resources to the amount of $2,997,000,000, as compared with resources of $71,000,000,000 of the banks under the American banking system.

Mr. GLASS. Mr. President——

The PRESIDING OFFICER. Does the Senator from Wisconsin yield further to the Senator from Virginia?

Mr. BLAINE. I yield.

Mr. GLASS. I just want to inject again right there that the Senator is speaking upon the assumption that this bill is proposing to introduce the Canadian banking system in this country, which is far from the fact.

Mr. BLAINE. That is the Senator's present opinion, but the Senator will not control this tendency. This is a step in the direction of a complete centralized banking system. The Canadian banking system as to population, as to assets, as to deposits is incomparable with the banking systems in States like New York, Illinois, Ohio, or Pennsylvania. This bill will set up a system that will be permitted in every State in the Union.

Mr. GLASS. While we are engaged in comparisons, suppose we compare the aggregate losses in the entire Canadian banking system with the aggregate losses, say, of the banks in New York, with a less population than Canada. The losses in Canada over a period of 65 years are inconsequential compared to the losses in New York last year.

Mr. BLAINE. I can reply to the Senator that the extension of credit by the New York banks so far exceeds the extension of credit by the Canadian banks that the Senator's contention does not argue very strongly in favor of a branch-banking system. Canada has not extended credit under its branch-banking system as has New York. New York under its system has extended credit and it has taken the risks

involved. As I remarked a few moments ago, the banks of Canada have not taken the risks, and if a bank does not take the risks, of course, its losses will be small; in fact, they ought to be nothing if they carry their denial of credit to the *n*th degree.

Mr. FLETCHER. Mr. President, may I interrupt the Senator?

The VICE PRESIDENT. Does the Senator from Wisconsin yield to the Senator from Florida?

Mr. BLAINE. I yield.

Mr. FLETCHER. The Senator from Kentucky [Mr. BARKLEY] placed in the RECORD some weeks ago an article respecting the Canadian banking system. That article, which was written by Mr. M. Grattan O'Leary, is found on page 5629 of the CONGRESSIONAL RECORD. I quote from it, as follows:

CANADA'S BANKING SYSTEM

By M. Grattan O'Leary

OTTAWA, March 5.—According to reports of the Federal Reserve Board the years 1931–2 saw 3,635 United States banks suspend operations, with a net loss to depositors of $2,404,000,000. In the light of these disastrous consequences, United States readers may be interested in the operations of Canadian banks during the same years. The Canadian banking story, summed up briefly, is this:

1. Not a single Canadian bank has closed its doors since the beginning of the depression.

2. Since confederation, a period of 65 years, there have been but 26 Canadian bank failures, with a total loss to depositors of less than $13,500,000.

3. Since 1900 there have been but 9 failures, 5 of these being but small banks carrying deposits of less than $1,000,000; and in 5 of the 9 failures depositors did not lose a dollar.

4. During the present depression not a single Canadian bank has even reduced the rate of its dividend; all of them, without exception, have added to their reserves.

What is the explanation? How comes it that while United States banks have been failing by the thousand, and United States depositors losing up to billions, the people of Canada, living under similar economic conditions, have continued to enjoy banking safety, mobility of funds, a reasonable abundance of credit?

Mr. BLAINE. Mr. President, I do not know how authoritative those figures are, but the Canadian year book discloses that in 1923 one parent bank, with 68 branches, closed with a deposit liability of $18,000,000. Let me call attention to the pertinent fact that the Government of Canada feels a definite liability for bank deposits.

Branch banking, Mr. President, involves other considerations. Much has been said about the capital stock of the parent bank, and that whenever a branch bank is established the parent bank must add to its capital stock an amount equal to that which would be required for a national bank if it were organized independently. That argument implies that bigness and volume mean strength. The probabilities are that bigness and volume mean weakness instead of strength, at least, there is some persuasive evidence that bigness and volume do not mean strength in banking. I want to point out some of that evidence.

In California, in 1931, one parent bank with eight branches crashed, with deposits of $7,799,000.

In Maryland a parent bank with 11 branches crashed, with deposits of $13,000,000.

In Ohio a parent bank with 11 branches crashed, with $25,000,000 deposits; a parent bank with 6 branches crashed, with $15,000,000 deposits; a parent bank with 10 branches crashed with $20,000,000 deposits.

In Pennsylvania a parent bank with seven branches crashed, with $5,000,000 deposits.

In South Carolina a parent bank with nine branches crashed, with deposits of $1,000,000. Another parent bank in South Carolina with 40 branches, as I recall, if not more—however, that was a chain system—crashed. The testimony on that subject was given in executive session of the committee during the consideration of the Reconstruction Finance Corporation bill. I do not recall the amount of deposits involved.

Mr. GLASS. Mr. PRESIDENT——

The VICE PRESIDENT. Does the Senator from Wisconsin yield to the Senator from Virginia?

Mr. BLAINE. I do.

Mr. GLASS. Nothing in the figures presented by the Senator would indicate the size of those parent banks. The figures that really bear upon the Senator's proposition are contained in the report of the comptroller, from which I quoted here on the floor several days ago. That shows that 90 per cent of the bank failures in this country were of banks with an inconsequential capitalization, and that but one-tenth of 1 per cent of the banks with a capitalization exceeding $1,000,000 failed.

Mr. BLAINE. Mr. President, the Senator was not present in the Chamber when I pointed out that those figures are not significant, in my opinion; and I desire to repeat briefly what I said in the absence of the Senator.

I am quoting from the Federal Reserve Bulletin of April, 1932, using round numbers. This has to do with the State banks, the nonmember banks, and the member banks of the Federal reserve system. The Senator quoted some the figures yesterday or the day before during his remarks.

For the 11 years, 1921 to 1931, both inclusive, the total deposits in suspended nonmember banks were $957,000,000. The total deposits in suspended member banks for the same period were $733,000,000. There is, however, this significant fact to take into consideration in that connection:

Some of these banks were reopened. In nearly every case, and in every case in my State, both State and national, that has come to my attention, wherever the bank was reopened there was not a single dollar of loss to the depositors. They received 100 cents on the dollar. The payment of those deposits might be deferred a year or two or three years, but there was no loss on the deposits.

Within the 11 years, 1921 to 1931, in the case of the member banks, those deposits in the reopened banks amounted to $119,000,000. In the case of the nonmember banks, those deposits amounted to $344,000,000. In other words, that left $614,000,000 of deposits in the closed member banks that were in process of liquidation, and $613,000,000 deposits—slightly less—in the nonmember banks that were in the process of liquidation. I think that destroys any significance respecting the percentages which the Senator has discussed. In other words, with the nonmember banks scattered all over the United States serving agriculture, with agriculture taking its deflation away back in 1920, notwithstanding the depression, the nonmember banks came through the 11-year period with deposits in failed banks that are now in the process of liquidation slightly less than in the case of member banks of the Federal reserve system.

I think that is a test that should be applied in considering whether or not bigness and volume have anything to do with strength in the banking business.

I have pointed out failures under the branch-banking system; and in the case of the branch systems to which I have called attention there were only a few where the branch operated outside of the municipal limits in which the parent bank had its situs.

Now, I desire to call attention to another very significant fact in connection with this question of bigness and in connection with the efficiency in administration of large banking groups.

Advocates here in the Senate of a branch-banking system have contended, or will contend, that branch banking means better administration, more intelligent administration, more efficient administration; that all of that superior intelligence and efficiency is available to the large groups, and, being available to the parent bank, of course, is available to the subordinate unit of those parent banks to a far greater extent than is possible for the small banks. That is the way the argument of the advocates of branch banking runs.

Let us look into this proposition.

I am informed by a responsible officer in a department of our Government that there comes to him the fact that American bankers have made loans to Ivar Kreuger, the Swedish match king, running into the tens of millions of dollars; and these loans were made upon Mr. Kreuger's personal statement, without documentary evidence, exactly as loans were made to Mr. Kreuger by the Swedish banks.

I find in the Washington Star a dispatch from Stockholm of May 9 on the Swedish banking system and the Kreuger crash. I will read that article:

Bitter criticism of the Riksbank (Swedish Central Bank) for the manner in which it granted credits of 146,000,000 crowns (about $26,280,000 at current exchange) to the late Ivar Kreuger between February, 1931, and March, 1932, is contained in a report of the permanent banking commission of the Riksdag to the Swedish Parliament.

The report reveals that on four occasions the Riksbank saved Kreuger from suspending payments. It is particularly sharp in criticizing the bank chief for acting beyond his authority and for not launching a thorough investigation into Kreuger's financial position when the first giant credit of 74,400,000 crowns (about $13,392,000) was advanced to him in April, 1931.

"The granting of these credits naturally involved a marked decrease in our country's liquid capital resources and was largely responsible for creating a dear money situation, from which commerce and internal production now suffer," the report states.

"This bleeding of Swedish capital taxed the Riksbank's foreign-exchange reserve; and the Riksbank's failure, after granting the loan last April, to protect its position by an immediate foreign-exchange loan may be regarded as a major factor in forcing our country to leave the gold standard."

The Riksbank's dealings with Kreuger were of large proportions. In February, 1931, Kreuger and the leaders of three Swedish banks approached the Riksbank and requested rediscount facilities to the extent of 32,000,000 crowns (about $5,760,000), which Kreuger stated were to be used for the Polish monopoly.

The Skandinaviska Kreditaktiebolaget (Scandinavian credit company) subsequently received 20,000,000 crowns (about $3,600,000) from the Riksbank, which Kreuger said he could have repaid before the year's end but which were never repaid.

These intelligent administrators, these efficient administrators; are looking for profit and when their special interest is profit, that does not make for safe, sound banking.

There is no guaranty in the system that those who control the branch banks will administer the system with care and scrutiny; but, rather, as the evidence points out, they will administer for the purpose of obtaining profits. The branch-banking system offers no special security, as I think I have abundantly proven from the record that has been disclosed here this afternoon.

Mr. President, I have endeavored to point out two very serious objections to the branch-banking provisions of the bill aside from the general objections to branch banking, namely, that under the bill the community, the town, the city, the village—wherever a branch bank is established—will not be able to levy any taxes upon the assets of that bank if the State has an income tax or in any State where intangible property is assessed, except upon the fixtures and the real estate occupied by the bank if it owns such property. Second, that States will never be able to meet through any State law a national system of branch banking; that the State has no constitutional power to authorize and control banking beyond its own borders; that the State which undertook to authorize and control branch banking as a part of its system beyond its own borders would find itself in difficulties; that the States in which State branch banks are established would supersede the control of the States that undertook to promote their organization beyond its boundary.

I think it has been demonstrated that branch banking has been a failure in the United States respecting the question of losses to depositors. When a parent bank fails, it carries down with it all its branches. Branch banking does not assure security to depositors nor does membership in the Federal reserve system give any greater assurance to depositors than the independent banks.

Mr. WALSH of Montana. Mr. President——

The VICE PRESIDENT. Does the Senator from Wisconsin yield to the Senator from Montana?

Mr. BLAINE. I yield.

Mr. WALSH of Montana. I understood the Senator, when he began his discussion this morning, to indicate that his contention is that the local communities in which the branch banks are established would be unable to get any revenue by taxing the income of banks, but later I gathered that the position of the Senator is that the State would not have the power to tax the income of the bank at all.

Mr. BLAINE. It is my opinion that under the present Federal law the State can not apply the income tax to the income of a national bank——

Mr. WALSH of Montana. I am surprised.

Mr. BLAINE. Unless it applies the income tax to all the institutions that are in similar business.

Mr. WALSH of Montana. In competition with the bank?

Mr. BLAINE. Yes; and that is practically impossible. We attempted that in Wisconsin and failed. It proved to be practically impossible to impose an income tax upon the incomes of national banks.

Mr. WALSH of Montana. That difficulty, then, apparently exists now as well as it would if the pending bill were enacted into law.

Mr. BLAINE. It exists now, it is true, to a certain extent.

Mr. WALSH of Montana. How would we increase the difficulty?

Mr. BLAINE. To the extent that branch banks, as the bill clearly contemplates, would eventually crowd out the State banks and we would have no banking resources in the community other than the branch banks. However, there is a bill pending that would change the situation to which I have referred, but I doubt very much the possibility of passing that bill.

Under the present law a State that has an income tax finds it quite impossible to assess an income tax against the income of a national bank. The State may assess a tax against the income of stockholders, but in the case of branch banks the stockholders of the parent bank are usually residents of the community where the parent bank is located. Whatever taxes are assessed outside of the taxes on the fixtures and real estate are going to the community where the parent bank is located. The local community will be deprived of that source of revenue.

Mr. LOGAN. Mr. President——

The VICE PRESIDENT. Does the Senator from Wisconsin yield to the Senator from Kentucky?

Mr. BLAINE. I yield.

Mr. LOGAN. I understand the Senator to contend that if there should be an assessment against the shares, that the State could not reach the shares because they would be owned by the parent bank. But if the branch banks are confined to the State, and the parent bank must have branches only within the State, then the shares could be reached; could they not?

Mr. BLAINE. Let me answer in this way. Presently a State that assesses intangible property—notes, bonds, mortgages, stocks—can assess the bank stock in the locality wherever the owner of the bank stock resides. That is the rule. Assuming that in a State there is a branch-banking system set up, the parent bank would be in one community—that is, in the larger center. There are no stockholders in the branch bank. There would be no intangible property to tax, and all that could be taxed would be the fixtures and the real estate.

Mr. LOGAN. That would be true with regard to local taxation, but not State taxation.

Mr. BLAINE. Local taxation, after all, constitutes the larger portion of the taxes.

Mr. LOGAN. But is it not generally true that the intangible property is exempt from local taxation and subject only to State taxation?

Mr. BLAINE. That depends on the State. In our State we have adopted the income-tax system and thereby exempted intangibles from taxation. But very few States have adopted the income tax along the line that Wisconsin has adopted it. At any rate, the tax is not levied against a branch bank, in a State that taxes intangibles, upon the intangible property of that bank. It would be levied in the centralized communities, the large cities. That is what I am complaining of. We are going to drive sources of revenue out of the communities throughout the respective States wherever that situation obtains.

Mr. President, I desire to close my remarks by reading a letter which was written to the distinguished Senator from Virginia [Mr. GLASS]. I am not privileged to disclose the authorship of the letter, but the original letter is in the possession of the Senator from Virginia. It is dated May 5, 1932. I want to say that it comes from a man who is deeply

interested in a proper banking system, who has had experience, who has been a leader in the banking organizations of the country and in the banking organizations of my own State. He is not a lobbyist. I doubt if he has written to a single Member of Congress asking support or defeat of the bill, other than this letter, written to the chairman of the subcommittee. The words that he has uttered through the letter are entitled to be recorded as a part of the debate upon the bill because of the broad knowledge and wide experience that the author of the letter has had. Writing to Senator GLASS, he said:

MY DEAR SENATOR: I have refrained from writing you during these weeks of discussion regarding the bill which bears your name, in the hope that many of the provisions which State bankers all over the country feel are too drastically revolutionary and too destructive and unfair would be changed or eliminated before the bill got anywhere near serious consideration by Congress. However, as a State banker (president of an institution recording 85 years of continuous banking existence and having nearly 50 years of banking experience myself), I have studied thoroughly and with great concern the provisions of the various drafts of the Glass bill.

It is unnecessary, I know, to recall to your mind my close connection with, sincere belief in, and work for the Federal reserve system during the war as it pertained to securing memberships from the State banks of the country. That friendship for the system continues to the present. I am entirely in sympathy with any measure that will help the Federal authorities to bring about reasonable control of credit through the Federal reserve system, so that improper and speculative practices may not be permitted. But, as a representative of the American State banker, who is a decided believer in the dual system of banking and in maintaining equalities between the systems in order that there might be fair competition, I can not reconcile that section of the bill which permits branch banking to national banks in States where State banks are prohibited such rights. My belief in the whole question of branch banking is, I know, representative of a large group of State bankers—that is, that branch banking tends to monopoly which is destructive of democratic organization and society. I have been willing, however, to modify my tolerance, though not my belief, on this question to the extent of metropolitan-area-wide and county-area-wide branch banking; but that should be for national banks only in States where the privilege is granted to State banks.

I should like to point out further, though I realize that you yourself are fully aware of it, the fallacy in the argument that bank failures throughout this economic depression could have been decreased or eliminated through the branch banking system. A great many banks have gotten into trouble, and the majority of them have been unit banks, because most of the banks in the United States still are unit banks, and many small unit banks, you will agree, should not have been chartered by either the State or the Federal Government, yet I believe statistics would show that a large proportion of the total deposits affected, and other potentially disastrous situations which have hovered over us, were in institutions presently organized along branch-banking lines.

The devastating unfairness to our State-border banks by the adjoining States' national banks crossing State lines, or to State banks in States where national banks may have branches, though the law does not permit that privilege to State banks, would result practically in the elimination of State banks.

I sincerely believe, dear Senator, that your continuous defense of State rights inherent in our type of government, your sense of fairness, and your belief in the need of preserving our American democracy by fighting everything that tends toward monopoly will induce you to strike from the bill these provisions.

During the delivery of Mr. BLAINE's remarks the following occurred:

Mr. WHEELER. Mr. President, will the Senator yield?

Mr. BLAINE. I yield.

Mr. WHEELER. Contrasting the statement which has just been made by the Senator from Wisconsin with the way the banks are operating with reference to the stockmen and smaller merchants throughout my State, I made the statement on the floor of the Senate here yesterday that the branch banks of Montana were not meeting the needs of the people out there. A representative of the branch banks complains bitterly because of the statements I have made, and I want to call the Senator's attention to the statement, and I would like also to have the attention of the Senator from Connecticut [Mr. WALCOTT].

The VICE PRESIDENT. Will the Senator from Connecticut give his attention?

Mr. WHEELER. I would like to have the attention of the Senator from Connecticut to this, because of the interest he has taken in the Refinance Corporation legislation, in the Glass-Steagall bill, and because of what the Senator from Connecticut felt that these several measures would do to help the farmers of this country.

I have in my hand a letter from one of the leading citizens of one of the communities in my State. He is not only interested in farming but in stock raising and in merchandising. He says:

SIR: I have just read your speech introducing a bill for relief of farmers. I wish to congratulate you on this truth you have spoken. I am a farmer, and a conservative estimate of my financial standing would be around $75,000 or possibly $80,000. I do not owe a cent to anyone. I own 3,560 acres of land, 500 head of sheep, 175 head of cattle. I had occasion to make application to our local banks here last week for a small loan of $200, and was refused by both banks.

I am not sure that both of those banks are chain banks, but one of them is a chain bank, and I am inclined to think that both of them are.

I am in a fair way (in fact see no other outcome) than that I will lose my entire property from being unable to pay my taxes in future.

This condition does not exist with me individually, but is the universal condition of all farmers and stock raisers in this vicinity. Banks are absolutely inoperative so far as this community is concerned, and charge us a fee for all checks cashed.

We are at our wits' end, and this condition is fast making bolshevists out of our community.

Notwithstanding the fact that we passed the Reconstruction Finance Corporation bill, notwithstanding the fact that we passed the Glass-Steagall bill, notwithstanding the fact that every single piece of legislation the bankers of the country and the administration have come here asking has been passed, these chain banks—and I make the statement without fear of contradiction—which are now here knocking at the doors, with their lobbyists, asking for this bill, absolutely refuse to make loans.

This correspondent says they will make no loans not only to himself, he being worth $75,000 or $80,000, that they not only refuse to make him a loan of $200, but he says that is not personal with him, that it applies to every person in that community, practically. Yet we talk about chain banks, we talk about branch banks, and are told how much stronger and how much better they will be able to serve the community if we pass this bill and make more branch banks possible when there is a man worth $75,000 or $80,000 and who does not owe a 5-cent piece who can not borrow $200.

Mr. FLETCHER. Mr. President, will the Senator from Wisconsin yield to me?

Mr. BLAINE. I yield.

Mr. FLETCHER. The Senator's constituent ought to get relief from the Federal land bank. I quite agree that the banks have no excuse for not accommodating their customers, none in the world, but the Federal land bank would certainly be able to help that man.

Mr. WHEELER. Let me say to the Senator from Florida that the Federal land banks likewise are not making any loans in that community. The people there can not borrow any money from them. As a matter of fact, speaking of the Federal land bank, I know that in my own State substantial farmers who went out and paid, I think, $15 to $25 apiece to have their land appraised by the Farm Land Board, were not able to get loans, notwithstanding the fact that they had ample security. The banks turned them down cold, though they were among the most substantial stockmen and farmers in their localities.

Mr. FLETCHER. Mr. President, we appropriated $125,000,000 to add to the capital of the Federal land bank for the very purpose of enabling it to extend its operations.

Mr. WHEELER. If the Senator from Wisconsin will permit me further, let me say that the other day the President of the United States criticized the Congress of the United States, and the criticism was carried generally from one end of this country to the other. He criticized the Congress because of the fact, as he intimated, that Congress would not do what he wanted them to do. If there is any criticism to be justly leveled at the Congress of the United States, it is because of the fact that they have followed blindly this administration, and we followed them blindly on both sides of

the aisle. We followed them and passed every single piece of legislation, practically, that the administration wanted, and we have done it blindly.

When they came here and wanted the moratorium passed, Congress passed it for them. When they came here and wanted the $125,000,000 appropriation, or whatever the amount was, for the Federal land bank, we passed that for them. When they came here and wanted $2,000,000,000 for a Reconstruction Finance Corporation, and said, "Unless you pass that piece of legislation, all the banks and insurance companies in the country are going to the dogs," we passed it for them. When the administration was here asking for the Glass-Steagall bill, both the Democrats and the Republicans joined and passed it for them. Every single solitary piece of legislation they have asked for they have gotten. Yet the President of the United States had the audacity to criticize the Congress of the United States because of the fact, as he intimated, that they were not going to pass the kind of a tax bill he wanted. The inference was that the administration favored, possibly, the sales tax, although Mr. Mills, in a statement issued, stated that they were not in favor of the sales tax.

If there is any criticism to be made of the Congress of the United States, it is not for not following the President, not for not doing what the President wanted us to do, but we are to be criticized and should be criticized because of the fact that we followed the executive branch of this Government too blindly, that we passed legislation to help the banks, that we passed legislation to help the railroads, that we passed legislation to help everybody excepting the people whom it is necessary to pass legislation for if prosperity is to be brought back to this country.

I apologize to the Senator from Wisconsin for taking so much of his time.

Mr. BLAINE. Mr. President, I did not intend to digress from my discussion of the pending amendment, but I want to say, in connection with what the Senator from Montana has said, that I am not one of those on this side of the aisle who voted for any of the measures to which the Senator refers. I pointed out at the time the Reconstruction Finance Corporation bill was before the Senate that it was simply another method of pyramiding debts, compounding interest, when the agricultural and commercial industries of the country were already burdened with debts which the people never could expect to pay. There is not, nor will there be, sufficient human energy out of which will come payments of something like $194,000,000,000 of public and private bonds, mortgages, and other debts. So I for one want the RECORD to show very clearly at this point that I am not responsible for the legislation that has been put through the Congress under the whip and lash of the President of the United States, who said that if those acts were passed, then we would immediately start an upward turn out of the depression.

I understand that even now there is hatching, through some conference committee or through some nonpartisan combination, a scheme to bring forth another batch of proposed legislation, and to drive that legislation through the Congress under the lash and the whip of the administration. The fact is that these proposals do not go to the fundamental difficulties which confront the United States to-day, and until we face the problem in all its realities there is going to be no solution. We can not expect to come out of this depression, with this $194,000,000,000 of debt, during the lifetime of any Senator here or within the period of the next two generations through the palliatives proposed by the administration.

Mr. GEORGE. Mr. President, will the Senator yield?

Mr. BLAINE. I yield.

Mr. GEORGE. I do not want to interrupt the Senator's statement, but I wanted to insert in the RECORD, either at the conclusion of the Senator's speech or in the body of it, if he has no objection, a statement with reference to the policy pursued by the Federal land banks to which the Senator from Montana referred. I want to read just one sentence, omitting the name of the local association through which, of course, the Federal land bank must make loans:

> The association was advised by this bank—

That is to say, the Federal land bank in the district to which reference is made—

> The association was advised by this bank that it would not be in position to consider applications for loans through it until such time as all past-due items due it by borrowers through that association had been paid, all past-due taxes on property mortgaged to it by borrowers through that association had been paid by the owners of the property, and—

I direct attention particularly to this:

> And purchasers for the real estate acquired by it in connection with the foreclosure of loans made through that association had been found.

In other words, under this rule of the Federal land bank there is hardly an association, certainly not one in the four Southeastern States, which would be able to submit any loan to those banks and have it approved, because the association would not be able to comply with any such rigid and unreasonable requirements.

Not only is that true, but I now read from a letter of a gentleman well known to me, formerly connected with the Federal land bank, in which he uses this language:

> The land bank—

Referring to the district, which I will omit—

> The land bank will not permit the organization of new associations when they will not allow the old associations to make loans to farmers who would be eligible under the law as it is at present.

They will not permit the organization of new local associations. They will not take an application for a new loan through an existing association until that association has found a purchaser for every piece of foreclosed land which originally passed into the possession of the land bank through the particular association. In a case comparable to the case cited by the Senator from Montana, a farmer with comparable assets and without debt finds himself utterly unable to procure a loan through the Federal land bank.

After the conclusion of Mr. BLAINE's speech,

The VICE PRESIDENT. The pending question is on the amendment of the Senator from Michigan [Mr. VANDENBERG] as modified.

Mr. VANDENBERG. Mr. President, I want to make for the RECORD a brief explanation of the pending amendment, inasmuch as it is the amendment which I have offered.

If we are to have branch banking at all, I submit that there should be a self-serving restriction such as this amendment carries. The amendment speaks for itself when read, and I now quote it. It is proposed to insert, on page 45, line 8, after the period, the following:

> Except in a city, town, or village where there is no national or State bank regularly transacting customary banking business, no such association shall establish a branch except by taking over an existing unit bank or an affiliate of such association.

This amendment, Mr. President, supplements my colloquy of a few days ago with the distinguished junior Senator from Virginia [Mr. GLASS], who has reported the bill on behalf of the committee. It is intended to foreclose branch banking, if permitted under the terms of the bill, from the possible chance to make competitive raids upon community banking. In other words, it is a protective delimitation upon the expansion of branch banking and central banking in competition with community or unit banking in the event that the former be licensed in the national system.

Undoubtedly, Mr. President, the amendment is in entire harmony with the theory of the bill itself, because the bill as submitted provides in subsection (c) of section 19, on page 44:

> A national banking association may, with the approval of the Federal Reserve Board, establish and operate new branches—

And so forth.

I emphasize the fact that no single branch could be established under this authority except by the approval of the Federal Reserve Board. What would the Federal Reserve Board want to know if it were being solicited for permission to establish one of these branches? The Senator

from Virginia himself answered that question the other day. It would certainly want to know, chiefly, whether existing banking facilities in the particular community were adequate. If the Federal Reserve Board found that existing facilities were adequate, it is to be presumed that any application for a branch banking permit would be denied. No other rule could justify itself.

This amendment, then, simply intends to translate and warrant this practice in the law. It is, in other words, to make it certain that in any community where adequate national or State banking now exists on an independent basis there can not be a competitive and destructive invasion by branch banking under the authority proposed by this bill.

Mr. President, speaking very frankly, I find myself in great sympathy with the fundamental philosophy submitted by the junior Senator from Wisconsin [Mr. BLAINE] in respect to this whole subject. I have been one of those, and still am, who feel that the perservation of decentralized community life is absolutely essential to the preservation of the traditional American community character. I feel, furthermore, that decentralized community life is impossible without a practical degree of decentralized commercial and banking independence. Therefore, I have always felt that a general system of branch banking held within it a substantial degree of menace to the fundamental and traditional philosophy which is responsible for the essential American community character.

But we confront a condition and not a theory to-day, and, even in defense of decentralized community life, situations readily may arise in which limited branch banking might be the only community salvation. Certainly it would not protect decentralized community welfare, Mr. President, to close the door on a banking facility which might prove to be the community's only way of saving the solvency of its banking resources. Branch banking might be this sole available facility. Neither does it protect decentralized community welfare by closing the door on a banking facility which may be the only such facility available after all other banking facilities have failed or been withdrawn. Indeed, it might well be argued that under certain circumstances a recourse to limited branch banking may well prove to be means of keeping alive many a decentralized community which otherwise might disintegrate through its very inability to secure any banking facilities whatsoever. It is only in line with that philosophy, Mr. President, that I have been able to bring myself into harmony with the theory that under existing circumstances limited branch-banking permission might well be authorized in the United States. Indeed, I am persuaded that it has come to be necessary to provide this limited recourse under proper protective restrictions. It is the creation of one more optional emergency reliance for the benefit of communities and bank depositors and bank borrowers. I believe my amendment adequately protects the option against exploitation.

Mr. BULKLEY. Mr. President——

The VICE PRESIDENT. Does the Senator from Michigan yield to the Senator from Ohio?

Mr. VANDENBERG. I yield.

Mr. BULKLEY. I rise to say, as a member of the subcommittee, that the statement of the Senator from Michigan is entirely in harmony with the views of the subcommittee. His amendment, as he has said, would in practice probably work out just about the same as the committee thought section 19 of the bill would work out under the administration of the Federal Reserve Board; but, in view of the fact that many small-town bankers are very much afraid that they would be injured by potential competition in the form of branch banks, it would undoubtedly be well to adopt the amendment offered by the Senator from Michigan and thus give them statutory assurance that such competition could not be made possible by the provisions of this bill. I sincerely hope the amendment of the Senator from Michigan may be adopted.

I may add, too, that I am authorized to say that the Senator from Virginia is in accord with the view I have expressed.

Mr. VANDENBERG. Mr. President, I thank the able Senator for his observation, and with it I am entirely content to submit the amendment to a vote of the Senate. I conclude simply by saying that it seems to me the amendment forecloses at least 75 per cent of any conjured hazard with which it might otherwise be implemented; and while it still leaves the full opportunity for recourse to branch banking in emergent situations which might perhaps be treated in no other way, yet it creates that statutory protection, as the Senator from Ohio has indicated, which is necessary by way of reassurance against the use of this intended emergency privilege as a means to a competitive raid upon the independent community-banking resources of the State and national systems of the country. I submit the amendment to the Senate on the basis indicated. I shall subsequently support other amendments to this section of the bill.

Mr. LONG obtained the floor.

Mr. GEORGE. Mr. President, will the Senator yield to me?

Mr. LONG. Yes, sir.

Mr. GEORGE. I suggest the absence of a quorum, Mr. President.

The VICE PRESIDENT. Does the Senator from Louisiana yield for that purpose?

Mr. LONG. Yes, sir; I yield.

The VICE PRESIDENT. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Austin	Fletcher	Kendrick	Sheppard
Barkley	Frazier	Keyes	Shipstead
Blaine	George	King	Shortridge
Borah	Glass	La Follette	Steiwer
Bulkley	Glenn	Logan	Stephens
Bulow	Goldsborough	Long	Thomas, Idaho
Carey	Gore	McGill	Thomas, Okla.
Cohen	Hale	McNary	Townsend
Connally	Hastings	Metcalf	Trammell
Coolidge	Hatfield	Moses	Vandenberg
Copeland	Hawes	Nye	Wagner
Costigan	Hebert	Oddie	Walcott
Couzens	Howell	Patterson	Walsh, Mass.
Dale	Hull	Pittman	Walsh, Mont.
Dill	Robinson, Ind.	Schall	Watson
Fess	Kean		Wheeler

Mr. FESS. I desire to announce that the Senator from Washington [Mr. JONES], the Senator from Connecticut [Mr. BINGHAM], the Senator from Iowa [Mr. DICKINSON], the Senator from South Carolina [Mr. BYRNES], the Senator from Tennessee [Mr. MCKELLAR], and the Senator from New Mexico [Mr. BRATTON] are attending a meeting of the Committee on Appropriations; and that the Senator from Kansas [Mr. CAPPER] and the Senator from Alabama [Mr. BANKHEAD] are attending a meeting of the Committee on Post Offices and Post Roads.

Mr. LA FOLLETTE. I have been requested to announce that the junior Senator from New Mexico [Mr. CUTTING] is detained on official business at a meeting of the subcommittee of the Committee on Manufactures.

The VICE PRESIDENT. Sixty-four Senators have answered to their names. A quorum is present.

Mr. GLASS. Mr. President——

The VICE PRESIDENT. The Senator from Louisiana [Mr. LONG] has the floor. Does he yield to the Senator from Virginia?

Mr. LONG. Yes; I yield to the Senator from Virginia.

Mr. GLASS. Mr. President, I should like to develop, if I may, whether there are other Senators, and if so, how many, who desire to speak on this bill, in order that I may attempt to get an agreement to vote.

Mr. WALSH of Montana. Mr. President——

The VICE PRESIDENT. Does the Senator from Louisiana yield to the Senator from Montana?

Mr. LONG. I do.

Mr. WALSH of Montana. The Senator from Virginia stated on yesterday his purpose to address himself to the particular features of the bill. I dare say that when he does so that will give rise to some considerable discussion. I am particularly interested myself in the provision for the liquidation corporation. I am astonished to find that there is a provision there that the Government must contribute

$125,000,000 to the capital stock of that corporation, apparently not in the form of a loan, but a contribution out of the Treasury. It seemed to me a rather startling thing, and I should like to have some rather detailed explanation of that feature of the bill.

Mr. GLASS, Mr. ROBINSON of Indiana, and other Senators addressed the Chair.

Mr. LONG. Mr. President, I do not want to yield for a general discussion. I understood that I had the floor, and I yielded to the Senator from Virginia.

Mr. GLASS. I just wanted to respond to the inquiry of the Senator from Montana.

The VICE PRESIDENT. The Senator from Virginia wishes to ascertain whether other Senators desire to speak. Does the Senator from Louisiana yield for that purpose?

Mr. LONG. Yes, sir; that is all.

Mr. ROBINSON of Indiana. Mr. President, in that connection I wish to give notice that while I do not expect to make any extended speech, I do desire to enter my objection against section 19 of the bill, and probably to consume not over 5 or 10 minutes in discussing it. That is as much time as I shall desire to speak.

Mr. METCALF. Mr. President, I have some four or five amendments that I believe would improve the bill, and it will take me some little time to explain them.

Mr. WHEELER. Mr. President, I expect to speak on the bill for probably half an hour.

Mr. GLASS. Mr. President——

Mr. LONG. It becomes rather evident that this matter is not going to be settled very easily; so I am going to suggest to the Senator from Virginia that he pursue it no further.

Mr. GLASS. I will not pursue it further than to say, in response to what the Senator from Montana [Mr. WALSH] has said, that I have no desire to make any further extended remarks on the bill; but as each provision shall be reached I shall very willingly expound it from the point of view of the committee.

Then I desire to say, with the permission of the Senator from Louisiana, that if there is going to be further prolonged discussion of the bill I certainly want to know it. I do not want to waste the time of the Senate, or my time, or the little physical force that I have left, in a futile way.

It has been suggested that after this afternoon this bill may be supplanted by the tax bill. If that is going to be done, I want to know it. Can the senior Senator from Indiana give me any information bearing upon that point?

Mr. WATSON. Mr. President, will the Senator yield?

The VICE PRESIDENT. Does the Senator from Louisiana yield for that purpose?

Mr. LONG. Yes, sir; I yield.

Mr. WATSON. Because of the overwhelming importance of the tax legislation, for which not only Congress but the whole country is waiting, it was thought desirable that the Senator from Virginia should be conceded this day without question for the consideration of the measure which is now pending in the Senate.

I will say to my friend, because he knows that I am in favor of the bill, that it has developed, I think, on both sides of the Senate that there will be prolonged discussion of his measure. There was no desire to supplant the Senator's bill to-day, first, because of its importance—and it is an important measure, as everyone concedes—and secondly, because of the Senator's very great personal interest in it; and we all bow to his wisdom on this subject.

It has developed, however, that there will be prolonged discussion on the question. I know of a number of Senators who intend to speak besides those who have served notice to-day that they want to discuss this matter.

The Senator from Rhode Island has just served notice that he has a number of amendments he desires to present and to discuss. The Senator from Virginia will not lose any time, in my judgment, by yielding to the taxation proposition to-morrow; and if he would consult me about it, I would advise him to do that.

Mr. GLASS. I would like to ask the Senator something as to the nature of the proceeding. Would it be proposed to lay the pending bill aside temporarily for the tax bill, and at the conclusion of the consideration of the tax bill to take up the pending bill again?

Mr. WATSON. That is my understanding, that the pending bill would be temporarily laid aside, in order that we might take up the tax bill, the consideration of the pending bill to be resumed at the conclusion of the consideration of the tax bill. Of course, if the Senator should afterwards yield for the consideration of other pressing measures, that would be a different proposition, but so far as is now disclosed, the tax bill is the only measure of overwhelming importance before the country and before the Senate, and I would advise the Senator from Virginia that he accede to the proposition to lay the pending bill aside temporarily for the consideration of the tax bill.

Mr. GLASS. I am never in the habit of going up against a buzz saw. [Laughter.]

Mr. WATSON. I know the Senator is in that frame of mind, because we have discussed the matter privately and personally, and he is in a very fine frame of mind about it, I am happy to say.

I want to be entirely confidential with the Senate, and say, in the first place, because of our admiration for the Senator from Virginia and the marvelous work he has done in connection with the pending measure, that nobody desired to supplant his bill even to-day with the tax bill. Then there was the further fact that the senior Senator from Mississippi [Mr. HARRISON], who is the ranking minority member on the Finance Committee, was unable to be present to-day because of an affliction but expects to be present to-morrow, when it would be entirely appropriate to take up the tax bill for consideration.

Now, if the Senator from Louisiana will yield just a moment longer——

Mr. LONG. I yield.

Mr. WATSON. I want to say one more thing while I have the floor. Every day a number of Senators are asking me, as they are asking other Senators and talking among themselves, as to whether or not it will be possible for us to adjourn this session of the Congress on the 10th of June. It seems that there is an overwhelming desire to adjourn at that time; but, Senators, that can not be done unless Senators are willing to "buck up" to it and make the sacrifice that is essential in order to accomplish that purpose. In other words, beginning with the consideration of the tax bill, or at least on Monday night—every Senator having notice served on him in time—we should begin to hold night sessions. The Senate should be in continuous session from 12 o'clock noon until 10 o'clock at night for the purpose of considering the tax bill. If we follow that course, we may be able to get through by the 10th of June. If we do not follow that course, we shall not be able to adjourn by that date.

Mr. WHEELER. Mr. President, will the Senator yield?

Mr. WATSON. I yield, with the permission of the Senator from Louisiana.

Mr. WHEELER. Does the Senator include in the program to be voted on at this session of Congress legislation for the relief of the unemployed and likewise legislation to help the farmers in the deplorable situation in which they are?

Mr. WATSON. I am not able to say about farm relief, I may say to my friend from Montana, but as to unemployment relief I am sure that provision will be made for its ample consideration.

Mr. WHEELER. Let me say to the Senator that I do not feel that we ought to adjourn this session of the Congress and go home until something is done to assist in the refinancing of the farmers of this country in some way. I have called attention to it on the floor of the Senate, and the Committee on Agriculture and Forestry is considering legislation along that line. There is such a deplorable situation that something should be done before the session ends.

We have passed reconstruction bills to help all kinds of industry, but the biggest industry of the country nothing has been done to help refinance, and I think something should be done.

Mr. WATSON. Mr. President, I have no desire now to outline the program of future action of the Senate, because that is up to the Senate itself, but I do know that as to the tax bill, and as to the unemployment situation, and as to the question of the reduction of public expenditures, on which a subcommittee is now working, ample time must be given for the consideration of these questions. I personally know that no Senator desires that the session shall adjourn before the really worth-while measures have been provided for and taken care of. Of course, everybody believes that.

We have passed, and there has been signed, but one appropriation bill. Ten others are yet pending and, of course, they must be passed, because everyone recognizes the absolute necessity of passing all the appropriation bills before the end of the fiscal year; else we shall be compelled to pass continuing resolutions to provide for the activities of the Government not appropriated for, or the Government will be compelled to suspend such operations. So, that in view of all these things, it is a question of the vigilance and the diligence of the Senate as to whether or not we shall be able to adjourn on or before the 10th of June.

I thank the Senator from Louisiana for yielding.

THE MISSING STARS

Mr. LONG. Mr. President, I do not know how much of the cartoon I hold in my hand can be carried in the CONGRESSIONAL RECORD, but I send to the desk a clipping taken from the Chicago Tribune to be printed with my remarks.

The VICE PRESIDENT. The picture could not be printed without an order from the Joint Committee on Printing.

Mr. LONG. I will ask, then, that it be held over for the time being. If the picture can not be printed, probably it would better be returned to me, so I can present it to the Joint Committee on Printing.

Mr. President, this is a sample of considerable publicity going on throughout the United States at this time, and which has been going on for several days, which is styled "The Real Issue in Washington," by the Chicago Tribune of Patriotism versus Communism, with the distinguished senior Senator from Arkansas [Mr. ROBINSON] caricatured to represent the high and lofty ideals of "patriotism," and picturing me as representing the communistic idea of government in the United States, carrying a red flag.

The picture does not do justice to the leader on this side of the Chamber, and I am going to ask leave of the Chair to supplement it. I will now state that before rising this afternoon I called the office of the senior Senator from Arkansas, as I have done several times throughout the day, and my friend the senior Senator from Georgia [Mr. GEORGE] called for a quorum, and I have again asked that the presence of the Senator from Arkansas be secured, but I regret that he is not here, as he was not the other day. However, I do not feel that, in justice to myself, I should withhold further some answer to this propaganda.

The flag under which the Senator from Arkansas is pictured by the Chicago Tribune has only the stripes, the white and the red. Under it in his hand is a placard containing the words "Jos. T. ROBINSON, Democratic leader of the Senate."

The flag which I am supposed to be holding under this inscription or designation is a genuinely colored red flag only, with a placard on my supposed-to-be breast reading, "HUEY LONG, new Senate radical."

In this cartoon, underneath, on the ground, we find tablets or inscriptions, one labeled "Confiscate Property," another labeled "Raise Taxes," another labeled "Soak the Rich," and another labeled "Soviet Doctrines."

I will not undertake to dispute the designation given to me, but I do wish to complete the designation of the Senator from Arkansas. The flag under which he stands, as I said, contains merely the stripes, and to have done the leader of this side of the Chamber justice, he was entitled to a flag with 48 stars, and those stars are omitted. He was entitled to the stars denoting his achievements, stars denoting his work, stars denoting his study, stars denoting his affiliations.

AN UNACCEPTABLE LEADERSHIP

I find, Mr. President, that the Senator in a public advertisement of himself has provided 43 stars for this flag, leaving only 5 to be supplied, and I have ransacked such modern and ancient volumes of American public life as I could to supply the remaining 5 stars not contained here.

The 43 stars which might well be placed at the masthead of this flag can be gleaned from the advertisement of the law firm of Robinson, House & Moses, wherein we find, as I offered it in the Senate, that if I accept any leadership on this side of the Chamber I will accept the leadership of an attorney for the firm of Henry L. Doherty & Co.; that if I accept any leadership on this side of the Chamber, I will accept an attorney of the Texas Co., a branch of the Standard Oil Co.; that if I accept any leadership on this side of the Chamber, I will accept an attorney of the Power Trust, designated by a number of varied and well-known branches in this country; that if I accept any leadership on this side of the Chamber and seek committees from the leader on this side of the Senate, I will make my petition to an attorney of the chain-store system of the United States, as is represented in his public advertisement; that if I recognize that leadership as my party leadership and make my solicitations and carry my coals to Newcastle, I will petition and humbly submit to the attorney of the life-insurance concerns of this country, of the chain banks, to every chain interest, to every chain-investment interest, to every Oil Trust interest, to every nefarious interest known to this country to-day, as represented by the published advertisement of the distinguished Senator from the State of Arkansas.

It may, Mr. President, be communism for me not to accept that as being a proper sphere and location for my activities. But, I did not do it in the little State of Louisiana, from which I hail. I did not do it in the parish of Winn, of the State of Louisiana, when I lived there; and, as large as the United States Senate may be, it is not yet big enough that I have, by humble petition, to beg favors of the chain-store attorneys who sit in the United States Senate, and of the power-trust attorneys who sit in the United States Senate, and the investment-trust attorneys who sit in the United States Senate, despite whatever recognition they are given by the party of which I am still, and will remain, I hope, a member, and out of which I do not think I can be read by the metropolitan press.

TO BE FOR THE PEOPLE IS NOT TO BE READ OUT OF THE DEMOCRATIC PARTY

The only way they can read me out of the Democratic Party is to beat me down in the State of Louisiana in the Democratic Party, and that has been tried one or two times and can be tried again whenever they see fit. We will have another trial about it before very long down in that section of the country, I hope. So that if the metropolitan press issue, as tendered here by cartoons similar to that appearing in the Chicago Tribune is to be an index, they will have a court before which they can make their plea.

Everybody has not been deceived by this.

But I must complete the flag. There are only 43 stars in the flag, and I ask again that there be incorporated as part of my remarks the extract from the Martindale Legal Directory of 1930, which I submitted before, so that I may complete the 43 stars.

The VICE PRESIDENT. Is there objection?

There being no objection, the matter was ordered to be printed in the RECORD, as follows:

[Extract from Martindale's Directory, 1930]

Robinson, House & Moses: J. T. R., '72 '94 a v 1 g U. S. Sen.; J. W. H., jr., '86 '11 a v 1 g; C. H. M., '87 '10 a v 1 g.

Associates: Harry E. Meek; W. H. Holmes; J. F. McClerkin; Raymond Roddy; Frank Bird.

Attorneys for: Arkansas Power & Light Co.; Louisiana Power & Light Co.; Mississippi Power & Light Co.; Southern Power & Light Co.; Southern Ice & Utilities Co.; Little Rock Gas & Fuel Co.;

Southwest Dairies Products Co.; Southwest Ice & Cold Storage Co.; Southwest Joint Stock Land Bank; Pioneer Reserve Life Insurance Co.; Southwest Telephone; Graysonia, Nashville & Ashdown Railway; Louisiana & Arkansas Railway Co.; Hollenberg Music Co.; Arkansas Portland Cement Co.; Terminal Warehouse Co.; The Texas Co.; Twin City Bank; Guaranty Savings & Loan Co.; The Gus Blass Co.; Kempner Realty Co.; American Building & Loan Association; Boyle-Farrell Land Co.; Cox Cash Stores Co.; Equitable Surety Co.; Associated Employers Liability Co.; Columbian Mutual Life; Southern Surety Co.; Marion Hotel; Lafayette Hotel; Capital Hotel; Merchants Transfer & Storage Co.; Arkansas Transfer Co.; Union Bond & Mortgage Co.; Southern Securities Co.; Southern Mutual Savings Co.; Southern Investors (Inc.); Smith Arkansas Traveller Co.; City Delivery Co.; H. L. Doherty & Co.; Charles E. Gibson & Sons (Inc.); American Surety Co.; Ocean Insurance Co.

Mr. LONG. Mr. President, there are five more stars belonging to the Senator from Arkansas. I read in the paper to-day, and I read yesterday, that the Democratic Party, seeking through Mr. Bernard M. Baruch, correlated with other Democrats, including the Senator from Arkansas, have certain designs in mind.

The Hon. Bernard Baruch has now and again ventured forth as the shining torch-bearing satellite of Democracy, with certain advocacies to be espoused here in the United States Senate through the leadership of the Senator from Arkansas.

THE TWIN-BED MATES

Who is this Barney Baruch? You can not feed him to the Democratic Party, because we will not have him, nor can the leader of the Democratic Party in this Senate accept him for the Democratic Party of the Nation. He is the right-hand, twin-bed mate of Hooverism in this country. [Laughter.] Everything that Hoover represents is represented by Baruch. He is supposed to have been engaged in the banking business in New York City. Maybe he was. It was not exactly a banking business, but some kind of a stock-market and bucket-shop operation carried on up in that country, legitimate under the law. He never was in any bank that I could find out anything about in modern days. But to Barney Baruch was sent one Eugene Meyer. Eugene Meyer and Baruch operated a certain investment stock-marketing racketeering enterprise up in New York City [laughter]. One of them is supposed to be in control of the financial side of the Democratic Party, the other of them is supposed to be in partnership and in charge of the financial side of the Republican Party. Mr. Eugene Meyer, Mr. Barney Baruch's partner, has been by Mr. Herbert Hoover made the president or chairman of the board of governors of the Federal reserve system of the United States and is to-day the chairman of the Reconstruction Finance Corporation.

HOOVER'S TWO FOGHORNS

Here one day we hear something is coming from Hoover and the next day something is coming from ROBINSON; one day something is coming from Baruch and the next day something is coming from Meyer, one over here and one over there, and any kind of an analysis will convince any person who makes any study whatever that as we sit here in the United States Senate with Hooverism spouting through the two foghorns, Baruch on the one hand and Meyer on the other, ROBINSON on the left and somebody else on the right, it is like the old patent-medicine salesman who came through my country selling two brands of patent medicine. One of them he called "high pop-a-lorum" and the other he called "low pop-a-hirum." That is the only difference that can be found in what is coming out now from the leadership on the Democratic side here under the distinguished senior Senator from Arkansas, akin in brand, akin in kind, alike in purpose and intent and in results—the same as Hoover has proposed and does propose, the same as is proposed by the wise in the realms of high finance. The only difference is the name, and they are actually erasing or consolidating the names to where now it comes from but one realm.

THE FORTY-FOURTH STAR

So that other star, the forty-fourth star in the diadem—for the Senator from Arkansas should have, "Bring forth the royal diadem, and crown him lord of all"—the forty-fourth star in the diadem of the distinguished Senator from Arkansas that should be depicted on the engraving of the celebrated metropolitan press would be his partnership in the present conditions with Herbert Hoover and what Hooverism represents and calls for in this country.

To that flag add another star—"starvation for the masses"—and give him the forty-fifth star. For the forty-sixth star add "pestilence to the country," and then for the next two stars let "misery" and "unemployment" for this country fill out the forty-seventh and forty-eighth stars to the flag that has only stripes; otherwise, if we leave only the stripes, it might be insinuated that the leader on this side of the Chamber—an insinuation not justified—was like unto the zebra in talent rather than representing entire patriotic groups.

But this is not entirely leaving the people beguiled in the United States. The people are not so fooled about this thing as the press may think. I say to my colleagues in the Senate the rabble and humdrum and thumping that may be heard in the newspapers are not appealing to the people of the United States and they are not appealing to the people of the State of Arkansas. I hold in my hand a little message sent out by the Associated Press from Little Rock, Ark. I knew nothing of it until I happened to run across the clipping. It was not in any of the papers of Washington that I saw.

It seems that on the 2d day of May, in Little Rock, Ark., a mass meeting was held. I have forgotten what time it was I spoke when the senior Senator from Arkansas [Mr. ROBINSON] responded. Yes; I remember now that it was on the 29th of April. But on the 2d day of May there was a political mass meeting held in Little Rock, Ark., and I have the report given in the Associated Press about that mass meeting. A resolution was adopted in the home town of the senior Senator from Arkansas, the leader on this side of the Chamber. If the Senate will pardon my seeming immodesty in reading this resolution, I want to read it to the Senate.

TO HUEY P. LONG:

We, as citizens of Arkansas, assembled in a mass meeting at the city park, Little Rock, wish to commend you for your attacks on the Republican Senator from Arkansas, JOSEPH T. ROBINSON. Yoke ROBINSON and Hoover together and let them go down Salt Creek to political oblivion and you will rid the Nation of two of its greatest menaces. Keep the good fight up.

It was adopted, so the Associated Press said, with one dissenting vote.

In the city of Chicago, the home of the Chicago Tribune, there has not been any such unanimity for the Tribune as might have been expected. I send to the desk and ask to have printed at the conclusion of my remarks a resolution unanimously adopted by the Chicago Federation of Labor showing that so far as we are being told there is no particular unanimity or feeling anywhere except it be that the people realize that in the tax bill now before the Senate something should be done to cut down the swollen fortunes of the country.

The VICE PRESIDENT. Is there objection to the printing of the resolution? The Chair hears none, and it is so ordered.

(See Exhibit A.)

REDUCE SWOLLEN FORTUNES

Mr. LONG. Mr. President, what have I advocated on this side of the Senate? What have I said that could be excepted to by anyone? My resignation from committees, I think, was such an act as would have been done by any man on either side of the Chamber. I asked the leader on this side of the Chamber for certain committee assignments, and he gave me those assignments as I had requested them.

The time came when, from what I saw and from what I heard, I could no longer go along and recognize him as my leader, and the only honorable thing which I could do was to tender back the assignments I had requested, such as has been done in my political lifetime by many men whom

I have similarly honored and who found they did not care to go along farther in an organization of which I was the head.

I advocated nothing which I did not think could have been accepted by the Senator from Arkansas. He said, however, that it was so contrary to his purpose, so contrary to his understanding of propriety that he could not allow the tax bill to be used for the purpose of limiting the fortunes of this country; that at any time the Democratic Party ever championed any such thing as that they would have a new leader. He has fallen into the category against which we were warned by a publication in this country in 1921. I want to read from an editorial appearing in the Saturday Evening Post on October 2, 1921, about six or seven lines. The title of this editorial is "Lost Leaders." I skip two or three paragraphs and I read the following:

> There is a real pathos about a certain class of politicians to be found in every world capital. These are the men who are almost great but who have definitely missed greatness by a gap that is narrow, yet unbridgeable. They are public servants of marked and acknowledged ability. * * *
>
> In public life, as in the professions, the men most to be pitied are those second-raters whose inborn talents would have made them first-raters if they could have mustered a little more courage, a little sterner devotion to principle, a sense of duty a little higher; if they could have lost their heads at the right time and refused to play it safe; if, in short, they could have brought themselves to pay the price that the truest success exacts even of genius itself.

WILL NOT BE RUN OUT

The great trouble, as pointed out by this article, in this Senate and in every other legislative body in the country in America to-day and probably in all the foreign countries, is that the humdrum and the claptrap, the power of the press, have been so elusive and so evasive in stating rightly the real purposes and needs of the American people, that a corncob and a lightning bug will run the ordinary man out. I do not propose to be run out by this corncob and lightning bug display that is made in defense of the Senator from Arkansas at this time. I have not advocated anything, Mr. President, that is not advocated by practically everybody else either in private or in public. I have not said anything that is not necessary for this country. I see the tax bill has been reported. We read in the public press that the President of the United States rebuked the committee and ordered them to come on in with the bill. We read in the public press that one day the surtaxes were raised up to 55 per cent, but that the next day the distinguished Secretary of the Treasury, Mr. Ogden L. Mills, recommended that they be cut down to 45 per cent; and accordingly the surtaxes, as I understand from the public press, though I have not had the time as yet to read the draft of the bill itself, were finally cut down to 45 per cent instead of 55 per cent to benefit wealth.

I had proposed a resolution which still lies here, on which there has never been a vote. I had proposed a resolution, coupled with amendments which I had offered to the tax bill, by which the fortune of every living man that could be inherited by any one child should not exceed $5,000,000; that no man could grant an inheritance to one child in excess of $5,000,000—not that he could not transmit more money than $5,000,000, but that no one person could inherit more than $5,000,000 exclusive of taxes. That was the amendment that I sought by the resolution to have sent as an instruction to the Finance Committee—that as to an inheritance no one person could inherit more than $5,000,000.

The distinguished Senator from Arkansas [Mr. ROBINSON] said that was confiscation of property, but in the next breath he said that it was not confiscation of property, but that it was a matter of inheritance which could either be withheld or which could be granted by the State—evidently showing that in his own mind he had sufficient legal training out of which he could find that this was not a confiscation but a mere regulation of the right of descent and inheritance to impose by law.

I next proposed that no one man should have an income in excess of $1,000,000 a year; that that only meant that the annual income of no man should be more than $1,000,000 a year; and that has been advertised as a highly socialistic proposition, a terribly communistic proposal. It must be so in the mind of the Senator from Arkansas.

EVIL INFLUENCES

Talleyrand tells us that it is difficult for one to see the evil of the way by which he profits. The Bible tells us that wherever a man's treasure is there is his heart also, and I say to the Senators on this side of the Chamber that when a man comes into the United States Senate without enough clients as a lawyer to make a corporal's guard and winds up representing every big corporate interest in this country—if that does not mean something, what does? Why do they not hire me? I have tried lawsuits in Arkansas, and have never lost one there in my lifetime. I am not asking for law business, but I should like to have something like that attached to my name, if I could. Why do they not hire some one else? Why is it that this monstrous practice has grown around this man since he is supposed to be representing the common people's interests in this country? Is he going to sit here and tell the people back home that this thing is an accident? How many of them are going to believe it? Why is it, except that he be the leader of the Democratic Party in the United States Senate? He has no clients, but when he becomes the leader of the people's party in the United States Senate he represents every nefarious corporate interest on the living face of the globe. You do not have to eat a whole beef to tell that it is tainted. Where do the clients come from?

Men sit around here in the United States Senate and in Congress and try to tell somebody, "Oh, no, the mere fact that this man represents the Standard Oil Co. or rather the Texas Co., which is a coworking ally of the Standard Oil Co., that will not affect his vote in the United States Senate; oh, no. The mere fact that as a lawyer he represents the chain-store companies, that will not affect him in the United States Senate; oh, no; not a bit."

Mr. REED. Mr. President, I make the point of order that the Senator is violating Rule XIX of the Senate.

The VICE PRESIDENT. The Senator from Louisiana will take his seat.

Mr. LONG resumed his seat.

The VICE PRESIDENT. It is now in order to make a motion that the Senator from Louisiana be allowed to proceed in order if any Senator desires to make that motion.

Mr. LONG. Mr. President——

The VICE PRESIDENT. The Senator himself can not make that motion. The question is on the amendment of the Senator from Michigan [Mr. VANDENBERG] to the pending bank bill.

Mr. BLAINE. Mr. President, I can not sit idly by and see a Senator compelled to remain in his seat, no matter what my own individual opinion may be respecting his attitude or his beliefs. Therefore I move that the Senator from Louisiana be permitted to proceed.

The VICE PRESIDENT. In order?

Mr. BLAINE. In order.

The VICE PRESIDENT. The question is on the motion of the Senator from Wisconsin.

Mr. WALSH of Montana. I ask for the yeas and nays.

The VICE PRESIDENT. The Senator from Montana asks for the yeas and nays.

Mr. WATSON. Mr. President, I should like to ask what is the motion?

The VICE PRESIDENT. The motion is that the Senator from Louisiana be permitted to proceed in order.

Mr. WATSON. In order. I wanted to have the motion understood.

The VICE PRESIDENT. Is there a second to the demand for the yeas and nays?

Mr. TRAMMELL. Mr. President, a parliamentary inquiry.

The VICE PRESIDENT. The Senator will state it.

Mr. TRAMMELL. The motion means that, if agreed to, the Senator will be permitted to continue his address if he confines himself to the rules of the Senate?

The VICE PRESIDENT. Yes; if he confines himself to the rules of the Senate.

Mr. TRAMMELL. And does not breach the parliamentary rules with regard to statements relative to another Senator?

The VICE PRESIDENT. That is correct.

Mr. DILL. Mr. President, I should like to know just wherein the Senator did violate the rule and what rule was violated. I was not paying close attention to what the Senator said, but I should like to know what we are voting on.

The VICE PRESIDENT. The Secretary will read paragraph 2 of Rule XIX.

The legislative clerk read paragraph 2 of Rule XIX, as follows:

No Senator in debate shall, directly or indirectly, by any form of words impute to another Senator or to other Senators any conduct or motive unworthy or unbecoming a Senator.

The VICE PRESIDENT. The Senator from Montana demands the yeas and nays on the motion that the Senator from Louisiana may be permitted to proceed in order. Is the demand seconded?

The yeas and nays were not ordered, and the motion was agreed to.

Mr. LONG. Mr. President, that I may not contravene the rule of the Senate again, as the Chair sees it, I should like to have read the particular statement to which the Senator from Pennsylvania excepts. Being new in the body, I naturally want to comply with the rules and I want to find out what it is to which exception is taken. I should like to have that portion of what I said read, if the Senator does not mind.

The VICE PRESIDENT. The reporter will read the statement made by the Senator from Louisiana.

The Official Reporter (James W. Murphy) read as follows:

Men sit around here in the United States Senate and in Congress and try to tell somebody, "Oh, no; the mere fact that this man represents the Standard Oil Co. or, rather, the Texas Co., which is a coworking ally of the Standard Oil Co., that will not affect his vote in the United States Senate; oh, no. The mere fact that as a lawyer he represents the chain-store companies, that will not affect him in the United States Senate; oh, no; not a bit."

Mr. LONG. Mr. President, I am undertaking to find out from the Senator from Pennsylvania just what he excepts to, because I do not want to make the mistake again.

Mr. REED. Mr. President, will the Senator yield?

Mr. LONG. Yes.

Mr. REED. It seems to me that the Senator's remarks were capable of no interpretation but that the Senator from Arkansas [Mr. ROBINSON] would be influenced in his vote by the fact that his firm had been retained by the companies the Senator mentioned.

Mr. LONG. I said, "Oh, no." [Laughter in the galleries.]

The VICE PRESIDENT. There must be no demonstration of any kind in the galleries.

Mr. REED. The Senator's words and the Senator's manner combined clearly reflected upon the motives and the integrity of the Senator from Arkansas.

CORPORATE AFFILIATIONS SHOULD NOT INFLUENCE VOTES

Mr. LONG. Mr. President, I think it is due me that I say further that the language does not import that. Not the sound of the voice, but if the words themselves would carry that impression, I certainly would say that it would probably be a violation of the essence of the rules of the Senate; but, on the contrary, I was undertaking to say, and I thought I had said, and it is due me, I think, and due the Senator from Pennsylvania that I should say that if every interest affected by this surtax amendment might be represented by the distinguished Senator from Arkansas it should not and would not influence his vote; and the Democratic Party, for which I am a spokesman—and that right can not be taken from me, because I am going to speak for it—is not influenced by the fact that its leader in the Senate represents the Oil Trust and the Banking Trust and the Tobacco Trust and the Chain Store Trust, including the Power Trust. I think I have made myself clear.

Branching, however, from that subject, feeling that I have explained it, Talleyrand says it is difficult for a man to see the evil of the way by which he profits. That is what Talleyrand says. So I warn myself—if there are to be any motives to be impugned I impugn my own—that I should be careful in whatsoever I accept so that I, with a conscience frail, with a mentality subnormal, with a physique which can not resist, may preserve myself as national committeeman of the Democratic Party against unfortunate associations and always and at all times understand that my weaknesses are not weaknesses of my fellow men, including men sitting in the United States Senate.

THE BLACK SUNRISE

I have not undertaken to persecute the rich, but, on the contrary, I have sought to favor them. Their policy is to load the top until the bottom caves in. They are the every-day working partners of communism; they are leaving to the American people to-day only one of two choices—distress and impoverishment on the one hand or overloaded plutocracy on the other. They are powerful with their wealth, and I believe their wealth means their peril. There is a black sunrise awaiting that situation. I am not the only one who sees it in that way. Here is a book just out called "The Epic of America," written by an author whom I have never seen. I want to read you a quotation found in that book from the Wall Street Journal, something which in this situation is not going to be allowed to be said now:

Yet more menacing was the concentration of power proceeding in the banking world, which even the conservative, capitalistic Wall Street Journal described in 1903 as "not merely a normal growth, but concentration that comes from combination, consolidation, and other methods employed to secure monopolistic power. Not only this, but this concentration has not been along the lines of commercial banking. The great banks of concentration are in close alliance with financial interests intimately connected with promotion of immense enterprises, many of them being largely speculative."

I read further—and here is a statement that has not been disputed——

Mr. REED moved toward the door of the Chamber.

Mr. LONG. I hope the Senator from Pennsylvania will not leave, because I want him to keep me within the rules of the Senate if I depart from them.

Mr. REED. I will.

Mr. LONG. The quotation I was about to read is as follows:

The members of the Morgan and Rockefeller groups together held 341 directorships in 112 banks, railroads, insurance, and other corporations, having aggregate resources under their control of $22,245,000,000. In an after-dinner speech one of the group made the tactical mistake of declaring that it had been said that the business of the United States was then controlled by 12 men, of whom he was one, and that the statement was true. This remark, made among friends, was deleted from the printed report of the speech when given to the public, but the public was well enough aware of the general situation without such admission.

I will read about two more lines from this book.

After having quoted from the realms of master finance itself, and after having taken particular pains to say that no man representing those interests would be influenced by them in his vote here, I want again to say that if there be anyone here in the United States employed by the Power Trust or by the Oil Trust or by the Banking Trust or by the Chain Store Trust or by other affiliated combines of bloated plutocratic interests, if there be anyone else here present who represents all or some or one of those interests, I want now to disclaim that I have the slightest motive of saying, or that in my heart I believe, that such a man could to the slightest degree be influenced in any vote which he casts in this body by the fact that that association might mean hundreds of thousands and millions of dollars to him in the way of lucrative fees. [Laughter.]

Now, I am reading from the same book again:

While we were willing to stretch economic change to the breaking point—

Am I still within the rules?

Mr. REED. I will tell the Senator when he breaks them.

Mr. LONG. I want to say, Mr. President, that it is not often that men trained as I have been have the opportunity of choosing, by personal selection, such eminent guides as I

have the right to choose in this instance, which I most highly appreciate.

I am reading from this book again:

While we were willing to stretch economic change to the breaking point, we were unwilling—or those at the head of our great economic enterprises were unwilling—to alter in the slightest our social and political arrangements to correspond with the new economic ones.

* * * * * * *

If the American dream is to come true and to abide with us, it will, at bottom, depend on the people themselves. If we are to achieve a richer and fuller life for all, they have got to know what such an achievement implies. In a modern industrial state, an economic base is essential for all. We point with pride to our "national income," but the nation is only an aggregate of individual men and women, and when we turn from the single figure of total income to the incomes of individuals, we find a very marked injustice in its distribution. There is no reason why wealth, which is a social product, should not be more equitably controlled and distributed in the interests of society.

This is a book that has the stamp of approval of a large body of political commentators among the American people to-day. I have advocated no more than this.

I want to read one more line, and then my reading is through, from another modern book, published by a former operator of a banking house in New York City. This man is named Mr. Lawrence Dennis, formerly a member of the United States Diplomatic Service, and connected with J. & W. Seligman & Co., of New York City. He says this:

Analysis of the absurdity of compound interest over a long period shows why large sums can not go on compounding indefinitely. It shows further why a concentration of wealth in the hands of a few people, yielding them an income in excess of their consumptive needs, constitutes a mathematical as well as an economic absurdity, which reason abhors and events conspire to terminate. The rich, as a class, who try to grow richer by the play of compound interest present exactly the same phenomena as the one cent after a few hundred years of compounding.

NOT A LONE WOLF

So that I am apparently not alone, in the minds of the political economy writers of this country, in regard to the necessity for having a more equal distribution of the profits of this land and the wealth which we have already accumulated.

WHY FIGHT AGAINST LIMITING INCOME TO NOT OVER $1,000,000 PER YEAR?

But the distinguished Senator from Pennsylvania [Mr. REED] some days ago, when I proposed my resolution to limit the income of every man to not more than $1,000,000 a year, arose on this floor and said that there was not any need of that kind of legislation; that if the Finance Committee went along as it was then going there would not be anybody in the United States earning $1,000,000 a year. That was the remark of the distinguished Senator from Pennsylvania at the time.

All right. Then I ask him now, if under the chaotic conditions of the Government and society, if under what the Finance Committee is going to bring in here, or has already brought in here, there is not going to be anybody earning more than $1,000,000 a year anyway, what is the reason for opposing a tax to prevent the income of any one man from being above $1,000,000 a year? Nobody is going to be hurt. If he can not make more than $1,000,000 a year under the present system, as apparently is the case under what is supposed to have come out of the Finance Committee, what is the reason for opposing a limitation in the income-tax schedule that will limit incomes in this country to $1,000,000 apiece? Why oppose it? And what is anyone going to do with more than $1,000,000 if he does make more than $1,000,000 in a year? Why should there be opposition to it?

I did not understand any remarks to come from the Senator about inheritances at that time; but why oppose a limitation on inheritances in the amount of $5,000,000 to a person if it is not going seriously to affect the fortune of anyone that these statutes are supposed to regulate? What would be the harm? I see none—none at all.

REMAINING A REAL DEMOCRAT

I understand, Mr. President, that the newspaper from which I have sent up this political cartoon, if you call it that, and others of its kind, have taken occasion to say that I have read myself out of the Democratic Party.

I have not read myself out of any party. I came up as a Democrat properly through birth. I have always been such since. I do not suppose there is any party loyalty much above the party loyalty that we inherit down in my part of the country or in any other part of the country. I believe in the Democratic principles of Jackson and of Jefferson and of Bryan. I believe in the Democratic principles; but when William Jennings Bryan, the torchbearer of our Democracy in three separate political campaigns, said that we had allowed the Supreme Court of the United States to be loaded down with lawyers representing the wealthy and big interests of this country, and that if we allowed the courts to be loaded down with attorneys representing these interests we could not expect anything whatever except the line of jurisprudence that was going to mean wiping out whatever safeguards the law had ever given to the people, I say now in the Senate that I am still for that kind of leadership.

FOR A PEOPLE'S LEADERSHIP

I am for leadership of the Bryan type, the Jackson type, and the Jefferson type. I am for everything that has ever been made a cardinal principle of the Democracy of this country, and I intend so to remain. But, Mr. President, whenever I am caricatured by a Republican press—the Chicago Tribune and others of its kind—I am reminded that for a number of years through the publications and inciting of that nefarious paper they undertook to create race riots in the South. They undertook to set the black race in infuriated rebellion at times, when we were doing everything we could possibly do in that country to educate them and to eradicate the condition of illiteracy. They undertook by that spurious and designed propaganda to create race strife in the South, and finally the creation which they did so much to develop broke out in the city of Chicago and in East St. Louis. The hundreds and thousands of lives that were destroyed and blotted out in those race riots in the State of Illinois, in East St. Louis and in Chicago, owe their beginning and their incipiency and their encouragement and everything that happened to the fusillades and publications of this sheet, of this nefarious publication that undertakes now to put under the flag of communism any man in the United States who advocates a redistribution, or rather a fair sharing, of the profits of this land.

DEMOCRATS WILL BE DEMOCRATIC

I want to say further that the Democratic Party in the United States and in the convention to be assembled in Chicago in the coming month is not going to nominate anybody for President of the United States who advocates the type of doctrine that is now advocated by the Senator from the State of Arkansas. The Democratic Party is hearing from the people of the United States. The delegates to the Democratic convention are renouncing the leadership of Baruchism and of Morganism; and I might go a little bit farther and cover one or two more that it is renouncing. [Laughter.]

UNRECOGNIZED

The Democratic Party is not going to be bound or tied. I may have to sit here and recognize the distinguished Senator as my leader in the Democracy or not be recognized as a true working Democrat on this side of the Chamber. I may have to do that; but I will certainly be perfectly willing to have this side of the Chamber consider me not in the Democratic working party if you see it that way. That is solely up to you [pointing to the Democratic side]. It does not make any difference to me. I can sit here on the floor of the Senate, I hope, and be a committee of one. [Laughter.] I hope I can sit here as long as I am backed by the great State of Louisiana.

I may not at all times suit all the Democracy of that State, but I am going to remain on this side of the Chamber, propounding what I conceive and what Bryan conceived and what Jackson conceived and what Jefferson thought to be the ideals of the Democratic Party. I am not going to sit here and accept as my leadership in any party in this coun-

try, in the United States or in any other place, the leadership that tells you that it its communism when you undertake to give a fair distribution of the profits of this land to the people. I am not going to sit here when the leader on this side of the Chamber makes his various and sundry concessions, or when Hoover makes his various and sundry concessions, when they come out under one banner and one shining emblem, and regardless of how bright it shines and how much publication ink is spread to give it a glow, notwithstanding it all, it represents a banner of pestilence and starvation. It represents human misery. It represents unemployment. It represents a demoralization that has begun at the bottom and gradually worked itself up to where it is now threatening the very existence of the top. I am not going to sit here and recognize that condition as my part of the Hoover wreckage that has been done.

Here we get these messages that come from the White House. "Mr. Hoover speaks." He administers a "verbal spanking" to the Democrats and the Republicans. The public press plays up that the President of the United States has rebuked them, has delivered a verbal spanking, has demanded that they get up and do something, has demanded that they must get up and save the country.

HOOVER RESPONSIBLE FOR ALL

If there is anybody who is responsible for the country not having been saved, it is nobody but the President of the United States. Congress has done everything he tells them to do. He has had his way. He has had his boards, he has had his commissions, he has had his appropriations. I do not know a thing that has been done in the Congress that has not been done at the request, practically, or with the approval, of the President of the United States, since I have been here. I know of nothing he has requested of Congress that has not been done. We have, without knowing what it was all about, done these things. One night I received a telegram, "I have to declare a moratorium," and I did not know what "moratorium" meant. [Laughter.] I had to go look it up. I had never heard of it. I thought he was talking about a dead man. [Laughter.]

He said he had to declare a moratorium, and I acquiesced, without knowing what it meant, spurred on by the kind of leadership which I thought was the best we could get. I wired back, "It is all right with me; slap it in." Then there was some other bill, and I was for it. I was for anything under the sun, because we were in the midst of chaos, my friends were starving, my people were homeless, some of them were hungry, many of them were naked, and I was willing to give the President of the United States any kind of leeway on earth to prevent pestilence and starvation among the people of this land. I was told that was the thing to do, and I accepted it from the leadership of this side of the Chamber, and went right down the line with it.

What has been the result? We have gone down and down and down until what little prosperity there was left in this land at the time we declared the moratorium has been gradually wiped out.

Oh, he can get his appropriations. He can demand billions of dollars for the European powers. He can demand billions of dollars for the banking interests and for the railroad interests and for the power interests. I am sure they are not going to be left out under the benevolent guidance of this administration.

ALAS FOR THE PEOPLE

He can demand and he can receive, but whenever there has come up a proposition that we ought to begin at the top and reorganize this condition of society so that it can stand upon a firm foundation and exist along stable lines, we not only have the opposition that comes from the Republican side, but we have the coworking alignment which seems to spring up on the part of the leadership on the Democratic side of the Chamber.

Mr. President, I am not accepting the dictation or the verbal spankings that come here from the White House, and while I have been nominated by the distinguished Senator from Arkansas for the leadership of the Democratic side of this Chamber, which, in my opinion, I have never sponsored and do not intend to sponsor, I will say one thing: That if the President of the United States, after I had been up to the White House and asked the President for orders, and we had gotten together and had put things across as he wanted them, if he were to send me the kind of message he has sent to Congress, I would tell him where he could go—with the next bill. No; I did not say what you thought at all. [Laughter.]

Mr. Mills comes in with his recommendations. What are we going to do with the tax bill? Mr. Mills says that it is very important that we should have certain provisions in the tax bill. He is very solicitous that we must not take too much money off the heads at the top, because if we do, he says, it is going to stop industry.

There is no industry left now. The trouble is there is no purchasing power in the hands of the masses, and the only way by which business can ever be reorganized is to put purchasing power in the hands of the people.

CONCLUSION

Mr. President, I have spoken a great deal longer than I expected to speak, and longer than I would have spoken had I not been required to vindicate my stand that I was within the rules, which I still contend, and which I think the senior Senator from Pennsylvania will now concede, so far as the words are concerned, unless he has gleaned from my looks and expressions something which I can not see myself; unless he has gleaned something like that, I think he will admit that I have been within the rules. But I have undertaken, in a speech which is rather lengthy compared with what I had intended to say, to state that I am still in the Democratic Party of this country, that I am still on the Democratic side of this Chamber, that it does not make any difference to me whether the Democratic caucus assigns me to any committees or not, that I am still a Democratic Member of the United States Senate; that I will not, have not, and do not agree for the future to accept any orders that come through the White House, whether they are handed to me by a party leader or not.

LEADERS CAN NOT BIND US TO MAMMON

Further, I conceive it to the welfare and interest of my party, the Senate, and the Nation that we can not, we should not, we will not accept a working partnership with the Hoover administration, whether it comes through Baruch or of Morgan or what not. Further, that the Republican Party of the United States, at this late date, whether it is recognized by the Democratic leader here in the Senate or not, whether the Senator from Arkansas says so or not—that the Republican Party can not deed us Bernard M. Baruch for the next six months. We will not take him. You can not hand him to us, whether he is sponsored here on this side of the Chamber or not. As far as I am concerned, the nefarious editorials, the nefarious cartoons, the various and sundry comments undertaking to paint any man who dares to try to take one single dollar away from the powerful, bloated, wealthy fortunes of this country, the way he is painted by these sinister publications, will not influence me to disregard the duty I conceive I owe the people of this country. If the men on this side of the Chamber or on the other side of the Chamber allow the people to be taxed under any kind of a bill that does not sweat down these swollen fortunes, they will not be doing their duty and fulfilling the obligation they owe the people to relieve this kind of distress.

The only way that can be accomplished is by putting purchasing power into the hands of the people of the United States. If we have a barrel with 100 apples in it, and a hundred people to give apples to, if one man steps up and takes 59 apples out of the barrel, there would be only 41 left; 58 would have nothing. There is just that condition in America to-day. There is so much in the basket, and 59 per cent of it is taken by 1 per cent of the people. There is nothing left to provide for the masses of the people any purchasing power, and then there is no middle class left.

EXHIBIT A

Whereas the misery and privation of the common people, due to the existing business depression and its attendant evil of enforced unemployment, is growing more unendurable with each passing day; and

Whereas under the smoke screen of the maintenance of two allegedly sacred American principles—the rights of personal liberty and the rights of private property—Federal legislation is sought that would add materially to the tax burden of the poor while favoring the rich in direct proportion to their wealth; and

Whereas this form of deliberate discrimination prompted Senator HUEY P. LONG, of Louisiana, to offer an amendment to the tax bill making it illegal for any person to retain an annual income of more than a million dollars and forbidding the inheritance of a fortune of more than five millions; and

Whereas this justified limitation on the power of predatory wealth menaced the plans and purposes of the political representatives of big business, the Long resolution and its sponsor were both ridiculed and denounced in unmeasured terms on the floor of the Senate; and

Whereas Senator LONG, despite the deliberate distortion of the kept trust press throughout the country regarding his statements, proved the sincerity of his honest resentment of the cheap political trickery being indulged in at the expense of the poverty-stricken and starving people by voluntarily severing all personal connection with whatever committee he had been assigned to by a legislative body that served not the Nation as a whole but only the wealthy section thereof; and

Whereas Senator LONG, in his denunciation, clearly voiced the prevailing suspicion that both the major political parties are dedicated to the protection of the rich and mighty at the expense of the humbler divisions of society; and

Whereas this sentiment finds an answering echo in the heart of every unemployed and every overworked and underpaid toiler throughout this Nation, who owe their present sad plight to the unchecked exploitation of big business, which constitutes the invisible director of the visible Government agencies that deplore confiscation of predatory wealth, but are willing to strip the already poverty-stricken populace of the little they so desperately cling to: Therefore be it

Resolved, By the delegates to the Chicago Federation of Labor in regular session assembled on this date, May 1, 1932, representing over 300,000 organized men and women wage earners, the vast majority of whom are unemployed at present, that the attitude assumed by Senator HUEY P. LONG is expressive of the sentiments of the people in general and of organized labor in particular, and labor unqualifiedly approves of Senator LONG'S defense of the common people's rights, in spite of the opposition of the entrenched battalions of political Hessians defending predatory wealth, and that the presentation of this senatorial incident is indicative of the slavish devotion of the kept trust press to the cause of big business, regardless of the common people's rights as specified in the American Declaration of Independence; and be it further

Resolved, That a copy of this resolution be sent to Senator HUEY P. LONG with the request that he have the resolution read into the CONGRESSIONAL RECORD.

Respectfully submitted.

[SEAL.] JOHN FITZPATRICK,
President Chicago Federation of Labor.

This resolution was presented to the regular meeting of the Chicago Federation of Labor Sunday, May 1, 1932, and adopted by unanimous vote.

INCREASE OF BANKING FACILITIES

The Senate resumed the consideration of the bill (S. 4412) to provide for the safer and more effective use of the assets of Federal reserve banks and of national banking associations to regulate interbank control, to prevent the undue diversion of funds into speculative operations, and for other purposes.

Mr. GLASS. Mr. President, I wonder whether the junior Senator from Indiana [Mr. ROBINSON] cares to proceed now. He indicated that he wanted to speak on one provision of the bill.

Mr. ROBINSON of Indiana. Mr. President, answering the Senator from Virginia, I merely wanted to speak not to exceed 3 or 4 or 5 minutes to register my own protest against section 19, that is all. I am willing to undertake that at any time which may please the sponsor of the bill.

Mr. GLASS. It occurs to me, if I may suggest it to the Senator, that since it apparently has been determined to supplant the pending bill with the tax bill, we might perhaps defer further discussion of the bank bill until it comes up for actual consideration and for vote. However, if the Senator prefers to go on now, I shall be glad to yield to him to do so.

Mr. ROBINSON of Indiana. That course is entirely agreeable to me. However, at this time, if I may, I submit a telegram from the president of the Indiana Bankers' Association, which I will ask the clerk to read.

Mr. GLASS. I yield for that purpose.

The VICE PRESIDENT. Is there objection? The Chair hears none, and the clerk will read.

The Chief Clerk read as follows:

INDIANAPOLIS, IND., *May 6, 1932.*

Senator ARTHUR ROBINSON,
United States Senate:

Section 19 of the Glass bill would permit large national banks to establish branches regardless of State laws throughout the State in which their principal office is located and also beyond the State line even in States where branch banking is prohibited. Such provision, if enacted, would strike ultimate doom to entire system of independent or unit banking, upset banking conditions generally, and compel State-chartered trust companies and banks to become branches of large city national banks, concentrating banking in the hands of a few at buyers' figure for assets. The American tradition of a dual system of independent banking has developed our country. As president of the Indiana Bankers' Association and representing an independent national bank, I respectfully urge that you take the floor in opposition to this portion of the Glass bill.

W. A. COLLINGS,
President Indiana Bankers' Association, Crawfordsville, Ind.

Mr. ROBINSON of Indiana. Mr. President, I may state at this time, without attempting to make a speech at all, that I am very much opposed to section 19 of the bill. In my judgment its enactment into law would make it ultimately impossible for State-chartered banks in Indiana and other States to carry on. I think the whole State-bank system would ultimately be destroyed. I think the inevitable result would be that a few very large banking interests would control all the money and all the credit of the country.

For those reasons, stated thus briefly, I am opposed to section 19 of the bill. If the bill is now to be laid aside and to be discussed later, I may have some additional comments to make at some time in the future when the bill is again presented to the Senate.

The VICE PRESIDENT. The question is on agreeing to the amendment of the Senator from Michigan, as modified.

Mr. WHEELER. Mr. President, I understand that the bill is to be laid aside, and, as it is now 4 o'clock, I do not want to proceed to discuss the provisions of the bill which I intended to discuss, and then have the bill laid over and taken up again. I do not see what would be accomplished by speaking on the bill now, and then having to discuss the provisions of the bill again when it comes before us. It seems to me perfectly useless to proceed in that way. If the bill is to be laid aside, I do not see why we do not lay it aside now and take it up at some future time. I would like to know from the Senator from Virginia if he knows what is going to be done with it.

Mr. GLASS. Mr. President, I have been apprised of the fact that the leaders on both sides of the Chamber have rather agreed that after to-day's discussion there should be a motion temporarily to lay the unfinished business aside in order to consider the tax bill. I shall not undertake to resist a motion of that sort, because I am thoroughly convinced that it would be futile.

Mr. SMOOT. Mr. President, will the Senator from Virginia yield?

Mr. GLASS. I yield.

Mr. SMOOT. I was going to ask the Senator from Virginia whether there was any other Senator who desired to speak this afternoon, or if there were any amendments to be offered to the bill.

Mr. GLASS. I am told that the senior Senator from Rhode Island [Mr. METCALF] would like to speak on the bill.

Mr. McNARY. Mr. President, may I ask the Senator from Montana [Mr. WHEELER] if he has any objection to laying aside the unfinished business temporarily and letting the Senator from Utah take up the revenue bill?

Mr. WHEELER. None whatever.

Mr. McNARY. If that is so, then I am going to move a recess at this time.

Mr. KING. I do not want the Senator to proceed this afternoon further than to lay the revenue bill before the Senate.

Mr. McNARY. I am going to suggest that the Senator from Utah ask that the unfinished business be temporarily laid aside and that the revenue bill be laid before the Senate, and then I shall move a recess.

Mr. GLASS. Mr. President, I hope the Senator will withhold that request for the present because I want to make a personal statement to the Senate.

Mr. McNARY. Very well.

The VICE PRESIDENT. The Senator from Virginia is recognized.

SOLICITOR GENERAL LEHMANN'S OPINION

Mr. GLASS. Mr. President, prompted by what seems to be a disposition in some quarters to set up "straw men" and to knock them down, I want to remind the Senate that when I spoke several days ago about the 20-year-old opinion of Solicitor General Lehmann as to the legality of national-bank affiliates, I made no definite charge against any particular public official. I very carefully refrained from doing that. I did say, as I now repeat, that the opinion of Solicitor General Lehmann was suppressed. But I did not undertake to intimate by whom it was suppressed, for the reason that I had not the slightest idea. I used the term "suppressed" in the sense that the opinion was never acted upon, although it dealt with a problem of supreme importance and had been officially requested by the President of the United States. Likewise I used the term "suppressed" in the sense that the Lehmann opinion not only had never been given publicity, but that no copy of it could be found in the office of the Comptroller of the Currency, the public official solely charged with the administration of the national bank act. I think, as used by me, that is a fair definition of "suppression"—a highly important opinion by a highly responsible Government official, concurred in by the Attorney General of the United States, and particularly asked for by the President of the United States, himself an eminent lawyer, practically ignored and put away in the dusty archives of the Department of Justice, while the vicious system it sweepingly condemned extends its tentacles into the portfolio of every bank in the country, to the impoverishment of thousands of innocent victims.

It may have been conjectured from the nature of my remarks the other day that a certain Attorney General had definitely declined to make the Lehmann opinion public. Had I cared to deal in personalities I might have presented a memorandum from the present Attorney General which very explicitly made the statement that "Attorney General McReynolds in 1921 declined to authorize the publication." That is here in the Attorney General's memorandum, which also mistakenly asserts that the opinion was "not the opinion of the Attorney General." Nevertheless it is explicitly stated by Solicitor General Lehmann that the opinion is concurred in by the Attorney General.

The memorandum of Attorney General Mitchell continues:

> If Senator GLASS or his committee merely want to examine it to aid them in their work and will treat it as confidential, I think they are entitled to have a copy of it for that purpose; but not if it is to be made public.

That seemed to me a very remarkable exaction; and as soon thereafter as I could get in communication with Attorney General Mitchell I said to him that this appeared to be an official opinion of a salaried official of the Department of Justice, asked for by the President of the United States and concurred in by the Attorney General of the United States, and it seemed to me the Senate Committee on Banking and Currency, as the Senate itself, was entitled to have the opinion and to have it incorporated in the RECORD. I said the thorough and sweeping consideration of the problem contained in that opinion might have a very decisive effect upon the consideration of the bank bill, particularly that provision which deals with national-bank affiliates. Thereupon the Attorney General agreed that I might make such use of it provided I would eliminate from the opinion the names of the institutions involved and of the persons who directed the institutions involved. To this I readily agreed, and the opinion was accordingly incorporated in the RECORD and, by unanimous action of the Senate, was made a Senate document.

So that it will be observed that I am not responsible for the "charge" or conjecture that any particular Attorney General suppressed the opinion. Whether it was by Attorney General Wickersham, to whom the opinion was addressed, or whether by some one of his successors, or by some other public official, I do not know and did not undertake even to intimate. Therefore, the complaint that I had made a charge of suppression against any particular public official has no basis in fact and no such assertion will be discovered in any remarks that I made in the Senate.

Mr. WALSH of Montana. Mr. President——

The VICE PRESIDENT. Does the Senator from Virginia yield to the Senator from Montana?

Mr. GLASS. Certainly.

Mr. WALSH of Montana. I think the Senator should state that the statement in the letter from the Attorney General about the failure to disclose the document is obviously incorrect.

Mr. GLASS. Obviously. I observed that the very next morning when I again examined it, because the date that he assigns to the refusal did not accord with the incumbency of the office of the Attorney General at the time. In a later note Mr. Mitchell asserted that it was Attorney General Palmer who had refused publication of the document.

These remarks, Mr. President, are preliminary to a request to have immediately inserted in the RECORD a letter from former Attorney General Palmer giving his relationship to the matter.

Mr. KING. Mr. President, does not the Senator want it read?

Mr. GLASS. It may be read at the desk, although I do not insist upon the reading. I merely want it incorporated as a part of my remarks.

The VICE PRESIDENT. The Senator from Virginia does not ask that it be read. It will be printed as a part of his remarks, as requested.

The letter is as follows:

WASHINGTON, D. C., *May 11, 1932.*

Hon. CARTER GLASS,
United States Senate, Washington, D. C.

MY DEAR SENATOR: I note by the CONGRESSIONAL RECORD of May 10 that in speaking of the opinion of Solicitor General Lehmann on national-bank affiliates, you said (p. 9888):

"Not only was no action taken but it is within the confines of fact to say that the opinion was suppressed; and few things have ever happened in this country that better illustrate the power and the blandishments of inordinate wealth, because the opinion dealt with institutions and individuals who had accumulated inordinate wealth. Not only did the Attorney General at that time fail to act, but another Attorney General, some years afterwards, elevated to a place of even higher distinction, declined to permit the opinion to be made public."

And again you said (p. 9899):

"In this connection I have just been handed a note from Attorney General Mitchell in which he makes the statement, which I had already discovered to be true, that it was not former Attorney General McReynolds who refused to give out this opinion for publication, but it was former Attorney General Palmer."

I am sure you would not intentionally do me an injustice, but such is the obvious effect of these statements. There is absolutely no warrant in the facts for the implication that I suppressed the opinion, or that I refused to give it out for publication.

At the time that the matter was called to my attention no such opinion was to be found in the files of the Department of Justice, as clearly shown by the records in the Department of Justice (photostatic copies of which have been furnished me by the present Attorney General). These are the facts relating to the action of Attorney General McReynolds and myself.

Under date of September 19, 1913, Mr. McAdoo, then Secretary of the Treasury, wrote Mr. McReynolds, then Attorney General, as follows:

"I have been endeavoring, without success, to locate an opinion of former Attorney General Wickersham, supposed to be addressed to the Secretary of the Treasury, dealing with a question in connection with the right of certain national banks to organize, own, and control so-called security companies or State banks or trust companies, the stock of such companies or State banks to be held by trustees or otherwise on the pro rata benefit of stockholders of such national banking associations. I am advised that there is in the Department of Justice a memorandum of the Solicitor General to the Attorney General on which the opinion is supposed to be based. This is a matter of great public importance and also directly affecting the administrative acts of this Department. I

shall appreciate it very much if you will let me have a copy of this memorandum and also any other information on this subject which will help elucidate this matter."

In reply thereto Attorney General McReynolds wrote the Secretary of the Treasury on the same day, acknowledging receipt of his communication, and adding:

"In compliance with your request, I am sending you herewith a photographic copy of what seems to be a carbon copy of a memorandum prepared by the Solicitor General on this subject. A careful search of the files here fails to disclose any opinion by the Attorney General in this matter."

Seven and a half years later Hon. John Skelton Williams, Comptroller of the Currency, handed to me the document which Mr. McAdoo had received from the Attorney General, and making a request for the opinion in question. I caused a search of the files to be made, and a written report thereon was made to me by Solicitor General Frierson which was made the basis of the following letter:

JANUARY 26, 1921.

Hon. JOHN SKELTON WILLIAMS,
Comptroller of the Currency, Washington, D. C.

MY DEAR MR. WILLIAMS: I have examined the files relating to the so-called opinion of Solicitor General Lehmann, dated November 6, 1911. The paper you handed me is unsigned. It purports to be a photographic copy of a letter addressed to the Attorney General and intended for the signature of the Solicitor General. The original is not in the files. The copy bears an unsigned indorsement, dated April 24, 1913, to the effect that it is understood that Attorney General Wickersham prepared a letter summarizing the attached opinion of the Solicitor General, but to whom this letter was addressed does not appear, and no record of such a letter is found in the files. The only thing of interest I find in the files is a letter of Attorney General McReynolds, dated September 19, 1913, addressed to Secretary McAdoo, in which it is stated:

"In compliance with your request I am sending you herewith a photographic copy of what seems to be a carbon copy of a memorandum prepared by the Solicitor General on this subject. A careful search of the files here fails to disclose any opinion by the Attorney General in this matter."

Apparently, what was sent to Secretary McAdoo at that time was a duplicate of the photographic document which you have.

The only thing in our files is what purports to be a photographic copy of an unsigned letter to the Attorney General, apparently intended for the signature of the Solicitor General. I find no record of what action was taken by the Attorney General or of any subsequent action except the sending of a copy to Secretary McAdoo, and for this reason I do not feel justified in authorizing the publication of the memorandum.

Yours truly,

A. MITCHELL PALMER,
Attorney General.

The photographic copy of the memorandum handed me by the Comptroller of the Currency was returned to him with that letter. It thus appears that Attorney General McReynolds sent to the Secretary of the Treasury the only document on the question which then appeared in the files of the Department of Justice, and that seven and a half years later I returned to the Comptroller of the Currency the same document with the statement that it was the only paper to be found in the Department of Justice files in reference to this matter.

It is perfectly obvious that I could not authorize publication of a photographic copy of an unsigned memorandum. It was not the opinion, and I could not know that it was a copy of the opinion.

Of course, neither Attorney General McReynolds nor I made personal search of the files, but we ordered such search, and I can have no doubt that it was thoroughly made. It is therefore safe to say that if there ever was a signed opinion by Solicitor General Lehmann (and there seems to have been, because you published it as an appendix to your speech in the Senate yesterday) it was abstracted from the files of the Department of Justice at some time before September 19, 1913, when Attorney General McReynolds wrote to Secretary McAdoo, and was not returned until some time after January 26, 1921, when I wrote to Comptroller Williams.

Why it was taken out of the files, by whom, or for what purpose I am, of course, entirely at a loss to explain. It is clear, however, that if there was any suppression of the opinion by anybody it was not by either Attorney General McReynolds or myself, for the former delivered to the Secretary of the Treasury and I returned to the Comptroller of the Currency the only paper bearing on the opinion which was to be found in the Department of Justice, and that was merely a photostatic copy of an unsigned memorandum.

There is a further interesting phase of this matter which will bear mention. You will observe that the opinion of Solicitor General Lehmann, as printed in the CONGRESSIONAL RECORD, page 9899, opens with the following two paragraphs:

"NOVEMBER 6, 1911.

"The ATTORNEY GENERAL.

"SIR: You advise me that the President desires that there shall be submitted to him upon his return to Washington a fuller discussion of the question of the legality of the agreements and arrangements existing between the ——— ——— Bank of New York and the ——— ——— Co., a corporation of the State of New York.

"On August 1, 1911, I submitted to you an opinion, in which you concurred, that the agreements and arrangements in question were means of enabling the bank to carry on business and exercise powers prohibited to it by the national banking act."

It thus appears that Mr. Lehmann's original opinion of August 1, 1911, must have been delivered to the President, and he expressed a desire for "a fuller discussion."

Mr. Lehmann complied with this request by his opinion of November 6, 1911. Is it not reasonable to infer that this "fuller" discussion of the question found its way to the same high authority which was then in possession of the original opinion? And may not this circumstance throw considerable light on the disappearance of the opinion from the Department of Justice files and records?

Having unintentionally, I am sure, put me in a wrong position by your remarks, will you not have this letter printed in the CONGRESSIONAL RECORD to make the story correct and complete?

With very kind regards, I am, yours sincerely,

A. MITCHELL PALMER.

DR. H. PARKER WILLIS

Mr. GLASS. Mr. President, I desire to make a further personal statement. I listened yesterday to a large part of the address made by the distinguished Senator from New Jersey [Mr. KEAN]; but, sitting far away across the Chamber, I did not hear very distinctly his opening remarks. Upon reading them in the RECORD to-day I find that the Senator departed from that high plane of discussion which had characterized the deliberations of the Senate on this bank bill, and, as I conceive, descended to a level of which he may not reasonably be proud. In fact, he discussed the bill in his opening remarks in a vein of petty politics and undertook by implication, but without any sanction of the truth, to impute to members of the subcommittee of the Banking and Currency Committee actions of a highly improper nature. He also aspersed, unjustly and without warrant of fact, the technician of that committee, who is as honorable a man as ever I came in contact with in all my life, not in any measure exceeded in that respect by the Senator from New Jersey.

When the subcommittee of the Banking and Currency Committee of the Senate was charged with the very difficult and complex task of inquiring into the banking problem and recommending to the Senate a reformation of the system, naturally it required the services of a technician, of a man thoroughly versed in practical banking and understanding the theory and philosophy of banking.

Upon my suggestion the subcommittee, without dissent, authorized me to employ Dr. H. Parker Willis as the technician and adviser of the committee. If the Senator from New Jersey does not know, perhaps he is among few Senators who do not know the record of this outstanding publicist. Doctor Willis was the technical adviser of the Ways and Means Committee of the House of Representatives on several notable occasions. He was the technical adviser of the Banking and Currency Committee of the House, and did an immense amount of work in the preliminary preparations of that committee in the drafting of the Federal reserve act. He was the technician and the professional adviser of the joint congressional committee which framed the Federal land bank act. He is greatly distinguished as a political economist, having been a professor of political economy in some of the notable universities of this country. He was for four years the secretarial adviser of the Federal Reserve Board here in Washington after that system was set up, being present at all the board's discussion and intimately acquainted with every action taken and the reasons therefor. After voluntarily relinquishing that position he was made the technical research head of the Federal reserve system. So thoroughly familiar was he with the philosophy and practical details of banking that he was invited to the Philippine Islands to set up a banking system for the government there, and for nearly two years he was president and practical manager of the branch of the Philippine bank in New York. He set up a banking system for the Free State of Ireland. His services were engaged by some of the Balkan States to modify their banking systems. He was for some years the chief editor, and, I think, a part owner of the

New York Journal of Commerce, perhaps the outstanding trade newspaper of the United States for the last half century. Doctor Willis is now a professor in the business school of Columbia University, New York City.

I mention these facts in order that the RECORD may show that the subcommittee was deliberate and, in some degree at least, circumspect in its selection of a technician and a professional adviser. The amount of work that Doctor Willis did for the committee is almost inconceivable. He prepared all the preliminaries for the long and exhaustive hearings which we held in January and February of 1931; he prepared every searching questionnaire that went out to the thousands of banks and trust companies in this country. I could bring here to the Senate a stack of data that would reach to the top of this desk indicative of the tremendous amount of technical and professional work that he performed as a preliminary to the consideration and deliberations of the subcommittee and of the Banking and Currency Committee. He suggested impartially the names of the experienced bankers, business men, and economists, who appeared before the committee and summarized and analyzed their testimony. He examined with patient care every one of the various proposals submitted and, over a period of 16 months, did the technical drudgery of the committee.

Why the Senator from New Jersey should have felt prompted to assail the technician of the committee, except upon the assumption, which clearly may be discerned in his remarks, that the technician is responsible for the so-called Glass bill, and that by discrediting this professional gentleman he might in some sense discredit the bill, is beyond me to conjecture.

The Senator from New Jersey asserts that when he attended the hearing at which Mr. Eugene Meyer testified regarding the bill, the Senator from Ohio [Mr. BULKLEY] and I had Doctor Willis, as it were, to act as "wet nurse" for us, suggesting that we were so ill informed and so stupid that we were unable to propound questions on our own account and that Doctor Willis took charge of the examination. I want to be temperate, but I want to be exact. There is not a word of truth in that statement. If during the whole hearing, whether the first or the last, Doctor Willis ever found it necessary to prompt me to ask a single question I have no recollection of it. I confidently assume that this is true as to Senator BULKLEY. Sometimes, upon mere technical issues, I may have asked Doctor Willis questions. Very likely I did, and I have no apology to make for that. Of course the distinguished Senator from New Jersey is so versed in technical matters and so thoroughly understands the philosophy of banking and is so intimately acquainted with all the aspects of the problem as that he would not have found it necessary to confer with the technician; but I was not so fortunate. I hold in my hand now the printed copy of the hearings of Mr. Meyer's testimony; and if the Senator from New Jersey can take it and point to a single question asked by me that was necessary to be referred to Doctor Willis, or any other technician, I will resign my seat in the Senate. Therefore I resent the imputation that those of us who had to do with the preparation of this bill were so unacquainted with the matters involved that we had to be tutored at a public hearing. The statement simply is not true, however offensive it was intended to be.

Then, again, the Senator from New Jersey charges the technician with having, by reason of his connection with the committee, obtained confidential information from the comptroller's office and from other sources and disclosed it to a foreign newspaper. I deny that there is a word of truth in that assertion. The Comptroller of the Currency several hours ago in my office made to me the statement that if Doctor Willis had ever been in his office since he had held it he had no recollection of it. He also authorized the statement, which I know to be true, that the comptroller's office had never communicated one word in confidence to the technician of the subcommittee; and, as chairman of that subcommittee, I assert that the comptroller's office never imparted any information to the subcommittee except at public hearings and has not to this day made a written comment on the provisions of this bill.

Then there was the childish statement that cablegrams sent by Doctor Willis to a French financial paper with which he had been associated for years, which cablegrams were invited by the paper, touching upon the inflationary tendencies of the times in the United States caused the exportation of $357,000,000 of gold. How incomprehensible it is that a United States Senator could be that credulous! As a matter of fact, everybody, including the Secretary of the Treasury, was talking inflation, though afterwards the latter amended his terminology and called it "expansion." When the Glass-Steagall bill was proposed he was reported in the press to have said it comprehended an "expansion" of $10,000,000,000.

The governor of the largest of the Federal reserve banks was quoted in the New York Times as saying that the legislation thus proposed involved a potential inflation of credits and of currency of $35,000,000,000! Speeches were made in both branches of the Congress vehemently advocating a large degree of inflation. The Reconstruction Finance Corporation was set up, as some mildly claimed, to "arrest deflation"; but all of us with any knowledge of the problem know that it was intended to inflate credits by granting extraordinary loans outside the province of orthodox banking.

We had a proposition in another branch of Congress to issue $2,000,000,000 of nontaxable and non-interest-bearing bonds for bonus purposes, the chief argument being its inflationary effect on the currency. We had propositions in this body to issue two billions and more of greenbacks. These suggestions are pending now. The responsible newspapers of the country were literally crowded with talk, in their dispatches and in their editorial comments, about the desirability of inflating the currency and the credits of the country. Some Members of Congress urged bimetalism; others insisted it would be a good thing if the United States should go off the gold standard.

We now have pending in the Banking and Currency Committee of the United States Senate that extraordinary bill, passed by an overwhelming vote in the other branch of Congress, to charge seven men of ordinary intelligence here in Washington with the incredible function of raising and lowering prices at their whim or pleasure or judgment, whereas God never created seven men who were capable of doing anything of the kind effectively, or to whom any sane legislative body should be willing to trust a power of that sort.

So we all know that inflation was "in the air," and still is. Yet because the technician of the subcommittee, entirely aside from his official employment and responsive to the requests of a French newspaper with which he had been associated for years, told the paper what everybody knew, or could find out if he did not know, of the tendency to inflation in this country, he is charged by the Senator from New Jersey with having obtained "confidential information" and imparted it to this French newspaper!

I challenge the Senator from New Jersey to point to one sentence in one of these garbled and mistranslated cables of Doctor Willis that justifies any such statement. I have already asserted that the Comptroller of the Currency utterly repudiates the suggestion that the technician of the committee or the committee itself obtained from his office any confidential information. I assert of my personal knowledge that neither the committee nor the technician of the committee ever received one word of information in confidence from any of the Federal reserve authorities which furnished basis for a single statement contained in the Willis cables to this French financial paper. On the contrary, the governor of the Federal Reserve Board told me months ago that when Mr. Laval, the French Finance Minister, was over here last October he had told him personally of the design of the French bank by degrees to withdraw its earmarked gold, impounded at the New York Federal Reserve Bank. The withdrawals began long before the Willis cables started.

And the Senator from New Jersey credits the current cablegrams of a French correspondent over here with having brought about this great withdrawal of gold! It is childish.

The thing that I resent, however, is the statement that an honorable man who never in his life was guilty of a discreditable thing, whose sense of propriety I would put in comparison with that of the Senator from New Jersey or any other Senator in this body, had used his relationship to this subcommittee for an illicit purpose. A statement of that sort made not behind the shelter of constitutional immunity would, in my belief, very promptly be met by suitable action, because it is not true.

But suppose it were true: What has that to do with the so-called Glass banking bill? Suppose we had been helped in our arduous and difficult labors by an intellectual knave instead of a highly honorable man: What would that have to do with the soundness or the unsoundness of the propositions embraced in the bill we have presented? The bill should be considered on its merits; its demerits, if any, rejected; and its sound provisions preserved and accepted by the Congress, in order to avert a repetition of this desperate situation that the gentlemen for whom the Senator from New Jersey spoke so unctuously precipitated upon the country by their irregular and cruel credit transactions.

I repeat what I said briefly yesterday: There is not a provision of this bill that the technician wrote which he was not directed as an expert draftsman by the committee to write after exhaustive consideration and discussion. Those provisions of a highly controversial nature I largely wrote; others were written or suggested by my colleagues; and we did not have to get the aid either of the Senator from New Jersey or the technician of the committee in order to prepare or propose such provisions.

Section 3, which disturbs the dreams of those who want again to use the facilities of the Federal reserve system for stock-gambling purposes, was written by the experts of the Federal Reserve Board. The committee did not dot an "i" nor cross a "t" in it.

Section 8, which even more seriously disturbs these gentlemen who want to use Federal reserve facilities for stock-gambling purposes, was written—every word of it—by me without suggestion from any source. I have had in mind for years to put a stop to this misuse of reserve credit facilities. This provision of the bill now under consideration by the Senate was contained substantively in the bill that I introduced in this body on the 27th of June, 1930, before the employment of Doctor Willis.

But here is the bill before the Senate. It ought not to be prejudiced by personal assaults upon innocent men of honor.

Therefore, Mr. President, I make this protest on my own account, and not at the request or suggestion of H. Parker Willis. He has no right to speak here or to call in question anything spoken here; but it is my right, which I gladly exercise, and my duty to repel the unprovoked and indefensible attack on him.

Mr. SMOOT. Mr. President, I ask that H. R. 10236, an act to provide revenue, equalize taxation, and for other purposes, be laid before the Senate.

Mr. GLASS. Mr. President, I am not going to withhold unanimous consent. The request of the Senator requires it.

Mr. SMOOT. Yes.

Mr. GLASS. I am not going to withhold it, however.

I realize that the tax bill is a measure of tremendous importance. I wish the balance of the Senate could equally realize that this bank bill is a measure of great importance, because if it or something like it is not passed we are going to have another era of bank failures in this country pretty soon that will prevent any recovery that a tax bill or any other sort of bill may help to bring about.

Therefore, I am not going to object; but the request is that the bank bill may temporarily be laid aside, so that at the completion of the tax bill it will have its present status of unfinished business?

Mr. SMOOT. That is the understanding, Mr. President.

Mr. GLASS. I shall not object.

The PRESIDING OFFICER (Mr. FESS in the chair). The Senator from Utah asks unanimous consent that the unfinished business be temporarily laid aside, and that the Senate proceed to the consideration of House bill 10236. Is there objection to the request?

Mr. HOWELL. Mr. President——

The PRESIDING OFFICER. Does the Senator from Nebraska object to the request?

Mr. HOWELL. I wish to speak for a moment.

The PRESIDING OFFICER. Reserving the right to object, the Senator from Nebraska has the floor.

RELIEF OF AGRICULTURE

Mr. HOWELL. Mr. President, a very illuminating letter as to the conditions of agriculture was received by a Senator from a gentleman who had traveled throughout the northwestern part of this country, and I shall quote briefly in part from that letter:

> A typical illustration of a farmer's condition is as follows:
>
> He has a first mortgage on the farm. Often a second mortgage secures a local loan. The local banker will hold either a personal or crop loan note. Three to five machinery people have notes on file. In addition local merchants have open accounts for supplies, prices of which due to credit extended often run 25 to 50 per cent higher than cash prices. One instance I know of is of tractor gasoline billed at 35 cents, when the season's cash price was never over 20 cents.
>
> In cases where discouraged farmers have broached the subject of throwing up their whole business under such above handicaps certain first mortgage holders have suggested that the bankruptcy act could be taken advantage of; homestead and household exemptions, which can not legally be signed away, could be claimed. In the meantime the first mortgage owner would bid in the farm and lease it back to the original owner, the inference being that at a later date he could buy it back on easy terms. (One instance in Idaho I ran into was of two adjoining farms, only fairly well improved, on both of which an insurance company had loans. The latter foreclosed one mortgage of $4,000 and was offering the property at $3,500. The neighbor had a $4,000 loan also, along with a lot of other debts, and was seriously considering throwing up his place and buying in the adjoining land at $500 less than either mortgage.)
>
> * * * * * * *
>
> As to agricultural or farming conditions and plans:
>
> Due to relative scarcity of durum and spring wheat last year and very fair prices as a result mainly of drought and grasshoppers, I note a greatly increased intention to plant wheat in the Northwest. There will be a decrease in flax. In many other sections farmers are starting spring work in a disheartened and despondent state of mind. The potato men in the Yakima, Walla Walla, Idaho, Colorado, and Red River sections all are that way, yet they are planting potatoes again. Practically all fruits and vegetables were in oversupply last year, but crops of these are going in everywhere. Onions were the high-priced article of 1931, and farmers are almost universally responding to price and are plunging heavily on them. Seed is almost impossible to obtain, the demand is so great. I saw letters from Kalamazoo, Mich., in New Mexico wanting onion seed or plants. At a conference in Santa Fe, N. Mex., of western men we were told that the estimate is for 300,000 tons of canning peaches in California this year. Last year's canned storage is heavy, and canners will only contract 100,000 tons, so two-thirds of the crop is to be wasted. Numerous other crops are in the same situation.

Mr. President, this gives a short view of conditions, not merely in the sections visited by this writer but throughout the country generally.

I received a letter the other day from an attorney in Alabama which I will read in part. It gives a notion of the condition of minds of the people in that section which indicates that it is the same as elsewhere. He says in part:

> Now I have lived in a little sleepy town down here in the agricultural section of Alabama all my life. I have always taken an active interest in the welfare of our little city and county. I have seen the time when we were a prosperous, law-abiding citizenship, a contented people, as we were able to pay our debts, taxes, and contribute to churches and charity. But the times have changed, and we are now a discontented people, heavily in debt, and unable to pay taxes, contribute to the several causes that all good citizens like to support.
>
> There has been a reason for this change, and the result is that our people have in large measure lost their respect and love for our country that should animate all good citizens. Farm after farm is being taken for debt. Old people that have lived to a ripe old age are being driven from their homes, as they are unable to meet their interest payments. Their savings of a lifetime have been swept away; and now many of them are unable to provide the necessities of life.

Conditions as they now exist, not only here but throughout the entire country, are the culmination of policies political and touch the lives of every man, woman, and child of the Nation. What will be the result? This should concern every thinking man; for a discontented debt-ridden people soon lose that high regard for national welfare and love of country that should be cherished and guarded by the masses, who make the commonwealth.

This letter, Mr. President, should challenge attention. It indicates the impressions of a conservative man. He expressed himself as he felt, and as he deemed the people about him feel.

The question is, What will Congress do to relieve the situation? What will it do of a constructive character to rescue agriculture?

Notwithstanding that action by Congress is of such tremendous importance, I have noted a statement—indicating the impression abroad—appearing in the New York Journal of Commerce on May 11, under a summary entitled "The Washington Situation." It is to the effect that organized agriculture is demanding of Congress that it enact constructive farm legislation before adjournment, and the article closes with this:

Congress will not do so.

I consider this a challenge to Congress to repudiate this charge. I do not yet believe that the Members of the Senate or of the House have so little regard for the welfare of a third of the population of this country as to adjourn without attempting to do something to relieve the distressing situation in which agriculture is now placed, or to remedy the inequality in economic conditions and opportunities from which agriculture is suffering.

The statement in the Journal of Commerce misrepresents the situation in that it charges that the American Farm Bureau Federation, the National Grange, and the Farmers' Union "can not agree upon a single measure," and that each is demanding a separate proposal, although willing that all three be enacted. The fact is these three organizations have definitely agreed upon a joint program; they have presented a composite bill embodying their recommendations to both Agricultural Committees of the Senate and House.

The bill referred to is now before the Committee on Agriculture and Forestry, but we have no report as yet. I understand that hearings began this morning upon that and other measures before the committee. But what we must have is a report and a bill or bills upon the calendar of the Senate so that action may be had.

Can it be possible that it is in the minds of some that there shall be no agricultural legislation at this session? It has been asserted here on the floor that official Washington is against any kind of agricultural legislation.

Mr. President, as I have asked before time and again on this floor, What are we to say to the farmer if we adjourn without action? There is but one thing we can say, and that is that there has not been the will in Congress to act in behalf of agriculture in a constructive way.

Mr. President, agriculture must be rescued.

REVENUE AND TAXATION

The PRESIDING OFFICER. The Chair hears no objection to the request of the senior Senator from Utah [Mr. SMOOT], and lays before the Senate the bill (H. R. 10236) to provide revenue, equalize taxation, and for other purposes.

RECESS

Mr. McNARY. I move that the Senate take a recess until to-morrow at 12 o'clock.

The motion was agreed to; and the Senate (at 5 o'clock p. m.) took a recess until to-morrow, Friday, May 13, 1932, at 12 o'clock meridian.

SENATE

FRIDAY, MAY 13, 1932

(Legislative day of Monday, May 9, 1932)

The Senate met at 12 o'clock meridian, on the expiration of the recess.

The PRESIDENT pro tempore (Mr. MOSES). The Senate will receive a message from the President of the United States.

MESSAGES FROM THE PRESIDENT—APPROVAL OF BILLS

Several messages in writing from the President of the United States were communicated to the Senate by Mr. Latta, one of his secretaries, who also announced that the President had approved and signed the following acts:

On May 9, 1932:

S. 3908. An act to amend the act entitled "An act to regulate navigation on the Great Lakes and their connecting and tributary waters," approved February 8, 1895.

On May 11, 1932:

S. 283. An act to provide for conveyance of a certain strip of land on Fenwick Island, Sussex County, State of Delaware, for roadway purposes.

CALL OF THE ROLL

Mr. SMOOT obtained the floor.

Mr. FESS. Mr. President, I suggest the absence of a quorum.

The PRESIDENT pro tempore. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Ashurst	Coolidge	Hull	Robinson, Ark.
Austin	Copeland	Johnson	Robinson, Ind.
Bailey	Costigan	Jones	Sheppard
Bankhead	Couzens	Kean	Smith
Barbour	Dale	Kendrick	Smoot
Barkley	Davis	Keyes	Stephens
Bingham	Dickinson	La Follette	Thomas, Idaho
Black	Dill	Logan	Thomas, Okla.
Blaine	Fess	McGill	Townsend
Borah	Fletcher	McKellar	Trammell
Bratton	Frazier	McNary	Tydings
Bulkley	George	Metcalf	Vandenberg
Bulow	Glass	Moses	Walcott
Byrnes	Goldsborough	Norris	Walsh, Mass.
Capper	Hale	Nye	Walsh, Mont.
Caraway	Harrison	Oddie	Watson
Carey	Hayden	Patterson	Wheeler
Cohen	Hebert	Pittman	
Connally	Howell	Reed	

The PRESIDENT pro tempore. Seventy-four Senators having answered to their names, a quorum is present.

INTERNATIONAL COLONIAL AND OVERSEAS EXPOSITION AT PARIS (S. DOC. NO. 94)

The PRESIDENT pro tempore laid before the Senate a message from the President of the United States, which was read, and, with the accompanying report, referred to the Committee on Foreign Relations and ordered to be printed, as follows:

To the Congress of the United States:

I am forwarding, for the consideration of the Congress, a report of April 30, 1932, from the Acting Secretary of State transmitting the following documents in connection with the participation of this Government in an exposition which was held at Paris, France, in 1931, the preparation for and activities in connection with such participation having extended from 1930 to 1932:

I. Report of the commissioner general and the commissioner of the United States of America to the International Colonial and Overseas Exposition.

II. Financial statement of appropriations and expenditures in connection with the same.

III. Covering letter of April 30, 1932, from the commissioner general to the Secretary of State, accompanying the financial statement.

HERBERT HOOVER.

THE WHITE HOUSE, *May 13, 1932.*

(Accompaniments: As listed.)

ISSUANCE OF BONDS BY ST. THOMAS HARBOR BOARD

The PRESIDENT pro tempore laid before the Senate the amendment of the House of Representatives to the bill (S. 4193) to authorize the issuance of bonds by the St. Thomas Harbor Board, Virgin Islands, for the acquisition or construction of a graving or dry dock, which was, on page 2, line 3, after the word "payable," to insert "from the treasury of said board."

Mr. BINGHAM. I move that the Senate concur in the House amendment.

The motion was agreed to.

CHANGE IN NAME OF THE ISLAND OF PORTO RICO

The PRESIDENT pro tempore laid before the Senate the amendment of the House of Representatives to the joint resolution (S. J. Res. 36) to change the name of the island of "Porto Rico" to "Puerto Rico," which was to strike out the preamble.

Mr. BINGHAM. I move that the Senate concur in the House amendment.

The motion was agreed to.

PETITIONS AND MEMORIALS

The PRESIDENT pro tempore laid before the Senate a resolution of Victory Post, No. 4, American Legion, Department of the District of Columbia, opposing "any effort by Congress to place upon Federal employees the burden of economy, necessitated by an era of false inflation, from which such employees derived no profit," and also opposing any discrimination against the employment of married men and women in the Government service, which was referred to the Committee on Appropriations.

Mr. BLAINE presented a memorial of sundry citizens of Clark County, Wis., remonstrating against the passage of legislation providing for the closing of barber shops on Sunday in the District of Columbia or other restrictive religious measures, which was referred to the Committee on the District of Columbia.

Mr. DILL presented the petition of Miss Margaret Drisko and sundry other citizens of Seattle, Wash., praying for the passage of Senate bill 4436, to amend the tariff act of 1930, etc., relating to birth-control information, which was referred to the Committee on the Judiciary.

Mr. ROBINSON of Arkansas presented telegrams and letters in the nature of memorials from Tom Biggers, president Bank of Pocahontas, of Pocahontas; the Bank of Truman, of Truman; the Bank of Gould, of Gould; R. E. Lee Wilson, of Wilson; the Bank of Marvel, of Marvel; the Cotton Belt Bank & Trust Co., of Pine Bluff; B. L. Ross, of Helena; Mack Hall, of Heavener; A. T. Barlow, of Booneville; the Citizens State Bank, of Lebanon; H. M. Stephens, of Blevins; Fred C. Embry, of Mena; John Brunner, of Marked Tree; Carl Hollis, of Warren; Washington County Bankers Association, Fayetteville; E. C. Bellamy and F. M. Daniel, both of Mammoth Spring; and J. A. Wright, Ed. C. Wilken, A. J. Barrett, M. L. Page, V. A. Rogers, F. J. Kocourek, John T. McNeil, and Alvin Harris, of Hazen, all in the State of Arkansas; and Joseph S. Hyde, of Salt Lake City, Utah, remonstrating against the imposition of a 2-cent tax on bank checks in the pending revenue bill, which were ordered to lie on the table.

Mr. ASHURST presented a telegram in the nature of a memorial from the Tucson (Ariz.) Chapter, Daughters of the American Revolution, Clara F. Roberts, regent, and Edna Amos, treasurer, remonstrating against curtailment of appropriations for the Navy, which was referred to the Committee on Appropriations.

He also presented the memorial of Robert Douglas and sundry other citizens of Tucson, Ariz., remonstrating against reduction in the compensation of Federal employees, which was referred to the Committee on Appropriations.

He also presented a letter in the nature of a memorial from Local No. 194, Federal Employees' Union, of Naco, Ariz., remonstrating against reduction in the compensation of Federal employees and the proposal for compulsory retirement for age, etc., which was referred to the Committee on Appropriations.

He also presented a letter in the nature of a memorial from the Committee of Fifty, signed by Walter P. Taylor, fifth vice president, National Federation of Federal Employees, of Tucson, Ariz., remonstrating against provisions of the so-called House economy bill affecting the pay, etc., of Federal employees, which was referred to the Committee on Appropriations.

Mr. GOLDSBOROUGH presented letters in the nature of memorials from Local No. 147, National Federation of Federal Employees, and sundry citizens of Baltimore, Md., and of Brooklyn, N. Y., remonstrating against reductions in the compensation of Federal employees, which were referred to the Committee on Appropriations.

He also presented letters in the nature of petitions of sundry citizens of the State of Maryland, praying for inclusion of the manufacturers' sales tax in the pending tax bill, which were ordered to lie on the table.

He also presented several letters and telegrams in the nature of memorials from several business firms and sundry citizens of Baltimore, Md., remonstrating against the imposition of a tax of 5 cents per pound on imported crude rubber, which were ordered to lie on the table.

He also presented a telegram in the nature of a petition from Martin J. Barry, president National Tire Dealers' Association, of Baltimore, Md., praying for the imposition of a duty of 5 cents per pound on imported crude rubber, which was ordered to lie on the table.

He also presented telegrams in the nature of memorials from several publishing companies in the State of Maryland, remonstrating against an increase in second-class postage rates, which were ordered to lie on the table.

He also presented letters in the nature of memorials from several citizens of Hagerstown, Md., remonstrating against the imposition of an automobile sales tax, which were ordered to lie on the table.

He also presented letters and a telegram in the nature of memorials from sundry citizens and banking institutions, all in the State of Maryland, remonstrating against the imposition of a 2-cent tax on bank checks, which were ordered to lie on the table.

Mr. COPELAND presented a resolution adopted by Corning Division, No. 244, Brotherhood of Locomotive Engineers, of Corning, N. Y., favoring Federal regulation of interstate bus and truck traffic, which were referred to the Committee on Interstate Commerce.

He also presented a memorial of sundry citizens of Oneonta, N. Y., remonstrating against the proposed abolishment of the Panama Railroad Steamship Line, which was referred to the Committee on Interoceanic Canals.

He also presented a resolution adopted by the American Water Works Association at its recent convention in Memphis, Tenn., favoring Federal aid in the construction of necessary waterworks by providing for loans to solvent waterworks systems, which was referred to the Committee on Commerce.

He also presented the petition of members of the Birth Control League, of New York City, praying the passage of Senate bill 4436, to amend the tariff act of 1930, etc., relating to birth-control information, which was referred to the Committee on the Judiciary.

He also presented a resolution adopted by Local Union No. 79, Brotherhood of Painters, Decorators, and Paperhangers of America, of Denver, Colo., protesting against the continued imprisonment of Thomas Mooney in California, which was referred to the Committee on the Judiciary.

He also presented a petition of sundry citizens of the United States indorsing the petition of the National Economy Committee of New York City, favoring the elimination and repeal of legislation providing for expenditures to veterans of wars who suffered no disability in war service, which was referred to the Committee on Finance.

He also presented a memorial of sundry citizens of Chester, N. Y., remonstrating against the enactment of legislation for bonus or pension purposes, which was referred to the Committee on Finance.

He also presented a resolution of World War veterans of Erie County, Pa., adopted in mass meeting, favoring immediate payment of World War adjusted-compensation certificates (bonus), which was referred to the Committee on Finance.

He also presented a resolution adopted in Washington, D. C., by the American Institute of Architects relative to the

employment by the proposed administrator of public works of outside professional or technical service in certain cases for architectural and engineering designing and planning of Federal buildings, and favoring the standardization of contract procedure and specifications, which was referred to the Committee on Appropriations.

He also presented a memorial of clerical employees of the United States attorney's office, eastern district of New York, remonstrating against reduction in the compensation of Federal employees, which was referred to the Committee on Appropriations.

He also presented petitions of the Northern Federation of Chambers of Commerce, Potsdam, N. Y., and of citizens of Rochester and New York City, praying for substantial reductions in governmental expenditures with a view to the balancing of the Budget, which were referred to the Committee on Appropriations.

He also presented a resolution of the National Cigar Box Manufacturers' Association, of Philadelphia, Pa., favoring an amendment of the Volstead Act to legalize the manufacture and sale of beer and light wines, and to tax the same, which was referred to the Committee on the Judiciary.

He also presented a memorial of citizens of Barker, N. Y., remonstrating against the passage of Senate bill 4080 to regulate the manufacture and sale of stamped envelopes, which was ordered to lie on the table.

He also presented a petition of employees of the Erie Railroad, of Nyack, N. Y., praying for the enactment of legislation providing for the establishment of a pension system for railroad and transportation employees, which was ordered to lie on the table.

He also presented a resolution adopted by the Socialist Party of Rockland County, N. Y., protesting against the adoption of a manufacturers' sales tax, either general or specific, which was ordered to lie on the table.

He also presented a resolution adopted at an executive board meeting of the associated General Contractors of America at Washington, D. C., favoring the enactment of legislation appropriating $132,000,000 for Federal aid in highway construction, which was ordered to lie on the table.

He also presented a petition of sundry citizens of Chappaqua, N. Y., praying for the passage of the so-called Federal relief bill for unemployment, which was ordered to lie on the table.

Mr. BARBOUR presented resolutions adopted by the Republican Club of Nutley, N. J., favoring the prompt passage of legislation known as the home loan bank bill, which were referred to the Committee on Banking and Currency.

He also presented a petition signed by Miss Sera Jeanne Arnold, president, and members of the Women's Society, Church of the Messiah, of Paterson, N. J., praying for the affording of protection to the reindeer herds in Alaska, which was referred to the Committee on Territories and Insular Affairs.

He also presented resolutions adopted by the Pretty Brook Tennis Club, of Princeton, N. J., favoring the balancing of the Budget and retrenchment in governmental expenditures, which were referred to the Committee on Appropriations.

He also presented memorials of Manalapan Grange, No. 190, of Englishtown; Moorestown Grange, No. 8, of Moorestown; and Wrightstown Grange, No. 147, of Wrightstown, all of the Patrons of Husbandry, in the State of New Jersey, remonstrating against the imposition of taxes on the automobile industry, which were ordered to lie on the table.

He also presented a resolution adopted by the Board of Education of Ridgewood, N. J., protesting against the passage of the so-called Oddie bill, being the bill (S. 4080) to regulate the manufacture and sale of stamped envelopes, which was ordered to lie on the table.

REPEAL OF THE EIGHTEENTH AMENDMENT

Mr. BARBOUR presented a telegram from William C. Fay, commander Department of New Jersey, Veterans of Foreign Wars, of West Englewood, N. J., which was referred to the Committee on the Judiciary and ordered to be printed in the RECORD, as follows:

WEST ENGLEWOOD, N. J., *May 12, 1932.*

United States Senator W. WARREN BARBOUR,
Washington, D. C.:

The tragic Lindbergh episode emphasizes the inability of organized government to combat enthroned viciousness. Let us have the courage to repeal the eighteenth amendment and restore respect for law and order.

WILLIAM C. FAY,
Commander Department of New Jersey,
Veterans of Foreign Wars.

DISABILITY ALLOWANCE TO WORLD WAR VETERANS

Mr. ROBINSON of Indiana. Mr. President, much propaganda is now making the rounds against former service men of various branches of the service, those who have worn the uniform. Most of this propaganda is unfair, a great deal of it vicious and entirely untrue. I shall have more to say on this question before the session adjourns. At present I shall content myself with simply submitting a statement in defense, to some degree, of the soldiers' attitude and the soldiers' position, prepared by Howard R. Hooper, of Indianapolis, Ind., which I ask may be incorporated in the RECORD at this point.

The PRESIDENT pro tempore. Without objection, it is so ordered.

The statement is as follows:

THE DISABILITY ALLOWANCE TO WORLD WAR VETERANS

In 1930 the Seventy-first Congress passed and the President signed an amendment to the World War veterans' act. This amendment granted to veterans of the World War who had served 90 days or more and were honorably discharged from the military service and were suffering with at the time of the passage of the bill and any time thereafter a permanent disability of 25 per cent or more, and which was not due to his willful misconduct, a disability allowance of $12 per month as a minimum, and of $40 per month as maximum amount.

The purpose or object of this amendment was not simply to pay a disability allowance or service pension to men suffering solely from disabilities acquired after they were discharged from the military service, but to compensate veterans who rendered to their country honest and faithful service during the World War, and acquired while rendering such services injuries and ailments that they can not connect with their military service.

Under the rules or laws of the Veterans' Bureau, and according to opinions of the Comptroller General, which rules and opinions are based on the World War veterans' act and amendments thereto, in order for a veteran to be entitled to disability compensation prior to enactment of the above law the veteran must prove that his disability occurred in the military service or was aggravated by his military service.

The method of making this proof was as follows:

A record of the injury or ailment on his service record or military medical history; affidavits of comrades to the effect that he was injured in the service or ill, giving time and place; an affidavit from the veteran stating the kind of illness or injury, the time and place, and what hospital, if any, he was sent to while in the service, and the name or names of the Army doctor or doctors who treated him. Affidavits from doctor or doctors who treated him within two years after he was discharged from the service, giving his or their diagnosis, prognosis, physical and laboratory findings, and that in his or their (the physician or physicians) opinion the injury or ailment is traceable to veteran's military service, and that it disabled the veteran 10 per cent or more.

The cases are legion in which there was no record made of the veteran's illness or injury while in the service. Due to the hurry and bustle in the cantonments, training camps, embarkation camps, on the transports, and in the camps, billets, and trenches in France no record was made or kept of these injuries or ailments.

In other cases the veteran was unable to locate comrades who knew of his military disability, hence he was unable to furnish affidavits from them as to his military disability. In other cases he could not remember the name of the Army doctor who treated him nor the hospital or its location where he was sent for treatment.

In still other cases the physician who treated him within two years after he was discharged from the military service had no record of his diagnosis and prognosis, and no record of his physical or laboratory findings, if he made any, hence he had nothing in his files on which he could predicate a statement or affidavit that the veteran's disability was traceable to his military service and that it disabled him 10 per cent or more.

It was to remedy this unfortunate circumstance that Congress passed the law granting a disability allowance to World War veterans. The Congress took the position that it was better that 99 unworthy claims for compensation be allowed than 1 worthy claim be disallowed due to the fact that the veteran could not comply with the law relative to making proof that his disability was service connected.

HOWARD R. HOOPER,
Former Sergeant B Company,
Three Hundred and Seventy-first Infantry.

STABILIZATION AND CONTROL OF MONETARY SYSTEM

Mr. CAPPER. Mr. President, in the May 6 issue of the Detroit News there was an able editorial which I believe should be read and considered carefully by every Senator; in fact it would be a healthy thing if every American citizen would read and consider it.

The views it expresses are much in accord with my own sentiments in regard to the need for stabilization and control of our monetary system in the public interest. I do not propose to discuss that subject myself at this time, but I do ask permission to print the editorial from the Detroit News in the RECORD as a part of my remarks.

The PRESIDENT pro tempore. Without objection, it is so ordered.

The editorial is as follows:

[From the Detroit News, May 6, 1932]

NOW WE ARE FACING THE FACTS

We venture to predict that when the history of the great depression comes to be written, May 2, 1932, the date on which the Goldsborough bill providing for a radical but governed inflation of the currency was presented to and passed by the House of Representatives, will be underscored as important in spite of President Hoover's scornful comment thereon. Its significance may not be due to the passage of the bill, as to the merits of which there are two and probably three opinions, but the report in which the Committee on Banking and Currency submitted it to the House is a landmark in official discussion of an economic stagnation.

Here is the arrestingly direct and lucid way in which the committee gives the first official recognition to the most menacing problem this Nation has to solve, the problem on whose solution the future of the Nation depends:

"All authorities agree, first, that it is impossible for the debts of the country to be paid at the present price level, and that unless the price level is raised the business of the country is headed for inevitable bankruptcy, and, second, that the present price level is unjust to debtors."

The truth of the statements which the report so boldly makes has been widely apparent for many months and will not surprise anyone who has been following the course of events—as who has not? It is not, then, the matter which is remarkable, but the fact that a governmental body gives it utterance, and that fact, far from disquieting the American public mind, should breed a new confidence and optimism, born of the knowledge that at last Washington is looking conditions squarely in the face and is no longer unready to deal with them.

"The psychological effect of debt, both upon individuals and nations, is disastrous," said Senator KING not long ago. "It often results in individual despair and national disturbances." It is conservatively estimated that to-day debts in the United States amount to over $150,000,000,000, of which nearly a third are governmental. All but a negligible portion of these debts were incurred when money was easy, prices high, and business booming. Now, with money tight, commodity, security, and property values constantly hitting new lows, and business and industry crippled, it is plain, as the committee says, "that it is impossible for the debts of the country to be paid." The hopeless burden which they impose is paralyzing individual initiative and breaking down the financial and industrial structure of the country. The restoration of the former balance between debts and values is the remedy.

The fact that it should have been left for a House committee to formulate the first official statement of the gravity of the situation requires an explanation. In the first place, the administration and Congress have been intent on strengthening the parts of the financial organization which bore the brunt of the collapse, and this they have well done by means of such measures as the Reconstruction Finance Corporation and the Glass-Steagall bill. In the second place, both the executive and legislative branches of the Government depend for financial counsel on the able officials of the Treasury Department and of the reserve banking system, who quite naturally are imbued with the banker or creditor viewpoint. This viewpoint is that the monetary system is in the particular charge of the Federal reserve system, and that to seek causes for general business depression in some fault in that system is merely to beg the question. Under these circumstances there is small cause for wonder that many difficulties had to be dealt with before the key log in the economic jam could be tackled.

But now that the problem has been frankly stated and a determination expressed to deal with it, there is better ground for intelligent hope for its adequate solution than at any time in the last two years. That does not mean that the authors of the Goldsborough bill, among whom Prof. Irving Fisher, of Yale University, is said to be the leader, have hit upon the best or even a practical answer, but it does mean that some of our leaders now see clearly the target toward which they must aim. That is our most substantial gain to date, and we must trust to sound American sense and the sound American political system to produce a bolt and a marksman that will hit the bull's-eye in the middle. When that bolt rings the bell it will sound the knell for the most menacing phase of any depression.

An intensive study of the major depressions or panics through which this country has passed since its birth reveals the significant fact that each of these depressions or panics has served to gather a greater and still greater proportion of the national wealth into the hands of a smaller and ever smaller group of our citizens. The citizen who, previous to one of these depressions, assumed an obligation which he then could pay with 100 days' labor found after the depression had set in he could pay it only with 200 or 300 or 400 days' labor. Naturally, then, wholesale foreclosures followed, and another army of property owners became citizens without property.

The process is a menace to the safety of our country. A fool should perceive that. And the danger is enhanced by the demonstrable fact that each of our major depressions has carried down a constantly growing proportion of our people. How many more depressions it will take to reach the breaking point no man can say. It may be a good many. But that is beside the point. When we absolutely know the rapids are below us it is the part of ordinary wisdom to take steps before the boat is carried into them.

We would not be understood as having lost faith in our Federal reserve system. That has done grand work for the Nation. It has shown us that it can control and check a minor depression which, under the old system, probably would have developed into a major depression. Which encourages us to believe that the able men at the head of the Federal reserve, when asked by Congress to concentrate upon the subject with full knowledge and belief that the fate of the Nation is at stake, can devise a workable method of controlling a major depression also; can make a reasonable balance between debts and values secure.

And when that is done you can trust the American people to reap for themselves that wider dissemination of property which, with our liberties, forms the keystone of our national security and safety.

TAXING DISPATCHES AND SECOND-CLASS MAIL

Mr. KEAN. Mr. President, I ask unanimous consent to have printed in the RECORD an editorial from the Newark Evening News advocating an increased tax on second-class mail matter.

The PRESIDENT pro tempore. Without objection, it is so ordered.

The editorial is as follows:

TAXING DISPATCHES AND SECOND-CLASS MAIL

In its search for new revenue the Senate Finance Committee favors higher second-class mail rates and proposes fresh taxes on the transmission of news, such as leased wires, telegrams, telephone messages, cablegrams, and radiograms.

The attitude of this newspaper toward increased postal rates was stated some time ago. In July, 1929, when President Hoover advocated making the Post Office Department pay its own way, the News said:

"It is said that if the President were to carry out his idea of regarding the post office as a business institution, with the cost of each class of service borne by those who receive the benefits, he would incur the opposition of every newspaper and magazine in the country. This newspaper would not object. It knows no reason why the public should be taxed to pay its postage bills, any more than its telephone, telegraph, and cable bills."

The Senate Finance Committee has voted to go back to the schedule of second-class postal rates of 1921. Postmaster General Brown advocates the more reasonable rates of 1925, which he estimates would bring in about the same additional revenue. The Post Office Department should know better than anyone else. The Post Office Department faces a deficit. If it is convinced that one way to meet this deficit is by increasing the second-class rates, its wisdom should be deferred to and the newspapers and magazines should bear the cost of the service furnished them.

With an institution that relies so much on instantaneous transmission of the news as the newspapers, the transmission taxes would be a heavy item. The newspapers are no more anxious to take this tax than gas consumers want to bear the burden of additional taxes on gasoline or any other business to bear the burden on what affects it directly. But the same rule applies here as to all other taxes. If Washington can demonstrate that the proposed transmission taxes are equitable, they come under the head of things that must be done. There can be no enthusiasm about it, because it would put a heavy burden on a product that is sold very cheaply. Still the tax problem can not be solved if everyone is to plead inability to stand the gaff. The newspapers and the magazines must carry their share of the load.

FEDERAL AID TO CITIES

Mr. VANDENBERG presented resolutions adopted by the Common Council of the city of Detroit, Mich., which were referred to the Committee on Banking and Currency and ordered to be printed in the RECORD, as follows:

Resolution adopted by the Common Council of the city of Detroit, May 10, 1932

By Councilman Castator

Whereas the city of Detroit will from time to time during the next fiscal year find it necessary to borrow money against uncollected general city taxes or its revenue appropriations for the

purpose of meeting its current requirements and maintaining its governmental functions; and

Whereas the city plans to refund bonds or other obligations in connection with its next year's fiscal program and has also been given authority by act of the legislature passed at the special session just closed to issue additional emergency bonds; and

Whereas the banks of Detroit have loaned to the city the amount of their legal requirements and it has been necessary from time to time for the city to negotiate with New York banks and private industries for its financial accommodations, but there is not assurance that said sources of loans will be available when further money is required; and

Whereas present economic conditions may continue for a considerable period and it may become necessary for the city of Detroit to find new sources from which it may borrow money on its faith and credit obligations to meet the above requirements; and

Whereas the United States Congress has enacted legislation enabling the Government to aid in financing agriculture, commerce, and industry including extension of credits to railroads, banks, trust companies, insurance companies, and other financial institutions, and similar relief is now under consideration by President Hoover so as to empower the Reconstruction Finance Corporation to extend credit to municipalities of the country, either for public welfare relief or such other purposes as would be provided by law, by the purchase of notes, debentures, bonds, or other faith and credit obligations of cities, the effect of which legislation would be to improve the municipal bond market, reduce the rates of interest which municipalities may have to pay and stabilize municipal investments now outstanding in the hands of the public and to provide for the public emergency which cities throughout the country are confronted with: Therefore be it

Resolved, That the two Senators from the State of Michigan and the Representatives from the city of Detroit be respectfully requested to urge an amendment to the congressional act incorporating the Reconstruction Finance Corporation or such other legislation as may be finally determined advisable to permit such corporation to invest its assets in notes, debentures, bonds, or other faith and credit obligations of cities in such amounts and for such public welfare or other necessary purposes as may be provided by such amendment, and that such Senators and Representatives use their best efforts in having said legislation passed and enacted as expeditiously as possible; and be it further

Resolved, That the city clerk be requested to forward a copy of this resolution to Senator JAMES COUZENS, Senator ARTHUR H. VANDENBERG, Representative CLARENCE J. MCLEOD, Representative ROBERT H. CLANCY, Representative SEYMOUR H. PERSON, and Representative EARL C. MICHENER; and be it further

Resolved, That the president of the common council be, and he is hereby, requested to appoint a committee consisting of two members of the common council, including the president, the corporation counsel, and the controller to confer with said Senators, Representatives, and other persons in authority for the purpose of carrying this resolution.

Adopted as follows:

Yeas: Councilmen Castator, Hall, Jeffries, Lindsay, Lodge, Smith, Van Antwerp, and the president—8.

Nays: None.

RECONSIDERATION

Councilman Castator moved to reconsider the vote by which the resolution was adopted.

Councilman Lodge moved to suspend rule 23 for the purpose of indefinitely postponing the motion to reconsider, which motion prevailed, as follows:

Adopted as follows:

Yeas: Councilmen Castator, Hall, Jeffries, Lindsay, Lodge, Smith, Van Antwerp, and the president—8.

Nays: None.

Councilman Lindsay then moved that the motion to reconsider be indefinitely postponed, which motion prevailed.

The regular order was resumed.

ADMISSIONS TAX—EXEMPTION ON THEATER TICKETS

Mr. BULKLEY. Mr. President, I present numerous petitions signed by nearly 9,000 citizens of Cleveland, Ohio, praying for a 46-cent exemption on theater admission tickets.

The PRESIDENT pro tempore. The petitions will be received and lie on the table.

THE OHIO PRIMARY ELECTION—PROHIBITION

Mr. BULKLEY. Mr. President, at the primary election held in Ohio this week the voters of that State spoke in no uncertain terms on the question of prohibition. I do not want to detain the Senate with a discussion of that subject at this time, but I ask to have incorporated at this point in the RECORD, as part of my remarks, a summary of the vote from the Cleveland Plain Dealer; also editorial opinions from the Cleveland Plain Dealer, the Cincinnati Enquirer, the Ohio State Journal, of Columbus, the Columbus Dispatch, the Akron Beacon-Journal, the Dayton News, and the Scripps-Howard newspapers of Ohio.

There being no objection, the articles referred to were ordered to be printed in the RECORD as follows:

[From the Cleveland Plain Dealer]

Antiprohibition candidates on both Republican and Democratic tickets were swept to victory in yesterday's primaries by majorities undreamed of in Ohio, birthplace and "cradle" of the Anti-Saloon League and battle ground which witnessed that organization's major triumphs in the last two decades.

Not one candidate for an important State office indorsed by the dry organization survived; this includes governorship, senatorship, and Congressman at large.

That the result of yesterday's primary election will be interpreted as a mandate to both national conventions to write liberal planks into their platforms is by no means unlikely. The voice raised in such certain terms by this pivotal State is not likely to go unheeded.

BETTMAN'S LEAD 52,000

The extent of the antiprohibitionist triumph is best gaged by the annihilating defeat administered by Attorney General Gilbert Bettman to Louis J. Taber, national master of the Grange, in the Republican senatorial contest.

Returns from 8,618 precincts out of a total of 8,701, as compiled by the Associated Press, gave Bettman a lead of 52,322.

In this contest prohibition was singled out as almost the sole issue. Anti-Saloon League leaders and employees went solidly back of the Taber candidacy with one of the old-time appeals to Protestant clergymen to organize their forces and "fight to the death."

Yet out of 557,230 votes cast in these precincts in the senatorial fight, only 198,192 went to the one dry candidate; the others were distributed among Bettman, Mayor Jacob S. Coxey, of Massillon, and Charles A. Bracher, of Dayton (both classed as liberals), and Mrs. Elizabeth C. T. Miller, of Cleveland, who also was not sanctified by Anti-Saloon League approval.

In a somewhat less striking degree, the story of the antiprohibitionist victory was written into the gubernatorial primary contests in both parties.

DOOMED BY "SATISFACTORY"

David S. Ingalls, of Cleveland, striking young Navy World War ace and now Assistant Secretary of the Navy for Aeronautics, zoomed into a spectacular victory over two powerful opponents and veterans of many a political battlefield, Secretary of State Clarence J. Brown and former Gov. Myers Y. Cooper.

Ingalls, taking off on his first state-wide political flight in Ohio, piloted his craft against prohibition evils and held to his course.

Brown and Cooper were, it turned out, grounded by Anti-Saloon League officials, who pronounced against them their verdict of "satisfactory."

In 8,645 precincts tabulated by the Associated Press Ingalls had a lead of 27,852 over Brown, his nearest competitor, and a lead of 57,480 over Cooper, in whose behalf three clergymen sent out letters urging that he be nominated.

A third liberal candidate, Charles C. B. Beatty, pottery salesman of East Liverpool, wholly lacking in organization support, polled 12,168 votes.

Republican voters selected Assistant Attorney General Thomas J. Herbert and former State Senator George H. Bender, both of Cleveland.

In this contest, with seven in the field, there was only one candidate indorsed by the Anti-Saloon League, Rev. B. F. Reading, of Toledo.

In 8,502 precincts tabulated by the Associated Press Reverend Mr. Reading ran 36,060 votes behind Bender, who led the ticket and who, as a militant enemy of the league, was instrumental in bringing about the referendum on the Marshall bill, aimed at restoration of commercialized justice fine and fee splitting courts after they had been outlawed by the United States Supreme Court.

Reverend Mr. Reading ran fourth. Out of 751,668 votes cast in this contest he received only 113,229 votes, the rest going to his liberal opponents.

The Democratic contest for congressman at large was not far different. Of the 11 candidates the league indorsed only 1, Charles E. Lukens, of Marion, and he ran ninth in the precincts so far tabulated, or 69,539 behind the leader, Stephen M. Young, of Cleveland, and 53,155 behind former Director of Agriculture Charles V. Truax, who won second place on the ticket.

LIBERALS IN STATE HOUSE RACE

Thus Ohio made its voice heard—the election fight for the governorship will be between two liberals, Governor White and Ingalls; Bettman, antiprohibitionist, will be opposed by Senator ROBERT J. BULKLEY, of Cleveland, who was elected two years ago against the dry former Senator Roscoe C. McCulloch on a platform demanding modification and repeal, and two liberal Republican candidates for congressman at large will battle it out with two equally liberal Democratic opponents.

Plain Dealer, Cleveland (independent Democrat):

"We do not know to what degree the political eye of the Nation was on Ohio Tuesday. But if the national political sharps are looking our way they will find several interesting things to set down in their little books.

"'Ohio in this primary gives the message to the Nation,' said the appeal which leaders in three churches sent to their pastors just before the primary, urging the nomination of Louis J. Taber for Senator on the Republican ticket, and seeking to switch dry votes from Clarence J. Brown to Myers Y. Cooper in the Republican gubernatorial primary.

"That message is now more than plain. Ohio is no longer a dry State.

"The leading strings of the Anti-Saloon League, so powerful in the days of the late Wayne B. Wheeler, now pull candidates to defeat. Those 'unsatisfactory' to the league did better on the average than those thrice-blessed at Westerville.

"The extraordinary achievement of David S. Ingalls was greatly helped by the political blunder of those dry leaders who thought an eleventh-hour desertion of Brown in favor of Cooper would help their own cause. Instead they killed what slight chance they may have had to stop a Republican nominee whose frank stand against prohibition is a refreshing contrast to the murky hypocrisy which has too often marked this issue in Ohio."

The Enquirer, Cincinnati (independent Democrat):

"One single fact dominates the results of the primary election in Ohio—the people of the State have spoken unequivocally for modification of the prohibition laws. There is no mistaking the meaning of the tremendous vote cast for Gilbert Bettman, running against an avowed dry. This was the clearest test of liquor sentiment in many years and * * * makes plain that reform of the prohibition law is imperatively demanded in Ohio. This conclusion is supported by the success of David S. Ingalls and the large complimentary vote given to Senator ROBERT J. BULKLEY, both of them uncompromising advocates of modification.

"The wide distribution of liberal sentiment shows that modification sentiment is not confined to urban areas. From the Bettman victory it is apparent that the one-time power of the Anti-Saloon League in the Republican Party in Ohio is completely shattered.

"From now on the G. O. P. can approach this all-important social problem in the light of what men and women actually demand. The Ohio primary is a turning point in this nationally important problem."

State Journal, Columbus (Republican):

"When Ohio voted dry in 1918 everybody knew it was only a question of time until nearly every State would capitulate. Since Ohio has gone wet again everybody knows it is only a question of time until national prohibition will be abolished—in letter as well as in already established fact. If any doubt has existed up to this time whether the Republican Party platform, to be adopted next month, will contain a wet plank, that question has been ended by Tuesday's vote.

"So far as the State is concerned, the result in November will be wet, no matter which party is the victor."

The Dispatch, Columbus (independent):

"In this most significant of Ohio primary elections in years, from the national political standpoint, one trend seems to be definitely established. It is that a marked change in sentiment concerning the virtue of the dry cause has occurred among Ohio voters.

"In the national Republican Party especially is this important. It has been awaiting the outcome of the Ohio vote, which admittedly is accounted the most revealing in any of the 48 States because of Ohio's history as a political pace setter, and undoubtedly it will have an effect upon the position which the national convention and the national candidates will take on this question during the election."

Beacon-Journal, Akron (Republican):

"There need be no surprise that David S. Ingalls has won the Republican nomination for governor by a decisive vote, so decisive as to be the outstanding feature of the State primary. His victory carries a moral that should not be lost upon the faint-hearted candidates who imagine that to win high public station it is still in order to mortgage themselves to a decadent Anti-Saloon League leadership, along with the abject subversion of their own opinions and principles.

"Hardly less significant is the popular indorsement accorded Attorney General Gilbert Bettman in the senatorial race. Like Ingalls, Bettman gave defiance to the chieftains of Westerville, and told them bluntly that the hour has come when they should cease troubling the political counsels of the State. This challenge was accepted and the Anti-Saloon League put Louis J. Taber, head of the National Grange, as its champion in the arena. In no election has a contest been more clearly drawn than in this issue between Bettman and Taber. The result is a clear-cut expression of Ohio's sentiment in the matter."

The News, Dayton (Democrat):

"The sensation of the State-wide primary is the success of Republican antiprohibition candidates for both governor and United States Senator. This means nothing less than a political revolution in Ohio. From a time to which few present memories run, the Republican Party in Ohio has been controlled by a combination of interests of which the Anti-Saloon League was one. Men like Governor Cooper, Senator FESS, and the leaders who preceded them are and were official spokesmen in Ohio and in Congress for the powerful, hard-boiled political machine which Wayne Wheeler was able to build. When that whip cracked, the Republican Party jumped. Now at last that whip has cracked and the party has not responded. The party of Willis and FESS has turned about in following Bettman and Ingalls, open and energetic wets. Ohio, keystone of Anti-Saloon League power, is left without an Anti-Saloon League party. The Republican Party, pride of the drys, has gone wet. The political consequences, in Ohio, of this revolutionary change can not fail to be great."

Scripps-Howard Ohio newspapers:

"Wet victories in the Ohio and Indiana primaries hasten the national march away from prohibition. Ohio, the mother of Presidents and mother of the Anti-Saloon League, is a key State. Indiana is the State that had the most drastic dry laws.

"This general reaction against an experiment which started with noble purpose and ended ignobly is now barbed with sharp economic necessity. Prohibition enforcement swells the Federal deficit and at the same time robs the Government of revenue with which to balance the Budget and relieve the overburdened taxpayer.

Those hit by the tax bill are now asking to be spared. The movies, the rubber industry, the automobile industry, the insurance companies—the whole long list.

"And make no mistake about it, they are hit, and hit hard—at a time when any extra expense whatsoever is an inch off the end of the nose.

"Life or death for many of the industries is in the provisions of the tax bill; life if the tax is only all that the traffic will bear; the death sentence if beyond that. And the death means to the Government that the goose that lays the golden egg is no more, that the thing the bill seeks to accomplish is nullified by the bill itself. So it is no more than natural and human that cries for mercy are raised.

"And while all this is going on, the thing which would relieve all, the thing which would save industry from being taxed to death, lies before us—unused.

"Congress, the Congress which is doing the taxing, has the power to amend the Volstead Act. By such an amendment a tax on beer can be levied. And by such a tax the terrible burden could be lightened, could be shifted to shoulders that could bear it—shoulders that now go unencumbered with any load whatsoever.

"A beer tax would bring in from $375,000,000 to $500,000,000 per year. Think what that would do! It is a greater sum than the present proposed taxes on amusements, radios, and phonographs, and communications combined. It is from one-third to one-half the total tax bill.

* * * * * * *

"What a silly situation!

"Prohibition is doomed. Every sign points to that fact. As sure as the stars, prohibition is on the way out. Every politician in Washington knows it. It's only a matter of time. In what amounts to a stampede, the political drys are turning wet.

"What an opportunity to do it now—now, when the awful pressure of taxation can be relieved—not later, when the death sentence on overtaxed Americans has been executed.

"Those industries which are now crying for help have stockholders. Those stockholders are voters. We advise the ones who are now lobbying in Washington to get their companies spared, to go to the grass roots—to call upon their stockholders to express themselves to their Congressmen and their Senators.

"Amendment of the Volstead Act by this Congress would turn the trick. It would clear the skies. It isn't being done because the wary politicians are waiting for the party conventions next month to take the responsibility for something that is as inevitable as to-morrow.

"But pressure from back home might change their minds. The politician, admitting that prohibition is doomed, contends that it 'can't be done in this session.' He can be made to understand that anything is possible in a time like this."

REPORTS OF COMMITTEES

Mr. BARBOUR, from the Committee on Public Buildings and Grounds, to which was referred the bill (H. R. 11337) authorizing the Secretary of the Treasury to exchange the Federal building site in Dover, N. J., for another site, reported it without amendment and submitted a report (No. 685) thereon.

Mr. ODDIE, from the Committee on Post Offices and Post Roads, to which was referred the bill (S. 36) to amend the act entitled "An act to provide that the United States shall aid the States in the construction of rural post roads, and for other purposes," approved July 11, 1916, as amended and supplemented, and for other purposes, reported it with amendments.

Mr. THOMAS of Oklahoma, from the Committee on Indian Affairs, to which was referred the bill (S. 3691) to provide for the manufacture and sale of industrial and beverage alcohol for lawful purposes in Osage County, Okla., reported it without amendment and submitted a report (No. 686) thereon.

Mr. SCHALL, from the Committee on Indian Affairs, to which was referred the bill (H. R. 8393) providing for payment of $25 to each enrolled Chippewa Indian of the Red Lake Band of Minnesota from the timber funds standing to their credit in the Treasury of the United States, reported it without amendment and submitted a report (No. 687) thereon.

Mr. AUSTIN, from the Committee on the District of Columbia, to which was referred the bill (S. 3532) to authorize the Commissioners of the District of Columbia to

readjust and close streets, roads, highways, or alleys in the District of Columbia rendered useless or unnecessary, and for other purposes, reported it with amendments and submitted a report (No. 688) thereon.

Mr. TYDINGS, from the Committee on the District of Columbia, to which was referred the bill (S. 2178) to exempt from taxation certain property of the National Society of the Sons of the American Revolution in Washington, D. C., reported it with amendments and submitted a report (No. 689) thereon.

EXECUTIVE REPORTS OF COMMITTEES

As in executive session,

Mr. REED, from the Committee on Military Affairs, reported favorably the nomination of Brig. Gen. Edgar Thomas Collins, to be major general in the Regular Army, from June 1, 1932, vice Maj. Gen. John L. Hines, to be retired from active service May 31, 1932; and also sundry nominations of officers in the Regular Army, which were placed on the Executive Calendar.

Mr. ODDIE, from the Committee on Post Offices and Post Roads, reported favorably sundry nominations of postmasters, which were placed on the Executive Calendar.

BILLS AND JOINT RESOLUTION INTRODUCED

Bills and a joint resolution were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. WATSON:

A bill (S. 4654) granting a pension to Faye Rowland (with accompanying papers); to the Committee on Pensions.

By Mr. HALE:

A bill (S. 4655) granting an increase of pension to Mary G. Walsh (with accompanying papers); to the Committee on Pensions.

By Mr. THOMAS of Oklahoma:

A bill (S. 4656) granting a pension to Armor Ellsworth Needy (with accompanying papers); to the Committee on Pensions.

A bill (S. 4657) for the relief of Henry Charles O'Dell; to the Committee on Claims.

By Mr. FLETCHER:

A bill (S. 4658) for the relief of Lyman D. Drake, jr.; to the Committee on Claims.

By Mr. COPELAND:

A bill (S. 4659) to amend section 7 of the act of Congress of June 30, 1906 (34 Stat. L. 768, U. S. C., title 21, sec. 8), as amended; to the Committee on Agriculture and Forestry.

By Mr. LA FOLLETTE:

A bill (S. 4660) authorizing a per capita payment of $50 to the members of the Menominee Tribe of Indians of Wisconsin from funds on deposit to their credit in the Treasury of the United States; to the Committee on Indian Affairs.

By Mr. SHEPPARD:

A bill (S. 4661) to repeal an act entitled "An act to legalize the incorporation of national trade-unions," approved June 29, 1886; to the Committee on the District of Columbia.

By Mr. NORBECK:

A bill (S. 4662) for the relief of C. B. Dickinson; to the Committee on Claims.

By Mr. BORAH:

A joint resolution (S. J. Res. 157) to extend the time for filing claims under the settlement of war claims act of 1928, and for other purposes; to the Committee on Foreign Relations.

REVENUE AND TAXATION—AMENDMENTS

Mr. HOWELL submitted an amendment intended to be proposed by him to House bill 10236, the revenue and taxation bill, which was ordered to lie on the table and to be printed, as follows:

On page 286, line 2, after "company," insert a comma and the words "for an amount in excess of $10."

Mr. KING submitted an amendment intended to be proposed by him to House bill 10236, the revenue and taxation bill, which was ordered to lie on the table and to be printed, as follows:

On page 33, line 2, after the word "Territory," insert a comma and the following: "nor to persons carrying on the banking business (where the receipt of deposits constitutes a major part of such business) in respect of transactions in the ordinary course of such banking business."

Mr. TRAMMELL submitted amendments intended to be proposed by him to House bill 10236, the revenue and taxation bill, which were ordered to lie on the table and to be printed, as follows:

On page 36, line 17, strike out "$1,000" and insert in lieu thereof "$1,500."

On page 36, line 19, strike out "$2,500" and insert in lieu thereof "$3,000."

On page 37, line 2, strike out "18" and insert "20."

Mr. CONNALLY submitted an amendment intended to be proposed by him to House bill 10236, the revenue and taxation bill, which was ordered to lie on the table, to be printed, and to be printed in the RECORD, as follows:

Amendment intended to be proposed by Mr. CONNALLY to the bill (H. R. 10236) to provide revenue, equalize taxation, and for other purposes, viz: On page 9, strike out lines 19 to 25, both inclusive (relating to rates of normal tax on individuals), and insert in lieu thereof the following:

"(a) Four per cent of the first $4,000 of the amount of the net income in excess of the credits against net income provided in section 25; and

"(b) Eight per cent of the remainder of such excess amount."

On page 10, strike out lines 5 to 25, both inclusive, all of pages 11, 12, 13, and 14, and lines 1, 2, and 3 on page 15 (relating to surtax rates on individuals), and insert in lieu thereof the following:

"Upon a net income of $6,000 there shall be no surtax; upon net incomes in excess of $6,000 and not in excess of $10,000, 1 per cent of such excess.

"$40 upon net incomes of $10,000; and upon net incomes in excess of $10,000 and not in excess of $12,000, 2 per cent in addition of such excess.

"$80 upon net incomes of $12,000; and upon net incomes in excess of $12,000 and not in excess of $14,000, 3 per cent in addition of such excess.

"$140 upon net incomes of $14,000; and upon net incomes in excess of $14,000 and not in excess of $16,000, 4 per cent in addition of such excess.

"$220 upon net incomes of $16,000; and upon net incomes in excess of $16,000 and not in excess of $18,000, 5 per cent in addition of such excess.

"$320 upon net incomes of $18,000; and upon net incomes in excess of $18,000 and not in excess of $20,000, 6 per cent in addition of such excess.

"$440 upon net incomes of $20,000; and upon net incomes in excess of $20,000 and not in excess of $22,000, 8 per cent in addition of such excess.

"$600 upon net incomes of $22,000; and upon net incomes in excess of $22,000 and not in excess of $24,000, 9 per cent in addition of such excess.

"$780 upon net incomes of $24,000; and upon net incomes in excess of $24,000 and not in excess of $26,000, 10 per cent in addition of such excess.

"$980 upon net incomes of $26,000; and upon net incomes in excess of $26,000 and not in excess of $28,000, 11 per cent in addition of such excess.

"$1,200 upon net incomes of $28,000; and upon net incomes in excess of $28,000 and not in excess of $30,000, 12 per cent in addition of such excess.

"$1,440 upon net incomes of $30,000; and upon net incomes in excess of $30,000 and not in excess of $32,000, 13 per cent in addition of such excess.

"$1,700 upon net incomes of $32,000; and upon net incomes in excess of $32,000 and not in excess of $36,000, 15 per centum in addition of such excess.

"$2,300 upon net incomes of $36,000; and upon net incomes in excess of $36,000 and not in excess of $38,000, 16 per cent in addition of such excess.

"$2,620 upon net incomes of $38,000; and upon net incomes in excess of $38,000 and not in excess of $40,000, 17 per cent in addition of such excess.

"$2,960 upon net incomes of $40,000; and upon net incomes in excess of $40,000 and not in excess of $42,000, 18 per cent in addition of such excess.

"$3,320 upon net incomes of $42,000; and upon net incomes in excess of $42,000 and not in excess of $44,000, 19 per cent in addition of such excess.

"$3,700 upon net incomes of $44,000; and upon net incomes in excess of $44,000 and not in excess of $46,000, 20 per cent in addition of such excess.

"$4,100 upon net incomes of $46,000; and upon net incomes in excess of $46,000 and not in excess of $48,000, 21 per cent in addition of such excess.

"$4,520 upon net incomes of $48,000; and upon net incomes in excess of $48,000 and not in excess of $50,000, 22 per cent in addition of such excess.

"$4,960 upon net incomes of $50,000; and upon net incomes in excess of $50,000 and not in excess of $52,000, 23 per cent in addition of such excess.

"$5,420 upon net incomes of $52,000; and upon net incomes in excess of $52,000 and not in excess of $54,000, 24 per cent in addition of such excess.

"$5,900 upon net incomes of $54,000; and upon net incomes in excess of $54,000 and not in excess of $56,000, 25 per cent in addition of such excess.

"$6,400 upon net incomes of $56,000; and upon net incomes in excess of $56,000 and not in excess of $58,000, 26 per cent in addition of such excess.

"$6,920 upon net incomes of $58,000; and upon net incomes in excess of $58,000 and not in excess of $60,000, 27 per cent in addition of such excess.

"$7,460 upon net incomes of $60,000; and upon net incomes in excess of $60,000 and not in excess of $62,000, 28 per cent in addition of such excess.

"$8,020 upon net incomes of $62,000; and upon net incomes in excess of $62,000 and not in excess of $64,000, 29 per cent in addition of such excess.

"$8,600 upon net incomes of $64,000; and upon net incomes in excess of $64,000 and not in excess of $66,000, 30 per cent in addition of such excess.

"$9,200 upon net incomes of $66,000; and upon net incomes in excess of $66,000 and not in excess of $68,000, 31 per cent in addition of such excess.

"$9,820 upon net incomes of $68,000; and upon net incomes in excess of $68,000 and not in excess of $70,000, 32 per cent in addition of such excess.

"$10,460 upon net incomes of $70,000; and upon net incomes in excess of $70,000 and not in excess of $72,000, 33 per cent in addition of such excess.

"$11,120 upon net incomes of $72,000; and upon net incomes in excess of $72,000 and not in excess of $74,000, 34 per cent in addition of such excess.

"$11,800 upon net incomes of $74,000; and upon net incomes in excess of $74,000 and not in excess of $76,000, 35 per cent in addition of such excess.

"$12,500 upon net incomes of $76,000; and upon net incomes in excess of $76,000 and not in excess of $78,000, 36 per cent in addition of such excess.

"$13,220 upon net incomes of $78,000; and upon net incomes in excess of $78,000 and not in excess of $80,000, 37 per cent in addition of such excess.

"$13,960 upon net incomes of $80,000; and upon net incomes in excess of $80,000 and not in excess of $82,000, 38 per cent in addition of such excess.

"$14,720 upon net incomes of $82,000; and upon net incomes in excess of $82,000 and not in excess of $84,000, 39 per cent in addition of such excess.

"$15,500 upon net incomes of $84,000; and upon net incomes in excess of $84,000 and not in excess of $86,000, 40 per cent in addition of such excess.

"$16,300 upon net incomes of $86,000; and upon net incomes in excess of $86,000 and not in excess of $88,000, 41 per cent in addition of such excess.

"$17,120 upon net incomes of $88,000; and upon net incomes in excess of $88,000 and not in excess of $90,000, 42 per cent in addition of such excess.

"$17,960 upon net incomes of $90,000; and upon net incomes in excess of $90,000 and not in excess of $92,000, 43 per cent in addition of such excess.

"$18,820 upon net incomes of $92,000; and upon net incomes in excess of $92,000 and not in excess of $94,000, 44 per cent in addition of such excess.

"$19,700 upon net incomes of $94,000; and upon net incomes in excess of $94,000 and not in excess of $96,000, 45 per cent in addition of such excess.

"$20,600 upon net incomes of $96,000; and upon net incomes in excess of $96,000 and not in excess of $98,000, 46 per cent in addition of such excess.

"$21,520 upon net incomes of $98,000; and upon net incomes in excess of $98,000 and not in excess of $100,000, 47 per cent in addition of such excess.

"$22,460 upon net incomes of $100,000; and upon net incomes in excess of $100,000 and not in excess of $150,000, 48 per cent in addition of such excess.

"$46,460 upon net incomes of $150,000; and upon net incomes in excess of $150,000 and not in excess of $200,000, 49 per cent in addition of such excess.

"$70,960 upon net incomes of $200,000; and upon net incomes in excess of $200,000 and not in excess of $300,000, 50 per cent in addition of such excess.

"$120,960 upon net incomes of $300,000; and upon net incomes in excess of $300,000 and not in excess of $400,000, 51 per cent in addition of such excess.

"$171,960 upon net incomes of $400,000; and upon net incomes in excess of $400,000 and not in excess of $500,000, 52 per cent in addition of such excess.

"$223,960 upon net incomes of $500,000; and upon net incomes in excess of $500,000 and not in excess of $750,000, 53 per cent in addition of such excess.

"$356,460 upon net incomes of $750,000; and upon net incomes in excess of $750,000 and not in excess of $1,000,000, 54 per cent in addition of such excess.

"$491,460 upon net incomes of $1,000,000; and upon net incomes in excess of $1,000,000, 55 per cent in addition of such excess."

On page 36, strike out lines 16 to 23, both inclusive, and insert in lieu thereof the following:

"(c) In the case of a single person, a personal exemption of $1,000; or in the case of the head of a family or a married person living with husband or wife, a personal exemption of $2,500, unless the net income is in excess of $5,000, in which case the personal exemption shall be $2,000. A husband and wife living together shall receive but one personal exemption. The amount of such personal exemption shall be $2,500, unless the aggregate net income of such husband and wife is in excess of $5,000, in which case the amount of such personal exemption shall be $2,000. If such husband and wife make separate returns, the personal exemption may be taken by either or divided between them. In no case shall the reduction of the personal exemption from $2,500 to $2,000 operate to increase the tax, which would be payable if the exemption were $2,500, by more than the amount of the net income in excess of $5,000."

On page 37, strike out lines 14 to 24, both inclusive, and all of page 38 (being the earned-income provisions).

CONFIRMATION OF COAST GUARD NOMINATIONS

Mr. JOHNSON. Mr. President, I ask unanimous consent that the rule by which two executive session days must elapse before confirmations became final be waived in respect to certain Coast Guard nominations which recently were confirmed at the last executive session of the Senate. I make this request because it is an emergent matter. The young men have graduated and their closing exercises are set for Monday next. It was assumed that then they would receive their commissions and their appointments. If we do not waive the rule, the entire program that has been arranged for Monday next will be utterly and wholly displaced. I therefore ask that the rule may be waived.

The PRESIDENT pro tempore. Is there objection?

Mr. NORRIS. Mr. President, I think all the Senator need do would be to ask unanimous consent that the President be notified of the confirmation of the nominations.

Mr. JOHNSON. I am willing to adopt whichever method will accomplish the purpose; and, at the suggestion of the Senator from Nebraska, I ask unanimous consent that the President may be notified of the confirmation of the Coast Guard nominations which were acted upon by the Senate at its last executive session.

The PRESIDENT pro tempore. Is there objection? The Chair hears none, and, as in executive session, that order will be entered.

GOVERNMENT AND TAXES—ADDRESS BY FREDERICK E. WILLIAMSON

Mr. COPELAND. Mr. President, I ask unanimous consent to have printed in the Appendix a radio address delivered by Mr. Frederick E. Williamson, president of the New York Central Lines, on Wednesday, April 20, 1932, on the subject Government and Taxes—Everybody's Business.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

As a people we are born optimists. We earn more, spend more, and enjoy more than any civilized people in the world. We boast of our national wealth, but we ignore the fact that it represents only the savings of the people. We are proud of our national income, but we forget that it can never be more than the aggregate of individual income.

We concede that government now constitutes the country's greatest business, but we refuse to admit that we are stockholders in the business of government and that we are responsible for the conduct of that business. We find it much more convenient to neglect government, and we do neglect it.

We are most particular in the selection of a new motor car, a radio, or an overcoat; but we give little thought, excepting at or about election day, to the selection of our Government. As a matter of fact, we do not want to be bothered with the details of government unless we think it can do something for us which will give us an advantage over our neighbor. In that event, we are willing to bestir ourselves and we promptly call upon government to satisfy what has become commonly known as "public demand."

Government is always ready to respond to any demand which can possibly be construed as public demand and, during the recent years, "public demand" has become the theme song of our national life. The Federal, State, and local governments have listened to the music, and have intensified their efforts to please the people.

As a result governmental acitvities have continued to expand in every direction. We now find Government engaged in all kinds of business and in direct competition with its citizens. When government enters business it becomes a monopoly, and no private industry can successfully compete with it. Moreover, the business ventures of government are usually conducted at a loss, and these losses are paid from the public tax chest, to which the citizens themselves are required to contribute.

The past decade embraced years of unparalleled prosperity. Our volume of business expanded, values increased enormously, and business generally was profitable. But in spite of these facts, thoughtful citizens constantly directed attention to the rapid expansion of government and the continuously increasing tax burden. But these efforts enlisted little support. The Government was rich; it could do anything; the governmental Santa Claus was on the job.

Huge sums of public tax funds were appropriated and bonds were issued freely for all manner of public improvements—improvements which it was thought were needed, improvements which some one thought might be used sometime in the future, and improvements which nobody needed or would ever need. Millions of tax funds were allocated for every character of service and relief—relief for this, relief for that, and relief for the other thing—largely upon the popular theory that it would not cost anybody anything.

New Government agencies were created to spend the money and new bureaus to supervise the expenditures. Commissions were established to regulate everything and everybody. But there was apparently no thought that all of these things actually cost money; that there would be a day of reckoning; and that the people themselves would be called upon to pay the bill.

Pay day is here—and pay day is to-day. Many of the governmental units throughout the land are now facing enormous cash deficits and some of them are on the verge of actual bankruptcy. How many people realize that in 1919, the year following the armistice, total taxes collected in the United States amounted to seven and one-half billion dollars; that while there was a slight reduction to seven and one-quarter billion dollars in 1923, from then on, beginning at a point five years after peace, our tax bill has been constantly increasing. It was nearly ten billions in 1929 and is over ten billions at the present time. In fact, the total public expenditures for 1930 exceeded $14,000,000,000, the difference being represented by a $4,000,000,000 addition to our public debt of thirty billions. Government budgets must be balanced, and the public credit must be maintained. Government is now looking for a public which is willing to pay for the services which Government provided in response to what Government considered to be a public demand.

At the same time, we are passing through a recession in business which for length and severity is possibly without a parallel in history. Profits of agriculture and industry have almost vanished, and they naturally yield much less tax. The income of the individual has been greatly reduced, if it has not entirely disappeared, and he finds it difficult to pay any tax. We have reached the point, to quote from a recent address by Col. Robert R. McCormick, editor and publisher of the Chicago Tribune, where—

"The evil talk of tax strikes is heard throughout the land; but far more serious than strikes is the growing inability of taxpayers to pay. Strike or no strike, it is absolutely impossible to pay the taxes assessed. Owners of buildings are tearing them down because taxes are more than receipts. Owners of unimproved property are unable to pay their taxes and tax buyers can not be found to evict them. We have reached the extraordinary situation where the ownership of property has become a liability, not an asset."

The man who does not make a tax return, or who does not directly pay taxes, may think that he is exempt from taxation—but he is not. Every citizen, whether he knows it or not, pays taxes. There is no way of evading the tax collector—he finally gets everybody. Taxes are added to the cost of everything we purchase—bread, meat, flour, clothing, fuel, light, rent, and even transportation.

We are apt to point with pride to the fact that the railways, which have contributed so much to the universal welfare, constitute the country's largest corporate taxpayer. In reality, we have merely made the railway industry our largest tax collector.

The railways not only pay real-estate taxes, as do the farmer and the home owner, but they pay more. They pay excise taxes for the privilege of doing business. In many States they pay capital-stock taxes. In some States they pay taxes upon their gross revenues. In at least one State they pay taxes for the privilege of running their tracks across public highways. And, of course, they pay a Federal income tax—when they have any income.

The railways pay these taxes from freight rates and passenger fares which they receive from the public who use rail service. Every time you pay $10 for railway freight or passenger service, you contribute about 75 cents to the cost of government. You pay it to the railways when you purchase a ticket or pay a freight bill, and the railways turn it over to government when they pay their tax bills.

The power to tax is the most important privilege conferred upon government by the people. The proper use of the taxing power is a condition precedent to the prosperity of any country. The abuse of taxing power can destroy even the richest of nations. We should always remember that government itself is not obliged to earn money. Government has the power to collect money from those who do earn it.

When unfair or excessive taxation draws upon the national wealth, our productive ability becomes impaired. Agriculture and industry are compelled to curtail business operations, with resultant unemployment, thinner pay envelopes, and reduced purchasing power. Every dollar of unnecessary or excessive tax, which government takes from the earnings and income of the people, reduces the amount which citizens will be able to spend for goods and services, or for the employment of labor.

It is no longer necessary to point out that the cost of government is now beyond the ability of the people to pay. A business depression has brought that fact home with brutal force. Government has now become a $14,000,000,000 annual expense, and we face a staggering public debt and a back-breaking tax burden. We know where we are to-day, but we must now determine where we are going to-morrow.

If we are to have sound and lasting prosperity in this country, Government must stop looking for new places to spend more money and to levy additional taxes. Government must reduce expenses, and by this I do not mean merely reducing salaries of Government officers and employees; I mean that the only practical way to reduce Government expenses is to curtail governmental activities. We must call a halt upon every extravagance in government which produces excessive taxation, and which compels hand-to-mouth public borrowing. We must get down to hard-pan in the business of government.

Let the Government retire from all business which can and should be conducted by its citizens engaged in industrial enterprise. All commissions, bureaus, and governmental "what nots" which are not actually essential to the public welfare should be abolished. The people should cease their demands upon Government for all kinds of service and for all sorts of fads and fancies—at public expense. We must learn to be satisfied with less, or we must provide it ourselves. Expenditures for public improvements should be based solely upon the absolute need for them, and upon our ability to pay for them.

Everyone knows that reducing expenses is a painful job. But agriculture and industry have been compelled to pare expenses to the very bone of their operations, and the process has been more than painful. The individual citizen has not only felt the pinch, but he has economized until it actually hurts. But what is more important is the fact that these pains will become permanent aches unless government is willing to adopt the same drastic economies which have been forced upon its people.

Some people do not care much what happens as long as it does not happen to them. But government and taxes affect everybody, and everybody is to-day in need of the relief which could readily be provided, through less government and reduced taxes.

What the country needs is relief from governmental meddling with its citizens and with their lawful business pursuits.

What we all need, and need immediately, is relief from a tax burden which now has a strangle hold upon agriculture and industry, and which is actually confiscating the savings and the earnings of the home owner and the wage earner.

If the people really desire economy in government and a tax bill, which they can afford to pay, they can have it. But only if they make their desires known to those who represent them in the conduct of government. Citizens must be sure that their desires are clearly heard and that they are definitely understood. They must see that their wishes are respected.

Within the past few days we learn, through the public press, that an effort is being made to reduce the cost of our Federal Government. This is a move in the right direction. Whether these reductions will be sufficient to give new life to agriculture and industry is for the people and their representatives to determine. If the people really intend to show a proper interest in government, they should now let their representatives know how they feel with regard to the program which has been proposed and with regard to any programs which may be advanced in the future.

Furthermore, we must assume more responsibility for the conduct of a government which is in fact our Government. We must recognize that government and taxes are inseparable, and that they are determining factors in our national life. Government and taxes are and they should always be—everybody's business.

REVENUE AND TAXATION

The Senate proceeded to consider the bill (H. R. 10236) to provide revenue, equalize taxation, and for other purposes, which had been reported from the Committee on Finance with amendments.

Mr. WALSH of Montana. Mr. President, I see in the report on the bill now under consideration some very important figures relative to the revenue which it is estimated will result from the income-tax features of the bill, if enacted. I want to inquire of the chairman of the Committee on Finance, the Senator from Utah [Mr. SMOOT], in charge of the bill, whether the amount of revenue which it is expected will be produced from each bracket is given in the report? I notice the amount which the individual taxpayer will pay is given, but I do not find anywhere the aggregate amount in each bracket.

Mr. SMOOT. We have the figures as to the aggregate.

Mr. WALSH of Montana. Will they be supplied?

Mr. SMOOT. I shall call attention to them in my remarks. I will say, however, that the aggregate revenue, taking the bill as a whole, will be $1,030,000,000.

Mr. WALSH of Montana. I see that the aggregate is given.

Mr. SMOOT. The Senator desires the aggregate in each of the brackets.

Mr. WALSH of Montana. In each bracket.

Mr. SMOOT. I will see if that can not be supplied.

Mr. President, I now ask unanimous consent that the formal reading of the bill (H. R. 10236) to provide revenue, equalize taxation, and for other purposes, may be dispensed with.

The PRESIDENT pro tempore. The Senator from Utah asks unanimous consent that the formal reading of the bill may be dispensed with. Is there objection? The Chair hears none, and it is so ordered.

Mr. SMOOT. Mr. President, there is imposed upon us the all-important duty of taking immediate and adequate steps to place the finances of the Government upon an unquestioned sound basis and to provide for the continuance of the public credit unimpaired. This is a problem of by no means merely fiscal implications, which may be thought of simply in terms of increasing the Federal revenues and decreasing its expenditures. It involves an issue of vastly greater significance, upon which economic conditions in the period which lies immediately before us must depend in very considerable measure. The course which the Congress pursues in dealing with this problem will inevitably affect the welfare of every man and woman in the country.

I need not recount the facts of the depression through which we have been passing during the past two and a half years. The extent of contraction in our industrial and commercial activity and of the decline in commodity and security prices—in fact, values in general—and the drastic credit liquidation which has taken place, the unemployment and the suffering of past months, should be all too fully evident to require description at this time. It is becoming increasingly apparent that this, the most severe depression in the country's history, has reached a stage in which doubt and uncertainty are obstructing the processes of rehabilitation and recovery which the wealth of our resources and the industry and enterprise of our people assure us. There is, furthermore, little doubt that an important contributing factor in this situation, particularly in recent months, has been the concern which has been aroused by the occurrence of heavy deficits in the Federal Budget and by the prospect of further large deficits unless corrective measures are immediately taken.

THE FEDERAL DEFICITS

We closed the fiscal year 1931 with a deficit of slightly more than $900,000,000. Of this amount, $440,000,000 was attributable to sinking fund and other statutory debt retirements. The balance of that deficit, plus an increase of $153,000,000 in the Treasury's general fund, accounted for a net increase in the gross public debt outstanding of $616,000,000. From point of view of the funds which the market was called upon to loan to the Government, there should be added to the net increase of $616,000,000 in the public debt the net amount of $507,000,000, representing additional Treasury borrowing required to convert securities held in the adjusted-certificate fund into cash in order to provide in part for additional loans to veterans. This makes a total increase in the volume of Federal borrowing in the open market in the fiscal year 1931 of more than $1,120,000,000.

Treasury estimates indicate for the current fiscal year—namely, 1932—a deficit aggregating $2,240,000,000, exclusive of additional amounts required to carry out the Government's reconstruction program. Subtracting from this figure $412,000,000 for statutory debt retirements included in expenditures, and adding $625,000,000 for the Reconstruction Finance Corporation and for increases in the capital of Federal land banks, indicates a net increase in the public debt outstanding of not less than $2,450,000,000 for 1932. Again, to obtain the indicated volume of borrowing in the open market, it is necessary to increase this total by the amount of additional securities liquidated in connection with the financing of loans to veterans, which brings the indicated total volume of Federal borrowing in the open market for the fiscal year 1932 to not less than $2,575,000,000.

Thus the Treasury has been called upon to finance through borrowing a deficit of about $900,000,000 for the fiscal year 1931 and a deficit for the fiscal year 1932, which by the end of April had actually reached a total of more than $2,300,000,000.

Mr. HULL. Mr. President——

The PRESIDING OFFICER (Mr. HEBERT in the chair). Does the Senator from Utah yield to the Senator from Tennessee?

Mr. SMOOT. I yield.

Mr. HULL. I could not hear from where I am sitting whether or not the Senator referred to the status of the sinking fund in that connection.

Mr. SMOOT. I have not referred to it as yet, but I will reach that before I conclude.

Mr. HULL. Very well.

DECLINE IN REVENUES

Mr. SMOOT. The deficits are to be attributed in the main to the drastic reduction of the Federal revenues as a result of the depression. Total Federal receipts in the fiscal year 1930 aggregated $4,178,000,000. Treasury estimates indicate that receipts for the current fiscal year amount to only $2,240,000,000—a decline of nearly 50 per cent. Treasury estimates for the fiscal year 1933, the year for which we are budgeting, indicate total receipts of only $2,375,000,000.

Brief examination of the major items of revenue will indicate the character of the changes which have taken place. Customs receipts totaled $587,000,000 for the fiscal year 1930, and are estimated at $430,000,000 for the fiscal year 1933. Miscellaneous internal revenue collections aggregated $628,000,000 in 1930, and are estimated at $550,000,000 for 1933. The most drastic decline in receipts, however, is due to the reduction in the volume of income-tax payments. Current collections of individual income tax have dropped from $1,061,000,000 in 1930 to an estimated total of only $275,000,000 for 1933, while current corporation income-tax collections declined from $1,118,000,000 in 1930 to an estimated total of only $382,000,000. A tax upon incomes must be unproductive whenever incomes disappear.

It is inevitable that the Federal revenues should be seriously affected by the depression, accompanied as it has been by drastic reduction in incomes. The effect of the depression upon the revenues has, however, been accentuated by the fact that the individual income tax rests upon a relatively narrow base and is levied upon incomes which contain highly variable elements. As a result of the liberal exemptions allowed by the existing law the total individual income tax is paid by some 2,000,000 individuals. More than 94 per cent of these taxes are paid by about 260,000 individuals. Consequently the yield of the individual income tax is dependent to a very considerable degree upon the vacillating fortunes of a few individuals. By the proposed reduction in personal exemptions it is expected that some 1,700,000 individuals will be added to the taxpaying group.

SECURITY LOSSES

As to the large incomes particularly, both the number of returns reporting incomes in the upper brackets and the volume of income so reported are largely affected by the profits and losses resulting from dealings in securities. In fact, security gains and losses have been a major factor, accounting for unprecedented yields in the past as well as the recent decline in aggregate individual income-tax collections. The importance of this factor may be illustrated on the basis of the comparison between 1928 and 1930, the latest year for which data are available. The combined net income shown on returns reporting net income of $5,000 and over shows a decline of $6,180,000,000 from 1928 to 1930. Taking into account both profits and losses from security transactions shown on these returns, 1930 shows a decline as compared with 1928 of about $4,230,000,000 in income from dealings from securities. This decrease, therefore, accounted for approximately two-thirds of the change in reported net income. Reasonable restrictions are essential and are recommended in the bill now before you. As the result of provisions written into the bill by the House and

amendments proposed by the Finance Committee affecting the treatment of profits and losses from dealings in securities, the extent to which ordinary income can in effect be wiped out for tax purposes by losses on securities is very materially reduced.

GOVERNMENT EXPENDITURES

With receipts cut practically in half by the depression, the Budget has been further burdened as a result of growing expenditures. Following the postwar deflation of Government outlays, greatly expanded by war activities, Federal expenditures reached a low point of about $3,494,000,000 in the fiscal year 1927. From this figure there has been a constant, unrelenting increase to an estimated total of more than $4,480,000,000 for the fiscal year 1932, exclusive of certain items of expenditure for the Government's reconstruction program, not now possible of accurate estimate. Expenditures for the fiscal year 1933 are estimated at about $4,113,000,000. At a time when corporations and individuals are struggling with the problems of depression, facing the necessity of adjusting expenditures to reduced incomes, and when the Government is calling upon the public to assume an additional tax burden of a billion dollars, the country has an absolute right to demand every practicable reduction in governmental expenditures—Federal, State, and local. I for one believe it our duty to proceed vigorously and promptly to meet this demand. In so far as the Federal Government is concerned, the situation calls for united action in the Congress and for every effort on the part of administrative officers of the Government to accomplish immediate reductions.

While earnestly supporting and urging the conduct of a prompt and effective program of economy as regards the Federal Government, I wish to point out that the problem of achieving real results is by no means as simple as some believe who merely point to the growth in expenditures and ask that balance be restored to the Budget by merely lopping off expenditures to the level of earlier years. The problem is far more intricate and difficult. Curtailment of governmental expenditures in a period of depression presents an entirely different problem from that confronting private enterprises. Even in times of depression essential governmental activities must be conducted on an effective and efficient basis. The need for government is a continuing one. If not most, certainly many of the Government's responsibilities and essential activities are not diminished in such times as these. In fact, in some instances quite the contrary is the case. Certainly in the present period of depression pressure for Governmental expenditures has been heavy, indeed. A very considerable part of the recent increase in Federal expenditures may be attributed to the cost of special activities undertaken as a result of emergency conditions. For example, the increase of nearly $620,000,000 in expenditures between 1927 and 1933 includes an increase of more than $270,000,000 in expenditures for public works, such as Federal-aid highways, public buildings, and river and harbor and flood-control activities. It includes also an increase of about $80,000,000 in outlays for such purposes as ship and aircraft construction and allied activities, $15,000,000 for the agricultural marketing fund, an increase of $128,000,000 for the postal deficiency, and an increase of more than $240,000,000 in expenditures for veterans.

GOVERNMENT ECONOMY ESSENTIAL

Immediate action must be taken. No one familiar with the Federal Budget can, however, take the position at this time that the indicated deficit for the fiscal year 1933 can be eliminated, or even largely eliminated, merely by reducing expenditures. The $4,113,000,000 of expenditures estimated for the fiscal year 1933 includes $1,137,000,000 for interest and statutory debt retirement, and another $980,000,000 for expenditures for veterans. Deducting these two items from the total, we have a balance of somewhat less than $2,000,000,000.

Clearly, then, we find economy opportunities rigidly restricted. Furthermore, most of the important economies require changes in basic legislation, limiting the scope of the activities imposed by existing law. Nevertheless, the same fundamental basic principles admittedly applicable to private enterprise are just as applicable to Federal, State, and local governments. Current expenditures must be kept within current income. Government extravagance must cease. Unnecessary spending must be eliminated. Retrenchment is essential. The prompt enactment of the revenue measure now before you will increase our revenues more than $1,000,000,000 for the fiscal year 1933. The balance of the $1,241,000,000 required to provide for the Budget, I am confident, can and should be covered by reducing expenditures.

SOURCES OF REVENUE

It is indeed a difficult and unpleasant task to select the sources from which additional revenue may be obtained, to recommend an increase in tax burdens by more than $1,000,000,000, and at the same time attempt to adhere to recognized fundamental principles. There are basic objections to every form of taxation. Every tax imposes a burden. We are confronted with the necessity of selecting measures which will raise the required revenues, distribute the burdens reasonably and equitably, prevent avoidable hardships, impose a minimum of impediment to economic recovery, and at the same time not do violence to the fundamental principles of sound taxation.

Ability to pay, a maxim of perhaps greater importance in periods of depression than in prosperous times, may be measured by income or by outgo. A reasonable tax, based upon either, is capable of yielding substantial revenues. At the same time there are very severe practical limitations inherent in each.

INCREASED INCOME TAXES

An income tax is based upon ability to pay. But the rates must not be so high as to prevent the carrying on of income-producing activities. Nor must the rewards of avoidance be too tempting. We are increasing our anticipated revenue from the tax upon individual incomes by approximately 133 per cent. We propose to collect during the fiscal year 1933 approximately $510,000,000 from less than 4,000,000 individuals, and approximately $434,000,000 from some 200,000 corporations. It is at once apparent that the necessary revenues can not be raised solely from a tax upon incomes. Furthermore, quite in accordance with my predictions, our past experience, particularly during the last few years, has proved that our income tax is not a dependable source from which reasonably constant revenues can be expected. During periods of depression, at a time when reliable revenues are most required, its yield is inadequate. We are forced to turn to other measures.

SALES TAXES

A sales tax—whether imposed upon a few selected commodities or upon commodities generally—is a tax based upon outgo, which is a fair measure of ability to pay. But here again we find inescapable limitations. We must select commodities the purchase of which indicates a true tax-paying ability on the part of the buyer. We must consider the effect on the industry, both from the point of view of a possible lessening of the industry's sales and of the resulting competitive disadvantages. We must consider the potential revenues involved; and we can not overlook administrative difficulties and costs.

Personally, under other circumstances, I would have preferred a general manufacturers' tax. Such a tax could be imposed at a relatively small rate. The burdens would be distributed evenly among all industries and all buyers. Discriminations would be avoided. Its yield would be reasonably constant, and could be accurately estimated. Certainty, both as to liability and amount, could be afforded. It could be administered efficiently and at a low relative cost. By reason of the action of the House of Representatives, however, it is my opinion, and the opinion of a substantial majority of the committee, that the enactment of a general manufacturers' tax at this session of Congress is highly improbable. Accordingly, we were forced to turn to taxes upon the sale of a relatively few selected commodities. In so doing we have attempted to adhere to the principles

I have above enumerated. We propose to raise approximately $560,000,000 of additional revenue through selected excise taxes and miscellaneous taxes.

I concede frankly that each proposed tax will be opposed vigorously by the groups directly affected. Each group admits the necessity of immediate increases in revenue. But we are constantly confronted with the cry, "Do not tax us." Just as, in curtailing appropriations, we hear the cry, "Reduce Government expenditures, but do not cut our appropriation."

THE ESTATE TAX

A Federal estate tax is capable of producing very substantial revenues. The so-called 80 per cent credit provision, under which a credit against the Federal estate tax is granted for estate and inheritance taxes paid to the various States—not exceeding, however, 80 per cent of the Federal tax—has very materially reduced its yield. At the same time the States have come to rely upon the additional revenue opportunities afforded them. In order not to affect State budgets and in order to increase very substantially the yield to the Federal Government of our estate tax, the bill as it passed the House proposes an additional estate tax, which will be independent of the 80 per cent credit provision, and under which the existing rates are more than doubled. However, inasmuch as the tax is not payable until at least a year after the death of the decedent, no additional revenues can be expected from this source during the fiscal year 1933, although it is estimated that we will receive an additional $134,000,000 during the first full year of its operation.

THE GIFT TAX

As a supplement to both the estate tax and income taxes, essential primarily by reason of the high rates, we propose a gift tax. Its greatest effect, however, will be in increased estate tax and surtax collections. Even if the gift tax produces no more than $10,000,000 directly in any one year, it will nevertheless be serving the full purpose of its enactment.

POSTAL RATES

Our Postal Service has for several years been operated with an unjustifiable deficit, amounting this year to $195,000,000. It is estimated that the deficit in 1933 will be approximately $155,000,000. I have always contended that the Postal Service should be made to pay for itself. This will be accomplished by the increased rates carried in the bill, together with other expected changes, under which $160,000,000 will be raised, covering the estimated deficit by a reasonable margin.

NEED FOR EXPEDITIOUS ACTION

I can not estimate the unfortunate effects upon the country resulting from the delays and uncertainties accompanying the enactment of the legislation now before us. Business activities have slackened; unemployment, with inescapable suffering of the innocent and helpless, is not improved; commodity prices have continued to fall; values have depreciated; liquidation has not stopped; credits remain frozen, and credit facilities refuse or fail to function; the recuperative powers of the many relief measures adopted have been diminished and in part nullified; fears at home and abroad have not been allayed. Without attempting to weigh its direct effect upon each of these, the postponed and uncertain enactment of an adequate revenue measure has been a depressing, discouraging, and influential factor.

Of lesser importance, perhaps, but as a fact which should not be overlooked, let me point out that each day's delay in final enactment is costing us directly, in loss of revenue, almost $2,000,000 a day. Prompt and adequate provision for the budgetary requirements of the Government and the strengthening and safeguarding of the public credit are indispensable conditions to the return of confidence and recovery in business, upon which the interests and welfare of all classes depend.

It is time, then, that we join in bringing about the immediate passage of the bill. We have worked in the committee upon a nonpartisan basis, except, perhaps, when the various tariff items were under consideration. Let us continue upon a nonpartisan basis. The bill is not a Republican measure nor a Democratic measure. It is a measure for the protection and preservation of your Government and my Government. It is above party lines and distinctions. I trust that it will be so received by the Senate. In such case, Mr. President, its immediate enactment will follow, and we will have taken the all-important step toward economic recovery.

Mr. FLETCHER. Mr. President——

The PRESIDENT pro tempore. Does the Senator from Utah yield to the Senator from Florida?

Mr. SMOOT. I yield.

Mr. FLETCHER. The Senator has made a very admirable speech, a very enlightening, very interesting, and clear address; but there is just one point I would like to inquire about. The Government issued bonds, and those bonds are payable at a certain time and bear a certain rate of interest. Congress provided for the payment of that interest and for a sinking fund to retire the bonds.

Mr. SMOOT. That is true.

Mr. FLETCHER. The Treasury anticipated payments and made payments on account of the principal of those bonds. I wanted to ascertain how much that amounted to.

Mr. SMOOT. Up to the end of last year it had amounted to $10,000,000,000. The original amount of the war debt was twenty-six billion and some odd million dollars, and the Treasury did reduce the debt down to sixteen billion and some odd millions. It is true that the deposit of the 2½ per cent in a sinking fund, as required by law, would not have furnished enough to redeem that much of our war debt; but I think it is most fortunate that the debt was reduced. If that had not happened we would now have been here, not struggling with $16,000,000,000 of those debts, but we would have had, more than likely, over $20,000,000,000 of debt.

Mr. FLETCHER. But we would not have had this deficit.

Mr. SMOOT. The deficit does not come about from the paying of those obligations.

Mr. FLETCHER. We would have had that money in the Treasury, would we not?

Mr. SMOOT. We never could have held in the Treasury of the United States for four or five years four or five billion dollars. If that money had been in the Treasury I am quite certain it would have been appropriated by Congress for some other purpose.

Mr. FLETCHER. I realize that; but we could have had in the Treasury some $2,000,000,000.

Mr. SMOOT. It is possible, but it is not probable, that it would have been there. Every dollar paid by the Government upon those obligations, it seems to me, is like what happens when a man has a note in a bank. He pays it off just as quickly as he can, even though the note is not due, providing the bank will take the payments. That is what the Government of the United States did, and I thank the Lord for it.

Mr. President, there may be numerous questions propounded during the consideration of the bill. I have tried in the report to explain each one of the amendments proposed, and if Senators who are interested in the bill itself will examine the report, they will find an explanation of every amendment that has been made.

Therefore, Mr. President, I shall content myself at this time by stating that it is the first time since I have been a member of the Committee on Finance that there has been no partisanship shown in the drafting of such a measure as the one before us. The senior Senator from Mississippi [Mr. HARRISON] was just as anxious as I was to get the bill out of the committee, and in the best form possible. I think if Senators will study the bill and the changes which have been made in the House provisions they will agree that the committee has done at least a fairly good job.

I shall conclude what I wanted to say at this time, and hope that the passage of the bill will be hastened in every way possible.

Mr. WALSH of Massachusetts. Mr. President, following the remarks of the senior Senator from Utah [Mr. SMOOT]

I ask to have the views of the minority, signed by several members of the Committee on Finance, printed in the RECORD.

Mr. SMOOT. Mr. President, inasmuch as the views of the minority are to be printed in the RECORD, I think the majority report ought to go in at the same time, and I ask that it be printed also.

Mr. WALSH of Massachusetts. I have no objection.

There being no objection, the report of the committee and the views of the minority were ordered to be printed in the RECORD, as follows:

[Senate Report No. 665, Seventy-second Congress, first session]

REVENUE BILL OF 1932

Mr. SMOOT, from the Committee on Finance, submitted the following report (to accompany H. R. 10236):

The Committee on Finance, to whom was referred the bill (H. R. 10236) to provide revenue, equalize taxation, and for other purposes, having had the same under consideration, report favorably thereon, with certain amendments, and as amended recommend that the bill do pass.

FEDERAL BUDGET REQUIREMENTS

We are faced with a deficit for the fiscal year 1933 of $1,241,000,000, exclusive of statutory debt retirement. The deficit for the current fiscal year had reached a total of more than $2,300,000,000 by the end of April. We incurred a deficit in 1931 of $903,000,000. By the end of the current fiscal year our public debt will have been increased by more than $3,000,000,000, rising from $16,185,000,000 at the end of the fiscal year 1930 to more than $19,000,000,000 on June 30 of this year.

Although occasional moderate deficits in the operation of a government are to be expected, recurring large deficits must be avoided. Continued reliance upon borrowing, and failure to provide for a balance as between income and expenditures, and eventually for systematic debt reduction, would inevitably undermine the credit of governments as well as individuals. The maintenance of unimpaired credit is essential.

Your committee is unanimous in the conclusion that the indicated deficit for 1933 of $1,241,000,000 (exclusive of debt retirement) must be covered by reduction in expenditures and by the provision of additional revenue. The bill as reported by your committee should make this accomplishment possible. It should increase revenues by $1,010,000,000 during the fiscal year 1933, and it is expected that the Government economy program will reduce expenditures by at least $230,000,000.

It has been suggested that no effort should be made to balance the Budget in one year, that the process of balancing the Budget should be extended over a period of years, and that the intervening deficits should be met by borrowing. Although frequently misunderstood, this is substantially the policy adopted by the House of Representatives and approved by your committee. Last year's deficit was met by borrowing. This year's deficit has been, or will be, met by borrowing. With a deficit of $1,738,000,000 (including statutory debt retirements) in prospect for 1933 and a further large deficit for 1934, it is clear that immediate provision must be made for additional revenue. We would by this bill bring our Budget back into balance in the third year—that is, in 1933—and even then without covering requirements for statutory debt retirements in the amount of $497,000,000. Not until 1934 will our Government, notwithstanding the extraordinary revenue increases carried in the pending bill, obtain adequate revenues to meet current expenditures and also the requirements of the sinking fund.

Your committee has attempted to make its decisions accord with sound principles of taxation—ability to pay, tested either by income or outgo; maximum yields from rates not excessively high; avoidance of unnecessary hardship; prevention of undue disturbances to competitive situations; and a minimum of interference with economic recovery. It is believed that the bill as reported by your committee accords with these principles.

MAIN FEATURES OF BILL AS REPORTED

The more important features of the bill as reported by your committee may be summarized as follows:

(1) The bill will raise additional revenue, through changes in the income-tax rates and administrative provisions, in the amount of $287,000,000 for the fiscal year 1933.

(2) The normal tax rates applicable to individuals are increased to 3 per cent on the first $4,000, 6 per cent on the second $4,000, and 9 per cent on the balance of net income in excess of the exemptions. The exemptions have been reduced to $1,000 in the case of a single person and $2,500 in the case of a married person.

(3) Surtax rates begin at 1 per cent on net income in excess of $6,000 and increase to 45 per cent on net income in excess of $1,000,000.

(4) The corporate rate is increased from 12 to 14 per cent, and the existing exemption for small corporations is eliminated.

(5) The imposition of the normal tax upon corporate dividends, contained in the House bill, is eliminated.

(6) Adequate protection to the revenues against security losses is afforded, and the severity of the provisions of the House bill is mitigated.

(7) The increased estate-tax rates and the gift tax proposed by the House bill are retained.

(8) Duties are imposed upon the importation of oil, coal, lumber, copper, and rubber.

(9) The bill proposes to impose selective manufacturers' excise taxes which will raise during the fiscal year (inclusive of the above duties) $277,500,000.

(10) Many of the excise taxes contained in the House bill have been eliminated, such as the proposed tax on toilet preparations, furs, jewelry, yachts and motor boats, mechanical refrigerators, sporting goods and cameras, firearms and shells, matches, candy, and soft drinks.

(11) The bill will raise $280,000,000 through miscellaneous taxes upon telephone and telegraph messages, admissions, the issue or transfer of bonds or capital stock, conveyances, oil transported by pipe lines, and checks.

(12) Increases in first and second class postal rates and other pending postal legislation will raise $160,000,000, which should be sufficient to make the Postal Service self-supporting.

COMPARISON OF HOUSE BILL AND COMMITTEE BILL

The following table gives in detail a comparison of the provisions and estimated revenues of the bill after its passage in the House of Representatives and the bill as it is reported by your committee:

Comparison of House bill and Finance Committee bill

Item	House bill	Estimated additional revenue, fiscal year 1933	Bill as reported to Senate	Estimated additional revenue, fiscal year 1933
Title I. Income tax:				
Individual—				
Normal tax rates	2, 4, 7 per cent	$29,000,000	3, 6, 9 per cent	$59,000,000
Surtax rates	1 per cent on net income in excess of $6,000 to 40 per cent on net income in excess of $100,000.	93,000,000	House bill increased to 45 per cent on net income in excess of $1,000,000.	96,000,000
Dividends	Subject to normal tax	89,000,000	House provision eliminated	
Total		211,000,000		155,000,000
Corporation—				
Rate	Increased 12 to 13½ per cent	23,900,000	Increased 12 to 14 per cent	31,900,000
Exemption	Reduced to $1,000 net incomes of $10,000 or less	11,500,000	Exemption eliminated	20,100,000
Consolidated return	Additional rate of 1 and ½ per cent	8,000,000	House provision eliminated	
Total		43,400,000		52,000,000
Administrative changes—				
General	Limitation of losses from sales of securities, etc.	100,000,000	Limitation of losses from sales of securities, revised, etc.	78,000,000
Net loss provision	Carry-over of net losses suspended until after 1933.	7,000,000	Net losses carried forward 1 year	(1)
Dividends	Sec. 115 (b)	6,000,000	House provision eliminated	
	Sec. 115 (d)	2,000,000	Same as House bill	2,000,000
	Dividends, normal tax on foreign corporations and nonresident aliens.	3,000,000	House provision eliminated	
Depletion	Allowance revised	1,000,000	Further revised	(1)
Total		119,000,000		80,000,000
Title II. Estate tax	Additional estate tax	[2] 20,000,000	Same as House bill	(3)
Title III. Gift tax	Rates ¾ of 1 to 33½ per cent	[4] 5,000,000	do	[4] 5,000,000

[1] Negligible.
[2] Assuming collections beginning May 1, 1933.
[3] Assuming collections beginning after June 30, 1933.
[4] Assuming tax effective beginning July 1, 1932.

Comparison of House bill and Finance Committee bill—Continued

Item	House bill	Estimated additional revenue, fiscal year 1933	Bill as reported to Senate	Estimated additional revenue, fiscal year 1933
Title IV. Manufacturers' excise taxes:				
Lubricating oils	4 cents per gallon	$35,000,000	Same as House bill	$35,000,00
Brewers' wort	15 cents and	46,000,000	15 cents per gallon	97,000,000
Malt sirup	35 cents per gallon		3 cents per pound	
Grape concentrates	40 per cent		20 cents per gallon	
Imported oil, etc	Gasoline, fuel oil, crude oil, 1 cent per gallon	5,000,000	Gasoline, 2½ cents per gallon; crude oil and fuel oil, ½ cent per gallon; lubricating oil, 4 cents per gallon; paraffin, 1 cent per pound; asphalt and bitumen, 10 cents per 100 pounds.	5,000,000
Imported coal	10 cents per 100 pounds	500,000	Same as House bill	500,000
Imported lumber	No provision		$3 per 1,000 feet	1,000,000
Imported copper	do		4 cents per pound	(3)
Imported rubber	do		5 cents per pound	53,000,000
Toilet preparations	10 per cent	20,000,000	House provision eliminated	
Furs	do	15,000,000	do	
Jewelry	do	15,000,000	do	
Passenger automobiles	3 per cent	44,000,000	4 per cent	58,000,000
Trucks	2 per cent	4,000,000	3 per cent	6,000,000
Parts and accessories	1 per cent	8,000,000	2 per cent, tires and tubes exempt	9,000,000
Yachts and motor boats	More than $15, 10 per cent	500,000	House provision eliminated	
Radio and phonograph equipment and accessories.	5 per cent	11,000,000	Same as House bill	11,000,000
Mechanical refrigerators	do	6,000,000	House provision eliminated	
Sporting goods and cameras	10 per cent	6,500,000	do	
Firearms and shells	do	2,500,000	do	
Matches	4 cents per thousand	11,000,000	do	
Candy	5 per cent	12,000,000	do	
Chewing gum	do	3,000,000	3 per cent	2,000,000
Soft drinks	On general basis, 1921 act	10,000,000	House provision eliminated	
Total		255,000,000		277,500,000
Title V. Miscellaneous taxes:				
Part I. Telephone, telegraph messages, etc.	5 cents, messages costing 31 to 49 cents; 10 cents, messages costing 50 cents or more.	33,000,000	Telephone: 10 cents, messages costing 50 cents to $1; 15 cents, $1 to $2; 20 cents, $2 and more; telegraph, 5 per cent; cable and radio, 10 cents.	24,000,000
Part II. Admissions	1 cent per 10 cents on admissions over 45 cents	40,000,000	1 cent per 10 cents on admissions over 10 cents; 25 per cent, horse and dog races.	110,000,000
Part III. Stamp taxes—				
Issues of bonds or capital stock	10 cents per $100	8,000,000	Same as House bill	8,000,000
Transfers of stock, etc	4 cents per $100 par value or 4 cents per share no par, but not less than one-fourth of 1 per cent; 4 cents to apply to loans of stock.	70,000,000	4 cents per $100 par value or 4 cents per share no par.	22,000,000
Transfers of bonds, etc	2 cents per $100 par value but not less than one-eighth of 1 per cent.	25,000,000	4 cents per $100 par value	5,000,000
Conveyances	50 cents on $100–$500; 50 cents per $500 in excess	10,000,000	Same as House bill	10,000,000
Sales of produce for future delivery.	5 cents per $100	6,000,000	House provision eliminated	
Part IV. Oil transported by pipe line.	8 per cent of charge	20,000,000	3 per cent of charge	6,000,000
Part V—				
Leases of safe deposit boxes	10 per cent of rental	1,000,000	House provision eliminated	
Checks	No provision		2 cents each	95,000,000
Part VI. Cigarette papers	do		Per package, etc., of 25 or less papers, one-half cent.	(1)
Total		213,000,000		280,000,000
Total additional taxes		866,400,000		849,500,000
Title VIII. Increased postage rates otherpostal provisions.	Increase 1 cent in first-class postage, etc	[6] 165,500,000	Increase 1 cent in first-class postage; increase on second-class matter, etc.	160,000,000
Total additional taxes and postal revenues.		1,031,900,000		1,009,500,000
Required to balance Budget (excluding debt retirement).		1,241,000,000		1,241,000,000
Required reduction in expenditures to balance Budget (excluding debt retirement).		209,100,000		231,500,000

[1] Negligible.
[3] Estimate not available.
[6] Estimate of Committee on Ways and Means, which includes estimated effect on Budget of H. R. 10236 and of other bills recently passed by House.

On the basis of the House estimates, the bill as passed by the House would raise $1,031,900,000. It will be noted, however, that these estimates include $20,000,000 for the increased estate tax, which, in view of the delayed enactment of the new legislation, does not now seem justified and has therefore been excluded from the summary of the bill as reported by your committee, although the estate tax rates are identical in both bills. Moreover, the prospective yield of pending postal legislation included in the summary of the House bill would be reduced by $10,500,000 by the latest estimates of the Post Office Department. These two changes would reduce the estimated yield of the House bill from $1,031,900,000 to $1,001,400,000, as compared with an estimated yield of $1,009,500,000 for the bill as reported by your committee.

INCREASE IN INDIVIDUAL RATES

The present law imposes normal tax rates upon net incomes of individuals, of 1½ per cent upon the first $4,000, 3 per cent upon the second $4,000, and 5 per cent upon the remainder. The House bill provided increases to 2, 4, and 7 per cent, respectively, and your committee recommends rates of 3, 6, and 9 per cent. Surtax rates under existing law begin at 1 per cent upon income of $10,000, and are graduated to 20 per cent upon income in excess of $100,000. The House bill imposes a rate of 1 per cent upon income in excess of $6,000, increasing the rate to 40 per cent upon income in excess of $100,000. The bill as reported by your committee adopts the rates of the House bill, but extends them up to 45 per cent upon income in excess of $1,000,000. The credit for earned income, for administrative simplicity, is changed from a tax credit to an exemption from normal tax. The maximum earned income under existing law is $30,000, and under the House bill and the bill as reported, is $12,000.

As a result of these provisions, a somewhat broader base is given to our income tax structure; somewhat larger taxes will be expected from those able to pay; and the Government revenues will be increased appreciably. At the same time, the proposed rates will not impose an undue burden upon any class of taxpayers. Persons with moderate means, notwithstanding the increases, will be called upon to pay only a relatively insignificant proportion of their income.

The tables following give a comparison of the tax liabilities of individuals under the existing law, the House bill, and the bill as reported by your committee.

INCOME TAX, INDIVIDUAL

Comparison of tax payable under the revenue act of 1928, the revenue bill of 1932, as passed by the House, and the Finance Committee bill

MARRIED PERSON WITH NO DEPENDENTS—$5,000 EARNED-INCOME ALLOWANCE

Net income	Tax under 1928 act	Tax under House bill	Tax under Finance Committee bill
$1,000	0	0	0
$2,000	0	0	0
$3,000	0	$2.50	$3.75

Comparison of tax payable under the revenue act of 1928, the revenue bill of 1932, as passed by the House, and the Finance Committee bill—Continued

MARRIED PERSON WITH NO DEPENDENTS—$5,000 EARNED-INCOME ALLOWANCE—Continued

Net income	Tax under 1928 act	Tax under House bill	Tax under Finance Committee bill
$4,000	$5.63	$20.00	$30.00
$5,000	16.88	37.50	56.25
$6,000	31.88	57.50	86.25
$7,000	46.88	87.50	126.25
$8,000	69.38	135.00	192.50
$9,000	99.38	185.00	262.50
$10,000	129.38	235.00	332.50
$12,000	219.38	381.25	518.75
$14,000	339.38	561.25	738.75
$16,000	479.38	761.25	978.75
$18,000	639.38	981.25	1,228.75
$20,000	819.38	1,221.25	1,518.75
$22,000	1,019.38	1,481.25	1,818.75
$24,000	1,239.38	1,761.25	2,138.75
$26,000	1,479.38	2,061.25	2,478.75
$28,000	1,719.38	2,381.25	2,838.75
$30,000	1,979.38	2,721.25	3,218.75
$35,000	2,659.38	3,661.25	4,258.75
$40,000	3,399.38	4,721.25	5,418.75
$45,000	4,209.38	5,911.25	6,708.75
$50,000	5,079.38	7,221.25	8,118.75
$60,000	6,999.38	10,221.25	11,318.75
$70,000	9,159.38	13,721.25	15,018.75
$80,000	11,459.38	17,721.25	19,218.75
$90,000	13,859.38	22,071.25	23,768.75
$100,000	16,259.38	26,621.25	28,518.75
$150,000	28,759.38	50,121.25	53,018.75
$200,000	41,259.38	73,621.25	78,018.75
$300,000	66,259.38	120,621.25	128,518.75
$500,000	116,259.38	214,621.25	230,518.75
$1,000,000	241,259.38	449,621.25	493,018.75

SINGLE PERSON—$5,000 EARNED-INCOME ALLOWANCE

$1,000	0	0	0
$2,000	$5.63	$15.00	$22.50
$3,000	16.88	32.50	48.75
$4,000	28.13	50.00	75.00
$5,000	39.38	67.50	101.25
$6,000	61.88	95.00	142.50
$7,000	91.88	145.00	212.50
$8,000	121.88	195.00	282.50
$9,000	151.88	245.00	352.50
$10,000	191.88	306.25	433.75
$12,000	311.88	486.25	653.75
$14,000	431.88	666.25	873.75
$16,000	571.88	866.25	1,113.75
$18,000	731.88	1,086.25	1,373.75
$20,000	911.88	1,326.25	1,653.75
$22,000	1,111.88	1,586.25	1,953.75
$24,000	1,331.88	1,866.25	2,273.75
$26,000	1,571.88	2,166.25	2,613.75
$28,000	1,811.88	2,486.25	2,973.75
$30,000	2,071.88	2,826.25	3,353.75
$35,000	2,751.88	3,766.25	4,393.75
$40,000	3,491.88	4,826.25	5,553.75
$45,000	4,301.88	6,016.25	6,843.75
$50,000	5,171.88	7,326.25	8,253.75
$60,000	7,091.88	10,326.25	11,453.75
$70,000	9,251.88	13,826.25	15,153.75
$80,000	11,551.88	17,826.25	19,353.75
$90,000	13,951.88	22,176.25	23,903.75
$100,000	16,351.88	26,726.25	28,653.75
$150,000	28,851.88	50,226.25	53,153.75
$200,000	41,351.88	73,726.25	78,153.75
$300,000	66,351.88	120,726.25	128,653.75
$500,000	116,351.88	214,726.25	230,653.75
$1,000,000	241,351.88	449,726.25	493,153.75

MARRIED PERSON WITH NO DEPENDENTS—MAXIMUM EARNED-INCOME ALLOWANCE

$1,000	0	0	0
$2,000	0	0	0
$3,000	0	$2.50	$3.75
$4,000	$5.63	20.00	30.00
$5,000	16.88	37.50	56.25
$6,000	28.13	55.00	82.50
$7,000	39.38	82.50	118.75
$8,000	56.25	120.00	170.00
$9,000	78.75	165.00	232.50
$10,000	101.25	210.00	295.00
$12,000	168.75	320.00	440.00
$14,000	258.75	500.00	660.00
$16,000	363.75	700.00	900.00
$18,000	483.75	920.00	1,160.00
$20,000	618.75	1,160.00	1,440.00
$22,000	768.75	1,420.00	1,740.00
$24,000	933.75	1,700.00	2,060.00
$26,000	1,113.75	2,000.00	2,400.00
$28,000	1,293.75	2,320.00	2,760.00
$30,000	1,488.75	2,660.00	3,140.00
$35,000	2,168.75	3,600.00	4,180.00
$40,000	2,908.76	4,660.00	5,340.00
$45,000	3,718.75	5,850.00	6,630.00
$50,000	4,588.75	7,160.00	8,040.00
$60,000	6,508.75	10,160.00	11,240.00

Comparison of tax payable under the revenue act of 1928, the revenue bill of 1932, as passed by the House, and the Finance Committee bill—Continued

MARRIED PERSON WITH NO DEPENDENTS—MAXIMUM EARNED-INCOME ALLOWANCE—Continued

Net income	Tax under 1928 act	Tax under House bill	Tax under Finance Committee bill
$70,000	$8,668.75	$13,660.00	$14,940.00
$80,000	10,968.75	17,660.00	19,140.00
$90,000	13,368.75	22,010.00	23,690.00
$100,000	15,768.75	26,560.00	28,440.00
$150,000	28,268.75	50,060.00	52,940.00
$200,000	40,768.75	73,560.00	77,940.00
$300,000	65,768.75	120,560.00	128,440.00
$500,000	115,768.75	214,560.00	230,440.00
$1,000,000	240,768.75	449,560.00	492,940.00

SINGLE PERSON—MAXIMUM EARNED-INCOME ALLOWANCE

$1,000	0	0	0
$2,000	$5.63	$15.00	$22.50
$3,000	16.88	32.50	48.75
$4,000	28.13	50.00	75.00
$5,000	39.38	67.50	101.25
$6,000	56.25	90.00	135.00
$7,000	78.75	135.00	197.50
$8,000	101.25	180.00	260.00
$9,000	123.75	225.00	322.50
$10,000	153.75	270.00	385.00
$12,000	243.75	425.00	575.00
$14,000	333.75	605.00	795.00
$16,000	438.75	805.00	1,035.00
$18,000	558.75	1,025.00	1,295.00
$20,000	693.75	1,265.00	1,575.00
$22,000	843.75	1,525.00	1,875.00
$24,000	1,008.75	1,805.00	2,195.00
$26,000	1,188.75	2,105.00	2,535.00
$28,000	1,368.75	2,425.00	2,895.00
$30,000	1,563.75	2,765.00	3,275.00
$35,000	2,243.75	3,705.00	4,315.00
$40,000	2,983.75	4,765.00	5,475.00
$45,000	3,793.75	5,955.00	6,765.00
$50,000	4,663.75	7,265.00	8,175.00
$60,000	6,583.75	10,265.00	11,375.00
$70,000	8,743.75	13,765.00	15,075.00
$80,000	11,043.75	17,765.00	19,275.00
$90,000	13,443.75	22,115.00	23,825.00
$100,000	15,843.75	26,665.00	28,575.00
$150,000	28,343.75	50,165.00	53,075.00
$200,000	40,843.75	73,665.00	78,075.00
$300,000	65,843.75	120,665.00	128,575.00
$500,000	115,843.75	214,665.00	230,575.00
$1,000,000	240,843.75	449,665.00	493,075.00

INCREASE IN CORPORATION TAX

The existing law imposes a tax of 12 per cent upon the net income of corporations. The House bill increased this rate to 13½ per cent. The bill now reported proposes to increase the rate to 14 per cent. The committee appreciates the fact that even the existing corporate rate is somewhat out of line with our other income-tax rates. Furthermore, the corporate rate has been maintained at a relatively high level since the war. Nevertheless, your committee believes that additional revenue from corporations is necessary.

The existing law grants to corporations having a net income of $25,000 or less an exemption of $3,000. The House bill proposed to decrease this exemption to $1,000 and made it applicable to corporations having net income of $10,000 or less. Your committee recommends that the exemption be eliminated entirely. It is believed that every corporation having net income, irrespective of the size of that net income, is in a position to contribute to the revenue needs of the Government.

CONSOLIDATED RETURNS

The House bill proposed an additional tax of 1½ per cent upon the net income of an affiliated group of corporations which elected to file a consolidated return. Your committee recommends that this additional tax be eliminated. It sees no justification for it. The provisions for consolidated returns under the present law and regulations recognize sound accounting practices and require tax liabilities to be determined on the basis of the true net income of the enterprise as a whole. No improper benefits are obtained from the privilege. Your committee believes that it is highly desirable, both from the point of view of the administration of our tax laws and the convenience of the taxpayer, that the filing of consolidated returns by affiliated groups of corporations be continued, praticularly in view of the changes made in the revenue act of 1928 and in the regulations promulgated by the Secretary of the Treasury thereunder. It is difficult to justify the exaction of a price for the use of this form of return.

Your committee made a very exhaustive study and analysis of the entire subject of tax liabilities of affiliated groups of corporations during its consideration of the revenue bill of 1928. Its conclusions are set forth in its report upon the revenue bill of 1928. It seems unnecessary to repeat them at the present time.

NORMAL TAX ON DIVIDENDS

Under all the revenue acts since 1913, dividends received by individuals have been exempt from normal tax. The purpose of the exemption is to prevent a second imposition of the basic normal tax upon the earnings and profits of corporations at the time of their distribution to stockholders. The House bill proposed to remove this exemption. Your committee believes that even the exigencies of the present situation do not justify double taxation of this nature and recommends that the exemption under the existing law be continued.

LIMITATION UPON SECURITY LOSSES

The House bill adopted very severe limitations upon the allowance of losses from the sale of securities, as a deduction in computing net income. The provision was based upon a twofold policy: (1) Protecting the revenues from the growing practice of reducing tax liabilities by the sale of securities on which losses had accrued, and (2) preventing speculative losses from wiping out ordinary income, which represents real tax-paying ability.

Your committee is of the opinion, however, that the House bill went much farther than the situation necessitated. Securities held for more than two years have been in the hands of investors. The losses they have suffered are decidedly real losses. Investments of this nature normally have been made from income upon which a tax was paid at the time it was earned. The shrinkage in the value of these investments is in every sense of the word a true loss actually sustained by the investor. The existing limitation, that capital losses can not reduce the tax by more than 12½ per cent, is adequate protection against excessive deductions. Accordingly, your committee is of the opinion that no change in this respect should be made in the existing law.

A somewhat different situation exists with respect to losses realized from the sale of securities held by the taxpayer for less than two years. These losses should properly be permitted only as an offset against gains from securities held for less than two years. But undue hardship under existing conditions should be avoided. Your committee believes that security gains and losses should be segregated, that security losses should be deducted solely from security gains; but that security gains should not be taxed until they actually exceed security losses. Accordingly, it is provided that any excess of the security losses in any year should be allowed, subject to certain necessary limitations, as a deduction against security gains in the subsequent year.

NET LOSSES

The net loss provision of the existing law is one of the essential protections against excessive hardships inherent in a tax based upon an arbitrary annual accounting. Tax-paying ability does not exist if a substantial part of a year's profits is required to cover a prior year's losses. The existing law is equitable and fair. The House bill proposed to eliminate it. Your committee recommends that the existing law be retained, but limited to a carry-over for but one year, rather than for two years.

ESTATE AND GIFT TAXES

The existing estate-tax rates are more than doubled. They are extended to 45 per cent, as compared with a maximum rate under the existing law of 20 per cent. The increase is not subject to the 80 per cent credit for State estate and inheritance taxes. As a protection to both estate and income taxes, a gift tax is imposed. The rates are approximately three-quarters of the estate-tax rates. The committee recommends no change.

MISCELLANEOUS EXCISE TAXES

The bill, as it passed the House, contains a large number of special excise taxes. Many of these taxes will produce very little revenue, involve difficulties of administration, and fall within the type frequently designated "nuisance taxes." Your committee is of the opinion that it would be much sounder to select a smaller group of commodities, impose rates which will raise the required revenues, and eliminate many of the minor taxes proposed by the House bill. In selecting the subjects of tax, your committee attempted, as far as possible, to prevent undue burdens upon any particular industry; to guard against disturbances to competitive situations; to select commodities the purchase of which would indicate taxpaying ability; to impose taxes capable of simple and inexpensive administration; and to select commodities which would yield fairly substantial revenues.

Your committee quite appreciates the fact that each particular industry selected feels very keenly that it should be exempt from tax and the necessary revenue collected elsewhere. However, your committee is confronted with the necessity of raising more than $700,000,000 through selective excise or miscellaneous taxes. The field of selection is necessarily limited. Important industries must be included. Your committee appreciates that the industries selected, in common with all other industries, have been and are seriously affected by the depression and consequent decreases in business activity and profits. It is realized that additional burdens at this time may seem unjustifiable and almost insurmountable. It is not believed, however, that taxes at the rates proposed by the bill as reported by your committee impose undue burdens upon industry and commerce or will seriously retard a return to normal business conditions. The required revenues must be raised. Benefits to be derived from the reestablishment of Federal finances upon an unquestionably sound basis far surpass any possible disadvantages from the burden of additional taxes.

MISCELLANEOUS TAXES

The bill as reported by your committee includes a number of miscellaneous taxes, among them the tax on admissions which is levied, with certain relatively minor exceptions, at a rate of 1 cent per 10 cents on each admission in excess of 10 cents. The rate of tax is the same as under existing law and as provided in the House bill. The present law, however, provides an exemption of $3 and the House bill exempts admissions of 45 cents or less.

Although realizing the importance of recreation afforded by theater entertainments, which constitute the principal subject of this tax, your committee believes that theater attendance even at low prices indicates definite tax-paying ability and considers that admissions provide a basis for tax, the incidence of which would be broadly distributed, and the burden of which would not be particularly heavy at the rates proposed. In the existing emergency a tax of 2 cents on a 20-cent admission or a tax of 3 cents on a 30-cent admission would not seem to constitute unduly burdensome contributions to the support of the Federal Government.

By reason of the fact that a great volume of theater charges fall below the exemption provided in the House bill, it is recommended that the tax be applied to all admissions in excess of 10 cents. The proposed tax is estimated to yield $110,000,000 for the fiscal year 1933, as compared with $40,000,000 estimated to be the tax obtained in the House bill. In view of the large amount of revenue to be obtained from the tax which your committee proposes, it is believed that the tax is definitely justified as a part of an emergency program.

The existing law provides for a tax of 2 cents per $100 of par value or per share of no par value on the transfer of stocks. The bill passed by the House raised this tax to 4 cents per $100 of par value or per share of no par value, the tax not to be less than one-fourth of 1 per cent of the sale price and to apply to loans of stock. Your committee concluded upon careful consideration that one-fourth of 1 per cent constituted an excessive tax and that the application of the tax to loans of securities, while increasing the tax in the case of short sales, would at the same time unduly interfere with other classes of operations requiring the loaning of securities—for example, in the case of sales of securities by persons living at a distance and, consequently, unable to make immediate delivery. It recommends, therefore, that the present tax be doubled and the rate increased to 4 cents per $100 of par value or per share of no par value.

The existing law contains no provision for tax on the transfer of bonds. The House bill provides for a tax of 2 cents per $100 or par value but not less than one-eighth of 1 per cent of the sale price on transfers of bonds. Since most bond transactions involve bearer securities, the administration of a tax based on a percentage of the sale price of such securities would be difficult. In addition, it is believed that the levy was excessive. Your committee, therefore, recommends a tax of 4 cents per $100 of par value.

TECHNICAL AND ADMINISTRATIVE PROVISIONS

TITLE I.—INCOME TAX

SECTION 1. APPLICATION OF TITLE

The proposed bill follows the general plan and arrangement of the revenue act of 1928. The proposed income-tax title is made applicable to 1932 and subsequent taxable years. The income-tax title of the 1928 act is not repealed by the bill and remains in force for the collection of taxes for the taxable years 1928 to 1931, inclusive.

The reference to section 811 (c) contained in the House bill is omitted by your committee, due to the fact that section 811 of the House bill has been stricken from the bill as reported.

SECTION 12 (C), CLERICAL

This change in a cross reference is made necessary by the change in income-tax rates applicable to individuals.

SECTION 12 (E). ADDITIONAL TAX ON EXCESSIVE COMPENSATION FOR PERSONAL SERVICES

Your committee believes that the large amounts of compensation, particularly in the form of bonuses, emoluments, and rewards frequently paid to the officials of corporations are greatly in excess of reasonable compensation for the services actually performed. Accordingly it recommends a higher tax upon the excess of such compensation over a reasonable amount. Your committee believes that under present circumstances compensation, to the extent that it exceeds compensation at the rate of $75,000 per year, should not be regarded as reasonable compensation for income-tax purposes, and that any bonus, emolument, or reward (whether taking the form of cash, stock, stock rights, securities, or any other property), exceeding compensation at that rate should be subject to a higher rate of tax, fixed by your committee at 80 per cent of such excess. The 80 per cent tax provided in this subsection is in lieu of all other taxes under the income-tax title in respect of the excess; that is, the excess should be excluded from the income subject to ordinary normal and surtax rates.

SECTION 22 (A). COMPENSATION OF PRESIDENTS AND JUDGES

This section has been amended to make it clear that compensation of the President of the United States and of judges of courts of the United States taking office after the date of the enactment of this bill is to be included in gross income. To effectuate that purpose, in cases in which the compensation for any such office has been provided in acts antedating the present bill, it is provided that all acts fixing the compensaton of such President and judges are by this provision amended so that in every case such compensation will be reduced by the amount of the Federal income tax resulting from the inclusion in gross incomes of the amount of such compensation.

SECTION 22 (B). DIVIDENDS OR INTEREST FROM DOMESTIC BUILDING AND LOAN ASSOCIATIONS

The present law exempts domestic building and loan associations from all taxation and, in addition, exempts from tax $300 in interest or dividends received by an individual from such associations. While your committee does not desire to disturb the exemption granted under the present law to domestic building and loan associations themselves, it sees no reason why interest and dividends received from such associations should not be taxable to the recipient like any other investment income, such as interest on bank deposits and dividends from ordinary corporations. Accordingly, the exemption allowed under section 22 (b) (7) of the present law is omitted from the proposed bill.

SECTION 22 (B). PENSIONS AND WORLD WAR COMPENSATION PAYMENTS

Your committee sees no valid reason for continuing the exemption in case of pensions and World War compensation payments granted by existing law, since it is believed that the credits for personal exemption and dependents provided in section 25 are adequate to take care of virtually all cases and that such amounts, if and to the extent they constitute income, should bear their portion of the tax.

SECTION 22 (B) (4). TAX-FREE INTEREST

The change in this section is made to bring the language of the section into accord with the clarifying change made in section 23 (b) pertaining to deductions of interest from gross income.

SECTION 22 (B) (7). CLERICAL

This is a clerical change occasioned by the repeal of section 16 (a) of the House bill relating to earned income from sources without the United States.

SECTION 23 (A). COMPENSATION FOR PERSONAL SERVICES

Your committee is of the opinion that the payment of any compensation to any person of an amount which exceeds compensation at the rate of $75,000 per year should be regarded, for income-tax purposes, as in excess of reasonable compensation for personal services actually rendered, and for that reason has amended this section by prohibiting a deduction of the amount by which any compensation of any person for personal services exceeds compensation at the rate of $75,000 per year.

SECTION 23 (B). INTEREST

Section 23 (b) has been clarified by a change in wording to indicate that no deduction may be taken for interest on indebtedness incurred or continued to carry obligations the interest on which is exempt from the taxes imposed by the income-tax title. This is simply a clarifying change and is not intended to alter the existing law. A corresponding change has been made in section 204 (c) (8).

SECTION 23 (C) (2). DEDUCTION FOR FOREIGN INCOME TAXES

The existing law allows a deduction in computing net income of so much of the income, war-profits, and excess-profits taxes paid to a foreign country as is not allowed as a credit against the tax due the United States. In thus allowing both a credit and a deduction preferential treatment is frequently given to taxpayers receiving income from foreign sources. For example, a domestic corporation derives income of $100,000 from sources in the United States and $100,000 from sources in Great Britain. Such corporation pays to Great Britain a tax of $25,000 upon its British income. Under the present law this taxpayer is allowed a credit of $12,000 against its tax due this country and, in addition, a deduction of $13,000 (the balance of its British tax) from its United States income. Since the entire foreign income is, in effect, excluded from the taxpayer's gross income because of the allowance of the credit for foreign taxes, the result of the additional deduction is that the taxpayer fails to pay a full tax upon its income from domestic sources. As your committee believes that a full tax should be paid upon income from sources within the United States, the section has been amended to deny a deduction for foreign taxes in all cases where the taxpayer has indicated on the return an intention of claiming a credit for foreign taxes under section 131.

To make it clear that a taxpayer who in respect to any taxable year claims credit under section 131 for any foreign taxes is thereby precluded from obtaining a deduction under this section for any other foreign taxes, your committee has amended the House bill by the additions of the words "to any extent."

SECTION 23 (E), (F). CLERICAL

These amendments are made necessary by the insertion in the House bill of subsections 23 (r), (s), and (t) and by the elimination by your committee from the House bill of subsections (s) and (t) of that bill.

SECTION 23 (E) (3). CASUALTY LOSS CLAIMED AS DEDUCTION FOR ESTATE-TAX PURPOSES

Section 805 of the House bill provided that certain casualty losses incurred during the settlement of a decedent's estate should not be allowed as deductions for estate-tax purposes for the reason that they were allowable for income-tax purposes. Whether such losses should be allowed for purposes of the income or the estate tax depends largely upon the circumstances of the particular case, and your committee believes that an option should be given as to whether the deduction for losses of this character should be taken for one tax or for the other. To prevent any duplication of deductions it is provided that the deduction for income-tax purposes may be allowed only if at the time of the filing of the return no deduction has been claimed for such loss in a return of the estate tax. A corresponding limitation upon any deduction for estate-tax purposes has been inserted in the amendment to section 303 (a) (1) of the revenue act of 1926 made by section 805 of the bill. For example, a decedent dies leaving a will under which he devises an office building to X. The building, uninsured, burns down and X claims a deduction for the loss in his income-tax return. The executor of the estate will not be entitled to a deduction for the loss in determining the net estate reported in the estate-tax return thereafter filed. However, if the estate-tax return claiming the deduction is first filed, X will not be entitled to the loss deduction in his income-tax return.

SECTION 23 (G). CLERICAL

This is one of the series of amendments discussed in connection with section 111 (a) on a later page of this report.

SECTION 23 (I). CLERICAL

This is a change made necessary by the proposed amendment to section 117, relating to net losses.

SECTION 23 (L). DEPLETION

The House bill requires a change in the annual depletion allowance where a new estimate of the number of the recoverable units is made in the light of subsequent events. The effect of the amendment is shown by the following example:

A purchased for $1,000 an ore body with estimated recoverable units of 1,000. He removes 500 units and takes depletion deductions aggregating one-half of his cost, or $500. Subsequently it is ascertained that there remain in the mine 1,500 recoverable units and the original estimate of 1,000 recoverable units is revised. Under the amendment, his unrecovered cost ($1,000 less $500) would be spread over the revised estimate of the recoverable units (1,500) with the result that on each unit thereafter removed he would be allowed a depletion deduction of 33⅓ cents per unit instead of $1 per unit.

The provision in the House bill has been amended so as to make it clear that it is also to apply where the revision of the estimate of recoverable units results from day-to-day operations.

The cross reference contained in the House bill to section 114 (b) (3) relating to percentage depletion is changed in view of the fact that percentage depletion has been extended to metal mines as well as to sulphur and oil and gas wells.

SECTION 23 (N) (3). CLERICAL

This is a clerical amendment made necessary because section 7 of the vocational rehabilitation act has been superseded by section 12 of the World War veterans' act, 1924.

SECTION 23 (P) (1). DIVIDENDS RECEIVED BY A CORPORATION FROM AN EXEMPT CORPORATION

Dividends received by a corporation are allowed as a deduction in computing the net income of a corporation, upon the theory that a corporate tax has already been paid upon the earnings out of which the dividends are distributed. Where, however, the distributing corporation is exempt from tax, there is no reason why the dividends should be deducted from the gross income of the stockholder corporation. Accordingly the existing law has been changed to deny the deduction in such a case.

SECTION 23 (Q). CONTRIBUTIONS TO PENSION TRUSTS UNDER 1928 ACT

An amendment to the House bill has been inserted to make sure that any deduction allowable under the corresponding subsection of the 1928 act and apportioned under that act to any year or years subsequent to 1931 may be allowed for any taxable year covered by the bill.

SECTION 23 (R), (S), AND (T). LIMITATION ON STOCK LOSSES

There are no provisions in existing law corresponding to section 23 (r), (s), and (t). Many taxpayers have been completely or partially eliminating from tax their income from salaries, dividends, rents, etc., by deducting therefrom losses sustained in the stock and bond markets, with serious effect upon the revenue. It is apparent that a number of these losses are taken for the sole purpose of tax avoidance.

The House bill, in recognition of this situation, provided for the disallowance of all losses sustained on the sales of stocks and bonds to the extent that such losses exceeded the gains from similar transactions. Losses on stocks or bonds held over two years were offset against gains on such assets held over two years, and losses on the sales of stocks or bonds held two years or less were offset against gains on such assets held two years or less. Subject to certain limitations, an excess of losses over gains in one of the above-mentioned groups could be offset against the gains in the other group. The amount of the losses not allowed within the taxable year in no case could be carried forward to the succeeding year.

Your committee, while in general agreement with the purpose of the House bill, believes that the method adopted to carry out this purpose is somewhat too drastic in that it penalizes pure investment losses as well as mere speculative losses.

As now drafted the limitation that losses on stocks and bonds can only be taken to the extent of gains from similar transactions is confined to the sale of such securities which have been held for two years or less. Gains or losses arising from the sale for stocks and bonds held for over two years are in all cases treated precisely as under present law, whether such losses are incurred by a corporation or an individual. In this connection it should be stated that such losses are already subject to a very considerable limitation for tax purposes, inasmuch as, in the case of an individual, the reduction in tax can not exceed 12½ per cent of such losses.

Since the individual may pay a tax as high as 54 cents on the dollar under the rates proposed by your committee, the fact that the 12½ per cent limitation applies may reduce the advantage of a given loss for tax purposes by more than 75 per cent. Further limitation appears unnecessary in view of the above and because of the fact that these transactions are usually nonspeculative in character.

The method recommended by your committee in dealing with transactions in stocks and bonds held for two years or less, which obviously comprise the bulk of speculative transactions, may be stated as follows: The excess of losses over gains in these transactions is not allowed as a deduction against other income, but such excess may be carried forward and applied against gains from similar transactions in the subsequent year; provided, first, that there is deducted from said excess the amount of any losses brought forward from the preceding year; and, second, that the remainder may not be carried forward in an amount exceeding the net income of the taxpayer for the current taxable year. The reason for the first limitation is to restrict the carry-over to one year. The reason for the second limitation is to prevent the taxpayer from obtaining a deduction in the subsequent year for stock losses of the current year, which losses under existing law would have resulted in no tax benefit to the taxpayer in the current year because of the absence in such year of income against which to take the losses.

In this discussion of the limitation on stock losses, stocks and bonds held by a taxpayer primarily for sale in the course of his trade or business are treated as stocks and bonds held for two years or less, regardless of the time for which they may have been held.

The effect of these provisions may be illustrated by the following examples, wherein the terms 1-year losses and 1-year gains are used to denote losses or gains from the sale of stocks and bonds held for two years or less:

Case No. 1 (a).—Individual return 1932

Net income from salaries, dividends, rents	$50,000
Excess of 1-year losses over 1-year gains for 1932	100,000
1-year losses brought forward from prior year	(1)
Taxable income (present law)	-------
Taxable income (House bill)	50,000
Taxable income (Finance Committee bill)	50,000
Amount allowed as carry-over (Finance Committee bill)	50,000

In the above case it will be noted that the carry-over is limited to the net income; that is, to $50,000, although the 1-year losses not deducted in 1932 amount to $100,000. The taxable income is the same under the House bill and the Finance Committee bill.

Case No. 1 (b).—Individual return, 1933

Net income from salaries, dividends, rents	$100,000
Excess of 1-year losses over 1-year gains, computed without regard to the carry-over from 1932	75,000
1-year losses brought forward from 1932	50,000
Taxable income (present law)	25,000
Taxable income (House bill)	100,000
Taxable income (Finance Committee bill)	100,000
Amount allowed as carry-over (Finance Committee bill)	75,000

In the above case it will be noted that the net income limitation on the carry-over does not operate to cut down the amount of the carry-over, which is $75,000, i. e., the excess of 1-year losses over 1-year gains in 1933 computed without regard to the $50,000 carry-over from 1932.

Case No. 1 (c).—Individual return, 1934

Net income from salaries, dividends, rents	$150,000
Excess of 1-year gains over 1-year losses, computed without regard to the carry-over from 1933	65,000
1-year losses brought forward from 1933	75,000
Taxable income (present law)	215,000
Taxable income (House bill)	215,000
Taxable income (Finance Committee bill)	150,000
Amount allowed as carry-over (Finance Committee bill)	-------

In the above case it will be noted that the carry-over from 1933 is sufficient to eliminate from tax the 1-year gains of $65,000 in 1934, but that there will be no carry-over to 1935. The taxable income under the House bill is $215,000 and under the Finance Committee bill $150,000, showing some measure of relief to compensate for the denial of losses in the preceding year.

If cases 1 (a), 1 (b), and 1 (c) are surveyed as a whole, it will be found that over a 3-year period the individual under present law would pay taxes on $240,000, under the House bill on $365,000, and under the Finance Committee bill on $300,000.

Case No. 2.—Corporation, 1933

Operating net income	$200,000
Losses from sale of stocks and bonds held over 2 years	100,000
Excess of 1-year gains over 1-year losses, computed without regard to the carry-over from 1932	50,000
1-year losses brought forward from 1932	25,000
Taxable income (House bill)	200,000
Taxable income (Finance Committee bill)	125,000
Carry-over to 1934 (Finance Committee bill)	-------

It will be noted in the above case that the corporation under the Finance Committee bill secures substantial relief over the results obtained by the House bill.

[1] None allowable.

The exemption from the restrictions of these provisions provided for in the House bill is retained in the case of a dealer in securities (i. e., a merchant of securities whether an individual, partnership, or corporation, with an established place of business, regularly engaged in the purchase of securities at wholesale and their resale to customers); in the case of losses sustained in connection with transactions with customers in the regular course of business. Your committee recommends extending this exemption to banks and trust companies incorporated under the laws of the United States or of any State or Territory, since it appears that such institutions should receive as favorable treatment as the dealers in securities. Traders or other taxpayers who buy and sell securities for investment or speculation, whether or not on their own account, and irrespective of whether such buying or selling constitutes the carrying on of a trade or business, are not regarded by your committee as dealers in securities within the meaning of this rule, and are not given exemption.

Subsection (s) requires that gains or losses from short sales of stocks and bonds, or from privileges or options to buy such securities, shall be treated as gains or losses from the sale or exchange of stocks and bonds held for less than two years. Your committee is of the opinion that there should be no distinction between such transactions and sales or exchanges of stocks and bonds. Accordingly, the limitation on stock losses is extended to this type of transactions.

Under subsection (t) the term "stocks and bonds" is defined. Federal, State, and municipal bonds are excluded from the definition so as not to hamper the sales of such securities. Bonds of foreign governments are also excluded.

SECTION 25 (A). CREDIT OF DIVIDENDS FOR NORMAL TAX PURPOSES

Your committee has restored to the bill the provisions of existing law permitting a credit for dividends for purposes of the normal tax. The provisions of the bill as reported by your committee represent a return to the rule established in prior revenue acts, which is designed to prevent a form of double taxation.

SECTION 25 (A) (1). DIVIDENDS RECEIVED BY INDIVIDUALS FROM EXEMPT CORPORATIONS

Dividends of a domestic corporation received by an individual are allowed as a credit against net income in computing the normal tax on the theory that the normal tax has already been paid by the corporation. Where, however, such corporation is one which is exempt from tax there is no reason why the dividends should not be subjected to normal tax when received by the stockholders. The law is changed to accomplish this purpose.

SECTION 25 (C). PERSONAL EXEMPTION

Under existing law, for the purposes of the normal tax only, a single person is entitled to a personal credit against income of $1,500 and a married person or head of a family is entitled to $3,500. On account of the urgent need for revenue, the personal exemption was by the House bill reduced to $1,000 in the case of a single person and to $2,500 in the case of a married person or head of a family.

SECTION 25 (E). CHANGE OF STATUS

Under existing law the credit for dependents is determined by the status of the taxpayer on the last day of the taxable year. A similar rule is applied with respect to the personal exemption in the case of a change of status on account of death. If the change in status is due to causes other than death a different rule applies in determining the amount of the personal exemption. These varying rules operate unjustly against both the Government and the taxpayer. For example, if a wife dies on December 30, her husband may be entitled only to the exemption allowed a single person. If the wife had income of her own, she would be entitled to the personal exemption allowed a married person; in addition, her husband would be entitled to the exemption allowed to a single person. Furthermore, if a child becomes 18 years of age on December 30, the parent loses the benefit of the $400 credit for dependents. The committee sees no reason for these varying rules. Accordingly, the proposed bill provides that if the status of the taxpayer, in so far as it affects the personal exemption or credit for dependents, changes during the taxable year, the exemption and credit shall be apportioned on a monthly basis under rules and regulations prescribed by the commissioner with the approval of the Secretary.

SECTIONS 25 (F) AND 25 (G). EARNED INCOME CREDIT

The proposed amendments add subsections (f) and (g) to section 25 and are in lieu of section 31 of the existing law. Subsection (f) changes the form of the credit from a credit against the tax equal to 25 per cent of the tax on the earned net income to a credit against net income (but only for normal tax purposes) equal to 12½ per cent of the amount of the earned net income. While this change produces approximately the same result as the old system at the new rates it greatly simplifies the computation of the tax, eliminating 14 items from the return form. To prevent the credit from absorbing unduly the tax on other income it is provided that the amount of the credit shall in no case exceed 12½ per cent of the actual net income as distinguished from the earned net income.

Subsection (g) is the same as section 31 (a) of the existing law except that the $30,000 limitation on earned net income is reduced to $12,000.

SECTION 26. CREDITS OF CORPORATIONS AGAINST NET INCOME

The present law allows a credit against net income of $3,000 in the case of corporations having a net income of $25,000 or less.

Under the House bill the credit is reduced to $1,000 and granted only to corporations having a net income of $10,000 or less. Your committee has eliminated this credit entirely in view of the urgent need for revenue.

SECTION 44 (D). TRANSMISSION AT DEATH OF INSTALLMENT OBLIGATIONS

Your committee has added to section 44 (d) a provision that the subsection shall not apply to the transmission at death of installment obligations if a bond is filed in the proper amount conditioned upon the return as income by any person receiving any payment on account of such obligations of the same proportion of such payment as would have been returnable by the decedent had he lived and received the same. It has come to the attention of your committee that considerable hardship sometimes occurs in the application of existing law to cases of decedents who die possessed of substantial amounts of installment obligations. In such cases the entire amount of the profit represented by the obligations must be reported as income in the return of the decedent for the year of his death. Your committee believes that if, for example, the estate of the decedent or his next of kin or legatees file a bond to return as income the proper proportion of the payments received by them on account of the installment obligations received from the decedent, the revenue will be properly protected. This section is accordingly amended to provide for such procedure.

SECTION 47 (E). CLERICAL

This is a clerical change made necessary by the elimination from section 26 of the specific credit of corporations against income.

SECTION 51 (A) AND (B). CLERICAL

These are amendments made necessary as the result of the amendments made to section 25 (c), reducing the personal exemption to $1,000 for a single person and $2,500 for a married person.

SECTION 101 (C) (8) (C). CLERICAL

This amendment makes a clerical change in this subsection by inserting a reference to the revenue act of 1928 in lieu of a reference to the revenue acts of 1924 and 1926. The revenue acts of 1924 and 1926 are omitted for the reason that if any taxpayer received stock or securities in a distribution wherein no gain or loss was recognized under such acts, such stock or securities have necessarily been held for more than two years prior to January 1, 1932, the effective date of this title.

SECTIONS 101 (C) (8) (D); 113 (A) (11), AND 118. WASH SALES

Section 101 (c) (8) of the existing law recognizes that in certain cases where the gain or loss basis of old property carries over, in whole or in part, to newly acquired property, the newly acquired property is regarded as taking the place of the old property and the two are regarded as the same property for the purpose of determining the period the property was held. The existing law does not specifically cover the cases of property acquired in connection with a wash sale, although no loss from such sale was recognized under section 118 and the basis of the old property is carried over in whole or in part under section 113 (a) (11) to the new property. Your committee sees no reason why property acquired under these circumstances should not be accorded the same treatment as is accorded in other similar cases. Accordingly a new subparagraph (D), added to section 101 (c) (8) by the House bill, is concurred in by your committee.

In many cases of "wash" sales the shares disposed of in the "wash" sale have been purchased at different times and at different prices, or the shares repurchased in connection with the sale are subsequently sold at different times and at different prices, or the number of shares repurchased are greater or less than the number of shares sold. In all such cases some allocation as between the shares sold and the shares repurchased is absolutely essential in order to apply the new "tacking" provision included in section 101 (c) (8); and such allocation is, in fact, equally desirable in determining the amount of the loss to be disallowed on the "wash" sale and the basis for computing future gain or loss on the shares repurchased in connection with the "wash" sale. In the prior act it was assumed that such identification or allocation was unnecessary or, if necessary, could readily be made. In the types of cases mentioned above an accurate allocation is often impossible, and resort must be had to some rule of thumb. As it would be impracticable to state in the act a rule of uniform application to all the possible types of cases, it is provided in subsections (b) and (c) of section 118 that such allocation shall be made under rules and regulations to be prescribed by the commissioner. The allocation so made will, of course, be applicable not only for the purpose of section 118 but also for the purposes of sections 101 (c) (8) and 113 (a) (11). In view of this new provision the last sentence of section 118 of the 1928 act has been eliminated.

Section 118 has been amended to show clearly that the wash-sale provisions apply to sales and repurchases occurring on the same day; this change is regarded as declaratory of the existing law and is made in the interest of clarity only. The section has also been amended to make it clear that it applies only to cases of the acquisition of substantially identical stock or securities by purchase or through a taxable exchange on which the gain or loss was fully recognized; the result of the amendment is to eliminate any possibility of a conflict between section 113 (a) (11) and other basic provisions of the law. Other changes in the language of sections 113 (a) (11) and 118 are for clarification only.

SECTION 103 (11). EXEMPTION OF MUTUAL HAIL, CYCLONE, CASUALTY, OR FIRE INSURANCE COMPANIES

The provisions of the existing law if subject to the interpretation sometimes contended for would result in the exemption of virtually all mutual property insurance companies without regard to their character or manner of organization and operation. Thus it is contended that the phrase "or other" following "farmers," does not restrict the exemption to those companies which are similar to the type commonly known as "farmers'" and that this phrase in fact embraces practically all mutual property insurance companies which are not "farmers'" companies. It is also contended that the clause in the existing law requiring the income to be "used or held for the purpose of paying losses or expenses" is complied with by all mutual companies, since all such companies are at least in principle required to hold all of their income for the payment of losses (present or prospective) and of expenses. In order to state more clearly what your committee believes to be the true policy underlying the exemption of mutual insurance companies of this general class the bill confines the exemption to companies of the type commonly known as "farmers'," "county," "town," or "local" mutuals, with the same limitation as in the existing law that the income must be used or held for paying losses or expenses. The use of the words "farmers'," "county," etc., as modifying the word "mutuals" is not intended to describe or denote different types of mutual insurance companies but rather to indicate some, if not all, of the designations employed in the several State statutes to denote the same general type of mutual insurance companies. Companies of this type are almost without exception organized under statutes which restrict the territorial scope of their operations and also their manner of organization and operation so as to preserve their truly mutual character.

SECTIONS 111 (A), 113 (A), 113 (B) (2), 114 (A), 114 (B) (1), AND 23 (G). ADJUSTED BASIS FOR DETERMINING GAIN, LOSS, DEPRECIATION, AND DEPLETION

Sections 111 (a), 114 (a), 114 (b) (1), and 23 (g) of the 1928 act provide in substance that gain, loss, depreciation, and depletion shall be determined upon the "basis provided in section 113." Subsection (a) of the latter section provides, in the case of certain gifts or exchanges of property, where no gain or loss results or where any gain or loss which might result is not recognized, in whole or in part, that the basis of the property shall be continued or carried over beyond the time of the gift or exchange substantially as if the gift or exchange had not occurred. The cases covered by these provisions fall roughly into two general classes: (1) Where the basis of the property in the hands of the taxpayer is the same as it was in the hands of the transferor, and (2) where the basis of the property in the hands of the taxpayer is the same as the basis of property previously held by the taxpayer.

These provisions, however, do not in terms state whether "basis" means (1) the original capital investment in the property, or (2) the net capital investment in the property at any given point of time after adjustment for such items as have had the substantial effect of increasing or diminishing the original investment. Subsection (b) of section 111 requires the making of such adjustments to the basis, but it is argued that this subsection is limited to the computation of gain or loss under subsection (a) of the same section, after the basis has been determined under section 113. Hence, it has been contended that the adjustments provided for in section 111 (b) have no place and are to be disregarded in the determination of the basis under section 113. Some support for this contention is found in the decision of the Board of Tax Appeals in the case of Burlington Gazette Co. (21 B. T. A. 156), construing the corresponding provisions of the 1924 and 1926 acts.

In some simple cases the principle contended for creates no great practical difficulties. But in the great number of cases which are covered by the provisions of section 113 requiring a continuation or carry-over of basis, this principle would produce results palpably contrary to the whole spirit and purpose of the law.

Suppose that Corporation A buys machinery for $10,000, holds it for a period of years during which $2,500 of depreciation is written off and allowed as deductions, and then transfers the machinery to Corporation B in a tax-free reorganization. Under section 113 (a) the basis of the property in the hands of Corporation B is the same as it would be in the hands of Corporation A. Under the principle contended for, B, if it sold the property the day after the transfer from A, could compute gain or loss on the $10,000 cost of the property to A undiminished by the depreciation which had been allowed to A; or, if B continued to hold the property, it could recover through depreciation deductions the full $10,000 cost of the property to A, notwithstanding the fact that $2,500 of this cost had already been returned to A through depreciation deductions. Certainly no such result was ever intended. Since A was permitted to transfer the property to B free of tax, B should merely take A's position in respect to the property and should recover the same capital investment that A would have recovered had it continued to own the property.

Or, suppose that M buys stock of the X Corporation for $10,000, holds it for a period of years, during which he receives distributions of $2,500 which are properly applicable against basis, and then exchanges the stock for stock of the Y corporation in a tax-free reorganization. Under section 113 (a) the basis of the Y

stock, in the hands of M, is the same as the basis of the X stock. Under the principle contended for, if M should sell the Y stock, he could compute gain or loss on the full $10,000 cost of the X stock, notwithstanding the fact that he had received distributions on the X stock which should have reduced the basis. If M had continued to hold the X stock and then sold it, he would, admittedly, be required to reduce the $10,000 cost by the $2,500 of distributions applicable against basis. Since M was permitted to make the exchange of stocks free of tax, the law clearly intends that the Y stock should simply take the same position as the X stock, and that M should recover the same capital investment from the Y stock which he would have recovered from the X stock had he continued to own it.

The committee does not believe that the existing law will be interpreted in the manner claimed and the whole purpose of the law defeated by so obviously a narrow construction. The provisions of the new bill, however, are designed to remove any possibility of controversy over the matter.

In providing more clearly for this type of cases, the committee has found it advisable to make a number of changes in the arrangement and phraseology of the provisions of the 1928 act relating to gain, loss, depreciation, and depletion.

Instead of using the term "basis" interchangeably to denote two difference concepts, the new bill employs the terms "unadjusted basis" (or, for brevity, "basis") and "adjusted basis." "Basis" means the original capital investment in the property and is provided for in subsection (a) of section 112. "Adjusted basis" means, in substance, the net capital investment in the property at any point of time when it becomes material to determine gain or loss, depreciation, etc. It is the "basis" determined by reference to subsection (a), adjusted in the manner provided in subsection (b).

Whereas sections 23 (g), 111 (a), 114 (a), and 114 (b) (1) of the 1928 act referred to the "basis provided in section 113," the corresponding sections of the new bill make reference to the "adjusted basis provided in section 113 (b)."

The adjustment provisions which in the 1928 act were included in section 111 have been taken out of that section and, with certain changes to be mentioned separately (see discussion under sec. 113 (b)), included in section 113 as subsection (b). Paragraph (2) of this subsection contains the specific provisions governing the case of a "substituted basis"; that is, where the "basis" is continued or carried over from one person to another or from one piece of property to another. It is provided, in substance, that where there is a substituted basis or a series of substituted bases, not only the "basis" itself, but also the adjustments pertaining thereto must be continued or carried over. For example, A purchases the X building and subsequently gives it to his son, B. B exchanges the X building for the Y building in a tax-free transaction, and then gives the Y building to his wife, C. C, in determining gain or loss or depreciation upon the Y building, is required to take account of the depreciation which was successively allowable to A and B upon the X building and to B upon the Y building, in addition to the depreciation allowable to herself during her ownership of the Y building.

SECTION 112 (C) (2). CLERICAL

This amendment of the House bill is made necessary to carry out the policy of your committee in restoring the provision of section 115 (b) of existing law exempting from tax earnings or profits accumulated or increase in value of property accrued before March 1, 1913.

SECTION 112 (H). CLERICAL

The present law in section 112 (h) provides that the distribution in pursuance of a plan of reorganization by a corporation a party to the reorganization of its stocks or securities or stocks or securities in another corporation a party to the reorganization shall not be considered a distribution of earnings or profits for certain purposes of the tax law. Obviously, this rule should be applied only if no gain to the distributee was recognized by law, and the House bill inserted a provision to this effect.

SECTION 112 (K). TRANSFERS TO FOREIGN CORPORATIONS

Property may be transferred to foreign corporations without recognition of gain under the exchange and reorganization sections of the existing law. This constitutes a serious loophole for avoidance of taxes. Taxpayers having large unrealized profits in securities may transfer such securities to corporations organized in countries imposing no tax upon the sale of capital assets. Then by subsequent sale of these assets in the foreign country the entire tax upon the capital gain is avoided. For example, A, an American citizen, owns 100,000 shares of stock in corporation X, which originally cost him $1,000,000 but now has a market value of $10,000,000. Instead of selling the stock outright A organizes a corporation under the laws of Canada, to which he transfers the 100,000 shares of stock in exchange for the entire capital stock of the Canadian company. This transaction is a nontaxable exchange. The Canadian corporation sells the stock of corporation X for $10,000,000 in cash. The latter transaction is exempt from tax under the Canadian law and is not taxable as United States income under the present law. The Canadian corporation organizes corporation Y under the laws of the United States and transfers the $10,000,000 cash received upon the sale of corporation X's stock in exchange for the entire capital stock of Y. The Canadian corporation then distributes the stock of Y to A in connection with a reorganization. By this series of transactions A has had the stock of X converted into cash and now has it in complete control.

While it is probable that the courts will not hold all transactions of this nature to be tax-free exchanges, the committee is convinced that the existing law may afford opportunity for substantial tax avoidance. To prevent this avoidance the bill withdraws the transaction from the operation of the nonrecognition sections where a foreign corporation is a party to the transaction unless prior to the exchange the commissioner is satisfied that the transaction is not in pursuance of a plan having as one of its principal purposes the avoidance of taxes. It will be noted that under this provision a taxpayer acting in good faith can ascertain prior to the transaction by submitting his plan to the commissioner that it will not be taxable if carried out in accordance with the plan. Of course, if the reorganization or the transfer is not carried out in accordance with the plan submitted the commissioner's approval will not render the transaction tax free.

This subsection provides for the full recognition of gain from any transaction described in any of the designated subsections (b) (3), (4), and (5), (d), (g), and so much of (c) as refers to (b) (3) and (5), involving a foreign corporation or the stock or securities thereof. That is, the entire amount of gain will be recognized upon any transfer of property to or by a foreign corporation, any exchange of stock or securities for stock or securities of a foreign corporation or vice versa, or any distribution by or to, or of the stock or securities of, a foreign corporation, unless prior to the transaction the commissioner is satisfied that it is not in pursuance of a plan having as one of its principal purposes the avoidance of taxes. For all other purposes, including the nonrecognition of loss in any transaction described in the foregoing subsections, the tax status of a foreign corporation is not affected by the new subsection.

Another aspect of this same problem is discussed later in this report in connection with Title VII.

SECTION 113 (A) (7). BASIS OF PROPERTY TRANSFERRED TO A CORPORATION WHERE CONTROL REMAINS IN THE SAME PERSONS

Section 113 (a) (7) of the existing law provides that where in connection with a reorganization assets are transferred from one corporation to another, the assets so transferred shall retain the same basis in the hands of the new corporation as they had in the hands of the old corporation; but the application of this section is limited to cases in which an interest or control of 80 per cent or more in the assets so transferred remains in the same persons. This 80 per cent limitation has been reduced to 50 per cent to check tax avoidance, for the reason that experience indicates it is easy to secure a temporary investment of 21 per cent of friendly capital in the new corporation and thereby secure a stepped-up basis for the property transferred.

SECTION 113 (A) (8). PROPERTY ACQUIRED BY ISSUANCE OF STOCK OR AS PAID-IN SURPLUS

This subsection was changed in the House bill in order to reflect the long-established position of the Treasury Department relative to the basis of property transferred to a corporation as paid-in surplus. The Treasury has consistently regarded the basis of such property to the corporation as being the same as the basis of the property to the transferor. However, the recent decision of the Board of Tax Appeals in Rosenbloom Finance Corporation *v.* Commissioner (24 B. T. A. 763), has opened an unexpected avenue of avoidance which, if ultimately sustained, might result in considerable loss of revenue. This decision holds that the basis of property transferred to a corporation as paid-in surplus is the fair market value of such property at the date of transfer. Regardless of the ultimate outcome of the Rosenbloom case, it appears advisable to amend subsection 1113 (a) (8) by the addition of a paragraph providing for carrying over the transferor's basis in such a case, in order to insure the continuation of this long-established rule.

Your committee has added to section 113 (a) (8) (B) a provision that the basis of property transferred to a corporation as a contribution to capital shall be the same as the basis in the hands of the transferor.

SECTION 113 (A) (12). DETERMINATION AND ADJUSTMENT OF THE BASIS OF PROPERTY ACQUIRED DURING AFFILIATION

The Treasury regulations prescribed under section 141 (b) of the revenue act of 1928 require the members of an affiliated group to reduce the basis of the stock of another member of the affiliated group which they hold by the losses of such member which were included in the consolidated return to offset the income of the other members and which could not have been availed of by such member as a net loss if it had made separate returns. It is contended that, unless the statute requires such prior reduction of basis to be recognized for 1932 and subsequent years, the effect of the reduction under the regulations will be lost. Accordingly, your committee has amended this section so as to require that the basis of property acquired during any period in 1929 or any subsequent taxable year in respect of which a consolidated return is filed shall not only be determined under the regulations prescribed under section 141 (b) of this bill and the revenue act of 1928 but also that such basis shall be adjusted in accordance with such regulations. Under this amendment, corporations which were affiliated and filed consolidated returns for any one or more of the years 1929, 1930, or 1931 can not, by filing separate returns in 1932, avoid

the adjustments required by the regulations in force at the time the consolidated returns were filed.

SECTION 113 (A) (13). PROPERTY ACQUIRED BEFORE MARCH 1, 1913

The rule as to property acquired before March 1, 1913, which was stated as subsection (b) of section 113 in the 1928 act, is now stated as paragraph (13) of subsection (a). The language of the former provision has been changed largely for the purpose of giving clearer recognition to the fact that the adjustments to cost in respect to the period prior to March 1, 1913, must be made before the comparison between cost and March 1, 1913, value is made.

For example, the cost of property acquired in 1905 was $100,000, and the depreciation sustained up to March 1, 1913, $25,000, so that the adjusted cost on March 1, 1913, was $75,000. At that date the fair market value of the property was $65,000. Since this is less than the adjusted cost at March 1, 1913, it is disregarded. The "basis" is, therefore, cost, or $100,000, and this amount, adjusted for depreciation both prior and subsequent to March 1, 1913, becomes the "adjusted basis."

Suppose, however, that the fair market value at March 1, 1913, was $85,000. Since this is greater than the adjusted cost at that date, it is taken as the "basis," and this amount, adjusted for depreciation subsequent to March 1, 1913, becomes the "adjusted basis."

SECTION 113 (B) (1). ADJUSTED BASIS

Paragraph (1) of section 113 (b) of the bill corresponds substantially to section 111 (b) of the 1928 act.

The subparagraph lettered (B) in the prior act has been separated into two subparagraphs lettered (B) and (C), to indicate more clearly the different rules applicable to the period since February 28, 1913, and the period prior thereto.

In subparagraph (B), relating to depreciation, etc., for the period since February 28, 1913, the bill requires that adjustment be made "to the extent allowed (but not less than the amount allowable)" instead of "by the amount * * * allowable" as in the prior act. The Treasury has frequently encountered cases where a taxpayer, who has taken and been allowed depreciation deductions at a certain rate consistently over a period of years, later finds it to his advantage to claim that the allowances so made to him were excessive and that the amounts which were in fact "allowable" were much less. By this time the Government may be barred from collecting the additional taxes which would be due for the prior years upon the strength of the taxpayer's present contentions. The Treasury is obliged to rely very largely upon the good faith and judgment of the taxpayer in the determination of the allowances for depreciation, since these are primarily matters of judgment and are governed by facts particularly within the knowledge of the taxpayer, and the Treasury should not be penalized for having approved the taxpayer's deductions. While the committee does not regard the existing law as countenancing any such inequitable results, it believes the new bill should specifically preclude any such possibility. Your committee has not thought it necessary to include any express provision against retroactive adjustments of depreciation on the part of the Treasury as the regulations of the Treasury seem adequate to protect the interests of taxpayers in such cases. These regulations require the depreciation allowances to be made from year to year in accordance with the then known facts and do not permit a retroactive change in these allowances by reason of the facts developed or ascertained after the years for which such allowances are made.

The requirement in subparagraph (B) of the House bill that the adjustment for depletion should be computed without regard to discovery value or percentage depletion is eliminated in the bill as to all adjustments in respect of the taxable year 1932 and subsequent years. Your committee believes it only fair that the basis of the property should be adjusted to the full extent of the depletion allowances, without regard to the method by which these allowances are determined. In view of the substantial change from the existing law in this respect, your committee is of the opinion that it should not disturb the depletion adjustments in respect of years prior to 1932.

The existing law requires the basis of stock to be reduced by distributions which, under the law when made, were applicable against basis. The bill, in subparagraph (D), requires, in addition, that basis be reduced by distributions which were free of tax when made. The Board of Tax Appeals has held that distributions out of profits accumulated before March 1, 1913, were not technically a return of capital, because made out of profits rather than capital, and could not be applied against basis in the absence of a specific statutory requirement. Some of the earlier revenue acts, while exempting such distributions from tax, did not in terms require them to be applied against basis, and distributions made during the effective periods of these acts would not, under the language of the existing law, be applicable against basis. The reason for exempting distributions of this character was that they were regarded as closely akin to a return of capital, whether or not technically such, and the same reasoning requires that they be applied in reduction of basis.

SECTION 114. BASIS FOR DEPLETION

The amendment to paragraph (b) (2) as contained in the House bill makes it clear that in the case of metal and sulphur mines the depletion allowances may not longer be computed upon the basis of discovery value.

Paragraph (b) (3) of the House bill has been amended by the elimination of the word "sulphur" to restrict the application of the paragraph to oil and gas wells.

SECTION 114 (B) (4). PERCENTAGE DEPLETION FOR METAL MINES AND SULPHUR

Under paragraph (b) (4) metal mines are granted a percentage depletion allowance of 15 per cent, and sulphur mines or deposits of 23 per cent of the gross income from the property during the taxable year. As in the case of oil and gas wells this allowance can not exceed 50 per cent of the net income of the taxpayer from the property. In respect to the taxable years 1932 and 1933 the taxpayer is privileged to have the greater of either (1) the percentage depletion allowance or (2) an allowance computed on the adjusted basis provided in section 113 (b) (usually cost or March 1, 1913, value, with adjustments). This privilege is the same for those two years as that accorded both under the existing law and the bill in the case of oil and gas wells for all years.

In the return for the taxable year 1933, however, the taxpayer is required to state as to each property whether he elects to have the depletion allowance for such property for succeeding taxable years computed with or without reference to percentage depletion; this election must be as between either percentage depletion or depletion computed upon the adjusted basis. In the case of any property in respect of which a return is first made in a year subsequent to the taxable year 1933, the election indicated in the return for such year shall be binding as to all future years. If the taxpayer fails to make such election in the return in which it should be indicated, the depletion allowance for that and succeeding taxable years will be computed on the adjusted basis.

SECTION 115. SURPLUS ACCUMULATED PRIOR TO MARCH 1, 1913

Under the present law if a corporation pays a dividend out of earnings or profits accumulated before March 1, 1913, or out of increase in value of property accrued before March 1, 1913, the dividend in either case is not taxable to the shareholder, but the amount of the dividend reduces the basis of the stock in his hands. Under the House bill the dividend would be subject to tax as in the case of any other dividend, and the basis of the stock would not be reduced. The provisions of the present law have been in force, except for certain amendments, since the 1916 act, and your committee believes that they should continue in force. Consequently, they have been restored without change.

Under existing law a distribution made from a depletion reserve based upon discovery value of a mine is not taxable as a distribution of earnings or profits but is applied in reduction of the basis of the stock. There is no reason for exempting these distributions from taxation, as they represent neither the return of capital nor earnings accumulated prior to March 1, 1913. Accordingly, the last sentence of section 115 (d) of existing law was eliminated by the House bill.

Under existing law the provisions of section 115 (g) were made applicable in the case of the cancellation or redemption of stock not issued as a stock dividend only if the cancellation or redemption was made after January 1, 1926. This provision was inserted to prevent section 115 (g) being retroactive. It is, however, no longer necessary because the proposed income-tax title applies only to 1932 and subsequent years.

SECTION 116. EXEMPTION OF EARNED INCOME FROM SOURCES WITHOUT THE UNITED STATES

This section has been amended by the elimination of the subsection excluding from gross income amounts received by bona fide nonresidents of the United States from sources without the United States. Your committee believes there is no reason for the continuance of this exemption in the case of citizens of the United States residing abroad, for the reason that under other sections of the act such citizens are granted a credit for income taxes paid foreign countries and should not be further relieved from Federal income taxes. Furthermore, a considerable proportion of the individuals previously benefited by this subsection have been employees of the United States who, because of their status as such, were usually exempt from any foreign tax upon their compensation received from the United States; these citizens are not believed by your committee to be entitled to a complete exemption from the Federal income tax upon such compensation.

SECTION 116 (B). EMPLOYEES OF ALASKAN AND HAWAIIAN GOVERNMENTS

Under the revenue act of 1928 the compensation of teachers in Hawaii and Alaska is exempt from tax, but this exemption did not extend to other Territorial employees. In the amendment of April 12, 1930 (ch. 136, 46 Stat. 161), to the Territorial act of April 30, 1900, salaries or wages paid by the Territory of Hawaii or any of its political subdivisions for services rendered in connection with a governmental function are made exempt from the Federal income tax. No such exemption is granted to employees of Alaska or the District of Columbia. Accordingly, the House bill repeals such amendment.

SECTION 117 (A) (3). CLERICAL

This amendment is necessitated by the additional paragraph relating to percentage depletion, included in section 114 (b).

SECTION 117 (B). NET LOSSES

The existing law permits the taxpayer to apply a net loss sustained in one taxable year against his net income for the succeeding taxable year; and if such net loss is in excess of his taxable income for such succeeding year, he may deduct such excess loss from his net income for the next taxable year. Under the bill as passed by the House the taxpayer was not entitled, in computing his net income for the taxable years 1932, 1933, and 1934, to use any net loss sustained for the years 1930, 1931, 1932, or 1933. For

the taxable year 1934 and subsequent taxable years the taxpayer was entitled under the House bill to carry losses sustained during such years forward one year instead of two years.

The amendment made by your committee to the House bill allows for the taxable years 1932, 1933, and 1934 a similar deduction as in the House bill was allowed for the year 1935 and subsequent years.

SECTION 131. CREDIT FOR FOREIGN INCOME TAXES

In addition to the limitation contained in the existing law, by reason of which the credit for foreign taxes may not exceed the same proportion of the tax against which the credit is taken which the amount of net income from foreign sources bears to the total net income, the House bill added the limitation that the credit for taxes paid to any country should not exceed the same proportion of the tax as the income from that country bears to the total income. In the judgment of your committee, this additional limitation imposes undue restrictions upon our citizens doing business in foreign countries, and it has therefore been eliminated.

Since a taxpayer may not have in the same taxable year both the credit under this section and the deduction under section 23 (c) (2), it is no longer necessary to provide, in connection with the computation of the credit under subsection (b) of section 131, that the net income shall be computed without deduction of foreign taxes.

The new provision in subsection (d), that taxes taken as a credit upon the accrual basis may not also be taken as a deduction, constitutes simply a clarifying change.

The proviso in subsection (f), in the 1928 act, limiting the credit for taxes paid by foreign subsidiaries, referred to "the credit allowed * * * under this subsection." This reference was incorrect, as the credit was really allowed under subsection (a), and subsection (f) merely operated to increase the credit allowed under (a). In the new bill the reference is omitted, and the limitation is stated as a qualification of the amount of tax deemed to have been paid by the taxpayer through the foreign subsidiary.

SECTION 141. CONSOLIDATED RETURNS OF CORPORATIONS

Subsections (a) and (c): Your committee has added a parenthetical clause which is designed to continue in force (in so far as not inconsistent with the new law) the consolidated returns regulations promulgated under section 141 of the revenue act of 1928 to take care of the companies where returns are filed on a fiscal-year basis prior to the time that consolidated returns regulations can be promulgated under the bill.

The House bill increased the tax of the affiliated group by 1½ per cent in the case a consolidated return was filed. Your committee has eliminated this change and restored the provisions of existing law in this respect as it sees no reason for penalizing corporations for the filing of consolidated returns which accurately reflect the income of the common business enterprise.

Subsection (e): Under existing law life-insurance companies or insurance companies other than life or mutual are not permitted to file consolidated returns with corporations engaged in other lines of business because of the difference in the method of taxing insurance companies as compared with ordinary corporations. The same difficulty has been encountered in connection with life and stock property-insurance companies. For example, the proposed amendment does not permit a life-insurance company to file a consolidated return with a fire-insurance company.

SECTIONS 142 AND 147. CLERICAL

These two sections have been amended to bring their language into accord with the reduction of the personal exemption allowed a single person to $1,000, and the language of section 142 has been further amended to bring its language into accord with the reduction of the personal exemption allowed a married person living with husband or wife to $2,500.

SECTION 143. WITHHOLDING OF TAX AT SOURCE

Subsection (a) has been amended to bring the language in accord with the increase in the normal tax rate from 5 per cent under existing law to 9 per cent and to increase the corporate rate from 12 per cent under existing law to 14 per cent.

Similar changes have been made throughout the section, due to the change in rates and the last proviso in subsection (b), which was inserted in the House bill, has been stricken out due to the action of your committee in restoring the credit for dividends for the purpose of the normal tax.

The provision in existing law permitting deduction and withholding at the rate of 1½ per cent instead of at the rate of 2 per cent in the case of a citizen or resident has been stricken out because under the rates now in effect there is no normal rate of less than 3 per cent.

SECTION 165. EMPLOYEES' TRUSTS

The House bill retained the provisions of existing law under which an employee who receives a distribution from a trust created by an employer as part of a stock bonus, pension, or profit-sharing plan is taxed upon the amount contributed to such fund by the employer plus all earnings of such fund in the year in which distributed or made available to him. In recent years situations have arisen in which the amount contributed to such fund by the employer and all earnings of such fund, together with the amounts contributed to the fund by the employees, have been invested by the trustee in stock of the employer corporation, and at the time of distribution to the employee the market value of the stock was less than the amount contributed to the fund by the employer plus the earnings of the fund.

Your committee believes that it is a distinct hardship to an employee to be taxed under such circumstances as the existing law requires, and corrects the situation by amending section 165 to provide that only the excess of the market value of the stock distributed or made available to the employee over the amounts paid in by him to the trust should be taxable in the year of distribution. This plan renders the employee taxable at the time of distribution upon the excess of the fair market value of the stock received by him over his contributions to the trust regardless of the amount contributed to the trust by the employer. In the case of cash distributions, of course, the present rule is unchanged.

SECTION 166. REVOCABLE TRUSTS

Under the present law the income of a trust is taxable to the grantor where, at any time during the taxable year, the grantor has power to revest in himself title to any part of the corpus of the trust, either alone or in conjunction with any person not a beneficiary of the trust. In an attempt to avoid this section the practice has been adopted by some grantors of reserving power to revest title to the trust corpus in conjunction with a beneficiary having a very minor interest or of conferring the power to revest upon a person other than a beneficiary; in such cases the grantor has substantially the same control as if he alone had power to revoke the trust. While it is, of course, yet to be established that such device accomplishes its purpose, it is considered expedient to make it clear that in any of these cases the income shall be taxed to the grantor. The House bill made the grantor of a trust taxable upon the income of any part of the corpus of the trust where the power to revest in the grantor title to such part of the corpus was in the grantor alone or was in the grantor in conjunction with any person not having a substantial adverse interest in the disposition of such part of the corpus. Your committee has extended the scope of this provision so as to include as well the cases where the power to revest title to any part of the corpus is held, either alone or in conjunction with the grantor, by a person not having a substantial adverse interest in such part of the corpus or in the income therefrom.

SECTION 167. INCOME FOR BENEFIT OF GRANTOR

As in the case of the preceding section, attempted avoidance of the provisions of this section relating to income held or accumulated for the grantor has rendered expedient a change in its wording to clock certain recent practices. The present law taxes the income of a trust to the grantor when, in his discretion, either alone or in conjunction with a person not a beneficiary, the trust income may be held or accumulated for future distribution to him or is or may be applied to the payment of premiums upon insurance policies on the grantor's life. Trusts have been established on which income is held or accumulated for the grantor, which fact, it is contended, removes such trusts from the operation of this section. Here again it is not at all certain that the courts will uphold such devices; yet the statute may well be clarified to remove any doubt that the income of such trusts is to be taxed to the grantors. In the House bill the section has been amended to provide that there shall be taxed to the grantor of a trust any part of the income of the trust which (1) is, or in the grantor's discretion may be, held or accumulated for future distribution to him, or (2) may, in the grantor's discretion, be distributed to him, or (3) is, or in the grantor's discretion may be, applied to the payment of premiums upon policies of insurance on his life. Your committee has further amended the section so as to cover, in addition, cases in which the discretion as to the disposition of the income is in any person not having a substantial adverse interest in the disposition of such income, even though such discretionary power is not shared with the grantor. The House bill added a subsection defining the term "in the discretion of the grantor" so as to include within the purview of the section cases in which the discretion is in the grantor in conjunction with any person not having a substantial adverse interest in the dispositon of the income in question.

SECTIONS 203 (A) AND 204 (C). CLERICAL

Since corporations generally are not allowed a specific credit against net income, the provisions of section 203 (a) (9) and section 204 (c) (10) of the House bill have been eliminated accordingly.

SECTION 203 (A) (2). DEDUCTION FOR RESERVE FUNDS OF LIFE-INSURANCE COMPANIES

Under the existing law, a life-insurance company is permitted to deduct an amount equal to 4 per cent of the mean of its reserve funds held at the beginning and end of the taxable year. In view of the fact that by far the greater part of the reserves for life-insurance policies are maintained at rates less than 4 per cent, the effect of the existing law was to permit companies maintaining their reserves at such lower rates to take deductions substantially in excess of their actual reserve requirements. The House bill accordingly reduced the rate at which this deduction was to be computed from 4 per cent to 3½ per cent, upon the assumption that this uniform rate would not operate arbitrarily. Since many companies, however, maintain policy reserves at rates as high as 4 per cent, the effect of the House bill would be to require such companies to pay taxes upon amounts actually required to maintain their reserves, a result contrary to the general policy of the act. The House bill, moreover, would permit those com-

panies maintaining policy reserves at rates less than 3½ per cent to receive free of tax amounts in excess of their reserve requirements.

In the judgment of your committee, the substantial purpose of the act, to permit a life-insurance company to set aside free of tax the amount of investment income actually required to maintain the policy reserve, is best accomplished by requiring the deduction to be computed at the interest rate at which the policy reserves are actually maintained. Since few, if any, policy reserves are maintained at rates in excess of 4 per cent, the rate at which such deduction may be computed may not exceed 4 per cent. If a company maintains its reserves at different interest rates, the deduction must be computed by applying to each part of the reserve the rate at which such part is maintained.

In the case of combined policies covering life, health, and accident insurance, the deduction, in respect of such reserve funds not required by law as the commissioner finds necessary for the protection of policyholders, is to be computed uniformly at the rate of 3¾ per cent.

SECTION 203 (A) (3). DIVIDENDS TO LIFE-INSURANCE COMPANIES FROM EXEMPT CORPORATIONS

This section has been amended to deny a deduction of dividends received by a life-insurance company from an exempt corporation. This change corresponds to the change made in section 23 (p) (1) with respect to ordinary corporations.

SECTION 203 (B). RENTAL VALUE OF REAL ESTATE

Under existing law a life-insurance company is required, as a condition to the allowance of the deductions for depreciation, taxes, and other expenses pertaining to real estate owned and occupied by it, to include in its gross income the rental value of the space occupied by it; such rental value must be not less than a sum which, together with rents from other tenants, will yield a net return of 4 per cent of the book value of the real estate. The Board of Tax Appeals has held that this limitation or condition upon the deduction is unconstitutional, and that the company may still deduct the entire amount of depreciation, taxes, and other expenses upon the whole property notwithstanding there is included in gross income rent from only a part of the property. Without regard to the legality of the present provisions, your committee believes that these provisions would operate somewhat severely in the present depressed condition of real estate, and that it is more equitable merely to disallow so much of these deductions as pertain to the part of the property which is occupied by the company than to allow such deductions in full upon condition of including in gross income a more or less arbitrary determination of rental value.

The bill as reported accordingly provides for the allowance of a proportionate part of the depreciation, taxes, and other expenses pertaining to real estate owned and occupied by the company, to be determined by the proportion which the rental value of the space not occupied by the company bears to the rental value of the entire property. Such rental value, instead of being fixed by a definite statutory formula, will be determined in accordance with the circumstances in each case.

SECTION 204 (B) (1). DEFINITION OF GROSS INCOME—INSURANCE COMPANIES OTHER THAN LIFE OR MUTUAL

Some question has arisen as to the adequacy of the definition in prior acts of the gross income of insurance companies other than life or mutual. Under a recent decision of the Supreme Court, some of the title-guaranty and mortgage-guaranty companies are taxable as insurance companies, and since a substantial part of their income might not be classed as either underwriting or investment income, it might not come within the definition of gross income contained in this section. As such companies are allowed the same deductions as are allowed to ordinary corporations, in addition to the purely insurance deductions provided in section 204, they would be in the highly favored position of being taxed upon only part of their income while being allowed all of their expenses, losses, and other deductions. Moreover, this definition, even in the case of the other type of insurance companies taxable under this section, may not include some miscellaneous forms of income which should be subject to tax. The bill accordingly requires the inclusion in gross income of insurance companies taxable under section 204 of all items constituting gross income under section 22 other than items of the character already specified in section 204.

SECTION 208 (C). DEDUCTIONS OF MUTUAL INSURANCE COMPANIES OTHER THAN LIFE

The amendment to paragraph (1) (B) is merely for clarification. The use of the term "paid or incurred," which is defined in section 48, insures the determination of the deductions under this paragraph in accordance with the method of accounting employed by the taxpayer.

Paragraph (3) in the existing law allows to mutual insurance companies (other than life and marine) a deduction for premium deposits returned to policyholders and premium deposits retained for the payment of losses, expenses, and reinsurance reserves, in addition to the deductions for losses and expenses paid or incurred, allowed by other provisions of this section. Thus, it may be argued that an insurance company in this class may deduct what is virtually the same item several times over in different taxable years. Since deductions are already allowed for all losses and expenses as paid or incurred, there is no reason for any further deduction under this paragraph for premium deposits retained to meet such losses and expenses. The bill accordingly restricts the additional deductions allowed under paragraph (3) to returned premium deposits (as under existing law) and a reasonable net addition to reinsurance reserves, if not otherwise allowed.

SECTION 214. CREDITS AGAINST NET INCOME OF A NONRESIDENT ALIEN INDIVIDUAL

The personal exemption allowed by this section is reduced from $1,500 to $1,000 in accordance with the policy expressed in section 25 (c) of the bill.

SECTION 236. TIME FOR PAYMENT OF TAX BY FOREIGN CORPORATIONS

Under existing law foreign corporations on a calendar-year basis having any office or place of business in the United States are not required to pay their income taxes until June 15, following the close of the calendar year, although their returns must be filed on March 15. Your committee sees no reason why such corporation should not pay their income taxes at the same time that their returns are due, which is the rule applied in the case of domestic corporations, and the amendment so provides.

SECTION 251 (E). CREDIT AGAINST NET INCOME FROM SOURCES WITHIN POSSESSIONS OF THE UNITED STATES

The credit allowed under this section has been limited to a personal exemption credit of $1,000 in the case of a citizen of the United States entitled to the benefits of section 251, and the provisions of the House bill relating to the $1,000 specific credit in the case of domestic corporations entitled to the benefits of this section have been removed in view of the elimination from section 26 of the bill of any specific credit in the case of domestic corporations.

SECTION 261 (A). CLERICAL

The word "credits" in subsection (a) of this section in existing law has been changed to "credit," due to the elimination by this committee of the specific credit allowed corporations under section 26 of existing law.

TITLE II.—ADDITIONAL ESTATE TAX

SECTION 401. IMPOSITION OF TAX

Under the House bill an additional estate tax is imposed equal to the excess of the amount of a tentative tax over the tax computed under existing law prior to the allowance of the 80 per cent credit. The tentative tax begins with net estates not in excess of $10,000 at the rate of 1 per cent and the rates increased up to 45 per cent in the case of net estates in excess of $10,000,000. The $100,000 exemption allowed under existing law in computing net estates is decreased to $50,000 for the purpose of determining the tentative tax. Estates of decedents subject to the tax imposed under existing law will also be subject to the tax imposed by this section. In some cases estates which are not liable to the tax under existing law will nevertheless be liable for the tax imposed under this section, due to the lowering of the exemption from $100,000 to $50,000. In order to make it clear that the tax will apply in such cases your committee has stricken out the words "an additional" before "tax" in this section and substituted the word "a."

SECTION 402. CREDITS AGAINST TAX

Subsection (a) of this section makes it clear that the additional estate tax shall not be subject to the credit for State death taxes to which the estate tax imposed by section 301 (a) of the revenue act of 1926 is subject.

Subsection (b) of this section authorizes as a credit against the additional estate tax, subject to the limitations provided in section 301 (b) of the revenue act of 1926, as amended, gift taxes paid under Title III of the pending bill, but such credit is not to be in excess of the amount by which the gift tax exceeds the amount of credit authorized by section 301 (b) of the revenue act of 1926, as amended.

SECTION 403. ASSESSMENT, COLLECTION, AND PAYMENT OF TAX

The additional estate tax (except as provided in sec. 402) is to be assessed, collected, and paid in the same manner, and subject to the same provisions as the estate tax imposed by existing law.

This section imposes the same requirements upon the filing of returns as prescribed in existing law, except that a return is not required in the case of a resident decedent if the value of the gross estate at the time of the decedent's death does not exceed $50,000.

Your committee adds a clarifying amendment to make it plain that a nonresident decedent is required to file a return as provided in existing law even though the gross estate is less than $50,000.

TITLE III.—GIFT TAX

SECTION 501. IMPOSITION OF TAX

Except for the administrative provisions, which are taken either from the estate tax or the income tax titles of the revenue acts of 1926 and 1928 and incorporated in this title (a resort to the expedient of the incorporation of administrative provisions by reference, as was done in the gift tax law of the revenue act of 1924, being thought unsatisfactory), the aim in framing this title has been to state with brevity and in general terms the provisions of a substantive character.

The tax applies only to gifts made by individuals and in the case of a nonresident alien only to gifts of property situated within the United States. Your committee has amended the House bill to tax gifts made by citizens of the United States of any property wherever situated regardless of whether the donors are residents or nonresidents.

The terms "property," "transfer," "gift," and "indirectly" are used in the broadest and most comprehensive sense; the term "property" reaching every species of right or interest protected by law and having an exchangeable value.

The words "transfer * * * by gift" and "whether * * * direct or indirect" are designed to cover and comprehend all transactions (subject to certain express conditions and limitations) whereby and to the extent (sec. 503) that property or a property right is donatively passed to or conferred upon another, regardless of the means or the device employed in its accomplishment. For example, (1) a transfer of property by a corporation without a consideration, or one less than adequate and fully in money or money's worth, to B would constitute a gift from the stockholders of the corporation to B; (2) a transfer by A to a corporation owned by his children would constitute a gift to the children; (3) a transfer of property to B where there is imposed upon B the obligation of paying a commensurate annuity to C would be a gift to C; (4) the payment of money or the transfer of property to B in consideration whereof he is to render a service to C would constitute a gift to C or gifts both to B and to C, depending on whether the service to be rendered by B to C was or was not an adequate and full consideration in money or money's worth for that which was received by B; (5) the forgiveness or payment by A of B's indebtedness would constitute a gift to B; (6) where A creates a joint bank account for himself and B there would be a gift to B when he draws upon the account for his own benefit to the extent of the amount drawn out; (7) where A creates a revocable trust, naming B as beneficiary, a gift to B of the corpus is effected when A relinquishes the power to revoke or the power is otherwise terminated in B's favor (the income payment to B in the interim being gifts from A in the calendar years when received).

SECTION 502. COMPUTATION OF TAX

The computation of the tax payable each year involves three operations, namely:

(1) A computation of the tax at the graduated rates on all gifts (with certain express exceptions) made after the enactment of this act, including gifts made in the current calendar year; (2) a computation of the tax at the graduated rates on the gifts made in the prior year or years; (3) the subtraction of the result of the second computation from that of the first. This computation results in a tax imposed on a cumulative basis. In short, the design is to impose a tax which measurably approaches the estate tax which would have been payable on the donor's death had the gifts not been made and the property given had constituted his estate at his death. The tax will reach gifts not reached, for one reason or another, by the estate tax.

The gift tax will supplement both the estate tax and the income tax. It will tend to reduce the incentive to make gifts in order that distribution of future income from the donated property may be to a number of persons, with the result that the taxes imposed by the higher brackets of the income tax law are avoided. It will also tend to discourage transfers for the purpose of avoiding the estate tax.

An objection urged against the former gift tax (that imposed by the revenue act of 1924) was that it might be readily evaded by spreading the gifts over a period of years. Under that tax a person could in each year make gifts equal to the deductions, including the specific exemption, and thus escape the tax entirely. Where taxable gifts were spread over a number of years, the combined effect of the annual specific exemption and of the graduated rates resulted in the aggregate of the gift taxes imposed being much less than what the tax would have been had all the gifts been made in a single year. If a gift tax is to yield a material revenue it is necessary that it be imposed on a cumulative basis, as is the proposed tax. Since the gift tax is an adjunct of the estate tax which is not restricted to transfers made within a single year, an effective gift tax must give consideration, so far as the rate of tax is concerned, to transfers made in prior years.

The theory upon which the gift tax is based is that the rate of tax is measured by all gifts made after the enactment of the bill. This scheme is adopted in order to tax gifts made over a period of years at the same rate as if they had all been made within one year. For a more effective administration and to secure prompt collection of the revenues, the bill provides that the tax shall be computed and collected annually.

The gift-tax rates have been adjusted to conform to the increase in estate-tax rates in the bill.

SECTION 503. TRANSFERS FOR LESS THAN ADEQUATE AND FULL CONSIDERATION

Since the tax is designed to reach all transfers to the extent that they are donative, and to exclude any consideration not reducible to money or money's worth, it is provided in this section that where the transfer is made for less than an adequate and full consideration in money or money's worth, the excess in value of the property transferred over such consideration shall be deemed a gift. For example, if A sells property worth $10,000 to B for $1,000, there is a gift of $9,000.

SECTION 504. NET GIFTS

By subsection (b) of the House bill a gift or gifts to any one person during the calendar year, if in the amount or of the value of $3,000 or less, was not to be accounted for in determining the total amount of gifts of that or any subsequent calendar year. Likewise, the first $3,000 of a gift to any one person exceeding that amount is not to be accounted for. Your committee believed the exemption was insufficient, and accordingly increased it to $5,000. Such exemption, on the one hand, is to obviate the necessity of keeping an account of and reporting numerous small gifts, and, on the other, to fix the amount sufficiently large to cover in most cases wedding and Christmas gifts and occasional gifts of relatively small amounts. The exemption does not apply with respect to a gift to any donee to whom is given a future interest. The term "future interests in property" refers to any interest or estate, whether vested or contingent, limited to commence in possession or enjoyment at a future date. The exemption being available only in so far as the donees are ascertainable, the denial of the exemption in the case of gifts of future interests is dictated by the apprehended difficulty, in many instances, of determining the number of eventual donees and the values of their respective gifts.

SECTION 505. DEDUCTIONS

Against gifts made by a resident donor there is allowed a specific exemption of $50,000, corresponding to the specific exemption in the estate tax law. This exemption, at the option of the donor, may be taken all in one year or spread over a period of years, but after the $50,000 exemption has been used up no further exemption is allowed. For neither the gift tax nor the estate tax is a specific exemption allowed in the case of a nonresident.

The provisions authorizing deductions for charitable and similar gifts are patterned after those in the income tax law, and are broader than the corresponding provisions in the estate tax law.

A clarifying change has been made in this section by your committee to bring it into harmony with the policy of your committee to tax gifts made by nonresident citizens of property located outside the United States.

SECTION 506. GIFTS MADE IN PROPERTY

The word "property" in the gift tax law includes money, so that pursuant to this section a gift of a rare coin would be measured by the value of the coin at the time of the gift.

SECTION 507. RETURNS

This section requires that returns disclosing gifts shall be filed on or before the 15th day of March following the close of the calendar year in which any gift in excess of $5,000 is made to any one individual.

SECTION 508. RECORDS AND SPECIAL RETURNS

This section is modeled after similar income-tax provisions.

SECTION 509. PAYMENT OF TAX

The tax is payable on or before the due date of the return.

SECTION 510. LIEN FOR TAX

By this section there is imposed a lien additional to that imposed by section 3186 of the Revised Statutes in that it attaches to the property transferred by gift as of the time of transfer.

SECTIONS 511 TO 527. GENERAL ADMINISTRATIVE PROVISIONS

These sections, relating to the determination and collection of the tax, are modeled after either corresponding provisions of the estate tax law or the income tax law, whichever have been found most adaptable.

Your committee has added to the House bill a section providing a penalty for willfully attempting in any manner to defeat or evade the gift tax; this penalty corresponds to the penalty imposed by the income-tax statutes for the same offense.

SECTION 528. REFUNDS AND CREDITS

A donor liable to a gift tax may have overpaid his gift tax for some other year. This section gives recognition to this fact and is modeled after the income-tax provisions which specifically authorize the crediting of an overpayment for one year against a liability for another and the refunding of any balance which is not so credited.

SECTION 529. LAWS MADE APPLICABLE

This is a standard provision.

SECTION 530. RULES AND REGULATIONS

Pursuant to this section rules and regulations for the enforcement of the gift tax law are to be prescribed by the commissioner with the approval of the Secretary.

SECTION 531. DEFINITIONS

The gift tax may not constitutionally apply to gifts made prior to the date of the enactment of the act imposing the tax. This limitation is, for convenience, incorporated in the definition of the term "calendar year."

The definition in subsection (b) follows a similar definition in the estate tax law.

TITLE IV.—MANUFACTURERS' EXCISE TAXES

Section 601 imposes taxes on the importation of certain articles. In order that the imposition of these taxes shall not operate as an abrogation of the Cuban reciprocity treaty, subsections (a) and (b) (5) are amended so that the taxes shall be subject to the exemption from duty or to the preferential rate granted Cuban products.

The taxes imposed under this section on imported articles are to be collected by the Customs Service in the same manner as customs duties, and all provisions of the customs administrative laws, with certain specific exceptions, are made applicable. Subsection (b) (4) is amended so that the drawback privilege will be applicable to imported coal, lumber, copper, and rubber, as well as imported oil.

Your committee recommends striking out of subsection (c) (1), relating to lubricating oils, the viscosity range in the House bill. Oils within the limits of the House bill can be produced by mixing lighter and heavier oils, and consumers could avoid the tax by such mixture. Since lubricating oils are also covered by the committee's substitute for paragraph (4), relating to imported petroleum and products thereof, a provision has been written into paragraph (1) to limit it to sales by domestic manufacturers.

The tax on brewer's wort is increased to 15 cents a gallon. It is believed that this commodity can easily bear this rate and that a substantial increase in revenue will result. The malt sirup rate of 35 cents a gallon in the House bill is changed to 3 cents a pound, which is approximately equivalent. This change is recommended for the reason that the products to which it applies are sold by the pound rather than by the gallon. The exemptions contained in the House bill are extended to include malt sirup sold by the manufacturer for use by the purchaser in the manufacture of foods, cereal beverages, and textiles. The paragraph has been rewritten for clarity.

The rate under paragraph (3) on grape concentrate, etc., has been fixed at 20 cents a gallon, instead of 40 per cent of the price or duty-paid value as in the House bill. Exemptions comparable to those in the malt sirup paragraph have been added.

The rate on imported crude petroleum, fuel oil, and gas oil under paragraph (4) has been reduced from 1 cent a gallon to ½-cent a gallon. The rate on gasoline has been increased from 1 cent to 2½ cents, and compensatory duties on lubricating oils, other liquid derivatives of petroleum, paraffin, and other petroleum wax products, asphalt, and bitumen have been inserted.

The coal paragraph has been broadened to cover all sizes, grades, and classifications of coal. A provision has been added to exempt imports from any country which during the preceding year has imported from the United States a greater quantity of these products than it has exported to the United States.

The proposed paragraph (6) imposes a tax of $3 per thousand board feet on imports of lumber, and the proposed paragraph (7) imposes a duty of 4 cents a pound on the copper content of imported ores and concentrates, and the materials and semimanufactured articles enumerated in paragraphs 316, 380, 381, 387, 1620, 1634, 1657, 1658, or 1659 of the tariff act. Compensatory rates are provided for other articles containing copper.

A duty of 5 cents a pound on imported rubber and gutta-percha, and the rubber and gutta-percha content of imported articles is proposed as a purely revenue-producing measure.

Sections 602 to 604, inclusive, 606, 608 to 613, inclusive, and 615, imposing taxes on toilet preparations, etc., furs, jewelry, etc., boats, mechanical refrigerators, sporting goods, firearms, shells and cartridges, cameras, matches, candy, and soft drinks, are striken from the bill.

The rate on passenger automobile bodies and chassis has been increased from 3 to 4 per cent, on truck bodies and chassis from 2 to 3 per cent, and on parts and accessories from 1 to 2 per cent. In view of the import tax on rubber, tires and inner tubes not sold on or in connection with the sale of a truck or other automobile have been exempted from the tax on parts and accessories. The House bill contained a provision, which is retained by your committee, to eliminate the effect of certain court decisions under which many parts and accessories have escaped tax under prior revenue acts on the ground that they were not "primarily adapted" for use on automobiles or trucks, since they might be used on boats, tractors, etc. Under the bill spark plugs, storage batteries, leaf springs, coils, timers, and tire chains, if suitable for use on automobiles and trucks, will be taxable as parts or accessories whether or not "primarily adapted" for such use. As to other parts and accessories, the test of taxability will be the same as under the prior laws, since those enumerated represent the principal items as to which question has arisen, and to extend the list would result in the inclusion of articles whose use on automobiles and trucks may be minor as compared with their other uses.

A provision is inserted to allow a body manufacturer to sell bodies tax free to an automobile or truck manufacturer for resale by him, and the vendee is made liable for the tax on the body when he sells the completed automobile or truck.

Subsection (e) as proposed will allow a refund of tax paid on automobiles, trucks, parts, and accessories in the hands of dealers when the tax ceases to be in effect. To offset this concession an amendment is made to the section relating to the effective date, so that the tax on these articles will be in effect one month longer than the other excise taxes imposed by the bill.

No change is made in the tax on radio receiving sets, etc. The rate on chewing gum has been reduced from 5 to 3 per cent.

Section 616 of the House bill, retained as section 605, provides that the lease of an article shall be considered the sale of an article, so that the tax can not be evaded by a lease contract which does not involve passage of title.

Sections 617 and 618 of the House bill have been eliminated and a more complete set of administrative provisions inserted in their place.

Section 619 of the House bill, transferring the tax to the vendee in the case of contracts made before March 1, 1932, retained as section 611, is amended by substituting the date of May 1, 1932, for March 1, 1932, as the date as of which vendors may be fairly considered to have had notice of the likelihood of the imposition of the taxes. This seems equitable in view of the fact that the rates carried in the bill as passed by the House and reported to the Senate are higher than those in the bill as reported to the House, which contained the date of March 1. A provision is inserted to prevent transfer of the tax to the vendee when the vendor has agreed to assume it. Another amendment provides for a report by the vendor to the commissioner when the vendee refuses to pay the tax to the vendor.

The section relating to rules and regulations has been amended to make it clear that the rules and regulations relating to the taxes on importations shall be prescribed in the same manner as the customs regulations.

TITLE V.—MISCELLANEOUS TAXES

PART I. TAX ON TELEGRAPH, TELEPHONE, RADIO, AND CABLE FACILITIES

The House bill provided for rates applicable to all telegraph, telephone, cable, and radio dispatches, messages, and conversations as follows: If the charge is more than 30 cents and less than 50 cents, a tax of 5 cents; if the charge is 50 cents or more, a tax of 10 cents. Your committee believes that these different classes of services call for different treatment, and proposes the following rates:

Telephone conversations costing 50 cents or more and less than $1, 10 cents; costing $1 or more and less than $2, 15 cents; costing $2 or more, 20 cents.

Telegraph dispatches and messages, 5 per cent of the charge.

Cable and radio dispatches and messages, 10 cents each.

The tax on leased wires and talking circuit special services is reduced from 10 per cent to 5 per cent.

The exemptions in favor of radio broadcasting companies and newspapers have been eliminated.

Provision has been inserted for extension of the due date of the taxes for not more than 90 days. The companies affected deal with large numbers of small accounts which are likely not to be paid for 60 or 90 days, and the extension privilege will enable them to defer the return until the amounts are collected and still have the return correspond with one month's entries on their books. This will be a convenience both to the Government and the taxpayers.

The provisions which are incorporated in the new Part VII on administrative provisions have been stricken from Part I.

PART II. ADMISSIONS TAX

The House bill reduced the exemption on admissions from $3 or less to 45 cents or less. Your committee proposes to reduce this exemption to 10 cents or less. This will yield $70,000,000 for the fiscal year 1933 more than the House bill.

The House made the rate on prize fights and other pugilistic matches or exhibitions the same as for admissions in general, as compared with 25 per cent on admissions over $5, under the present law. The higher rate has led to evasion of the tax, and it is believed that the reduction will result in an increase in the number of legitimate charges over $5 and a gain in the revenue from this source.

The rate on admissions to horse and dog races has been made 25 per cent.

The tax on charges by ticket brokers in excess of the established price is made a straight 10 per cent, the amendment of existing law made by the House bill being retained. The present law imposes a tax of 5 per cent on the first 75 cents of the excess over the established price and 50 per cent of the amount by which the additional charge exceeds 75 cents. It is believed that the present law penalizes brokers engaged in a legitimate business, that it has failed of its purposes, and that the proposed rate will about double the revenue.

The exemption of admissions the proceeds of which inure to the benefit of religious, educational, charitable, and like institutions and organizations has been subject to much abuse with respect to wrestling matches and prize fights and other pugilistic matches and exhibitions.

The House bill provided that this exemption should not be granted in the case of such matches or exhibitions, and that colleges and universities should not have benefit of the exemption. Your committee is opposed to the taxation of college sports and has amended section 711 (c) accordingly.

A new section exempting admissions to the 1932 Olympic games has been added.

PART III. STAMP TAXES

Section 721 of the House bill, increasing the rate of tax on bond issues from 5 cents to 10 cents, has been amended to exempt certain annuity contracts which have been held taxable under existing law as "corporate securities."

Amendments have been made to section 722, providing for a like increase of tax on stock issues, to make it clear that the basis of computation of the tax remains the par value of the certificate as distinguished from the shares. Similar amendments are made in section 723, relating to stock transfers.

Your committee has stricken out the provision of the House bill providing that the tax on stock transfers should not be less than one-fourth of 1 per cent of the selling price, if any. It is believed that this is a burdensome rate and that the provision would cause administrative difficulties.

The House bill eliminated the provision of existing law exempting loans of stock. Your committee has restored this exemption, since the loaning of stock is essential to the carrying out of many legitimate transactions, such as the sale of stock by those living at a distance from the stock exchange.

An exemption of transfers from a fiduciary to a nominee and between nominees of the same fiduciary has been added.

Section 722 (b) of the House bill, intended to prevent evasion of the tax by resort to foreign exchanges, has been eliminated. With the reduction in the rate, the danger which subsection (b) was intended to meet will not exist.

Section 724, imposing a tax on bond transfers, has been amended by changing the rate from 2 cents to 4 cents per $100 of face value or fraction thereof, and by striking out the provision that the tax shall not be less than one-eighth of 1 per cent of the selling price, if any. Your committee believes that the enforcement of a percentage rate would be especially difficult in the case of transfers of bonds, only a relatively small number of which are made on exchanges.

An amendment is inserted to make it clear that bonds exempt from the tax on issuance, such as Federal, State, and municipal bonds, are not to be subject to the transfer tax.

Transfers of bonds in connection with tax-free corporate reorganizations and transfers of bonds from a fiduciary to a nominee and between nominees of the same fiduciary are exempted.

Section 725, imposing a tax on conveyances similar to that imposed by Schedule A of the revenue act of 1924, has been amended to exempt deeds which were deposited in escrow before April 1, 1932.

Under the House bill the stamp tax on sales of produce for future delivery imposed by subdivision 4 of Schedule A of Title VIII of the revenue act of 1926 is increased from 1 cent to 5 cents. Your committee has stricken out of the bill the proposed increase.

PART IV. TAX ON TRANSPORTATION OF OIL BY PIPE LINE

The rate under section 731 on transportation of oil by pipe line has been reduced from 8 to 3 per cent. The word "oil" has been changed to "crude petroleum and liquid products thereof." This will make transportation of gasoline as well as crude oil taxable.

Amendments have been made to impose the tax on the pipe line rather than the person paying for the transportation. The provisions covered by the new Part VII have been stricken out.

PART V. TAX ON CHECKS, ETC.

Your committee has inserted a tax of 2 cents on each bank check or draft, to raise $95,000,000 in the fiscal year 1933. This tax is to be collected by the bank from its customers by charges against their accounts. This method of collection is expected to be much less of a nuisance and expense to both the banks and their customers than a stamp tax would be. It will eliminate the necessity of the banks carrying stocks of stamps and stamped checks and the waste occasioned by their redemption and destruction when the tax ceases to be in effect.

The former Part V, tax on leases of safe-deposit boxes, has been stricken out.

PART VI. TAX ON CIGARETTE PAPERS

Under existing law cigarette papers in books of 25 or less are exempt from tax. This is to permit free distribution of such books with packages of tobacco. This privilege is being abused and the tax evaded by giving with one package of tobacco two or more books of 25 papers each. To eliminate this practice the exemption of the small books is eliminated and the tax is made applicable to withdrawals for consumption or sale as well as to sales.

PART VII. ADMINISTRATIVE PROVISIONS

To eliminate duplication the administrative provisions applicable to the new taxes imposed by Title V have been combined in Part VII.

TITLE VI.—ESTATE TAX AMENDMENTS

SECTION 801. CREDIT OF GIFT TAX ON ESTATE TAX

This section authorizes a credit for gift taxes against the estate tax where any property subject to the gift tax is required to be included in the donor's gross estate on his death.

This credit provision is substantially the same as section 322 of the revenue act of 1924 (relating to the gift tax imposed by that act), with the addition of the exception stated in the latter portion of paragraph (1).

This added exception is inserted in view of the fact that, on account of the graduated rates, the total gifts subject to gift taxes (some of which may be included for estate-tax purposes and some not) may be larger than the net estate subject to estate tax, and the estate-tax rate lower than the gift-tax rate. For example, the gifts may amount to $10,000,000, of which $1,000,000 may be subject to estate tax and the property owned by the donor when he died may amount to $500,000 (after deductions); thus the net estate would be $1,500,000 and the estate-tax rate considerably lower than the gift-tax rate. Such a situation would result in complete exemption of the estate from estate tax if it were not for the exception mentioned. The exception is designed to obviate this result by limiting the credit as provided in this section. The parenthetical clause, a part of the exception, is required by the fact that only the "lower" value is subject to both the gift and the estate tax. For example, if the gift-tax value is $600,000 and the estate-tax value $1,000,000, the lower value ($600,000) is the only one which has been the subject of both taxes. The excess ($400,000) has been the subject of estate tax only.

Paragraph (2) is required to indicate the amount of gift taxes for which credit is allowable where there are gifts in a calendar year which are included in the donor's gross estate for estate-tax purposes, and other gifts for the same year which are not so included.

SECTION 802. EIGHTY PER CENT CREDIT

A credit against the estate tax for State death taxes paid was first authorized by the revenue act of 1924 (sec. 301 (b)), where the credit was permitted up to 25 per cent of the estate tax. This percentage was increased in the revenue act of 1926 (sec. 301 (b)) to 80 per cent. Under existing law the credit includes only such State death taxes as are actually paid and credit therefor claimed within three years after the filing of the estate-tax return. This restriction has worked unfairly in certain instances, particularly where appeals to the Board of Tax Appeals have had the effect of postponing the final determination of the amount of the estate tax and consequently the State death taxes until after the expiration of the 3-year period.

The principal amendment made by this section is designed to effect an appropriate extension of the period for paying State death taxes and claiming credit therefor.

Subsection (a) of this section amends subdivision (b) of section 301 of the revenue act of 1926. The changes are:

(1) A clarifying provision to remove any basis of a claim for credit for State death taxes paid with respect to another person's estate, where the property is included in the decedent's estate.

(2) A specific provision that the 80 per cent limitation be computed after credit is made for the gift tax; that is, that the gift tax is first to be credited against the Federal estate tax, and the credit for State death taxes is limited to 80 per cent of the balance.

(3) An extension of the period for paying State death taxes and claiming credit from three to four years after the filing of the return.

(4) A provision in substance allowing the estate the entire period during which the case is before the board, and 60 days thereafter to pay State death taxes and claim credit therefor. Many of the States have passed estate tax laws, designed to procure for the State the difference between 80 per cent of the Federal estate tax and the ordinary State inheritance taxes. In actual practice the State tax authorities decline (in many cases under the express provisions of State law are unable) to determine the State estate tax until the Federal estate tax is fixed. If the estate files a petition with the board, it may be very much longer than three or four years after the filing of the return before the board or the courts to which appeals are taken render a final decision.

(5) A provision to the effect that, if the estate procures an extension of time to pay the tax (on account of undue hardship), a similar extension is granted for paying State death taxes and claiming credit therefor.

(6) A provision to the effect that a refund based on the credit may be made if claim therefor is filed within the above period, despite the provisions of section 319.

The interest provision is designed to prevent the allowance of interest, accruing after enactment of the pending bill, on any refund due to the State death-tax credit. In some instances interest on the 80 per cent refunded would equal or exceed the 20 per cent, which the Federal Government is permitted to retain.

Subsection (b) of this section makes it clear that where the right to a credit for State death taxes is barred at the time of the enactment of this act such right is not revived by any provision of this section, except that by a committee amendment to this subsection the right to claim a credit for State death taxes (within the period provided in subsection (a)) is saved to estates which have filed petitions with the Board of Tax Appeals within the time specified by statute.

SECTION 803. FUTURE INTERESTS

The purpose of this amendment to section 302 (c) of the revenue act of 1926 is to clarify in certain respects the amendments made to that section by the joint resolution of March 3, 1931, which were adopted to render taxable a transfer under which the decedent reserved the income for his life. The joint resolution was designed to avoid the effect of decisions of the Supreme Court holding such a transfer not taxable if irrevocable and not made in contemplation of death. Certain new matter has also been added, which is without retroactive effect.

The changes are:

(1) The insertion of the words "or for any period not ascertainable without reference to his death" is to reach, for example, a transfer where decedent reserved to himself semiannual payments of the income of a trust which he had established, but with the provision that no part of the trust income between the last semiannual payment to him and his death should be paid to him or his estate, or where he reserves the income, not necessarily for the remainder of his life but for a period in the ascertainment of which the date of his death was a necessary element.

(2) The insertion of the words "or for any period which does not in fact end before his death," which is to reach, for example, a transfer where decedent, 70 years old, reserves the income for an extended term of years and dies during the term, or where he is to have the income from and after the death of another person until his own death, and such other person predeceases him. This is a clarifying change and does not represent new matter.

(3) The insertion of the words "the right to the income" in place of the words "the income" is designed to reach a case where decedent had the right to the income, though he did not actually receive it. This is also a clarifying change.

(4) The insertion of the words "either alone or in conjunction with any person" is to reach a case where decedent had a right, with the concurrence of another person or persons, to designate those who should possess or enjoy the property or the income therefrom.

The amendments to section 302 (f) and section 315 (b) of the revenue act of 1926 are to bring these sections into agreement with section 302 (c) of the 1926 act, as amended, in the respects above indicated.

SECTION 804. RELINQUISHMENT OF DOWER, ETC., AS CONSIDERATION

This amendment excludes, in determining "consideration in money or money's worth," the value of a relinquished, or a promised relinquishment of, dower, curtesy, or other marital rights in decedent's property. Section 302 (a) and (b) of the 1926 act require the value of such an interest to be included in the gross estate, and, if its value may, in whole or in part, constitute a consideration for an otherwise taxable transfer (as has been held to be so), or an otherwise unallowable deduction from the gross estate, the effect produced amounts to a subversion of the legislative intent expressed in section 302 (a) and (b).

For example, a decedent dies leaving an estate of $1,500,000 (after payment of all charges), and under the State law the surviving spouse is entitled to one-third, or $500,000, of which she can not be deprived by will without her consent. Under existing law the estate is entitled to no deduction on account of her statutory rights, but, if she and decedent had entered into a contract by which she was to receive from his estate a stated sum in consideration of a waiver of her statutory rights, the amount due her under the contract might be held a deductible claim against the estate as having been contracted for an adequate and full consideration in money's worth, namely, the value of her waived marital rights.

SECTION 805. DEDUCTIONS

This amendment, with one exception, merely clarifies the existing law so far as it relates to an important group of deductions allowable in computing the net estate subject to estate tax. The principal changes made are:

(1) A more definite statement that, in order for a mortgage to be deducted, the full value of the mortgaged property must be included in the gross estate. This change is merely for clarification.

(2) A clarifying provision to remove any question as to the deductibility of property taxes which did not accrue until after decedent's death. Such taxes are not claims nor administration expenses, and moreover are allowed for income-tax purposes.

(3) A change has been made in connection with the allowances of losses during the settlement of the estate as deduotions to correspond with the change made under section 23 (e) of the income-tax title.

(4) A clarifying provision limiting the requirement of an adequate and full consideration in money or money's worth to liabilities founded on contract. The existing law might be open to a construction under which no claim against the estate would be deductible unless supported by an "adequate and full consideration in money or money's worth," but the real intent could hardly have been to deny the deduction of liabilities imposed by law or arising out of torts, and the amendment whereby the requirement of a consideration applies only where the liability is founded on contract is designed to clear up any doubt which may be thought to exist.

SECTION 806. PRIOR TAXED PROPERTY

Under existing law, where two decedents die within five years of each other, if the first estate pays a tax and there is included in the second estate property which was also included in the first estate, deduction is allowed to the second estate on account of the property previously taxed. A similar provision is made for a deduction to an estate where the decedent received property by gift within five years prior to his death and a gift tax was paid upon such gift. Since the same rules apply in the two classes of cases, and this amendment has a common application, the explanations which follow will, for convenience, deal only with the situation of two decedents dying within five years of each other.

The principal changes in existing law made by this amendment are:

(1) Provision for reducing the deduction where a mortgage or other lien was allowed as a deduction to the first estate but was paid in whole or in part prior to the second decedent's death. For example, there may have been included in the first estate an item of property valued at $100,000, against which a deduction was allowed for a mortgage thereon of $25,000 (the only value actually taxed being $75,000). The mortgage was paid between the two deaths and the property included in the second estate at $100,000. A literal interpretation of the existing law might seem to require a deduction to the second estate of the full value of the property, though the prior estate paid a tax on the equity of redemption only.

(2) Provision for reducing the deduction for prior taxed property on account of other deductions, such as claims against the estate, administration expenses, charitable bequests, and the specific exemption. The words "and not deducted under paragraphs (1) and (3) of this subdivision" were inserted in section 403 (a) (3) of the revenue act of 1921 to prevent a double deduction, but that purpose has not been entirely accomplished. Under existing law, if the decedent received from the first decedent bonds valued at $100,000, and specifically bequeathed those bonds to charity, only one deduction would be allowed. However, if instead of specifically bequeathing the bonds, he gave charity a general legacy of $100,000, which could be satisfied out of property other than the bonds, two deductions would be allowed. Under the amendment, the allowable deduction in the two examples is the same, namely, the full amount of the charitable bequest and a pro rata part of the prior taxed property.

(3) Provision to the effect that where the prior taxed property consists of two or more items the aggregate value is to be used in computing the deduction. Under existing law, where there is a variance in the value of any items of property between the date of death of the first decedent and the date of death of the second decedent, the lower value of each item is used for the purpose of computing the deduction. Under the amendment the lower of the two totals, instead of the lower of each item, is used. For example, if one item is valued at $8,000 in the first estate and at $10,000 in the second estate, $8,000 is deducted as prior taxed property. If another item is valued at $12,000 in the first estate and at $9,000 in the second estate, $9,000 is deducted. It will be noted that the total of the two lower values is $17,000, which is the amount deducted as prior taxed property under existing law for the two items. The total of the two items in the first estate is $20,000, and in the second estate $19,000. Under the amendment $19,000 will be deductible as prior taxed property.

SECTION 807. DEDUCTION OF BEQUESTS, ETC., TO CHARITY

The purpose of this amendment is to limit the deduction for charitable bequests, etc., to the amount which the decedent has in fact and in law devised or bequeathed to charity. Under existing law no consideration can be given to any estate, succession, legacy, or inheritance taxes imposed with respect to a decedent's estate even though by the terms of his will or the local law they actually reduce the amount of such bequest or devise. It is evident that where the decedent gives his residuary estate to charity, but by his will directs that such taxes shall be paid therefrom, all that he gives to charity and all that charity is entitled to receive is the residuary estate reduced by the amount of the taxes charged against it; the residuary estate being what is left after the subtraction of such taxes and other charges and prior bequests. This is equally true where, in the absence of such a direction in the will, such taxes under the local law are payable out of the residuary estate.

This amendment restores the sentence appearing in sections 303 (a) (3) and 303 (b) (3) of the revenue act of 1924, which was retroactively repealed by section 323 of the revenue act of 1926.

The Supreme Court on February 18, 1924, in the case of Edwards *v.* Slocum (264 U. S. 61), held that, as a matter of construction, a residuary gift to charity was not to be reduced by the Federal estate tax which was imposed on so much of the estate as the testatrix had bequeathed to individuals. Under the State law the estate tax was payable generally out of the estate and so fell upon and reduced the residuary estate given to charity. As a legislative reversal of the decision in that case, the sentence referred to was incorporated in the revenue act of 1924 and covered Federal estate taxes as well as State inheritance taxes where, either by the terms of the will or by the local law, any such tax operated to reduce the amount given to and received by charity. In view of the retroactive repeal of the sentence, the Treasury took the position that the legislative intent thereby indicated necessarily extended both to the Federal estate tax and to State inheritance taxes.

Under the existing law, most absurd results are reached. Thus, if a testator gives his residuary estate to charity and directs that the Federal estate tax and the State inheritance taxes shall be paid out of such estate, the result may be that nothing is left for charity. In such case, notwithstanding nothing is given to charity and charity receives nothing, still there must be deducted from the gross estate a wholly fictitious sum, namely, what he would have given to charity had he not directed otherwise. The result in all other cases to which the amendment will apply varies from the foregoing example in degree only.

SECTION 808. EXTENSION OF TIME FOR PAYMENT

Under the existing law the commissioner is authorized to extend the time for the payment of the estate tax reported by the executor on the return for a period not in excess of five years from the due date. Under the bill the commissioner is given authority to extend the time for payment of such tax for a period not in excess of eight years from the due date. In the case of a deficiency in estate tax, the commissioner may extend the time for payment for a period not to exceed two years under existing law. This period is changed under the bill from two to four years. The running of the statute of limitations on assessment and collection is suspended for the period of the extension in the case of both the tax reported by the executor and the deficiency.

SECTION 809. LIEN FOR TAXES

This provision reenacts the second sentence of section 315 (a) of the revenue act of 1926, which was repealed by section 613 (b) of the revenue act of 1928, and restores to the commissioner authority for the release of the lien imposed by section 315 (a). Under existing law there is no authority for the release of a tax lien until an assessment has been made. As applied to the estate tax, this limitation has been found to be too onerous. Oftentimes estates require a partial release of lien shortly after the decedent's death and before a return can be prepared or filed, and, if the release must await an assessment, the resulting loss and inconvenience to the estate is manifest.

SECTION 810. REFUNDS

The purpose of this amendment is to remove all question as to the precise effect of a period of limitation on refunds which runs from the payment of the tax. However, contentions in favor of a contrary effect are left open for determination by the courts in cases where refund claims were filed prior to the enactment of the amendments.

SECTION 811 OF HOUSE BILL—REVALUATION OF DEPRECIATED ESTATES

The House bill contains a provision granting relief retroactively to estates whose assets greatly decreased in value subsequent to their valuation for estate-tax purposes as of the date of death. Under this provision the executor of a decedent who died on or after September 1, 1928, and prior to January 1, 1932, may elect to have the estate valued for estate-tax purposes as of a date 18 months subsequent to the date of death. In such cases, it is provided that the amount to be paid as the tax shall be an amount which bears the same ratio to a tax computed without reference to the provision as the value 18 months after death bears to the value at the date of death, but in no event is this amount to be less than 60 per cent of a tax computed without reference to the provision. Your committee has stricken this provision from the bill. It develops that it will seriously affect not only Federal revenue but also State revenues.

While the loss in revenue to the Federal Government is considerable, such loss is inconsequential as compared with the loss which the States will be forced to bear if this provision is enacted into law. This is due to the fact that many States have enacted legislation taking advantage of the 80 per cent credit provision of the revenue act of 1926. In such cases, 80 per cent of the burden occasioned by such relief must be borne by the States, while the Federal Government bears only 20 per cent of such burden. Many of the States have already collected death duties based upon the valuation of property at the date of death, and the amounts collected have already been expended for public purposes. Moreover, it is contended that such a provision will compel the States in many cases to abate outstanding taxes.

SECTION 811. FUTURE INTERESTS—EXTENSION OF TIME FOR PAYMENT OF TAX

In cases where there is included in the gross estate the value of a remainder or reversion which will not come into possession until the falling-in of the precedent interest or interests, the payment of the whole amount of the tax at the time now required may occasion considerable hardship. For example, A acquired from his father's estate a remainder in certain property which is to take effect in possession upon the termination of a life estate to B, and A dies during the lifetime of B. Or, A grants to B an estate for the life of B, and dies during B's lifetime. There is included in A's gross estate, the present value of the remainder, or reversion, which passes upon his death, which, although of substantial value, may not be readily salable or readily available as security for a loan. Your committee has therefore added a provision which permits, in such a case, the postponement of payment of the part of the tax attributable to the reversionary or remainder interest or interests until six months after the termination of the precedent interest or interests in the property. The provision, of course, is limited to cases where the property included in the gross estate is the reversionary or remainder interest as such and does not extend to the case where the decedent merely creates future estates by his own testamentary act. Postponement of payment is conditioned, however, upon the giving of bond to secure the payment of the part of the tax attributable to the future estate, with interest from 18 months after the decedent's death.

Credit for such State taxes as are allowed under section 301 (c), attributable to the reversionary or remainder interest, may be allowed if such taxes are paid, and credit claimed, at any time prior to 60 days after the termination of the precedent interest or interests. The bill does not attempt to prescribe details as to the allocation of the tax, or the credit under section 301 (c), to the future estate, or as to the adjustment of the postponed amount as the result of a redetermination of the tax, as all of these matters may more appropriately be covered in the Treasury regulations. This section is also applicable in respect to the additional tax imposed by Title II of this act.

TITLE VII.—TAX ON TRANSFERS TO AVOID INCOME TAX

SECTIONS 901, 902, 903, AND 904. TAX ON TRANSFERS TO AVOID INCOME TAX

The House bill imposes an excise tax upon the transfer of stock or securities by a citizen or resident of the United States or by a domestic corporation to a foreign corporation as paid-in surplus or to a foreign trust. The tax is to be measured by the excess of the value of the stock or securities transferred over the adjusted basis thereof as determined under section 113. Your committee concurs in the need for this tax to prevent avoidance of tax by transferring stock or securities appreciated in value to foreign corporations or foreign trusts prior to the sale thereof, but has concluded that the scope of the section should be enlarged in order the more effectually to accomplish its purpose.

Section 901 has therefore been enlarged to include not only transfers by a citizen or resident of the United States or by a domestic corporation but also transfers by a partnership or by a domestic trust (in contrast to a "foreign trust" as defined in section 903) and, furthermore, to include transfers to foreign trusts, foreign partnerships, and foreign corporations whether made as contributions to surplus or to capital. Section 902, which relieved certain transfers from the tax, has been restricted by the elimination of the portion of the House bill which exempts transfers for adequate and full consideration in money or money's worth. In this connection your committee believes that the bill should not either expressly or by implication permit the argument that an increment in value of shares or of a beneficial interest resulting from a transfer of stocks or securities should be considered full consideration in money or money's worth, and that the presence of a valuable and adequate consideration in a transaction should simply constitute one of the elements of the transaction on which the commissioner should base his conclusion as to whether one of the principal purposes of the plan is to avoid Federal income taxes. Your committee believes that the commissioner should have the widest latitude for the exercise of a sound discretion in the application of this title, both before and after the transfers are carried out.

The definition of a "foreign trust" contained in section 903 of the House bill has been slightly changed. Under the amended definition a trust is classified as "foreign" if the profit from the assumed sale of the transferred property would not be included in the gross income of the trust, the classification not being made dependent upon whether or not such profit would be taxable to the trust. This change removes any doubt concerning trusts the income of which is currently distributable and, therefore, never taxed to the trust under the income-tax title.

Section 904 has been enlarged to give the commissioner power, under proper regulations, to abate, remit, or refund a tax imposed, assessed, and/or collected under this title, if the commissioner is satisfied that the transfer was not made in pursuance of a plan having as one of its principal purposes the avoidance of Federal income taxes; this provision is likewise designed to afford the commissioner a wide latitude in his examination of the transaction as carried out and his determination in respect thereof. Otherwise, the new draft of this section follows the House bill in prescribing that the tax becomes due and payable by the transferor at the time of the transfer and in giving the commissioner authority to prescribe regulations for its assessment and collection.

TITLE VIII.—ADMINISTRATIVE AND GENERAL PROVISIONS

SECTION 1101. REVIEW OF DECISIONS OF THE BOARD OF TAX APPEALS

Section 1001 (a) of the revenue act of 1926 has been amended to reduce the period within which a petition for review of decisions of the Board of Tax Appeals may be filed from six months to three months after the decision of the board is rendered. This action brings the rule governing the period within which a petition for review of Board of Tax Appeals decisions may be filed into harmony with the rule governing the time in which a petition for review of decisions of district courts of the United States may be filed; such period was reduced from six to three months some years ago, and your committee sees no reason why a longer period should be allowed in board cases than in court cases. It is believed that this change would expedite the final closing of cases and will result in considerable saving of interest both to the Government and to the taxpayer. The rule is made to apply only in the case of decisions rendered after the passage of the act.

SECTION 1102. BOARD OF TAX APPEALS—FEES

Under existing law the board is authorized to fix a fee for preparing and comparing a transcript of the record, but no authority is given the board to fix a fee for furnishing certified copies of other miscellaneous documents. It has become an almost daily practice for taxpayers or their attorneys to call upon the board for certified copies of miscellaneous documents. The proposed bill remedies this situation by giving the board authority to fix a fee for copying any record, entry, or other paper, and the comparison and certification thereof.

SECTION 1103. LIMITATION ON SUITS BY TAXPAYERS

Section 3226 of the Revised Statutes, as amended by section 1113 of the revenue act of 1926, provided generally that no suit or proceeding for the recovery of internal-revenue taxes, penalties, or sums may be brought after the expiration of five years from the date of payment of such taxes, etc., unless such suit is begun within two years after the disallowance of the part of the claim for refund or credit to which the suit relates. Under the existing law, the exact date of disallowance is sometimes difficult of ascertainment, with the consequent uncertainty in such cases as to when the statute of limitations on suits begins to run. Moreover, the use of the two periods (five years and two years) which run from the happening of different events tends to confusion. Your committee is of the opinion that the best interests of all parties concerned will be served by an amendment which makes the date of disallowance of the claim absolutely certain in every case and which specifies but one limitation period after that date. Accordingly, the bill requires the mailing of a notice of disallowance by registered mail, and the bringing of a suit or proceeding within two years from the date of such mailing. Suits or proceedings instituted before the enactment of this bill and suits or proceedings instituted after the enactment of this bill based upon claims or parts of claims which were disallowed prior to the enactment of this bill are not affected by the amendment and remain subject to the limitations provided in the existing law.

SECTION 1104. DATE OF ALLOWANCE OF REFUND OR CREDIT

Under the practice once prevailing in the Bureau of Internal Revenue the commissioner first signed a schedule of overassessments, which fixed the amount of the taxpayer's overassessment, and later, after the collector had made appropriate adjustments to the taxpayer's account in accordance with this schedule, signed a schedule of refunds and credits, which formally approved the action so taken and directed the making of any money payments due the taxpayer. In recent years the schedule of refunds and credits has been abandoned; the commissioner's final action consists in signing the schedule of overassessments, which in itself contains complete directions as to the further steps to be taken toward abating, crediting, or refunding the overassessments entered on the schedule. Some question has arisen as to whether

certain court decisions, rendered upon the basis of the previous practice and holding that the allowance of the refund or credit takes place upon the signing of the second schedule, are applicable under the new practice. The provisions of this section, added by your committee, establish a rule which accords with the practice of the Treasury and permits the allowance of refunds and credits with the minimum of difficulty to the Government and the taxpayers as well. It protects the interests of small taxpayers particularly, who may not learn of any refund or credit which may properly be due them in sufficient time to file a claim and may lose the benefit thereof unless the commissioner by signing the schedule of overassessments can make the allowance within the statutory period. In order to settle any question as to the commissioner's allowance of a number of small refunds and credits in cases recently arising, your committee has made the provisions of this section retroactive to the date of the enactment of the 1928 act.

SECTION 1105. JEOPARDY ASSESSMENT

This section authorizes prompt collection of internal-revenue taxes (other than income taxes, which are provided for under existing law) when the commissioner finds that delay until the due date fixed by law would jeopardize collection. Provision is made for postponement until the due date fixed by law if the taxpayer furnishes proper security.

SECTION 1106. REFUNDS OF MISCELLANEOUS TAXES

This section amends section 3228 of the Revised Statutes so as to expressly prohibit refund of the portion of any taxes paid more than four years before the filing of the claim (or allowance of the refund, if no claim was filed).

SECTION 1107. SPECIAL DISBURSING AGENTS OF THE TREASURY

This section permits internal-revenue agents in charge of divisions to act as special disbursing agents of the Treasury for the payment of all salaries and expenses of such divisions upon the giving of sufficient bond. The Treasury for some time has had a revenue agent designated as disbursing officer to pay the salaries of employees. The Comptroller General has raised some question as to whether this was authorized under the law contending that a collector is the only one authorized to act as disbursing officer. This amendment is made to remove any question as to the right of revenue agents to act as disbursing officers of the Treasury.

SECTION 1108. REFUND OF TAXES FOR TAXABLE YEAR 1918

Prior to the revenue act of 1924, claims for refund were required to be filed within five years from the time the return was due. Under the revenue act of 1924 and subsequent acts, the time for filing refund claims was changed, the period being reckoned from the date of payment of the tax instead of the due date of the return. In making this change from the 1921 act, the 1924 act included a saving clause permitting claims for refund for the years 1919 and 1920 to be filed within five years from the time the return was due. The year 1918 was inadvertently omitted from the saving clause, presumably on the theory that the 5-year period in such a case had expired prior to the enactment of the 1924 act. This assumption has been found to have been in error. The provisions of the revenue act of 1924 were incorporated into the revenue act of 1926. Your committee corrects this error by inserting in the saving clause of section 284 (h) of the revenue act of 1926, the year 1918.

SECTION 1109. JOINT VENTURES, SYNDICATES, POOLS, AND OTHER SIMILAR ORGANIZATIONS

Some confusion has existed over the requirements of the prior acts as to the time and manner of returning income from the operations of joint ventures, syndicates, pools, and similar organizations. If the syndicate was not an association, partnership, or trust within the meaning of the act there was no express requirement in the act or regulations for the filing of a syndicate return, and the sole responsibility of making returns of the annual gains and losses of the syndicate was placed upon the several members. Quite frequently, however, the members of such a syndicate overlooked the necessity of their making returns each year of their shares in the annual gains and losses from syndicate operations and assumed that they were required only to make returns of their shares in the ultimate gain or loss from the entire syndicate operations in the year when the syndicate was wound up or liquidated. Moreover, a strict observance of the letter of the prior acts would have required each member to determine his annual share in the syndicate gains or losses upon the basis of his own accounting period and according to his own method of accounting, irrespective of the accounting period or method of accounting upon which the books or records of the syndicate were kept.

The bill does away with this uncertainty by placing all joint ventures, syndicates, pools, and similar organizations which do not constitute associations or trusts in the category of partnerships, and the members of such syndicates, pools, etc., in the category of partners. This provision will have the effect of requiring the syndicate to file a partnership return and will thus make it easier for the members to determine the distributive shares in the syndicate gains and losses which are to be included in their own returns.

[Senate Report 665, part 2, Seventy-second Congress, first session]

REVENUE BILL OF 1932

Mr. WALSH of Massachusetts, from the Committee on Finance, submitted the following minority views (to accompany H. R. 10236):

We emphatically dissent from the inclusion in the revenue bill as reported by the Finance Committee of the tariff duties on oil, coal, copper, and lumber, masquerading as excise taxes. We regard the inclusion of these tariffs in the present bill, under all the circumstances, as utterly indefensible. We believe that it is unsound in principle and dangerous in practice to attempt to make the present revision of our domestic tax laws the vehicle for tariff tinkering. Furthermore, the prospective revenue yield of these proposed tariff taxes is negligible.

More important is the fact that these tariffs, at best, will be of doubtful benefit to domestic producers, may adversely affect domestic consumers, and will work most certain injury to our foreign trade and our foreign relations. The probable ultimate consequences of this further attempted tampering with a desperately sick economic situation throughout the world may well occasion the gravest apprehension.

No argument has been advanced in favor of the present tariff proposals on oil, coal, copper, and lumber that was not presented to and rejected by the Congress in the framing of the Smoot-Hawley Tariff Act of 1930, other than the fact that these industries are in a more depressed state now than then, and their necessities for relief more urgent now than at that time. The same may be said for every other industry in the country, and if the distress of American industry is to be the excuse and justification of new tariff levies, of increased tariff rates, and of embargoes, then why stop with oil, coal, copper, and lumber; why single them out for special tariff favor?

An outstanding factor in regard to all of the industries which would be protected by these new tariffs is the point that each has been primarily an export industry and continues to export a substantially larger value of products annually than it imports. Thus, even in the depression year of 1931, the net balance of exports over imports for the items for which duties have been proposed was as follows: Petroleum and products, $177,758,000; coal, $54,984,000; lumber, rough and planed, $29,830,000; copper, $6,003,000; coke, $3,494,000.

In other words, it is proposed to risk the loss of an export trade which amounted even in a very poor year to $440,000,000—18½ per cent of our entire foreign business—for the sake of eliminating an import business valued at $175,000,000. It is elimination or embargo of imports that is the real objective of the proponents of these tariffs, and if the proposed duties were successful in raising domestic prices they would most certainly make it impossible for the American products affected to compete with the excluded imports in world markets and would decrease to that extent at least the volume of our export trade.

However, the results of these new tariffs upon American foreign trade would not be confined to the items immediately affected. Canada, which furnishes us with lumber and copper, Venezuela, Colombia, and Mexico, which supply us with petroleum, and Chile and Peru, which send us copper, would all be seriously irritated by these embargoes against their trade and would most certainly retaliate with countermeasures to exclude exports of American manufactures.

A further important consideration is the fact that the proposed tariffs on copper involves a readjustment upward of a host of other tariff rates. Every article of import in which copper has a part is to take an equivalent compensatory duty. Thus with the stroke of a pen it is proposed to alter the cost and the price of hundreds of articles in common use. The resulting upset and confusion in trade and commerce is self-evident.

In the final analysis, therefore, the tariff items in the revenue bill will raise little, if any, revenue, will seriously disrupt our foreign trade; no benefit will accrue to the domestic industries involved unless they result in increased prices in the home market; and if increased prices do result, to that extent a new burden is laid upon the already impoverished and overtaxed consumer.

OIL

With respect to the proposed duties on petroleum products it is to be noted that the total domestic production of crude petroleum in 1931 amounted to 850,261,000 barrels; total imports of crude and refined petroleum products amounted to 86,082,000 barrels; total exports of crude and refined petroleum products and bunker fuel oil amounted to 168,229,000 barrels. Our exports were twice our imports and our imports about 10 per cent of our domestic production.

Witnesses before the committee for and against these oil-tariff proposals were in hopeless disagreement as to almost every essential phase of the controvery. The proponents contended that these tariffs would yield large revenues to the Government because they would not operate as an embargo on imported oil and gasoline. They claimed the imports would come in just the same; that the tariff of 2½ cents per gallon would be without effect on the price of gasoline in the American market; that the rate of 1 cent per gallon on crude and fuel oil as carried in the House bill (the Senate bill as reported carries a rate of one-half cent per gallon) was insufficient to measure the difference in cost of production here and abroad. They further stated the tariff would not substantially increase prices of crude and fuel oil in the home market, hence would be no burden upon the consumer and yet that these tariffs would be a priceless boon to the hard-pressed and depressed domestic oil industry.

The opponents contended that the tariffs would act as an embargo, would yield no revenue, would raise the price of fuel oil and gasoline to the American public by the full amount of the tariff and more, would operate as a tax upon our own citizens of hundreds of millions of dollars annually and all for the enrichment of a group of major oil companies who own 97 per cent of the

623,000,000 barrels of oil in storage, this stored oil comprising 70 per cent of one year's supply.

On the question of revenue yield Secretary of the Treasury Mills replied to a question as to whether a tariff of 1 cent on crude and fuel oil and 2 cents on imported gasoline would produce any revenue as follows:

"In the opinion of the experts of the Department of Commerce such a tax would yield no revenue, since the levy which would be added to the import price exceeds the margin of advantage on which oil is imported to this country and would therefore exclude the products affected."

On the question of the effect of the tariff on the price of oil and gasoline to the American public, since the domestic production of gasoline is so far in excess of domestic requirements and the import of gasoline so relatively trivial (13,621,000 barrels of gasoline were imported in 1931 as compared with a domestic consumption of gasoline of 16,712,000,000 gallons, or 397,905,000 barrels), the extent to which a tariff on gasoline will increase the price to the domestic consumer is perhaps debatable. But with respect to the proposed tariff on crude and fuel oil there can be no doubt that it must either operate to raise the price of crude and fuel oil in the United States or else be of no benefit whatever to the oil industry. The conclusion is inescapable that the imposition of this oil tariff will mean a levy of many millions of dollars annually upon the industries and individuals who are users of fuel oil without any accruing revenue to the Treasury. If this duty becomes effective, the consumers will pay $73,212,000 annually in increased prices for fuel oil.

COAL

The proposed duty on coal and coke as carried in the present bill, in our judgment, is utterly preposterous. According to Department of Commerce figures we exported 13,088,259 tons of coal and coke in 1931 and imported only 836,769 tons, a ratio of 16 to 1 in favor of our exports. The total production of coal and coke in the United States in 1931 was 459,716,104 tons, so that our imports of 836,769 tons represent less than one-fifth of 1 per cent of our total coal and coke production. It is to eliminate this almost infinitesimal amount of imported coal, which does not undersell domestic coal but in fact commands a higher price than the domestic product, that this tariff duty of 10 cents per 100 pounds, $2 per short ton, is in the bill. It will raise no revenue whatever. By the exclusion of the imported coal it will enlarge the potential domestic market by one-fifth of 1 per cent. The proponents of this tariff have but one objective. They hope to displace 600,000 tons of imported anthracite coal now sold in New England with an equal amount of Pennsylvania anthracite.

COPPER

There is no gainsaying the present distress of the American copper industry in the United States. Copper is now selling in New York at around 6 cents per pound. This compares with an average price for the past 30 years (excluding the war years) of 14.8 cents. American copper mines are said to have a potential capacity of 1,318,000 short tons per annum. In 1931 the United States market absorbed roundly 454,500 tons of primary copper and present consumption is lower still, perhaps not in excess of 25 per cent of our producing capacity. Present stocks of copper above ground are said to represent one year's supply for the entire world at present rate of consumption, and the United States alone owns 71 per cent of this stock. Foreign production of copper far outruns foreign consumption. The surplus of foreign copper is displacing domestic copper in our domestic market. What is true of many other commodities applies to copper. The world is suffering from a huge surplus of copper.

The question at issue is whether the erection of a tariff wall against foreign copper will in the long run benefit the country. On that question testimony of opposing copper groups before the Finance Committee was in sharp disagreement.

The proponents of a copper tariff sought a rate of 5 cents per pound, and said that they anticipated its effect would be to stabilize the price of American copper in the American market at around 11 cents per pound.

The bill as reported carries a copper tariff at the rate of 4 cents per pound. The contention that despite such a duty foreign copper will still be dumped in this market and pay a duty, and hence the Government will derive a tariff revenue from the copper duty is in our judgment unconvincing. We incline to the view that the proposed duty would exclude foreign copper, and hence be of no consequence so far as revenue is concerned. On the question of the benefit of the proposed duty to the American copper industry and to the country we are inclined to subscribe to the views presented by those representatives of the industry who oppose the duty and who contend that it will do more harm than good. In any event we submit that the present revenue bill is not the time and place for Congress to deal with the complicated and world-embracing issues which are raised by the question of removing copper from the free list, where it has remained since 1894, and granting compensatory duties to the large number of manufactured products that contain copper.

LUMBER

The petitions for a tariff duty on lumber come from the lumber operators of Oregon and Washington.

No new argument has been advanced for increasing the protective tariff duty on lumber that was not considered by the Congress prior to the passage of the Smoot-Hawley Tariff Act of June 17, 1930. Evidence of course was presented of the present depressed state of the lumber industry. The financial difficulties of operators, unemployment, want, and suffering were stressed. No conditions surrounding this industry were presented that are not applicable at the present time to practically every other industry in the United States. Furthermore, the conditions described in the lumber industry and in the communities where lumber operations are carried on are similar to conditions existing in the lumber communities of Canada. It is even claimed that there has been a higher percentage of failures in this industry in Canada than in this country.

One-half of the lumber (lumber planed or dressed on more than one side) included within this proposal is now subject to a protective duty of $1 per thousand feet. The United States Tariff Commission was importuned, under the flexible provisions of the tariff law, to increase this duty. As late as November 9, 1931, the Tariff Commission reported that a change in the duty of $1 per thousand feet was not warranted. On December 2, 1931, the President approved of this finding.

Advocates of this tariff therefore propose to override the findings of the Tariff Commission and the President, after an exhaustive study into the difference in the cost of production, including transportation, of Canadian lumber with the like American product. Yet the Finance Committee incorporated the rate of $3 per thousand feet in addition to the present rate of $1 per thousand feet already found to be adequate by the Tariff Commission and the President.

Rough lumber, now on the free list, is to be given a duty of $3 per 1,000 feet. If the Tariff Commission found no justification for increasing the tariff duty on dressed lumber above the present rate of $1, there can be no sound argument in favor of rough lumber being given a duty of $3 per 1,000 feet, especially when it is admitted that there is an element of labor that enters into the cost of dressed lumber as compared with rough lumber. The Tariff Commission found that the difference in total cost of producing rough lumber in Canada and America was 11 cents per 1,000 feet.

The result of an indiscriminate imposition of a tariff tax of $3 per 1,000 feet board measure on many dissimilar items of lumber will cause endless confusion and inequalities to various industries and consumers. This duty, in the absence of a definition of the classes of lumber included, would embrace inexpensive and expensive classes of lumber, for it includes all hardwoods, such as mahogany, lignum vitæ, maple, and birch; also, all softwoods used in the building of homes and in the manufacture of boxes, crates, containers, cigar boxes, and the like.

The industries affected that might properly claim compensatory duties if the increased duty stands are manufacturers of agricultural implements, hardware, fixtures, caskets, refrigerators, trunks, picture frames, tobacco boxes, toys, pencils, and penholders, brushes, artificial limbs, airplanes, pattern making, etc.

The fact that no distinction is made in the duty on lumber on the type used by the farmer and the home builder and lumber used on more extensive construction and industrial projects would result in this duty being equivalent to 33⅓ per cent ad valorem on cheap lumber costing $12 per thousand, and a duty of less than 1 per cent ad valorem on expensive lumber selling at $250 and more per thousand feet (for instance, as used in airplanes and for mahogany paneling in high-priced office buildings and residences).

The burden of the proposed tax would fall upon the consumers of every article of lumber used in the United States. The domestic producers who seek this duty for the purpose of increasing their prices will expect to get the benefit of the duty to the fullest extent possible under the law. Eliminating the effect of pyramiding, the rate of $3 per thousand feet increase of the present duty, based upon an average consumption of about 35,000,000,000 feet, will result in a total cost to consumers in the United States of about $105,000,000 annually.

From the standpoint of producing revenue the rate is destructive, for it will result in being an absolute embargo. An embargo will be detrimental to the producers as well as to the domestic consumers. Naturally the lumber producers in Canada who will be forced out of the American market will send their lumber elsewhere, causing competition with American exporters of lumber exported to Cuba, South America, China, Japan, and other markets.

The exports of lumber have an annual average of 100 per cent in excess of imports. What the advocates of this duty are seeking is the impossible. They would prevent all countries from selling us goods and, at the same time, expect them to buy from us.

The admission of foreign lumber produced through indentured or forced labor is prevented by existing law. If this law is being improperly enforced, the responsibility is with the executive department. If the law is not effective in preventing the very limited amount of lumber imported from countries suspected of using this class of labor (less than 14,000,000 feet), we favor the enactment of more drastic provisions to control such imports.

CONCLUSIONS

The logrolling methods which have resulted in the incorporation of these particular tariff items, for these items yield no income to the Government worth considering, would be indefensible even if the committee were considering a general revision of the tariff; but to resort to the trades, exchange of votes, and on-again off-again performances that characterize the incorporation of these items in an emergency revenue measure is an exhibition that will raise serious questions in the public mind concerning the capacity of representative government to function promptly and without self-interest in a great emergency. Perhaps the least said about

the performance the better. We doubt if even the "victors" are particularly proud of their handiwork.

In brief, these tariff items are riders to a bill whose sole purpose should be to balance the Budget and would not be seriously considered by the Congress if proposed in a bill of their own because there are no cogent arguments for their imposition. We urge that these "logrolled" tariffs in a bill seeking to balance the Budget deficiency be rejected by the Senate, as they have already been repudiated and condemned by the public sentiment of the country, regardless of party or personal views concerning the protective principle.

PAT HARRISON.
WALTER F. GEORGE.
DAVID I. WALSH.
EDWARD P. COSTIGAN.
CORDELL HULL.

In the absence of an opportunity to read and check all of the foregoing minority views, I concur in the dissent of the minority for the reasons well stated in the opening paragraph.

EDWARD P. COSTIGAN.

Mr. COUZENS. Mr. President, the Senator said he thought the committee had done a pretty good job, but I want to draw the Senator's attention to the fact that this bill is not the committee's bill. This is Mr. Mills's bill. I desire to read a telegram I received to-day from Detroit. It is as follows:

Is Congress or Secretary Mills enacting the revenue legislation? A statement published here attributed to Mills says that latter told representatives of automobile industry, even before the bill reached floor of Senate, that there was no hope of escaping the special tax levies, and that the industry might as well resign itself to carry the additional burden. Since when has Congress become a rubber stamp for Mills? Why are Mills and his predecessors so antagonistic toward the industry that led the way to prosperity in 1921, and is making an epic fight vastly greater than any other industry to repeat? What is the real motive behind this unfair, vicious, discriminatory, punitive taxation being forced upon a bewildered Congress by a high officer of a Republican administration against America's most courageous industrialists and the chief industry of the most Republican State, namely, Michigan?

I want to say to the Senator that the antagonism of the Secretary of the Treasury and his predecessor is due to the fact that it is the only major industry in the United States that they have not been able to control. The great financiers of New York and Wall Street—and as I refer to Wall Street I am looking right into the face of my friend, the senior Senator from New York [Mr. COPELAND]—know it is the only major industry that they have not been able to control. They have controlled the railroad business. We know the history of the railroad business. We know what the history of the automobile business would have been had the great New York financiers been able to control and do with it what they have done with the railroads and other great business enterprises.

I wanted to make that statement now because the Senator from Utah referred to the bill as a "committee bill" while as a matter of fact it is Mr. Mills's bill.

Mr. SMOOT. Mr. President, I wish to invite the attention of the Senate to the fact that there is not a single solitary tax imposed in the bill against which there has not been vehement protest—not a single tax of any kind. As to some of them, I have received thousands of telegrams and more than thousands of letters. If we had paid any attention to them, we would not have a tax on a single item.

Mr. COUZENS. Will the Senator produce the evidence of protests that he has received against an increase in corporation taxes? Will the Senator produce the evidence of protests that he has received against the 1918 income-tax rate? I submit the Senator has not had any voluminous protests against those equitable taxes.

Mr. SMOOT. Whether the Senator insists or not——

Mr. COUZENS. I merely ask the Senator to produce the evidence.

Mr. SMOOT. There is not a tax in the bill against which there has not been a protest.

Mr. VANDENBERG. Mr. President——

The PRESIDENT pro tempore. Does the Senator from Michigan yield to his colleague?

Mr. COUZENS. Certainly.

Mr. VANDENBERG. Before the Senator takes his seat he may be interested in being reminded that when Mr. Mills testified on October 31, 1927, respecting automobile taxes, he urged as one of the principal reasons for taxing automobiles that the railroads needed the assistance through that indirect method.

Mr. COUZENS. The Senator knows the New York financial interests, and Mr. Mills and his predecessors, controlled and operated and dominated the railroads, and of course they are antagonistic to every industry which in any way affects their welfare. That is the reason why for years and years the Treasury Department, no matter by whom officered, has been antagonistic to the motor industry.

Mr. TYDINGS. Mr. President, just at the time this new burden of $1,000,000,000 in taxes is about to be placed upon the American people, whose tax backs are already very badly bent if not broken, I rise once more to ask if at the next convention of the Republican Party a referendum plank on the liquor question is to be adopted, because I want to point out in all seriousness that if we can deal with a tax upon beer at this time, one-half of this $1,000,000,000 burden can be eliminated.

Further than that, to take issue with the Senator from Utah [Mr. SMOOT], it is the only tax against which the American people will not protest. I stand here individually protesting against taxing the people of my State and the other States of the Union $600,000,000 when racketeers and bootleggers are waxing rich and contributing nothing whatsoever to the Government while honest industry is penalized.

What we are doing in this bill is taxing honest work and putting crime on the free list. With 10,000,000 men walking the streets begging for jobs, with our community funds breaking down, with business frightened almost to death, I say it is an outrage that this huge burden of $1,000,000,000 a year is to be put on the people at this time. When men are afraid of what the next month will bring forth, we sit here and do not tax the one thing that will make half of this burden unnecessary.

I ask now who is right—Secretary of War Hurley and Assistant Secretary of the Navy Jahncke, who have gone about the country saying the President will favor some modification at the Chicago convention, on the one hand, or the senior Senator from Ohio [Mr. FESS], the chairman of the Republican National Committee, on the other hand, who says the President will not do that? Can anyone answer? In a period of emergency, in a period of fright, in a period of unemployment, in a period when we are threatened with $1,000,000,000 of new taxes, no one in the Republic can tell where the leader of the country stands on an issue upon which every person in the country has some sort of an opinion.

We are told that after we adjourn and after we sandbag every honest business in the country with this huge burden of taxation, after we have left here and it is too late for Congress to act, the President is going to take a position upon the liquor question. I would not object at all to his saying that he believes more prohibition would be a good thing for the country or that he thinks it has had a trial and has been a failure; but I submit that he ought to have some opinion on it in the face of a $1,000,000,000 tax bill about which the people are already very much frightened.

There would not be any need for these automobile taxes, there would not be any need for these admission taxes, there would not be any need for most of these excise taxes if we would tax the thing which Al Capone taxed, but which we can not tax; but we go into the back door of Mr. Capone's home and take his ill-gotten gains, after we have had a trial in a court of law, and are ready to share in his illegal profits by taking it in the form of an income tax.

Tell me about leadership and courage and tell the people of the Nation that Congress refuses to function and act! Let us cast our eyes down Pennsylvania Avenue and ask the man who has received the confidence of the people of the country by an overwhelming majority to say whether he favors, for example, the proposition offered by the Senator from Connecticut [Mr. BINGHAM], whereby honest in-

dustry can be saved $500,000,000 of new taxes, and whether we can use that sum to finance the construction program and use it to pay the interest and the sinking fund on the bonds and put to work the 10,000,000 honest people who are now out of work and asking for jobs and a chance to regain their self-respect and provide for themselves and their families.

There is where we need leadership, but no one in the Republic knows where the leader stands. We go into battle. The field of battle is here. The issue is $1,000,000,000 of new taxes, and our leader will not tell us whether we should make a frontal attack on the bill, a flank attack, or an attack from the rear. If from the White House there should come down here a message that the President recommends at least raising the limit of one-half of 1 per cent to the point where it would not interfere with either the philosophy or the letter or the spirit of the eighteenth amendment, namely, to 2.75 per cent of alcoholic content by volume, we could adopt that suggestion and we could put it in this bill. We could tax that product and thus we would make unnecessary a lot of the taxes now proposed in the bill. But do we get any suggestion of that kind?

Mr. BORAH. Mr. President——

The PRESIDENT pro tempore. Does the Senator from Maryland yield to the Senator from Idaho?

Mr. TYDINGS. I yield.

Mr. BORAH. Let us go ahead and have a program of our own.

Mr. TYDINGS. I am ready to go ahead and have my program, and I want to get it adopted. If I can get the support of the leaders of the country, I can get it adopted and save the honest people of the country from having to pay $500,000,000 in taxes.

Mr. COUZENS. Mr. President, has the Senator conferred with Mr. Mills, Secretary of the Treasury?

Mr. TYDINGS. No; I am not on such high financial grounds in these times.

Mr. COUZENS. I suggest to the Senator that he confer with him, because I think probably he could get his program O. K'd there. [Laughter.]

Mr. TYDINGS. Mr. President, I will say in answer to the Senator from Michigan that I do not know how true it is, but by way of the "grapevine" I have learned that the Secretary of the Treasury, Mr. Mills, has been urging upon the President for some time, in this period of dire national emergency, the great need of a change in our prohibition law, to which the President has turned a deaf ear. Even the President's silence would be understandable, may I say to the Senator from Michigan, were it not for the fact that others in his official family, members of the Cabinet, are going about the country and—to audiences, of course, favorable to a change in the prohibition law and in order to curry presidential favor—are saying that the President is going to favor a referendum in the Republican convention after Congress shall have adjourned; and then, on the other hand, another man in the official family, the senior Senator from Ohio [Mr. FESS], says, "No; that is not true." So we have the wets thinking the President is all right and the drys thinking the President is all right, while a billion dollars of new taxes are about to fall on the backs of the already overburdened taxpayers of the Nation.

Mr. COUZENS. Mr. President——

The PRESIDENT pro tempore. Does the Senator from Maryland yield to the Senator from Michigan?

Mr. TYDINGS. Certainly.

Mr. COUZENS. Has the Senator from Maryland got the Democratic leader with him on that matter?

Mr. TYDINGS. I have enough to do if I can get the one man to utter a statement which will permit the adoption of this program.

Mr. COUZENS. But the senior Senator from Arkansas [Mr. ROBINSON] suggested a program for the relief of unemployment the other day which carried great weight and great strength until it got somewhat emasculated at the White House. I merely wondered if the Senator's program for a beer proposal would get as far as the program for relief of unemployment?

Mr. TYDINGS. I can answer that question very satisfactorily by telling the Senator from Michigan that the Senator from Arkansas and all the other Members of the Senate will have an opportunity to vote on that program so that their position will be discovered in the next two or three weeks. What I am afraid I will be unable to do, because this is presidential-election year, is to avoid the apparent feeling that we would rather charge the American people $500,000,000 in new taxes that a word from the right kind of leadership would make unnecessary.

Mr. LONG. Mr. President——

The PRESIDENT pro tempore. Does the Senator from Maryland yield to the Senator from Louisiana?

Mr. TYDINGS. I yield.

Mr. LONG. I want to ask the Senator whether or not it might not be in the President's mind that the people of the United States would protest against giving up 8 to 12 per cent beer, on which they are paying no tax, and going back to 2.75 per cent beer and paying a tax? [Laughter.]

Mr. TYDINGS. There may be something to that, but my "spies" bring me word that the actual cost of a bottle of beer in the average place to-day runs from 20 to 25 cents, and even with a tax of 3 cents a pint we all know that better beer and more of it could be had for at least half that sum; so that the President's economy is not considering the plight of the beer drinker.

Mr. TRAMMELL. Mr. President——

The PRESIDENT pro tempore. Does the Senator from Maryland yield to the Senator from Florida?

Mr. TYDINGS. I yield.

Mr. TRAMMELL. The Senator is an expert on this subject, but I want to ask if he thinks those who like their beer so well would be satisfied with 2.75 to 4 per cent beer?

Mr. TYDINGS. My answer to the Senator from Florida is to try it and he will be surprised. [Laughter on the floor and in the galleries.]

The PRESIDENT pro tempore. The Chair must admonish occupants of the galleries that it is contrary to the rules of the Senate to have any manifestations of approval or disapproval take place in the galleries.

Mr. TYDINGS. Mr. President, I do not wish to delay this debate, and I will just make a concluding remark.

Mr. LEWIS. Mr. President——

The PRESIDENT pro tempore. Does the Senator from Maryland yield to the Senator from Illinois?

Mr. TYDINGS. I yield.

Mr. LEWIS. It was no purpose of mine to break into the very wise and properly placed discourse of my eminent friend from Maryland, but it was to address myself to the Senator from Michigan who had asked the question as to whether or not Mr. Mills had approved or whether he had actually written it. I should like to remind the eminent Senator from Michigan that it is an age-old axiom that "the mills of God grind slowly but they grind exceeding fine."

Mr. TYDINGS. Mr. President, I want to make a concluding observation. We are facing next fall and winter with a very dismal picture ahead. Despite the situation, with 10,000,000 unemployed, with 700,000 farms sold within the last two years on mortgage foreclosures, and for delinquent taxes, with about 5,000 bank failures during the last 18 months, we are about to impose upon the honest people of this country a tax of $500,000,000 more than they would have to pay were we to legalize, without interference with the Constitution, the sale of 2.75 per cent beer, and yet, in the face of that emergency, the President, the leader of the people of the United States, sits silent. While two members of his Cabinet go out and say he is going to oppose any modification of the prohibition law and a member of his semiofficial cabinet says he is not going to do it, he is content to reap what have the appearance, if they are not in fact, the fruits of political expediency rather than conviction.

Mr. THOMAS of Oklahoma. Mr. President——

The PRESIDENT pro tempore. Does the Senator from Maryland yield to the Senator from Oklahoma?

Mr. TYDINGS. I yield.

Mr. THOMAS of Oklahoma. Is it not a fact that we have at this time a system for the distribution and sale of whisky legally?

Mr. TYDINGS. I think so.

Mr. THOMAS of Oklahoma. Does the Senator know how much whisky is dispensed legally annually at this time?

Mr. TYDINGS. I have not the exact figures; but, as the Senator says, under the Volstead Act, it is possible to get whisky for medicinal purposes, and sometimes when a patient is not very sick.

Mr. THOMAS of Oklahoma. Is it not a fact that during the past year or 18 months some nine or ten distilleries were opened by the Government, and during this time that something like 2,000,000 gallons of whisky were made by such distilleries?

Mr. TYDINGS. That is true.

Mr. SMOOT. Mr. President, I want to say to the Senator that the reason of that is——

Mr. TYDINGS. I yield to the Senator for a question, but I do not want to lose the floor.

The PRESIDING OFFICER (Mr. VANDENBERG in the chair). The Senator from Maryland has the floor.

Mr. SMOOT. The Senator from Maryland will not lose the floor. I want to state to the Senator that the warehouses are filled at certain times, and then no more whisky is put in them until the supply on hand is exhausted. I do not know the quantity of liquor that is in the warehouses, controlled, of course, by the Government; but, as I have said, as soon as the supply on hand is exhausted, or nearly so, then it is replenished. Such whisky is supposed to be for medicinal purposes.

Mr. THOMAS of Oklahoma. Mr. President, I do not desire to take the Senator from Maryland from the floor; but, in connection with his remarks, if he will permit me, I desire to ask one or two further questions.

Mr. TYDINGS. I will be glad to yield to the Senator.

Mr. THOMAS of Oklahoma. I am advised that we are now selling about 2,000,000 gallons of whisky a year.

Mr. TYDINGS. I think, speaking from memory, that figure is accurate.

Mr. THOMAS of Oklahoma. Two million gallons, at the rate of 8 pints per gallon, make 16,000,000 pints of whisky now being dispensed legally.

Mr. TYDINGS. That is right.

Mr. THOMAS of Oklahoma. And those pints sell, as I understand, for approximately $3 a pint?

Mr. TYDINGS. That is right.

Mr. THOMAS of Oklahoma. That does not include the prescription.

Mr. TYDINGS. No; the prescription usually costs $1 or $2 extra, as I understand.

Mr. THOMAS of Oklahoma. On the sale of the 16,000,000 pints of whisky would the Senator favor a tax of, say, 10 per cent on each pint?

Mr. TYDINGS. I would be glad to do so, with this qualification: If it would be possible to differentiate between purely medicinal liquor, which is obtained by a man who is really ill, and the whisky which goes to a man who is getting it under the guise of illness simply to drink for his pleasure, I would be glad to impose a very heavy tax on it. I will say, however, frankly to the Senator that I would hesitate to do that, feeling that in many deserving cases I would penalize what was really medicine. I would not want to add to the costs incurred by people who are ill and who are using the liquor for purely medicinal purposes and in a perfectly honest and reasonable way.

Mr. THOMAS of Oklahoma. Mr. President, will the Senator yield further?

Mr. TYDINGS. Yes; I yield.

Mr. THOMAS of Oklahoma. A 10 per cent tax on a pint of whisky that sells for $3 would be 30 cents; and if 16,000,000 pints were sold, a 10 per cent tax on that whisky, if such a tax were incorporated in this bill by amendment, would bring into the Treasury approximately $5,000,000. Would the Senator favor the consideration of that sort of an amendment?

Mr. TYDINGS. I would look on it with favor; but I would say that if we should go into the business of taxing whisky, it seems to me our position would be even more ludicrous than it is now if we did not tax 2.75 beer. I do not think we could very well go into the field of medicinal liquor and tax that product and then let beer altogether escape and allow Mr. Capone and his satellites to make vast sums of money out of the sale of beer.

The point I rose to emphasize was this: I am not here at this moment to talk about the merits or demerits of any wet or dry measure, but I am wondering how the leader in the White House can fail to take a definite stand when half his official family picture him as in favor of one side of the question and the remainder picture him as being on the opposite side, and that situation arises on the eve of the convention where his position will have to be disclosed; and when, if that position were favorable to that for which I contend, we would make half of these proposed taxes unnecessary. I say that, in my humble judgment, with all due respect, the President of the United States owes it to the country now, and not in the Republican convention, to say where he stands on the matter of prohibition.

Mr. SMOOT. Mr. President, I should like to call the attention of the Senator from Maryland and also the attention of the Senator from Oklahoma to the fact that all the liquor that goes into the bonded warehouses pays a tax. We collect over $10,000,000 a year on the liquor that goes into the bonded warehouses and is withdrawn.

Mr. TYDINGS. I did not understand the Senator's statement.

Mr. SMOOT. I say that the Government collects over $10,000,000 a year on the liquor that goes into bonded warehouses. When it is withdrawn, it pays taxes to that amount.

Mr. TYDINGS. The Senator from Utah has brought out a very significant point, namely, that we are actually taxing medicine; that is what we are doing; we are taxing the medicine of the country $10,000,000 a year; but we are not taxing beer a single cent, though whisky used for medicinal purposes is yielding the Government $10,000,000 a year.

Mr. BORAH. Mr. President——

The VICE PRESIDENT. Does the Senator from Maryland yield to the Senator from Idaho?

Mr. TYDINGS. I yield.

Mr. BORAH. I should like to inquire of the Senator if beer is a medicine or a food?

Mr. TYDINGS. I believe it is both. [Laughter.]

Mr. SHORTRIDGE. Mr. President——

The VICE PRESIDENT. Does the Senator from Maryland yield to the Senator from California?

Mr. TYDINGS. I yield.

Mr. SHORTRIDGE. I assume the Senator thinks that to impose a tax on 2.75 per cent beer would be within the spirit of and not violative of the eighteenth amendment?

Mr. TYDINGS. I am glad the Senator asked me that question, and, categorically, I will say yes. I will make this brief explanation: Suppose, may I say to the Senator from California, that it were proposed by some bill now in Congress to raise the alcoholic content from one-half of 1 per cent to five-eighths of 1 per cent—a mere one-eighth of 1 per cent of alcohol by volume. No one would get frightened at that; everybody would still contend that that amount of alcohol was not intoxicating, because there would be 199 parts of water for every part of alcohol.

If it could be raised, one-eighth per cent, there must be some point above one-half of 1 per cent where there would be reached the line above which the product would be actually intoxicating and below which it would be nonintoxicating. The amendment which I offered here, and which we will vote upon I hope in the near future in connection with the construction program, which it is proposed to finance by a tax on beer, sought to put the amount at such a point that every honest and sincere "dry," and moreover

every honest and sincere lover of and believer in the Constitution could vote for it without going back on his principles or on his Government.

Mr. SHORTRIDGE. Mr. President——

The VICE PRESIDENT. Does the Senator from Maryland yield further to the Senator from California?

Mr. TYDINGS. Yes; I yield.

Mr. SHORTRIDGE. Manifestly we have all taken an oath to support the Constitution of the United States, and the question which we must decide is whether voting for an increased percentage, would or would not be violative of that Constitution. I understand the Senator's position to be, as a thoughtful lawyer, that to legalize and to tax beer, for example, of 2.75 per cent alcoholic content would not be in violation of the Constitution of the United States?

Mr. TYDINGS. That is my belief.

Mr. SHORTRIDGE. For, of course, so long as the eighteenth amendment remains as a part of the Constitution it must be recognized, respected, and upheld. That is the position of the Senator, as I understand it?

Mr. TYDINGS. Substantially; but I would not want to say that I myself believe that a slightly higher percentage than that would not be legal. I have, however, tried to fix the alcoholic content at the highest point where I felt a reasonable and honest Senator, mindful of the Constitution, would want to go, although there may be others who feel that the limit is above or, conversely, below that point.

Mr. SHORTRIDGE. Bearing in mind the language of the amendment which prohibits the manufacture, sale, transportation, and so forth of——

Mr. TYDINGS. Intoxicating liquors.

Mr. SHORTRIDGE. Of intoxicating liquors for beverage purposes—bearing that in mind, of course, we can not, under our oaths, violate that provision.

Mr. TYDINGS. If I may inject right there, let me say to the Senator that this point has never been brought to the attention of the Supreme Court; at least it has never been passed on. The eighteenth amendment provides that the manufacture, sale, transportation, importation, and exportation of intoxicating liquors for beverage purposes shall be prohibited. It uses specifically the word "liquor"; it does not say "beer, wine, and liquor." If the Senator will read, as he possibly has, and as I have had occasion to read lately, some of the cases which have gone to our inferior Federal courts and to our Supreme Court, he will know that we imposed in the old days three kinds of taxes: A tax on beer, a tax on wine, and a tax on liquor. So Congress over and over again considered that wine and beer were not under the head of liquor, and the courts in determining the amount of taxation to be levied have made the same distinction.

There are many people—and I am one of them—who, aside from the merits or demerits of the so-called "wet" and "dry" question, as a legal proposition believe that the word "liquor" never included wine or beer. I should like to see that question tested. If the constitutional amendment had said "all alcoholic drinks for beverage purposes, which are intoxicating," then, of course, we would have included the whole gamut of alcoholic drinks, but the constitutional amendment merely says "liquor." So, in my judgment, we could legalize 4 per cent beer or 5 per cent beer without violating the letter, at least, of the eighteenth amendment and, I believe, without violating its spirit.

Mr. SHORTRIDGE. Assuming, however, that under the term "liquor," beer and wines are included, is it or is it not the opinion of the Senator that the constitutional power to fix the limit rests with Congress?

Mr. TYDINGS. Yes.

Mr. SHORTRIDGE. And that if Congress should exercise its power to fix a percentage, the courts would respect and uphold the action of Congress?

Mr. TYDINGS. Certainly; if, by any reasonable conception of the amount fixed, Congress had not abused what obviously is a discretionary power.

Mr. SHORTRIDGE. It unquestionably has the discretionary power to fix the percentage.

Mr. TYDINGS. I think it has; and I believe the Supreme Court would go far out of its way to agree that any mandate of the Congress so passed did not conflict with the eighteenth amendment unless upon its very face it were so unreasonable that it could not be otherwise construed.

Mr. SHORTRIDGE. Finally, does the Senator think that the people should have the right, as a constitutional right, to repeal or modify or amend the eighteenth amendment?

Mr. TYDINGS. Should they have the right?

Mr. SHORTRIDGE. Yes.

Mr. TYDINGS. Oh, yes.

Mr. SHORTRIDGE. To be pursued, I take it, under the provisions prescribed and provided in Article V of the Constitution?

Mr. TYDINGS. Yes, sir; I agree with that.

The VICE PRESIDENT. The question is on the first amendment of the committee, on page 8, line 2.

Mr. McNARY. Mr. President, has the Senator from Utah asked unanimous consent to consider committee amendments first?

Mr. SMOOT. I have.

Mr. McNARY. When was that consent given?

The VICE PRESIDENT. The Chair is advised that that is not contained in the words of the request.

Mr. SMOOT. That was intended to be my request in the beginning, Mr. President.

Mr. McNARY. Mr. President, I shall not oppose the request; but I do not think it was asked, or an order for it made. If it is now about to be asked, I shall suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Austin	Couzens	Keyes	Shipstead
Bailey	Dale	King	Shortridge
Bankhead	Dill	La Follette	Smith
Barbour	Fletcher	Lewis	Smoot
Barkley	Frazier	Logan	Steiwer
Bingham	Glass	Long	Stephens
Blaine	Glenn	McGill	Townsend
Bulkley	Hale	McKellar	Trammell
Bulow	Harrison	McNary	Tydings
Byrnes	Hatfield	Metcalf	Vandenberg
Capper	Hayden	Norris	Wagner
Caraway	Howell	Oddie	Walsh, Mass.
Carey	Hull	Patterson	Walsh, Mont.
Connally	Johnson	Reed	Watson
Coolidge	Jones	Robinson, Ark.	Wheeler
Copeland	Kean	Robinson, Ind.	
Costigan	Kendrick	Sheppard	

The VICE PRESIDENT. Sixty-six Senators have answered to their names. A quorum is present. The bill will be read for amendment.

Mr. HARRISON. Mr. President, has unanimous consent been granted yet to take up committee amendments first?

Mr. SMOOT. No, Mr. President. Unanimous consent was given to proceed with the consideration of the bill and to dispense with its formal reading.

Mr. HARRISON. I desire to make this observation before we proceed:

The tariff questions involved in this bill are perhaps going to precipitate quite a long discussion. I hope not; but can we not get unanimous consent that the tariff questions shall be the last items considered in this bill, so that we may get through with the constructive features of the tax bill before we get on to the tariff questions? I am sure it would expedite matters. It might obviate our getting into some coalitions, and it seems to me it might work to the general welfare of all.

I therefore ask unanimous consent that in the consideration of this bill the tariff items be considered as the last items in the bill.

The VICE PRESIDENT. Is there objection?

Mr. CONNALLY. Mr. President, will the Senator yield?

Mr. HARRISON. I yield.

Mr. CONNALLY. I do not think the Senator should propound that request at this particular time without consulting a number of Senators who are concerned in what the Senator calls tariff items.

This is a tax bill; and the presumption is that the Finance Committee has put items in the bill to raise taxes. Therefore, I ask the Senator to withhold his request until such time as other Senators who are interested may be consulted.

Mr. HARRISON. Of course I will withhold it; and I shall not insist on it if it does not meet the wishes of the Senate. There are at least four items in the bill that are considered tariff items, aside from the question of raising revenue; and it seems to me those four items ought to be taken up last. If, however, there is any objection, of course I shall not insist on it.

Mr. JOHNSON. Mr. President, will the Senator yield?

The VICE PRESIDENT. Does the Senator from Mississippi yield to the Senator from California?

Mr. HARRISON. I yield to the Senator.

Mr. JOHNSON. While the Senator is considering that particular matter, would he consider taking what he terms the four tariff items first in order, rather than last?

Mr. HARRISON. I think it would be better for them to come up last. That is my idea about it; but, of course, those who favor the tariff items may think they ought to come up first. I shall not insist on my request, but I am sure what I have proposed would expedite the consideration of the bill.

Mr. GLASS. Mr. President, I should like them to come up last.

Mr. SMOOT. Mr. President, I think we had better proceed with the bill.

Mr. LA FOLLETTE. Mr. President, under ordinary procedure with legislation in the Senate it is customary to read a bill for action on the committee amendments first. In connection with the tariff bill, however, we had an understanding that as each title came up we would determine whether we would proceed with the committee amendments first or whether the House text, even though not amended by the committee, might be the subject of amendment.

In connection with the consideration of this legislation, in my judgment, it is quite important that we should have unanimous consent that in so far as Title I, Title II, and Title III are concerned, while those titles are under consideration it shall be in order for any Senator to offer an amendment not only to the committee amendments but also to unamended portions of the House text.

I will explain briefly why I think that is important.

Take the income-tax schedule, for instance. The committee has not amended the House text. It has merely added certain brackets in the higher incomes. If we followed the usual procedure, any Senator desiring to offer a different schedule could only offer an amendment to a committee amendment. He could not offer an amendment to amend the House text unamended by the committee. Obviously, orderly procedure would indicate that all of the income-tax brackets should be open to amendment at the same time.

For instance, in the committee the senior Senator from Michigan [Mr. COUZENS] offered the 1918 income-tax rates. That changes the rates in all the brackets, not just those affected by the committee amendments. I have discussed the matter with the Senator from Utah, and I am sure he is agreeable to the suggestion. Therefore, Mr. President, I ask unanimous consent that in so far as Title I, which is the income tax; Title II, the additional estate tax; and Title III, the gift tax, are concerned, it shall be in order to offer amendments not only to committee amendments but to unamended portions of the House text.

The VICE PRESIDENT. Is there objection?

Mr. VANDENBERG. Mr. President——

Mr. LA FOLLETTE. I yield to the Senator from Michigan.

Mr. VANDENBERG. May I inquire why the Senator stops short of Title IV, in which the automobile tax certainly should be considered as a whole in the same way?

Mr. SMOOT. All the other titles would be in exactly the same situation.

Mr. VANDENBERG. Why should three titles be picked out? Why not proceed under a general rule such as the Senator describes?

Mr. REED. Mr. President, will the Senator yield?

Mr. LA FOLLETTE. I yield to the Senator from Pennsylvania.

Mr. REED. I think there is force in what is said by the Senator from Wisconsin with regard to the rates, and it seems to me that it is only fair that the agreement should apply to all other rates stated in the bill. But we should not make the agreement in the broad language suggested by the Senator, because I understand that his thought is directed only on the schedules of rates, and if we should make the agreement in the broad language there would be no good in reading the bill for committee amendments at all, because all of the plain text of the bill would come within the scope of the Senator's suggestion. I suggest, therefore, that the Senator change his request to make it apply to all schedules of rates in the bill.

Mr. LA FOLLETTE. Mr. President, the only difficulty with that is this, if I may say so to the Senator from Pennsylvania. The Senator from Michigan wishes to offer the 1918 section of the law, so far as all the rates, exemptions, and other provisions are concerned. It seems to me that it should be in order, under our procedure here, for him to amend such sections of the House text, unamended by the committee, as may be necessary, in order to have a vote in the Senate in the alternative between the 1918 rates and the rates recommended by the committee.

Mr. SMOOT. Mr. President, that could be done by the Senator offering the full provisions referred to by him as a substitute for the committee amendments.

Mr. LA FOLLETTE. No; under ordinary procedure that could not be done.

Mr. SMOOT. That is what I thought the Senator was going to ask unanimous consent to do.

Mr. LA FOLLETTE. I thought I had asked unanimous consent.

Mr. SMOOT. I thought so.

Mr. REED. I think the Senator has covered a little more territory than he meant to. Surely he does not mean that any one of us should be able to rise out of the regular order and move an amendment to the administrative sections, for example. I do not think the Senator wants that. That is not the orderly way to consider the bill.

I would suggest, if I may have a moment more, that the best way to get at this is for the Senator from Utah to withhold his request for unanimous consent until after we have considered the income-tax schedules.

Mr. SMOOT. To what consent request has the Senator reference?

Mr. REED. I thought the Senator had asked unanimous consent that the committee amendments be taken up first.

Mr. SMOOT. No; I have not asked that.

Mr. REED. I beg pardon; I was erroneously informed that the Senator had done so.

The next thing to do, then, is to go ahead, and the income-tax schedules come first. The Senator from Michigan can offer his amendment, and when that is offered, then perhaps we can get unanimous consent to consider committee amendments first.

Mr. LA FOLLETTE. That would be satisfactory to me. Of course, the Senator from Texas also has a schedule, the 1922 rates, which he desires to offer.

Mr. SMOOT. They can be offered at the same time.

Mr. LA FOLLETTE. It will apply to all amendments to the particular section. Therefore I withdraw my request.

Mr. CONNALLY. Mr. President, I submit an amendment and ask that it be printed.

The VICE PRESIDENT. The amendment will be printed and lie on the table.

Mr. LONG. Mr. President, a parliamentary inquiry. I offered a schedule, and I think it must be similar to that offered by the Senator from Michigan. I previously offered it here in the Senate, and it was referred to the Committee on Finance. There is no necessity of my reoffering this amendment, as the Senator from Michigan has offered one in similar terms which covers practically the same thing.

But I do not want the consideration to proceed to such a point that I can not offer such an amendment in case it should not be offered by the Senator from Michigan.

The VICE PRESIDENT. The Chair will state that an amendment presented and referred to a committee can not be considered in the Senate unless it is offered in the Senate and ordered to lie on the table, and it can be called from the table when the appropriate provision in the bill is reached.

Mr. COUZENS. Mr. President, will the Senator yield?

Mr. LONG. I yield.

Mr. COUZENS. I offered an amendment on April 26, and had it referred to the Committee on Finance. It was voted on in the Committee on Finance and voted down. It was again offered this morning and is now on the table, although not printed. It is the same amendment I offered on April 26, but the page references are different, although the rates are identical. The amendment had to be reoffered after the completion of the bill by the Committee on Finance, because of the differences in the page numbers. But in every other respect the amendment that was offered on April 26, 1932, and which is now available, is the same as that I offered this morning.

Mr. LONG. Mr. President——

The VICE PRESIDENT. Does the Senator from Michigan yield to the Senator from Louisiana.

Mr. LONG. I think I had the floor.

The VICE PRESIDENT. The Chair recognized the Senator from Michigan.

Mr. COUZENS. I yield to the Senator from Louisiana.

Mr. LONG. All right. The RECORD will show, Mr. President, that I had previously yielded.

The VICE PRESIDENT. The Chair has ruled.

Mr. LONG. What is the maximum surtax provided under the amendment of the Senator from Michigan?

Mr. COUZENS. In the amendment I have included the entire 1918 schedule, without any deviation in any respect, both as to normal taxes, surtaxes, exemptions, and earned income has been removed from the amendment; so that in every respect, if this amendment should be agreed to, the law would be the same as the 1918 act.

Mr. LONG. That is, the war-time rates.

The VICE PRESIDENT subsequently said: The Chair desires to make a statement. The Chair finds, upon an examination of the RECORD, that there was an error made this morning; that the Senator from Louisiana [Mr. LONG], instead of surrendering the floor, as the Chair thought, had only yielded to the Senator from Michigan [Mr. COUZENS], and that the Senator from Louisiana was, in fact, entitled to the floor.

The first amendment of the Committee on Finance was, on page 8, line 2, where the committee proposed, after the words "Title IX," to strike out "or section 811 (c)," so as to read:

TITLE I.—INCOME TAX

SUBTITLE A.—INTRODUCTORY PROVISIONS

SECTION 1. Application of title: The provisions of this title shall apply only to the taxable year 1932 and succeeding taxable years. Income, war-profits, and excess-profits taxes for taxable years preceding the taxable year 1932 shall not be affected by the provisions of this title, but shall remain subject to the applicable provisions of prior revenue acts, except as such provisions are modified by Title IX of this act or by legislation enacted subsequent to this act.

Mr. COUZENS. Mr. President, inasmuch as my amendment covers all of the provisions in Title I, I make the parliamentary inquiry as to whether it is in order to take up this amendment in its entirety, or must it be confined to the specific amendment made by the committee?

Mr. WALSH of Massachusetts. Mr. President, I suggest that the Senator ask unanimous consent to take up the amendment.

The VICE PRESIDENT. As the Chair understands, the amendment of the Senator from Michigan is offered as a substitute. It can be offered at this time, and it would be subject to amendment, the same as the provisions which are proposed to be stricken out.

Mr. COUZENS. Then I offer this amendment, to strike out all of subtitle B of Title I, and to insert the amendment which I have proposed.

The VICE PRESIDENT. The Chair is advised that this amendment does not relate to the first amendment of the committee, which has just been read. If that may be disposed of, then the Senator's amendment will be in order. The pending amendment is on page 8, line 2.

Mr. SMOOT. That is just a formal amendment.

The VICE PRESIDENT. The question is on agreeing to the amendment.

The amendment was agreed to.

The VICE PRESIDENT. The clerk will now read the amendment proposed by the Senator from Michigan.

The CHIEF CLERK. The Senator from Michigan offers the following amendment:

Amendments proposed by Mr. COUZENS to the bill (H. R. 10236) to provide revenue, equalize taxation, and for other purposes, viz:

On page 9, strike out lines 19 to 25, both inclusive, and in lieu thereof insert the following:

"(a) 6 per cent of the first $4,000 of the amount of the net income in excess of the credits against net income provided in section 25; and

"(b) 12 per cent of the remainder of such excess amount."

Strike out lines 5 to 25, both inclusive, on page 10, all of pages 11, 12, 13, and 14, and lines 1 to 22, both inclusive, on page 15, and in lieu thereof insert the following:

"Upon a net income of $5,000 there shall be no surtax; upon net incomes in excess of $5,000 and not in excess of $6,000, 1 per cent of such excess.

"$10 upon net incomes of $6,000; and upon net incomes in excess of $6,000 and not in excess of $8,000, 2 per cent in addition of such excess.

"$50 upon net incomes of $8,000; and upon net incomes in excess of $8,000 and not in excess of $10,000, 3 per cent in addition of such excess.

"$110 upon net incomes of $10,000; and upon net incomes in excess of $10,000 and not in excess of $12,000, 4 per cent in addition of such excess.

"$190 upon net incomes of $12,000; and upon net incomes in excess of $12,000 and not in excess of $14,000, 5 per cent in addition of such excess.

"$290 upon net incomes of $14,000; and upon net incomes in excess of $14,000 and not in excess of $16,000, 6 per cent in addition of such excess.

"$410 upon net incomes of $16,000; and upon net incomes in excess of $16,000 and not in excess of $18,000, 7 per cent in addition of such excess.

"$550 upon net incomes of $18,000; and upon net incomes in excess of $18,000 and not in excess of $20,000, 8 per cent in addition of such excess.

"$710 upon net incomes of $20,000; and upon net incomes in excess of $20,000 and not in excess of $22,000, 9 per cent in addition of such excess.

"$890 upon net incomes of $22,000; and upon net incomes in excess of $22,000 and not in excess of $24,000, 10 per cent in addition of such excess.

"$1,090 upon net incomes of $24,000; and upon net incomes in excess of $24,000 and not in excess of $26,000, 11 per cent in addition of such excess.

"$1,310 upon net incomes of $26,000; and upon net incomes in excess of $26,000 and not in excess of $28,000, 12 per cent in addition of such excess.

"$1,550 upon net incomes of $28,000; and upon net incomes in excess of $28,000 and not in excess of $30,000, 13 per cent in addition of such excess.

"$1,810 upon net incomes of $30,000; and upon net incomes in excess of $30,000 and not in excess of $32,000, 14 per cent in addition of such excess.

"$2,090 upon net incomes of $32,000; and upon net incomes in excess of $32,000 and not in excess of $34,000, 15 per cent in addition of such excess.

"$2,390 upon net incomes of $34,000; and upon net incomes in excess of $34,000 and not in excess of $36,000, 16 per cent in addition of such excess.

"$2,710 upon net incomes of $36,000; and upon net incomes in excess of $36,000 and not in excess of $38,000, 17 per cent in addition of such excess.

"$3,050 upon net incomes of $38,000; and upon net incomes in excess of $38,000 and not in excess of $40,000, 18 per cent in addition of such excess.

"$3,410 upon net incomes of $40,000; and upon net incomes in excess of $40,000 and not in excess of $42,000, 19 per cent in addition of such excess.

"$3,790 upon net incomes of $42,000; and upon net incomes in excess of $42,000 and not in excess of $44,000, 20 per cent in addition of such excess.

"$4,190 upon net incomes of $44,000; and upon net incomes in excess of $44,000 and not in excess of $46,000, 21 per cent in addition of such excess.

"$4,610 upon net incomes of $46,000; and upon net incomes in excess of $46,000 and not in excess of $48,000, 22 per cent in addition of such excess.

"$5,050 upon net incomes of $48,000; and upon net incomes in excess of $48,000 and not in excess of $50,000, 23 per cent in addition of such excess.

"$5,510 upon net incomes of $50,000; and upon net incomes in excess of $50,000 and not in excess of $52,000, 24 per cent in addition of such excess.

"$5,990 upon net incomes of $52,000; and upon net incomes in excess of $52,000 and not in excess of $54,000, 25 per cent in addition of such excess.

"$6,490 upon net incomes of $54,000; and upon net incomes in excess of $54,000 and not in excess of $56,000, 26 per cent in addition of such excess.

"$7,010 upon net incomes of $56,000; and upon net incomes in excess of $56,000 and not in excess of $58,000, 27 per cent in addition of such excess.

"$7,550 upon net incomes of $58,000; and upon net incomes in excess of $58,000 and not in excess of $60,000, 28 per cent in addition of such excess.

"$8,110 upon net incomes of $60,000; and upon net incomes in excess of $60,000 and not in excess of $62,000, 29 per cent in addition of such excess.

"$8,690 upon net incomes of $62,000; and upon net incomes in excess of $62,000 and not in excess of $64,000, 30 per cent in addition of such excess.

"$9,290 upon net incomes of $64,000; and upon net incomes in excess of $64,000 and not in excess of $66,000, 31 per cent in addition of such excess.

"$9,910 upon net incomes of $66,000; and upon net incomes in excess of $66,000 and not in excess of $68,000, 32 per cent in addition of such excess.

"$10,550 upon net incomes of $68,000; and upon net incomes in excess of $68,000 and not in excess of $70,000, 33 per cent in addition of such excess.

"$11,210 upon net incomes of $70,000; and upon net incomes in excess of $70,000 and not in excess of $72,000, 34 per cent in addition of such excess.

"$11,890 upon net incomes of $72,000; and upon net incomes in excess of $72,000 and not in excess of $74,000, 35 per cent in addition of such excess.

"$12,590 upon net incomes of $74,000; and upon net incomes in excess of $74,000 and not in excess of $76,000, 36 per cent in addition of such excess.

"$13,310 upon net incomes of $76,000; and upon net incomes in excess of $76,000 and not in excess of $78,000, 37 per cent in addition of such excess.

"$14,050 upon net incomes of $78,000; and upon net incomes in excess of $78,000 and not in excess of $80,000, 38 per cent in addition of such excess.

"$14,810 upon net incomes of $80,000; and upon net incomes in excess of $80,000 and not in excess of $82,000, 39 per cent in addition of such excess.

"$15,590 upon net incomes of $82,000; and upon net incomes in excess of $82,000 and not in excess of $84,000, 40 per cent in addition of such excess.

"$16,390 upon net incomes of $84,000; and upon net incomes in excess of $84,000 and not in excess of $86,000, 41 per cent in addition of such excess.

"$17,210 upon net incomes of $86,000; and upon net incomes in excess of $86,000 and not in excess of $88,000, 42 per cent in addition of such excess.

"$18,050 upon net incomes of $88,000; and upon net incomes in excess of $88,000 and not in excess of $90,000, 43 per cent in addition of such excess.

"$18,910 upon net incomes of $90,000; and upon net incomes in excess of $90,000 and not in excess of $92,000, 44 per cent in addition of such excess.

"$19,790 upon net incomes of $92,000; and upon net incomes in excess of $92,000 and not in excess of $94,000, 45 per cent in addition of such excess.

"$20,690 upon net incomes of $94,000; and upon net incomes in excess of $94,000 and not in excess of $96,000, 46 per cent in addition of such excess.

"$21,610 upon net incomes of $96,000; and upon net incomes in excess of $96,000 and not in excess of $98,000, 47 per cent in addition of such excess.

"$22,550 upon net incomes of $98,000; and upon net incomes in excess of $98,000 and not in excess of $100,000, 48 per cent in addition of such excess.

"$23,510 upon net incomes of $100,000; and upon net incomes in excess of $100,000 and not in excess of $150,000, 52 per cent in addition of such excess.

"$49,510 upon net incomes of $150,000; and upon net incomes in excess of $150,000 and not in excess of $200,000, 56 per cent in addition of such excess.

"$77,510 upon net incomes of $200,000; and upon net incomes in excess of $200,000 and not in excess of $300,000, 60 per cent in addition of such excess.

"$137,510 upon net incomes of $300,000; and upon net incomes in excess of $300,000 and not in excess of $500,000, 63 per cent in addition of such excess.

"$263,510 upon net incomes of $500,000; and upon net incomes in excess of $500,000 and not in excess of $1,000,000, 64 per cent in addition of such excess.

"$583,510 upon net incomes of $1,000,000; and upon net incomes in excess of $1,000,000, 65 per cent in addition of such excess."

On page 36, line 19, strike out "$2,500" and insert in lieu thereof "$2,000."

On page 36, line 21, strike out "$2,500" and insert in lieu thereof "$2,000."

On page 36, line 24, strike out "$400" and insert in lieu thereof "$200."

On page 37, strike out lines 14 to 24, both inclusive, and all of page 38.

On page 48, line 7, strike out "$2,500" and insert in lieu thereof "$2,000."

On page 48, line 14, strike out "$2,500" and insert in lieu thereof "$2,000."

On page 60, line 18, strike out "16 per cent" and insert in lieu thereof "20 per cent."

On page 119, line 7, strike out "$2,500" and insert in lieu thereof "$2,000."

On page 121, line 3, strike out "9 per cent" and insert in lieu thereof "12 per cent."

On page 121, line 17, strike out "9 per cent" and insert in lieu thereof "12 per cent."

On page 123, line 5, strike out "9 per cent" and insert in lieu thereof "12 per cent."

On page 124, line 24, strike out "9 per cent" and insert in lieu thereof "12 per cent."

On page 157, line 17, strike out "9 per cent" and insert in lieu thereof "12 per cent."

On page 157, line 24, strike out "3 per cent" and insert in lieu thereof "6 per cent."

On page 158, line 7, strike out "3 per cent" and insert in lieu thereof "6 per cent."

On page 158, at the end of line 6, add the word "and."

On page 158, strike out lines 7 to 12, both inclusive.

On page 158, line 13, strike out "(3) 9 per cent" and insert in lieu thereof "(2) 12 per cent."

On page 158, line 15, strike out "paragraphs (1) and (2)" and insert in lieu thereof "paragraph (1)."

Mr. COUZENS. Mr. President, the amendment which has just been read by the clerk would reinstate the 1918 income-tax rates with all of the exemptions then applying. The amendment is exactly in the same form as the country became accustomed to in 1918. If these rates should be adopted we would be able to raise enough income without taxing production or consumption at all. It is my view that any tax which curtails production and consumption is a bad tax and not in the interest of improvement in business.

I have had placed on the wall of the Chamber several charts which show the rates in the acts of the different years. For example, one chart shows the rates in 1913, 1916, 1917, 1918, 1919, 1921–22, then the rates adopted by the House, and the rates of 1924. The rates which I am recommending to be adopted are indicated by the top line on the chart.

What I am about to mention is referred to particularly because there may be some objection that the taxes apply to those in the lower brackets to a very great extent. In 1918, with an exemption of $2,000 for a married man and $1,000 for a single man and $200 for each child or dependent, a man with a net income after these deductions paid $60 income tax on an income of $3,000. My contention is that if a man with a net income in 1918, with the high cost of living in 1918, could afford to pay $60 income tax, he can afford to pay $60 income tax in 1932. In other words, the tax would not be nearly so burdensome or high as it was in 1918 with the then high cost of living.

The same man with $3,000 net income paid $40 in 1919, $20 in 1922, $8 in 1924, and nothing in 1926 and 1928. The House bill provided that he would pay $3 under their rates. The Finance Committee rate would have compelled him to pay $4. It will not be necessary for me to go through each one of the groups. I have had them displayed in this form for the sake of simplicity so that Senators would be able to see in actual dollars and cents what would have to be paid by each of the groups all the way up to incomes of $1,000,000 and over.

Mr. TYDINGS. Mr. President, I hope the Senator will put the charts in the RECORD, too.

Mr. COUZENS. Yes; I shall be very glad to do so.

For example, under the 1918 rate a man with $1,000,000 income would have paid $703,030 income tax. Under the bill as it comes from the committee he would pay $492,940. It

is estimated, based on the best information we have, that there are still 70 people in the United States with incomes of $1,000,000 or more. Perhaps the best way to get the effect of the 1918 rate is to estimate the number of taxpayers in each of the groups.

Mr. NORRIS. Mr. President——

The VICE PRESIDENT. Does the Senator from Michigan yield to the Senator from Nebraska?

Mr. COUZENS. I yield.

Mr. NORRIS. Does the chart to which the Senator has been referring show what the tax would be on these various items under the Senator's amendment?

Mr. COUZENS. My amendment provides for a return to the 1918 rates. Here [indicating] is the schedule at the top showing that those were the highest rates; in other words, a man with $100,000 income, under the 1918 rate, would pay $35,030, while under the recommendation of the Committee on Finance, and according to the rate now in the bill, he would pay $28,440. There [indicating] is a graph showing the variations in the rates for the different years.

Under the 1928 rates there were 83,100 returns of those having a net income of $1,000 a year or less. The net income of that number of taxpayers was some $50,000,000, and the taxes paid amount to nine-tenths of 1 per cent on the net income of the group. It is estimated, if we return to the 1918 rates, that the tax on that class of incomes will be at the rate of 1.38 per cent. So, even going back to the highest rates that I propose, a man in that class would only be required to pay 1.38 per cent of his income.

The aggregate number of taxpayers filing returns under the 1928 law was 2,711,535. Under the rate which my amendment provides there would be an increase in tax returns to 7,125,035, thus accomplishing, to a large degree, what the Treasury Department and everyone else knows ought to be accomplished, namely, a wider base for taxation. This wider base is brought about by a lowering of the exemptions. The amendment which I propose reduces exemptions for a married man from $3,500 to $2,000 and for a single man from $1,500 to $1,000. That reduction will account for the larger number of returns which will be received.

Now I want to point out where, under this proposal, the large income will come from, because it will be contended that under existing conditions we may not expect that so many tax returns will be filed. Take, for example, the number of returns in the bracket from $3,000 to $5,000 to which I have just been calling the attention of the Senate. There will be 1,251,000 such returns, and the Government would get $110,000,000 in revenue. That would figure an average tax of $87.93 per person from those in the class receiving incomes of from three to five thousand dollars.

We have taken the estimate of returns based on the experience of 1921, and, after allowing for a lesser number of returns because of depressed conditions, we have taken off 10 per cent further than the estimated smaller number in the different groups. We estimate that, based on this new schedule, we will receive an income of $1,134,074,000. That is the estimate after deducting $126,000,000 from the estimates based on a leeway allowed because of depressed conditions.

Mr. DILL. Mr. President——

The VICE PRESIDENT. Does the Senator from Michigan yield to the Senator from Washington?

Mr. COUZENS. I do.

Mr. DILL. Has the Senator stated how much more revenue it is estimated the rates proposed by him will raise than the rates proposed by the Senate committee?

Mr. COUZENS. Yes; I have the figures here somewhere.

Mr. WALSH of Montana. Mr. President——

The VICE PRESIDENT. Does the Senator from Michigan yield to the Senator from Montana?

Mr. COUZENS. I do.

Mr. WALSH of Montana. Am I right in gathering from the statement the Senator just made that this source of revenue alone will produce more than the aggregate provided by the entire bill as reported by the committee?

Mr. COUZENS. Oh, no; it will produce more than all the sales taxes, I said.

Mr. WALSH of Montana. What is that?

Mr. COUZENS. I said all the sales taxes; that is, the excise taxes on all articles may be eliminated by adopting this proposal. It will not, in my judgment, permit the elimination of the increase in postage rates; it will not, in my judgment, permit the elimination of the stamp taxes. It will permit, however, the exemption in the case of theater admissions being 45 cents instead of 10 cents. The committee first agreed, and so far as I remember, unanimously, to exempt all theater tickets up to 45 cents. Then, when we adopted the Mills bill we reduced the exemption to 10 cents, so that everybody attending a theater and paying over 10 cents for his ticket would be required to pay a 10 per cent admission tax. It is the judgment of most of us, I think, that to tax theater admissions of 10 cents and above is going to the heights of absurdity. It is true there would be some $40,000,000 difference in revenue because of the reduced exemption, but I submit that the $40,000,000 is taken from a group of our citizens who ought not have begrudged to them the little joy they now get out of a 10, 15, 25, or 30 cent theater. However, the committee went to that extreme rather than to raise the taxes in the high-income brackets.

I will admit that the program I propose will not permit doing away with all the nuisance taxes, but it will permit the doing away with all taxes on production.

If I make any errors in my figures, I hope the Senator from Utah will correct me, because I was not prepared to go on to-day; I did not think we would reach the bill so quickly; but I have given some thought to the question and compiled some figures, and, I repeat, if I have made any errors in the figures or shall make any errors, I want the Senator from Utah to correct me.

Mr. SMOOT. Mr. President, I should like to ask the Senator what his estimate is of the additional tax the Government will receive under his amendment?

Mr. COUZENS. It will be $330,000,000 more than will be derived from the similar provision of the bill as reported by the committee.

Mr. SMOOT. I requested the department to give me an estimate of the increased amount which would be obtained if the Senator's proposal were adopted, and that estimate is $193,000,000.

Mr. COUZENS. I assume that any estimates may be controverted but the judgment of Mr. Parker, who represents the joint tax committee, I assume is as sound as is the judgment of some other employee of the Treasury Department. Obviously the Treasury Department wants to make the estimate as low as possible on these rates, because it does not want to adopt them. When the department is unfriendly to a proposal it is not difficult for them to picture it in as bad a light as possible. I am not charging them with any deliberate misconduct, but they have probably been ultraconservative in estimating that only $193,000,000 additional revenue will be derived from the 1918 rates over the revenue which will be derived from the rates now in the bill.

Mr. SMOOT. It must be admitted, I think, that there were men in 1922 who were receiving incomes of a million dollars or two million dollars or even three million dollars a year who will not pay a cent of taxes this year.

Mr. COUZENS. I do not agree with the Senator as to that. I contend—I may be slightly in error in my estimate—that there are still 70 people in the United States who receive incomes of a million dollars a year or more. That number is not a high estimate. I wonder what has become of all the dividends that have been paid by many industries up to date? Only recently have they been commencing to suspend dividends; but there is all the interest on the railroad securities and on utility securities and on other enterprises that have billions of dollars of outstanding obligations.

Mr. SMOOT. But none of them are paying dividends now. Many of the great industrial concerns in the United States have omitted dividend payments.

Mr. COUZENS. But some are paying dividends; many of the banks are paying dividends.

Mr. SMOOT. But in most cases half the amount which was formerly paid.

Mr. COUZENS. I am not saying how much they are paying.

Mr. SMOOT. Take the Union Pacific Railroad, which yesterday declared a dividend of only 1½ per cent. I could name many of the great concerns, including railroads, that are not paying a single cent in dividends.

Mr. COUZENS. Yes, but I have waived dividends; I am talking about securities; and I say that interest is being paid on them. The astounding thing is that the Government is providing money for the Reconstruction Finance Corporation to continue paying interest on the outstanding indebtedness of all the railroads. So the railroad-bond interest, at least, has not defaulted. Then there are all the power interests, all the utilities, and various industries that are paying interest on their outstanding mortgages and indebtedness. Somebody is receiving the interest thus being paid.

Mr. SMOOT. But no dividends whatever.

Mr. COUZENS. I understand there are also some dividends being paid.

Mr. SMOOT. I do not know of any.

Mr. COUZENS. Does the Senator want to check it up? If so, I will send for Moody's Manual and show that there are thousands of concerns in the United States still paying dividends.

Mr. SMOOT. The Senator was talking about electric light and power companies.

Mr. COUZENS. Yes. Take the Detroit Edison Co., in my home city, that great corporation is still paying 8 per cent. Does the Senator mean to imply that none of the power companies and none of the utility companies are paying any dividends?

Mr. SMOOT. If they are, they can be counted on the fingers of one hand.

Mr. COUZENS. I deny that statement, Mr. President, because it is not the fact.

Mr. SMOOT. I know, Mr. President, of a great many of them; I have seen their statements, and they are not paying dividends this year.

Mr. COUZENS. What about the $400,000,000 profits in short sales, for instance? Are there no profits being made anywhere? Evidently the Senator from Utah has not studied very thoroughly what is going on in the New York Stock Exchange.

Mr. SMOOT. I do not say there are no profits being made anywhere.

Mr. COUZENS. The Senator said there were no dividends being paid. It does not make any difference what technical name is used; call them dividends or any other name you choose, it is immaterial.

Mr. SMOOT. I do not say that no dividends are being paid; I said dividends have been reduced and reduced greatly, and many of the large concerns are paying no dividends.

Mr. COUZENS. I know that, and I am taking that into account. I have taken that into account in the estimates, and that is also taken into account in the estimates that Mr. Parker has made, and, based on an analysis of the income-tax returns of 1921, which was a bad year, allowing for the reduction in dividends, we believe that we can collect over $300,000,000 more by these rates than can be collected by the rates of the committee bill.

Mr. SHIPSTEAD. Mr. President——

The VICE PRESIDENT. Does the Senator from Michigan yield to the Senator from Minnesota?

Mr. COUZENS. I do.

Mr. SHIPSTEAD. In regard to the income of the utilities furnishing electricity, I have here from the Bureau of Labor Statistics the figures for 1928, 1929, and 1930. It is shown that all the charges for services in 12 of the largest cities of the United States are the same as they were four years ago.

Mr. SMOOT. That is up to 1930. We are in 1932 now.

Mr. SHIPSTEAD. I have not the figures for 1931.

Mr. SMOOT. I am talking about 1932.

Mr. SHIPSTEAD. I am talking about the charges for electrical service.

I ask unanimous consent to have these figures inserted in the RECORD at this point.

There being no objection, the matter referred to was ordered to be printed in the RECORD, as follows:

Retail prices of electricity for household use in principal cities

(Net price in cents per kilowatt-hour, electricity for household use)

[Source: Statistical Abstract, 1931, p. 391. Full details in Monthly Labor Review]

	Net price after discount, etc.		
	1928	1929	1930
Chicago:	*Cents*	*Cents*	*Cents*
First 3 kilowatt-hours per room	7.0	7.0	7.0
Next 3 kilowatt-hours per room	5.0	5.0	5.0
Excess	3.0	3.0	3.0
Detroit: First 3 kilowatt-hours per active room (minimum 3 rooms)	9.0	9.0	9.0
Memphis: First 6 kilowatt-hours per room	8.0	8.0	8.0
Omaha: First 10 kilowatt-hours per room	5.5	5.5	5.5
St. Paul (minimum charge, $1 net):			
First 3 kilowatt-hours per room	8.6	8.6	8.6
Next 3 kilowatt-hours per room	7.1	7.1	7.1
San Francisco:			
Service charge	40.0	40.0	40.0
First 30 kilowatt-hours for 6 rooms, 5 kilowatt-hours for each additional room	5.0	5.0	4.5
Columbus: First 50 kilowatt-hours	7.0	6.0	6.0
Dallas: First 800 kilowatt-hours	6.0	6.0	6.0
Louisville: First 30 kilowatt-hours	7.6	7.6	7.6
New Orleans:			
Service charge	25.0	25.0	25.0
First 20 kilowatt-hours	9.1	9.1	9.1
Next 30 kilowatt-hours	7.8	7.8	7.8
Pittsburgh:			
First 10 kilowatt-hours	8.0	8.0	8.0
Next 20 kilowatt-hours	5.5	5.5	5.5
Rochester: All current	8.0	8.0	8.0
Seattle: First 40 kilowatt-hours	5.5	5.5	5.5

Wholesale prices of fuel and lighting materials

[1926=100]

	1927	1928	1929	1930	1931
Anthracite coal	96.3	91.7	90.1	89.1	91.1
Bituminous coal	100.4	93.6	91.3	89.4	84.6
Coke	94.4	84.6	84.6	84.0	82.4
Gas, manufactured	97.9	94.9	93.2	97.3	[1] 100.1
Petroleum products	72.7	72.0	71.3	61.5	39.5
Average (1926=100)	86.5	82.8	81.6	76.1	63.4
Average (1913=100)				124.1	

[1] November, 1931.

Mr. COUZENS. Mr. President, referring to what the Senator from Utah says, I have just had my secretary hand me some figures which I had prepared for the proper occasion; but, as I say, I was rushed into this debate this afternoon, not expecting that we would reach the matter so early. These are the average monthly dividends as shown by the survey of current business of the Department of Commerce of a representative and comparative group of corporations:

In 1927 the monthly dividends were $174,000,000. I will not give the odd figures. In 1928 they were $193,000,000; in 1929, $289,000,000; in 1930, $352,138,000; in 1931, $308,108,000. The average monthly interest charges paid out in 1927 were $289,000,000; in 1928, $308,000,000; in 1929, $342,000,000; in 1930, $364,000,000; and in 1931, $379,000,000.

When we listen to Mr. Schwab and some of the inspired writers we would think that there is not any more money left in the world; that there is not any more income; that everybody is broke. Everyone knows that the country is greatly depressed; yet no one will claim that we are not doing any business; that there are no incomes anywhere. Certainly the great railroads, certainly the great power interests, certainly the great utility companies, certainly the great gas companies, are not in the hands of receivers, and why? Because they have continued, in most cases, to charge the rates that they have been charging, regardless of the decreased cost of doing business or of performing the service. They have made, and continue to make, stupendous

profits; and they are paying all of the interest on their underlying obligations and millions and millions of dividends.

It is the height of absurdity to say that the American people have not any income. It can not be proved. Anyone who attempts to lead the public or anyone to believe that America is dead is doing the very thing that they have been preaching not to do, and that is to sell America short. When they want to escape taxes, when they want to preserve their incomes, when they want to avoid their responsibilities, then they contend that America has been sold short. When they are getting out to boom business, to increase sales, to increase profits, then they say, "Do not sell America short."

So it can not be contended that there is no national income. If there be national income—as I contend and everyone knows there is—sufficiently high taxation can be placed upon it, without doing undue injury to anyone, to balance the Budget without any consumption taxes other than those we have usually had, such as those on tobacco.

I admit that under these depressed conditions the corporation tax and the income tax are not adequate to balance the Budget; and I frankly said that in spite of the rates which I propose in this amendment we shall have to tax theaters on admissions in excess of 45 cents; we shall have to have the increase in postage rates, and we shall have to have the 2-cent tax on checks. If we can avoid all of these consumption taxes—and I still contend that a consumption tax is a vicious tax—if we are to reemploy the unemployed, if we are to get the unemployed back to work, little or no handicap should be placed on production and consumption.

I submit that if there are only some 7,000,000 people with incomes of more than $1,000 who would have to make returns under these rates, there must be tens and tens of millions of our people who do not make even that minor income; and yet under the sales tax we propose to do the vicious thing of keeping down the rates on the 7,000,000 people who can pay and placing the burden of some $200,000,000 which is to be proposed by my friend from Massachusetts [Mr. WALSH] on those least able to pay. In other words, to avoid income taxes for some 7,000,000 people able to pay, we propose to put on the people $200,000,000 of taxation to prevent their consuming.

In other words, the general sales-tax advocates propose to add to the cost of every lead pencil, every book, every school supply that the children use. They propose to add to the cost of every kitchen utensil, every stove in the home of a man who is living on $1,000 a year or less. They propose to tax every spoon, every knife, every plate, every dish, every curtain, every hanging, every piece of equipment in the bathroom, every bathtub, every single thing that is necessary in a home, almost as necessary as food and clothing. They propose to raise $200,000,000 from those people who have the greatest difficulty in avoiding going over the economic precipice—what for? To save raising $150,000,000 or $200,000,000 from 7,000,000 citizens who are unqualifiedly able to pay.

This proposal should not rest on personalities. This proposal should rest upon its merits. I know some of the conversation that is going on. The personal situation of any particular Senator, or the individuality of any proponent or opponent, is immaterial. These problems to be settled in the Senate should be based on their merits, no matter from whom they come. If this proposal has not any merit, of course I do not expect that it will receive any votes. I am unable, however, by any stretch of the imagination, to understand why a corporation that is struggling to get along, a partnership, or a private business man struggling to keep his head above water should be penalized by paying a sales tax that it may or may not be possible to pass on to the ultimate consumer.

I submit that that proposal drives every business house and every business man to cut wages, to discharge employees, so as to keep down his selling price and enable him to compete with his perhaps more fortunate competitor who is able to absorb the tax.

Let us take, for example, two manufacturers, one of whom is well equipped financially and efficient. He has a sales tax of 2 per cent or 1 per cent added to his cost of production and the less fortunate one has to meet that condition. Let us assume that the more fortunate one absorbs the 2 per cent and the less fortunate one then has to try to absorb it. What does he do? He immediately starts out to depress labor, to depress wages, to economize, to lay off all the help he possibly can, so that he may compete and absorb the tax which his more fortunate competitor has been able to absorb.

That is the picture if it is contended that these sales taxes will be absorbed. The other picture is: If they are not absorbed, that they are passed on to be paid, in the great, great majority of cases, by the class of our citizens who have the greatest difficulty in maintaining their economic existence.

What excuse, what reason, can anybody advance for not being willing to pay those modest taxes for the sake of keeping industry together and for the sake of not having to penalize sales and consumption? There never was a consumption tax that was justified, unless it was the liquor and tobacco taxes.

Here is a man getting $5,000 a year. Would that man prefer to pay $180 income taxes on $5,000 a year and have no curb put on production and consumption, or would he prefer to be forced into a competitive situation where his salary might be reduced a thousand dollars a year? Would he prefer to pay $180 upon a net income of $5,000 or to be laid off and discharged so that competitors in business, if you please, may be able to absorb an indefensible and inexcusable sales tax? How can the unemployed be put back to work if we are going to curb production, if we are going to make buying more difficult, if we are going to raise the cost of things? How are people going to buy—and, without buying, how can men be returned to work?

While on that point I want to point out another matter that is generally overlooked.

There is not one chance in a million to put the unemployed back to work on the necessities of life. The men and women who are working to-day are supplying practically all of the necessities of life; so where are our seven or eight million men who are out of work to be put back? The only place that they can be put back to work is on the so-called luxuries that are taxed in this infamous bill—a bill written in almost every detail by a group that has little understanding of the needs of the thirty or forty million workers other than the 7,000,000 proposed to be taxed under this amendment.

What excuse has anyone to make for requiring a man to pay $830 on a $10,000 income? Is it better for a man to have his $10,000 income maintained, and pay $830, or is it better to have his income cut to $7,500, or have the possibility of being laid off because of an infamous sales tax, which drives the manufacturer and the producer to cut every possible cost, to cut salaries, and to cut help, so that he can pay the sales tax. There is no justification, under any sound economics or even under the Government's necessities of the moment, as great as they are, for placing such an infamous tax as the consumption tax on every commodity outside of food and clothing.

Mr. COSTIGAN. Mr. President, will the Senator yield?

Mr. COUZENS. I yield.

Mr. COSTIGAN. One of the great merits of the suggestion of the Senator from Michigan [Mr. COUZENS] is that practically all taxes are paid out of income, and that the man with little or no income is not taxed.

Mr. COUZENS. There never was a more just conception of taxes. What does Mr. Hearst say in all his editorials? I am sorry that I am not fully prepared to-day, owing to the fact that I did not know this question would be reached so soon; but I shall have something more to say before the consideration of the tax bill is concluded. What has Hearst said in his editorials for months? He has been urging and urging a sales tax; and what for? Frankly, to eliminate the unsound income taxes.

The junior Senator from California [Mr. SHORTRIDGE] read in the Finance Committee an editorial written by Mr. Hearst, in which he said that if Congress were not so cowardly they would impose a sales tax, and that then it would not be necessary to raise the income taxes.

The proponents of a sales tax are organized, some of them innocently drawn into the vortex of the demand for a sales tax. And what is the motive back of the move? The purpose is to take the tax off of wealth.

Another very subtle piece of propaganda that is going around is the statement in dozens of letters I have received, "We demand that you vote for a sales tax." I observe, however, that practically all of these letters were dictated to stenographers and written on typewriters. They are not written in longhand, as are the letters emanating from a great majority of our people who have to write by hand with pen and ink and who do not have stenographers and typewriters to do their letter writing for them.

These letters we receive say, "We want a painless tax." The man who proposes the painless tax, the tax that is felt the least, is worse than a communist so far as the welfare of the Government is concerned.

Just as soon as there is established a painless tax and all pressure upon the taxpayer is relieved, then we will have to submit to minority groups for appropriations. Why have we gone on and built up this great bureaucracy? Why have we our Budget so high? Because it was a sort of a painless tax we were collecting. We kept on reducing the taxes down to a point where they became less painful.

Now it is apparent that there is going to be some painful taxation instead of painless taxation. As soon as taxation becomes painless we may as well say good-by to efficient and economical government.

Mr. CONNALLY. Mr. President, will the Senator yield?

Mr. COUZENS I yield.

Mr. CONNALLY. Let me suggest to the Senator from Michigan that in a time of depression like this, when most businesses and most individuals are either making no profits at all or are actually suffering losses, the virtue of an income tax in this kind of a situation is greater than ever, because it is a tax only on profits, whereas a consumption tax may be a tax not only on losses but on necessities. If a man has an income, he has profits, and he can pay a tax and still have sufficient left to prevent hardship and suffering.

Mr. COUZENS. That is what I am trying to point out. The unfairness of a sales tax is that it taxes losses. If one is running a plant and producing and doing the best he can, under the present conditions, he is required to pay the Government a 1 or 2 per cent sales tax so as to save money for the man who is making a profit or an income. Is there any justification or equality in taxation that adopts such a philosophy as that?

I venture to say that among 96 Senators there are not 96 letters received from those who have to use pen and ink supporting a sales tax. It will be found that all big business and all the manufacturers, who maintain stenographers and typewriters, propose a painless sales tax, a sales tax which taxes the all-day sucker of the children, the candy, the school supplies, all hospital facilities, every piece of surgical goods, all bed clothing, every conceivable thing—not to raise revenue; that is not the purpose. The purpose is to get rid of the income tax and the estate taxes.

I do not claim, Mr. President, that everyone who is proposing a sales tax is conscious of that fact. There are many good citizens who are not conscious of the drive in which they are participating. But do not forget, Mr. President, that the master mind originated this, and the master mind expects to drive Congress into adopting a tax system which is indefensible, and done for the sole purpose of saving those best able to pay from paying taxes.

I am unconcerned about whether or not Canada has a manufacturers' sales tax. I have not the slightest doubt that Canada is controlled by the same dominant influences which attempt to control the United States. To the credit of the House of Representatives, notwithstanding the inspired articles and inspired editorials, they did a splendid and fine thing when they eliminated the consumption and sales tax from the bill that was foisted on them by the Ways and Means Committee.

Mr. GLASS. Mr. President, will the Senator yield?

Mr. COUZENS. I yield.

Mr. GLASS. Upon the assumption that the sales tax in nearly every instance is passed on to the consumer, when it reaches the consumer is it not in practical effect a cumulative tax, is it not a pyramided tax, which grows from the start to the consumer?

Mr. COUZENS. I am glad the Senator raised that question, because that is one thing I want to discuss, and I really am somewhat unprepared to-day. I did not think this question was to be reached so soon, as I said before.

The Canadian system, it was argued in the Committee on Finance and in the House, prevents pyramiding by exempting the manufacturer from paying a sales tax on goods on which the previous producer has paid a tax, but I submit that it is just as subtle to talk about not having any pyramiding through that method as it is to say that a tariff is not pyramided. I submit that if I import, as a merchant, a hundred dollars' worth of goods, and pay a 30 per cent tariff, I demand a profit on my $30 invested in a tariff, just the same as I demand a profit on the $100 I invested in my merchandise. So, if a manufacturer invests $100,000 in taxes when he sells his goods, does anybody think he is so stupid that he does not ask remuneration and profit on the $100,000 he invested in taxes?

I admit that a sales tax, under the Canadian plan, is not so objectionable, from the standpoint of pyramiding, as a sales tax which did not have the licensing scheme whereby a manufacturer would be licensed so as to avoid the duplication of taxing the same commodity.

Now I want to point out how soft we are, how we have gotten to the easy-money stage, and I want to tell a little about what England has had to stand in the way of income taxes in order to balance her budget. I am not saying this because I think the United States ought to emulate any other country. I am just trying to put a little backbone into us, so that we will not begin to cry and whine because we have some taxes to pay.

A man in England with an income of $3,000 a year, based on the British pound at the present rate, would pay a tax of $453 against $60, which a citizen of the United States would have to pay on the same income.

A man with an income of $5,000 a year would pay $180 in the United States under the proposed rates, not the existing rates, and in Great Britain he pays $703.

In the United States, under the proposed rates, an income of $10,000 would have to pay $838 and in Great Britain $1,828.

Let us commence to shed some tears for the big income-tax fellows. For example, take the man with an income of $200,000. He pays a tax of $109,863 a year in Great Britain against $93,000 in the United States.

Mr. BORAH. Has the Senator figures for the $100,000 income?

Mr. COUZENS. In Great Britain on an income of $100,000 one has to pay $47,738 and in the United States, under the proposed rates, one would pay only $35,030.

We figured out that if the 1918 rates were adopted we would receive for the fiscal year 1933, $486,000,000 additional and for the fiscal year 1934 $810,000,000 additional. That would eliminate, as I said, all consumption taxes. We could even waive consideration of what we might or might not get from the additional estate taxes. It was estimated that we would get only about $20,000,000 from that source this year. We figured practically nothing from gift taxes this year.

While I made the estimate only roughly and am not pressing it, I still believe that corporations could pay an 18 per cent profits tax, especially in view of the fact that the committee has eliminated a 1½ per cent extra charge for filing consolidated returns. My own view is that there is no justification in the world for permitting the filing of

consolidated returns. But big business has a great many friends and big business makes a very plausible excuse for being granted permission to file consolidated returns.

Mr. NORRIS. Mr. President——

The VICE PRESIDENT. Does the Senator from Michigan yield to the Senator from Nebraska?

Mr. COUZENS. I yield.

Mr. NORRIS. I would like to ask the Senator a question or two about consolidated returns. Will there be an attempt made to eliminate the consolidated-return feature of the bill? Will we have an opportunity to vote on an amendment that would accomplish that end?

Mr. COUZENS. Yes; if the Senator will introduce it.

Mr. NORRIS. That might be easy to do, but I am depending on members of the committee who feel as the Senator from Michigan does. There are a number of Senators who feel that way.

Mr. COUZENS. I have attended this year 160 committee meetings, and I am unable to stand here all day and fight what I think is objectionable in the bill after having done it in the committee. I submit that some other Senators will have to assume some of the responsibility if they want to do all the things they seem to have in mind.

Mr. BANKHEAD. Mr. President——

The VICE PRESIDENT. Does the Senator from Michigan yield to the Senator from Alabama?

Mr. COUZENS. I yield.

Mr. BANKHEAD. I would like to find out from the Senator what the difference would be in payment of taxes as between using the consolidated return and not using it.

Mr. COUZENS. I am told that it has been estimated from $10,000,000 to $25,000,000, but no one knows as a matter of fact. It is the poorest kind of estimate. For example, in the hearings before the Finance Committee an oil representative testified that all of the losses which they had encountered in the production of oil they had been permitted to deduct from the profits on a pipe line. Now ordinarily no one should object to a consolidated return when an industry is confined exclusively to one activity, and because of the demands of a State they are required to form a separate corporation within that State to transact their ordinary business. In such a case a consolidated return is perfectly justified, in my opinion. So that, because of these justifications, it is not quite a simple matter to condemn all consolidated returns. But there are common stockholders in diversified businesses or diversified industries who are enabled, by the permission granted to file a consolidated return, to wipe out all of their taxes on their profitable enterprises by deducting their losses on their unprofitable enterprises.

I do not know how far this has gone, but I want to point out the possibilities of such a thing. For instance the Senator from Nebraska and I might be competing. I could run at a loss because I had another business against which I could charge my losses. He has no other business from which he makes a profit, so I get the advantage of being able to stand my losses through deductions from the profits on another business by making consolidated returns and thus having a decided advantage in competition. But it is an artificial form of competition. I do not object to natural and proper competition, but I do complain about artificial competition permitted in this way through an act of Congress.

Mr. COSTIGAN. Mr. President——

The VICE PRESIDENT. Does the Senator from Michigan yield to the Senator from Colorado?

Mr. COUZENS. I yield.

Mr. COSTIGAN. The Senator spoke a moment ago of corporation taxes. Is the Senator in a position to place in the RECORD a table stepping up corporation taxes to 20 per cent, thereby disclosing what revenues would probably accrue to the Government under successive percentage tax assessments?

Mr. COUZENS. I have not the information in form to submit as the Senator suggests. I made an effort through several devices to balance the Budget, and in doing so I took the 1918 rates and figured that we would receive $486,000,000 on that basis. If we adopted the 18 per cent tax on corporations we would raise $112,000,000 more from corporations. We figured that by means of the administrative amendment put in the bill by the Ways and Means Committee and approved by the House and recommended by the Treasury Department, we could prevent a lot of evasions or close a lot of loopholes, and by that process save approximately $200,000,000 more. If we have $80,000,000 to $100,000,000, as I understand is reported by the Senator from Utah [Mr. SMOOT], obviously the higher the rate the more advantages would be gained by closing the loopholes. I figured that with the stock-transfer tax and admission tax on admissions of 45 cents and over, and with a reduction in Government expenses, we would account for $1,245,000,000, and it requires $1,241,000,000 to balance the Budget. So in the proposal I have made we would adopt the 1918 rates, the 18 per cent corporation-profits tax, make the saving of $200,000,000 in administration of the law through closing of the loopholes and preventing of evasions, and altogether we could balance the Budget without a single burdensome tax such as are included in the sales tax or excise tax.

I have seen statements by some of the inspired writers that "sales tax" is a misnomer, that it should be called an excise tax. They recognize the odium which has been attached to the term "sales tax," and now they want to dignify it by calling it an excise tax; but no matter by what name it is called, it is a tax on consumption. I submit that if the country is to recover at all it has got to increase consumption—not the consumption of necessities, because the necessities are now being supplied, but we have got to increase the use of what Congress has presumed to call luxuries, such as radios, phonographs, automobiles, and all of those things upon which the Congress has attempted to put a consumption tax.

Mr. KING. Mr. President, will the Senator permit an interruption?

The VICE PRESIDENT. Does the Senator from Michigan yield to the Senator from Utah?

Mr. COUZENS. I yield.

Mr. KING. I was interested in the statement just submitted by the able Senator as to the amounts which will be raised on incomes under the 1918 rates. I was wondering how those figures were obtained. I know they are, of course, all more or less conjectures, as all of our guesses are, but I was wondering just what facts and data the Senator has in order to fortify the conclusions reached that the amount would be raised which he has just indicated.

Mr. COUZENS. I said previously in my remarks——

Mr. KING. I was detained in a committee meeting and hope the Senator will pardon me for asking the question.

Mr. COUZENS. I do not object, but I referred before to the fact that we took the 1921 returns, 1921 being a bad year, and deducted from them.

Mr. NORRIS. Mr. President——

The VICE PRESIDENT. Does the Senator from Michigan yield to the Senator from Nebraska?

Mr. COUZENS. I yield.

Mr. NORRIS. The Senator has been talking a good while now. If he will yield for that purpose, I should like to suggest the absence of a quorum.

The VICE PRESIDENT. Does the Senator from Michigan yield for that purpose?

Mr. COUZENS. I yield.

Mr. NORRIS. I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Bailey	Connally	Hebert	McGill
Bankhead	Coolidge	Howell	McKellar
Bingham	Costigan	Johnson	McNary
Borah	Couzens	Jones	Metcalf
Bratton	Dale	Kean	Moses
Bulkley	Fess	Kendrick	Norris
Bulow	George	Keyes	Nye
Byrns	Glass	King	Oddie
Caraway	Hale	La Follette	Patterson
Carey	Harrison	Lewis	Robinson, Ark.
Cohen	Hatfield	Logan	Robinson, Ind.

Schall	Smoot	Townsend	Walsh, Mont.
Sheppard	Steiwer	Trammell	Watson
Shipstead	Stephens	Tydings	
Shortridge	Thomas, Idaho	Vandenberg	
Smith	Thomas, Okla.	Walsh, Mass.	

Mr. FESS. I wish to announce that the Senator from Kansas [Mr. CAPPER], the Senator from Vermont [Mr. AUSTIN], the Senator from Illinois [Mr. GLENN], the Senator from New York [Mr. COPELAND], and the junior Senator from Illinois [Mr. LEWIS] are detained in a committee meeting.

The VICE PRESIDENT. Sixty-one Senators have answered to their names. A quorum is present. The Senator from Michigan has the floor.

Mr. COUZENS. Mr. President, I see the experts here are controverting each other as to the soundness of the estimates based upon the 1918 rates. If one confers with those gentlemen he will have to draw his own conclusions as to who is accurate; and I suppose that is what a jury always has to do when they hear from experts, and especially from doctors, college professors, and economists.

Mr. President, it is estimated that under the present law those filing income-tax returns showing incomes under a thousand dollars—and when I say that I mean after the exemptions are allowed—number only 83,100. Under the 1918 rates as of to-day there would be 374,000 such individuals filing tax returns. I mention this to show the widening of the base brought about by reducing the exemptions, not only for married persons but for single persons, and also the exemption on account of dependent children.

In the group from $1,000 to $2,000 under the present law as of to-day there are 650,900 returns filed; under the 1918 law, with the reduced exemptions, there would be 2,580,000, again showing how the base of income taxation would be widened.

In the $2,000 to the $3,000 group at present there are 530,900 returns filed. Under the 1918 rates there would be 2,290,000.

In the group of from $3,000 to $5,000—and that is the largest group of all so far as numbers under the present law are concerned—there are 816,600. Under the 1918 rates there would be 1,251,000.

I will skip some of these figures and will take, for example, the group consisting of those having incomes of from $10,000 to $25,000. Under the existing law persons in that group filed 161,500 returns. We estimate that under the new law there will be the same number of returns.

So in the aggregate 2,711,000 would pay taxes if the present law were maintained, while if the 1918 rates were adopted and made a part of the bill 7,125,035 returns would be filed.

I recognize that in view of the order in which the bill is arranged, the income-tax rates coming first, it is rather difficult to obtain an intelligent and understandable vote on this amendment at this early stage of the discussion. It might be properly said that the income-tax rates should be adjusted upon the basis of the needs of the occasion; I submit that that would be an equitable way of arranging the income-tax rates; but, under the parliamentary procedure, we can not deal with all the nuisance taxes, all the excise taxes, all the transfer taxes, all the stamp taxes, before considering the income-tax rates, but we have got to deal first with the income-tax rates. I submit that after the Senate has carefully gone through with this enormous bill and has had to contend with all the difficulties incident to dealing with all the nuisance, excise, and other taxes it will have a different attitude toward the income-tax rates from what it now has. If there are Senators who feel indisposed to vote for these rates now, they probably will be more disposed to vote for them after they have come in contact with the contentious paragraphs and sections in this bill taxing different services and different commodities. So I am going to have to suffer under the handicap, apparently, of a vote being had on the income-tax rates prior to the Senate having had an opportunity to consider all the other contentious rates in the bill. Therefore, so far as I am concerned, I will have to submit my case to a vote.

Mr. TRAMMELL. Mr. President, will the Senator yield to a question?

The VICE PRESIDENT. Does the Senator from Michigan yield to the Senator from Florida?

Mr. COUZENS. I do.

Mr. TRAMMELL. I see under the proposal of the bill as it came from the House and also as reported by the Senate committee, the exemptions from the income tax have been reduced in the case of a married person or head of a family from $3,500 to $2,500, and in the case of a single person from $1,500 to $1,000. Has the Senator any data showing how much additional revenue over and above the expense of administration of that particular feature of the law the Government would obtain?

Mr. COUZENS. We do not consider that there will be any additional expense of administration because of the lowering of the exemptions. Individuals file the returns, anyway, only with a lesser exemption, that is all.

Mr. TRAMMELL. Under the present law—and I presume the same thing is carried into the measure we are now considering—an individual does not have to make a return unless his income amounts to a given sum.

Mr. COUZENS. That is true.

Mr. TRAMMELL. In other words, a person whose exemption is, say, $3,500 under the present law, with so much for his minor children, unless he has a net income in excess of his exemptions, does not have to make a return, and likewise a single person pays no tax unless his income is in excess of his exemptions. Therefore, by reducing the exemptions there would, of necessity, be filed a great many more returns, involving much more auditing in the administration of the law.

Mr. COUZENS. The income-tax returns in those cases are so simple that the auditing is almost inconsequential. It is the large income-tax returns, with the great number of deductions and complications, that make up the cost of administration, and not the returns of the small-salaried individuals or the small income-tax payers. I think the total Treasury Department expenses for the auditing of returns is only some $33,000,000.

Mr. TRAMMELL. I know on some previous occasions when we were considering the income tax there were certain data furnished to indicate that the expenses of administering the provision where the exemptions were reduced from $1,500 to $1,000 in the case of a single person and from $3,000 to $2,500 in the case of a married person would approximate the amount of the additional revenue which the Government would receive. I wondered if the committee had any information as to that. Of course, my personal views are that it would be very unfortunate to reduce the exemptions to the point suggested unless the Government gained a very substantial amount of revenue from lowering the exemptions contained in the present law.

Mr. SMOOT. Mr. President, will the Senator yield?

Mr. TRAMMELL. Perhaps the chairman of the committee can give an explanation.

Mr. SMOOT. I can answer the Senator. The present exemption in the case of a married person is $3,500 and in the case of a single person $1,500. This bill reduces the exemption in the case of a married person to $2,000 and in the case of a single person to $1,000. The additional revenue which it is expected will be received under that change is $40,000,000.

Mr. TRAMMELL. I, of course, did not have any data on that subject.

Mr. SMOOT. That is the estimated additional revenue.

Mr. TRAMMELL. I am surprised to find that it is $40,000,000, however. My position before was, and still is, that we should not impose an income tax upon a person until he has a sufficient amount to give him at least the ordinary comforts and necessities of life. If we exempt only persons having incomes of less than $1,000, I dare say that in the city of Washington and in many of the cities

throughout the country, as well as in small places, a person can scarcely get along on $1,000 a year. Almost all persons, even single persons, have some obligations other than merely the matter of furnishing food and clothing and shelter for themselves.

Mr. COUZENS. But, Mr. President, I submit that this is the alternative of a sales tax. The married person with an income up to $2,000 will have no income tax to pay under this proposal; and certainly those with incomes of over $2,000 per year can afford to pay $30 or $40 to their Government in preference to having adopted the principle of an infamous sales tax.

Mr. TRAMMELL. I am as much against the sales tax as the Senator from Michigan is; but that, of course, does not change my views in regard to the question of imposing an income tax upon a person before he has sufficient of the ordinary comforts and necessities of life.

Mr. COUZENS. If the Senator will suggest a substitute, that is all right. It does not cover the ground merely to oppose a tax. I am looking for a substitute for these taxes other than a sales tax, which is a tax upon consumption. If the Senator has any alternative proposal, all right.

Mr. TRAMMELL. I think I have a record on the sales tax even before the Senator from Michigan came to the Senate, probably. When the matter came up here a good many years ago I was among the few Senators who took a very active part in opposition to the general sales tax proposed by the Senator from Utah [Mr. SMOOT]. The RECORD will disclose that fact; so I have no brief in behalf of the sales-tax idea.

Mr. COUZENS. I was asking the Senator what he would substitute, then, for this income tax. What would the Senator substitute for it?

Mr. TRAMMELL. If it yields $40,000,000 per annum in excess of the cost of administration, I do not know that I have any particular item to offer now.

Mr. COUZENS. It yields $45,000,000 in this particular group of persons with incomes from $1,000 to $2,000 after the exemption; and that is more than the whole cost of administering the Treasury Department.

Mr. TRAMMELL. In other instances it has been contended here that the cost of administering the tax in these smaller brackets, where the exemption was reduced, amounted to almost as much as the income from those particular provisions of the law; and I was seeking information on the subject.

Mr. COUZENS. I desire to say that that is inaccurate because it does not cost more than 50 cents per income.

Mr. TRAMMELL. Not long since I received some data, which I think I have on my desk, to the effect that it cost at least $1.50 for each paper, and that the Government would receive only about that amount, on an average, on incomes between $1,500 and $1,000. Those data were sent to me, of course, by some one who was opposed to cutting the exemptions from $1,500 to $1,000, and from $3,500 to $2,500. I did not know as to the accuracy of the data; but I wanted to get some information upon the subject from the committee.

Personally I think that if we have the alternative of having either to accept this tax or to accept a sales tax, this, of course, is preferable. So far as I am concerned, however, I am not favorable to either one. I am not in favor of making this big reduction in the exemption, nor am I in favor of a general sales tax.

Mr. GEORGE. Mr. President——

Mr. COUZENS. I yield to the Senator from Georgia.

Mr. GEORGE. I wish to ask the Senator from Michigan if I understood him to say that the 1918 schedule of rates, according to his estimate, would produce enough revenue to enable us to eliminate all of the special excise or sales taxes except those on first-class postage, bank checks, and admissions below 45 cents?

Mr. COUZENS. It goes farther than that. When I first made up this table I had included an 18 per cent corporation tax, which would have brought an increase of $112,000,000; but we will eliminate that from this consideration, for the sake of argument. I am not saying that we should eliminate it entirely. We can balance the Budget by adopting these rates and leaving out every single excise or consumption tax. We should be required to put in the postal increases and the admission tax above 45 cents. We should be able practically to accept the Treasury's estimate of increase in revenue by adding the check stamp tax, which was not included in my estimate; and we will assume for argument's sake that the Treasury Department's estimate of income, based on these figures, is more nearly right than Mr. Parker's. Then we could cover that up by the inclusion of the 2-cent stamp tax.

Mr. GEORGE. I thank the Senator.

Mr. LEWIS. Mr. President——

The PRESIDENT pro tempore. Does the Senator from Michigan yield to the Senator from Illinois?

Mr. COUZENS. I do.

Mr. LEWIS. Apropos of the income-tax suggested by the Senator as to married men, I am asked by the Senator from Maryland [Mr. TYDINGS] and the Senator from Florida [Mr. TRAMMELL] whether there is anything in the bill that prohibits a bachelor from discussing a married man's income tax without confessing that he has expectations. [Laughter.]

Mr. COUZENS. Not a thing; but we ought to put a prohibition in it.

I have just been reminded of something that I overlooked awhile ago; and I am afraid I have not discussed it in a very orderly way, because I was not prepared. It has been suggested, however, that if we get these rates up to the point shown on this chart, whereby a man with an income of a million dollars net would pay $703,000, or a man with an income of $500,000 net would pay $320,000, or a man with an income of $200,000 net would pay $101,000, or a man with an income of $100,000 would pay $35,000, they would be driven to invest in tax-exempt securities.

That is not evidenced by the experience of the Treasury Department. For example, when the Committee on Finance convened to take up the revenue bill, the committee approved a motion I put to secure the returns of all estates over $3,000,000 of persons dying from September 1, 1928, up until the present year; and the department made a return of the estates that were filed during that period. We did not ask for returns in the case of estates of less than $3,000,000—only for those of $3,000,000 or over. The Treasury Department furnished a list of some 285 names, and the aggregate of these 285 estates—mind you, only those over $3,000,000—was $2,700,172,619.

Mr. NORRIS. For what time? How many years did it cover?

Mr. COUZENS. I am talking about the 285 returns made since September, 1928, of estates over $3,000,000. That is, I did not ask for the estates filed with assets of less than $3,000,000. The assets of the ones that filed estate returns of over $3,000,000 aggregated two billion seven hundred and odd million dollars. Then, after I got those figures, I asked the department to break them up so as to tell me what the assets in these estates were. After getting the name of every decedent, the date of his death, and the State from which he came, I asked them to furnish me with a list of all of the tax-exempt securities in these estates. I asked them, also, to furnish me a list of all other bonds included in the estates, all of the common stocks included in the estates, all of the preferred stocks, and all of the other property included in the estates.

The figures showed that of the total $2,700,000,000 assets of the estates, only $318,249,000 were in tax-exempt securities. Of common stocks there was $1,634,848,000; of other property, $522,000,000; of preferred stocks, $118,000,000; and of other bonds, $105,984,000. So that out of 285 estates filed over that period of time, only about 13 per cent of the assets were in tax-exempt bonds; and it is quite curious to observe that an analysis of these shows that that does not occur in the case of the active business men, but the majority of the cases where there are large amounts of tax-exempt

securities will be found to be the estates of women or widows who have invested their money for security rather than for return.

I am not going to give the names of all of these cases, but I want to point out some of the largest ones.

There was one famous New Yorker who left an estate of approximately $72,000,000, and he had $2,000,000 of tax exempts.

There was another large estate in Massachusetts of $21,000,000 which had $2,000,000 of tax exempts.

There was another large estate in California that aggregated $13,000,000, and it had no tax exempts.

There was another case in New York of a gross estate of $20,000,000 and a fraction, with no tax exempts.

There was another great estate in New York with some $15,000,000 of assets and only $1,000,000 of tax exempts.

Then there was a very famous estate of approximately $122,000,000 with only $20,000,000 of tax exempts.

Then there was another estate of a very famous person of $76,000,000 who had some $15,000,000 of tax exempts.

There is one larger one here that I have not been able to lay my hands on.

Here is one large estate of $135,440,000 with not a single tax exempt.

An analysis of all of the returns showing the investments of these estates indicates that practically all of the tax exempts are in these estates either for the reason that the person had grown old and retired from business or for the reason that the estate was that of a woman who did not wish to take business hazards.

Mr. SMOOT and Mr. WALSH of Montana addressed the Chair.

The PRESIDENT pro tempore. Does the Senator from Michigan yield; and to whom?

Mr. COUZENS. I yield to the Senator from Utah.

Mr. SMOOT. Does not the Senator think, however, that if the 1918 rates were put in force they would go to tax-exempt securities?

Mr. COUZENS. I would like to ask if, during the existence of the high rates of 1918, Mr. George F. Baker sold his First National Bank of New York and took his money and put it into tax exempts? He did not.

Mr. SMOOT. He did not. Of course, he did not sell the bank.

Mr. COUZENS. And a survey of his estate does not show that he invested his earnings from the bank in tax exempts.

Mr. SMOOT. He may have sold his tax exempts after the rates were lowered.

Mr. COUZENS. I ask, did Mr. Andrew Mellon, during all the time of high income-tax rates, sell his Aluminum Co. of America, his Gulf Oil Co., his Standard Steel Car Co., his Mellon National Bank, and his 150 or more corporations, and put his money in tax exempts? He did not.

Mr. SMOOT. I do not think he sold the businesses, but I can not say what he did in the matter of the investment of his income; and that was a great deal.

Mr. COUZENS. That is not important when there are excessive productive facilities.

Mr. WALSH of Montana. Mr. President——

The PRESIDENT pro tempore. Does the Senator from Michigan yield to the Senator from Montana?

Mr. COUZENS. I yield.

Mr. WALSH of Montana. I want to know from the Senator whether he has a record of the aggregate of the estates reported and the aggregate of the tax exempts?

Mr. COUZENS. That is the information I just gave the Senate. I just gave the Senate the aggregate of the estates, $2,700,000,000. That is the aggregate of the 285 estates, and the tax exempts amounted to $315,000,000.

Mr. WALSH of Montana. I happened to be out of the Chamber. Can the Senator tell us what the percentage is?

Mr. COUZENS. I did not figure out percentages, but the tax exempts represented somewhere between 12 and 13 per cent. The great majority of the estates, with assets of some $1,600,000,000, are in common stock.

Mr. CONNALLY. Mr. President, will the Senator yield?

Mr. COUZENS. I yield.

Mr. CONNALLY. Is it not true that the great bulk of tax-exempt securities are held by insurance companies, fiduciaries, and others, upon which no tax would be derived, regardless of whether they were tax exempt or otherwise?

Mr. COUZENS. That is absolutely true. For instance, a great many of the securities are in charitable trusts, in savings banks, insurance companies, fiduciary institutions, and in widows' trusts, where they do not take the hazards of business, and where they do not pay the normal tax.

Mr. CONNALLY. That is where the tax-exempt securities are, and that is where we would not collect, irrespective of the feature the Senator is discussing, because they pay no surtaxes.

Mr. COUZENS. That is entirely true; and I suggested to the Senator from Pennsylvania, and to other Senators in the Finance Committee, that if we could find any way to tax those securities which are in the hands of individuals, and are not exempt to the same extent as when held by corporations, I would be in favor of doing it. It looks as though there were some decisions in the Supreme Court which suggested that that might be possible. It has also been suggested that we might place an excise tax on the incomes from these securities. But if they are reachable, I would be in favor of reaching them, because there is no justification for anybody, no matter what his investments may be, evading his taxes at this time of depression.

Mr. CONNALLY. Let me say to the Senator that the man who buys a tax-exempt bond pays his tax when he buys the bond.

Mr. COUZENS. That is true, except that he does not pay any Federal tax.

Mr. CONNALLY. But when he ties that into his inheritance or estate it is taxable, because they are subject to a tax.

Mr. COUZENS. Oh, yes.

Mr. CONNALLY. So the Federal Government through that source will get back a large revenue from what are otherwise known as tax-exempt securities.

Mr. COUZENS. That is true.

Mr. CONNALLY. And we raise that rate in this bill to 45 per cent maximum.

Mr. COUZENS. That is not high enough.

Mr. CONNALLY. It is higher than 20 per cent, the rate in the present law.

Mr. COUZENS. Oh, yes.

Mr. KING. Mr. President, will the Senator suffer an interruption?

Mr. COUZENS. I yield.

Mr. KING. I was wondering whether the Senator in the investigations which he has made, the results of which he has just submitted, ascertained whether or not in those large estates, aggregating more than $2,000,000,000, there was any evidence showing that in anticipation of death or for the purpose of evading inheritance or death dues after death the owners of tax-exempt securities got rid of them during their lifetime.

Mr. COUZENS. Oh, no. All I have is the figures, and I want to say that that loophole of transferring estates in anticipation of death has been, I think, substantially plugged up by the gift tax.

Mr. Parker advises me that of all the estates filed, including those I have just mentioned and those below $3,000,000, only 5.65 per cent of all the estates were in tax exempts.

Mr. LONG. Mr. President, before the Senator leaves that point, will he yield?

Mr. COUZENS. I yield.

Mr. LONG. There is just one observation I want to submit to the Senator. I notice he discussed the point that there is not such danger of investments being made in tax-exempt securities. As a matter of fact, does not the Senator think that one of the greatest benefits that could come to the country, particularly at this time, would be the en-

couragement of investments in municipal and State securities, when the municipalities and States can not finance themselves? It would afford a low interest charge, it would enable them to prosecute their public works, and there is no investment to be more encouraged to-day, and that would do the country more good, than the investment in tax exempts.

Mr. COUZENS. I wish it were possible to finance the State institutions without issuing tax exempts, but I admit the principle that the power to tax is the power to destroy. I want to say something in that connection, and I am glad the Senator from Louisiana reminded me of it.

For years and years, I think as far back as perhaps any of us can remember, there has been a philosophy, a practice, in fact, that we should save and save and save, that we should put back our earnings into productive industry, that we must not engage in any State, Federal, or municipal activity, because it diverted money from productive industry. In other words, every time we put a schoolhouse up, every time we built a museum, every time we built a library, every time we built a city hall, every time we built a county building, every time we built a theater, every time we built an office building, it was said that we were putting money into unproductive activities. I think I should exclude office buildings, and perhaps theaters, because, while they do not produce material, they do produce services.

It is quite well established, Mr. President, that we have carried that principle too far. There is absolutely no necessity for plowing back profits into industry, because industry has already expanded far beyond its needs. In other words, if we take the earnings, the surpluses of industry, which we have been taught we should save, and reinvest in industry, if we would discontinue the practice of saving and take the surplus earnings and invest them in what we call nonproductive activities, such as museums, opera houses, libraries, schoolhouses, we would be doing the best possible thing for the future of the country. It would be the best possible thing for industry itself, and it would be the best possible thing for all those who live below the margins of incomes we have just been discussing.

Mr. LONG. Mr. President, will the Senator pardon just one more question?

Mr. COUZENS. I yield.

Mr. LONG. That would make it possible to-day to prosecute flood-control work; it would make possible the employment of many more people, something the Nation needs; it would make it possible to bridge the navigable streams; it would make it possible to build the highways, which activities, instead of being nonproductive enterprises, are enterprises for the production of facilities for the use of every living human in the country.

Mr. COUZENS. Mr. President, one of the things that is said is that the money that is received up in the high brackets must be preserved and kept for productive industry; that these great earnings must be used for capital expansion. Yet, with all of the low brackets, with all the low rates now existing, and with the President issuing a statement last night to the effect that there was plenty of capital, but that it was not available, I submit, Mr. President, that had we taken these taxes from these brackets we are discussing, all through the past years, we would have been just as well off, because we would not have been able to get the money for capital investment, even though we did not take it for taxes.

It is quite obvious that the future policy might just as well be that the Government take these excess earnings, substantially all of these excess earnings, at least those in excess of that which is needed for productive industry, and it is quite evident, from the condition of the productivity of the Nation at this time, that we will not need capital to increase productivity for some decades to come.

A well-known professor from Cornell yesterday, in testifying before the Committee on Banking and Currency, said that, in all probability, if there is a continuance of the conditions under which we operate, the methods and policies we follow, most of us will be in our graves before we will be out of the morass of depression in which the country is now floundering.

I do not say that to throw out any word of despair or pessimism, or anything of that sort. I do recognize the conditions, and I recognize that we are following policies of the greatest folly and performing the greatest economic blunders right at this time.

Mr. WALSH of Montana. Mr. President, will the Senator yield?

Mr. COUZENS. I yield.

Mr. WALSH of Montana. The argument has been advanced that it is unwise to increase the rates in the higher brackets, because that would dry up the sources of capital by taking the money out of the hands of the people who would conserve it and use it for increased capital for productive enterprise. What is the view of the Senator as to that?

Mr. COUZENS. I was trying to explain that, and I am afraid I did not make myself quite clear. The President said last night that there was plenty of capital. I have been trying to prove that we do not need these excess earnings for productive purposes, and if we do not need them for productive purposes, what is the objection to their going into the activities I have just been discussing, namely, the construction of schoolhouses, colleges, art museums, libraries, and so on?

Mr. WALSH of Montana. I view the matter from a slightly different angle, and I would like to have the view of the Senator with respect to the matter. I think now we get relatively a small amount of productive capital from the great estates of very wealthy people. Capital now is raised, ordinarily, by the issuance of securities that are put on the market and sold to the general public. It was my understanding, at least, that the great bulk of capital for productive enterprise for the last 10 years had come from such sources.

Mr. COUZENS. To a large degree the Senator is right. But each of these great estates of which I have been speaking largely controls some enterprise in itself which perhaps does not go out into the market for money. I do not believe that the First National Bank, for instance, or any of these banks which have been largely controlled by one individual or one family go into the market for money. They usually retain control, and I think that is true of a great many large industries, such as the Ford Motor Co., the Gulf Oil Co., the Aluminum Co., and other industries which are controlled by wealthy families or small groups, and they often do not have to go into the market.

Mr. WALSH of Montana. Let me suggest to the Senator the flotation of utility securities, running up into the billions in the last 10 years. True, such an enterprise is ordinarily promoted by some man of considerable wealth, but he actually gets the capital by the issuance of securities which are sold to the public.

Mr. COUZENS. Yes; but the contention of the Senator from Utah and others is that if we get the rates too high those people who buy such securities will not buy them, but rather will buy municipal securities.

Mr. WALSH of Montana. But the securities are not bought exclusively by people who pay income taxes in the higher brackets.

Mr. COUZENS. But we are talking about all brackets.

Mr. WALSH of Montana. They are bought by the men with incomes of $5,000, $10,000, or $20,000 a year. Latterly they have been peddled from house to house by canvassers and sold to people of small incomes, and in that way a very large amount of the capital, as I understand it, is now produced.

Mr. COUZENS. The Senator is quite correct. Ever since the war, at least, we have never been short of productive capital or of all the capital needed for productive purposes. However, it has been one of the arguments used fallaciously against these rates that if we took too much, if we got the rates too high in the $100,000, $200,000, and $300,000 classes we will not have any money for capital. What an absurdity that has been found to be, after all these years!

Mr. CONNALLY. Mr. President——

The PRESIDENT pro tempore. Does the Senator from Michigan yield to the Senator from Texas?

Mr. COUZENS. I yield.

Mr. CONNALLY. If the investors do buy the tax-free bonds, they have to buy them from somebody and pay the money to somebody, and that releases new money, does it not?

Mr. COUZENS. That is correct. We lay too much stress upon who owns them. It is not who owns them, but what they own. In other words, just as the Senator from Texas said, it does not make much difference whether one person buys or another person sells, whatever the securities may be they are exempt, whether in the hands of the little man or the big man. What I was trying to point out is that there has never been any shortage of capital, and so no matter what rates are fixed there will not be any shortage of money for capital purposes.

Mr. LOGAN. Mr. President——

The PRESIDENT pro tempore. Does the Senator from Michigan yield to the Senator from Kentucky.

Mr. COUZENS. Certainly.

Mr. LOGAN. Is it the opinion of the Senator that there is no shortage of capital now for productive purposes?

Mr. COUZENS. I am absolutely satisfied and can prove, without fear of successful contradiction, that there is a surplus of capital in the country to-day.

Mr. LOGAN. Why then is it not used? Why do we not use it if there is a surplus? Why is there complaint of shortage of money by those who are engaged in productive enterprises?

Mr. COUZENS. I think there is plenty of capital, but it will not move.

Mr. LOGAN. Where is it?

Mr. COUZENS. It is in the banks, mostly.

Mr. LOGAN. Does the Senator think the banks have plenty of capital?

Mr. COUZENS. I think that as the Federal Reserve Board have been buying up as much as $100,000,000 worth of Government bonds weekly for over five weeks, they have put money into the banks far in excess of what the banks have been willing to loan.

Mr. LOGAN. But is it not true that in the last few years there has been an enormous shrinkage of bank credits, and that probably many of the bonds and securities carried by banks at what they paid for them are not at this time worth any considerable part of what they paid for them?

Mr. COUZENS. There is no denying it, but that has nothing to do with what we are discussing. I am discussing capital for investment.

Mr. LOGAN. How does the Senator know the banks have plenty of money? Where does he get the information?

Mr. COUZENS. From the Federal Reserve Board.

Mr. LOGAN. And they get it from the reports of the banks, do they not?

Mr. COUZENS. Certainly.

Mr. LOGAN. Does the Senator know whether the banks have the credits which they report, that the securities which they hold are worth the amount at which they are carried on their books?

Mr. COUZENS. Oh, no; those are two different things. I am contending that the records show there is plenty of cash, plenty to loan for industry. I am not talking about what their investments are worth. That is an entirely different thing.

Mr. LOGAN. How much cash is in the banks at this time?

Mr. COUZENS. I could not give the exact figures, but there are hundreds of millions of dollars that they will not loan.

Mr. LOGAN. There is less than $1,000,000,000 of cash in the banks, is there not?

Mr. COUZENS. But the people can not get it out, no matter what it is, because the banks are afraid to loan it except to concerns that made a very high-class showing of earnings and are still earning some money.

Mr. LOGAN. That goes back to what the junior Senator from Virginia [Mr. GLASS] said, that the chief trouble is fear on the part of the banks that they would lose money if they loaned it. Is that the conclusion of the Senator?

Mr. COUZENS. I think that is the understanding, but why should not a bank hesitate before it loans other people's money to a concern which has not any demand for its products?

Mr. LOGAN. Is it not also true that if we sell bonds to obtain productive capital, as suggested by the Senator from Montana, that the amount of income tax the concern will have to pay will affect very much the price at which the bonds can be sold to the public? The higher the rate of income tax, of course, the lower would be the dividends or interest to the investing public. That certainly would be true, would it not?

Mr. COUZENS. Does the Senator mean the higher the rates of income tax the more industry has to pay for its capital?

Mr. LOGAN. That is what I mean.

Mr. COUZENS. Undoubtedly; that is correct.

Mr. LOGAN. And that would reduce the amount of available capital for productive enterprises. If an enterprise had to pay a higher rate of interest, it would obtain less money.

Mr. COUZENS. Yes; but there is already too much money for capital in industry now. In other words, productive facilities are now greatly in excess of the needs of industry, and that was true even during the so-called prosperous years of 1928 and 1929.

Mr. LOGAN. Is it not true that many of the plants of manufacturing concerns, for instance, have deteriorated, that the organization has gone to pieces during the lean years, and that it will require a vast amount of money to recondition and rehabilitate them? Is not that true?

Mr. COUZENS. Oh no; I do not think there is the slightest foundation for that, because if a business is at all well run, if a factory is at all well run, the management always keep up maintenance, keep their machinery oiled, their fire-fighting facilities in order, and keep up the plants. Of course, as we go on, if the depression should go on year after year, the obsolescence would increase really more than the depreciation would increase.

Mr. LOGAN. The obsolescence is going on, is it not?

Mr. COUZENS. I think that is true, so I am not at all concerned about taking a portion of the present income to tide it over at least during present conditions.

Mr. SMOOT. Mr. President——

The PRESIDENT pro tempore. Does the Senator from Michigan yield to the Senator from Utah?

Mr. COUZENS. I yield.

Mr. SMOOT. If I remember correctly $55,000,000,000 was the high point of deposits in the banks of the United States. The last report issued showed that the amount had shrunk to $46,000,000,000, so there is $9,000,000,000 that has gone somewhere. It is either invested in securities and drawn from the banks, or it has been used for some other purpose, building, and so forth. That is all the difference there is between the high point and the point of deposits to-day, $9,000,000,000.

Mr. COUZENS. I know there are bankers by the dozen who would be delighted to have many of the corporations, now running at 25 to 50 per cent capacity borrow money. There has been a change brought about by the excess-profits tax, by the high income-tax rates and other economic changes since the war, which have persuaded the great industries in many cases to pay less dividends and conserve their cash, so that many industries which used to be great and extensive borrowers from banks are not now borrowers at all. The great commercial banks would be delighted to have an opportunity to loan those industries which are now well financed and running at 25 to 50 per cent capacity.

Mr. WALSH of Montana. Mr. President——

The VICE PRESIDENT. Does the Senator from Michigan yield to the Senator from Montana?

Mr. COUZENS. I yield.

Mr. WALSH of Montana. Apropos of the colloquy which took place between the Senator from Michigan and the Senator from Utah a while ago, I have here a clipping from the Washington Evening Star of March 25, containing a dispatch from New York from which I would like to read, with the Senator's permission.

Mr. COUZENS. I yield for that purpose.

Mr. WALSH of Montana. I read:

NEW YORK, March 25.—There is still a considerable body of American corporations able to show a satisfactory earning capacity during a period of depression. As the complete figures of results for 1931 are prepared and made available for public review, it becomes apparent that in many industrial and public-utility companies there is an astonishing vitality and a prospect for maintenance for some time to come of present dividend payments.

One list that has just been prepared by a prominent banking house includes 85 corporations which showed a higher net revenue last year than in 1930. The total net of these companies in 1931 was approximately $330,000,000, compared with slightly less than $300,000,000 in the year previous. It included about 30 whose shares are listed on the New York Stock Exchange and are actively dealt in from day to day.

I dare say these were the corporations referred to by the Senator, whose rates remain exactly the same as they were in 1929 and 1930 and whose expenses have diminished since that time.

The article continues:

UTILITIES EARNINGS FAIRLY STEADY

The significant feature of this analysis is the gain in net earnings per share over that in what would now be called the fairly prosperous year of 1930. The average net per share of the 85 companies last year was 6.75 per cent. In 1930 it was 5.95 per cent.

There were 10 companies showing earnings on their stocks last year that were not able to reveal any profit remaining to the credit of their stock in the preceding year. An additional gain should be credited to the fact that in a number of instances there were more shares of specific concerns outstanding in 1931 than in 1930, so the comparison is even more favorable than it appears at first glance. In the list there is only one conspicuous railroad which enjoyed more prosperity last year than in 1930. In general it may be said that the best exhibit was by the power and light and telephone companies.

I ask that the remainder of the article may be printed in the RECORD without reading.

The VICE PRESIDENT. Without objection, it is so ordered.

The remainder of the article is as follows:

The review supplements figures revealed earlier in the month by a prominent bank covering the net worth of 900 industrial corporations at the end of 1931. This was based on returns from practically all kinds of manufacturing and distributing organizations, including those that had suffered a severe reaction in their earnings and others that had benefited by the shifting directions of trade. Their total net worth was approximately $18,000,000,000. The remarkable fact was that the net worth of these 900 concerns at the end of last December was only one-half of 1 per cent below that of the same period in 1930.

Many comparisons have been made between conditions in 1921 and in 1931. Some are favorable; others have a reverse trend. In general, however, the statistics indicate the more substantial character of corporation finances to-day than at the height of the last previous panic, and are highly encouraging. The main differences between the two periods in the balance sheets of corporations are in the reduced bonded debt, smaller bank loans, lower inventories, and a much higher proportion of cash and marketable securities in current assets than at any other time in American corporation history. This is reflected in the tenacity with which numerous companies have held to a dividend policy, despite the fact that their earnings have been dropping off month by month for nearly two years.

NET WORKING CAPITAL

A third compilation that has just been published by a New York Stock Exchange firm indicates the contrast in the net working capital of over 30 corporations whose shares are listed on the "big board." A few of them are worth noting. Bethlehem Steel, for instance, at the close of 1931 had a net working capital in excess of $116,000,000, against less than $88,000,000, 10 years previous. General Electric showed $190,000,000, against $151,000,000; General Motors, nearly $319,000,000, compared with less than $96,000,000; International Harvester about $225,000,000, compared with $153,000,000; Liggett & Myers Tobacco Co., $151,000,000, against less than $57,000,000; and Montgomery Ward about $95,000,000, against less than $15,000,000. Woolworth had nearly $53,000,000, against $30,000,000, more than 10 years previous.

Mr. COUZENS. What the Senator has read is in elaboration of what I tried to state a while ago, that it is perfectly absurd to say that we have not any income in the country now, that all income is wiped out, that there are no revenues to be obtained for the Government from income. Such an assertion is either due to ignorance or is made with deliberate intention to mislead.

For example, I have here a statement entitled "Standard Trade and Securities," dated May 11, 1932, day before yesterday, in which are shown the composite income accounts and balance sheet of leading American industrial corporations, 313 of them, on which comparable data are available. I am going to mention the figures only as they appear with relation to current assets. I am not going into capital or fixed assets or anything but current assets.

Taking the number of industries to which I have just referred, which are mentioned in this sheet, the statement shows cash and equivalent in 1929, $2,343,000,000; in 1930, $2,267,000,000; and in 1931, $2,249,000,000. In other words, using 100 as the 1929 basis—in 1929, of course, it was 100—in 1930 it was 97, and in 1931 it was 96, showing how little the variation was in the current cash account.

Then let us take the receivables, which are another quick asset. The receivables in 1929 were $1,782,000,000; in 1930 $1,517,000,000; and in 1931, $1,250,000,000. In other words, the relation of 1930 to 1929 was as 85 to 100, and the relation of 1931 to 1929 was as 70 to 100, showing that even the receivables were being reduced by payment of debts.

While the inventories were substantially reduced, it is the obvious result of decreased production and purchasing. For instance, the relation of 1931 to 1929 inventories, assuming 110 for 1929, shows 75 in 1931 and 90 in 1930.

So, Mr. President, it is not conceivable that anybody can seriously entertain the idea that there is not plenty of income to tax and that it may not be taxed without any burden upon anyone so far as the necessities of life are concerned or so far as the constructive needs of the Nation are concerned. I contend that from this schedule we can raise an additional $400,000,000, that we can take that much more out of the 1932 incomes than the existing rates would provide, and that we can do it without injuring anyone, without injuring productivity, without taxing the poor, and without imposing any consumption tax.

Of course there will be two or three or four million people out of 122,000,000 who will holler like stuck pigs, but they will not be hurt. I contend it is much better to increase the revenue in that way than to try to extract $200,000,000 from people who have to live in a very modest way if not in a really inadequate manner.

Mr. SMOOT. Mr. President, I desire to ask if any other Senator desires to address the Senate this evening?

Mr. HARRISON. Mr. President, the Senator from Massachusetts [Mr. WALSH] had expected to speak.

Mr. SMOOT. The Senator from Massachusetts told me that he desired to proceed this evening, but he is at present out of the Chamber, and I do not know whether or not he spoke to the Senator from Mississippi as to his intentions.

Mr. WALSH of Massachusetts entered the Chamber.

Mr. SMOOT. I see the Senator from Massachusetts is now present.

Mr. WALSH of Massachusetts. Mr. President, the speech of the able Senator from Michigan [Mr. COUZENS] is based upon the theory that we shall depart from all previous programs of levying taxes to raise the revenue necessary to meet the expenditures of the Government. If we are to adopt the policy of meeting the expenditures of the Government by taxes levied upon personal net incomes, upon profits of corporations, and upon gifts and estates taxes, we ought to accept the pending proposition. If we are to limit the taxing field to individual incomes, incomes of corporations, gifts, and estates taxes, the Senator from Michigan has presented an impressive case for the rate schedule he advocates. However, in the tax bill framed in the other House, approved in principle by the Finance Committee and in principle similar to all previous tax bills, we have divided the field of revenue into three parts: First, income taxes, corporation taxes, gift taxes, and estate taxes; the second group, a limited number of manufacturers' sales taxes, excise taxes—whatever name one chooses to call them; third, miscellaneous taxes, such as taxes on theater, athletic, and race-track

admissions, and, as in this bill, taxes on telephone and telegraph messages, check tax, and stamp taxes of various kinds, which are frequently called nuisance taxes.

I repeat, if we are to depart from the method we have followed in the past and are to wipe out all special sales and nuisance taxes, admission taxes, and stamp taxes, we should vote for the proposition of the Senator from Michigan; but before we do that, let us consider what we are doing and analyze the high rates proposed in order to learn where the sweeping increases in taxes are to be levied. Let us see who of the income-tax payers of the Nation are to be burdened by rates that were never before exacted except during the hectic days of the World War. If the Congress pursues the course it has followed in the past of putting the major portion rather than the entire tax burden upon the personal incomes of our citizens, upon corporations, upon estates and gifts, then we must consider what miscellaneous taxes and what sales taxes we should incorporate in the bill in order to make up the deficiency.

In the bill which the House sent to the Senate and in the bill as reported by the Finance Committee there are a large number of sales taxes—taxes on sales of automobiles, tires, tubes, candy, athletic goods, gum, furs, soft drinks, and so forth—so-called miscellaneous taxes, including admissions and stamp taxes.

When the proper time comes—and not until that period of the debate arrives—instead of picking out certain definite particular industries the products of which this bill proposes to levy a high sales tax, and thereby saying to a few industries like the automobile industry, "You shall pay a sales tax of from 4 to 10 per cent," or instead of saying to the child who goes to a moving-picture theater, "You shall pay a tax of 10 per cent upon admission charges in excess of 10 cents," I propose, if we are going to enter into that taxation field, that we treat all industries alike and put a small sales tax upon all of them, with certain exemptions for food and clothing and farm implements—a minimum tax of 1½ per cent or 1 per cent. However, that is not the purpose for which I arose at this time. I desire to discuss the rates in the pending proposal dealing with the net incomes of individuals. The subject of choosing between the two different sales-tax plans, both of which are undesirable, can be discussed later. The bill as it comes to us has the various classified sources for producing revenue to which I have referred.

I will confine my observations now to the proposal made by the Senator from Michigan. It has much merit; but to my mind there is one very serious objection to it, namely, that at one fell swoop it increases by a very high percentage the taxes on the large middle class of taxpayers. Let me recall the present normal-tax rates to the Senate. Under the present law the normal-tax rates are embraced in three brackets which are as follows: 1½ per cent on the first $4,000 of net income in excess of the credits allowed; 3 per cent on the next $4,000; and 5 per cent on the remainder. Keep those rates in mind—1½ per cent, 3 per cent, and 5 per cent. The House retained the same brackets, but made the rates recommended by the Treasury, 2 per cent, 4 per cent, and 7 per cent; increasing the 1½ per cent to 2 per cent, the 3 per cent to 4 per cent, and the 5 per cent to 7 per cent. The proposal of the Senator from Michigan is to make two brackets instead of three and to make the man whose normal-tax rate now is 1½ per cent pay 6 per cent, and to increase the tax rate of a taxpayer whose rate is now 3 per cent or 5 per cent to 12 per cent. A further objection to this proposal is that it wipes out the credits since 1924 extended to earned incomes. This will result in a 33⅓ per cent increase in the tax bill of those who heretofore have had the benefit of the deduction from earned incomes.

Mr. President, the class of taxpayers who must bear this tremendous tax-rate increase is a very large one. Is the large amount of revenue which the Senator from Michigan expects to raise in place of nuisance and admission taxes coming from the multimillionaires? No. It is coming from the increased thousands who will be brought into the tax-paying field by lowering the exemptions of the married man and the single man and by increasing very substantially the normal tax he will have to pay. There is where the money is going to come from under the proposal of the Senator from Michigan. It is not going to come from the few who will fall under the high brackets but from the hundreds of thousands who have incomes of $3,000, $4,000, $5,000, and $6,000. Is this not "soaking" the great middle class?

Let me quote from a prepared table.

HERE IS THE TAX SENATE COMMITTEE AND COUZENS PLAN PROPOSE TO LEVY ON INCOMES

Persons with net incomes of $5,000 will pay more than three times their present tax under rates just agreed to by the Senate Finance Committee. Under the Couzens plan nearly twelve times more.

Under the same Couzens rates persons with $100,000 net will pay a little more than twice their present tax. Those with $1,000,000 net will also pay less than three times as much as now.

The following table, compiled by a Capitol tax expert, shows the individual income taxes levied on various net incomes under the present law, the House bill, and the Senate bill. The taxes computed are for married persons with no dependents, and possessing the maximum amount of earned income allowance. Their present flat $3,500 exemption is reduced to $2,500 in both bills. The table follows:

Net income	Present law	House bill	Senate bill	Couzens proposal
$1,000	0	0	0	0
$2,000	0	0	0	0
$3,000	0	$2.50	$3.75	$60
$4,000	$5.63	20.00	30.00	
$5,000	16.88	37.50	56.25	180
$6,000	28.13	55.00	82.50	
$10,000	101.25	210.00	295.00	830
$20,000	618.75	1,160.00	1,440.00	2,630
$50,000	4,588.75	7,160.00	8,040.00	11,030
$100,000	15,768.75	26,560.00	28,440.00	35,030
$500,000	115,768.75	214,560.00	230,440.00	323,030
$1,000,000	240,768.75	449,560.00	492,940.00	703,030

Do we realize, Mr. President, that, under the proposal of the Senator from Michigan, the tax paid by a citizen with an income of $5,000 is increased twelve times? An income of $10,000 is increased eight times? No multimillionaire's tax is increased twelve times or eight times or anywhere near it. Put briefly, it is a proposal to increase the revenue from income taxes through very sharp increases in the normal taxes of the great middle class.

Now, let us see who compose that class. Who are they? In this city or any other city they are the men or women with net incomes of $4,000. They are the owners of homes worth five or ten or fifteen thousand dollars. They have put their savings into their homes; their homes have been their bank. They are professional men perhaps, or men and women who have small incomes from investments which may have been made—incomes of four thousand, five thousand, or six thousand dollars.

The men and women in this class more than any other taxpayers have been feeling the burden of increased taxation because they have been compelled to meet increased real estate and other taxes in their respective municipalities, because it is from real estate that most of the municipal revenues are derived. They have had their taxes very materially increased because of the increase in local expenditures and in many cases because of increases in welfare demands, and their State taxes have also been largely increased.

It is the class that pay income taxes also in the several States that levy State income taxes; indeed, the class that is spending substantial sums from their income to educate their children, for such expenditures are not exempt.

Much has been said about it being irritating to those of very great wealth to have their taxes increased by the proposal made by the Senator from Michigan. What kind of irritation will it cause to the millions of people with families to support, homes to pay for, and children to educate, having income of four thousand or five or six thousand dollars, to have us vote to levy upon them an increase of six, eight,

ten, and twelve times their present Federal tax through the medium of the pending bill? State and municipal taxes have jumped in recent years, but the Federal Government will outdistance all these increases and take the prize if these proposed rates are adopted.

Let me give the Senate some figures. Under the present law a citizen with a $5,000 net income pays taxes of $16.88. The House bill makes the tax $37.50. The proposal of the Senator from Michigan makes that tax $180—an increase from $16.88 to $180. The Senator from Michigan says that is not much of an increase. The citizen with an income of $3,000 pays nothing to-day, but under this proposal he will pay $60. If the income is $10,000, the tax jumps from $101.25 to $830. On the basis of percentage, however, and if we are to consider irritation of taxpayers, I submit that that man or woman, with his or her little home worth five, ten, or fifteen thousand dollars, with that limited net income, is going to feel very much irritated and very much disturbed. Is it to be wondered at that the small income received is to-day more tax-minded than ever before? It is from him, not the so-called rich, that the new taxes are to be extracted.

In the Committee on Finance I moved an increase from the normal rates over the House rates, but I refused to go to the extreme proposed by the Senator from Michigan [Mr. COUZENS]. I said I could not justify in one fell swoop, in the midst of this awful depression, issuing notice upon this class of taxpayers that their taxes had been increase eight and twelve times over their present taxes.

Mr. LONG. Mr. President——

The VICE PRESIDENT. Does the Senator from Massachusetts yield to the Senator from Louisiana?

Mr. WALSH of Massachusetts. I gladly yield to the Senator from Louisiana.

Mr. LONG. The man who has an income of $5,000 a year, and who would have to pay out $180 in income taxes under this proposal, is not hurt, is he?

Mr. WALSH of Massachusetts. I do not think he is; but I do say that with the additional amount he is obliged to pay because of the increase in municipal taxes, and the additional amount he is obliged to pay because of the increase in State taxes, this increased Federal income tax will not make him very contented, but it will cause him to feel that at a time when he is feeling deeply the depression that exists throughout the land his Government is not very considerate of him.

Mr. LONG. Mr. President, will the Senator yield further?

Mr. WALSH of Massachusetts. Certainly.

Mr. LONG. Does not the Senator think that 95 per cent of the American people to-day would be glad to place themselves in the category where they had an income of $5,000 and had to pay only $180 in income taxes?

Mr. WALSH of Massachusetts. Undoubtedly a large number of our people who have no incomes at all, or very small incomes, would be delighted and happy to have incomes of $5,000, and probably would be glad to pay the tax if that could be brought about; but we are dealing not with theories but with realities, and we are dealing with a class of people who have been paying a tax of $16 on the basis of an income of $5,000. Their taxes will be raised under this proposal to the amount of $180, which it is urged is inconsequential and trivial; and yet, based upon a consideration of what one's tax bill was and what one's tax bill is to be, it is 12 times the present amount. It will be a most unwelcome demand and we should not jump the rate to such an extreme point at this time.

The proposal which was made by me and adopted by the Finance Committee was to increase the normal tax in the first bracket, fixed by the House at 2 per cent, to 3 per cent—not 6 per cent, as proposed by the Senator from Michigan [Mr. COUZENS]; to increase the normal tax in the second bracket, fixed by the House at 4 per cent, to 6 per cent; and to increase the normal tax in the third bracket, fixed by the House at 7 per cent, to 9 per cent. The rates proposed by me were 3, 6, and 9, as against the House rates of 2, 4, and 7 and the proposal of the Senator from Michigan of 6 and 12 per cent.

Under the circumstances that exist in this country, with our people groaning under the awful burdens of exceedingly crushing taxation, with our people tax disturbed as never before, with the worries that the people who have saved a few dollars are encountering and will encounter, it seems to me that this increase proposed by the Senate Finance Committee is about all we ought to impose now.

No one knows what we may be called upon to levy next year; but I think that in the first tax bill we have had to draft since the depression came the rates in the amendment are extreme at this particular time and under these particular circumstances. Let us not increase the gloom and discontent that surround us by such a precipitous act as the adoption of this proposal.

Therefore it seems to me that the recommendation of the Finance Committee—higher than the House rates, much higher than the rates of the present law, in every particular higher than those, but far less, particularly so far as the normal tax is concerned, than the proposals of the Senator from Michigan—under all the circumstances is a reasonable proposal and that it will give more general satisfaction and less disheartenment to our taxpayers.

Let me add that when announcement was made of the increases by the Senate committee from 2 to 3 per cent and from 4 to 6 per cent and from 7 to 9 per cent there was a loud protest throughout this country. It was thought that we were going too far; and yet it is proposed here that we shall make the rate 6 and 12 per cent. I can not go that far. I may have to accept it in the near future; but at the present time it seems to me that the rates recommended by the Finance Committee are reasonable and fair.

AGRICULTURAL RELIEF

Mr. HOWELL. Mr. President, I am pleased, indeed, to know that the Committee on Agriculture and Forestry has reported out a farm bill which will be upon the calendar, I assume, to-morrow, so that we will at least have one measure before the Senate, and before Congress for that matter—because there is no such measure on the Calendar of the House—ready for consideration. I want to assure the chairman of the committee that this action will be most highly appreciated by the agricultural interests of the country.

Mr. President, about 40 miles westward from Omaha, a primary grain market, is Fremont. It is in one of the richest sections of Nebraska. Here is a letter from a conservative citizen of Fremont, in which he states that on the day of writing—May 11—the following prices were prevailing in that city:

Wheat, 40 cents a bushel. Prior to 1915, in March of each year for the five previous years, the price of wheat averaged 88.9 cents a bushel.

Corn, 27 cents a bushel. For the five-year period of 1909–1914, in March, the average price of corn was 61.3 cents—more than twice the price that was being received at Fremont on the day this letter was written.

Oats, 23 cents a bushel. For the month of March, during the 5-year period to which I have referred, oats were 40.3 cents a bushel, as an average.

Eggs, 9 cents per dozen.

Hogs, $2.10 per hundred. Mr. President, the average price of hogs for the five years preceding 1915 was $7.24 per hundred, or more than three times the price being paid May 11 in Fremont.

Continuing, this correspondent says:

> Now, if the farmer gets 20 bushels of wheat per acre, it would make him $8 per acre with a cost to produce same of at least $10 per acre. For his oats, 23 cents per bushel, with a 30-bushel yield, gives him $6.90, costing at least $9 per acre to produce, and so on down the list. Hogs, $2.10—just think how much interest, and from $1 to $2 per acre taxes, the farmer can pay on these prices.
>
> Every time he turns around he is losing money. One of our good farmers living around 4 miles east in this good country came to Fremont to-day to borrow $6,000 on a 200-acre farm and could not get it, when he should be able to borrow at least $10,000 on most favorable terms.
>
> I am just stating to you that if this market keeps up another year, labor can not be employed, merchants can not sell, and everyone will be broke or busted.

Mr. President, I just came from a meeting of the subcommittee of the Banking and Currency Committee, before whom was testifying Prof. Irving Fisher, of Yale, and he stated that the country to-day is—using a nautical term—"in irons." When a sailing vessel comes about, it may hesitate; it may not catch the wind on the other side of its sails, and one can not tell which way it is going. Professor Fisher says that is the situation to-day in this country, and unless prices become better we may have a most serious decline, and no one knows where it might end.

But to continue with this letter:

Why does not Congress do something to ease up this situation? The bears have us and they are digging in their claws, and when they touch the vital spot, then we had all better look out. You can tell the Senate, the people will stand about so much and they will then call a halt.

Better get things fixed up while the people are still in no worse humor, for Washington is the place of fixing things, they have the power and are elected on platforms to do so, but when will they start? We are hoping for the best.

Mr. President, the attitude of the farmer respecting the depression is tending toward a culmination point. The depression has not merely been recent for agriculture. It began in 1921. That year agriculture's relative buying power dropped 25 per cent below equality. During the 11 years terminating with 1931, the decrease in agriculture's relative buying power constituted a 16½ per cent differential against the farmer. Translating this statement into dollars and cents, we find that during that period the total farm income was $19,125,000,000 less than that which would have constituted equality with other industries, or an average of about $1,740,000,000 per annum for the 11 years.

This $1,740,000,000 is the annual amount of the Nation's income, which the farmer should have received but which, because of the tariff and price fixing, legal and illegal, did not reach him, but went into the pockets of others. Had the farmer not been thus mulcted, he would not be here demanding that the distribution of annual income of the country should be changed directly or indirectly by law for his benefit. He is here because of what Congress and others have done and are doing to his disadvantage. He is here pleading merely for equal treatment.

Had he received during the last 11 years, as an annual average, this $1,740,000,000, taken from him unjustly and given to others, he would not have had trouble paying his taxes, because the total of his taxes has averaged about $1,000,000,000 a year. Nor would he have had trouble paying his farm mortgage interest, in addition to paying his taxes, because such interest charges, which he has had to meet, are about $640,000,000 annually. Subtracting these two items from this $1,740,000,000, there remains an annual average of $100,000,000, which he could have used for amortization or other purposes.

But, Mr. President, this differential against the farmer was not 16½ per cent in 1931, but 38 per cent. In short, last year $3,615,000,000 were diverted, not into the farmers' pockets, but unjustly into the pockets of others in this country. The result was a tragedy for agriculture, constituting a situation that should appeal not only to our sense of justice, but to our sympathies.

For more than 5½ months Congress has been in session, but no constructive action to prevent a repetition of such a catastrophy in the future has been taken by either House. True, we have done a little in the way of providing funds and free wheat for the destitute, but that is practically all.

Mr. President, we must apply ourselves to agricultural legislation. This country can not regain its former condition of prosperity with the farmer at the disadvantage which he is suffering to-day, and has suffered for the last 11 years. Something must be done.

Mr. President, are we going to act? We are endeavoring to balance the Budget, but, as important as that is, the rescue of agriculture is of far greater importance, because we will not have to worry about balancing the Budget if agriculture is placed in a position of equality with other industries in this country.

Mr. President, agriculture must be rescued.

Mr. VANDENBERG. Mr. President, the able and indefatigable junior Senator from Nebraska [Mr. HOWELL] is rising in his place each day in a very notable and consecutive effort to remind the Senate of its paramount obligations to agriculture. In this serial habit he is somewhat reminiscent of famous Cato of old in the Roman Senate and his continuous practice of paying his respects to Carthage.

The Senator pertinently reminds us that there has not been until to-day a single constructive proposal upon the calendar of either House or Senate for the benefit of agriculture. I remind him, however, that there is at least one imminent proposal upon the calendar which aims squarely against agriculture, in that it contemplates a specific discriminatory tax against that which has now become a major and indispensable agricultural implement, namely, the motor vehicle. This bill is now before the Senate. So I suggest to the Senator that in mobilizing ourselves in behalf and defense of agriculture we be interested not only in the affirmative program to which the Senator so persistently addresses himself, but that we be equally interested in a sturdy defense of agriculture against these intended inimical invasions of its already depleted pocketbook. Here is something we can do for agriculture at once.

I send to the desk and ask to have read a letter which I have received from the Washington representative of a highly important branch of organized agriculture, and I commend it to those in the Senate who pretend to be the friends of agriculture.

The VICE PRESIDENT. Without objection, the letter will be read.

The legislative clerk read as follows:

WASHINGTON, D. C., *May 12, 1932.*

Hon. ARTHUR H. VANDENBERG,
Senate Office Building.

MY DEAR SENATOR VANDENBERG: Speaking for organized agriculture in the United States, we desire to notify you in this direct and unreserved manner that the farmers of this country are unalterably and unequivocally opposed to any special taxes upon automobiles, trucks, and parts in the pending revenue bill.

Any such special tax is a direct and discriminatory levy upon agriculture. Motor vehicles to-day are indispensable farm implements. They are an integral part of farm equipment. They are an unavoidable necessity of farm life. To single them out for special levy, practically alone among the commodities, is to choose agriculture as a special tax victim at a time when agriculture has a right to expect at least equitable consideration.

We protest this section of the pending tax bill and urge those who sympathize with agriculture to join in its defeat.

Very respectfully,

AMERICAN FARM BUREAU FEDERATION,
CHESTER H. GRAY,
Washington Representative.

Mr. VANDENBERG. Mr. President, this is the uniform expression of the united attitude of organized agriculture and its spokesmanship respecting this contemplated tax upon motor vehicles in the pending revenue bill. Agriculture feels as keenly about this matter as it does about any phase of our responsibility to it. It resents being victimized by special discriminatory taxes. This is but one of many reasons against the proposed motor levies.

I send to the desk another letter bespeaking the attitude of the National Grange, and ask that it be printed in the RECORD. It carries a straight message to those Senators who wish to prove that they are farm-minded. I shall present this whole proposition in all its implications to labor and related industry when this section of the bill is reached next week. At the moment I am content to emphasize the agricultural phase in supplement to the daily appeal by my distinguished colleague.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

THE NATIONAL GRANGE,
Washington, D. C., May 13, 1932.

Hon. ARTHUR H. VANDENBERG,
Senate Office Building, Washington, D. C.

DEAR SENATOR: The National Grange is in favor of the commendable efforts which are being made to balance the Federal Budget. However, we are strongly against the proposed Federal taxes on automobiles, trucks, and accessories contained in the pending revenue bill.

In our opinion this is a field of taxation which is already well exploited and which should be left to the States. State taxes on

gasoline in 1931 amounted to $524,000,000; license fees totaled $348,000,000, while personal property and municipal taxes on motor vehicles took $150,000,000. This makes a total of $1,022,000,000, or about one-tenth of all taxes paid in the United States, Federal, State, and local. We have expended billions of dollars in building improved highways, and it would be unwise to adopt a policy of taxation that would tend to make it prohibitive to use these highways.

About one-fifth of all the automobiles and trucks in the country are on the farms of the United States. The trucks on our farms alone number more than 900,000. They form a part of the farmer's necessary equipment. They are no more luxuries than freight cars and locomotives are luxuries, yet no one would think of placing a special tax on freight cars and locomotives. In round figures, we have been expending about one billion for highways during recent years. As I have already indicated, special taxes on automobiles reach about the same figure. This shows that there is no truth in the argument that the owners of motor vehicles are not contributing their just share toward the upkeep of our highways.

The proposed levies on motor vehicles contained in the new revenue bill are unjust and highly discriminatory. We are unalterably opposed to the imposition of these proposed taxes.

Yours sincerely,

FRED BRENCKMAN,
Washington Representative.

Mr. HOWELL. Mr. President, I want to say to the able Senator from Michigan that the reason why he is here on the floor now pleading the cause of the automobile industry is because the pleas of agriculture for equality during the last 11 years have not been heeded. Notwithstanding the differential that has persisted against agriculture during all those years, the automotive industry flourished, but finally, when a 38 per cent differential developed against agriculture, then the automotive industry felt the blow, as all have also felt the blow throughout the country.

EXECUTIVE MESSAGES REFERRED

The VICE PRESIDENT, as in executive session, laid before the Senate several messages from the President of the United States submitting nominations, which were referred to the appropriate committees.

(For nominations this day received see the end of Senate proceedings.)

REVENUE AND TAXATION

The Senate resumed the consideration of the bill (H. R. 10236) to provide revenue, equalize taxation, and for other purposes.

Mr. SMOOT. Mr. President, I hope the Senate will take a recess to-day until 11 o'clock to-morrow, and I give notice now that beginning on Monday I shall ask that the Senate meet at 11 o'clock and hold night sessions.

Mr. WHEELER. I object.

Mr. SMOOT. I give the notice.

Mr. HARRISON. Mr. President, I am sure that everyone wants to expedite the consideration of the pending measure as fast as possible. I am not going to ask for it now, but I hope that to-morrow the Senator from Utah will try to get some agreement with reference to debate on the pending amendment and other amendments pertaining to the income and surtax sections, because if we do not expedite along those lines and agree to limit ourselves to less than two or three hour speeches we shall be here indefinitely.

RECESS

Mr. MCNARY. I move that the Senate take a recess until 11 o'clock to-morrow.

The motion was agreed to; and the Senate (at 4 o'clock and 55 minutes p. m.) took a recess until to-morrow, Saturday, May 14, 1932, at 11 o'clock a. m.

NOMINATIONS

Executive nominations received by the Senate May 13 (legislative day of May 9), 1932

SECRETARY IN THE DIPLOMATIC SERVICE

Morris N. Hughes, of Illinois, now a Foreign Service officer, unclassified, and a vice consul of career, to be also a secretary in the Diplomatic Service of the United States of America.

UNITED STATES ATTORNEY

Anthony Savage, of Washington, to be United States attorney, western district of Washington. He is now serving in this position under an appointment which expires May 29, 1932.

PROMOTIONS IN THE REGULAR ARMY

MEDICAL CORPS

To be lieutenant colonels

Maj. Thomas Ewing Scott, Medical Corps, from May 5, 1932.

Maj. Thomas Everett Harwood, jr., Medical Corps, from May 9, 1932.

Maj. Philip Barry Connolly, Medical Corps, from May 10, 1932.

Maj. Samuel Jay Turnbull, Medical Corps, from May 11, 1932.

HOUSE OF REPRESENTATIVES

FRIDAY, MAY 13, 1932

The House met at 11 o'clock a. m.

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

O Thou Eternal God, our words falter as the shadows of the Nation's sorrow fall and deepen. Yonder home to-day is a world shrine, at whose footstool we tarry. The night winds of sorrow murmur as tears fall and sink on the curls of gold matted and damp. Merciful Father, may the parents be fed no longer with the bread of affliction; do Thou give them rest which the world can nevermore defile. Consider and hear us, O Lord. Ours is national humiliation as we vision the depths of this infamy. Arouse the public conscience that a slight atonement may be made, by smiting murderers and outlaws into the dust. Cleanse the arteries of our whole country, where breed and swarm the filth and crime of our national household. Almighty God, lift us up, let us see, lead us on; hear us, for Thy mercy's sake. Through Jesus Christ our Lord. Amen.

The Journal of the proceedings of Wednesday, May 11, 1932, was read and approved.

MESSAGE FROM THE SENATE

A message from the Senate by Mr. Craven, its principal clerk, announced that the Senate had agreed to the amendments of the House to the concurrent resolution (S. Con. Res. 27) providing for the correction of an error in the enrollment of Senate bill 3584 relating to insurance corporations in the District of Columbia.

The message also announced that the Senate had passed bills of the following titles, in which the concurrence of the House is requested:

S. 4576. An act to authorize the Secretary of Commerce to grant an easement for railroad right of way over and upon a portion of the helium gas bearing lands of the United States of America, in Potter County, in the State of Texas; and

S. 4581. An act to extend the times for commencing and completing the construction of a bridge across the St. Clair River at or near Port Huron, Mich.

The message also announced that the Senate insists upon its amendments to the bill (H. R. 6477) entitled "An act to further extend naturalization privileges to alien veterans of the World War residing in the United States," disagreed to by the House; agrees to the conference asked by the House on the disagreeing votes of the two Houses thereon, and appoints Mr. HATFIELD, Mr. JOHNSON, and Mr. KING to be the conferees on the part of the Senate.

The message also announced that the Vice President had appointed Mr. METCALF and Mr. COPELAND members of the joint select committee on the part of the Senate as provided for in the act of February 16, 1889, as amended by the act of March 2, 1895, entitled "An act to authorize and provide for the disposition of useless papers in the executive departments," for the disposition of useless papers in the Department of Labor.

MESSAGE FROM THE PRESIDENT

A message in writing from the President of the United States was communicated to the House by Mr. Latta, one

of his secretaries, who also informed the House that on May 13, 1932, the President approved and signed bills of the House of the following titles:

H. R. 8637. An act to authorize the sale, on competitive bids, of unallotted lands on the Lac du Flambeau Indian Reservation, in Wisconsin, not needed for allotment, tribal, or administrative purposes;

H. R. 9591. An act to extend the period of time during which final proof may be offered by homestead entrymen; and

H. R. 10277. An act to transfer Lincoln County from the Columbia division to the Winchester division of the middle Tennessee judicial district.

PROPAGANDA

Mr. FITZPATRICK. Mr. Speaker, I ask unanimous consent to address the House for two minutes.

Mr. DYER. Mr. Speaker, reserving the right to object, in view of the fact that I think it is generally desired to proceed with the War Department appropriation bill, I shall not object in this instance, but if any other requests are made I shall be compelled to object.

Mr. BYRNS. Mr. Speaker, reserving the right to object, I want to say it is very important to dispose of the War Department appropriation bill. I shall not object to the request of the gentleman from New York, but if these requests become too numerous or consume too much time, I shall be constrained to make objection myself. I think we should get along with this bill and defer remarks until after the bill has been disposed of.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. FITZPATRICK. Mr. Speaker, I would like to bring to the attention of the Members the propaganda that is now being conducted by big business throughout the country. Eight or nine days ago President Hoover sent a message to the House criticizing them for not balancing the Budget. Since that time I have received thousands of letters from my district asking me to go along with the President and balance the Budget.

I have made it a practice to answer all letters received, but during the last three or four days I received an average of five or six hundred a day, and I discovered that they contained about the same language.

Yesterday I received a letter with a copy of the Yonkers Record, a daily paper, exposing the method used by the officials of the Otis factory. I hold here in my hand a copy of the Younkers Record of May 10, which you all can see:

Otis factory workers directed to demand action by Congress on Budget and economy. Form letters are given out to be signed. Robert H. Goodwillie makes plea to employees in all departments. Criticism by Hoover of legislators is repeated. Remarks taken to indicate that big business is still behind President.

This paper shows that the employees of the Otis factory were compelled to sign the letters that the company itself prepared and paid for, to be sent to the Representatives in Congress asking them to support President Hoover in his economy plan. If ever there was an attempt to destroy representative government in this country, it is taking place at the present time by big business.

I have heard great speeches made on the floor of the House about communists' activities in this country, but let me say to the Members of the House that the action of the officials of the Otis elevator factory in Yonkers will create more communists in one week than all the communist agitators would create in 10 years.

I want to say this to the Economy Committee: That this whole agitation to balance the Budget by reducing salaries and lowering the standard of living in our country is brought about by big business, and that is why we are getting letters from our constituents, because if they fail to write them they will lose their positions. What a serious condition confronts our country when citizens are compelled to do things against their will. I believe it is the duty of President Hoover to repudiate the actions of the Otis Elevator Co. officials if he believes in representative government. [Applause.]

Mr. LaGUARDIA. Will the gentleman yield?

Mr. FITZPATRICK. I yield.

Mr. LaGUARDIA. Has the gentleman seen these red cards? The stock brokers are paying $3.60 per hundred to send those out.

Mr. FITZPATRICK. I am not informed as to that.

THE BECK-LINTHICUM RESOLUTIONS

Mr. GIBSON. Mr. Speaker, I ask unanimous consent to insert in the RECORD some remarks of my own in regard to Resolution 209.

The SPEAKER. Is there objection to the request of the gentleman from Vermont?

There was no objection.

Mr. GIBSON. Mr. Speaker, the Beck and the Linthicum resolutions are practically identical in wording, as follows:

That the following article is proposed as an amendment to the eighteenth amendment of the Constitution of the United States, which shall be valid to all intents and purposes as part of the Constitution of the United States when ratified by conventions chosen for that purpose in the several States under the provisions of Article V of the Constitution:

Article XVIII of the Constitution is hereby amended so as to read:

"The Congress shall have power to regulate or to prohibit the manufacture, sale, or transportation of intoxicating liquors within, the importation thereof into, and the exportation thereof from the United States and all territory subject to the jurisdiction thereof, for beverage purposes: *Provided, however,* That such power shall not be construed or applied to abridge or deny the right of any State to authorize and regulate the manufacture, sale, transportation, or use of such intoxicating liquors wholly within the borders of such State; and such power of regulation or any power of the Congress to regulate interstate and foreign commerce shall not be construed to empower the Congress to authorize the shipment, transportation, or importation into any State of intoxicating liquors for beverage or other purposes, whenever the manufacture, sale, transportation, or use of such liquors has been prohibited by the laws of such State; and any such shipment or importation of intoxicating liquors into such State in violation of its laws is prohibited, and any such shipment or importation shall be subject to the laws of the State upon its arrival therein."

The resolution is set forth that it may be seen just what was proposed.

It has been claimed by newspapers and in propaganda that it provided for a resubmission of the eighteenth amendment with an opportunity to vote on the question, in spite of the fact that no way is now provided for a direct vote. A reading of the resolution will disclose that no attempt was made to secure a vote except through the roundabout controlled-convention system, and that if adopted it would operate to prevent a direct vote for a long time to come and at a period when an increasing number of American citizens are demanding that right.

As a matter of fact the resolution offers only a new eighteenth amendment to go into effect when ratified by conventions and not by votes of the people. Conventions, at their best, seldom follow the will of the voters. They provide machinery for the control of the many by the few. The members are elected and their action is dictated by party bosses and well-financed minorities. The results of constitutional conventions have been disappointing.

The convention system of amending the State constitution was discarded in Vermont more than 60 years ago and the direct-vote plan was substituted.

Another defect is that there is no guaranty against the open saloon so plainly denounced by Mr. LINTHICUM, one of the authors.

The resolutions did not even have the approval of some of the ablest of the opponents of prohibition. One of them, an able lawyer, has pointed out in a document recently made public that the wording of a constitutional amendment is of supreme importance, and then calls attention to the fact that as a whole the resolution leaves with Congress the power to "regulate or to prohibit" liquor traffic and at the same time gives power to each State to "authorize and regulate" such traffic. Authority is divided in an uncertain manner. This division of power would put the question into politics forever.

If under the proposal Congress should assert its right to "regulate and prohibit," we would be in a worse position than now, because all the evils of Federal enforcement would

still remain and be mutiplied by a number equal to the number of dry State borders to be guarded. Stated in the language of this able critic of the eighteenth amendment, the situation would be "confused and bedeviled by the division of power, duty, and responsibility."

Another undesirable situation would be created, for as it is pointed out by this same leader the resolution would by constitutional sanction permit a return of one of the evils of the old order, namely, the flooding of States that preferred to remain dry with shipments of liquor from wet States. The resolution is not even in accord with the views of able men who demand resubmission or modification.

These confusions and shortcomings arise, no doubt, from the fact that the members of the committee drafting the resolutions took the language of recommendation No. 11 of the Wickersham report, added to it a portion of the Raskob proposal, and then embodied the Guthrie suggestion, with certain important omissions, and brought out a production unsatisfactory to many wets and opposed by the drys.

Its adoption would serve to block any direct vote in the near future, leave open the door to all the abuses of the old system, provide an unworkable division of control, result in doubling the cost of enforcement and adding to the tax burdens, permit the continued operations of racketeers and bootleggers, and make necessary an army of enforcement officers. The resolution offered the most unsatisfactory solution of a serious problem that has yet come before the House.

I shall vote against any major proposal dealing with the liquor problem that does not in some way bring about a direct vote by the people of the States in the same manner that amendments to the Constitution of my State are approved. The Federal Constitution should require all its amendments to be so ratified.

I have been on record for 30 years in favor of a full measure of direct control by the people through their votes. I have complete confidence that the voters of Vermont are capable of solving every question submitted to them. They have never failed.

THE LINDBERGH TRAGEDY

Mr. EATON of New Jersey. Mr. Speaker, I ask unanimous consent to address the House for three minutes.

The SPEAKER. Is there objection to the request of the gentleman from New Jersey?

There was no objection.

Mr. EATON of New Jersey. Mr. Speaker, I have refrained from any public reference to the Lindbergh tragedy owing to the fact that the family is resident in my home district, and I did not wish to appear even remotely to attach my name to the publicity evoked by the case. I think this House to-day would desire to have some one express the profound feeling of sympathy for this young couple that is stirring every heart here and also to give expression to the question that must agitate every man who loves his country, "What are we to do about it?"

This family is the symbol of all that is holy and best in our Nation and civilization. The father is the son of a noted and honorable Member of this House in days gone by. The little girl is the daughter of a distinguished Senator. In a noble and unique sense they belong to the Nation; and yet the hateful hand of crime has been thrust into that sacred domicile and the little family has been made the victim of the most heinous, contemptible, outrageous crime in our history.

Mr. Speaker, this is a call to every sane American-minded man and woman to find out whether the time is not here that the good people of this country must arouse themselves to stem the accursed, abominable, hell-born flood of crime and lawlessness and pitiless invasion of the rights of decent law-abiding citizens. [Applause.]

We can not face this situation much longer with idle words. We are in need of a fundamental spiritual awakening in this Nation. Goodness is almighty, but we have been asleep. We have here all that is needed to save our beloved Nation from moral collapse. We have the brains. We have the character. Surely we are not ready to admit that there is any band of criminals in the world that can successfully flout the intellectual and spiritual resources of the whole American people?

I would like to have those dear people up there in that mountain home know that every heart in this House and in every home that we represent goes out to them in the profoundest sympathy, in the deepest affection; and that we dedicate ourselves to the task of stemming the accursed flood of greed and violence that has engulfed them.

The SPEAKER. The time of the gentleman from New Jersey has expired.

Mr. UNDERHILL. Mr. Speaker, I ask unanimous consent to address the House for three minutes.

Mr. SPEAKER. Is there objection?

Mr. BYRNS. Mr. Speaker, reserving the right to object, I stated a while ago we would be compelled to go along with this bill. I am not going to object to the request of the gentleman from Massachusetts, but I serve notice now that I will object to any other request that may be made for leave to address the House. We must go along with this appropriation bill and get through with it.

The SPEAKER. Is there objection?

Mr. GILBERT. Mr. Speaker, reserving the right to object, and I shall not object, I heard the gentleman from Tennessee make that same statement just as emphatically and the gentleman from Missouri [Mr. DYER] make a similar statement with equal emphasis a few moments ago. Now, it so happens——

Mr. DYER. Mr. Speaker, I ask for the regular order.

The SPEAKER. The regular order is, Is there objection?

Mr. DYER. Mr. Speaker, I object to the request of the gentleman from Massachusetts.

GEN. ENOCH H. CROWDER

The SPEAKER. The Chair lays before the House the following communication and will state that this communication was sent to the Chair in Spanish. It has been translated by the gentleman from Texas [Mr. KLEBERG], and the Chair is confident it is an accurate translation.

The Clerk read as follows:

Hon. JOHN N. GARNER,
Speaker House of Representatives,
Republic of United States of America,
Washington, D. C.:

The Chamber of Representatives, in the name of the people of Cuba, expresses to the Nation through you, its honorable Representatives, its sincere condolences in the death of Gen. Enoch H. Crowder, illustrious American, a great friend to the Republic, and linked with its political history through most meritorious services.

Dr. RAFAEL GUAS INCLAN,
President Chamber of Representatives,
Republic of Cuba.

WAR DEPARTMENT APPROPRIATION BILL

Mr. COLLINS. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill (H. R. 11897) making appropriations for the military and nonmilitary activities of the War Department for the fiscal year ending June 30, 1933, and for other purposes; and, pending that, I should like to reach an agreement with the gentleman from California [Mr. BARBOUR] that on the first paragraph, under "Pay of the Army," commencing on page 8, line 18, and ending with line 20 on page 12, debate on that provision and all amendments thereto be limited to three hours, the time to be equally divided between the gentleman from California and myself.

I say three hours, because this is the most important provision of the bill, and I think there should be ample discussion, and I have had more requests for time already from men who are prepared to discuss this provision than the one hour and a half that would be under my control.

The SPEAKER. The gentleman from Mississippi moves that the House resolve itself into Committee of the Whole House on the state of the Union for the further consideration of the bill H. R. 11897, the War Department appropriation bill; and, pending that, asks unanimous consent that

the committee have general debate to the extent of three hours, one-half to be controlled by himself and one-half by the gentleman from California, on the paragraph beginning on page 8 and ending with line 20, page 12, the debate to be confined to the provisions and amendments thereto.

Mr. BARBOUR. Mr. Speaker, reserving the right to object, I think two hours will be ample to discuss this matter. I will say to the gentleman that I am going to offer a point of order to a large part of this paragraph, and if the point of order is sustained by the Chair, this will eliminate a considerable part of the debate. I want to cooperate with the gentleman, but at the same time I feel we should be making progress with this bill and that we should pass the bill as soon as we possibly can, and for that reason I suggest two hours.

Mr. COLLINS. If the point of order is sustained, of course, I shall not use any time.

Mr. BARBOUR. As there will undoubtedly be some discussion of the point of order, does not the gentleman think that two hours on the provision and the amendments, provided the point of order is overruled, would be sufficient?

Mr. COLLINS. I have requests for more time than that and I do not think we will save any time by unduly limiting debate, and I think we will really save time by providing for debate of one hour and a half to the side, I am frank to say to the gentleman.

Mr. JOHNSON of Washington. May I submit an inquiry?

Mr. BARBOUR. My only interest in the matter is that we proceed with the bill and get the bill passed.

Mr. COLLINS. I am just as anxious to do that as is the gentleman.

Mr. BARBOUR. I know that.

Mr. COLLINS. And I think we will save time by having three hours of debate. If it can be shortened, I shall be delighted to shorten it.

Mr. JOHNSON of Washington. Why not proceed and find out about the point of order. I would like to reserve the right to object so that I may ask a question or two.

Mr. DYER. Mr. Speaker, if the gentleman will yield, the request of the gentleman, as I understood it, was that the debate upon this part of the bill be limited to a certain time and that there be no further debate upon it.

Mr. COLLINS. Yes.

Mr. DYER. That the debate is to be limited to this provision and all amendments thereto and that there will be no further debate.

Mr. COLLINS. Yes.

Mr. DYER. The Speaker did not state that.

The SPEAKER. The Chair will state the request again. The gentleman from Mississippi asks unanimous consent that there be general debate for three hours on the first paragraph of the bill under "Finance Department," from line 18, on page 8, to and including line 20, on page 12, and all amendments thereto, the debate to be confined to the bill, and the time to be controlled one-half by the gentleman from California and one-half by the gentleman from Mississippi. Is there objection?

Mr. BARBOUR. Mr. Speaker, further reserving the right to object, let me make this suggestion. Will the gentleman agree to two hours and a half of debate?

Mr. COLLINS. I should like very much to do that, but I believe we will save time by making it three hours, because the speeches will be made anyway.

Mr. BARBOUR. I can not agree to that.

Mr. DYER. If the gentleman will permit, I do not believe we will save anything unless we can get some agreement that is reasonable, and we will have to go ahead then without any arrangement as to time.

Mr. COLLINS. I am confident we will spend more time than three hours if some arrangement is not made.

Mr. DYER. As one Member, I shall insist upon the rules of the House being observed in committee. We have finished general debate on the bill.

Mr. COLLINS. Well, I will amend the request and ask that it be limited to two hours and a half.

The SPEAKER. The gentleman from Mississippi changes his request and asks that the debate be limited to two hours and a half. Is there objection?

Mr. JOHNSON of Washington. Mr. Speaker, reserving the right to object, I would like to ask the distinguished chairman of the subcommittee if there is any legislation on the appropriation bill in these pages as to which he proposes to limit debate?

Mr. COLLINS. No; not that the rules do not permit.

Mr. JOHNSON of Washington. No legislation whatever?

Mr. BLANTON. None except what comes within the Holman rule.

Mr. JOHNSON of Washington. Let me say that I find in these few pages more "provideds" and "provided furthers" than I have seen in any appropriation bill for a long, long time.

Mr. COLLINS. We are proceeding under the rules of the House, I will say to the gentleman.

Mr. JOHNSON of Washington. We have here a lot of "provided furthers"; and with a limitation on debate, I am afraid that most of the time will be used by the principal members of the Committee on Appropriations——

Mr. COLLINS. No, indeed.

Mr. JOHNSON of Washington. And those who are only members of the Committee of the Whole House on the state of the Union will only be permitted to send some important amendments up to the desk——

Mr. SANDLIN. Regular order, Mr. Speaker.

Mr. JOHNSON of Washington. I object, Mr. Speaker. If the gentleman will withhold his demand for the regular order, I shall not object.

Mr. SANDLIN. Mr. Speaker, I withdraw the demand for the regular order temporarily.

Mr. JOHNSON of Washington. I would like to ask the chairman if those Members who are not members of the Appropriations Committee on the Committee on Military Affairs will have ample opportunity to offer amendments to each or every one of the several "provided furthers" in the appropriation bill?

Mr. COLLINS. I am positive of that.

Mr. JOHNSON of Washington. With that assurance, I will not object, and we will see how we come out.

The SPEAKER. Is there objection?

There was no objection.

The motion of Mr. COLLINS was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union, with Mr. LANHAM in the chair.

The Clerk read the title of the bill.

The CHAIRMAN. The Clerk will read.

The Clerk read as follows:

ARMY WAR COLLEGE

For expenses of the Army War College, being for the purchase of the necessary special stationery; textbooks, books of reference, scientific and professional papers, newspapers, and periodicals; maps; police utensils; employment of temporary, technical, or special services, and expenses of special lecturers; for the pay of employees; and for all other absolutely necessary expenses, $71,880.

Mr. STAFFORD. Mr. Chairman, I move to strike out the last word. Mr. Chairman, in the items in the paragraph of the appropriation bill we have so far considered, I notice that there are minor reductions in the budgetary estimate. I ask the attention of the Republican members of the committee whether they joined with the Democratic members in these reductions in the various items? For instance, the item under consideration appropriates $71,880, and the Budget estimate was $81,800, and the committee has recommended a cut of $10,000. Does the gentleman from California regard that as an inordinate cut? In prior paragraphs there are cuts of $10,000 or a little more, and I would like to ascertain the view of the minority Members as to whether they think there has been any drastic cut in these various paragraphs.

Mr. BARBOUR. I will say that this particular paragraph is not a drastic cut.

Mr. STAFFORD. In the prior paragraphs there are cuts of less than 10 per cent, and the gentleman does not think that they will do any harm to the service.

Mr. BARBOUR. The gentleman is grouping a lot of cuts in a lot of items. I think the most of them can be absorbed.

Mr. STAFFORD. I wanted to get the view of the gentleman from California. I have compared them with the appropriations last year and the estimates of the Budget, and I could not see anything drastic in their effect.

Mr. BARBOUR. No; they are made on account of present financial conditions and in an effort to economize where economies can be effected.

Mr. GILBERT. Mr. Chairman, I rise in opposition to the pro forma amendment. Mr. Chairman, we are all in favor of economy to be practiced by some one else and to be effected through the curtailment of activities in which we are not personally interested, but it is rather disconcerting to us who want economies bad enough to take them wherever we can get them to learn that whatever committee recommends an economy, whether the Special Economy Committee or the Committee on Appropriations, however able and experienced its members may be, yet that committee always selects that particular economy which can not be effected, and which, if put in operation, will ultimately result in added expense—it is rather difficult for an unsophisticated mind like my own to grasp how the dropping of 2,000 Army officers from the pay roll is going to increase expense. This statement made by the opponents of this economy, of course, can not be maintained.

The whole public is tired of this hide-and-seek type of economy progress we are making, and the informed public is disgusted with the President of the United States for continually berating Congress in general terms for not effecting economy, and then, when any specific economy is suggested, sending hotfooted his officers, his admirals, his generals, his secretaries, and everybody whom he controls or with whom he has influence en masse to Capitol Hill to defeat that particular proposal.

I am not especially informed upon the details of Army affairs, yet it is well known that we have 5,000 more Army officers than Great Britain provides for the same size standing army.

I shall read the last paragraph of a letter which I have just received from the interior of the United States:

> May I urge upon you to demand that Government annual expenses be immediately reduced by at least $1,000,000,000?
>
> Very truly yours,
>
> J. N. CAMDEN.

That is not from an irresponsible man. That is from an outstanding citizen of Kentucky, one who was elected to and filled with distinction a seat in the United States Senate. Whether or not he had in mind that certain expenses are irreducible I do not know, but I do know that two Senators now occupying seats in the other body and one a member of the Finance Committee agree with him and are insistent that expenses can be cut $1,000,000,000. The statement of the President and others that all but one billion seven hundred millions is fixed expense is, I submit, relative. They are not so fixed that they can not be unfixed. When one gets away from this environment of officeholders, of admirals, generals, and such, he sees the fixedness of expense differently and finds the sentiment of this country is that we must, that it is our imperative and paramount duty to effect sincere, substantial, honest-to-God economies. The enormous cost of government has become intolerable, and the people look to us for relief. I have supported every recommendation for economy, and, disagreeable as it is to dismiss anyone from the position they are conscientiously filling, I shall have to support the recommendation of the committee to drop these 2,000 Army officers whom the committee says are unnecessary.

Mr. JOHNSON of Washington. Mr. Chairman, I move to amend on line 19 by striking out "$71,880" and insert in lieu thereof "$70,000."

The CHAIRMAN. The gentleman from Washington offers an amendment, which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. JOHNSON of Washington: Page 7, line 19, strike out "$71,880" and insert "$70,000."

Mr. COLLINS. Mr. Chairman, I accept the amendment.

Mr. JOHNSON of Washington. That will cut out a few newspapers.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Washington.

The amendment was agreed to.

The Clerk read as follows:

For the purchase of textbooks, books of reference, scientific and professional papers, instruments, and material for instruction; employment of temporary technical, special, and clerical services; and for other necessary expenses of instruction, at the Command and General Staff School, Fort Leavenworth, Kans., $40,000.

Mr. COCHRAN of Missouri. Mr. Chairman, I move to strike out the last word. Members of the House are all receiving some remarkable letters. I have one in particular that relates to this bill. It is written on the stationery of the Kemper Military School, situated at Boonville, Mo., and reads as follows:

> KEMPER MILITARY SCHOOL,
> *Boonville, Mo., May 10, 1932.*
>
> Hon. JOHN J. COCHRAN, *M. C.,*
> *Washington, D. C.*
>
> DEAR MR. COCHRAN: We appreciate very much the courtesy of your answer to our recent telegram about the reduction of the Army personnel. At the risk of taking some of your time which you had rather spend in studying the problems before you, let me risk a few more words to let you know how many people back home feel.
>
> We want economy and lots of it, but we want wise economy.
>
> 1. Forget the bonus. Nobody is entitled to it and nobody but a grafter wants it. We have a lot of silly sentiment about past military services that will bankrupt us in time. Save $2,000,000,000 now and many times as much later.
>
> 2. Slash the appropriations for veterans' hospitals, etc. Most of this is just as silly and unwarranted. Eight hundred million dollars now, and only God knows what it will grow to.
>
> 3. Close the useless posts and navy yards, savings millions of "pork."
>
> 4. Kill or defer appropriations for rivers, saving millions.
>
> 5. Spend a few millions to keep our current national-defense program from ruin. Cutting off 2,000 officers saves only $3,000,000.
>
> Don't be "penny-wise and pound-foolish."
>
> Very sincerely yours,
>
> A. M. HITCH, *Superintendent.*

I wondered why this school was so anxious that the 2,000 officers should be saved. Therefore I called up the War Department, and I asked the War Department if the Government of the United States was assigning any officers to that school and whether the officers were being paid out of the War Department appropriation. I am advised by the War Department this morning that a Col. J. B. Barnes is assigned there and that he receives $600 a month. I am advised further that Capt. Frederick L. Gurlack is also assigned there and that he receives $529 a month. Mr. Chairman, on the letterhead, as will be seen, are the names of eight men, every one of them having a military title. It is a school that, I understand, requires the students to pay for their tuition. Why is it that the Government of the United States should be required to spend in a private school $1,129 a month to teach students for which the school is being paid by the students?

Mr. GIFFORD. Would not these officers be receiving that sum of $1,129 a month, just the same, if they were not assigned to that school?

Mr. COCHRAN of Missouri. These two Army officers are retired, on active duty. More money is paid to men on active duty than those on the retired list.

Mr. GIFFORD. They would be drawing the same amount, would they not?

Mr. COCHRAN of Missouri. They would be retired and would not be receiving that amount of money. I do not want to disturb the national defense; but it seems to me that if this same situation exists all over the country where the War Department is assigned men to duty in military schools and they are being paid out of the appropriation that this Congress makes for the War Department there is an opportunity to economize and to at least do away with those officers and let the school pay the officers that teach the students at the school.

Mr. CANNON. Mr. Chairman, will the gentleman yield?

Mr. COCHRAN of Missouri. Yes; with pleasure.

Mr. CANNON. Is it not quite an ordinary thing to receive a letter from a writer abusing Congress for not reducing expenditures and then probably in the next mail receive a letter from the same writer urging us to appropriate additional money for some matter in which he is particularly interested?

Mr. COCHRAN of Missouri. I have many such letters in my office, one asking for economies and the other asking for appropriations.

Mr. FULBRIGHT. And is it not also a fact that there are a great many of these Regular Army officers who are now on the retired list drawing pay to the extent of as much as $600 a month and salary for that much or more from the Federal Government?

Mr. COCHRAN of Missouri. My colleague is entirely right. There are many retired officers who, upon being retired, immediately secure another position. You asked in the economy bill to deprive a veteran who had an income of $1,500 a year, if he was single, from any benefits under the veterans' act. Why was not such a provision suggested if a retired officer had an income of, say $3,500, that his retired pay should be limited?

I have replied to the writer of the letter I just read advising the gentleman that I would not vote to close up hospitals where men wounded in line of duty and who suffered from disease in line of duty, as well as other veterans, are being treated. I have told him that, in my opinion, the private who seeks the bonus is not a grafter, but that privates who served during the World War were as honest as officers. He has been informed that the President has the power to close up Army posts and navy yards, if he comes to the conclusion they are not needed. Further, I told him I would continue to vote for river and harbor improvements as well as for flood control work.

Information comes to me from a most reliable source that one of the officers on active duty at this school receiving money from the Public Treasury owns one-third of the school and benefits from its profits. If I am in error I wish one of my colleagues would correct me, as I desire to do no one an injustice.

I say, Mr. Chairman, and I call this to the attention of the subcommittee in charge of the bill, there should be a proviso on this bill that will prevent the War Department from assigning paid officers to private schools. There is an opportunity to economize.

The President urges us to cut—cut to the bone—and here, when the committee suggests a cut, we find the Republican side of the House also unanimous against the recommendation. We find the Secretary of War in opposition, and we find in the papers a statement where General Brown is quoted as having said that he would submit to the President a plan to reduce flood-control work $3,500,000; and the lower Mississippi River improvement work would also be curtailed. Further he would reduce other projects $6,500,000. I say the Congress writes the laws and the Secretary of War and and Chief of Engineers are appointed to administer the laws—not to dictate to the Congress what should be done.

Again I say, I do not want to cripple our national defense, but I feel there is plenty of room for savings in this bill without injuring the national defense.

The CHAIRMAN. The time of the gentleman from Missouri has expired.

Mr. JOHNSON of Washington. Mr. Chairman, I rise in opposition to the pro forma amendment.

I am in opposition to the amendment for the purpose of decreasing this bill, in the limited time I shall take, because as we get down to the question of whether there is legislation in this appropriation bill which, under the rules set up under the Budget system, is not supposed to be there we are likely to have small opportunity for discussion of what is really in the long-involved paragraph which cuts down the Army of the United States.

I would not impugn the motives of any Member, particularly the chairman of this Appropriations Subcommittee, the gentleman from Mississippi [Mr. COLLINS], a hard-working, conscientious, and studious man. He has called the attention of all Members by personal letter to a speech made by him, in which he lays down some modern proposals as to war—machine war. I disagree with many of the gentleman's proposals and desire to say that from the gentleman's own State of Mississippi there came to the front in the War between the States, 1861 to 1865, a private soldier who developed so rapidly in skill and tactics that he became a general—a man almost illiterate. That man probably worked more physical punishment on the northern army than any other one man individually, and, with the aid of his troops, he played tremendous havoc. He was Gen. Nathan B. Forrest; and when he was asked to what he attributed his success in these combats which he had with the northern armies and was asked for his tactics he said, "The answer is simple—get there firstest with the mostest men."

Mr. RANKIN. Will the gentleman yield?

Mr. JOHNSON of Washington. I yield.

Mr. RANKIN. I just want to say that General Forrest's statement in answer to General Morgan was: "I took a short cut and got there first with the most men." The expression which the gentleman used is slang that has been attributed to General Forrest, who never made use of it.

Mr. JOHNSON of Washington. Well, whether he said it or not, it is effective just the same, "Get there firstest with the mostest men."

Now, it is impossible to have the men just get there, without training and without leaders, and General Forrest, of Mississippi, was a natural leader. Had he been trained to work with other leaders his fame would have been much greater.

Now, then, Mr. Chairman, we need the officers we have because they are a part of a coordinated system for national defense. A part of that system contemplates the training of officers, and training them particularly as to the division plan of army formation, army direction, and army management. That is where we were weak when we entered the World War.

Mr. BANKHEAD. Will the gentleman yield for a question?

Mr. JOHNSON of Washington. I yield.

Mr. BANKHEAD. General Forrest's statement did not say "Get there firstest with the most officers," did it?

Mr. JOHNSON of Washington. Oh, General Forrest was an officer and the equal of several officers, and had he had the education and training he would not have fallen into such a quarrel with General Bragg and with other chief officers of the Confederacy and probably would have been ranked with the most distinguished generals of both Armies of that intense period. But I do not desire that a discussion of those days shall take too much of the time that I want to use for explaining the need for a proper Army in these days.

Mr. OLIVER of Alabama. Will the gentleman yield?

Mr. JOHNSON of Washington. I yield.

Mr. OLIVER of Alabama. I am sure the gentleman has carefully read the statement of the gentleman from Mississippi [Mr. COLLINS]; and if so, I think he is bound to draw therefrom this conclusion, that the purpose of the gentleman from Mississippi in giving that information to the House was prompted by the hope that more thought and consideration should be given to placing proper and modern equipment in the hands of our Army so that it can "get there first."

Mr. JOHNSON of Washington. I realize that; but I am sure that the finest equipment is reduced in value without skilled, trained officers as well as brave men who know that their officers are thoroughly proficient.

Now, Mr. Chairman, a great many citizens have begun at last to give considerable study to the increase of subservient influences against this Government and are learning how

all of these influences are binding themselves together. You will be surprised to know that I have been receiving resolutions from organizations as far away as the extreme Pacific Northwest, indorsing certain paragraphs in this bill as marked up by the gentleman from Mississippi, which paragraphs, in my opinion, greatly damage our Army, which is a small army, not a large one. These resolutions indorse the gentleman from Mississippi [Mr. COLLINS] in name personally. The writers of these resolutions have had advance information, for I have received them dated as far back as the 1st of March, coming to me from that long distance, at a time when this bill was in the ice box, with the membership assumed not to know exactly what was in it.

I have in my hand a report of a meeting held only last week in a neighboring State, attended by some of these more polite pacifists——

The CHAIRMAN. The time of the gentleman from Washington has expired.

Mr. JOHNSON of Washington. Mr. Chairman, I ask unanimous consent to proceed for five additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Washington?

Mr. DYER. Mr. Chairman, I regret exceedingly, but as best I can, I shall insist upon the debate following the rules now, and I shall object and make the point of order that debate upon the amendment is exhausted.

Mr. JOHNSON of Washington. Mr. Chairman, I offer an amendment, on page 8, line 3, to strike out "$40,000" and insert "$39,000."

The Clerk read as follows:

Amendment offered by Mr. JOHNSON of Washington: Page 8, line 3, strike out "$40,000" and insert "$39,000."

Mr. COLLINS. Mr. Chairman, I accept the amendment.

Mr. BARBOUR. Mr. Chairman, I rise in opposition to the amendment.

The CHAIRMAN. Does the gentleman from Washington wish to be heard on the amendment?

Mr. JOHNSON of Washington. I do, Mr. Chairman.

That is a small cut. It would be better to make a cut here that might affect the purchase of books of reference, scientific and professional papers, and so on, than to make a cut in places where it will affect the personnel of this Army of ours, which is small anyway for a population of 123,000,000 people, particularly when I can show, if I have the time, that there is an organized and well-understood movement against this Government. In that movement are organizations of high and low degree. It reaches up to those with very polite and well-meaning aims. But even these polite ones say the trimming of our Army, its officers and forces, is part of a great class struggle bound to come, they claim. They want our military forces weakened. I have it here in writing, made by ministers at this meeting. Perhaps we do not see the signs of the times.

Perhaps some of us who would like to cut down the Army from the standpoint of expense, possibly, can not see the forces working both here and abroad to weaken this Army, cut out its discipline, cut out its leaders, and leave us a still smaller Army than we should have in a country the size of the United States. I assure you, my colleagues, that no nation can afford to be without some force if it intends to maintain itself as a sovereignty. That force, in a great Nation like the United States, can be implied for awhile; we can go along for a little while on momentum, because we are great and powerful; but every nation that intends to act with dignity and maintain its position must have force, represented by an army and a navy, which may never even be used for the purposes of force. It is kept as a guaranty. I submit that in this great country we must maintain a trained Army. The Army learned something during the World War. It learned how inefficient it was in cooperation and how weak in the training of its officers—except a few. We need a decent, well-officered Army for the fourth most populated Nation in the world—a Nation envied by so many others.

We are in a position where we are not seriously threatened with foreign invasion. We are separated by the seas, and with friendly nations to the north and to the south, so that we are in a position to promote advanced ideas and even peace, if we do not permit our foundations weakened and gnawed at by those who exist in high positions and who permit themselves to be the tools, if I may use the word, of those with more ulterior motives.

I ask each one of you to ponder carefully before you come to the point of stripping our already small but efficient Army. And, finally, remember that no body of men, no matter how patriotic, as we know our soldiers to be, can be as efficient as we want them to be if they are not maintained at a proper number and do not have the proper leaders. We want them to be efficient not only in time of war but in time of fire, storm, distress, or possible riots. Our small Army is scattered throughout all of our States and outlying possessions. It is not always a war machine. It does much of a civil nature. It may even be necessary this coming winter, together with its barracks, tents, food, supplies, and organization, to help take care of the unemployed. In fact, I wish we had some way right now to enlarge our citizens' training camps so that we could open tents and barracks to a large number of the unemployed this very summer to keep them from walking the long, weary roads, to feed them, encourage them, until the employment situation can be righted.

Mr. OLIVER of Alabama. Will the gentleman yield?

Mr. JOHNSON of Washington. Yes.

Mr. OLIVER of Alabama. I assume the gentleman has made a very microscopic examination of this bill and has submitted amendments embodying all of the savings he thinks can be effected.

Mr. JOHNSON of Washington. Oh, not microscropic, but I welcome the opportunity to say that I voted all the way along with the Economy Committee except on one minor matter and on the question of the consolidation of the Army and the Navy, which I thought to be a mistake, and offered to the House without sufficient consideration. I would again vote against that consolidation if it came up. I am not a member of the Appropriations Committee. I hope the gentleman from Alamaba will not attempt to divert me further in my effort to speak on a most serious subject. I do not intend to bother the committee much further with small amendments. I had to take this opportunity to state my earnest convictions which have come as a result of a great deal of study, not on the particular dollars and cents paragraphs of this bill, but on world conditions and the dangers which may reach the United States.

Mr. Chairman, I ask unanimous consent to withdraw my amendment.

The CHAIRMAN. Is there objection?

Mr. BYRNS. Mr. Chairman, reserving the right to object, the gentleman's amendment involves a reduction in appropriations.

Mr. JOHNSON of Washington. Of $1,000.

Mr. BYRNS. For the purchase of textbooks. I want to ask the gentleman if he understood the chairman of the subcommittee who has this bill in charge to say he was entirely willing to accept this amendment, which means a reduction?

Mr. JOHNSON of Washington. Then I shall not withdraw it. I am willing to see $1,000 taken off at this particular place, but I hope the membership may be fully informed by the time we reach the paragraphs that are so serious and so hurtful in the damage that they will do.

Mr. BARBOUR. Mr. Chairman, I rise in opposition to the amendment. I simply want to say that the committee went over these items and considered them very carefully. After the Budget had reduced them very substantially below last year the committee again went over them and we all agreed that this was the least with which this school could get along. I think if the Committee of the Whole understands the situation in that way it will vote down this amendment, and it should be voted down.

Mr. OLIVER of Alabama. Will the gentleman yield?

Mr. BARBOUR. I yield.

Mr. OLIVER of Alabama. The gentleman from Washington seems to have concluded from his study of the life of

General Forrest that since he had no college education you should not buy books for the officers of the present Army.

Mr. BARBOUR. I did not hear the gentleman. Were the gentleman's remarks directed to me or to the gentleman from Washington?

Mr. GIFFORD. Will the gentleman yield to me?

Mr. BARBOUR. Yes.

Mr. GIFFORD. I would like the gentleman to make it clear to us that the gentleman from Missouri [Mr. COCHRAN] was mistaken in his remarks, when he stated it cost $1,129 to maintain an officer in that particular school.

I would like to have the gentleman from California make it plain that it does not cost $1,129, because if these gentlemen are retired we would only save one-fourth of it. I did not like to have it appear that we paid $1,129 for these officers for teaching in this particular school, because if they were retired the Government would have to pay them three-fourths of their pay. Is not that true?

Mr. BARBOUR. The Government would pay, under this bill, if they were retired, three-fourths of their base pay and longevity pay. Just what that would amount to I can not state, because it varies in the case of different officers and I do not know in just what pay grades these men are, but they would receive, under the provisions of this bill, three-fourths of their base pay and their longevity pay, whatever that amounts to.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Washington [Mr. JOHNSON].

The amendment was rejected.

Mr. FRENCH. Mr. Chairman, I move to strike out the last two words.

WE MUST REDUCE THE EXPENSES OF GOVERNMENT

Mr. Chairman, I have preferred to make a few observations upon a paragraph that will not draw particular fire, for the reason that I want to direct attention more particularly to what I believe ought to be the attitude of the Congress toward this appropriation bill and appropriation bills in general rather than to a specific item.

Members of the Congress at this time are being flooded with telegrams and letters upon various items in the pending bill, just as we have been flooded with letters and telegrams upon every appropriation bill that has been reported by the Appropriations Committee. There has been not one exception. We are told that the individual items can not be reduced.

I am not upon the particular subcommittee that prepared the pending bill, but I do know the months of study and the infinite care that members of the subcommittee have given to this particular subject.

I have in my hand a letter that has been sent to me, as I assume it has been sent to all the Members of the Congress from the Ohio Chamber of Commerce. It is an appeal to the Congress for a reduction of national expenditures. The letter reads in part as follows:

> The Ohio Chamber of Commerce views with consternation the attitude of Congress toward public expenditures at this grave crisis in the Nation's history. Among our members are the largest employers of labor in Ohio—manufacturers, railroads, bankers, merchants, farmers, utilities, and professional men.
>
> Idle men walk our streets. Unused cars rest upon the sidings. Incoming mails bring no orders.
>
> Ohio business has done its best to meet the situation. We have staggered employment. We have cut salaries and wages and passed dividends. We have introduced man-a-block campaigns for giving home work to the jobless. We have dug down in our pockets for community funds. We have privately helped our relatives and friends. We have paid extra taxes for local relief. We have drawn upon our dwindling reserves and exhausted our credit. We are reaching the end of the passage!
>
> In the meantime, a balanced Budget, which is the basis of the Nation's credit, recedes from view like a mirage.
>
> Everyone knows what the trouble is: Our servants have become our masters!
>
> Ohio business appeals to you to forget parties, to forget blocs within parties, to turn a deaf ear to the manufactured clamor of special groups, and to think only at this solemn hour in terms of the whole people of our common country!

The foregoing message is similar to that contained in a multitude of letters that are coming to my desk. Here is one from the National Retail Hardware Association which says:

> The welfare of the country as a whole is of much more importance than the self-interest of areas and groups.

Here is another from an outstanding citizen of Idaho, which says:

> I hope every bill increasing taxes will be defeated. To my mind the whole thing is incredible, that any business the size of our National Government could possibly expect to balance its Budget by increasing its profits instead of reducing its expenses.

Many farmers in the State that I have the honor in part to represent have not made enough money during the last year to pay their interest and their taxes; business men write me that they are drawing upon their dwindling reserves and are exhausting their credit; workmen write me that for months they have had no employment at all or else not more than two or three days' employment per week.

Everyone knows what the trouble is. Members want to reduce but at every turn they are met by selfish cliques and groups, special interests, and special areas, all insisting that exceptions must be made in their special cases.

I remember when I was a boy in the public schools, about 1891, a speech was made by the then Speaker of the House of Representatives, the Hon. Thomas B. Reed, in which he said, partly in apology for mounting expenditures and partly in pride, I believe, for our expanding Nation: "This country has come to be a billion-dollar country." And why? "Because," he said, "we have now reached the time, the first in American history, when in days of peace it is costing $1,000,000,000 to bear the national expenses for a period of two years."

In 1913, the year before the beginning of the World War, if the Speaker of the House of Representatives had measured the greatness of our country by the length of time it would have taken to expend $1,000,000,000, he would have said: "Ours is a billion-dollar country because we have become so great that in days of peace it costs $1,000,000,000 to run our Government, not for a period of two years but for a period of one year."

If the present Speaker of the House were to come before this Chamber and say that we are a billion-dollar country, measuring the worth of our country by the time consumed in expending $1,000,000,000, he would say, "We are a billion-dollar nation in 1932 because it costs $1,000,000,000 to bear the expenses of our Government for 90 days." And what has gone on in our Federal Government has gone on in our State and county governments.

In 1913 it cost us $2,900,000,000 to run the Federal, the State, and the county governments. Last year it cost us $13,000,000,000 to run these different activities, or a grand expenditure of slightly more than $1,000,000,000 for every month in the year. Of this amount, the Federal Government has the responsibility of approximately one-third.

Every time an appropriation bill is brought in here with reduced amounts for the different items, immediately the Members of the Congress are flooded with petitions and letters and resolutions denouncing the Congress for proposing reduction of the specific items and then demanding that the sum total be reduced. It is a monstrous thought that you can hold the items to the level of what they have been and reduce the sum total. It is the sum total that represents the combined items in the bills.

This year it looks as though the expenditures of the Federal Government would be $4,482,000,000. It looks as though the national revenues would be not more than $2,200,000,000, or, in other words, that it will cost us $2,282,000,000 more to run our Government than we shall receive by way of income. More than that, in spite of the efforts that we are making to balance the Budget, it seems altogether doubtful that we shall be able to provide revenues for next year adequate to meet the expenditures of government.

When we are face to face with a proposed increase of expenditure, we must remember that in all probability it will require a bond issue to meet the increase in appropriation. If that be true, then we ought to ask ourselves the question

whether or not the item is of such importance that it justifies the issue of bonds by the United States in order to meet the expenditures that would be incurred?

The fight that is now being made to prevent reductions in items in the War Department appropriation bill is not different from the fight that was made against the individual items of all the other appropriation bills that have gone before.

Let us refresh our minds by turning back to just a few of the supply bills. Suppose we begin with the bill carrying appropriations for the District of Columbia. The Appropriations Committee sought in every way to meet the rightful needs of the District, but at the same time endeavored to bring about economies. Here is an illustration of how local self-interest can obliterate the national point of view. In the city of Washington are a number of splendid daily papers. They are alive to public questions. They are berating Congress for extravagance; they are demanding in editorial after editorial reduction of the National Budget. But what was the attitude of these same agencies for the expression of public opinion of the District when it came to District items? Not one of the papers published in the District of Columbia was in sympathy with the work of the committee. They were in favor of reduction of national expenditures, but they wanted the axe to fall some place else. If the committee thought economies could be made by making reductions for the improvement of streets, the voice of the District protested against the reduction. If the Congress proposed the deferment of the construction of a bridge, the voice of the District declared that this great work must not be postponed. If the committee proposed economies in relief work for the District of Columbia and suggested that this work be cared for by private gifts, as is done so largely in other cities, we were told that it was inhuman, that no reduction must be made here.

If reductions were proposed that would fall upon pay rolls within the District, the voice of the District was loud in protest.

Indeed, I challenge the Members of this Congress to find a newspaper in the city of Washington that was agreeable to the reduction of amount of appropriation or to the postponement of a single item of any importance touching the city of Washington or the District of Columbia.

The attitude to which voice is given by the newspapers of Washington is not peculiar to this city, but is the attitude of communities and groups of individuals and organizations throughout the United States when any appropriation bill is reported from the committee that trenches upon their activities.

Specious and apparently sound reasons can be found for standing against reductions. If the Appropriations Committee proposes to reduce amounts for scientific work, for experimental investigations, the hands of those who are affected are raised against it. The Congress is urged to override the committee because the members of the committee "have no vision."

If the Appropriations Committee proposes reduction of appropriation for public buildings or other Federal improvements, we are told by Members of Congress and by those who will be affected that we are antagonistic to labor. If we propose a restudy of the moneys appropriated under the head of veterans' establishments, notwithstanding the fact that every member of the committee is in favor of providing every adequate need for the victims of the World War and other wars and their needy dependents, we are told that these items must not be disturbed because to do so would suggest disloyalty.

If the committee proposes moderation in naval expenditures, navy yards are at once aroused, interested groups are at once in action, and members of the committee are accused of being unpatriotic and, indeed, of representing the people of foreign lands instead of the people of the United States, notwithstanding the fact that any member of the committee would gladly sacrifice his life for his country.

The immediate bill that has been brought before you for your consideration carries more than $386,000,000 for the War Department, of which more than $281,000,000 is for military activities Yet during general debate the committee has been under the constant fire of a multitude of groups and individuals who are demanding greater and still greater appropriations

I am not a member of the subcommittee that has reported the bill, but my appeal now is to the Members of the Congress to consider the items of the bill in the light of the real needs of our country, to consider the items in the bill not from the standpoint of personal friendship, not from the standpoint of localities to be served, or groups to be benefited, but alone from that greater, that broader standpoint, the national needs that every citizen of the Republic will make every sacrifice to sustain

[Here the gavel fell.]

Mr. FRENCH. Mr. Chairman, I ask unanimous consent to proceed for five minutes more.

The CHAIRMAN. Is there objection to the request of the gentleman from Idaho?

There was no objection.

Mr. PARSONS. Will the gentleman yield?

Mr. FRENCH. I yield.

Mr. PARSONS. I agree with the gentleman 100 per cent. But in addition, is it not true that the Cabinet and employees at the White House have been up here lobbying against reductions of appropriations?

Mr. FRENCH. I do not doubt that heads of departments are peculiarly impressed with the activities they represent. But we must look at the whole picture. The President is right when he says that the lobbyists are in Washington as thick as locusts. We meet them in the hallways. They mill through our offices, and they pack our galleries. They enlist the cooperation of groups at home who do not consult the people, but nevertheless pretend to give expression to what they say the people demand. They flood us with letters and telegrams which, if we heeded, would result in greater appropriations and not less. I am told that the cost of telegrams alone received by Members of Congress for days at a time would aggregate $10,000 a day.

The Members of this Congress must not permit the selfish demands of individuals and groups, who are asking for larger and still larger appropriations to blind them to the importance of scaling down the budgets that we are called upon to meet.

No one can view the present conditions either within our own country or abroad without being impressed that the essential thing that confronts this world of ours is a by-product, an immediate by-product of the World War. Ten million men can not sacrifice their lives without producing consequences of incalculable importance upon world affairs. Nations can not squander their wealth and expect when the debauch is over to be as strong as they were before. The hysteria, the madness, the poverty, the unrest that pervade our country and that pervade all countries of the world are the immediate results of the World War.

The unrest that exists in France can not be charged to the great President of the French Republic who last week paid with his life at the assassin's hand. The unhappiness that exists in Germany can not be chargeable to President von Hindenburg. The misfortune of Great Britain can not be brought to the door of Prime Minister MacDonald or of Stanley Baldwin; the plight of Russia goes farther back than soviet rule; and the misfortunes that rest upon the people of the United States can not be brought to the feet of President Hoover any more than can the World War be chargeable to the late President Wilson.

It is the responsibility of thoughtful people, of thoughtful Members of this Chamber to rise above the narrow demands of party advantage in seeking the welfare of our great land.

Mr. Chairman, I was a Member of the war Congress, and I recall the spirit of that Congress that seemed to be almost heroic. It was the spirit that pervaded America; it was the spirit that pervaded the officers and the men of the Army and the Navy who fought upon land and sea.

Two incidents occurred within this Chamber that I want to call to the attention of the Members at this moment—incidents that portrayed the sublime spirit of heroism and of courage that ought to be here now.

Just before the resolution was passed in which was recognized a state of war between the United States and the Imperial Government of Germany, that gifted and beloved leader of the Democratic side of this Chamber, standing upon the spot where I now stand, told the House that he could not support the resolution. It was an hour that tested the souls of men. Claude Kitchin stood opposed to the President of the United States. He was not in sympathy with the will of the majority of the Members of Congress; he stood against the unquestioned public opinion of the country at the time, and these were his words:

Profoundly impressed with the gravity of the situation, appreciating to the fullest the penalties which a war-mad moment will impose, my conscience and judgment, after mature thought and fervent prayer for rightful guidance have marked out clearly the path of my duty, and I have made up my mind to walk it, if I go barefooted and alone.

I recall the hush that fell upon this Chamber.

And then a few weeks later I remember another day when courage of high order was demanded. The chairman of the Military Affairs Committee found it impossible to follow President Wilson or the wishes of the majority party in the House upon the question of a selective service law. Telegrams and letters and petitions were flooding the Members of this Chamber, as the urge was made that we leave the Army to the voluntary wish of individual citizens of the Republic. Leadership upon the defense bill passed from the Democratic side to the Republican side of this body, and I remember that remarkable patriot and warrior, Julius Kahn, as he urged with all the fervor of his being the adoption of a selective service law, and I remember the substance of his appeal, if not his direct language, when he uttered the thought, "My own service in this Congress is nothing; my life itself is nothing; the life of my country, that flag—they are everything."

In conclusion, if I could make an appeal in this hour that if realized would carry dignity of highest order to the conduct of this Chamber and that would inspire the citizenship of America as little else can do, it would be that the spirit of these men, the courage of these men, pervade the hearts of the Members of this body, regardless of party, and that they forget the petty, the local, the personal, and think rather of our responsibilities in the larger aspect and dimensions of this great country that we seek to serve. [Applause.]

Mr. BEEDY. Mr. Chairman, I rise in opposition to the amendment. Mr. Chairman, I think while we are considering this Army appropriation bill that every Member of this House will welcome the opportunity, which, it seems to me, is now favorably presented, to get some views to the people of this country about the attitude of this Congress on what we actually seek to accomplish. It is the unqualified desire of this Congress, as it is the unquestionable desire of the whole country, to cut the expenses of the Government, and to that extent reduce the necessity of increasing taxes. The thing the people do not understand, as is evidenced in the barrage of letters which they are now showering on us, is that two-thirds of the $4,000,000,000, approximately, which we expend each year are fixed charges, and that this Congress can not curtail those charges without becoming a party to the repudiation of obligations legally incurred by the Government. The public very evidently does not understand that only as to the remaining one-third, approximately $1,600,000,000 or $1,700,000,000, can the Congress curtail disbursements.

What are the facts? What has this Congress done? So far as this House is concerned, the appropriation bills for the fiscal year of 1933, which it has just passed, have cut the appropriations for Government expenses in 1933, as compared with the appropriations which were made for 1932 by more than $500,000,000. That is a very conservative statement, and I think the gentleman from Tennessee [Mr. BYRNS] will agree with me.

Mr. BYRNS. It is $563,000,000.

Mr. BEEDY. Yes; $563,000,000, to be exact. In addition to that, we have passed an economy bill, which the gentleman from Alabama [Mr. McDUFFIE] brought into this House, after a great deal of labor, in which we further cut the running expenses of the Government by $43,000,000. Let me put it another way. This House in its current appropriation bills has cut under the limitations imposed by the Budget more than $175,000,000 for the fiscal year 1933.

I had a letter from a gentleman yesterday that said in effect, "I wish to suggest to you that the saving of $50,000,000 or $200,000,000 in Government expenses is a mere bagatelle." Another wrote, in substance, that the Congress should cut the cost of running the Government a billion dollars. Without any disrespect to such people, it clearly shows that they do not understand what they are talking about. The person last referred to certainly did not understand that he was suggesting that we cut appropriations for running the Government by 68 per cent. Of course, such a cut would render the Government inoperative and precipitate a revolution. I undertake to say that, barring the Congresses of the Great War days, no Congress ever faced a more delicate and difficult task, and no Congress in both parties ever showed a more earnest, sincere desire to do the indispensible and helpful thing by continuing the Government and at the same time meeting the necessity of the present time and satisfying the popular demands by cutting appropriations to the bone. [Applause.]

When I suggested to my friend, the gentleman who wrote me to disparage a savings of $50,000,000, or even $200,000,000, that a $200,000,000 saving as to the $1,600,000,000, or total cost of running the Government, was a cut in overhead of 13 per cent, and when I suggested to him that we had cut the expenses of this Government in this House by more than $500,000,000 against those of last year, I think I submitted to him, and I now submit to the country, facts which they should consider; and, having considered, should give this Congress credit for handling a difficult task effectively. I for one am discouraged with the apparent indifference that the public shows toward earnest efforts on the part of Congress to perform its work. I can overlook it only when I stop to consider that the average citizen is too busy with his own private affairs to understand the details and the infinite difficulty of the task this Congress is facing in terms of accomplishment. [Applause.]

Mr. BANKHEAD. Mr. Chairman, I rise in opposition to the pro forma amendment. I am very much delighted to have heard the statements made by the gentleman from Maine [Mr. BEEDY] and the gentleman from Idaho [Mr. FRENCH], members of the minority party upon the floor of this House, in view of what has developed within the last few days in the public prints. I took occasion a few days ago to rise in this place and to undertake to point out to this House and to the country what I conceived to be a very grave and serious mistake upon the part of the Executive in issuing his public statement, the direct and inevitable effect of which was to bring the entire Congress of the United States into disrepute before the American people. That was the interpretation that was given to the message by the people at large, and it has been reflected here in the avalanche of letters that all Members of this House have been receiving—and I now see that they have been received on both sides of the Chamber—derogating in the bitterest terms the activities of this Congress and undertaking to point out that we have been absolutely derelict in our duties and are unmindful of the obligation that rests upon us in the present circumstances of conscientiously undertaking to reduce expenses of government. I rise at this time simply to say that it seems to me that the criticism that was directed at the message that came from the White House has been thoroughly justified by the developments now disclosed.

I think it is a matter of supreme importance that the people of the country do know the truth about what this Congress is undertaking to do in the matter of economy, and I think the Congress of the United States ought to re-

ceive at the hands of the people the credit to which it is entitled for the earnest and diligent efforts as representatives of the American people in this body. [Applause.] I hope that some publicity may be given to the true facts of the record of this Congress along these lines, and I reiterate that it was absolutely unfair, whatever may have been the motives that inspired the declaration, in the face of the record, and it was an unjustified public attack upon the record of the Congress of the United States in its desire to meet the present situation. And it has been suggested to me by my colleague [Mr. McDUFFIE] that it is unfair to the Republican side and to their Representatives as well as it was unfair to the majority side, to bring out a public statement, the inevitable, and as I now believe, deliberate purpose of which was to arouse public sentiment in America against the law-making branch of the Government to the political advantage of the President.

Mr. BROWNING. Does the gentleman have any hope that the same agencies that carried the false impression will carry the impression to the country given by the gentleman from Maine [Mr. BEEDY].

Mr. BANKHEAD. I indulge the hope it may be possible, but judging by past experience, I have very grave doubt that they will.

Mr. PARSONS. And does the gentleman believe that the President has been entirely fair in presenting the truth of this matter to the country?

Mr. BANKHEAD. He has not. He gave Congress no credit for the great reductions made in his own budget. I want to make this statement in justice to some of the representatives of the press. It has come to me from the newspapermen themselves, and this statement has been made upon the floor of this House, that the men in this press gallery undertake to send the facts back to their papers, but the publishers of those papers and the editors of those papers will absolutely color and doctor the real facts so as to undertake to reflect partisan advantage. That is the complaint I have. It is not so much against the representatives of the press, who sit in this gallery, as it is distortion of the truth upon the part of those who publish the news. [Applause.]

Mr. SABATH. Mr. Chairman, I move to strike out the last three words.

I join the gentleman from Alabama in the expressions of congratulation to the gentleman from Idaho [Mr. FRENCH] and the gentleman from Maine [Mr. BEEDY] upon their manly statements on this floor. For weeks Congress has been attacked maliciously and willfully and unjustifiably. Of course, all of us realize that it is because of political reasons that the Republican press desires again to recreate the superman, but I am of the opinion, Mr. Chairman, that the friends of the President have gone too far in trying to reestablish him; and his messages and statements will not have the effect that he and his political friends believe they will have upon the country. There is such a thing as overdoing things, and they have done it.

We have all received hundreds and thousands of telegrams attacking Congress, vilifying the membership for neglecting to reduce expenditures, and demanding the balancing of the Budget. I have said that it is absolutely impossible (and I am borne out in that statement by the gentleman from Maine and the gentleman from Idaho) to balance the Budget overnight and make up a deficiency for the fiscal year of 1932 of two and one-half billion dollars, which has been the result of Republican maladministration. We must recognize that nearly 72 per cent of the expenditures go for militarism—for the Army and Navy and for such expenditures as are chargeable to militarism. Therefore it is absolutely impossible, out of the balance of one and one-half billions, as these gentlemen have stated, to save two and one-half billions to balance the Budget. But people do not understand it. They are being misled by false propaganda, false publicity, which is neither helpful nor beneficial to the party or to Congress.

I am indeed gratified that these two outstanding Republicans were to-day brave enough and honest enough to have called attention to this abuse. Let us hope that in the future there will be other Republicans who will have the courage of their convictions and who will speak out and condemn these attacks that have been made in the last few weeks; that is, ever since the President decided that conditions were right to launch his campaign for reelection.

I have before me a copy of the CONGRESSIONAL RECORD of April 22, in which I inserted the expenditures for the War and Navy Departments.

The CHAIRMAN. The time of the gentleman from Illinois has expired.

Mr. SABATH. Mr. Chairman, I ask unanimous consent to proceed for two additional minutes.

The CHAIRMAN. Without objection, it is so ordered.

There was no objection.

Mr. SABATH. The statistics show that in the last fiscal year we appropriated nearly $900,000,000 for the Army and Navy alone. I have placed in the RECORD the amounts that were appropriated when I first came to Congress. At that time the country criticized expenditures of $180,000,000 for the Army and Navy. So in the years that I have served, we have increased the appropriation for the Army and Navy over 400 per cent, notwithstanding the fact that these very gentlemen, these Army and Navy men, are the first to criticize any Member who does not vote for every increase and appropriation which they advocate. They are not sincere, they are not loyal, they are not patriotic; but they should be. If there is a class in America that should be patriotic, that should be loyal to the flag and to the country, it is this group of gentlemen, and at a time like this they should be the first to aid in bringing about conditions that may, at least to some extent, enable the Congress to balance the Budget, which, as I stated, I feel it is almost impossible for us to do at this time. [Applause.]

The CHAIRMAN. The time of the gentleman from Illinois has expired.

Mr. COLLINS. Mr. Chairman, I ask unanimous consent that all debate on this paragraph and all amendments thereto close in 10 minutes.

Mr. SCHAFER. Mr. Chairman, I object.

Mr. COLLINS. Mr. Chairman, I move that all debate on this paragraph and all amendments thereto close in 10 minutes.

The motion was agreed to.

Mr. WHITE. Mr. Chairman, I rise in opposition to the pro forma amendment.

Since my State and my craft have come into this debate so prominently in the last few minutes, Mr. Chairman, I feel it is only justifiable, not only to the gentlemen who sit in the press gallery above the Speaker but to the people who own the newspapers of the United States, that I may say a word, not necessarily in defense of them at all but in explanation.

Until I came to this House that had been the business at which I had made my livelihood, and I feel that I know something about the methods by which they work.

A surprisingly large percentage of the statements published in the press, well up in the nineties, are absolutely and strictly true. I have watched the press during the last few weeks in connection with its criticism of Congress, and what the press has done was not to say that Congress has done so-and-so, except in their editorial columns, but they have quoted Members of the two Houses of Congress as saying so-and-so. The impression goes to the country that that is a thing the newspaper has said. What the newspapers say about Congress is very largely what we say about each other.

Mr. Chairman, a difficulty in the United States to-day is impassioned, unrestrained, and intemperate judgment and statement of person about person. It is going on not only here but throughout the Nation. There never was a moment, as far as I can find from my reading of history, when class feeling, when group feeling, when rivalry in trade were as bitter as they are to-day in this Nation. That is dangerous.

I believe that any man who rises either on this floor or any place in this Nation to turn class feeling to his own

advantage is crucifying this country for his own selfishness. [Applause.]

We have to make economies here, and there is no question about it. Money can not be gotten to carry on this Government at the rate we were going, whether we like it or not. We have taken some responsibility by reducing appropriations. I feel that Congress should take a little more of the responsibility by creating an orderly method of doing it.

I want to say that the business men who are spreading gloom in this Nation, the so-called business leaders, in their efforts to pass a larger part, I believe, than is justifiable of the burdens of this situation to others are largely responsible for the difficulty. [Applause.]

Just to show you the fairness of the country, I went through a primary election last Tuesday. I went among the war veterans, who were asking me where I stood on the bonus, attended meetings, and frankly told them I did not think we could pay it at this time and explained why. I believe I got a majority of the votes in those meetings. I got approximately 3 to 1 of the votes in my district and ran well up among the leaders of my ticket.

Mr. SCHAFER. Will the gentleman yield?

Mr. WHITE. Yes.

Mr. SCHAFER. The gentleman did not pussyfoot on the dry question?

Mr. WHITE. I did not.

Mr. SCHAFER. He took a straightforward position in favor of changing the present prohibition law?

Mr. WHITE. I did. I think that law is one of the dangers of the times. I think that law one of the most intemperate on our books. If we will be temperate in what we do and say, we will come out of our present difficulties unscathed. [Applause.]

[Here the gavel fell.]

Mr. BLANTON. Mr. Chairman, I move to strike out the last four words. I heartily indorse everything that was said by our distinguished friend from Idaho [Mr. FRENCH], and our good friend from Maine [Mr. BEEDY] regarding the necessity of cutting governmental expenses, but there was one intimation made by our friend from Maine with which I can not agree. He intimated we must accept as fixed and unchangeable the so-called "fixed charges" against the Government—accept them as the fixed and as the unchangeable law of the Medes and Persians. Why, it is the fixed charges of the Government, if you please, which embrace a large part of the $4,000,000,000 Budget annually, that we must attack, that we must cut down, and that we must change if we expect to save our Government from bankruptcy. How would we ever get this Government back to normalcy financially unless we cut down those fixed charges?

There has been an attempt by your committee, and there has been an attempt by every subcommittee of the Committee on Appropriations that has passed on every supply bill that has come upon this floor, in so far as they could do it under the Holman rule, to cut down the fixed charges. They can not cut very far, it is true, because they have to keep strictly within the Holman rule and proper limitations; but as far as they could go, without making the provisions subject to a point of order, our Appropriations Committee has cut down those fixed charges. Under the Holman rule this Subcommittee on Appropriations, that has brought you this Army bill, has proposed to cut down certain parts of the fixed charges on 2,000 surplus Army officers, and yet we find distinguished men on this floor——

Mr. LAGUARDIA. And only 25 per cent of those fixed charges at that.

Mr. BLANTON. Yes. We find distinguished ex-Army officers here, big generals——

Mr. MARTIN of Oregon. The gentleman is referring to me. Let me ask him a question.

Mr. BLANTON. One moment, please. We find them here fighting that proposition. My friend fought consolidation, but his fight on consolidation is just a temporary victory. Do you not know that the consolidation is going to be made ultimately and not very long from now? He can win against proper consolidations for a while but not for all time, as the interests of the people of the United States are going to require it ultimately.

These big generals, like our friend, General MARTIN, and our good friend from Illinois, General CHIPERFIELD, and our good friend from Connecticut, General Goss, and our friend, Mr. PARKER of Georgia—they are not going to stop this move to reduce the fixed charges.

I am going to vote with this committee all along the line to cut these fixed charges. The RECORD shows that we have over 5,000 surplus officers in the United States Army, above the average and proportion of the officers in every army in every nation of the world. Are you not willing to cut them down?

Mr. PARKER of Georgia. Will the gentleman yield?

Mr. BLANTON. I am sorry I can not.

Mr. BEEDY. Will the gentleman yield to me?

Mr. BLANTON. I can not yield now. I have only five minutes.

Mr. PARKER of Georgia. Mr. Chairman, I raise the question of personal privilege.

The CHAIRMAN. The gentleman can not take the gentleman from Texas off the floor on a question of personal privilege.

Mr. PARKER of Georgia. If the gentleman will not yield, I move that his remarks be taken down.

The CHAIRMAN. The gentleman from Georgia asks that the remarks of the gentleman from Texas be taken down.

Mr. BLANTON. Which remarks does the gentleman refer to?

Mr. PARKER of Georgia. The remarks made about me.

The CHAIRMAN. The gentleman will suspend. The Clerk will take down the reference.

Mr. PARKER of Georgia. I have reference, sir, to the remarks the gentleman has already made about me.

The CHAIRMAN. The gentleman from Texas will be seated.

Mr. LAGUARDIA. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. LAGUARDIA. The gentleman from Georgia makes the point of order that the gentleman from Texas was out of order and has asked that his words be taken down. The reference made to the gentleman from Georgia was made some moments ago and the gentleman from Texas has proceeded since then in debate. I think the point of order of the gentleman from Georgia comes too late. I only say this in order to preserve the procedure on this very delicate rule we have in the matter.

The CHAIRMAN. The Chair will say to the gentleman from New York that the gentleman from Georgia [Mr. PARKER] was evidently on his feet trying to get recognition. The Chair supposed he was going to ask the gentleman from Texas to yield until the gentleman from Georgia made the point of order.

Mr. LAGUARDIA. If the Chair pleases, the gentleman from Georgia waived that privilege when he asked the gentleman from Texas to yield.

Mr. BANKHEAD. Mr. Chairman, if the Chair will hear me for a moment, I think the question involved in a matter of this sort is in the nature of a question of privilege, and there ought not be too strict or too meticulous a construction of the question raised by the gentleman from New York. The gentleman from Georgia might not have taken advantage of his rights at the time. I think the point of order certainly does not come too late.

The CHAIRMAN. The Chair is of that opinion, in view of the fact that the gentleman was on his feet and the Chair was not advised of the purpose for which the gentleman desired recognition. The Chair asked if the gentleman from Texas would yield, and when the gentleman declined to yield, after that inquiry was made by the Chair, the gentleman from Texas said he declined to yield, and the gen-

tleman from Georgia made the point of order and asked that the words be taken down. This is the recollection of the Chair of the proceedings.

Will the gentleman from Georgia indicate, for the information of the Chair, the words objected to?

Mr. PARKER of Georgia. Mr. Chairman, I object to the language used by the gentleman from Texas wherein he refers to me as "General PARKER, the gentleman from Georgia, who won the war."

Mr. BLANTON. If that is all, I withdraw that, Mr. Chairman.

Mr. PARKER of Georgia. He can not withdraw it, sir.

The CHAIRMAN. The language can only be withdrawn by unanimous consent.

Mr. BLANTON. Mr. Chairman, I ask unanimous consent to withdraw that reference to the gentleman.

Mr. MARTIN of Oregon. I object, Mr. Chairman.

Mr. CHIPERFIELD. Mr. Chairman, it is highly unfortunate that the House and the Members treat as a matter of levity a remark that was intended to be so unkind.

Mr. HUDDLESTON. Mr. Chairman, I make a point of order on the remarks of the gentleman from Illinois [Mr. CHIPERFIELD]. We are not here to be lectured by the gentleman from Illinois.

The CHAIRMAN. The Clerk will report the words taken down.

Mr. MONTAGUE. Mr. Chairman, I make the point of order that, pending the disposition of this precise matter, no other business can possibly take place on the floor of the House.

The CHAIRMAN. The Chair sustains the point of order and has been endeavoring to suspend further proceedings.

The Clerk will report the words indicated by the gentleman from Georgia [Mr. PARKER].

The Clerk read the words referring to Mr. PARKER.

The CHAIRMAN. Under the rules the committee rises and reports the matter to the House.

The committee will rise.

The committee rose; and Mr. BANKHEAD, Speaker pro tempore, having assumed the chair, Mr. LANHAM, Chairman of the Committee of the Whole House on the state of the Union, reported that the committee having had under consideration the bill H. R. 11897, certain words, used in debate, were objected to and upon request were taken down and read at the Clerk's desk, and he herewith reported the same to the House.

The SPEAKER pro tempore. The Clerk will read the words reported from the committee.

The Clerk read the words referring to the gentleman from Georgia [Mr. PARKER].

Mr. SABATH. Mr. Speaker——

The SPEAKER pro tempore. For what purpose does the gentleman from Illinois rise?

Mr. SABATH. Mr. Speaker, if I am correct, the gentleman from Georgia [Mr. PARKER] only objected to and requested that the words about him be taken down, and not anything that was said about the other gentlemen.

The SPEAKER pro tempore. The Chair can take no official cognizance of anything except the words that have been officially taken down and reported.

Mr. PARKER of Georgia. Mr. Speaker, I move that the words that have been taken down——

The SPEAKER pro tempore. The Chair will state to the gentleman from Georgia that the preliminary question for the Chair to decide is whether or not the words taken down are opprobrious or in contravention of the rules of the House and of orderly debate. The statement made by the gentleman from Texas [Mr. BLANTON] has been reported by the Clerk and is now before the House for consideration.

The present occupant of the chair, of course, regrets personally that he is called upon to make a decision affecting this matter, because the Chair can readily understand how the words in question may have been construed to disparage the gentleman from Georgia, but it is only the duty of the Chair, under the circumstances, to undertake to construe, from a parliamentary standpoint, whether or not the words used are offensive in their nature or tend to bring the gentleman from Georgia into contempt or disrepute before the House.

However much the Chair would like to have an expression of the House on this language that has been taken down, the Chair is compelled to come to the conclusion that the language in itself does not offend the rules.

Mr. McSWAIN. Mr. Speaker, in view of the possibility of a different construction being put upon the language, I join in the request of the gentleman from Texas that unanimous consent be given that the words be stricken from the RECORD.

Mr. STAFFORD. That request has not yet been made in the House.

Mr. McSWAIN. Then I make the request now.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from South Carolina?

Mr. BLANTON. I shall not object, if the gentleman from Georgia says he did not win the war; I withdraw it.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from South Carolina?

Mr. LAGUARDIA. The gentleman from Texas does not lose the floor?

The SPEAKER pro tempore. No. Is there objection?

There was no objection.

The SPEAKER pro tempore. The committee will resume its session.

Mr. BLANTON. Mr. Chairman, I have not crossed swords with the gentleman from Georgia with whom I have always been friends. My only reference to him was because of his attitude, principally in the Committee on Military Affairs. I have been trying to get the rottenness out of the Veterans' Bureau in order to balance the Budget, to get the graft and extravagance out of that bureau. I had before the Military Affairs Committee a witness——

Mr. PARKER of Georgia. Mr. Chairman, I demand the regular order.

The CHAIRMAN. The time of the gentleman from Texas has expired.

Mr. BLANTON. I ask unanimous consent, Mr. Chairman, that I may revise and extend my remarks, and I will get further time later.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas?

Mr. PARKER of Georgia. I object.

The Clerk read as follows:

WELFARE OF ENLISTED MEN

For the equipment and conduct of school, reading, lunch, and amusement rooms, service clubs, chapels, gymnasiums, and libraries, including periodicals and other publications and subscriptions for newspapers, salaries of civilians employed in the hostess and library services, transportation of books and equipment for these services, rental of films, purchase of slides for and making repairs to moving-picture outfits, and for similar and other recreational purposes at training and mobilization camps now established or which may be hereafter established, $69,540.

Mr. LAGUARDIA. Mr. Chairman, I offer the following amendment.

The Clerk read as follows:

Page 8, line 15, strike out "$69,540" and insert in lieu thereof "$40,000."

Mr. LAGUARDIA. Mr. Chairman, I call the attention of the committee to the fact that this paragraph carries appropriations for recreational purposes. It is solely for recreation, and provides $69,540, a reduction from last year of only $2,000. Last year we appropriated $72,640. I submit that while Congress is being hard driven for economy, here is a good place to save $29,000. My amendment will do that. Here we have a body of men that are well fed—they have better food than they have ever had before in the Army.

Mr. MARTIN of Oregon. The gentleman is absolutely correct.

Mr. LAGUARDIA. We have improved in the last 15 or 20 years owing to the cook schools and care planning for food, and this body of men is well housed and well clothed, and it has the best of medical care. In fact, they enjoy all the comforts of life.

When I was a boy at an Army post, in the early days, as General MARTIN will recall, recreation was paid for out of the company funds.

This appropriation is also for books and newspapers. In my day it was paid for out of the company funds. Here we have civilian employees, and hostess, and library service. Surely, in every company there are one or two able to do library work.

I submit, that in view of the very earnest demands that have been made for economy, surely we can strike $29,000 from this item.

I do not make this as a pro forma amendment. I want to say to-day to my distinguished colleague from Georgia [Mr. PARKER] and our colleague from Oregon that they must not take darts coming from a heated debate too much at heart.

Mr. MARTIN of Oregon. I would not take anything at heart that came from the gentleman from Texas.

Mr. LAGUARDIA. I am serious. We have a bitter debate every year on the military appropriation bill, and we must go through with it as a part of our work. We have two different schools of thought in this country on military appropriations, and because some of us take a stand on this question, I do not think any Member should take it as a personal affront.

Personally I am glad that we have the Army viewpoint reflected here by the gentleman from Oregon [Mr. MARTIN]. I think that is helpful. I think it carries out our idea of representative government. I appeal to my friend from Oregon—he and I do not always agree, but I know he takes his work seriously—so may I suggest to him that it is all a part of our day's work and he should not feel offended if some of us differ with him.

Mr. MARTIN of Oregon. The gentleman must know that I am not supersensitive, and he should not worry about that. I have just as thick a hide, probably, as my distinguished friend has, and I will take just as much part in a scrimmage as he will. I am not sensitive about this. I do not care what the gentleman from Texas [Mr. BLANTON] says or what anybody else says. I maintain my own views and my own opinion.

Mr. LAGUARDIA. The gentleman is entitled to that.

Mr. MARTIN of Oregon. And do not think that I am one of these sensitive, delicate little plants; I am as tough as hell. [Laughter.]

Mr. LAGUARDIA. I am glad to hear that the gentleman is hard-boiled. Now, to get back to my amendment for a moment, I submit this is something that the enlisted men themselves can provide their own recreation and take care of their own libraries. We ought to take at least the $29,000 off this item that I suggest. I appeal to my colleagues who were so strong for economy when it was a matter of reducing the salaries of civil-service employees. As we go along I am going to impose on the patience of the House and point out where economies may be made without impairing national defense one bit. Our whole national defense always has depended upon a citizen army, and yet we have built up this appropriation and seen it grow in the last 14 years from before the war until we have this gigantic costly machine that it is almost impossible to break through. I appeal to my colleague, who seems to be so strong for economy, to start right here.

The CHAIRMAN. The time of the gentleman has expired.

Mr. BARBOUR. Mr. Chairman, I rise in opposition to this amendment. The provision in the bill is just what it says. It is $69,540, which it is proposed to appropriate for the welfare of enlisted men. This appropriation provides books for their libraries, reading material, newspapers, magazines, amusement rooms for the men, moving-picture outfits, and other supplies which they use in a recreational way. I visited one of these libraries not so long ago at an Army post and was surprised when the corporal in charge told me of the number of books and the class of books that were taken out of that library and read by the enlisted men. Many of them were books of a scientific nature. He told me that at that post there were many enlisted men who were trying to improve themselves, trying to learn trades, so that they would be prepared to take better positions in civilian life when their enlistments expired. Many of the books read by the men were similar to reference books used by students in college. This is for the welfare of the enlisted men. I submit that this House does not want to curtail in any way this small appropriation for these men, many of whom are at out-of-the-way posts, places where other amusement and entertainment can not be had.

Mr. CLARKE of New York. How many of these posts are there?

Mr. BARBOUR. I can not tell the gentleman. I presume the number is in the hearings. There is a large number of them.

Mr. CLARKE of New York. Can the gentleman give us some idea as to the number and the necessity for the expense?

Mr. BARBOUR. We have Army posts scattered all over the United States, in the Philippines, and in Panama, and in Hawaii, and various places. In the Canal Zone there are several different posts. The total number of posts in the United States I can not tell offhand.

Mr. MARTIN of Oregon. About 200.

Mr. LAGUARDIA. We have out of this appropriation the amount of $24,380 estimated for pay and travel of hostesses, and then we have pay and traveling expenses of librarians, purchase of books, and so forth; and transportation of books and equipment, $45,260, and purchase and repair of recreational equipment, $1,000.

Mr. CLARKE of New York. The gentleman from Oregon [Mr. MARTIN] says there are 200 of those posts where this work is carried on.

Mr. BARBOUR. Yes. If General MARTIN says that, it is true; I have no doubt that is the number.

Mr. Chairman, these hostesses have been carried in the Army for a long period of time. They are women at the Army posts who meet the families of the enlisted men when they come there to visit them. They look after them and they care for them. There are only 13 of them all together. They serve a useful purpose in that and other ways.

Now, there is a librarian in each corps area. That corps-area librarian sometimes must travel to other posts in the corps area. For that reason there is a small amount included here for travel of librarians. The larger part of the item is for the purchase of books.

With that statement to the House explaining just what this item is, I am willing to submit the matter.

Mr. KETCHAM. Will the gentleman yield?

Mr. BARBOUR. I yield.

Mr. KETCHAM. In line 13 there is reference to "recreation purposes at training and mobilization camps."

Mr. BARBOUR. Yes.

Mr. KETCHAM. I am wondering if the total has been written with the idea that the training and mobilization camps may be eliminated this summer?

Mr. BARBOUR. No.

Mr. KETCHAM. If that is true, the item is not large at all.

Mr. BARBOUR. There was a small reduction in the Budget, and then there was another cut made by the committee. It was reduced from $72,640 to $69,540. The Budget reduced it $2,000 and the committee reduced it another $1,000.

Mr. KETCHAM. With the suggestion of the gentleman, it seems to me that item is not excessive.

The CHAIRMAN. The time of the gentleman from California has expired. All time has expired.

The question is on the amendment offered by the gentleman from New York.

The amendment was rejected.

Mr. BLANTON. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment by Mr. BLANTON: On page 8, line 4, strike out the words "welfare of enlisted men."

Mr. BLANTON. Mr. Chairman, I maintain that the welfare of enlisted men does not require so many ex-major generals on the floor of the House of Representatives going into a huddle to break up a committee bill.

This is not the first time I have put General CHIPERFIELD and General PARKER into a huddle. I have had them in a huddle before the Committee on Military Affairs for the last three weeks.

Mr. TABER. Mr. Chairman, a point of order. It seems to me that the bill should be discussed and not personalities in the House of Representatives. [Applause.]

Mr. BLANTON. Mr. Chairman, I am discussing the welfare of enlisted men as against generals in a huddle.

Mr. MONTAGUE. Mr. Chairman, I rise to a point of order.

The CHAIRMAN. The gentleman will state it.

Mr. MONTAGUE. The gentleman from Texas has no right to allude to Members by mentioning their names. The gentleman must state "the gentleman from such and such a State" and "the gentleman from such and such a State."

The CHAIRMAN. The point of order is well taken. The rules require reference to Members in the third person.

Mr. BLANTON. I think that point of order is well taken, Mr. Chairman.

I have had a bill before the Committee on Military Affairs to clean up this Veterans' Bureau in the interest of the enlisted men and the taxpayers of the United States. Incidental to it I have been trying to remove this swivel-chair officer, William Wolff Smith, who served 13 days before the armistice and who is drawing a salary of $9,000 and also retired pay of $187.50 per month additional.

Mr. TABER. Mr. Chairman, I make the point of order that the bill is not being discussed.

The CHAIRMAN. The gentleman from Texas will proceed in order.

Mr. BLANTON. Mr. Chairman, I am discussing my amendment, "the welfare of the enlisted men."

Mr. TABER. Mr. Chairman, I make the point of order that the gentleman is not discussing the amendment.

The CHAIRMAN. In the opinion of the Chair, Members of Congress can hardly be considered enlisted men. The gentleman from Texas will proceed in order.

Mr. BLANTON. Well, there is a bunch of men here who were enlisted at one time and they are not enlisted now, except against my proposal to clean up the Veterans' Bureau. I showed before this committee that 876 "lawyerettes" are employed by the Veterans' Bureau at salaries ranging from $2,500 to $9,000.

Mr. MARTIN of Oregon. Mr. Chairman, I insist that the gentleman from Texas speak on the bill.

Mr. BLANTON. I would like one gentleman at a time to rise against me. I can take care of all three of the generals if the House will allow me to do it.

Mr. MARTIN of Oregon. I do not think the House will allow the gentleman to do it.

Mr. BLANTON. The gentleman is so used to giving orders that he does not like to take them, but here in the House of Representatives he does, for we are all equal. I do not have to salute him at all.

Mr. MARTIN of Oregon. I have gotten under your hide, and that is exactly what I wanted to do.

Mr. BLANTON. I am getting under the General's hide, too, and he can not stand it.

Now, Mr. Chairman, proceeding in order, if these generals will allow me, I showed that this William Wolff Smith swore falsely to an affidavit to get his big retired pay.

Mr. MARTIN of Oregon. Mr. Chairman, I insist that the gentleman speak in order on this bill.

Mr. BLANTON. Oh, Mr. Chairman, I am speaking in order, under the heading of "The Welfare of the Enlisted Men." It is the enlisted men of the Nation, 4,000,000 of them, whose money is being spent by such parasite grafters as William Wolff Smith.

The CHAIRMAN. The gentleman from Texas will suspend until the point of order is disposed of.

Mr. TABER. Mr. Chairman, I make the point of order that the gentleman is not discussing the amendment that has been made at this point in this bill. If we can not, in this House of Representatives, attend to our business and discuss the things before us, we will never get through.

The CHAIRMAN. The Chair sustains the point of order. The gentleman from Texas will proceed in order.

Mr. BLANTON. I am proceeding in order, Mr. Chairman. I know the rules of the House. In behalf of the enlisted men I was trying to get this parasite off. I showed that he has made an affidavit that for the six months just before he entered the Army he was getting $600 a month from a private law practice, while in truth and in fact he was employed as a clerk in the War Department at a salary of only $125 per month, which he admitted under oath while testifying before the committee. When his secretary was testifying before the committee, I made her admit that she also made an affidavit to this application of Smith's, in which she swore that the facts stated therein by him were true and correct. And the gentleman from Georgia [Mr. PARKER] asserted that he could see no relevancy of the testimony; that it was unimportant; and that if the committee permitted me to offer such testimony, he would refuse to attend the committee hearings. It would be no great loss to the country if he did quit attending.

Mr. TABER. Mr. Chairman, I insist on my point of order.

The CHAIRMAN. The gentleman from Texas will kindly proceed in order.

Mr. BLANTON. I am, Mr. Chairman.

Mr. TABER. The gentleman is not discussing the amendment.

Mr. BLANTON. I know the rules of the House. I have a right to discuss my subject, which is the enlisted men of the Army. There is a certain amount of latitude allowed in debate on the floor. This is the open forum for us Representatives of the people, and I have a right, on behalf of the 400,000 people I represent, to tell these generals something in the interest of the enlisted men.

The CHAIRMAN. The Chair recognizes that there is latitude in debate, but the gentleman will proceed in order.

Mr. LINTHICUM. Mr. Chairman, I ask unanimous consent that the amendment may be again reported.

The CHAIRMAN. Without objection, the Clerk will again report the amendment.

There was no objection.

The Clerk again read the amendment.

Mr. CHINDBLOM. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. Will the gentleman from Texas yield for a parliamentary inquiry?

Mr. BLANTON. No; I do not yield. I want to use the rest of my five minutes. I have not been able to use much of it yet. There are too many generals interfering with me.

Mr. SCHAFER. Will the gentleman yield to a buck private?

Mr. BLANTON. Always in the interest of a buck private; yes. [Laughter and applause.]

Mr. SCHAFER. If the gentleman's amendment is adopted, will he remove his alleged parasite from the disabled emergency officers' retirement roll?

Mr. BLANTON. I think the committee is going to do that in a week.

Mr. SCHAFER. The gentleman is merely laying his foundation in the matter and feels he is proceeding in order.

Mr. BLANTON. Yes. The committee, I hope, is going to do it in less than a week.

Mr. SCHAFER. In view of that I will not ask the gentleman any more questions.

Mr. BLANTON. I had the false affidavit of William Wolff Smith wherein he had sworn that for six months he was getting $600 per month, while in fact he was getting only $125, and certain obstructionists could not see the relevancy of it.

Mr. TABER. Mr. Chairman, I make the point of order that the gentleman is not discussing the amendment pending before the committee.

Mr. ARENTZ. Mr. Chairman, I ask unanimous consent that the gentleman from Texas proceed out of order for three minutes.

Mr. BLANTON. I am going to proceed in order. I know my rights here in the House, and I do not need the gentleman from New York to tell me how to proceed in the interest of the welfare of the enlisted men. I say that this general counsel had made a false affidavit. He had his secretary up there, who had been raised from a $1,400 clerk to a $4,800 lawyer in a few years. She had sworn, too, that the facts in that false statement were true and correct. Then I had these generals huddling—the gentleman from Illinois and the gentleman from Georgia. They said they would quit the committee if I were allowed to put that evidence in in behalf of the enlisted men whom I was trying to serve. They were huddling there and they have been huddling here, but they are not going to stop me until I clean up that Veterans' Bureau. [Applause.]

[Here the gavel fell.]

The CHAIRMAN. The question is on the amendment offered by the gentleman from Texas.

Mr. BLANTON. Mr. Chairman, that was a pro forma amendment, and I ask unanimous consent to withdraw it.

The CHAIRMAN. Is there objection?

Mr. PARKER of Georgia. Mr. Chairman, I object.

Mr. SCHAFER. Mr. Chairman, I rise in opposition to the amendment. From the standpoint of the welfare of the enlisted men I believe the gentleman from Texas [Mr. BLANTON] would be rendering better service for those who are now in the establishment and those who might enter the establishment and serve in a time of a future war if he would confine his work and service during the consideration of this bill to aiding in striking out some of its indefensible provisions, which practically emasculate our national-defense policy.

The chairman of the Appropriations Subcommittee recommends drastic changes. He outlined in his speeches his defense of some of the monstrosities included in this bill. He indicated that the authority that he was following was the views of a major and a captain in the British service.

Members of the House of Representatives of the United States of America, before you follow and vote with the gentleman from Mississippi [Mr. COLLINS] pay a little heed and attention to American citizens, the generals and other qualified staff officers of the American Army who will have to fight our battles if in the future we should engage in a war with a foreign country. Perhaps the country to which the British major and captain whom the gentleman from Mississippi [Mr. COLLINS] has quoted as authority owe allegiance. Such a thing is not utterly impossible. Why should the American Congress on a matter of our national defense follow some of the ridiculous proposals incorporated in this bill because some British captain or major advocates them? If we should adopt some of the proposals suggested by the gentleman from Mississippi, we might as well follow more of the British theory from a national-defense standpoint. If we should follow the suggestions made by this British major and this British captain, we might as well provide that before breakfast every morning every red-blooded American in the United States Army should rise up in all majesty and sing the British tune, "God Save the King."

Great Britain now has 22,332 officers and 401,758 enlisted men in her active regular army service. France has 32,317 officers and 598,042 enlisted men in her active regular army service. America has 12,000 officers and 118,750 enlisted men in her active Regular Army service. And yet in these days of unrest we are asked to reduce our 12,000 officer personnel by 2,000.

Gentlemen, pause before you, in the name of economy, in these days of unrest among the nations of the world, strike a vital blow at our national defense. Bear in mind that if you do help balance the Budget at this time by decreasing the effectiveness of the American Army, what will it avail you and the people of America if in the future, by reason of your penurious attitude, the whole Nation should be overcome and destroyed and the people of our common country required to pay many hundred times the saving in a tax tribute to a foreign nation. Consider the history of the world, and such a happening is not impossible. We sincerely hope that the day never comes when we must fight another war. We must, however, face facts and not hopes and should be prepared, particularly while other nations are arming to the teeth, with Asiatic nations beginning the next war and European nations refusing to reduce armaments.

Mr. Chairman, in order to balance the Budget it is not necessary to save a few million dollars at the expense of the security of our Nation and her people. If you are sincere in desiring to balance the Budget without a levy of burdensome taxes, I would suggest that you read and follow that noble editorial appearing in the Washington News, a Scripps-Howard newspaper, on yesterday, May 12, 1932, entitled "Do it now."

Mr. Chairman, I ask unanimous consent to extend my remarks in the RECORD at this point by inserting the editorial in question.

The CHAIRMAN. Is there objection?

There was no objection.

The matter referred to follows:

DO IT NOW

Wet victories in the Ohio and Indiana primaries hasten the national march away from prohibition. Ohio, the mother of Presidents and mother of the Anti-Saloon League, is a key State. Indiana is the State that had the most drastic dry laws.

This general reaction against an experiment which started with noble purpose and ended ignobly is now barbed with sharp economic necessity. Prohibition enforcement swells the Federal deficit and at the same time robs the Government of revenue with which to balance the Budget and relieve the overburdened taxpayer.

Those hit by the tax bill are now asking to be spared. The movies, the rubber industry, the automobile industry, the insurance companies—the whole long list.

And make no mistake about it, they are hit, and hit hard—at a time when any extra expense whatsoever is an inch off the end of the nose.

Life or death for many of the industries is in the provisions of the tax bill; life if the tax is only all that the traffic will bear; the death sentence if beyond that. And the death means to the Government that the goose that lays the golden egg is no more, that the thing the bill seeks to accomplish is nullified by the bill itself. So it is no more than natural and human that cries for mercy are raised.

And while all this is going on, the thing which would relieve all, the thing which would save industry from being taxed to death, lies before us—unused.

Congress, the Congress which is doing the taxing, has the power to amend the Volstead Act. By such an amendment a tax on beer can be levied. And by such a tax the terrible burden could be lightened, could be shifted to shoulders that could bear it—shoulders that now go unencumbered with any load whatsoever.

A beer tax would bring in from $375,000,000 to $500,000,000 per year. Think what that would do! It is a greater sum than the present proposed taxes on amusements, radios and phonographs, and communications combined. It is from one-third to one-half the total tax bill.

* * * * * * *

What a silly situation!

Prohibition is doomed. Every sign points to that fact. As sure as the stars prohibition is on the way out. Every politician in Washington knows it. It is only a matter of time. In what amounts to a stampede the political drys are turning wet.

What an opportunity to do it now—now, when the awful pressure of taxation can be relieved—not later, when the death sentence on overtaxed Americans has been executed.

Those industries which are now crying for help have stockholders. Those stockholders are voters. We advise the ones who are now lobbying in Washington to get their companies spared to go to the grass roots—to call upon their stockholders to express themselves to their Congressmen and their Senators.

Amendment of the Volstead Act by this Congress would turn the trick. It would clear the skies. It isn't being done because the wary politicians are waiting for the party conventions next month to take the responsibility for something that is an inevitable as to-morrow.

But pressure from back home might change their minds. The politician, admitting that prohibition is doomed, contends that it "can't be done in this session." He can be made to understand that anything is possible in a time like this.

Mr. SCHAFER. Mr. Chairman, this editorial truthfully shows how we can bring into the badly battered Federal Treasury from $375,000,000 to $500,000,000 each year. Instead of trying to wreck our national defense in order to save a few million dollars, I ask the gentleman from Mississippi [Mr. COLLINS] and those following him in the name of economy, in the name of the Treasury, and in the name of the

taxpayers, to walk up to the Clerk's desk and add their names to the petition which aims to bring the beer bill before the House for consideration. I also ask the distinguished Speaker of the House [Mr. GARNER] to do the same thing. He is the Speaker, but he came down in the well of the House and talked about the sales tax provision of the revenue bill in the name of the Treasury and in the name of economy and in the name of the taxpayers.

Hon. William Randolph Hearst, the publisher of many newspapers in this Nation, who has been a leader in behalf of maintaining an adequate national defense and the strongest supporter of the Speaker for the Presidency of the United States, is also one of the pioneers in advocating sensible prohibition reform as mentioned in the editorial incorporated in my remarks.

Mr. Chairman, no Member of this House can return and face the people in his or her district and convince them that they are for economy, for reduction in the cost of government, and reduction of burdensome taxes if they fail to assist in the enactment of a real economy bill as mentioned in the editorial.

You know that since the Judiciary Committee has failed to report the beer bill favorably that the only way it can be brought before the House in this session for consideration and passage is via the discharge rule. The discharge petition only lacks a few of the necessary 145 votes. So all you Members who have not already signed it and who believe in economy from the taxpayers' standpoint better get busy and affix your signatures if you are for the proposition. If you do not you must be against it.

The Lord said, according to St. Matthew xii, 30:

He that is not with Me is against Me; and he that gathereth not with Me scattereth abroad.

So you digest this wonderful editorial appearing in the Washington News, which you have so graciously allowed to be embodied as a part of my remarks, I hope we may have a stampede to sign the discharge petition on the beer bill and then when it is considered in the House assist in its passage without any unnecessary delay and send it to the Senate and let the economy doctors in that body who weep in behalf of the taxpayers and the battered Treasury pass and send it on to the White House. I feel confident that in these days of verily bleeding and dying in the name of economy, the taxpayers, and the Treasury that the President who is now in the White House will take his pen in hand and sign it within a few minutes after he receives it.

Mr. BLANTON. Mr. Chairman, will the distinguished gentleman from Wisconsin, whom I admire for having been a "buck private" in the war, yield?

Mr. SCHAFER. Yes.

Mr. BLANTON. The last stampede of that kind to the Clerk's desk we had in the House, to sign such a petition, was pretty disastrous for some of the stampeders.

Mr. SCHAFER. At the elections next fall it will be disastrous to many of the drys who fail to sign. Oh, your leader from Texas, the father of the eighteenth amendment, and the other prohibition leaders told us about the wonderful prosperity the eighteenth amendment would bring and had favored the American people with. They claimed only two or three years ago that the increased ownership of homes, life insurance, building and loan investments, fat pay envelopes, and many other prosperity benefits had accrued to the American workers and farmers and to all the people of the Nation as a result of the eighteenth amendment and prohibition. What are you going to say about it to-day? You followed him several years ago and preached the same doctrine. Do you admit that the prosperity which we do not have to-day is the result of prohibition? [Applause.]

Mr. COLLINS. Mr. Chairman, I ask unanimous consent that all debate on this paragraph and all amendments thereto do now close.

Mr. PARKER of Georgia. Mr. Chairman, I object.

Mr. COLLINS. Mr. Chairman, I move that all debate on this paragraph and all amendments thereto do now close.

The motion was agreed to.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Texas.

The amendment was rejected.

The Clerk read as follows:

FINANCE DEPARTMENT

PAY, ETC., OF THE ARMY

For pay of commissioned officers of the line and staff, $27,209,927; pay of officers, National Guard, $100; pay of warrant officers, $1,657,205; aviation increase to commissioned and warrant officers of the Army, not to exceed $1,754,283; additional pay to officers for length of service, $8,356,200; pay of enlisted men of the line and staff, not including the Philippine Scouts, $53,026,611; pay of enlisted men of National Guard, $100; aviation increase to enlisted men of the Army, $583,279; pay of enlisted men of the Philippine Scouts, $1,050,446; additional pay for length of service to enlisted men, $3,667,172; pay of the officers on the retired list, $12,914,948; pay of retired enlisted men, $12,252,603; pay of retired pay clerks, $3,375; pay not to exceed 60 civil-service messengers at $1,200 each at headquarters of the several Territorial departments, corps areas, Army and corps headquarters, Territorial districts, tactical divisions and brigades, service schools, camps, and ports of embarkation and debarkation, $72,000; pay and allowances of contract surgeons, $51,276; pay of nurses, $852,080; pay of hospital matrons, $600; rental allowances, including allowances for quarters for enlisted men on duty where public quarters are not available, $4,648,006; subsistence allowances, $5,122,479; interest on soldiers' deposits, $30,000; payment of exchange by officers serving in foreign countries, and when specially authorized by the Secretary of War, by officers disbursing funds pertaining to the War Department, when serving in Alaska, and all foreign money received shall be charged to and paid out by disbursing officers of the Army at the legal valuation fixed by the Secretary of the Treasury, $100; in all, $133,257,790, less $800,000 to be supplied by the Secretary of War for this purpose from funds received during the fiscal year 1933 from the purchase by enlisted men of the Army of their discharges, $132,457,790; and the money herein appropriated for "Pay, etc., of the Army" shall be accounted for as one fund: *Provided*, That no part of this appropriation shall be available to pay any officer detailed as a military aide to any civil officer of the United States outside of the War Department except the President: *Provided further*, That no appropriation contained in this act shall be available for or on account of the maintenance of more than 50 military attachés: *Provided further*, That no appropriation contained in this act shall be available for or on account of the maintenance of more than 83 bands: *Provided further*, That during the fiscal year ending June 30, 1933, no officer of the Army shall be entitled to receive an addition to his pay in consequence of the provisions of the act approved May 11, 1908 (U. S. C., title 10, sec. 803): *Provided further*, That after September 30, 1932, the sum herein appropriated for the pay of officers shall not be used for the pay of more than 10,000 commissioned officers on the active list of the Regular Army: *Provided further*, That after September 30, 1932, the number of officers of the line and promotion-list officers on the active list of the Regular Army shall not exceed 8,930, to be distributed among the following grades in the proportion now authorized by law, namely: 17 in the grade of major general, 37 in the grade of brigadier general, 384 in the grade of colonel, 473 in the grade of lieutenant colonel, 1,411 in the grade of major, and 2,822 in the grade of captain, and in the grades of first and second lieutenant the total number shall not exceed 3,786: *Provided further*, That hereafter no promotion shall be made to fill a vacancy in any of the several grades designated unless such promotion be necessary within the number of such grade as herein prescribed: *Provided further*, That upon the approval of this act, the President shall convene a board of not less than five general officers on the active list of the Regular Army who shall select the officers to be removed from the active list in consequence hereof, and the action of such board as to the number of and persons to be removed from the active list and the priority of their removal, except as to general officers, shall be final. Selections of general officers shall be subject to the approval of the President. Selections in the grades of second lieutenant to colonel, both inclusive, shall be confined to officers in such grades most advanced in age, except (1) that the board may exempt not to exceed 5 per cent of the total number of officers most advanced in age in each of such grades and, in addition, such Air Corps officers whose retirement may not be approved by the Chief of the Army Air Corps, and exercise its discretion in the selection of other officers in lieu thereof, and (2) that the board may exempt completely officers in the grade of second lieutenant. In addition to such selections, the board also shall select such further number of officers most advanced in age from the grades of colonel and lieutenant colonel, to be removed from the active list on or before May 31, 1933, as will provide vacancies within the total number of 8,930 line and promotion-list officers for the class of cadets graduating from the Military Academy in the month of June, 1933: *Provided further*, That to the extent the total number of line and promotion-list officers selected for retirement in consequence hereof, exclusive of those selected to create vacancies for graduates of the Military Academy, shall be less than 2,000, the board shall select for retirement, at its discretion, such number of non-promotion-list officers as will equal such shortage: *Provided further*, That all officers selected

for removal from the active list in consequence hereof shall be placed on the unlimited retired list with pay at the rate of 75 per cent of active pay.

Mr. BARBOUR. Mr. Chairman, I make a point of order against the language in the bill, commencing at line 19, page 10, down to the end of the paragraph in line 20, page 12, on the ground that it is legislation on an appropriation bill.

The CHAIRMAN. Will the gentleman from California kindly point out specifically what portions of the paragraph alluded to he has reference to or whether he has reference to the entire paragraph?

Mr. BARBOUR. I have reference to the entire portion of the paragraph as indicated for the reason that it all depends upon the first part of the proviso beginning in line 19, page 10.

Mr. BYRNS. If the gentleman will permit, does the gentleman's point of order go to the entire paragraph?

Mr. BARBOUR. No; not to the entire paragraph. It goes to the language relating to the number of officers that shall hereafter be in the Army.

In line 19, commencing with the words—

Provided further, That after September 30, 1932, the number of officers of the line and promotion-list officers on the active list of the Regular Army shall not exceed 8,930, to be distributed among the following grades in the proportion now authorized by law, namely: Seventeen in the grade of major general, 37 in the grade of brigadier general, 384 in the grade of colonel, 473 in the grade of lieutenant colonel, 1,411 in the grade of major, and 2,822 in the grade of captain, and in the grades of first and second lieutenant the total number shall not exceed 3,786.

This, Mr. Chairman, is a change in the statutory law which provides the number of officers of these various grades that there shall be in the Army.

The national defense act, section 4, of the copy which I have in my hand, provides——

The CHAIRMAN. Has the gentleman from California the code citation?

Mr. BARBOUR. It is the act of June 4, 1920. The code citation does not appear here.

Mr. BANKHEAD. Will the gentleman yield for a brief question in order that the record may be made up on the facts? Can the gentleman state to the Chair, upon his point of order, the number of enlisted personnel authorized under existing law?

Mr. BARBOUR. That has nothing to do with it. The gentleman said the enlisted personnel.

Mr. BANKHEAD. I beg the gentleman's pardon. I did that improvidently. I meant the commissioned personnel. Under existing law what is the authorized number of commissioned officers that this provision is seeking to reduce?

Mr. BARBOUR. I am coming to that now.

The act of June 4, 1920, provides, in section 4:

Officers commissioned to and holding in the Army the office of a general officer shall hereafter be known as general officers of the line; officers commissioned to and holding in the Army an office other than that of a general officer, but to which the rank of a general officer is attached, shall be known as general officers of the staff. There shall be one general as now authorized by law until a vacancy occurs in that office, after which it shall cease to exist.

Now, Mr. Chairman, I am coming to the language involved here:

On and after July 1, 1920, there shall be 21 major generals and 46 brigadier generals of the line, 599 colonels, 674 lieutenant colonels, 2,245 majors, 4,490 captains, 4,266 first lieutenants, 2,694 second lieutenants, and also the number of officers of the medical department and chaplains hereinafter provided for, professors as now authorized by law, and the present military storekeeper, who shall have the rank, pay, and allowances of a major; and the numbers herein prescribed shall not be exceeded.

That is the basic law, Mr. Chairman, upon which these appropriations are made.

Mr. BANKHEAD. How many officers in number does that provide for?

Mr. BARBOUR. I think about 15,000.

Mr. JAMES. About 12,000.

Mr. BARBOUR. This provision to which my point of order is directed does not relate to the fiscal year of 1933, but it is for all time—

That after September 30, 1932, the number of officers of the line and promotion-list officers on the active list of the Regular Army shall not exceed 8,930, to be distributed among the following grades in the proportion now authorized by law, namely, 17 in the grade of major general, 37 in the grade of brigadier general, 384 in the grade of colonel—

And then it goes on and prescribes the number for each grade.

Now, being applicable to all succeeding fiscal years, and not being confined to the fiscal year 1933, it is my contention that this is not a limitation on an appropriation bill, but is legislation.

I find that the rule in this regard was very clearly stated by Chairman Frederick C. Hicks, on January 8, 1923, where he laid down certain tests to determine whether a provision in an appropriation bill was legislation on an appropriation bill.

Chairman Hicks said:

Without endeavoring to lay down any hard-and-fast rule, the Chair feels that the following tests may be helpful in deciding a question of order directed against a limitation, first having determined the powers granted or the duties imposed by existing laws: Does the limitation apply solely to the appropriation under consideration? Does it operate beyond the fiscal year for which the appropriation is made?

And then, in conclusion, after stating other tests which do not directly apply in this case. He says:

If the limitation will not fairly stand these tests, then the point of order should be sustained.

It is my contention, Mr. Chairman, that this provision in the bill does not stand the test that it must not operate beyond the fiscal year over which the appropriation is made.

Mr. CHINDBLOM. Mr. Chairman, I am informed that the act now in force with reference to the number of officers in the Army is the section contained in the Army appropriation act of June 30, 1922, which will be found in 42 Statutes at Large, page 721.

Mr. COLLINS. The gentleman is mistaken about that. It has been modified.

Mr. CHINDBLOM. What is the later modification?

Mr. COLLINS. September 14, 1922, and also the act of 1921.

Mr. CHINDBLOM. I was coming to that. I have before me also the act of September 14, 1922, section 1, which will be found in 42 Statutes, page 840, which is an amendment to the provision of the Army appropriation act of June 30, 1922. Subsequently the number of promotion-list officers was increased by 403 in the Air Corps, by section 8, of the act of July 2, 1926, creating the Air Corps.

Mr. LAGUARDIA. If the gentleman will permit, the Chair wants the United States citation. It is Title X, sections 481, 482, down.

Mr. CHINDBLOM. Mr. Chairman, I apprehend that it will be argued that this legislation is in order under the Holman rule inasmuch as upon its face it reduces the number of officers of the line and promotion list on the active list of the Regular Army. The Holman rule, however, requires that legislation, to be in order under it, shall upon its face show retrenchment. While the Holman rule does permit legislation, the legislation must show retrenchment upon its face so clearly that the Chair upon the reading of the language may conclude that the language will provide a reduction in expenditures. I submit to the Chair that the reading of the language now in question can by no means clearly bring to the mind of the Chair any such conclusion.

It is true that the number of officers of the line and promotion list is specifically placed at 8,930, to be distributed in the manner which the bill recites is in accordance with the proportion now authorized by law; but, in addition to that provision, there is a provision for the convening of a board of general officers by the President who shall determine upon the manner in which selections of officers for removal shall be made, and at the very conclusion of the language involved in the objection of the gentleman from California [Mr. BARBOUR] it is provided:

That all officers selected for removal from the active list in consequence hereof shall be placed on the unlimited retired list with pay at the rate of 75 per cent of active pay.

I respectfully submit to the Chair that whether there will be any saving in placing officers upon the unlimited retired

list with pay at the rate of 75 per cent of active pay, as against keeping those officers or other officers actually in the Army in active service, is a matter of pure speculation. It will depend upon the longevity pay as well as upon the base pay to which the officers selected for removal may be entitled, and the Chair can not determine whether reducing the number of officers in active service as provided in this language and thereafter reorganizing the Army and providing for filling their places and for retiring certain officers will result in any saving, retrenchment, or reduction of expenditures. I respectfully submit that the language must show affirmatively upon its face, under the Holman rule, that actual retrenchment and reduction in expenditures will follow.

There are portions of this language which I think clearly would be out of order without reference to the general purpose of the entire scheme. For instance, the provision for convening a board of five general officers by the President, who shall select the officers to be removed, is legislation which is not at all necessary for the purpose of carrying out a reduction in the number of officers. However, I shall not press that point, because I am informed that if the language involved in the point of order is to remain in the bill it will be necessary to have some such provision as this to make it at all workable. But it does not follow from any of the language to which objection has been made that there will be retrenchment or actual reduction of the total cost as a result of these changes.

Mr. McDUFFIE. Mr. Chairman, will the gentleman yield?

Mr. CHINDBLOM. Yes.

Mr. McDUFFIE. The Chair, of course, is supposed to know, and does know, the pay of these officers who are to be retired. It seems to me that it is very simple and very plain that if you are to put on the retired list these officers on three-quarters of their full pay, as many as 2,000 of them, it means retrenchment, so that the language on its face evidently carries with it the idea of retrenchment.

Mr. CHINDBLOM. Apparently this procedure of reducing the number of officers of the Army is so simple that a very cumbersome and very complicated piece of machinery has been provided for its accomplishment, and what the result of that accomplishment will be the Chair can not now determine. This board to be convened by the President will take the action which will determine whether the officers who are retired and who are to be paid thereafter 75 per cent of their active pay will have such service both in grade and with reference to longevity that actually there will be a saving in the expenditures of the Government.

Mr. CANNON. Mr. Chairman, this is one of the general appropriation bills and therefore comes within the purview of Rule XXI, which prohibits legislation on an appropriation bill. If this provision against which the point of order is made is legislation, then it is subject to the point of order. The gentleman from California [Mr. BARBOUR] clearly shows that beyond peradventure of a doubt it is legislation on an appropriation bill. We concede that. But, Mr. Chairman, in the rules there is a notable exception to Rule XXI, the excepting rule being the only rule in our entire system of procedure which bears the name of its author, the Holman rule. The Holman rule provides that, although a provision may be legislation on an appropriation bill, still, if germane, it is in order, provided it reduces the number or salaries of officials of the Government, or that it reduces compensation received from the Government, or that it reduces the total amounts charged against the Treasury.

Mr. CHINDBLOM. Mr. Chairman, will the gentleman yield?

Mr. CANNON. Yes.

Mr. CHINDBLOM. Of course, the gentleman concedes that it must be with the result of making retrenchment or reduction of expenditures.

Mr. CANNON. It can hardly comply with these provisions unless it does do so. That necessarily follows.

Mr. CHINDBLOM. That is a sine qua non. It must reduce expenses.

Mr. CANNON. Mr. Chairman, although this is legislation on an appropriation bill, it is in order if it reduces the salary and number of officers, if it reduces compensation, or if it reduces the amount chargeable against the Treasury. Mr. Chairman, it does all three.

As shown by the statute cited by the gentleman from California [Mr. BARBOUR], the number of officers fixed by statute is vastly in excess of the limitation fixed in this appropriation. In other words, this provision means a reduction of the officers of the Army by 2,000 men. That is self-evident. It is a matter of common knowledge. That is the reason for opposing it. That is the very reason it is not wanted, because it does reduce the officers of the Army by 2,000 men.

Then it follows, Mr. Chairman, if we reduce the number of officers of the Army we save the Treasury the amount of their salaries. We save the Treasury the amount of their allowances and their subsistence; we save the Treasury the amount of their travel allowance, forage, and all the other incidental expenses which the support of every officer necessarily charges against the Treasury.

There remains, then, Mr. Chairman, only one consideration, the last one mentioned by the gentleman from Illinois [Mr. CHINDBLOM], that the bill provides for the method by which the number of officers shall be reduced—the appointment of a board by the President. The gentleman submits that this is legislation which does not necessarily involve a reduction in expenditures.

It is well established in the law of the House that in providing a method for retrenchment every component part, every integral provision, every essential step shall be considered together as one provision. It can not be picked apart and taken sentence by sentence or item by item. That requirement applies to the pending provision. It is a method which must be considered as a whole, a method of which any part is indispensable, a method which in operation will reduce expenditures and which, therefore, comes within the limit of the Holman rule.

Permit me to cite, Mr. Chairman, one or two notable instances in which rulings have been made on this point. Let us go back to the Sixty-fourth Congress, when we were considering the legislative appropriation bill. A proposition was made there to reduce by one-tenth all the employees in the departments of the Government and coupled with it was the proviso that the working day should be increased from seven hours to eight hours. A point of order was made that although the reduction of one-tenth in personnel would bring it within the Holman rule, the accompanying proposition that the hours of labor be increased from seven to eight was not essential and took it out of the provisions of the Holman rule. A man whose parliamentary knowledge I need not discuss here, the gentleman from Georgia [Mr. CRISP], presiding as chairman of the Committee of the Whole, held that while taken separately it might not contribute to retrenchment, it must be considered in connection with, and as a part of, the accompanying proposition; that the amendment must be considered as a whole, and was therefore in order under the provisions of the Holman rule.

Permit me to refer to another instance. In 1922, in the Sixty-eighth Congress, we were considering the counterpart of this very bill, the War Department appropriation bill. A proposition was made, almost identical with the proposition here, that we limit the number of men which might be provided for. It was provided that certain machinery be created to bring about this reduction—just as the appointment of this board is a part of the machinery here created to bring about this reduction.

The CHAIRMAN. Will the gentleman kindly give the Chair the citation?

Mr. CANNON. It is in the second volume, section 8579.

Mr. Nicholas Longworth, of Ohio, was presiding as Chairman of the Committee of the Whole, and he held—as Chairman CRISP had held before him—that when you consider the machinery by which a retrenchment is to be effected,

you must consider it as a whole; you must consider each item as an integral part.

I shall only trespass on the time of the Chair for one more instance. In the Sixty-second Congress the War Department appropriation bill was under consideration. The bill carried a provision for retrenchment, which included, as a part of the machinery by which that retrenchment was to be achieved, the appointment of an officer with the rank of major general. The appointment was to be made by the President of the United States, just as the present bill provides for the creation of an agency to be appointed by the President of the United States—absolutely on all fours with the proposition now before the House. Mr. Saunders, of Virginia, made a lengthy decision, a very brief portion of which I desire to read to the Chair. He said, in section 8622:

> It is a constructive legislation in which each part bears an appropriate relation to the whole. It is an entity of independent but related parts. It is submitted as a complete legislative proposition. This being so it should be considered as a whole and not in segregated items. The section is presented as a whole, and when considered as a whole conforms to the requirements of the Holman rule, and is therefore in order.

That is precisely the proposition before the House, Mr. Chairman. The bill provides essential machinery for the reduction of the number of officers of the Army, thereby reducing personnel and retrenching expenditures, and as such it is admissible under the Holman rule, and is in order.

Mr. BACON. Mr. Chairman, I want particularly to address my remarks to that part of the point of order directed against the second proviso on page 11, line 10, down to and through line 10 on page 12. I want to reply, in brief, to the remarks made by the gentleman from Missouri on this proviso which sets up a special board to bring about this reduction. It goes further, however, and provides that these officers shall be eliminated because of age, which is an entirely new proposal. The existing law gives the Army the right to-day to retire all class B officers for inefficiency.

Mr. CANNON. Will the gentleman yield?

Mr. BACON. I yield.

Mr. CANNON. I did not hear the first part of the gentleman's remarks, but my impression is that the gentleman objects to providing that certain class officers or officers who reach a certain age, should be retired?

Mr. BACON. My main objection is that this proviso is not at all necessary; and that if a reduction of 2,000 officers is agreed on, they can be eliminated without this proviso. That being the case, it is not necessary to the section.

Mr. CANNON. Does the gentleman hold it would not be in order to offer a proposal here to not provide for the payment of men who had reached a certain age?

Mr. BACON. My contention is that this suggests a special legislative way of retiring officers that is not necessary. Under existing law all class B officers can be eliminated without any further legislation whatsoever. By simply applying the existing law the Army can reduce officers by 2,000 without the necessity of the proviso on page 11, beginning on line 10, which is an entirely new proposition and legislation on an appropriation bill.

Mr. CANNON. Does the gentleman contend as a parliamentary proposition that it would not be in order to insert a provision that pay should be denied men who had reached a certain age?

Mr. BACON. I am not directing my remarks to that at all. I am directing my remarks to the fact that in this bill a special method is set up which is not necessary. Under existing law the Army can carry out to-day a reduction of 2,000 men or whatever number the committee decides upon without the necessity of this special board, as provided on page 11.

Mr. CANNON. The gentleman understands, of course, that I have just cited the opinions of three of the ablest parliamentarians who have ever presided over the Committee of the Whole, Mr. CRISP, of Georgia, Mr. Saunders, of Virginia, and Mr. Longworth, of Ohio, holding such provisions are integral parts of the proposition; but if the gentleman contends that as a separate proposition you can not provide that men reaching a certain age might be retired, I will quote to the gentleman a favorite expression of a former leader on that side of the aisle, Mr. Mann, to the effect that under the rules you can make provision to eliminate the pay of any man who is red headed.

Mr. BACON. I am merely trying to answer the theory of the gentleman from Missouri to the effect that the proviso on page 11 is necessary to carry out the other provisos on page 10. I contend it is not necessary, because under existing law class B officers can be dismissed at the present moment, and the War Department can carry out the directions to cut the Army by 2,000 officers without recourse to the proviso on page 11, which changes existing law as to how officers may be eliminated from the Army.

Mr. CHINDBLOM. Will the gentleman yield?

Mr. BACON. Yes.

Mr. CHINDBLOM. In volume 7 of the new series of Hinds' Precedents, paragraph 8610, the gentleman will find this proposition laid down, as stated in Cannon's Procedure, page 45:

> Provision for reduction of expenditures does not admit accompanying legislation not directly contributing to the reduction and essential to its operation.

In other words, while the Holman rule would permit a reduction in the number of officers in order to reduce expenditures, if, in addition to that mere reduction or retrenchment in expenditures, there is legislation accompanying that reduction which is not necessary for its operation, and which changes existing law without being necessary as part of the general scheme, that is not in order and the Holman rule does not make it in order.

Mr. LAGUARDIA. Mr. Chairman, in direct reply to the point now raised by the gentleman from New York [Mr. BACON], supported by the gentleman from Illinois [Mr. CHINDBLOM], a mere reading of the gist of the ruling just cited by him precludes any application of that precedent to the matter now before the committee. It was there held that any legislation "not essential" for the carrying out of the reduction contemplated, as a part of the general scheme of reduction, was legislation not within the limits of the Holman rule. The proviso could very well set forth any standard by which these men might be eliminated. To repeat the phrase so often used by the distinguished parliamentarian, Mr. Mann, it could have laid down the rule that no salary shall hereafter be paid to any officer having red hair. Conceding that under existing law there is machinery for weeding out class B officers, that does not prevent another standard and procedure to carry out the purposes of this provision being contained in the proviso. In order to carry out the reduction contemplated in the bill now before us a board is created, and it is an integral part of the general scheme of reduction. The method of selection of those to be retired is a part of the provision retiring the officers. It therefore comes squarely within the Holman rule.

May I recall to the Chair that I raised the very point of order that the gentleman from New York is now raising when we had under consideration the independent offices appropriation bill. An amendment was offered by the gentleman from Georgia [Mr. VINSON] to transfer the activities of the Farm Board to the Department of Agriculture. He there provided for the transfer to the Secretary of Agriculture of all of the duties now imposed by law on the Farm Board. I raised that very point of order, that it was new legislation and it was not necessary to the amendment curtailing the number of salaried officials or to the purpose of the amendment then before the committee. The Chair overruled my point of order and held it was an integral part of the amendment, and held the amendment in order.

Now, as to the point of order suggested by the gentleman from Illinois [Mr. CHINDBLOM] that it is not apparent there would be any saving through the proposed amendment to existing law. I will say that a knowledge of parliamentary law is hardly necessary to decide that point. It is a matter of simple mathematics. A reduction of 2,000 officers is not only provided in the total number, but it is provided that after September 30, 1932, a certain number of each grade

shall constitute the maximum officers in that grade, thereby giving the Chair absolute information as to the number of officers in each grade that will be reduced. The bill provides that the officers eliminated shall go on retired pay at 75 per cent of the active pay; and that in and of itself shows a saving of 25 per cent.

If the amendment provided for the retirement of these officers and did not limit the number, then, of course, the Chair would be in the dark as to whether new officers were to be appointed in their places; but the amendment does two things: It fixes the maximum number and it disposes of the number of officers, so that there can be no doubt that there is retrenchment within the meaning of the Holman rule. The provisos in the bill are clearly a saving by the reduction of salaried officers, clearly meeting all the requirements of the rule.

The CHAIRMAN (Mr. LANHAM). The Chair is ready to rule.

The gentleman from California [Mr. BARBOUR] makes the point of order against that part of this paragraph, beginning on page 10, at line 19, and concluding on page 12, in line 20, that it is legislation on an appropriation bill.

The precedent cited by the gentleman from California would seem to the Chair hardly applicable in view of the fact that it had reference solely to a limitation and not to legislation.

The question of whether or not legislation is in order on an appropriation bill has long had bestowed upon it the broadening effect of the Holman rule, a rule which is familiar to all of the membership of this House. This rule provides that on appropriation bills legislation is in order if it has certain well-defined tendencies. For instance, there is this provision—

> Nor shall any provision in any such bill or amendment thereto changing existing law be in order, except such as being germane to the subject matter of the bill shall retrench expenditures by the reduction of the number and salary of the officers of the United States, by the reduction of the compensation of any person paid out of the Treasury of the United States or by the reduction of amounts of money covered by the bill.

Of course, no contention is made that this part of this paragraph is not germane. In the light of existing law, it is clearly a reduction in the number of officers, and therefore in the amounts of money that will be expended by the Federal Government, and on its face does show retrenchment in governmental expenditure.

It has been argued that that part of the paragraph is not in order which sets up an agency and prescribes the method by which the retrenchment shall be effected.

It seems to the Chair that the provision for the establishment of such an agency is but a declaration of the policy that shall be pursued in effecting the retrenchment, and that it is purely ancillary to the general purpose of this paragraph, and should be taken as an incidental matter in connection with the general and main object of the provisions against which the point of order is directed.

One part of this paragraph, which at first gave the Chair most concern, has not been alluded to in the discussion of the point of order.

In a decision made by former Speaker Longworth when he was serving as Chairman of the Committee of the Whole House before his election as Speaker, almost this identical question arose with reference to a proposed reduction of the number of officers, and consequently a corresponding reduction in the amounts of Federal expenditures. This precedent was cited by the gentleman from Missouri, Mr. CANNON, in his remarks, and may be found in Cannon's Precedents, section 8579. In so far as legislation is concerned, with reference to the limitation of the number of officers, clearly, under the Holman rule and under this decision of former Speaker Longworth, such legislation is permitted on an appropriation bill, and under the Holman rule is rather encouraged.

The point of order of the gentleman from California raises the question of whether or not the fact that the stipulation of the date of September 30, 1932, when the provision would become effective, carries the operation of this legislation beyond the period of the fiscal year for which this particular appropriation bill is designed, and would make it such legislation on an appropriation bill as would be permitted under the Holman rule.

In the Holman rule itself no distinction is made between permanent and temporary legislation, because all legislation, unless by its terms temporary, is necessarily permanent until modified or repealed by subsequent legislation; and in looking for a precedent upon which to base a rational conclusion concerning that portion of this paragraph which stipulates that this reduction shall become effective after September 30, 1932, and thereafter be permanent law the Chair has found an illuminating precedent in the second session of the Sixty-fifth Congress, CONGRESSIONAL RECORD at page 3224 (Cannon's Precedents, sec. 8575), when Mr. Saunders, of Virginia, was acting as Chairman of the Committee of the Whole House on the state of the Union. This decision by Chairman Saunders has been cited as authority during this session of Congress by the Chairman of the Committee of the Whole House on the state of the Union in the consideration of the Treasury and Post Office Departments appropriation bills.

In this ruling, which was on March 8, 1918, the legislative, executive, and judicial appropriation bill was under consideration, and the Clerk read this paragraph:

> The Secretary of the Treasury is authorized and directed to discontinue the offices of the Assistant Treasurers at Baltimore, Boston, Chicago, Cincinnati, New Orleans—

And so forth, relating to the abolishment of certain offices; and in the construction of that paragraph Mr. Saunders, of Virginia, said, with reference to the point of order made against it:

> The application of the Holman rule is a matter that has been the subject of many rulings, but it seems to the Chair that the case under consideration, while not entirely novel, presents a somewhat unusual aspect of this rule. In connection with the Holman rule it may be said in a preliminary way that the authorities are agreed that the rule is a wholesome one and therefore proper to be liberally construed. Hence if the question presented is difficult of decision under that rule, the Chair, in case of doubt, should resolve that doubt in favor of an interpretation which will submit the paragraph or amendment under consideration to the judgment of the House, which will thereby be put in a position to pass upon the merits of the substantial questions in issue.
>
> A former Speaker of this body announced the canon of construction for the Holman rule as follows:
>
> "The purpose of the rule is most beneficial and proper, and it should have a liberal construction in the interest of retrenchment."
>
> To the same substantial effect Mr. Chairman CRISP:
>
> "The Holman rule is intended to have a beneficial effect upon the Treasury of the United States. If the Chair is in doubt whether an amendment is in order, this doubt should be resolved against the point of order, for by so doing the Chair works no hardship upon anyone, but submits to the committee itself the privilege of passing upon the amendment. If the committee favor it, then a majority can adopt it. If a majority is opposed to it, then that majority can reject it."

During the present session of Congress, in the consideration of the Treasury and Post Office appropriation bill, previously alluded to, the question also arose on a paragraph of the bill with reference to the abolishment of certain offices in the Bureau of Customs, and this decision made by Chairman Saunders, of Virginia, was cited, and that provision abolishing the offices was held in order on the Treasury and Post Office appropriation bill.

Now, in the light of these decisions, it seems to the Chair that the reduction in the number of officers is no more permanent legislation than that providing for the abolishment of offices. The Chair overrules the point of order.

Mr. BARBOUR. Mr. Chairman, I offer the following amendment.

Mr. McSWAIN. Mr. Chairman, I have a perfecting amendment.

The CHAIRMAN. The Chair can not pass upon amendments until they are reported. The Clerk will report the amendment offered by the gentleman from California.

The Clerk read as follows:

> Amendment by Mr. BARBOUR:
>
> Page 10, line 15, after the colon, strike out the remainder of the paragraph down to and including the word "pay," in line 21, page 12.

On page 8, line 19, strike out "$27,209,927" and insert $21,833,427."

Page 8, line 23, strike out "$8,356,200" and insert "$8,545,011."

Page 9, line 4, strike out "$12,914,948" and insert "$9,447,323."

Page 9, line 14, strike out "$4,648,006" and insert "$6,281,824."

Page 9, line 15, strike out "$5,122,479" and insert "$5,928,384."

Page 9, line 22, strike out "$133,257,790" and insert "$137,421,204."

Page 10, line 1, strike out "$132,457,790" and insert "$136,242,204."

Mr. McSWAIN. Mr. Chairman, I ask that my amendment be read for information. When we come to voting on the amendments, my amendment would be voted on first.

The CHAIRMAN. If there is no objection, the amendment of the gentleman from South Carolina will be reported for the information of the committee.

There was no objection and the Clerk read as follows:

Amendment by Mr. McSWAIN to H. R. 11897: Beginning on line 11, page 11, strike out all that part beginning with the word "convene" after the word "shall" and ending with the word "shortage" on line 17, page 12, and insert the following in lieu thereof: "first select the general officers to be removed from the active list of the Army, and from the general officers remaining on the active list the President shall convene a board of five general officers, who shall select the officers to be removed from the active list in consequence hereof, and the action of such selection board as to the officers to be removed from the active list shall be final: *Provided further*, That any officer may be retired upon his own application if same be filed prior to September 1, 1932: *Provided further*, That the selection by the board aforesaid of the officers to be removed from the active list shall be made solely on the basis of comparative ability, efficiency, and physical fitness, as disclosed by all now-existing efficiency reports and other pertinent official War Department records, and that no removals hereunder shall be made of officers permanently commissioned in the Air Corps or the Judge Advocate General's Department, and that any person who, by any means whatsoever, shall attempt to influence or interfere with the action of said selection board in its work of reduction with respect to the retirement of any officer of the Army, shall be deemed guilty of a misdemeanor, and upon conviction thereof shall be subject to a fine of not more than $1,000 or imprisonment for not more than one year, or both, at the discretion of the court."

The CHAIRMAN. By agreement in the House the debate upon this paragraph is limited to 2 hours and 30 minutes, one-half to be controlled by the gentleman from Mississippi [Mr. COLLINS] and one-half by the gentleman from California [Mr. BARBOUR].

Mr. BARBOUR. Mr. Chairman, the amendment which I have offered is the amendment that will restore the 2,000 commissioned officers which the bill cuts out from the officer personnel. I yield five minutes to the gentleman from Georgia [Mr. PARKER].

Mr. PARKER of Georgia. Mr. Chairman, let me say in the very beginning that despite the fact that I have had a number of years of service, that I have worn the uniform of my country as a Regular Army officer, as a reserve officer, and as a National Guard officer, I have never found it necessary at any time or at any place to apologize to anybody for having worn that uniform. I tried to wear it honorably, and I shall not apologize in this House to a professional and fanatical pacifist who calls himself a statesman because of the service that I rendered to my country. [Applause.] Furthermore, I was not a general in the Army of the United States. I was a captain of Infantry. I left my home and my family not because I was drafted and had to go but because I wanted to go. I had passed the age of 32 years and I did not have to register. I volunteered my service. I went to the first officers' training camp. A week before I went to that training camp I never thought that I would have any service in the Army. It never occurred to me that I would be a soldier, but 30 days after war was declared by my country I volunteered, went to the first officers' training camp, came out a captain of Infantry, and served all during the war as a captain of Infantry. [Applause.] While I was doing that I spent 14 months in Europe, having left three little children, the oldest of whom was 5 years of age and the youngest less than 8 months old. I ask the gentleman from Texas what he was doing when I was in France?

Mr. BLANTON. I was doing what the gentleman is doing now, trying to serve my country here, and in doing so I was under specific orders from President Wilson, my Commander in Chief, which I will insert at the end of the gentleman's remarks.

Mr. PARKER of Georgia. Furthermore, I have never yet had to come here and defend my right to sit among my colleagues in this House in a seat to which I was elected by my people.

I did not ask the privilege of the floor for the sole purpose of replying to the gentleman from Texas [Mr. BLANTON], but I have said this much in view of the unkind things that he saw fit to say of me.

With reference to the hearings that he has had before the Committee on Military Affairs on House Resolution 355, he has had the indulgence and the consideration of the committee. I think he has had not less than six hearings, and I did object in the last hearing we had, because we have gone there not less than six times and taken up practically the whole day and the time of 21 Members of Congress in considering the resolution which he has introduced, and we have not yet considered a single, solitary feature of that bill that amounts to anything.

Mr. BLANTON. Mr. Chairman, I make the point of order.

The CHAIRMAN. The gentleman will state it.

Mr. BLANTON. Under the unanimous-consent agreement had before we went into the committee, we provided for three hours of debate upon this matter, debate to be confined to the bill. When I was trying to tell what happened before the Committee on Military Affairs the gentleman from Georgia [Mr. PARKER] prevented me from doing so on points of order.

The CHAIRMAN. The gentleman will state his point of order.

Mr. BLANTON. The point of order is that he is not discussing the bill and not keeping within the rule. If he will permit me to answer him as to what occurred in the committee, I have no objection, but I don't want him to go into it when he would not let me go into it.

The CHAIRMAN (Mr. BROWNING). The point of order is well taken in so far as the gentleman is not discussing the bill is concerned. The gentleman is entitled to proceed in order and discuss the paragraph or any amendment thereto.

Mr. PARKER of Georgia. Mr. Chairman, I have a telegram received this morning from a Mississippian. It is from the commanding general of the Thirtieth National Guard Division, composed of troops from Georgia, North Carolina, South Carolina, and Tennessee.

The CHAIRMAN. The time of the gentleman from Georgia has expired.

Mr. BARBOUR. Mr. Chairman, I yield the gentleman two minutes more.

Mr. PARKER of Georgia. Among other things this telegram reads as follows:

ATLANTA, GA., *May 10, 1932.*

HOMER C. PARKER, *M. C.,*
House of Representatives, Washington, D. C.:

Guardsmen and reserves who actively operate national defense act need the training given them by trained Regular officers to give them that chance for preservation of life and limb in a national emergency that adequate training absolutely guarantees. Furthermore, such careful training under Regular officers potentially decreases the number of homes throughout the country that will be thrown into bereavement and mourning as a direct result of elimination of trained officers required to supervise and assist in operating national defense act. The division stands solidly behind the unselfish pronouncements of those experienced veterans, the honorable Secretary of War and the scholarly Chief of Staff who are begging for protection and preservation of lives of citizens that adequate training personnel provides.

As a native-born Mississippian, I am proud of Mississippi's conspicious part in the World War. Pershing's chief of operations, Gen. Fox Conner, and his senior aide, Colonel Quackamyer, were Mississippians; three division commanders were Mississippians; one of the first field officers killed in action, and one of the first enlisted men decorated for bravery were Mississippians. Mississippians served in action under the present Chief of Staff and in other divisions. They shed their blood on practically every battlefield in France. They know the great value of training and skilled leadership. I state unhesitatingly, by the firm conviction, that Mississippi supports the national defense act. I speak authoritatively, not only as a registered voter but as the grandson of a former chief justice and as the son of a mother who has been accorded the honor of fostering the first State-supported college for women in the whole United States. Their potraits are in the Mississippi hall of fame. If I have misquoted the senti-

ment of the great Thirtieth Division, the adjutants general of the States to which it is allocated will take issue with me. Furthermore, if I have misquoted the veterans and citizens of Mississippi regarding their attitude toward adequate defense measures created in part on advice and wise counsel of fellow Mississippians, I shall expect the disapproval of the press of the State and I invite such condemnation as her Representatives in Congress may see fit to express. Jefferson Davis, Stephen D. Lee Walthall, George Barksdale, and others, of course, knew nothing of mechanization, nor were they skilled in the use of pick and shovel, but they applied the knowledge tactically in trench building to save the lives of their Mississippians and to spare bereavement to the homes they represented. The unselfish spirit of service demonstrated by Lee, Jackson, Grant, Sherman, and others still pervades those who are actively operating the national defense act and that spirit should not be crushed.

EPHRAIM G. PEYTON,
Commanding Thirtieth Division; a Mississippian.

Mr. Chairman, much has been said of the relationship of Army officers and enlisted men with respect to their numerical strength. The most casual study of the present system of our national defense and employment of the officer personnel of the Regular Army will convince even the most skeptical that a proper number of regular officers bears, and can bear, no direct relation to the number of enlisted men of the Regular Army. While it is true that in a division there is a well-established relationship between the number of officers and the number of enlisted men, that relationship can not be applied to our peace-time establishment. Is our Regular Army merely a small body entirely separate and distinct from the other elements making up our defensive system? No. It merely constitutes the framework upon which the whole is hung. Regular Army officers are called upon to perform all manner of duties besides the command of troops of the Regular Army. There is the administration of the supply system for food, clothing, arms, and ammunition; the planning for war-time procurement; sanitation and hospitalization systems; the planning for mobilization; research into means and methods of modern warfare; the instruction and administration of the National Guard, the Organized Reserves, the Reserve Officers' Training Corps, and the citizens' military training camps; the conduct of the service schools, including the Military Academy, the various branch schools, the Command and General Staff School, and the Army War College. The necessity for these schools was firmly established during the World War, and their necessity continues as a means of keeping the officer personnel abreast of the advances in means and methods of warfare. Besides these duties, many officers are employed in various civil activities, assigned to the War Department by law.

On mere numbers alone the officers of the Regular Army exercise supervision over the training, administration, and supply of the following:

Enlisted men, Regular Army	118,750
Philippine Scouts	6,500
National Guard	187,000
Organized Reserves	108,000
Reserve Officers' Training Corps	127,000
Citizens' military training camps	37,500
Total	584,750

This figure, compared to the 12,037 average of Regular Army officers last year, gives a relationship of 48.5 trainees per officer.

A table appended shows clearly the employment of the officers of the Regular Army and the fallacy of attempting to apply a percentage to the relationship between officers and men.

A second table shows the effect upon the civilian components of the proposed reduction of Regular Army officers.

EXHIBIT A

Regular officer distribution, September 30, 1931

Administrative:		
War Department	525	
Corps areas	337	
		862
Service installations:		
Military attachés	32	
Recruiting	99	
Development, supply, and finance	810	
Sanitation and welfare	926	
		1,867
Civilian components:		
National Guard	466	
Organized reserves	472	
Reserve Officers' Training Corps	715	
		1,653
Schools:		
Staff and faculty	810	
Students	1,379	
United States Military Academy	206	
		2,395
Civil duties:		
Public works	164	
Other civil government	104	
		268
Overseas garrisons:		
Philippine Islands	619	
Hawaii	761	
Panama	384	
Others	112	
		1,876
Troops in United States:		
Mobile forces	2,980	
Seacoast defenses	175	
		3,155
Miscellaneous temporary assignments		57
Total		12,133

EXHIBIT B

Table showing enrollment in civilian components, Regular officers employed, and change effected by a reduction of 2,000 officers

	Enrollment	Regular officers now employed	Enrollment per officer	Enrollment per officer in event of reduction
National Guard	187,000	466	402	804
Organized Reserves	108,000	472	229	458
Reserve Officers' Training Corps	127,000	[1]818	155	310

[1] Includes 102 retired officers.

The CHAIRMAN. The time of the gentleman from Georgia has expired.

Mr. PARKER of Georgia. Mr. Chairman, I ask unanimous consent to revise and extend my remarks to include the balance of this telegram.

The CHAIRMAN. Is there objection?

Mr. BLANTON. Mr. Chairman, reserving the right to object, and I shall not object, notwithstanding the fact that the gentleman objected to my extending my remarks—I never object to any Member extending his own remarks.

Mr. SNELL. Mr. Chairman, regular order.

Mr. BLANTON. I, for one, shall permit the gentleman to extend his remarks.

The CHAIRMAN. Is there objection to the request of the gentleman from Georgia?

There was no objection.

Mr. BLANTON. Under my leave to extend, I insert the following to show that I was under the orders of my Commander in Chief:

WASHINGTON, D. C., *May 22, 1917.*

To the PRESIDENT OF THE UNITED STATES.

MY DEAR MR. PRESIDENT: If I can be used at the front, I stand ready to serve my country. When the question was before the House, I voted to increase the maximum age limit to 45, so that I would be included. I likewise voted to subject Members of Congress to the selective draft, in order that I would not be excluded. I am willing to waive my age and position.

My father enlisted as a Confederate soldier at the age of 16. My great-grandfather, William Walker, of Cumberland County, Va., had the privilege of fighting for his country in the Revolution. My mother's uncle, James Monroe Hill, was a veteran of San Jacinto. My oldest son is not 17, but will be ready to respond when the call of his country makes it necessary.

I stand ready to obey your orders should my services be needed and you should see fit to call on me.

With much respect, I remain, very sincerely yours,
THOMAS L. BLANTON.

I received the following reply:

THE WHITE HOUSE,
Washington, May 23, 1917.

Hon. THOMAS L. BLANTON,
House of Representatives.

MY DEAR MR. BLANTON: Your letter of May 22 does you great honor. I do not wonder that you feel as you do, and yet I want very earnestly to remind you that we are now engaged not merely in creating an army but also in mobilizing a nation to perform

all its functions at the highest pitch of efficiency. Surely in such circumstances it is just as much a man's duty to stay at a post such as you have been assigned to by your constituents as it is for a man to volunteer for an army. I take that view of it with the greatest confidence.

Cordially and sincerely yours,

WOODROW WILSON.

Mr. WRIGHT. Mr. Chairman, I yield five minutes to the gentleman from Indiana [Mr. WOOD].

Mr. WOOD of Indiana. Mr. Chairman, I am reminded of the very sad experience which we had when the Economy Committee presented its bill for the consideration of this committee. In that bill we proposed a saving of practically $260,000,000. By reason of the influence of various groups and individuals interested against the various provisions of that bill—and they were all controversial—it went out of this House with a bare saving of $32,000,000. I am fearful, because of that experience, as to what may happen to this measure.

I wish now, at the outset of this discussion, to call the attention of the committee to the fact that if the amendment proposed by the gentleman from California is adopted, it will add to this appropriation $4,000,000. On the other hand, if it is not adopted, it will result in a saving for this next fiscal year of $4,000,000, and for each year thereafter $20,000,000. [Applause.]

The President of the United States has been quoted time and time again with reference to whether he was or was not in favor of certain provisions of our economy bill, and he has likewise been quoted with reference to this bill. For the purpose of ascertaining his position I called on the President this morning, and he authorized me to say to this committee that he expected and hoped and desired that this bill, when it leaves this House, will carry the reduction of $24,000,000 that is proposed by the committee. [Applause.]

Mr. BARBOUR. Will the gentleman yield?

Mr. WOOD of Indiana. I yield.

Mr. BARBOUR. I would say to the gentleman that we can restore these military activities to the bill, and save more money, if the gentleman will go along on some other amendments which will be offered later.

Mr. WOOD of Indiana. Here is the best place in the world to commence, for right here is where we can save $4,000,000 and not reduce the efficiency of the Army one iota.

True to form, the Army, the greatest lobbying group in all the United States, is trying to hold on to all it has. There has never been a time since the war but what they have been before this body in every session, resisting every attempt to take away from them something, no matter whether it was good or bad.

You gentlemen who were here directly after the war, when we were trying to get some of the automobiles away from them to distribute around among the various departments where automobiles were needed, will remember that we could not get them to give up a single machine, and they were standing around by the thousands at Perryville, Holabird, and other places, going to wrack and ruin, and Congress had to pass a bill to force them to give them up.

Another illustration: Some time ago, by reason of the increased crime in this country and increased demand for penitentiaries and prison camps, the Committee on Appropriations asked the War Department to give up Camp Eustis for a prison camp. General Summerall, then Chief of Staff, absolutely refused to consider it, notwithstanding the fact it was of no use whatever at that time for the Army. Why did they not do it? Because, he said, "We will need it in case of another war."

One of the greatest mistakes we made was in spending millions that were spent in buying great tracts of land for fortification purposes during that war. We should have commandeered them for the period of the war, paid what it was worth, and then turned them back to the owners thereafter. Happily, by reason of the action of the President, an order was issued by him to the War Department to turn over Camp Eustis to the Department of Justice in order to save millions of dollars to the Government of the United States for prison purposes, and it was done.

These are but few of the illustrations that I might give, and you can not tell me that 5,000 American officers are not as good as 5,000 English officers; yet, while 5,000 English officers are officering the army of England, here we have 12,000 for the same purpose.

The CHAIRMAN. The time of the gentleman from Indiana has expired.

Mr. BARBOUR. Mr. Chairman, I yield five minutes to the gentleman from Oregon [Mr. MARTIN].

Mr. MARTIN of Oregon. Mr. Chairman, my distinguished colleague, the gentleman from Indiana [Mr. WOOD], has been harping on the fact—where he got his information is a mystery to me—that the British officered their army with 5,000 officers. The correct figures are that in the Royal British Army, under the Crown, there are, exclusive of air officers, 12,120. In the Royal Air Service there are 3,353, of which 2,000 are assigned to the army. That is the portion of the British Army which is under the Crown. In the Dominion Army in Canada there are 581 officers.

In India there are 5,109. In Australia there are 431. In New Zealand there are 110. In South Africa there are 298. In the Irish Free State there are 500. Those are the regular officers. In addition to that, corresponding to our National Guard, they have their territorial troops. In view of that it is hard for me to understand why this misrepresentation should continue on the floor. But it is not confined to that. You have been led to believe the misstatements made that the 12,000 Regular Army officers we have are for 118,000 enlisted men. That is far from the truth. Any well-informed Member of this House should know better than that.

Mr. SCHAFER. Mr. Chairman, will the gentleman yield?

Mr. MARTIN of Oregon. I yield.

Mr. SCHAFER. Is it not a fact that the Army of France, a country which is too poor to pay even interest on the principal of a greatly shaved war debt, has over 32,317 officers in its regular army?

Mr. MARTIN of Oregon. That is true. We maintain this Army of ours to fight. The general officers of our Army are highly educated. Behind our first line of defense, which is our Regular Army and our National Guard, is the National Army, our great citizen army that will be mobilized in case of war. To provide the officers which are so essential to an army it is necessary that we have the extra activities of the Organized Reserves training in our schools, citizens' military training camps, and various similar activities.

I am not going to go into all that detail, but I ask unanimous consent to put it in the RECORD.

The CHAIRMAN. Is there objection?

Mr. BLANTON. I shall not object, Mr. Chairman.

Mr. MARTIN of Oregon. I thank the gentleman.

There was no objection.

Mr. MARTIN of Oregon. My friend here makes it appear that if you vote to reduce these 12,000 officers, it will cause the promotion of juniors, if you cut off these 2,000 officers. As a matter of fact, it will mean stagnation in the Army, because by cutting off these 2,000 men you rob the juniors of 2,000 opportunities for promotion. It will not mean promotion for the junior officers. It will deaden promotion in the Army.

If you cut off those 2,000 officers, you will withdraw 150 officers from the National Guard, 153 officers from the Organized Reserves, 172 officers on duty with Reserve Officers' Training Corps, 257 officers from special service schools, where they get special training, 110 officers who are students at general service schools, 107 instructors at service schools, 21 instructors at the United States Military Academy, and 42 from the recruiting service, or it will be necessary to withdraw 1,000 officers that are now on duty with the civilian components. We hear very much about General Staff officers in Washington holding the equivalent of $1,800 jobs. The most essential thing to a modern army is a highly educated, technical general staff, and we have 100 highly trained

officers here in Washington, aside from those at the War College, doing general staff work.

It must be emphasized and reiterated that the function of the commissioned personnel of the Regular Army is much more comprehensive than the command of the enlisted organizations of the Regular Army, important as is this function. The national defense act of 1920 definitely adopted one of the two alternatives requisite in the solution of the ever-present problem of reasonable provision for national defense. Rather than to require universal military training or a conscripted standing Army, it adopted the clear-cut policy of providing the machinery for the military training of a portion of our citizenry without diverting them from their regular civilian activities; in other words, it vitalized the National Guard, the Officers' Reserve Corps, the enlisted reserve corps, the Reserve Officers' Training Corps, and the system of citizens' military training camps. The Regular Army officers constitute the essential and indispensable nucleus for this training.

The national defense act of 1920 in visualizing the importance of this function provided for approximately 18,000 commissioned officers. This strength has already been reduced by law to a maximum of 12,402, and the limitations of the annual appropriations have reduced the actual average strength to 12,000. The War Department realizes the extreme importance of the duty devolving upon it under the national defense act and is zealously seeking still to discharge all of these functions to an effective degree, notwithstanding the reduced facilities which have been accorded to it. The minimum number of officers requisite for a reasonably satisfactory accomplishment of these functions is slightly over 14,000. Any reduction, whether it be 1,000 or more or less, from the present strength will seriously disrupt the existing organization and further menace our already gravely weakened preparation for national defense. It will necessitate a curtailment of the training activities above referred to, will make it impossible to maintain the small balanced mobile force necessary for emergency, will involve the discontinuance of the active manning of some (possibly all) of our seacoast defenses at vital points, will prevent the maintenance of adequate garrisons overseas, and will impair the adequate training of officers themselves.

EFFECTS OF REDUCING THE AUTHORIZED NUMBER OF ARMY OFFICERS TO 11,000

The present authorized commissioned strength of the Army is 12,402, and its actual strength on March 31, 1932, was 11,975. This number is not sufficient to carry out the purposes of the national defense act. To reduce it to 11,000 would necessarily force a drastic curtailment of many important activities to an extent which would seriously handicap the operation of the present system of national defense. A preliminary survey of the situation indicates that the following reductions in the number of officers now assigned to the duties mentioned below would have to be made:

Activity	Number of active officers to be withdrawn	Per cent of present number
Duty with National Guard	150	35
Duty with Organized Reserves	153	35
Duty with Reserve Officers' Training Corps	[1]172	35
Students at special service schools	257	35
Students at general service schools	110	35
Instructors at service schools	107	25
Instructors at U. S. Military Academy	21	10
Recruiting duty	[2]42	50
Total	1,012	

[1] 102 retired officers also withdrawn.
[2] 20 retired officers also withdrawn.

A consideration of the foregoing tabulation shows the following:

NATIONAL GUARD

More than one-third of the Regular Army officers now engaged in assisting in the training of the 12,000 officers and 175,000 enlisted men of the National Guard would be withdrawn.

ORGANIZED RESERVES

The Organized Reserves, containing 103,000 reserve officers, will be the principal reliance for commissioned personnel in the event of a national emergency. More than one-third of the Regular Army officers who are now assigned to the instruction and training of this force would be lost.

RESERVE OFFICERS' TRAINING CORPS

The Reserve Officers' Training Corps, with a strength of 127,000, is the principal source of replacements for the Officers' Reserve Corps. Not only would 172 of the active Regular Army officers who are now on duty with this activity be withdrawn but the services of 102 retired officers would also be lost.

ARMY SCHOOL SYSTEM

Four hundred and seventy-four officers would have to be withdrawn from the Army school system, including the general and special service schools. It is in this school system that regular officers receive that theoretical instruction in modern warfare which is so essential to the maintenance of their efficiency and their ability to perform their rôle in national defense.

UNITED STATES MILITARY ACADEMY

The instructing personnel at the United States Military Academy would be reduced by 21, with a resulting harmful effect upon the efficiency with which that institution can be conducted.

RECRUITING SERVICE

A loss of 42 active and 20 retired officers from the force now engaged in recruiting duty would seriously cripple that activity.

Mr. WRIGHT. Mr. Chairman, I yield five minutes to the gentleman from South Carolina [Mr. McSWAIN].

Mr. McSWAIN. Mr. Chairman, if my amendment, which proposes to favor officers on the basis of their relative efficiency rather than the arbitrary standard of age, is agreed to, I will support the bill. [Applause.]

It is manifest that the measure of age is no test as to the efficiency or efficacy of anyone, in the Army or out of it. Army officers are rated in three groups, satisfactory, excellent, and superior. If you take 2,000 officers out by an arbitrary, indiscriminate line the assumption is that you will take out one-third of the 2,000 who are superior, one-third who are excellent, and only one-third who are merely satisfactory, which is the bare passing mark to escape the B Board. It seems to me, then, too obvious for argument that in this particular the amendment ought to be agreed to.

There are two other features in my amendment that I must hurry briefly to call your attention to. First, it excludes from this removal proposition every officer of the Air Corps, irrespective of any discretion in the chief, as is proposed by the bill. The Air Corps is already 393 officers below authorized strength. Anybody who thinks a moment realizes the great importance of that new weapon of war. We must fill that up as soon as possible.

The next suggestion of my amendment is that the officers of the Judge Advocate General's Corps shall also be excluded from the operation of this provision of the bill. The other day when the matter first came up a gentleman sitting right behind me, when attention was called to the fact that the bill that is pending would take out 50 of the 84 officers in the corps of the Judge Advocate General, made a derisive remark to this effect: "Do these lawyers fight?"

No; they did not fight, but let me tell you, Members of Congress, that they are a very important factor of this department of the Government. Of the 84 in that department, all but 5 had civilian practice before they were commissioned in the Army. They were lawyers like you and me. They have most important problems to pass upon. They pass upon all legal questions with reference to insular affairs; all legal questions with reference to the Panama Canal; all contracts for supplies; all purchases of real estate and the sale of real estate; the leasing, by contract, of warehouses and Army bases; and last—and I call your especial attention to this—the review and consideration of the administration of military justice. I submit to you that a

lawyer who has practiced law in our civil courts is better prepared to administer military law with civilian justice than a lawyer who has never practiced except in the military courts. If you take these lawyers out, they will be supplanted by officers transferred from the line who have never tried a case in the civil courts, who have been in the Army all their lives, have the militaristic point of view; and they are not able to properly appreciate the point of view that you and I realize is so indispensable in the sane administration of military justice. [Applause.]

These officer lawyers who were lawyers in civil life before entering the Army will and do temper military justice with civilian mercy.

The purpose of my amendment is to meet, as far as possible, the present demands of economy, and ultimately to promote the efficiency of our defense forces. The proposal to reduce the line officers and to make the reduction upon the basis of efficiency and fitness, rather than the arbitrary basis of age, ought to meet the two requirements of economy and efficiency. If conditions are not improved, when we come to consider the appropriation bills next year, we may then find it necessary further to reduce in other items the expenses of the Army. If conditions shall have improved, and we sincerely hope they shall, then we can reasonably expect to increase the strength of the Army, by filling up the Air Corps, and otherwise.

My amendment proposes to exclude the Air Corps from any reduction whatsoever, for the reason that the Air Corps is now 393 officers below its authorized strength, as contemplated by the 5-year program. There may be relatively inefficient officers in the Air Corps, but if there are, they will automatically eliminate themselves. We have now more than 600 graduates of the flying school, all of whom are well trained and qualified pilots, but they can not be commissioned in the Air Corps because all vacancies heretofore existing on the promotion list have been filled by the graduates from the Military Acadamy.

I hope that it will be possible soon to take into the Army enough graduates of the flying school to complete the authorized strength of the Air Corps, and also to commission some enlisted men from the Army, and choice graduates of recognized military schools and highly qualified young men from the National Guard, as contemplated by the national defense act.

The method proposed by the bill of removing the older officers in each of the respective grades is purely arbitrary, and will not permanently relieve the "hump," and will not bring about a gradual and uniform flow of promotion in the Army. There will be a temporary advancement in each of the grades to take the places of the older officers eliminated, but by eliminating these older officers you will remove the very class of officers who would first be retired either for disabilities incident to age or by reaching the age limit. Also, to remove by the arbitrary fact of age will mean that at least two-thirds of those removed are superior and excellent officers. Officers are classified as superior, excellent, and satisfactory, and those classified as unsatisfactory are eliminated by the class B route. It is a fair assumption that of a given 2,000 officers one-third are superior, one-third are excellent, and one-third satisfactory. My proposal to remove by the standard of efficiency and merit, as disclosed by existing War Department records, would preserve to the service all superior officers and all excellent officers and eliminate only those who made the passing grade of satisfactory.

My amendment also proposes to exclude from removal the officers in the Department of the Judge Advocate General. The 84 officers in this department are all former lawyers practicing in civilian life, with the exception of 5 who have been transferred from other branches of the service. These law officers have a very responsible task. Their opinions control the action of the War Department in all insular matters, such as the Philippine Islands, Hawaii, and Porto Rico; in the Panama Canal matters; in all matters relating to the purchase and sale of real estate and the leasing of real estate, including warehouses; and also in reviewing judgments of courts-martial in the administration of military law. I submit that it would be a most serious mistake to deprive the War Department of the services of these seasoned and trained lawyers and to fill up that department with line officers transferred into the Department of the Judge Advocate General without any previous experience or training in civil law. Thus the War Department would be almost at the mercy of skillful and able lawyers representing private interests against the Government.

We Members of Congress who do not understand nor fully sympathize with the militaristic attitude of officers who, while still boys, were taken into the military system would contemplate with indignation and disgust the administration of military justice by officers of this type. The present personnel of the Judge Advocate General's Department, being lawyers with experience in civil life, can and do temper military justice with civilian mercy. These officers do not become inefficient with age. They are not subjected to the rigors of field service; they should be well able to serve the Government until they are 64 years old. I think one of the best lawyers at my home bar is over 70 years of age and still does as much work as he ever did.

My amendment proposes that the President shall select the general officers to be removed. The committee bill contemplates that the general officers shall select which general officers shall be removed. It may well be that some of the general officers on the board convened under the provisions of the committee bill should be removed, but it is not human to expect that they would remove themselves.

The board, under my amendment, is limited absolutely to five of those general officers to remain after the President has selected those to be removed. A board of more than five would be too large for efficient service. Centralize power and localize and individualize responsibility and we will get quicker and better service.

My amendment permits any officer to be retired on his own application prior to September 1, 1932, and I have heard that there are several officers who would gladly avail themselves of this privilege, and probably there are many who would. All these provisions of my amendment contemplate higher efficiency, so that a reduced number of personnel will, on the average, accomplish more work.

Then, finally, my amendment proposes to protect the board of five general officers against interference and undue influence. Some may argue that my proposal to eliminate on the basis of efficiency ratings and physical fitness, as shown by the records in the War Department, may lead to favoritism. The records are now in the War Department and can not be altered. When five general officers gather around a table, with the records in front of them, it is not humanly likely that all five officers will agree at the same time to an unfair and an illegal thing by ignoring the records. But my amendment proposes to erect a criminal barrier against those, whether in the Army or outside, whether in Congress or outside, who shall seek to project any influence whatsoever into the deliberation of that board.

The general officers should understand that this penal proposal is not aimed at them, but is aimed for their protection from annoyance, from irritating interference, and time-taking interviews and correspondence. If I were to be on the general board, I would thank Congress to save me from these annoyances.

If my amendment as to the method of selecting the officers to be removed be agreed to, I will then, in this emergency, vote for the reduction of 2,000 line officers. When economic conditions improve, it will then be our duty, first, to fill up the Air Corps from the choice graduates of the flying school. Next, we should give a real opportunity in fact for able young men to rise from the ranks, and from the National Guard, and to honor graduates from our best military schools and colleges.

Mr. BARBOUR. Mr. Chairman, I yield five minutes to the lady from California [Mrs. KAHN]. [Applause.]

Mrs. KAHN. Mr. Chairman, this section in this bill seems to me to be a deliberate attempt to weaken our national defense. The preamble of the Constitution says, among other

things, "to insure domestic tranquility and to provide for the common defense, we do ordain and establish this Constitution."

There are some economies which are far more expensive than any extravagances, and any attempt to weaken our national defense is one of these economies.

The military policy of the United States from the beginning of the Revolutionary War down to and including the declaration of war against Germany in 1917 was characterized, first, by the entrance of the United States into the war without an army with which to fight the war; second, the organization and development of the war army during the progress of the war; and third, the breaking up of the war army immediately following the conclusion of the war.

In 1916 the first step was taken to enunciate a comprehensive military policy based purely upon American principles, and only in the national defense act in 1920 do we have for the first time a well-developed and well-planned military policy, which for all time we had hoped would insure domestic tranquillity and provide for the common defense. The act of June 4, 1920, provides the machinery for the national defense. It provides a plan which is adequate, fully comprehensive, and effective. It provides for an army whose character is defined by its three components, a small Regular Army, a National Guard, and an Organized Reserve. In peace times these national defense organizations are highly skeletonized, only the bare framework being in existence, but the plan provided by the act of June 4, 1920, was so perfected that every part of the skeleton fits into its appointed place and can be expanded in the most orderly manner and with comparatively little delay. But how are we living up to the provisions of the national defense act? Congress, given this comprehensive and adequate plan for the national defense of this great country of ours, has not carried out the full provisions of the act, but has pared and scraped, economized, and cut down, and the present Congress threatens to further weaken this arm of our defense beyond repair.

Let us live up to the provisions of the national defense act, for who can tell when the crucial time may come that this deliberate weakening of our whole scheme of defense may spell the difference between victory and defeat? Not only from without but from within should we build up a scheme of defense.

The following letter, which is in this morning's RECORD, was written to Hon. JAMES L. WHITLEY by Gen. Douglas MacArthur, Chief of Staff, in answer to a query of his, and in order to call it again to the attention of the House I am going to read it here:

WAR DEPARTMENT,
OFFICE OF THE CHIEF OF STAFF,
Washington, D. C., May 9, 1932.

Hon. JAMES L. WHITLEY,
House of Representatives.

MY DEAR MR. WHITLEY: Replying to your inquiry wherein you ask if any reports have been received at the War Department in reference to communistic meetings in your district, I beg to advise you that the following message has been received in reference to a meeting held Friday evening, May 6, showing that the communists of that section are taking an active part in fighting the pending Army appropriation bill. I give you the message in full, as follows:

"Smith Street communist meeting held Friday evening, May 6, was jubilant at the prospect of probable cut in military budget.

"Miss Gertrude Walsh (Welch) addressed the meeting and urged the sending of more fictitious telegrams signed Jones, Wentworth, Adams, Brown, Douglas, etc., to Members of Congress.

"Communists here are preparing special posters showing red flag of victory to celebrate the destruction of the Army of the United States."

Very sincerely yours,

DOUGLAS MACARTHUR,
General, Chief of Staff.

[Here the gavel fell.]

Mr. WRIGHT. Mr. Chairman, I yield five minutes to the gentleman from Alabama [Mr. HILL]. [Applause.]

Mr. HILL of Alabama. Mr. Chairman, the gentlewoman from California says that in her judgment this effort to reduce the officer personnel of the Army by some 2,000 is a deliberate blow at the national defense. I very sharply disagree with that opinion, and I believe that if this House will adopt the amendment offered by the gentleman from South Carolina [Mr. MCSWAIN] and reduce the officer personnel by some 2,000 it will take a great step in behalf of the efficiency and the morale of the Army and consummate a wonderful movement toward the improvement of the defense of this country. [Applause.]

There are three things, gentlemen, which make up the morale of the officer and make for the efficiency of your Army. First, promotion; second, pay; and, third, housing. Of these three elements the one which contributes most to the morale is promotion. If you hold out to a man the hope of reward through advanced rank, he is willing to undergo all kinds of privations and all kinds of hardships, but if you close to him the door of advancement, the opportunity for promotion then and there you stifle and kill his morale. The removal of some 2,000 officers from the present officer list of the Army would remove the stagnation which now exists on that list, and would remove the impediments which prevent a normal flow of promotion in the Army.

Some time ago the Secretaries in charge of the different departments of our national defense appointed what is known as the Interdepartmental Pay Board. This board had as its chairman and representative from the Army Brig. Gen. G. S. Simonds, a member of the General Staff.

This board made a thorough and a complete study of the promotion list of the Army and of the opportunities for promotion offered to the individual officer. It made a most illuminating report in which it called attention to the fact that some one-half of the officers now on the promotion list of the Army came into the Army within a period of less than 18 months, and that nearly all of these officers are about the same age. Under normal conditions the admission of this large number of officers should have covered a period of some 15 or 20 years. As a result of all of these officers coming in within so short a period of time, and of all of them being about the same age, this interdepartmental board says that there has come about a disastrous effect upon the morale of the Army and that this condition has a direct influence on the efficiency with which the Regular Army can be expected to fulfill its mission in national defense. The board goes on to say that not only does this condition seriously impair the efficiency of the Army, but that it will entail constantly increasing cost upon the Government and the Treasury. Then it concludes by saying that there must be compulsory removal of a number of officers if we are to have the morale in our Army that we must have to have effective and efficient national defense. [Applause].

[Here the gavel fell.]

Mr. COLLINS. Mr. Chairman, I yield the gentleman from Alabama two additional minutes.

Mr. MCMILLAN. Will the gentleman yield? I would like to ask the gentleman whether they are promoted by efficiency or by seniority?

Mr. HILL of Alabama. To-day, the officers are promoted by seniority. They go up by seniority and efficiency does not enter into promotion.

The finest statement I have ever heard before your Committee on Military Affairs during my term of some eight years on that committee was a plea by that great soldier and splendid gentleman, General Summerall, for the Congress to do something to relieve the Army of this stagnation in its promotion lists, a plea by General Summerall to you, through your committee, to eliminate if need be these officers and to bring about that normal flow of promotion which we must have if we are to have an efficient army in this country. [Applause.]

For days and for weeks your committee has in the past held hearings on this question and, always, the hearings inevitably led your committee to the conclusion that there was but one thing that could be done and that was to remove some 2,000 officers from the promotion list. [Applause.]

If you, in your personal contacts, will talk to individual officers in the War Department, talk to them in confidence, there is scarcely one of them who will not tell you that the

great detriment to the Army to-day is the stagnation in promotion, and that the Army has at least 2,000 officers who ought to go off of the promotion list. [Applause.]

[Here the gravel fell.]

Mr. CLAGUE. Mr. Chairman, I yield five minutes to the gentleman from Michigan [Mr. CLANCY].

Mr. CLANCY. Mr. Chairman, I have always been an advocate of adequate national defense and, therefore, I am opposed to cutting off the heads of these 2,000 officers; I am opposed to the very severe slashes in the appropriations for the reserve officers and for the citizens' military training camps and for the Reserve Officers' Training Corps.

Of course, our primary danger is from the outside, from a foreign enemy that might attack, but I wish to emphasize that we to-day face domestic dangers. In my city, I was caught in a riot of communists and I saw 1 or 2 fellows, unarmed, attack 8 or 10 policemen who had clubs and were armed.

When I have 150,000 men in my city who have been out of work for nearly two years and who have 700,000 women and children dependent upon them who are absolutely desperate, I would not be a bit surprised to see street fighting in my city next winter, unless times improve, on a scale such as you have seen it in some of the Russian cities.

When you train these high-school boys in the citizens' military training camps and when you train your college boys in the Reserve Officers' Training Corps camps, and when you take the men of middle age who are in the Reserve Officers' Corps and give them training and give them lectures in patriotism and fortitude, you are building up a line of defense against forces in this country which are a real menace.

I have attended these camps in Michigan. We have 3,000 reserve officers. We have 1,600 at the citizens' military training camp at Battle Creek, and we have 3,300 applications. These boys and youths can not afford to take this training unless they get some assistance from the Federal Treasury.

Mr. MARTIN of Oregon. Will the gentleman yield?

Mr. CLANCY. I yield to the gentleman from Oregon.

Mr. MARTIN of Oregon. Does the gentleman realize that, under this bill, the great cut of 2,000 officers are the fine emergency officers that we had in our training camps at the outbreak of the war, and also the old noncommissioned officers in the Army at that time and have spent their lives in the service?

Mr. CLANCY. That is why I am against that provision.

Mr. MARTIN of Oregon. I have noticed on this floor a tendency to minimize the service of officers. I am afraid some of our Members think only of the enlisted men. Is the gentleman familiar with the losses in battle during the World War?

Mr. CLANCY. No; but I would like to have that list.

Mr. MARTIN of Oregon. I will give it to you. These are the battle losses of the American Expeditionary Forces. This is the list of the killed and those who died of wounds per 1,000 engaged:

Enlisted men, 24.5 per cent; emergency officers, 21.6; regular officers, nongraduates, 25.7; regulars, graduates of the United States Military Academy, 42 per cent.

The heaviest losses of the war in any grade were first lieutenants, graduates of the United States Military Academy, 195.1; captains, graduates of the United States Military Academy, 54 per cent; enlisted men, 24.5.

Mr. CLANCY. The gentleman from Oregon said he had a secret that he was going to give us about the national defense. I wonder if he cares to give it to us now.

Mr. MARTIN of Oregon. We have a General Staff in the War Department that——

Mr. CLANCY. I emphatically agree with the statement of the gentleman from Oregon, General MARTIN, that one of the serious features of cutting off the heads of these 2,000 Army officers is that it will cripple the reserve forces of the Nation.

These Army officers are assigned to help train the 3,000 reserve officers of Michigan, who have one 14-day period of training each year with pay and who serve 200 hours without pay during a 5-year period. The president of Michigan Reserve Officers' Association is Maj. James E. Murphy, who appeared before the subcommittee of which Mr. COLLINS is the chairman when the appropriations were being considered, and who protested against cuts which would be so heavy that they would destroy the Reserve Officers' Association.

The citizens' military training camps in Michigan are a great success. One camp is at Battle Creek and is known as Camp Custer, the other is Fort Brady at Sault Ste. Marie. The one at Camp Custer provides yearly for 1,600 high-school boys, but through hard work the reserve officers have drummed up 3,300 applications for this camp. Here young men are given not only military training but character training and are taught to be honest, and above all they are inculcated with fortitude and patriotism.

The Reserve Officers' Training Corps for college men is another worthy institution which is a vital factor in our national defense.

Major Murphy has escorted me to the field and quarters of the reserve officers in Wayne County. These officers have obtained 300 acres of land, with a large building and stables thereon, for which there is no Federal appropriation. The reserve officers pay $500 per month out of their own pockets for the maintenance of this training camp.

I emphasize again that the reserve forces of the United States must be maintained not only for national defense against foreign aggressors but as a first line of defense in case there are riots and disorders and attempts to overthrow the Government by mobs in some of our larger cities.

One violent mob, if not quickly controlled, could do enough damage in any large city to offset the entire cost of training these reserves of boys, youths, and men for one year.

The drastic cut of the appropriation of the Officers' Reserve Corps can mean but one thing: It is the end of the corps for the time being.

Reserve officers are required to provide themselves with uniforms and other equipment at considerable expense to themselves. Now they are asked to contribute 14 days of their valuable business time without pay. If such a situation comes to pass it is doubtful if any officer will agree to attend a training camp this year.

It must be remembered that the reserve movement is a voluntary one, and should it be neglected the project will be seriously handicapped. The reserve officers give freely of their time for several months each year attending schools without pay.

This country must have trained officers in time of war. Officers must be trained in time of peace for this duty and can only be so trained by attending schools without pay. They only receive pay now for the 14 days in camp once in every three or four years.

I include as my own remarks a memorandum handed to me by Major Murphy.

ARGUMENTS IN FAVOR OF RETENTION IN BUDGET OF AMOUNT FOR 14-DAY TRAINING PAY AND ALLOWANCES OF ORGANIZED RESERVE

1. This is a national defense item, included in the Budget for the fiscal year 1933, approved by the President. Therefore, attempts to eliminate it can be regarded as nothing but endeavors to hamstring the entire national defense project.

2. The Chief of Staff of the Army, in the hearing before the House Subcommittee on War Department Appropriations, expresses his opinion that the training of reserve officers is absolutely essential. Reductions in the appropriations which would hamper training would be as severe in their effects on the efficiency of our Army as a disastrous military campaign.

3. Elimination of training pay and allowances would deprive the majority of reserve officers of the opportunity to take active-duty training, because their financial condition will not permit them to make the sacrifice. This will be readily recognized by a consideration of the following factors:

(a) The average tour of active duty for the Organized Reserves is but once in three years for each reserve officer.

(b) Ninety per cent of the reserve officers receiving active duty with pay and allowances are below field grade (under the grade of major).

(c) The great majority of them are in moderate circumstances. They comprise, in the main, the following classes:

(1) Younger professional men who have not yet reached the peak of their earning capacity;

(2) Small tradesmen, merchants, and business men who are not yet solidly established; and

(3) Employees working on a salary basis.

(d) These men do not, as a rule, receive any compensation from their usual sources of income during the time they are at camp. If they are professional men, they must arrange to turn over the affairs of their clients or patients to colleagues while they are away. If they are small tradesmen, merchants, or business men, they must pay some one to operate their business or look after their affairs while they are away, or close up shop and suffer the consequent loss of business and good will. If employed on a salary basis, they must sacrifice either two weeks' pay or their regular vacation period.

4. The amount of money drawn by the average reserve officer as active-duty pay every three years does not come to more than $126 for each 14-day period of active duty. This amount does not cover the expense to which each reserve officer is put in procuring and maintaining his military equipment.

5. The Navy supply bill, recently passed, did not deprive Naval Reserve officers of their pay and allowances while on active duty. It would be neither sensible nor just, therefore, to discriminate against reserve officers of the Army.

The CHAIRMAN. The time of the gentleman from Michigan has expired.

Mr. COLLINS. Mr. Chairman, I yield 10 minutes to the gentleman from New York [Mr. LAGUARDIA].

Mr. LAGUARDIA. Mr. Chairman, I would much prefer to hear arguments against the present bill based on the merit and the one purpose of a United States Army, viz, national defense. This is no time and not the place to create fear and class hatred.

I do not believe that the opponents of the bill are strengthening their case in their constant repetition that the Army is needed to solve the unemployment situation. I do not believe that the constant warning of domestic unrest has any bearing on the question before us. My God, I want to get work and bread for the American workman and not bayonets and bullets. [Applause.]

Another argument that is constantly made is that the retirement of 2,000 officers will impair the national defense. I do not believe there is a man in this House that believes any such statement. Talk to any Army officer privately and confidentially and he will tell you of the various humps in various grades which are retarding promotion by superannuated officers who should be retired.

The elimination of 2,000 officers will in no way weaken the national defense, and all this talk about this Government neglecting the national defense I do not believe can be borne out by the figures.

We had during the last fiscal year in the Regular Army—and if I am wrong I want some one to correct me—we had in the Regular Army 118,750 men and 11,822 officers. We had in the National Guard 12,943 officers and 202 noncommissioned officers and 171,226 enlisted men. There were 117,423 students receiving regular military training in the various educational institutions of the country. These students are armed, uniformed, and trained by the United States Army.

We had in the citizens' military training camps 37,500 and in the Reserve Officers' Training Corps we have 110,000 trained officers, excluding the National Guard officers. Therefore we have now in active military service subject to call 579,866 men and officers.

Mr. CHIPERFIELD. Mr. Chairman, will the gentleman yield?

Mr. LAGUARDIA. Yes.

Mr. CHIPERFIELD. It may not be important, but the gentleman has overlooked the fact that we have also 6,500 Philippine Scouts—not a large number, but for the sake of accuracy I think they should be considered.

Mr. LAGUARDIA. I thank the gentleman. It has been suggested, however, that in our economy plan they will be eliminated. The total appropriation in this bill for military activities, excluding the Panama Canal and nonmilitary activities, amounts to something over $281,000,000. I submit it is hardly fair to suggest even that Congress is in any way neglecting the national defense, with an enormous budget of over $281,000,000. In amount I think that is more than the military budget of any other country.

Mr. McCORMACK. Mr. Chairman, will the gentleman yield?

Mr. LAGUARDIA. In a moment. The gentleman from California [Mr. BARBOUR] a few moments ago made the point of order on the bill, based on the fact that the provisos did not show retrenchment. As soon as that was disposed of, the gentleman from California offered an amendment striking out the provisos which would eliminate 2,000 officers, but increases the appropriations over $4,000,000. If there has been any doubt that the bill does not in and of itself bring about economies, and therefore is a retrenchment within the meaning of the Holman rule, I think that action on the part of the gentleman from California disposes of the doubt. Further, I do not think it fair when a Member happens to go along with the committee in these times of economic stress and votes with it for the sake of economy, that he should immediately be branded a radical and grouped as being against adequate defense. I do not believe that is conducive to good, sound legislation. I submit that if any Member of this House could talk confidentially with any of the experienced officers or any of the line officers of the senior grade, without exception he would be told that the elimination and retirement of these 2,000 officers will not in any way disturb the efficiency of the Army.

Mr. MARTIN of Oregon. Mr. Chairman, will the gentleman yield?

Mr. BACON. Mr. Chairman, will the gentleman yield?

Mr. LAGUARDIA. Yes.

Mr. BACON. I have discussed that very matter with a great many of the most efficient staff officers of the Army within the last week, and they are unanimous that this will absolutely impair the efficiency of the Army.

Mr. LAGUARDIA. And all that we have been hearing for the last four years is to get rid of the hump.

Mr. BACON. This will not get rid of the hump. It will make it worse.

Mr. LAGUARDIA. Oh, no; the gentleman is in error there.

Mr. BACON. That is the opinion of the staff of the Army.

Mr. LAGUARDIA. The General Staff itself offered a promotion bill that would promote groups regardless of any military demand or necessity.

Mr. BACON. Oh, no.

Mr. LAGUARDIA. Oh, yes; they wanted to bring everybody up. Promotion rather than efficiency seems to be the order of the day.

Mr. BACON. Oh, no; it was entirely different.

Mr. MARTIN of Oregon. I know the gentleman is perfectly fair, and therefore I would not want him to create a wrong impression. I disagree with the gentleman absolutely, and I know the conditions do not exist that the gentleman reports.

Mr. LAGUARDIA. On that we disagree. Another thing I want to point out is the fact that the committee says these men are dropped. No such thing. You gentlemen know that when they are on the retired list they are subject to call at any time in an emergency and also that they are subject to call for various duties with their consent. More than that, they are not dropped at all. Certainly, they are not dropped in the cruel, ruthless way that Congress dropped 700 employees in the Department of the Interior, throwing them out on the streets on July 1. These men go on the retired list for 75 per cent of their active pay, which means 75 per cent pay and fogies.

Mr. KVALE. When the gentleman speaks of these men being dropped, does the gentleman have in mind the proposal embodied in the proposition of the gentleman from South Carolina [Mr. McSWAIN]?

Mr. LAGUARDIA. Yes. That is based on efficiency. I am sure the gentleman from New York [Mr. BACON] has confidence in the staff officers to whom he has just referred, who are going to make the selections. I want to point out, without criticism, that the plucking of these officers is to be made upon the ground of military efficiency, and there is no disgrace about being placed on the retired list under those circumstances.

Mr. BACON. Is the gentleman talking about the bill as it is at present, or as it would be with the McSwain amendment added?

Mr. LaGUARDIA. I am talking about it with the McSwain amendment which we are going to adopt in a few minutes. That being so, how can there be any justification for opposition to the bill, when we establish that these 2,000 men to be put upon the retired list with 75 per cent of their active pay, which means pay and longevity, subject to be called in an emergency, shall be selected on an efficiency basis? [Applause.]

The CHAIRMAN. The time of the gentleman from New York has expired.

Mr. BARBOUR. Mr. Chairman, I yield 10 minutes to the gentleman from Maine [Mr. BEEDY].

Mr. BEEDY. Mr. Chairman, I think it is always unfortunate to attempt to quote the President of the United States in this Chamber from memory of a conversation. The gentleman from Indiana [Mr. WOOD] has had vastly wider experience in this Chamber than I, but I must say that his attempt to repeat something that he alleged the President said came as a distinct shock to me. I immediately checked up on the facts, because I think this House ought to have them. The facts are as follows: The Secretary of War, Mr. Hurley, came before this Subcommittee on Appropriations and stated unequivocally that he could save not $24,000,000 but $34,000,000.

Mr. COLLINS. Will the gentleman yield? The gentleman is mistaken about that.

Mr. BEEDY. No. Let me state these facts, and if I am wrong I will yield to the gentleman.

The position of the President is that $25,000,000 must be saved and ought to be saved, but that the War Department ought to have the right to say where that cut should come; that it should be made in such manner as not to cut into the very heart of the national-defense program. There the President stands. [Applause.]

Mr. COLLINS. The gentleman is still mistaken.

Mr. BEEDY. Well, I am not mistaken, if the gentleman will pardon me. That is what the Secretary of War said before the gentleman's committee. Furthermore, I am not mistaken as to the stand of the President.

Now, the War Department does not sanction this cut of 2,000 officers. I confess that I know all too little about the details of Army tactics and the science of Army maneuvers. I regret I have been unable to give, in service along those lines, but there is no one here more earnest to do the safe and right thing at this time than I am. I can not bring myself to see that it is in the interest of economy in the slightest degree to cut the vitals out of this system of our defense. That is just what will result if you scale down the number of officers, cut out the Reserve Officers' Training Corps and the citizens' military training camps.

The gentleman from Alabama [Mr. BANKHEAD], for whom I have as high a degree of respect as for any man in this House, asked me the other day if I could not give the House some information as to the proportion of officers to men in our Army as compared with other armies. I now have them. I will give them to the committee, and these figures I am about to quote are taken from the armament yearbook of the League of Nations.

Let us take first the army of Great Britain. She has a force of 363,591 regular enlisted men. She has a total of 20,166 regular officers, or 1 officer to every 18 men.

France has a total of 422,465 regular enlisted men and 30,270 regular officers; 1 officer to 14 men.

Mr. COLE of Iowa. Are these figures for the regular army?

Mr. BEEDY. These are the regular officers and the regular enlisted men.

Italy, regular enlisted men, 491,398; regular officers, 22,137; almost twice as many officers as this great country of ours has. One officer to every 22 men.

Japan, 266,248 regular enlisted men, 17,343 regular officers; 1 officer to 15 men.

Poland, 265,980 regular enlisted men; 17,090 regular officers; 1 officer to 15 men.

Germany, stripped of her defense under the treaty, has 194,900 regular enlisted men—a great deal more than we have—and 4,291 regular officers; 1 officer to every 22 men.

Now, it seems to me the House misses the entire point of our plan for national defense. We had two choices when we passed this law in 1920. We could have adopted a policy of conscription and kept a regular army up to war strength. In such case the ratio of officers to men melts proportionately. We might also have set up a trained army of professional soldiers and maintained it up to war strength. In such case the officer proportion fades away proportionately. However, we would have none of those systems.

We decided to set up the mere skeleton of a standing army, and set up a reserve army. Because we have this great reserve army, and only a small standing Army, we necessarily have a higher proportion of officers to actual enlisted men in time of peace. We have 1 officer to 10 men.

But what are the plans in the War Department? In times of national emergency we plan to put 6 field armies, or 4,000,000 men into action. Who will lead those men? We have our 12,000 regular officers, unless you cut them down to 10,000. We have 13,000 regular officers in the guard. We have 80,000 available officers in the reserves, and then altogether we have only 105,000. The Army experts tell us we need 250,000 officers to lead 4,000,000 men in the field. Then we must get 145,000 more officers from somewhere.

Now, you need not accept my judgment. Let us listen to men who know what they are talking about—General Summerall, than whom no finer officer was ever in our Army, and he comes from that great section of our country which we call the South. He said that in peace times we can not carry out the purpose of this defense act with less than 14,000 officers.

What did Napoleon say? Napoleon said, "There is no such thing as a bad army; only bad officers."

What did General MacArthur say before your committee as to the necessity of this officered strength? He said, "The Army can live on short rations, it can be insufficiently clothed and housed, it can even be poorly armed and equipped, but it is doomed to destruction without the trained and adequate leadership of its officers."

Now, those are the facts which this House faces, and this House can do with this Army appropriation bill what it will. I do not believe the fate of the Nation hangs on whether we have 10,000 or 12,000 officers in peace times, but I do think that in the end it will prove a very costly experiment if we vote this cut in our officer force.

I feel very deeply about this thing. I face opposition in the coming elections the same as other Members, and I lay myself open to criticism, misunderstanding criticism, of people who will not take the facts first and then pass judgment later. I am anxious for economy, wise and prudent management, but I beg of this House not to slash this appropriation bill and cut 2,000 men from our peace-time officer quota.

I regret that my friend, the gentleman from Indiana [Mr. WOOD], is not present. He said last Tuesday that the cost of maintaining our Army had increased three times since 1915. That is not the fact.

The average cost of supporting the other departments of the Government since 1915 has increased 413 per cent, but the cost of supporting our Army since 1915 has increased only 152 per cent. Assuming that it had increased 300 per cent, let my friend the gentleman from Indiana go back to the veterans in Indiana who fought this last war and ask them if in 1918 they had only one-third of the officers necessary to lead them under German fire. Oh, they had barely a tenth of the needed trained officer leaders, and they paid for such lack of leadership in unnecessary and regrettable loss of life. [Applause.]

[Here the gavel fell.]

Mr. COLLINS. Mr. Chairman, I yield 15 minutes to the gentleman from Georgia [Mr. WRIGHT].

Mr. WRIGHT. Mr. Chairman, I wish to preface the few remarks I shall make with some words of explanation. To begin with, I am not now, never have been, and never expect to be a pacifist as that word is construed throughout our country to-day. In the next place, I have always maintained that we should have adequate and reasonable defense for this country and have always supported appropriations for this purpose. I am proud of our American Army. I have high admiration and high respect not only for the Regular Army and its officials but for the civilian components of our Army. With this preface, I would like to talk a little about some of the features of this bill on which the heaviest attacks are made.

It is a little amusing to me to see how excited my friend the gentleman from Oregon, General MARTIN, gets about this matter, and General CHIPERFIELD, General Goss, and the others. I can not name them all, but those are the ones who have been loudest, I believe, in their protests against some provisions the committee has seen fit to insert in the bill. Gentlemen, that is all easily explainable to me. They are excellent gentlemen; they are splendid Representatives; they are patriotic citizens. My mother told me when I was a little boy the way things looked depended upon the kind of glass through which one looked. In other words, if you looked through a green glass, everything looked green; if you looked through a blue glass, everything looked blue. The life work of my good friend here, the gentleman from Oregon, has been that of a professional military man, which is not to his discredit. He is to be commended for it. However, when one spends a lifetime in the military profession, one does not see except through a military glass. My friend can not appreciate the position of the civilians in the United States and the fact that hunger and want are stalking over this great country of ours. [Applause.] He is looking only at the military aspects of the problem.

Mr. MARTIN of Oregon. I was enough of a civilian to carry a good strong Republican district as a Democrat. I have not spent all my life in the military service; I have seen a little bit of politics.

Mr. WRIGHT. The gentleman has just lately entered this game, and has not learned much about it yet, but I think the gentleman will. [Applause.]

This appropriation bill was drawn by a subcommittee of five Members, composed of gentlemen from California, Minnesota, Mississippi, Arkansas, and the humble Member from Georgia who now has the floor. We had no fights in that committee about the drafting of this bill. Everything was harmonious, even though the members of the committee perhaps did not see all things alike. True, when we inserted some of these provisions my good friend, the gentleman from California [Mr. BARBOUR] said he was not in accord with them. He had a right not to be. When the subcommittee reported this bill to the full committee we had no difficulty in particular—had no friction—and I want to say that I believe my friend BARBOUR was the only Member who really made a reservation, as we call it, to this bill when it was before the full committee.

Now, what are we doing by the terms of this bill?

Mr. SNELL. Mr. Chairman, will the gentleman yield?

Mr. WRIGHT. I yield.

Mr. SNELL. Does the gentleman from Georgia take the same position the chairman of the committee took, that it was not necessary to call the Chief of Staff or get any information from him, that the committee knew more about it than he did?

Mr. WRIGHT. The Chief of Staff was before the committee and testified to his heart's content. [Applause.] The Chief of Staff was placed on notice that there was a movement to cut the officer personnel by 2,000 men.

Mr. SNELL. That is not an answer to my question. Was the Chief of Staff questioned about this proposition?

Mr. WRIGHT. If the gentleman will look at the hearings he will find the testimony of the Chief of Staff.

Mr. SNELL. But was he questioned about this proposition before the subcommittee?

Mr. WRIGHT. The question arose.

Mr. SNELL. The chairman of the subcommittee said he was not.

Mr. WRIGHT. I did not understand the chairman to make any such statement as that. The Chief of Staff was there, and the hearings show he was.

Mr. COLLINS. I made no such statement.

Mr. WRIGHT. I want to say to my friend SNELL, and I do not know of any man in this House for whom I have higher respect, that this is all "tommyrot," for the Chief of Staff to say that he did not have a chance before the committee.

Mr. SNELL. I did not mean to say that he did not have a chance. I understood that he was not questioned on the proposition of reducing the officers of the Army.

Mr. WRIGHT. He was put upon notice the committee had this in mind.

Mr. SNELL. I understood the chairman of the subcommittee to say that he was not questioned upon it. Now, if I am wrong, I wish to be corrected.

Mr. COLLINS. No; I said just exactly the opposite.

Mr. SNELL. That he was asked about it?

Mr. COLLINS. Absolutely.

Mr. SNELL. What did he say about it?

Mr. COLLINS. I read excerpts from his testimony.

Mr. SNELL. What page is it on? Will you read it now?

Mr. BLANTON. Let the gentleman look it up for himself.

Mr. WRIGHT. Mr. Chairman, I want to say for the benefit of my friend from New York, Mr. SNELL, as well as the balance of the membership, that we accorded the utmost deference to every official who wanted to come before our committee. We did not seek to cut anybody off. The statement was made here a few moments ago that Secretary of War Hurley said he could tell the committee how to save $25,000,000. He is attributed with making that statement before the committee. He made no such statement.

He came before the committee and said he had kept up with the hearings, he knew what the Chief of Staff had testified and he was content, that he did not care to make any statement.

Now, getting to the points in this bill. The immediate question before you is whether you will reduce your officer personnel from twelve thousand and some odd to ten thousand.

My friends, there have been too many officers in the United States Army for a long number of years, and the Army itself has realized it. I have always stood for a sufficient officer personnel because I believe it is proper to have them so that in time of an emergency they can quickly train the civilian population, but think about having practically one officer to every nine men in the Army.

My good friend BEEDY—and I have a warm affection for him—says that England has such and such an army, that Germany has such and such an army, and France, and so on and so on. Why, my good friends, I thought that was one of the reasons we were in this country, so as to get away from those old practices and customs of Europe. [Applause.]

Mr. BEEDY. Will the gentleman yield?

Mr. WRIGHT. Yes.

Mr. BEEDY. The gentleman entirely misunderstood the point I was attempting to make. I was attempting to show that our officer personnel in proportion to men in the Army is no higher than in any other army—that is, we are not maintaining an unusually high officer personnel. The gentleman sees the point, does he not?

Mr. WRIGHT. I may see it one way and the gentleman may see it in another way.

Mr. GLOVER. Will the gentleman yield?

Mr. WRIGHT. Yes.

Mr. GLOVER. Is that not one of the reasons why we are asked to give a moratorium on the debts they owe us—namely, that they are carrying such large armies?

Mr. WRIGHT. Yes. Their armies are eating up everything.

Now, my friends, talking about this officer personnel in the Regular Army of the United States, there has grown

up on that roll of officers what the Army calls a "hump." What does that mean? It means that as a result of the war, by taking in so many new officers, and right after the war, that "hump" has been created. It has become congested, so to speak, so that the boys down below can not get over it and get promoted as they ought to be. We all know that when a man enters the Army, especially when he becomes an officer, he has promotion in mind. That is laudable, it is commendable, and it is praiseworthy.

Now, what has happened? As has already been said, we have to-day lieutenants in the Regular Army of the United States over 60 years of age. Their military career is over. What incentive have they? What do they expect?

Then, again, we turn out annually some 1,200 or 1,300 West Point graduates. They go into the Army as officers. Do you know that those boys must stay there until 1949 or 1950 on account of this "hump" before they can get any promotion? That is discouraging to them.

Now, gentlemen, that is what we are trying to iron out here. What we are trying to get rid of is this "hump." Your committee undertook to do that, and it has provided a method by which a board will act. A formula was laid down and that was the age limit, thinking that would be the most certain and fair way.

Of course, it is understood that no matter what may be provided there will always be favorites. We understand there are those to whom partiality will be shown. That is nothing to the discredit of the board that is going to be appointed, because it is just human nature, and you can not get it out of them. Let me tell you that the Army itself did not want to exercise discretion about this thing. It is a delicate matter. In other words, suppose we Democrats were called on to reduce the number over here by 10. Would it not be a mighty delicate question with us as to who should be turned out? It would be the same way with this board.

Mr. BLANTON. Are we not getting so many generals in this House that we may soon have a "hump" in the House?

Mr. WRIGHT. I suspect so. Now, my friends, I say there is a question involved in the reduction of the officer personnel of the Army which far transcends the question of economy involved; it far transcends the dollars and cents which will be saved. It goes to the efficiency of the American Army, and that is the principal thing we had in mind.

Mr. SNELL. Will the gentleman yield?

Mr. WRIGHT. Yes.

Mr. SNELL. I have referred to the statement made by the chairman of the committee, and it is as follows:

> Nearly all of us know it in more than a general way, and it seems to me, with the information before us, we could at least frame an appropriation bill without the aid of the Chief of Staff of the Army.

Mr. COLLINS. That does not contradict what I said. The gentleman is not reading from that part of my remarks where I showed that both the Secretary of War and the Chief of Staff—both—were given an opportunity to state their views on the proposition to the committee.

Mr. McDUFFIE. The General Staff should not be permitted to write an appropriation bill.

Mr. SNELL. But you could get some information as to what will happen in the event certain action is taken.

Mr. BLANTON. The General Staff did not write this bill.

Mr. WRIGHT. And it is not going to write the next one. [Applause.] Now, my good friend McSWAIN comes forward with a proposition to reduce the same number but by a different method. I want to say I find no fault with the McSwain proposal if it will work, and I reckon it will. He wants to put it on efficiency and physical condition. That is his proposal. He wants to go by the records down in the War Department, the efficiency records, and all other kinds of records.

I can see how, with all the hedging provisions he has in his proposal there can still be favoritism exercised by the board. You can not keep it out. He has one thing attached to it that I am glad he put on and that is he makes it a crime for anybody to interfere in any way or to try to influence in any way this board which is to be appointed to effect these eliminations. He provides that you can send them to the chain gang if they do this. I suspect there will be some people put on the chain gang if they can prove it on them.

Now, getting away from the question of reduction of officers, there are two or three other points I want to talk about. Why, the idea of General MARTIN and General CHIPERFIELD and others talking about destroying the national defense act by the passage of this bill. How absurd and how ridiculous it is to talk about this bill, if passed, disrupting the Army of the United States.

[Here the gavel fell.]

Mr. COLLINS. Mr. Chairman, I yield the gentleman two more minutes.

Mr. MARTIN of Oregon. I was trying to preserve Fort Benning.

Mr. WRIGHT. Yes; Fort Benning is my baby and it is the best thing in the Army.

Mr. MARTIN of Oregon. And the gentleman is trying to break it up.

Mr. WRIGHT. No; I am not. I am trying to nourish it and bring it up as it should be. The gentleman can not scare the folks down there. There will not be one less officer attending Fort Benning as a result of the reduction of 2,000 officers. The gentleman can not fool me.

Now, what else do we do? Take the Reserve Officers' Training Corps. I believe in the Reserve Officers' Training Corps, and we have not destroyed the Reserve Officers' Training Corps in this bill. We have simply given them a vacation from their summer camp for the next fiscal year. All their other training is provided for.

I believe in the citizens' military training camps, and that is not interfered with in the least except during the next fiscal year they also have a vacation.

Take the Officers' Reserve Corps, that you have heard so much talk about here. Do you know who makes that up principally? There are over 80,000 of them, and that organization is largely made up of newspaper editors, lawyers, and industrialists, and they are complaining here that they can not live on $1 a day at the camp. Gentlemen, do you know what we are doing for them? We say that we will pay their expenses to the camp next year if they want to go there and we will pay their expenses back and we will give them a dollar a day while they are there for subsistence, and yet this is the very crowd that is sending all this propaganda here to cut down and curtail Government expenditures. In the name of reason, are they not patriotic enough for one season alone to go out and devote their time to this patriotic work without being compensated by the taxpayers? This is all they are asked to do.

Now, this is what we have done to the Regular Army and to the civilian components of the Military Establishment by this bill that my friend the general here says is going to disrupt everything. [Applause.]

[Here the gavel fell.]

Mr. BARBOUR. Mr. Chairman, I yield 10 minutes to the gentleman from Massachusetts [Mr. McCORMACK].

Mr. McCORMACK. Mr. Chairman, after listening to my friend who has just finished, the thought comes to my mind that the officers who comprise our officer personnel must read the debates on this bill with a great feeling of uncomfortableness. It appears to me, after listening to this debate, that the argument in favor of the reduction is that it is almost a crime to be an officer in the Regular Army of the United States. These men have a responsibility to perform just the same as we have.

Reference has been made to the distinguished gentleman from Oregon, our colleague, General MARTIN. I have heard many references to him by some of my friends in the past; and they ought to stop making them on the Democratic side, because he is a credit to this Congress and a credit to the Democratic Party. [Applause.] He is a pioneer in the Democratic Party of the great Northwest, and he is one of

the pioneers in making the Democratic Party national. We are all trying here to make our party national, north, east, south, and west; and we can not do it by having men from one section of the country attaching high-type honorable men from other sections of the country, who are pioneers in the cause of the Democratic Party and coming from a part of the country where we seldom, if ever, have had any representation in the past.

This is my personal opinion. I do not think it is conducive to party welfare.

In discussing the present bill I am not impugning the motive of any man who differs from me. I think it is wrong in principle and in practice to make references to a man who has taken the position in this fight that his conscience has dictated, simply because he has been a Regular Army officer, willing to sacrifice his life for his country during the many years he rendered service in the past, or if a Member is in favor of the recommendations of the committee.

Mr. SCHAFER. Will the gentleman yield?

Mr. McCORMACK. Yes.

Mr. SCHAFER. General MARTIN is also one of the hardest working and most capable and most efficient Members of this body. I know from personal observation, as a result of sitting on committees with him. I am a Republican, and I say this for a Jeffersonian Democrat. [Applause.]

Mr. McCORMACK. Mr. Chairman, I have no argument with my friends who are fighting for this reduction, I realize they are actuated by the same motives that I am in opposing it.

I have looked this bill over in its entirety, and I see first a reduction of 2,000 officers. I see, second, the elimination of the Reserve Officers' Training Corps camps for one year; and we know next year that there will be a fight to continue this elimination for another year, and this will be used as a precedent if successful. I see the elimination for one year of the citizens' military training camps, which will be used as a precedent for the permanent elimination of the citizens' military training camps. I see an attempt to practically destroy the effectiveness of the Organized Reserves. I consider this in connection with the reduction in the officer personnel and the additional provision on page 60, which they have tried to put in our appropriation bills for the past several years, relating to the training of the boys attending schools where military service is compulsory by making it elective with the student body.

I take all of these together; I weigh them all together, and as I look over the Army to-day of 118,000 enlisted men and 12,000 officers, and consider the effect that this measure will have on its activities, and I can not escape drawing the inference that these recommendations will seriously affect our national defense. The recommendations of the committee, if adopted, will result in the impairment of efficiency, the morale, and the character of our national defense so far as the Army is concerned.

Mr. UNDERHILL. Will the gentleman yield?

Mr. McCORMACK. I yield.

Mr. UNDERHILL. Does the gentleman know of any other instance where Congress tries to dictate to the State what it shall put in its curriculum for an educational institution?

Mr. McCORMACK. I do not care to get into that. The question is whether or not this is real constructive economy. I do not believe in economy at the expense of the impairment of any element of national defense, and the people of this country do not want that.

Even under the conditions which confront us to-day, and which makes economy necessary, the people do not want economy in any such way as will result in our country being in a defenseless position in the event of war developing in the near future.

Some people say, "Are we going to have a war?" We never expect war. The people of Europe did not expect war in 1914; we did not expect to go into the war in 1898. We did not think we would enter the World War until after the *Lusitania* was sunk.

In these days we have to be practical. We have got to be prepared for an emergency, and the price we pay for national defense, out of the Treasury of the United States, for the maintenance of an adequate Army and Navy is the price that we pay for protection. It is a premium that we pay for national protection, just as we pay a premium for insurance on our homes; just as we pay a premium for insurance of our automobile against accident, fire, theft, or collision; just as we pay a premium on our own life, so that in case of death we will leave something for our loved ones that we leave behind.

The expenses of adequate national defense is the price we must pay for our protection.

I recognize the argument of gentlemen who are in favor of the committee recommendations, that we do not want a large Army and Navy; that we have the Atlantic and Pacific Oceans to protect us. Nevertheless, the first thing an enemy would attempt would be to destroy our Navy. They would have to do that before they could attack us on land. In the event an enemy was successful in destroying our Navy, and enemy troops were landed on the Atlantic coast, their first effort undoubtedly would be to separate New York and New England from the rest of the country. Practically all of our industries are located in that area. If the attack came on the Pacific, an enemy would undoubtedly try to invade us from Mexico through Texas. In all probabilities the first attack on the Pacific coast would come through Texas, and on the Atlantic it would be by landing in New Jersey or Maryland, with an attempt to separate New York and New England from the rest of the country.

Mr. BLANTON. Mr. Chairman, will the gentleman yield?

Mr. McCORMACK. Yes.

Mr. BLANTON. If they ever do that, the Texas Rangers down there will stop them. Where are we going to begin on economy? If the gentleman and his friends vote against every economy in this bill, does he not think that we will deserve the criticism the country is now giving us?

Mr. McCORMACK. The country does not favor economy which is likely to impair our national defense. Everything the gentleman says about the Texas Rangers is true. I am as proud of the Texas ranger as the gentleman is and as well acquainted with their history, but I am not quite so confident that there are enough Texas Rangers down there, brave and valiant though they are, to defend our country in event of an attack through Texas. We have to have an Army with good officer strength, as that is the foundation of our national-defense scheme; to maintain our present professional Army of 118,000 enlisted men, intended to be 260,000 under the national defense act; behind them our National Guard civilian body, and then the citizens' military training camps, the Reserve Officers' Training Corps, and the Organized Reserve, in order to train those who have not had military training, in the event of war. We do not want war, but we can not ignore the fact that it is just as likely to come to-day as it has in the past. We are living in a practical world. This country has enemies, just the same as everyone has enemies. The best means of defense is an adequate defense which will enable us to take the offensive in case we are attacked. [Applause.]

I conclude my remarks by reading a letter received from Admiral Robert E. Coontz, retired. By the way, if any man is competent to discuss lack of preparedness, it is Admiral Coontz. There have been less than half a dozen officers of the Navy who have ever attained the rank of full admiral, and whatever Admiral Coontz has to say is as valuable a contribution to this debate as that which General Pershing might say.

He writes as the senior vice commander in chief of the Veterans of Foreign Wars of the United States, composed exclusively of veterans of the armed services who have fought the Nation's battles in foreign lands and in foreign waters—a membership all of whom have felt the brunt of that lack of preparedness which has characterized our entrance into every war. That membership is opposed to any further breaking down of our national defense.

The letter of Admiral Coontz is as follows:

VETERANS OF FOREIGN WARS OF THE UNITED STATES,
Kansas City, Mo., May 10, 1932.

Hon. JOHN W. MCCORMACK,
House of Representatives, Washington, D. C.

MY DEAR CONGRESSMAN: It is a matter of much satisfaction to the Veterans of Foreign Wars to know that you have indicated your intention to oppose the provisions of the Army supply bill recently reported to the House of Representatives by the Appropriations Committee, which would so seriously impair the training of the Army reserve, including the Reserve Officers' Training Corps and the citizens' military training camps.

The plea is being made that the curtailment of these activities is but a temporary expedient required by the economic circumstances obtaining in the country to-day. The same forces back of such curtailment, mainly militant pacifism, have worked unceasingly to emasculate our national defense act since its passage. The curtailment of the reserve activities this year will be perpetuated in the following years, for history repeats itself.

In the 150 years of its national existence the United States has, by the command of its citizenry, engaged in six wars of major importance. In four of these it battled for its very existence. After each one it was said, "There will be no more wars." The sword was beaten into the plowshare and peaceful life was resumed with supreme indifference to the national security.

When the thunderbolt next fell thousands of our splendid young manhood with unparalleled patriotism went forth to unnecessary death, mutilation, and destruction of health from lack of even the rudiments of preparation—organization, training, and equipment.

Three years prior to the World War the American Congress had an opportunity to prepare against a war which was ever rolling nearer. Fearful of inviting a conflict, hopeful of inspiring a world at war by a noble gesture, they had done nothing to prepare for it. Thus, when war at last came to the United States, all was to be done. In a machine age the Army of the greatest industrial country on this planet had to be made by hand. Although war had become the most exact of sciences, the history of the American Expeditionary Forces is one long tale of improvisation; on the other hand, German, French, and Italian commanders had armies which had been in the making for decades. Their reserves and officers, staff and line, and noncommissioned officers, which are the backbone of the army, were well-nigh inexhaustible.

In order to prevent any war finding us in the impoverished condition which we were in at the outbreak of the World War, a national defense act, the first real military policy that the United States ever had, came into being. As a part of that act the Reserve Officers' Training Corps and the citizens' military training camps became indispensable parts of our Federal system. These should continue indefinitely in the future as common-sense insurance for the Nation based on the mortuary tables of our past history. Their mission is to inspire good citizenship and foster patriotism; to teach the men trained therein to be guided and led by constituted authority and to lead others by the same token; to confirm their inherent ideas of duty, honor, country; to initiate them into the elements of military training, or that they may be better citizens and real factors in case the land of their nativity called them to the colors.

Let us hope and pray and give our best efforts to avert any conflict in the future, but with the world in its present throes of anguish can any man say that such efforts will definitely preclude another war of major importance?

It is my opinion that the estimates provided by the Bureau of the Budget should be restored to the Army supply bill. These estimates were woefully low in themselves and contemplated such economies as were possible without too much impairment of our national defense.

It may be safely said that this organization, composed of veterans who have engaged in the Nation's wars on foreign soil and in foreign waters, will rally individually and collectively to petition the Congress not to go the way of pacifism and utter insecurity.

Very sincerely yours,

R. E. COONTZ,
Admiral, United States Navy, Retired,
Senior Vice Commander in Chief.

Mr. BARBOUR. Mr. Chairman, I yield 10 minutes to the gentleman from Illinois [Mr. CHIPERFIELD].

Mr. CHIPERFIELD. Mr. Chairman, growing out of the ghastly experiences of the World War, with all of its mistakes, costly to life and treasure, there was a fixed determination upon the part of the American people that the condition of unpreparedness for a proper national defense should not confront them again. If anybody misconceives the temper and mind of the Nation at this time upon the subject of preparedness, it occurs to me that for such a person there will be a great awakening. The American people will hold any group or any individual in public life to a high degree of responsibility if the system that was devised for national defense is impaired, lessened, or destroyed.

By the national defense act of 1920, after the war-time strength was dissipated, it was determined by the people of the Nation that there should be provided the framework of an Army that would be adequate and sufficient for the needs of the country in its hour of extremity. In the remarks I am about to make there is no contemplation upon my part that there will ever be need to use the American Army against the American citizen. And in my judgment any such use is unthinkable. A comprehensive scheme has been devised by the Congress without great cost to the country, based upon all the wisdom of the Nation, the precedents of the past and the history of the world, that has given by the national defense act the framework of an Army that should be sufficient for the national needs and that would be the pride and gratification of all if it had cause to be assembled for action.

In the national defense act of 1920 it was estimated that on the promotion list of the Army there should be 15,035 officers, distributed as follows:

Major generals	21
Brigadier generals	46
Colonels	599
Lieutenant colonels	674
Majors	2,245
Captains	4,490
First lieutenants	4,266
Second lieutenants	2,694
Total	15,035

The authorized strength of officer personnel of the United States Army as fixed by the acts of 1922 and 1926 provided a promotion list, as follows:

Major generals	21
Brigadier generals	46
Colonels	470
Lieutenant colonels	577
Majors	1,725
Captains	3,450
First lieutenants	2,667
Second lieutenants	1,974
Total	10,930

It is now proposed by the appropriation bill now under debate to reduce this officer personnel by 2,000. As a justification for such venture, it is said that it will remove the "hump" and will eliminate officers who are unfit for service on account of old age.

The whole history of the world from the dawn of civilization does not embrace or contain so foolish an effort as that now being made to destroy the effective defense plan of the Nation.

Let us see about these old men, these decrepit officers that we are going to eliminate from the Army by this bill. The numbers and ages of the officers proposed to be eliminated are as follows:

Age	Number
63	20
62	31
61	31
60	43
59	17
58	26
57	45
56	41
55	70
54	73
53	66
52	63
51	80
50	77
49	122
48	139
47	118
46	84
45	58
44	24
43	28
42	25
41	48
40	55
39	87
38	107
37	133
36	202
35	87
Total	2,000

Average age, 46.

A consideration of this list will show how ludicrous is the claim that these officers should be eliminated because of old age, and how absurd it is to contend that they are tottering upon the brink of the grave. At the age of 35 some 87 officers are to be eliminated. Of those who are 36 years of age, 202 officers are to be taken from the active list and retired. Of the officers class that is 37 years of age, 133 are to be taken from active service. Of those who are 38 years of age, 108 officers are to be placed upon the retired list. The average age of all of these 2,000 officers is 46 years.

Can anyone justify the proposition that is now advanced to take these men, who are capable of many years of active service, from the active list of the Army and retire them, and pay them three-fourths of their base pay for the rest of their lives without requiring them to perform any duties in the Army or for the country. I apprehend that such a grotesque contention has never in the history of the country been advanced before.

It should be remembered that if these 2,000 officers are removed from active service that it is not proposed to fill their places, and in not filling their places you are not removing the "hump," nor are you making promotion any speedier or more easy.

Let us examine for a moment the character of the officer personnel that you propose by this bill to eliminate. You are going to retire 1 officer who has the medal of honor, 30 officers who have the distinguished-service cross, 43 who have the distinguished-service medal, 85 who have the silver star citation.

These 2,000 officers you propose to take from active service, eliminate and retire, are the brightest, most capable and best men in the Army.

In the framing of this bill some great intellect has the thought that in the officer personnel room must be made for the class which will graduate from the Military Academy in 1933. In order to do this, it is proposed to eliminate the following 200 officers, all of the grade of colonel, but some of whom have the temporary rank of major general, being chiefs of branches.

List of officers proposed to be retired

P. L. 7-1-31		State	Source	Former enlisted service
140	Allen, Hubert A., Inf.	Iowa	E. O.	No.
63	Anderson, Alvord Van P., Cav.	New York	Army	Yes.
205	Price, Howard C., Inf.	Pennsylvania	Vol.	No.
204	Reeder, Russell P., C. A. C.	Ohio	Vol.	No.
308	Norton, Elliott M., Inf.	Michigan	Army	Yes.
68	Wade, John P., A. G. D.	Ohio	M. A.	No.
72	Langdon, Russell C., Inf.	New York	M. A.	No.
314	Allen, Charles C., Inf.	Pennsylvania	Vol.	No.
124	Bates, Walter R., A. G. D.	Ohio	Army	Yes.
289	Faulkner, Albert U., F. A.	New York	Vol.	No.
144	Carpenter, Edward, C. A. C.	Pennsylvania	Civ.	No.
142	Martin, Carl A., Inf.	Kansas	Civ.	No.
461	Griffin, Frank J., Sig. C.	New York	E. O.	No.
91	Day, Clarence R., F. A.	Kentucky	M. A.	No.
240	Stopford, Frederick W., C. A. C.	Massachusetts	Vol.	No.
94	Carmichael, Roderick L., F. D.	South Carolina	M. A.	No.
207	Dockery, Oliver H., jr., Inf.	Mississippi	Vol.	No.
267	Pendleton, Harris, jr., Inf.	Connecticut	Vol.	No.
43	Preston, John F., Inf.	Maryland	M. A.	No.
105	Johnson, Jacob C., C. A. C.	Missouri	M. A.	No.
45	Welsh, William E., Inf.	Pennsylvania	M. A.	No.
85	Conklin, Arthur S., C. A. C.	New York	M. A.	No.
377	Coxe, Alexander B., Cav.	Minnesota	Vol.	No.
206	McCaskey, Walter B., Inf.	Pennsylvania	Vol.	No.
396	Culver, Clarence C., A. C.	Nebraska	Vol.	No.
112	Exton, Charles W., C. W. S.	New Jersey	M. A.	No.
103	Nugent, George A., C. A. C.	North Dakota	M. A.	No.
258	Bennett, Lucius C., Inf.	Ohio	Vol.	No.
50	Schulz, Edward H., C. E.	West Virginia	M. A.	No.
200	McCoy, Ralph, Inf.	Michigan	Vol.	No.
199	de Funiak, Frederick R., jr., Inf.	Kentucky	Vol.	No.
158	Knabenshue, Frederick G., Inf.	Ohio	Civ.	No.
236	Ripley, Henry A., Inf.	Michigan	Vol.	No.
384	McNarney, Frank T., Cav.	Pennsylvania	Vol.	No.
97	Bridges, Charles H., A. G. D.	Illinois	M. A.	No.
283	Noble, William H., Q. M. C.	New York	Army	Yes.
459	Webb, William C., F. A.	Utah	E. O.	No.
74	Whitehead, Henry C., Q. M. C.	Texas	M. A.	No.
99	Vestal, Samuel C., C. A. C.	Indiana	Army	Yes.
285	Mitchell, Edward B., Inf.	Georgia	Army	Yes.
216	Fair, John S., Cav.	Pennsylvania	Vol.	No.
462	Smith, Hugh C., J. A. G.	Missouri	Em.	No.
160	Heidt, James V., Inf.	Georgia	Army	Yes.
98	Cloke, Harold F., Inf.	New Jersey	M. A.	No.
116	Cohn, Joseph F., Inf.	Illinois	M. A.	No.
412	Covington, William A., C. A. C.	Tennessee	Vol.	No.

List of officers proposed to be retired—Continued

P. L. 7-1-31		State	Source	Former enlisted service
42	Parker, Francis LeJ., Cav.	South Carolina	M. A.	No.
75	Ovenshire, Alexander T., Inf.	Kansas	Army	Yes.
309	Gardenshire, William C., Q. M. C.	Tennessee	Army	Yes.
460	Pistole, William B., J. A. G.	New Mexico	Em.	No.
379	Deitrick, Leonard L., Q. M. C.	Wyoming	Vol.	No.
79	Cheney, Sherwood A., C. E.	Connecticut	M. A.	No.
202	Ball, George E., Q. M. C.	Michigan	Vol.	No.
165	Allison, James B., Sig. C.	South Carolina	Civ.	
188	Game, Clyffard, Q. M. C.	Minnesota	M. A.	
243	Hopkins, Frank E., F. A.	Vermont	Vol.	
137	Geary, John T., C. A. C.	Kentucky	Civ.	No.
128	Phisterer, Frederick W., C. A. C.	New York	Civ.	No.
249	Kerrick, Harrison S., C. A. C.	Illinois	Vol.	No.
352	Taylor, William W., jr., Inf.	Michigan	Army	Yes.
291	Brown, Arthur W., J. A. G.	Utah	Civ.	No.
286	Coburn, Harol D., Inf.	Wyoming	Vol.	No.
263	Baskette, Alvin K., Q. M. C.	Tennessee	Vol.	No.
312	Knox, Robert S., Inf.	Virginia	Vol.	No.
170	Jackson, Thomas H., C. E.	Michigan	M. A.	No.
216	Roach, Leon L., Inf.	Ohio	Civ.	Yes.
405	Morison, Charles R. W., Inf.	Maryland	Vol.	No.
419	Campbell, Tilman, F. D.	Arkansas	Vol.	No.
301	Comstock, Harry E., Q. M. C.	Connecticut	Vol.	No.
110	Welborn, Ira C., Inf.	Mississippi	M. A.	No.
25	Fergusson, Frank K., C. A. C.	Tennessee	M. A.	No.
279	Humber, Robert C., Inf.	Georgia	Civ.	No.
123	Schoeffel, John B., Inf.	New York	Army	Yes.
196	Hickman, Edwin A., F. D.	Missouri	Vol.	No.
108	Berry, Daniel G., Inf.	Illinois	M. A.	No.
305	Cootes, Harry N., Cav.	Virginia	Vol.	No.
221	Beacham, Joseph W., jr., Inf.	New York	Civ.	Yes.
297	Wade, Benjamin R., Inf.	Missouri	Vol.	No.
93	Conley, Edgar T., A. G. D.	Maryland	M. A.	No.
197	Dougherty, Andrew J., Inf.	Illinois	Army	Yes.
302	Standiford, William R., Inf.	West Virginia	Vol.	No.
387	Johnston, Gordon, Cav.	Alabama	Vol.	No.
330	Mitchell, Harry D., A. G. D.	Ohio	Vol.	No.
425	Landers, Howard L., F. A.	Maryland	Vol.	Yes.
367	Patterson, William H., Inf.	New York	Army	Yes.
201	Townsend, Grosevenor L., Inf.	do	Vol.	No.
104	Spinks, Marcellus G., C. A. C.	Mississippi	M. A.	No.
125	Steele, Harry L., C. A. C.	Arkansas	Army	Yes.
269	Murphy, Ernest Van D., Inf.	Montana	Vol.	No.
358	Commiskey, Archibald F., Cav.	New York	Vol.	No.
70	Burt, Reynolds J., Inf.	Ohio	M. A.	No.
274	Agnew, Ernest H., Q. M. C.	Kansas	Vol.	No.
81	Abernethy, Robert S., C. A. C.	Texas	M. A.	No.
229	Latrobe, Osmun, Cav.	Maryland	Vol.	No.
450	Higgins, James A., Inf.	Pennsylvania	Vol.	No.
14	Tschappat, William H., Ord. Dept.	Ohio	M. A.	No.
270	Foreman, Albert W., Inf.	Delaware	Vol.	No.
442	Beckham, David Y., A. G. D.	Kentucky	Vol.	No.
132	Hase, William F., C. A. C.	Wisconsin	Civ.	No.
311	Davis, Edward, Cav.	Illinois	Vol.	No.
141	Toffey, John J., Inf.	New Jersey	Civ.	No.
67	Miller, Alexander M., Cav.	Tennessee	M. A.	No.
71	Dallam, Samuel F., Cav.	Pennsylvania	M. A.	No.
457	Seoane, Consuelo A., Sig. C.	Virginia	Vol.	Yes.
102	Brown, Earl I., C. E.	Georgia	M. A.	No.
195	Reed, William L., Inf.	New York	Army	Yes.
298	Gaujot, Julien E., Cav.	West Virginia	Vol.	No.
393	Phillips, Albert E., Cav.	Louisiana	Vol.	No.
417	Williams, Richard H., C. A. C.	New Jersey	Vol.	No.
310	Stayer, Edgar S., Q. M. C.	Pennsylvania	Vol.	No.
241	Gulick, John W., C. A. C.	North Carolina	Vol.	No.
299	Hartshorn, Edwin S., Inf.	New York	Vol.	No.
95	Ashburn, Thomas Q., C. A. C.	Ohio	M. A.	No.
2	Bishop, Harry G., F. A.	Indiana	M. A.	No.
446	Jones, Carl C., Q. M. C.	Iowa	Vol.	No.
119	Naylor, William K., Inf.	Minnesota	Vol.	No.
76	Smith, Alfred T., Inf.	District of Columbia.	Army	Yes.
424	Powers, Edward D., F. D.	Massachusetts	Vol.	No.
176	Romeyn, Charles A., Cav.	Oklahoma	M. A.	No.
4	McMaster, Richard H., F. A.	South Carolina	Army	Yes.
464	McKeeby, George L., J. A. G.	California	Em.	No.
295	Fuqua, Stephen O., Inf.	Louisiana	Vol.	No.
293	Burtt, Wilson B., Inf.	Illinois	M. A.	No.
134	Hannay, John R. R., Q. M. C.	Minnesota	Civ.	No.
282	Rucker, Kyle, J. A. G. D.	Colorado	Vol.	No.
322	Graham, William A., J. A. G. D.	Iowa	Em.	Yes.
186	Heidt, Grayson V., Q. M. C.	Georgia	M. A.	No.
113	Henry, Guy V., Cav.	Virginia	M. A.	No.
304	Moorman, Thomas S., Inf.	South Carolina	Vol.	No.
90	Hall, Chalmers G., A. C.	North Carolina	M. A.	No.
219	Myer, Edgar A., Inf.	New York	Civ.	No.
290	Rethorst, Otto W., Cav.	Kansas	Vol.	No.
189	Stuart, George W., Inf.	Iowa	M. A.	No.
178	Humphrey, Evan H., Cav.	Nebraska	M. A.	No.
111	Williams, Alexander E., Q. M. C.	North Carolina	M. A.	No.
127	Kimmel, Edward, C. A. C.	Washington	Civ.	No.
398	Barney, James P., F. A.	Virginia	Vol.	No.
434	Ball, William G., Q. M. C.	Ohio	Vol.	No.
193	Cowan, Arthur S., Sig. C.	Maine	M. A.	No.
409	Leonard, Charles F., Inf.	Massachusetts	Army	Yes.
464	Bradbury, Arthur W., Inf.	Washington	Em.	No.
364	Herbst, George A., Inf.	Minnesota	Army	Yes.
447	Booth, Alfred J., A. G.	New York	Vol.	No.
147	Carr, Irving J., Sig. C.	Texas	Civ.	No.
174	Schull, Herman W., Ord.	South Dakota	M. A.	No.
9	Morrill, Thomas E., F. A.	Kentucky	M. A.	No.
181	Bundel, Charles M., F. A.	Pennsylvania	M. A.	No.
449	Marmon, Joseph A., Inf.	Ohio	Civ.	Yes.
92	Baltzell, George F., Inf.	Florida	M. A.	No.
347	Bowen, Frank S., F. A.	Nebraska	M. A.	No.
454	Noyes, Samuel W., Inf.	California	Civ.	No.

List of officers proposed to be retired—Continued

P. L. 7-1-31		State	Source	Former enlisted service
211	Hunt, William E., Inf	New Hampshire	Civ	No.
418	Ryan, Lewis S., F. A	Nebraska	Vol	No.
109	Ingram, Ralph E., Inf	Massachusetts	M. A	No.
153	Spaulding, Oliver L., jr., F. A	Michigan	Civ	No.
218	Van Schaick, Louis J., Inf	New York	Civ	No.
339	Pope, Francis A., C. E	Kansas	M. A	No.
148	Croft, Edward, Inf	South Carolina	Civ	No.
349	Morey, Lewis S., F. D	Texas	M. A	No.
106	Miller, Harvey W., A. G. D	New York	M. A	No.
LC-20	Pillow, Jerome G., Cav	Arkansas	M. A	No.
374	Tompkins, Edmond R., Q. M. C	South Carolina	Vol	No.
78	Anderson, Thomas M., Inf	Texas	Army	Yes.
80	Ferguson, Hatley B., C. E	North Carolina	M. A	No.
259	Morris, John E., Inf	Louisiana	Vol	No.
122	Brown, Laurence C., C. A. C	New York	Army	Yes.
LC-13	Peace Willis G., C. A. C	North Carolina	M. A	No.
223	Smith Allen jr., Inf	Washington	Civ	No.
LC-24	Sterling E. Kearsley, Cav	Michigan	M. A	No.
217	Hobbs Horace P., Inf	Pennsylvania	Civ	No.
121	Fry Edgar A., Inf	Kansas	Vol	No.
182	Halstead Laurence, Inf	Ohio	M. A	No.
348	Doyle Fred C., F. A	Massachusetts	M. A	No.
465	Bryson James H., F. A	Georgia	Vol	No.
213	Whitside, Warren W., Q. M. C	Tennessee	Civ	No.
156	Parrott, Ralph B., A. G. D	New Jersey	Civ	No.
192	Oliver, Llewellyn W., Cav	Michigan	M. A	No.
352	Harvey, Charles G., Q. M. C	Missouri	M. A	No.
89	Helms, George W., Inf	Virginia	M. A	No.
96	Bottoms, Sam F., Q. M. C	Texas	M. A	No.
LC-9	Smith, Walter D., F. A	Maryland	M. A	No.
107	Bricker, Edwin D., Ord	Pennsylvania	M. A	No.
117	Scales, Wallace B., Cav	Texas	M. A	No.
326	Bugbee, Fred W., Inf	Kansas	Vol	No.
88	Sirmyer, Edgar A., Cav	Michigan	M. A	No.
183	Vay Duyne, Frederick W., Q. M. C	New Jersey	M. A	No.
318	Voris, Alvin C., Sig. C	Illinois	Vol	No.
163	Kemper, James B., Inf	Ohio	Civ	No.
194	Peyton, Ephriam G., Inf	Mississippi	M. A	No.
324	Danforth, Charles H., A. C	Maryland	Vol	No.
187	Brown, Fred R., Inf	Illinois	M. A	No.
83	Miller, Claude H., Inf	Virginia	M. A	No.
LC-18	Brown, Lewis, jr., Cav	Rhode Island	M. A	No.
135	Graham, James M., Inf	California	Civ	No.
423	Burt, William H., F. A	Vermont	Vol	No.
LC-11	Jordan, Harry B., Ord	Washington	M. A	No.
114	Babcock, Conrad S., Cav	New York	M. A	No.
309	Smith, William O., Q. M. C	Missouri	Civ	No.
445	Walker, Richard W., Cav	Tennessee	Vol	No.
429	Lawson, Laurin L., F. A	Washington	Vol	No.

The following recapitulation shows the number of officers that will be retired from each State:

Alabama	1
Arkansas	3
California	3
Colorado	1
Connecticut	3
Delaware	1
District of Columbia	1
Florida	1
Georgia	6
Illinois	9
Indiana	2
Iowa	4
Kansas	7
Kentucky	5
Louisiana	3
Maine	1
Maryland	7
Massachusetts	5
Michigan	10
Minnesota	5
Mississippi	4
Missouri	6
Montana	1
Nebraska	4
New Hampshire	1
New Jersey	6
New Mexico	1
New York	20
North Carolina	5
North Dakota	1
Ohio	14
Oklahoma	1
Pennsylvania	13
Rhode Island	1
South Carolina	7
South Dakota	1
Tennessee	7
Texas	7
Utah	2
Vermont	2
Virginia	7
Washington	5
West Virginia	3
Wisconsin	1
Wyoming	2
Total	200

Source from which appointed:

Emergency officer	8
Army	27
Volunteers	71
Military Academy	65
Civil	29
	200

It can be seen that because of the provisions of this bill you will be eliminating Gen. John F. Preston, who is the Inspector General of the Army; Gen. Charles H. Bridges, who is The Adjutant General of the Army; Gen. Henry C. Whitehead, who is Assistant Quartermaster General; Gen. Francis Parker, who is Chief of the Bureau of Insular Affairs. You are eliminating men like Col. William K. Naylor, Chief of Staff of the Second Army Corps, and who in war time was chief of staff of the Thirty-third Division, American Expeditionary Forces, and Col. William C. Gardenshire, of the Quartermaster Department, who was the division quartermaster of the Thirty-third Division, American Expeditionary Forces, and afterwards corps quartermaster of the Ninth Army Corps, American Expeditionary Forces. You are also, under the bill as presented, displacing the following: Gen. Thomas Q. Ashburn, Chief of Inland Waterways Corporation; Gen. John W. Gulick, Chief of Coast Artillery; Gen. Harry G. Bishop, Chief of Field Artillery; Gen. Stephen O. Fuqua, Chief of Infantry; Gen. Guy V. Henry, Chief of Cavalry; Gen. Irving J. Carr, Chief Signal Officer; Col. Kyle Rucker, formerly Judge Advocate, Third Army, American Expeditionary Forces. All of these are among the outstanding officers of the entire Army.

There will also be eliminated in this list officers like General Foulois, who is Chief of the Air Corps of the Army and one of the outstanding airmen of the world.

Mr. BYRNS. Will the gentleman yield?

Mr. CHIPERFIELD. I yield.

Mr. BYRNS. Has the gentleman overlooked the fact that there is a 5 per cent provision here, which will enable some of those men to be retained?

Mr. CHIPERFIELD. No. I realize what the gentleman has in mind; and of the 2,000 officers to be retired, that leaves 1,900 who will be eliminated solely by reason of age. Under the provisions of the bill as it now stands, these 1,900 are subject to no discretion, but only the arbitrary rule that is set up in the bill.

Mr. BACON. Will the gentleman yield?

Mr. CHIPERFIELD. I yield.

Mr. BACON. Further in reply to the gentleman from Tennessee, in taking into consideration the 5 per cent, it will eliminate 79 officers who are marked "superior," 997 who are marked "excellent," and only 710 officers who are class B.

Mr. CHIPERFIELD. I sincerely thank the gentleman from New York for his contribution.

I have been furnished by the gentleman from New York [Mr. BACON] with a table which is extremely interesting and shows the efficiency rating of the promotion list of officers who would be retired under the provision of the Army appropriation bill as introduced.

The table is as follows:

	Infantry	Cavalry	Field Artillery	Coast Artillery	Signal Corps	Engineers	Air Corps	Finance	Chemical Warfare	Quartermaster	Adjutant General	Judge Advocate	Philippine Scouts	Ordnance	Total
SUPERIOR															
Colonels	3	3	1	0	0	1	0	0	0	1	1	2	0	1	13
Lieutenant colonels	8	2	1	3	0	2	0	2	1	0	1	1	0	0	21
Majors	4	0	2	0	0	1	0	7	1	0	1	2	0	1	19
Captains	2	3	1	2	0	0	0	1	0	6	0	0	0	0	15
First lieutenants	4	1	2	0	0	1	0	1	0	1	0	0	0	1	11
Total															79

	Infantry	Cavalry	Field Artillery	Coast Artillery	Signal Corps	Engineers	Air Corps	Finance	Chemical Warfare	Quartermaster	Adjutant General	Judge Advocate	Philippine Scouts	Ordnance	Total
EXCELLENT															
Colonels	17	11	2	4	0	4	0	3	0	6	4	2	0	2	55
Lieutenant colonels	19	10	0	5	1	0	2	3	0	9	4	1	0	1	55
Majors	64	1	10	14	3	12	6	21	4	23	3	24	6	7	198
Captains	87	15	20	19	14	14	16	17	3	116	3	6	1	7	338
First lieutenants	89	15	33	19	8	19	83	10	10	52	0	3	7	3	351
Total															997
SATISFACTORY															
Colonels	6	2	0	6	0	0	0	0	0	2	0	0	0	1	17
Lieutenant colonels	11	7	3	2	0	0	2	0	0	2	0	0	0	1	28
Majors	42	3	12	8	0	5	2	0	0	10	0	7	3	5	97
Captains	97	12	15	12	8	7	6	7	0	87	0	2	3	11	267
First lieutenants	86	5	38	10	7	4	83	2	1	47	0	0	12	6	301
Total															710

It will be observed that of this officer personnel 1,076 are "superior" and "excellent."

Now, it has been said that we have at the present time an excessive officer personnel. Let us look the situation squarely in the face. If war comes—and I can not say it too reverently, and any man who has had any military experience will say the same thing—if war comes, which God forbid, how utterly insufficient our officer personnel would be with a potential Army at war strength of 4,000,000. Approximately 10,000 officers are now on the promotion list. I have not recently seen the figures, but when we were ready to make an effective move against the enemy in the great World War our Army had an officer personnel of at least 200,000.

Under such conditions we would be 190,000 officers short, under the existing conditions. I do not have any idea how speedily you could supply the deficiency of 190,000 officers. I do know that under the national-defense plan you can not afford to reduce further the officer personnel by 2,000.

I want to call your attention to an actual condition that is very illuminating that arose in the World War. The Princess Pat Regiment, as brave a regiment of Canadians as ever lived, officered by just as brave men as ever trod in shoe leather, but who of necessity had no great experience, was decimated by not staying behind their own rolling barrage. Due to a lack of proper judgment they went into this barrage, and they were killed by scores. There is no man in this House who has any military experience who does not fully realize and understand that the fatalities among our men were greatly augmented by the lack of previous experience of our officers who, called suddenly to service, did the best they knew how. But that best was not good enough. For doing the best they could they are entitled to great credit.

The gentleman from Mississippi [Mr. COLLINS] said that there is now 1 officer to every 9 enlisted men in the Army. That may be true if all you consider is the Regular Army, but I want you also to consider the conditions as they actually exist, and you can not afford to shut your eyes to them.

Composing the United States Army—and let nobody misquote me—and its various military components outside of and beyond the 118,000 regular troops, we have a large force, all of which in a certain sense now constitutes the Army of the United States. It is maintained without any great expense to the Government. Its composition is as follows:

Enlisted men, Regular Army	118,750
Philippine Scouts	6,500
National Guard	187,000
Organized Reserves	108,000
Reserve Officers' Training Corps	127,000
Citizens' military training camps	37,500
Total	584,750

On this basis it will be observed that there is but 1 officer to 48 trainees and soldiers of the Army of the United States.

I desire, in connection with my remarks, to submit some data that have been prepared by the War Department to cover this situation. It is as follows:

RESULTING CURTAILMENT OF ARMY ACTIVITIES

8. In framing the national defense act it was the intention of Congress to embody in law the following essential elements of national defense:

a. To provide an Army of the United States consisting of three components—the Regular Army, the National Guard, and the Organized Reserves.

b. To organize this Army into the military units necessary to form the basis for a complete and immediate mobilization of the Nation's manpower in a national emergency.

c. To make provision for the mobilization of the Nation's material resources and the maintenance of war reserves as an element in mobilization.

9. To carry out the responsibilities imposed by the act, the Regular Army is called upon to furnish officers for all manner of important duties beyond the limits of the Regular Establishment itself. The number of officers now assigned to duty with the civilian components, about 1,650, is considerably below the number demanded. The proposed reduction in the commissioned personnel of the Regular Army, combined with the relief of all retired officers now on active duty as is also contemplated by the bill, will necessarily result in a drastic curtailment of the activities of the Army in administering the forces of the National Guard (187,000), the Organized Reserves (108,000), and the Reserve Officers' Training Corps (127,000).

The national defense act originally provided for a corps of approximately 18,000 regular officers. Appropriations in recent years have limited this number to an average of 12,000. The War Department has reported to Congress that the minimum number of officers required in the Regular Army to enable it reasonably to carry out its mission is 14,063. This number is required to enable reasonable provision to be made for the training of the civilian components; to maintain a small, balanced, mobile force for emergencies; to man in part the seacoast defenses of the continental United States; and to allow reasonably adequate garrisons in the overseas possessions.

10. Even with the force of 12,000 officers now provided, the calls for assignments to duty with the National Guard, the Organized Reserves, and the Reserve Officers' Training Corps can not be met, while the present shortage of officers with troop units of the Regular Army is a matter of grave concern to the War Department. A reduction of 2,000 officers and the relief of the 134 retired officers now on active duty would force the War Department to curtail many essential activities to an extent that would practically nullify the provisions of the national defense act. A cursory survey of the situation indicates that the following reductions in the numbers of promotion-list officers now assigned to highly important duties would be necessary:

	Number	Per cent
Foreign garrisons	336	20
Duty with the National Guard	229	50
Duty with the Organized Reserves	227	50
Duty with the Reserve Officers' Training Corps	308	50
Instructors at service schools	88	30
Students at special service schools, except flying schools	414	50
Students at general service schools	157	50
Instructors at the U. S. Military Academy	38	20
Officers on recruiting duty	42	50
	1,839	

11. There are, at the present time, no more officers assigned to overseas garrisons than are necessary properly to officer the units assigned to those garrisons. A reduction in the number of officers at these strategic outposts would seriously handicap their

powers of resistance. The importance of maintaining these defenses upon an efficient basis is vital in the present state of world affairs. Their reinforcement in an emergency can not be counted upon. Each of them has its own strategic and tactical mission confined to restricted area. No use could be made of these garrisons in the continental missions assigned to the Army.

12. The service schools are highly important elements of our military system. The World War demonstrated the necessity of these schools for the training of officers. The small number of regular organizations which provide actual experience with troops makes them of increasing importance. This necessity is augmented by present-day specialization and the rapid development of means and methods of warfare. Just as trained officers are keystones in defense, the schools are keystones in the officers' training.

13. The proposed reduction in the non-promotion-list branches will necessitate a drastic contraction in the activities of the component corps of the Medical Department and of the Chaplains' Corps. Medical Department activities with the National Guard, Organized Reserves, and the Reserve Officers' Training Corps will have to be practically abandoned, and a very considerable reduction will have to be made in the present contribution of the Medical Department toward the care of veterans.

14. The report of the committee on the bill states that its provisions will not materially lessen the available officer strength in the event of war or national emergency, because the officers who are retired will continue to be subject to recall to active service. This statement entirely disregards the fact that the regular officer, in order to be prepared to discharge his duties under the exacting conditions of modern warfare, must be in a perpetual state of training and instruction. Officers on the retired list who would be compelled to engage in commercial activities in order to supplement their retired pay and support their families could not be expected to keep themselves abreast of the military profession.

SAVING EFFECTED

15. The report of the committee on the measure contains an estimate of $3,814,823 as the annual saving that would result from the retirement of 2,000 officers. This is an average of approximately $1,900 per officer and exceeds the estimates of the War Department. However, accepting the committee's estimate, the saving effected amounts to less than 3 per cent of the amount expended for pay of the Army. Such a saving is entirely insignificant in comparison with the damage which would be done to the national defense and the injurious effect upon morale of the commissioned personnel of the Army if the proposed legislation were adopted.

The CHAIRMAN. The time of the gentleman from Illinois has expired.

Mr. CHIPERFIELD. Mr. Chairman, may I ask unanimous consent to revise and extend my remarks?

The CHAIRMAN. Without objection, it is so ordered.

There was no objection.

Mr. COLLINS. Mr. Chairman, I yield myself 15 minutes.

Before I address myself to this particular proposal, Mr. Chairman, I shall refer briefly to the remarks that have been made here this afternoon about the committee not having consulted with General MacArthur and the Secretary of War relative to reducing the commissioned-officer strength of the Regular Army. I wish to reiterate a former statement that I made a day or so ago on the floor of this House that I wrote the Secretary of War a letter in December asking how much money might be taken off the War Department appropriation bill and where, provided 2,000 Army officers were eliminated. When General MacArthur testified I interrogated him on the subject; and when the Secretary of War, Mr. Hurley, came before the committee, after I had written to him, if you please, I asked him about economies in the War Department, and he said, quoting from page 1103 of the hearings:

If I knew a place where we could cut another dollar off this budget without impairment of the efficiency of the establishment, I would cut it off, and I would tell the chairman where to find it, and tell him we did not want it.

Now, then, we have heard men say economies will be pointed out by the War Department in lieu of those proposed by the committee. Why did they not tell us of these economies during the hearings? Gentlemen, you simply can not further reduce the military appropriations without touching personnel.

Let us see what the President of the United States has said about reducing military and naval expenditures. You have heard the gentleman from Indiana [Mr. WOOD], former chairman of the Committee on Appropriations, state a conversation he had had to-day with the President of the United States.

That statement made by the President of the United States to-day is in line with every statement he has made in the past with reference to economies in the Military and Naval Establishments.

On the 23d day of July, 1929, President Hoover, in an economy appeal, said:

The American people should understand that current expenditures on strictly military activities of the Army and Navy constitute the largest military budget of any nation in the world to-day, and in a time where there is less real danger of extensive disturbance to peace than at any other time in more than half a century. The hope of tax reduction lies, to a large degree, in our ability to economize on the military and naval expenditure and still maintain adequate defense.

There is a statement by the President of the United States, made just after the close of the fiscal year 1929, during which, according to the President's own figures, there had been an expenditure of $676,141,317, divided between the Army and the Navy.

Now, let us see what the estimated expenditures are to-day, for the fiscal year 1933, as given us by the Director of the Budget; not appropriations, but expenditures, for it was expenditures the President used at that particular time. What do they aggregate? Counting exactly what we are going to spend, as estimated by the Budget, and omitting the reduction that already has been made in the naval appropriation bill and the reduction proposed in this bill, we find they aggregate $666,000,000, as compared with $676,000,000, which were the expenditure figures for the fiscal year 1929 at the time the President made his statement in July of that year. Just $10,000,000 less!

Now, listen, gentlemen. Figuring the then purchasing value of the dollar at 100, and figuring the present purchasing value of the dollar at 140, which it is, what do we find as the estimated expenditure total for the War and Naval Departments of this Government for the next fiscal year? Listen, if you please, $932,400,000. Yet men will rise on the floor of this House and say that the pacificists of this country approve this bill as it comes from the committee! If pacifists are saying that, I should say we need not be unduly alarmed by such pacifists. Nine hundred and thirty-two million four hundred thousand dollars! I want to know if the membership of this House desires to give this country a military and naval budget in times like these comparable to what is being proposed in some quarters here to-day?

Mr. HARDY. Mr. Chairman, will the gentleman yield?

Mr. COLLINS. No; I am very sorry, I can not yield.

With reference to this particular paragraph of the bill, we all know that a second lieutenant ought to be a first lieutenant in 3 years, that he should become a captain in 10 years, a major in 17 years, a lieutenant colonel in 22 or 23 years, and so on up the line. With the officers in the establishment as it is now, it is an impossibility for the young officers to receive proper promotion. They become overage before they can pass into higher grades and assume duties commensurate with their ages, and duties which the country would expect of them in the event of an emergency.

You are not helping the military-defense power of this Nation by making it impossible for the younger men who are going to fight our next wars, in the event we have them, to be advanced in grades.

You are not helping the situation by allowing them to remain in a position where they are going to be incompetent to perform the duties you will expect of them.

What did the Interdepartmental Pay-Personnel Board, of which General Simonds, one of the greatest officers we have had in this country, was the chairman, say about this matter? Let me read from the report of that board:

It can not be expected that any increase in attrition that can be produced by lowering the retirement age or liberalizing voluntary retirement will result in sufficient elimination to produce a desirable rate of promotion. A certain number of compulsory removals from the active list will still be necessary, and these removals, in order to produce the desired effect, must be confined largely to the officers appointed on or before July 1, 1920; i. e., to the pre-war and World War groups. * * * The proper method for obtaining the number of compulsory terminations of active service that are necessary after the resources of retirement for age and physical disability and voluntary retirement have been ex-

hausted is by having a representative, disinterested, and impartial board select annually the officers who are to be removed from the active list in order to bring about the total attrition that is required. Provided such a board is allowed due latitude in the discharge of its task, the result so obtained can be expected to be in the best interest of the service.

This is not a statement from a layman. This is a statement from the report of the Interdepartmental Pay-Personnel Board, the membership of which, representing the War Department, was appointed by the War Department itself. That board stated that there would be need to resort to forced attrition.

Mr. JAMES. Mr. Chairman, will the gentleman yield?

Mr. COLLINS. I am sorry, but I can not yield.

What does General MacArthur propose as a solution of the stagnated-promotion situation? General MacArthur stars certain officers who are not considered as overage for their grades and he leaves unstarred the rest of them. The starred men, in effect, constitute, under his plan, the promotion list of the Army. The rest of them are dead weight. His plan admits that they are dead weight. Every time a starred officer goes up he takes with him every unstarred officer in front of him, which means that they are carried along as dead weight.

This amendment and the amendment of the gentleman from South Carolina [Mr. McSWAIN] provide that these overage officers, or at least those of them who have not satisfactory fitness reports, shall be retired from service, but in that status they will be just as much available to the Government as they are now. We are not losing the services of a single one of them.

What does the national defense act provide as far as officers and men are concerned? It provides for 15,035 officers and 280,000 enlisted men. Applying these figures to our peace-time Army of 118,750 men it gives us 6,377 officers, or slightly more than half the number we have now. All of the so-called higher-ups in the Army approved the ratio as between officers and men at that particular time.

Then consider, if you please, the forces we maintain in our foreign possessions, like Hawaii and Panama, our troops stationed in China, and so on.

We will find that the proportion of officers to men on duty now at those places is about 1 to 20. Applying that proportion, we would need 5,900 officers instead of 12,000 plus.

What did General Pershing say in his book about the organization of the American Expeditionary Forces? A division consisted of 979 officers and 27,082 men, 1 to 30; for a brigade, the ratio was 1 to 35; and for a company, 1 to 41. That would give us, according to the division figures, for our Army now, 3,900 officers. On the basis of 1 to 35, 3,390 officers instead of 12,000 plus, and on the basis of 1 to 40, 2,190 officers. So after these 2,000 are taken off, we will have a large surplus of officers according to any figures you can name.

Now, then, what about the British? I have stated heretofore that the British have about the same number of enlisted personnel in their regular army and in its different civilian branches as we have—approximately 550,000 men. They have 23,079 officers; we have 129,792. They have an officer for every 23.9 men, while we have an officer for every 4.9 men.

[Here the gavel fell.]

Mr. COLLINS. Mr. Chairman, I yield myself one additional minute. Then, with regard to the proportion of officers to man power in the other countries, we find that France has an officer to every 18 plus men; Italy has an officer for every 21 plus men; Japan, 1 to 14 plus men; Great Britain, 1 to 15 plus men; and the United States, 1 to 9 men, counting its Regular Army only.

In conclusion, gentlemen, let me say this: The amendment offered by the gentleman from South Carolina [Mr. McSWAIN], I think, is an exceptionally well-drawn amendment. It contemplates a different basis for separations, but its primary purpose is the same as the provision proposed by the committee, and it is my intention to accept it as the committee amendment. [Applause.]

Mr. BARBOUR. Mr. Chairman, I yield five minutes to the gentleman from New Hampshire [Mr. ROGERS].

Mr. ROGERS. Mr. Chairman, in reading the bill which is before us for consideration and the report of the committee thereon the first thought that came to my mind was that we must be approaching the millenium; that we were about to witness the days "when the war drums beat no longer and the battle flags are furled, in the parliament of man, the federation of the world." When we face the facts, however, and remember that to-day more than any time since the end of the World War we see on the horizon of this Nation and all over the world a spirit of national and international unrest and disturbance we must realize that notwithstanding the universal cry for economy the United States of America must take steps to see to it that its national arms of service—the Army and the Navy—are equipped to sustain the national manhood and honor of this great Nation. [Applause.]

When we read this bill and find that it calls for the elimination of 2,000 Regular Army officers, the virtual wiping out of our Organized Reserve, of the Reserve Officers' Training Corps, the citizens' military training camps, and the National Guard, I say to you we are going too far and we must call a halt on any such proposed legislation, no matter who demands it, if we are true to our oaths of office and intend to preserve the integrity of this Nation. [Applause.]

I use as my own words the language which I saw in an editorial printed day before yesterday, and which reads as follows:

> There is one small economy project that is loaded with dynamite—the proposal to reduce the officers of the Army by 2,000 and to cut out the funds for the Reserve Officers' Training Corps entirely and for the citizens' military training camps for a year. This is not economy. It is lunacy. The country learned what such economy meant in 1917. It is still paying the bill for it and will continue to pay that bill for the next 50 years. It does not want the mistake repeated in 1932.

We are now the seventeenth nation of the world in the organization of our military forces, and we are the only nation among those 17 which is attempting to-day to cut down its national defenses.

The President of this Nation told us on March 26, in his message on balancing the Budget, in effect that "we ought to keep ever in mind the American citizen"; and he said, "we should not further reduce the strength of our defense." [Applause.]

The Army has been fair in this matter. It has reduced its budget by over $38,000,000, and to-day the representatives of the Army say they were willing to cut off $10,000,000 in subsistence of the Army, clothing and equipage, housing, barracks, and quarters, as well as Army transportation. So if we should adopt these measures we will save nearly $50,000,000. I think we will thus perform our duty to our country in the matter of economy so far as it applies to this bill, and at the same time we will preserve our national integrity and our national defense, which as American citizens is our greatest obligation. [Applause.]

[Here the gavel fell.]

Mr. BARBOUR. Mr. Chairman, I yield five minutes to the gentleman from New York [Mr. TABER].

Mr. TABER. Mr. Chairman, I am going to support the McSwain amendment if it comes to that point, because I believe that is the proper way to eliminate whatever officers should happen to be eliminated.

Frankly, I think it is ridiculous to go ahead and try to cut off 2,000 officers at this time. I think there are some overage officers who are out of place and who are not able to render service. I think perhaps we might be able to cut down our officer personnel by 500 without doing any damage, and I believe this would help to clean up the situation. But now is not the time to cut down our officer personnel to the point of weakening national defense.

Mr. BEEDY. Will the gentleman yield?

Mr. TABER. Yes.

Mr. BEEDY. It may be worth while to put in the RECORD the fact that the witness quoted by the gentleman from Mis-

sissippi, General Simonds, did not recommend any cut in the officer personnel such as that now proposed by the committee.

Mr. TABER. That is true. At the same time, there are so many officers above what might be called useful age in the Army that we would not be weakening our national defense if we cut the number down by something like 500, in my opinion, because we have first lieutenants who are 61, captains who are 64 and 61 and 60, and you can not tell me that you need officers of that type who are above useful service age. They can not be rendering efficient service and they could not be of use if we got into trouble. I hope we will not have such trouble, but I believe we could cut down a little, although I have no idea we could go as far as the committee has proposed and cut the number of officers 2,000 at this time. You would then eliminate captains who are as young as 40, and I do not believe we ought to do anything of that kind.

I am going to offer a substitute, when the time comes, to cut down the number approximately 500. I do not think we ought to go a bit farther, because you would be cutting into the useful, efficient personnel which we need to build up by the influx of new men in the organization—graduates of the Military Academy.

I believe there are other places in the bill where we can cut more than enough to make up for what we might save on this proposition.

I believe in economy. I believe in cutting down expenses just as far as we can, but we must not cut them at the expense of absolutely necessary national defense.

Mr. FIESINGER. Will the gentleman yield?

Mr. TABER. Yes.

Mr. FIESINGER. Will the gentleman discuss for a moment the question of the recall of these officers? I have been troubled a good deal about that.

Mr. TABER. These officers would go on the retired list, of course. They could be recalled if the Government wanted to recall them at any time in case of emergency. They would not be on the pay roll except for retired pay, but they or General MARTIN or any other officer who is on the retired list could be recalled to active service in time of emergency, and at the time of the late war they were so recalled in very large numbers and put at work where they could serve useful purposes.

Mr. FIESINGER. Then they would not be lost to the service. That is the point I am making.

Mr. TABER. I do not think they would be lost to the service entirely.

Mr. FIESINGER. Would their efficiency be lessened?

Mr. TABER. Their efficiency would not be lost to the service. Of course, if you reduced the personnel of the active Army too far, you would get to the point where you could not make your Army effective and use it the way it ought to be used. This is especially true with the large number of officers that have to be detailed in increasing number to the Air Corps, and, of course, you know that in our Army we have practically 1,200 officers in the Engineer Corps, which is a service not comparable with any military service of any other government.

Mr. FIESINGER. Is the gentleman going to offer an amendment to the amendment bearing out his idea?

Mr. TABER. Yes.

[Here the gavel fell.]

Mr. BARBOUR. Mr. Chairman, I offered the amendment to restore the 2,000 officers to the commissioned personnel of the Army because I conscientiously believe that to eliminate these 2,000 officers is not in the interest of economy and, furthermore, is not in the interest of our national defense. It would be a permanent reduction in the officer personnel of the Army. We are told these men would go on the retired list and that we could call on them at any time, but we know that these men when they are on the retired list are not kept in that state of preparedness and training that is necessary to make an efficient Army officer, and to that except their retirement is going to be a dead loss to the Government.

It is planned to retire them at three-quarters base pay and three-quarters longevity pay. For that they return no service to the Government. In many cases we will have to hire civilians to do the work, and it is my opinion that it will cost more in actual dollars and cents to retire these officers than it will to keep them on the active list.

There is one thing that has surprised me in the debate this afternoon, and that is the attitude of several members of the Military Affairs Committee who have told us about the hump of World War officers preventing the promotion of younger officers. That hump has existed since the World War.

For the past 12 or 14 years that hump has been there and one of the problems of the War Department has been to try to remove it and give an opportunity for promotion.

Bills have been sent to the Military Affairs Committee and suggestions made as to how to remove the hump.

In the hearings on the War Department appropriation bill the chairman of the subcommittee asked the Chief of Staff what his solution of the problem was, and he said, "My solution is the bill that was approved by the Secretary of War eight months ago and sent to the Military Affairs Committee."

This is a legislative proposition, because it changes the substantive law relating to matters of this kind. Why, then, has not the Military Affairs Committee come in with a legislative bill instead of coming here and advocating legislation—because that is the effect of it—legislation on an appropriation bill?

I do not care whether under the technicalities of the Holman rule this language in the bill is in order or not, the effect of it is to change the fundamental law relating to national defense, and is, therefore, legislation.

I am surprised to see the gentleman from Alabama and other members of the Military Affairs Committee come before the House to-day and advocate this change of substantive law as an amendment on an appropriation bill.

If we are going to do that, if we are going to legislate on appropriation bills, why not discontinue all the other committees of the House of Representatives and give the Appropriations Committee full power and jurisdiction over all matters of legislation that come before this House?

I am a member of the Appropriations Committee, but I do not believe in anything of that kind. That is why I am opposed to legislation on appropriation bills, because it is not the right way to do things.

Mr. OLIVER of Alabama. Will the gentleman yield?

Mr. BARBOUR. I yield.

Mr. OLIVER of Alabama. Did the gentleman oppose the Anthony bill in 1922?

Mr. BARBOUR. I was not a member of the Appropriations Committee in 1922.

Now, there is nothing further that I care to say on this matter. I think it has been fully presented to the House. I want to reserve two minutes of my time, because I promised some time to the gentleman from Massachusetts.

Mr. McDUFFIE. Will the gentleman yield?

Mr. BARBOUR. Yes.

Mr. McDUFFIE. It has been suggested that there are other places in the bill where we can effect economy.

Mr. BARBOUR. Yes.

Mr. McDUFFIE. Wherein can we bring back economy if we do not start here?

Mr. BARBOUR. On flood control and rivers and harbors.

Mr. McDUFFIE. Anything else?

Mr. BARBOUR. That is enough. Right there you can more than cover the additional cost of putting back these officers. It will cost nine and a half million dollars to put back the 2,000 officers, the Organized Reserves, the Reserve Officers' Training Corps, and the citizens' training camps—$9,500,000 is what it will cost. Sixty million dollars is appropriated in this bill for rivers and harbors, and not a dime has been cut off that appropriation. We can cut $10,000,000 off rivers and harbors, leaving $50,000,000, as much as was carried annually up to two or three years ago. The flood-control provision of the bill amounts to $32,-

500,000. At the rate we are going now that whole flood-control project will be completed within four or five years. A large part is completed now. We can save a few millions off that for the fiscal year 1933 and not take any chances of seriously interfering with the work whatsoever. These reductions in these two items could be for one year alone. That is only a suggestion that I make. We can take $10,000,000 off rivers and harbors for one year and from $5,000,000 to $8,000,000 off flood control for one year, and no harm will be done and we will be saving more money than this bill proposes to save by the elimination of these officers and the other activities which so undermine and weaken our whole system of national defense.

Mr. McDUFFIE. Where is the other $6,000,000 that we were to get out of the bill that the President talks about?

Mr. BARBOUR. I have suggested $15,000,000 more than the proposed cut so far as officers are concerned.

Mr. BYRNS. Do I understand that it is the idea of the gentleman that in this time of unemployment, when we are talking about appropriating hundreds of millions of dollars to afford employment, that he would cut $10,000,000 or more from the river and harbor and the flood-control appropriations?

Mr. BARBOUR. Everything proposed to be done in this bill, so far as cuts are concerned, will result in unemployment.

Mr. BYRNS. Oh, no; not with reference to these 2,000 officers. They are retired, and not one of them will receive less than $1,800 a year for the remainder of his life, and he is subject to call whenever there is a demand for his services. How is the national defense hurt in that way?

Mr. BARBOUR. All through the bill there are cuts in appropriations for supplies, automobiles, trucks, equipment of various kinds, and one thing and another which will result in unemployment. You can not make those cuts without causing unemployment. We can save money a whole lot better in the way I have suggested than in the other propositions in the bill. The gentleman has asked where further savings can be made and I have told him. The effect on employment would be no different than in the cuts that he advocates.

Mr. WHITTINGTON. Mr. Chairman, will the gentleman yield?

Mr. BARBOUR. Yes.

Mr. WHITTINGTON. What reduction does the gentleman suggest for flood control in the Sacramento River?

Mr. BARBOUR. We will take our share of the cut.

Mr. WHITTINGTON. But what is that share?

Mr. BARBOUR. It is the same proportion that the gentleman will take on the Mississippi River.

Mr. LaGUARDIA. Mr. Chairman, will the gentleman yield?

Mr. BARBOUR. Yes.

Mr. LaGUARDIA. I suggest to the gentleman that the figures of the Engineer Corps show that every million dollars of river and harbor appropriation represents 60,000 labor days, and every million dollars of flood-control appropriation represents 77,000 labor days.

Mr. SCHAFER. Mr. Chairman, will the gentleman yield?

Mr. BARBOUR. Yes.

Mr. SCHAFER. The Republican leader, the self-appointed spokesman for the President, the gentleman from Indiana [Mr. WOOD], on the floor of the House, when indicating that the President was in favor of retiring these 2,000 officers, also told us that the British Regular Army officer strength was 5,000 officers, when the fact is that the British Regular Army officer strength is 22,322, and the French Regular Army officer strength is 32,317.

Mr. BARBOUR. Mr. Chairman, I just want to make this statement, in conclusion.

Mr. CULKIN. Mr. Chairman, will the gentleman yield?

Mr. BARBOUR. No; I can not yield. I have not the time. The gentleman from Tennessee speaks of causing unemployment. There are cuts and reductions all through this bill for manufactured articles, such as trucks, automobiles, and other things, that are going to result in less employment. The effect can not be otherwise. I yield the remainder of my time to the gentleman from Massachusetts [Mr. CONNERY].

The CHAIRMAN. The gentleman from Massachusetts is recognized for one and one-half minutes.

Mr. CONNERY. Mr. Chairman, in the one minute and a half all I desire to say is that I am in favor of keeping these 2,000 officers in the Army. I believe you can not make an officer over night; and I do not believe, because a man has reached the age of 45 or 50 years, that his brain has deteriorated to such an extent that he should be eliminated. I think we need these men in the service. Furthermore, we are not dealing here with just a small regular Army, but we are dealing with a proposition where, if war were declared to-morrow, we would need to officer and commission a potential army of 4,000,000 men, already arranged for under the plans of the General Staff of the War Department. I hope the House will not vote to eliminate these 2,000 officers. [Applause.]

Mr. COLLINS. Mr. Chairman, I yield 15 minutes to the gentleman from Alabama [Mr. OLIVER].

Mr. OLIVER of Alabama. Mr. Chairman, during the period of my membership in the House, I have found that its Members are not greatly interested in personal recriminations, but they are always willing to carefully weigh and give thoughtful consideration to facts and information pertinent to the subject under discussion. I regret that my friend, the distinguished gentleman from Oregon, General MARTIN, so far forgot himself as to be just a little ungracious in his reference to the Committee on Appropriations and to the chairman of its subcommittee handling War Department appropriations. Knowing him as I do, I believe when he has had time to carefully read his remarks of last Tuesday he will of his own volition eliminate some of the things said by him in the heat of the debate.

There can never be any sound reason why a Member, no matter what his professional training may have been, should feel called on to exclaim, "My God, it makes one's blood boil to think that such things could be done," referring in this instance largely to the fact that the Committee on Appropriations should permit one of its members to quote with approval the opinions and conclusions of world-recognized military authorities, who were mere captains or majors, on the subject of how to modernize an army so as to improve its mobility, its communication, and efficiency.

Let me here say, however, that primarily my reason for asking this time was to call attention to certain statements made during the discussion of this bill by the gentleman from Oregon, General MARTIN, and the gentleman from Illinois [Mr. CHIPERFIELD], in which they expressed very deep interest and real anxious solicitude for World War emergency officers and others commissioned in the Regular Army after July 1, 1920, pursuant to the national defense act as amended by House bill 12775, approved June 4, 1920—the direct effect of which act was to provide liberal promotions for many regular officers to high grades, especially to the grades of major, lieutenant colonel, and colonel.

It was most pleasing to hear the wonderful tribute which the gentlemen from Oregon and Illinois paid to and the solicitude expressed by them for these deserving emergency officers—the large bulk of whom are still in the grades of captain and lieutenant, with absolutely nothing to look forward to in the future for an Army career, unless remedial legislation reducing the number of officers in the manner suggested by the McSwain amendment is adopted.

Let me briefly summarize what the gentleman from Illinois [Mr. CHIPERFIELD] said, so you may understand how he and the gentleman from Oregon feel toward the deserving emergency officers, whom he refers to as men who performed well their duties to their country in the World War. Said he:

> The Army needs the influence of these men who came from civil life. You can not well dispense with these men. Their loss would be great and irreparable. They started out in the profession

of arms, and they had a right to anticipate promotion with increase of pay—

Note those words—

that they might stay in the service until retiring age.

From other statements I am justified in concluding, I think, that the gentleman from Oregon, General MARTIN, is in hearty accord with these views so eloquently expressed by the gentleman from Illinois.

To both of these gentlemen—former distinguished Army officers of high rank—let me say that certain high officers of the Army who prepared, supported, and had passed the national defense act as rewritten and amended by H. R. 12775, approved June 4, 1920, were certainly not in sympathy with your evaluation of the worth of these emergency officers, which is unmistakably evidenced by their unfair interpretation and administration of such act and by their proposals to forcibly eliminate this group from the service subsequent to June 4, 1920, as I will later show. What occurred after regular officers, by virtue of this act, were rapidly promoted to permanent rank in high grades, when viewed retrospectively, furnishes another striking example of the old, old human story of men, clothed with authority and high responsibility, yielding to the selfish impulse of appropriating everything possible for themselves even at the cost of grave injustice and wrong to others equally as deserving.

Listen to some record facts cleverly interrelated, and see if the statement just made is not supported by reasonable deductions therefrom. As early as the latter part of 1919 great affection and solicitude were expressed for the enlisted personnel by officials in the War Department, who appeared before the House Committee on Military Affairs, and urged an increase in the pay of the enlisted personnel. A bill was afterwards reported carrying substantial increases for the enlisted personnel for a definite length of time, and passed by the House, the materiality of which will later appear. When the bill reached the Senate a substantial bonus increase for the same period was added for the officer personnel, which was agreed to in conference, effective about January 1, 1920.

In the meantime a drive was being put on for rewriting in a large and liberal way the 1916 national defense act. The need for more officers, it was pointed out, was imperative. Need for strengthening the National Guard, for enlarging the Reserve Officers' Training Corps units, and for making liberal authorizations for Reserve Officers' Training Corps, citizens' military training camps, and reserve officers' training camps were urged. In this connection it was proposed to increase the officer personnel of the Army to approximately 18,000, which, it was explained, would provide permanent commissions for more than 5,000 meritorious and capable war emergency officers, which, by the way, was the effective argument making possible the amendment of the national defense act, approved June 4, 1920.

Under it all emergency officer commissions were to be surrendered, and the provisions of the act were cleverly prepared so as to create favorable public interest, due to many popular groups it affected, yet full control and a wide discretion were vested in the department, through its regular personnel, as to all promotions, appointments, and assignments to grades of those eligible for permanent commissions.

Now, this amended act of June 4, effective July 1, 1920, increased the number of major generals from 4 to 21, of brigadier generals from 19 to 46, and largely increased the numbers in all grades on the single promotion list, authorizing in such grades the following: Colonels, 599; lieutenant colonels, 675; majors, 2,245; captains, 4,490; first lieutenants, 4,266; second lieutenants, 2,064.

It seems now needless to say, except for the benefit of the uninformed, what happened, namely, those in the Regular Service were rapidly advanced to the higher grades, nearly all captains becoming majors—though some had very limited commission service—and the grades of lieutenant colonel and colonel were immediately also largely augmented. The great bulk, however, of that large number of capable and deserving emergency officers to whom the gentlemen from Oregon and Illinois have so tenderly referred were commissioned in the grades of captains and lieutenants, in which grades most of them are still found, and will continue to be found unless Congress seeks partially to right some of the wrongs done by giving approval to the committee's recommendation, with the perfecting amendment offered by the gentleman from South Carolina [Mr. McSWAIN], chairman of the Military Affairs Committee of the House.

The emergency officers—so dear to the hearts of many regular officers up to the time of the passage of the amended act of June 4, 1920—were commissioned in the low officer grades, thereby becoming stepping-stones on which the regular officers were lifted to permanent positions in the higher grades to which attention has just been directed.

Mr. McKenzie, a former chairman of the House Military Affairs Committee, well portrayed the situation during the hearings held on the service pay bill in 1921, when he said:

You are aware of the fact that there are hundreds and hundreds of young officers who have received very rapid promotion, and some of these older officers in both the Army and Navy that I see sitting around in the room probably served 10 or 15 or 20 or 25 years before they reached the point where they were drawing the pay that some of these younger men are drawing after two or three years.

Let me again ask my friends, the gentleman from Oregon and the gentleman from Illinois: Who will now undertake to justify this unjust, unfair treatment of these deserving emergency officers by the selfish use of authority wielded by those who became the immediate beneficiaries of its exercise?

Then what happened? In 1922 the scene shifts, and another story of human selfishness is written, and may I say to the gentleman from Oregon that while you can justly point with pride to the high skill and strategy shown by officers of the department in the preparation of war plans, yet never have they employed greater skill and strategy than that shown in the preparation and passage of personnel legislation on the Hill. In 1922, I repeat, the scene of 1920 changes. The Army now wants an adjusted pay bill carrying permanent increase pay for the officer personnel.

The groundwork was laid for this 1922 drive in the previous acts of 1919 and 1920, to which reference has been made, and which served to largely increase the officer personnel, granting temporary increases in pay to both officer and enlisted personnel and providing for the appointment of a joint committee of the Senate and House to report in 1922 on the matter of a permanent adjusted pay bill. Then, as now, there was much talk in Congress about effecting economies, so the first thing the Army and other affected services did was to announce that the permanent adjusted pay legislation, which they favored, would be so drawn as to appropriate less money in the fiscal year 1923 than would be required under existing permanent and temporary bonus legislation. Listen to the strategy employed to accomplish this result.

They first announced, for reasons you can readily surmise, an earnest desire to include in the adjusted pay act the Public Health Service, the Coast and Geodetic Survey, and to make liberal provision for our citizen soldiers—the National Guard. Next, they sought to further popularize this legislation for increased pay by introducing in the House a bill to reduce the officer personnel of the Regular Army by 2,000 or more (the increase of 1920 having now effectively served its purpose). Another bill, known as the Pershing bill, looking to a reduction in the officer personnel, was also then pending in the Senate, both of which bills were frequently alluded to in the discussion of the pay bill as promising large economies. Suffice it to say, an examination of these bills will disclose that their enactment and enforcement would have forcibly eliminated from the service on very scant pay a large number of the 1920 emergency officers—the commissioning of whom had served to elevate to permanent commissions in high grades a large number of the regular officers.

The gentleman from Connecticut [Mr. TILSON] and I were members of this joint committee of the two Houses,

and he is familiar with the legislative history to which your attention is being called.

Let me here disabuse the mind of the gentleman from Oregon of the thought that the national defense act of 1916, and as amended in 1920, was written by some distinguished Member in this or the other legislative body. The draft of those laws, very technical as you will find, was drawn by Army officers. The same is equally true of the adjusted pay bill of 1922, to which your attention will be briefly called later. These bills were drafted and approved by and had the hearty support of high Army officers, otherwise they never would have passed.

Now, by way of summarizing, note: Army officers strongly urged increase of officer personnel in 1920, using as an argument the possible rewards to deserving emergency officers that would follow. They also urged increase of pay for the enlisted personnel. After the passage of these bills they took in thousands of emergency officers, but in what grades, you ask, were they commissioned? Let the records answer—in the grades of captain, first and second lieutenants, and in these grades you will largely find them now, and as to many of these legislation has even been asked by the War Department to forcibly eliminate them.

Mr. McSWAIN. Will the gentleman yield?

Mr. OLIVER of Alabama. Yes.

Mr. McSWAIN. They put emergency captains 40 years old down under Regular Army second lieutenants.

Mr. OLIVER of Alabama. That is absolutely correct. The same unfair treatment was also shown in the adjusted pay bill toward emergency officers. Read a letter from Colonel Ely, of the Judge Advocate General's Office, appearing in the hearings on the pay bill, in which he discusses this matter very fully. Great care was taken, however, to provide for the pay of the Regulars, especially in the grades of majors, lieutenant colonels, and colonels, all of which grades were top-heavy because of the rapid promotions following the enactment of the 1920 act.

Talk about hardships, as did the gentleman from Illinois in reference to officers now in the grades of major, lieutenant colonel, and colonel, let me briefly state how liberal the pay bill was to these grades. Mr. McKenzie has been quoted, you will recall, as having referred to the rapid promotion of many of the young officers who reached in two or three years a grade which older officers had found it necessary to wait years for.

In the adjusted pay bill prepared by officers then in the service the first thing done was to increase the longevity pay from 40 to 50 per cent of the base pay and to strike out a limitation of $1,000 on the longevity pay of officers in the grades of major, lieutenant colonel, and colonel. In brief, the base and longevity pay of officers in the grades of colonel, lieutenant colonel, and major with 30 years' service by the adjusted pay act were increased from $5,000 to $6,000, $4,500 to $5,750, and $4,000 to $5,250, respectively. The effect of this was to increase the maximum retirement pay for a colonel, $750; for a lieutenant colonel, $937.50; and for a major, $937.50.

There were a large number of colonels and many lieutenant colonels and majors, because of the different types of service other than commission, which they were allowed to claim, while denying it to others, were immediately entitled to the maximum increases in pay and allowances under the terms of the adjusted pay bill of 1922.

This same bill which allowed the officers then in the service to claim all types of service, other than commission, to increased longevity pay, also provided that such service could be used to increase an officer's base pay by giving him the base pay of the next higher grade or of the next pay period.

To illustrate, three different base pays were provided for majors, ranging from $2,400 to $3,500, to which longevity increases of 50 per cent should be added, at the rate of one-tenth for every three years of service (all types of service counting for certain officer groups. For majors, eight different rates of allowances were also provided in addition to base and longevity pay, ranging from $219 to $2,097. Similar complications and variations will be found in the grades of lieutenant colonel and colonel.

Let me again emphasize that all types of service can be claimed under the 1922 adjusted pay bill, seifishly written for and in the interest of certain officer groups then in the service, but such rights and privileges, the act provides, die with such officer groups, and, after July 1, 1922, all officers commissioned in the service can only count for pay and longevity regular Federal commission service.

Attention has been called to the assurance given, in order to pass the adjusted pay bill, that it would take less money in the fiscal year 1923 out of the Federal Treasury than would be taken under existing pay schedules, plus the temporary bonus; and here is how, with that same lack of fairness for others, it was accomplished: The pay of the apprentice seaman in the Navy and of the enlisted man in the Army, for whom great solicitude was shown by officers in 1920, was cut from $33 and $30, respectively, per month to $21, and the pay of second lieutenants in the Army and corresponding grades in the other services were cut $200 each (few then in this grade, now a large number).

The money thus taken from the enlisted personnel, from second lieutenants, and officers without dependents supplied the pool to meet the increases in pay and allowances for the higher-ups, to which attention has been called.

There are many still in the House who joined me in opposing this adjusted pay bill, which was a mere temporary makeshift, full of unjust discriminations. Among those opposing it was the present Speaker of the House and the present chairman of the Appropriations Committee. Those who opposed the bill then stated that the Army and other allied services would themselves repudiate it in the near future; and if you will read the report of the Interdepartmental Pay Board, under date of July 19, 1929, you will find that this prediction has come true.

That part of such report should interest both the gentleman from Oregon, General MARTIN, and the gentleman from Illinois, Mr. CHIPERFIELD, who have expressed such keen interest and sympathy for deserving emergency officers, where it refers to "a large and heterogeneous World War hump of over 5,000 officers," and again "these World War officers constitute the outstanding abnormality in the promotion list." This board, in the suggested legislation which they submitted, following a like recommendation of Army officers in 1922, proposed to get rid of surplus officer personnel by forcible eliminations, thereby partially relieving the hump so as to accentuate the flow of promotions. They were anxious in 1920 to get the emergency officers in to receive rapid promotions for themselves, then to get them out in 1922 so as to give promise of economies and to increase the pay of those who remained in.

Under leave to extend, I will append copy of letter written by the joint committee of the House and Senate to the President, under date of June 30, 1930, emphasizing the importance of legislation to correct the inequalities with respect to promotion which then and still obtain.

In conclusion may I say that nothing has been suggested that will serve in a better, larger, and more effective way to partly correct and adjust the inequalities, the injustices, and unfair discriminations imposed on officers commissioned in the service after July 1, 1920, than what is proposed in the amendment offered by the gentleman from South Carolina [Mr. McSWAIN]. On Tuesday last the gentleman from Oregon, General MARTIN, in a very complimentary way referred to "the learned chairman of the Military Affairs Committee, Mr. McSWAIN" and expressed a willingness to follow his leadership in the drafting of legislation relative to this important matter. I now ask the gentleman from Oregon to read his language, appearing in Tuesday's RECORD, and by his vote on the pending amendment show his abiding confidence as he assured us he had in the leadership of the gentleman from South Carolina [Mr. McSWAIN]. [Applause.]

The McSwain amendment does what high officers in the Army will privately tell you is so imperatively required at this time, namely, it opens the door for promotion to efficient captains and lieutenants of the World War, gives

real hope to the young blood of the Army, and partially corrects the unjust discriminations imposed on emergency officers by the defense act of 1920 and by the pay act of 1922.

Who is there who will not say, "Help the Army; lend encouragement to the young blood of the service and to those worthy emergency officers who have been the victims of unjust discriminations"?

Mark this prophecy: If the McSwain amendment is adopted and the views of military experts so ably outlined in his opening statement on this bill by my friend the distinguished gentleman from Mississippi [Mr. COLLINS] are sympathetically studied and followed, this session of Congress will mark a new day in the advance of our Army along the lines of contentment and ever-increasing efficiency.

We have had some to rise in the House and in an ironical vein assume to jeer and scoff at the constructive thoughts respectfully and modestly submitted to the House for its study by the gentleman from Mississippi [Mr. COLLINS]. In that connection I have only this to say, that from the days when we have the most meager records of man's doings down to the present the scoffer has occupied side lines along the path of human progress. As some one has truly said, "The scoffer never travels with progress. He pays little homage to any creature save himself, and regards his opinions as being the decree of a court of last resort." [Applause.]

Mr. Chairman, under leave to extend my remarks, I am appending copy of letter directed by the joint committee to the President of the United States under date of June 30, 1930, from which the following is quoted:

We find as we study this report and various data that have come to us that the remedy, at least in part, for many of the ills complained of lies not in pay adjustment, but in promotion adjustment. We find that in the Army and Navy the large numbers of emergency officers permanently commissioned following the war are themselves not advancing as rapidly as would be desirable under a well-ordered scheme and that they are hindering the orderly advancement of officers subsequently commissioned. Under the longevity arrangement which now obtains some of them receive compensation in excess of that received by officers senior to them by from one to three and, in fact, four grades.

Obviously, therefore, the remedy in such circumstances certainly, in part, is promotion legislation, but the Interdepartmental Pay Board, designedly or not, proposes the expedient not only of allowing these existing high rates to continue, but actually of increasing them, thereby, in order to arrive at a graduated pay table without overlapping, permitting such rates to dictate its whole pay schedule with the result that the Interdepartmental Pay Board's proposal is widely out of harmony with any possible program that it would seem we would be justified in indorsing or that we might reasonably expect to be received favorably.

A promotion program that would correct the situation with respect to these emergency officers seems of paramount importance and must, in our judgment, precede pay adjustment. * * * By establishing a uniform pay schedule, parity is not accomplished if one man advances right through the several grades and another, commissioned at the same time and for reasons beyond his control, has his progress constantly impeded so that the age limit overtakes him somewhere along the line. Necessarily, there ensues a difference in career earnings, unless recompense be effected through the medium of longevity increases.

Such a course ignores the worth of a job and gives extra compensation in the absence of added duties and responsibilities. It is this principle of the present pay law that in large measure is responsible for the high rates recommended by the Interdepartmental Pay Board. It is unsound and tends to discourage those qualities inherent in men who are striving to forge ahead, since it removes or lessens the incentive for advancement in grade if attended by little or no additional compensation.

In view of the foregoing it is our firm conviction that adjustment of the inequalities which now obtain with respect to promotion should be the first step in pay adjustment and that pay revision should follow and be predicated upon a promotion scheme as nearly uniform as may be consistent and practicable. Pay relief, both as to form and measure, very largely depends upon the correction of those promotion problems which contribute to the urge for pay relief.

DAVID A. REED,
W. L. JONES,
TASKER L. ODDIE,
DUNCAN U. FLETCHER,
E. S. BROUSSARD,
Senate Members of the Joint Committee.
BURTON L. FRENCH,
JOHN G. COOPER,
HENRY E. BARBOUR,
W. B. OLIVER,
ROBERT CROSSER,
House of Representatives Members of the Joint Committee.

Mr. McSWAIN. Mr. Chairman, I offer a perfecting amendment which is at the Clerk's desk and which has been read for information.

The Clerk read as follows:

Amendment by Mr. McSWAIN: Beginning on line 11, page 11, strike out all that part beginning with the word "convene" after the word "shall" and ending with the word "shortage" on line 17, page 12, and insert the following in lieu thereof:

"First select the general officers to be removed from the active list of the Army, and from the general officers remaining on the active list the President shall convene a board of five general officers, who shall select the officers to be removed from the active list in consequence hereof, and the action of such selection board as to the officers to be removed from the active list shall be final: *Provided further*, That any officer may be retired upon his own application if same be filed prior to September 1, 1932: *Provided further*, That the selection by the board aforesaid of the officers to be removed from the active list shall be made solely on the basis of comparative ability, efficiency, and physical fitness, as disclosed by all now-existing efficiency reports and other pertinent official War Department records, and that no removals hereunder shall be made of officers permanently commissioned in the Air Corps or the Judge Advocate General's Department, and that any person who, by any means whatsoever, shall attempt to influence or interfere with the action of said selection board in its work of reduction with respect to the retirement of any officer of the Army, shall be deemed guilty of a misdemeanor, and upon conviction thereof shall be subject to a fine of not more than $1,000 or imprisonment for not more than one year, or both, at the discretion of the court."

The CHAIRMAN. The Chair will state that two amendments have been offered, one by the gentleman from California [Mr. BARBOUR] and one by the gentleman from South Carolina [Mr. McSWAIN]. The gentleman from California has presented an amendment which in part is perfecting and which in part strikes out a large portion of the paragraph. The gentleman from South Carolina has offered an amendment which is entirely a perfecting amendment. It seeks to perfect that part of the bill which the amendment offered by the gentleman from California proposes to strike out. In the opinion of the Chair, the amendment offered by the gentleman from South Carolina, being entirely a perfecting amendment, would take precedence over the amendment offered by the gentleman from California.

Mr. BARBOUR. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. BARBOUR. As I understand the ruling of the Chair, we now vote on the McSwain amendment to the bill.

The CHAIRMAN. Yes.

Mr. BARBOUR. If that is adopted, then we will vote on the amendment to strike out most of the paragraph under consideration, which I have offered to the bill.

The CHAIRMAN. That is correct.

Mr. BARBOUR. That is, to strike out the paragraph and make certain changes in the amounts, not striking out the whole paragraph but a large part of it and making changes in the amounts which will result in putting the 2,000 officers back in the bill.

The CHAIRMAN. Yes.

Mr. COLLINS. Mr. Chairman, I wish to state that I accept the McSwain amendment.

Mr. TABER. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. TABER. The McSwain amendment, as I understood its reading, does not affect the language of the bill with reference to the number of officers.

The CHAIRMAN. That is not a parliamentary inquiry, the Chair will state to the gentleman from New York.

Mr. LaGUARDIA. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. LaGUARDIA. In order to have no misunderstanding, if the McSwain amendment is adopted, that amendment substituting language not now in the bill, would the amendment offered by the gentleman from California, which strikes out language which would be substituted by the amendment offered by the gentleman from South Carolina, be in order?

The CHAIRMAN. Under those circumstances, in the opinion of the Chair the amendment offered by the gentleman from California would be in order. The amendment

offered by the gentleman from South Carolina is a perfecting amendment and would not preclude the striking out of that part of the paragraph, if the committee so decides.

Mr. CHINDBLOM. Mr. Chairman, in order to make it clear, the entire language proposed to be stricken out by the gentleman from California is amended or perfected, as we sometimes say, by the amendment offered by the gentleman from South Carolina.

The CHAIRMAN. That is correct. The question is on the amendment offered by the gentleman from South Carolina.

The amendment was agreed to.

Mr. TABER. Mr. Chairman, I offer an amendment to the Barbour amendment.

The CHAIRMAN. The gentleman from New York offers an amendment to the Barbour amendment, which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. TABER to the Barbour amendment: On page 8, line 19, strike out the figures "$31,833,477" and insert in lieu thereof the figures "$30,283,477."

In line 23, on page 8, strike out "$8,545,011" and insert in lieu thereof the figures "$8,495,000."

On page 9, in line 4, strike out the figures "$9,447,000" and insert in lieu thereof the figures "$10,300,000."

In line 14, page 9, strike out the figures "$6,224,000" and insert in lieu thereof the figures "$5,800,000."

In line 15, page 9, strike out the figures "$5,928,389" and insert in lieu thereof the figures "$5,728,000."

In line 22, on page 9, strike out the figures "$137,042,204" and insert in lieu thereof the figures "$135,671,204."

On page 10, line 1, strike out the figures "$136,242,204" and insert in lieu thereof the figures "$134,871,204."

In line 21, strike out "eight thousand nine hundred and thirty" and insert "ten thousand four hundred and thirty."

Page 10, line 24, strike out "seventeen" and insert "twenty."

Line 25, strike out "thirty-seven" and insert "forty-four."

Lines 25 and 26, strike out "three hundred and eighty-four" and insert "four hundred and six."

Page 10, line 26, and page 11, line 1, strike out "four hundred and seventy-three" and insert "four hundred and ninety-nine."

Page 11, lines 1 and 2, strike out "one thousand four hundred and eleven" and insert "one thousand four hundred and eighty-nine."

Line 3, strike out "two thousand eight hundred and twenty-two" and insert "two thousand nine hundred and seventy-nine."

The CHAIRMAN. The question is on the amendment offered by the gentleman from New York to the amendment offered by the gentleman from California.

The amendment to the amendment was rejected.

The CHAIRMAN. Without objection, the Clerk will again report the amendment offered by the gentleman from California [Mr. BARBOUR] for the information of the House.

The Clerk again reported the Barbour amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from California [Mr. BARBOUR].

The question was taken; and on a division (demanded by Mr. BARBOUR) there were—ayes 129, noes 130.

Mr. BARBOUR. Mr. Chairman, I ask for tellers.

Tellers were ordered, and the Chair appointed as tellers Mr. COLLINS and Mr. BARBOUR.

The committee again divided; and the tellers reported that there were—ayes 135, noes 141.

So the amendment was rejected.

The Clerk read down to and including line 14, on page 13.

Mr. COLLINS. Mr. Chairman, I move that the committee do now rise.

The motion was agreed to.

Accordingly the committee rose; and the Speaker having resumed the chair, Mr. LANHAM, Chairman of the Committee of the Whole House on the state of the Union, reported that the committee, having had under consideration the bill H. R. 11897, the War Department appropriation bill, had come to no resolution thereon.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to—

Mr. OVERTON, until May 30, on account of official business.

Mr. GOSS (at the request of Mr. TILSON), on account of illness.

Mr. GIBSON, for one week, on account of important business.

PUBLIC PRINTING AND BINDING

Mr. BYRNS. Mr. Speaker, I ask unanimous consent for the present consideration of the joint resolution (H. J. Res. 382) making an additional appropriation for printing and binding for Congress for the fiscal year 1932.

The SPEAKER. The Clerk will report the joint resolution.

The Clerk read as follows:

House Joint Resolution 382

Resolved, etc., That the sum of $500,000 is hereby appropriated, out of any money in the Treasury not otherwise appropriated, for printing and binding for Congress, including the same objects and under the same conditions specified under the appropriation "Public printing and binding, Government Printing Office, 1932," contained in the legislative appropriation act for the fiscal year ending June 30, 1932.

Mr. BYRNS. Mr. Speaker, if I may say a word in explanation, the legislative appropriation bill which passed the House a few days ago carried an appropriation of $500,000, which was to be made immediately available. I hold in my hand a letter from the Public Printer in which he says that unless this $500,000, which was carried in that bill and has been approved by the House, is made available by May 16 there will be no money left with which to print bills and do the other printing for the Congress, including the printing of the CONGRESSIONAL RECORD.

This will not add one dollar to the appropriation, because if this resolution is passed the $500,000 will be taken out of the legislative bill. The resolution simply makes the money available now, and is necessary because it is evident the legislative bill can not pass the Senate for probably 10 days or 2 weeks.

Mr. STAFFORD. Will the gentleman yield?

Mr. BYRNS. Yes.

Mr. STAFFORD. I understand, then, that if this joint resolution passes both bodies the $500,000 item in the legislative bill will be eliminated?

Mr. BYRNS. Oh, yes, undoubtedly.

Mr. SCHAFER. Will the gentleman yield?

Mr. BYRNS. Yes.

Mr. SCHAFER. Have the economy doctors in the other body had a chance to operate on this appropriation and reduce it 10 per cent?

Mr. BYRNS. I do not think this is a proper subject for the "economy doctors."

Mr. SCHAFER. The distinguished economy doctor from the gentleman's own State has indicated that every appropriation should be reduced 10 per cent.

Mr. BYRNS. We will send the resolution over and let them doctor on it, if the gentleman is willing.

The SPEAKER. Is there objection to the present consideration of the joint resolution?

There was no objection.

The joint resolution was ordered to be engrossed and read a third time, was read the third time, and passed.

PERMISSION TO FILE REPORT

Mr. LEWIS. Mr. Speaker, I ask unanimous consent to file at this time a supplemental concurrent report together with an illustration on the Patman bonus bill.

The SPEAKER. Is there objection?

There was no objection.

WHO IS FOR ECONOMY?

Mr. WILLIAMS of Missouri. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD.

The SPEAKER. Is there objection?

There was no objection.

Mr. WILLIAMS of Missouri. Mr. Speaker, most of the big newspapers of the country have used very intemperate language toward Congress, some of them calling the Members "imbeciles" and "traitors." Many of the men in this Congress have served here for years with some credit and distinction, and it does not seem likely that they have suddenly become as bad as they are described. By no stretch of the most partisan and distorted imagination can this Congress be charged with present conditions and with the fact that there is now a deficit in the United States Treas-

ury of $2,500,000,000, and that there was a deficit last year of about $1,000,000,000. When did it become imperative that the Budget must be balanced and that "uncertainty is disastrous," as stated by the President in his late message.

There is the Bureau of the Budget whose duty it is upon direction of the President to make a detailed study of the departments and establishments for the purpose of enabling the President to determine what changes, in the interest of efficiency and economy, should be made in the business methods, the coordinating of activities and the regrouping of services in the various departments, boards, and bureaus, as well as to determine what appropriations should be made. The result of such study by the Bureau of the Budget shall be reported to the President, who may transmit the same to Congress with his recommendations. There are many high-salaried clerks and experts in this bureau who may thoroughly and carefully study the problem of consolidation, reorganization, and elimination of boards and bureaus, and report to the President. This study has not been called for by the President and, of course, no such report or recommendation has been made by him to Congress. In view of the existence of this law for years and of the further fact that the President has not availed himself of its provisions, and again that boards and bureaus have increased in number and expense during his administration at an unprecedented rate—in view of this, one wonders just when he reached the conclusion that he should "reorganize and consolidate and eliminate unnecessary Government bureaus and establishments."

At the beginning of this Congress the President submitted his Budget, the estimated amount of money necessary to run this Government for the fiscal year beginning July 1, 1932. This Congress has already reduced the appropriations below the amount requested by the President in his Budget estimate by more than $160,000,000. His recommendation in December was that Congress should appropriate $160,000,000 more than has been appropriated, and now Congress gets a lecture on economy. The President now says that his estimate of the cost of Government and that the amount he recommended to Congress five months ago was $331,000,000 too high, and immediately the newspapers and some of the people are surprised and disgusted at the "imbecility" and "inefficiency" of Congress. Every effort made by Congress to cut the appropriations of the executive departments has been met by determined opposition from the heads of those departments who are the President's official household. Now because Congress has cut the appropriations much below the recommendation of the President, and done it over the protest of his official advisers, some of the newspapers and a few others throughout the country are utterly disgusted and extremely alarmed at the outrageous raids made upon the Treasury by Congress.

The recent economy measure which passed the House carried an estimated saving of $40,000,000, which, with the $160,000,000 cut in appropriations already made, makes a saving in governmental expenses of $200,000,000 for the year 1933, that being the expected saving upon the basis of which the last revenue measure passed the House.

It is a matter known to all that estimates of governmental expenses are presented to, and the revenues are provided by, the session of Congress preceding each fiscal year. The estimates for the fiscal year 1931 were presented by the President to the first session of the Seventy-first Congress, and that Congress, which had more than a hundred Republican majority, made the appropriations for the fiscal year 1931, which fell short about $1,000,000,000 and left the country with an unbalanced Budget in that amount at that time. We heard nothing about an unbalanced Budget then. The President again presented his estimate on Government expenses for 1932 to the second session of the same Congress. That same Congress made appropriations which will leave the United States Treasury at the end of this fiscal year, July 1, 1932, with a deficit of over two and one-half billion dollars. Everybody knew that a year ago, but nothing was said. If an unbalanced Budget alone meant "disaster," this country would have been sunk beyond recovery a long time ago. Do not misunderstand me. I am in favor of balancing the Budget as soon as it can be done by reduction of expenses and by just and fair taxation. It does seem that there is undue agitation about the Budget for next year in view of its condition for the past two years.

In the Sunday Star—Washington—May 8, there appears this interesting information. In a headline is this: "Bipartisan Program Mapped at Conference." In the body of the article it is shown who were present at the bipartisan conference. It reads as follows:

> Those who sat down with Mr. Hoover and Mr. Mills in the Lincoln study were Vice President CURTIS and Senators WATSON, of Indiana; SMOOT, of Utah; REED, of Pennsylvania; BINGHAM, of Connecticut; DICKINSON, of Iowa, along with Walter H. Newton, the presidential Secretary who deals with Capitol Hill.

This was truly a bipartisan gathering. The President; the Vice President; the Secretary of the Treasury; the Republican leader in the Senate, who said concerning the Smoot-Hawley tariff bill after its passage that it would bring prosperity and that the industrial skies would be bright in 60 days; SMOOT, the author of the present tariff law that has reduced our commerce to the vanishing point and driven American capital into foreign countries; REED, of Pennsylvania, who recently decried constitutional government and expressed the desire for dictatorship by declaring the country needed a Mussolini; BINGHAM, whose connection with the famous Grundy and the Manufacturers' Association was so intimate during the building of the Hawley-Smoot tariff wall as to give him much unfavorable publicity; and DICKINSON, of Iowa, the keynoter of the Hoover convention to be held in Chicago on June 14; Newton, the political Secretary to the President "who deals with Capitol Hill," which expression implies a rather broad field of activity. At least he is the same representative of the President who was on the floor of the House during the discussion of the economy measure recently passed, using his official and political influence against the bill. It will be noted that none of those great Republican Senators, NORRIS, BORAH, LA FOLLETTE, JOHNSON, or BLAINE, was called in, to say nothing about the Democrats who were not at this nonpartisan conference.

It is recorded that the meeting lasted an hour and a half; that political matters were not discussed, and that their endeavor would lead to bipartisan cooperation to secure the ends sought. That must have been a wonderful meeting, with never a word political. That is just the kind of crowd in which "mum" would be the word on politics. These high priests of special privilege in a great bipartisan conclave devising ways to increase the cost of stamps on first-class postage, put a tax on the smallest check, and impose a sales tax upon the consumers and laboring men of the country in an effort to balance the Budget which this same bunch, by reason of legislative inability and administrative inefficiency, have put two and one-half billions in the hole. That is the same crew that scuttled the ship, and now the country is surprised and astonished that the House of Representatives can not overnight put the ship on even keel. Where was this distinguished group of nonpartisans when board after board was created and the expenses were mounting higher and higher? Where were they when the huge deficits of 1931 and 1932 were accumulating? Bipartisan conference! Oh, ye gods!

Why not tell the truth about it. The administration is playing politics, trying to discredit the House of Representatives. Suddenly the alarm is sounded and the metropolitan newspapers and certain industries throughout the country take up the cry that this House of Representatives is about to ruin everything.

Early in this session I made some remarks on "Economy in Government," and I have tried to stand by that principle just as far as possible consistent with efficient Government service. The agencies and personnel of the Government can not be destroyed. There has been no question in my mind that the expenses can and should be reduced. That this Congress has already made such reduction to the extent of over $200,000,000 is no small accomplishment. It is known and recognized by everybody that over half of our Government expense is a fixed charge which can not be changed without absolute destruction of our credit.

The economy bill as passed was not what I hoped it might be. I voted at every stage of the proceedings to effect all the savings possible, and am ready to do so again. In many cases I was in the minority. I do not now seek to impugn the motives or impeach the character of anyone who did not vote as I did. Having served for two years on the great Committee on Naval Affairs, I am friendly to the idea of maintaining an adequate Navy, and I yield to no man in my desire to provide proper national defense; but it was my belief that a consolidation of the Army and Navy into one department would result in saving many millions of dollars, and for that reason I supported that proposition. All of my Democratic colleagues from Missouri did the same—M. A. ROMJUE, RALPH F. LOZIER, J. L. MILLIGAN, J. B. SHANNON, C. C. DICKINSON, R. D. JOHNSON, W. L. NELSON, CLARENCE CANNON, JOHN J. COCHRAN, JAMES F. FULBRIGHT, and WILLIAM E. BARTON. This was the big item of saving in the bill. The majority of the House thought best, I assume, in the interest of national defense, to keep the departments separate even at the expense of many millions of dollars.

For the past three months I have devoted most of my time to the study and to the hearings on the so-called home-loan bank measure, which has for its purpose the creation of the Federal Home Loan Bank Board, and 12 Federal banks with branch banks and with a great array of high-salaried officers, agents, and employees; an institution to place the Government squarely in the banking business in full partnership with certain financial agencies, the Government furnishing the capital. This measure provides for the expenditure of $125,000,000 by the Government, besides the appropriation of $500,000 as a preliminary administration fee. This measure was before a subcommittee of which I am a member. I am opposing the bill with all the energy and what ability I have, because there is not a dollar's worth of good in it for the home owners, in my opinion, and it sets up another nation-wide army of expensive officers and agents and another set of bank boards at the expense of the Government and the people. This measure has the unqualified support of this administration which is bringing all its influence to bear to secure its passage. It is against these powerful political and official influences that I am contending day and night. Yet we are told we should follow the President's program of economy. The above is one instance of his economy program and of his insistent desire not to eliminate or consolidate boards and bureaus, but to create others.

Why all this talk about economy and the elimination of boards in the face of this persistent determination on the part of the President to set up another costly banking system throughout the entire country. And this in addition to the fact that this Congress set up the Reconstruction Finance Corporation, which is designed to take care of all mortgage-loan institutions that are provided for in this proposed bank measure. Much solicitude for big financial institutions, but the man on the street seems to have been forgotten. The average annual cost of government under this administration with Mr. Hoover in charge is almost one-half billion more than it was under his predecessor and is an increase of over 636 per cent of the average annual cost from 1900 to 1917. Why not have the facts? Why not be fair?

It may have been a mere coincidence, but almost immediately after an outburst of a number of New York stock manipulators expressing a lack of confidence in Congress and amazement at its failure to balance the Budget and reduce expenses and restore confidence the recent blast came from the President; and then at once the chorus was taken up by certain interests throughout the country. The stock gamblers and manipulators, who are more responsible than any other class of people for destroying confidence and bringing this country to the brink of ruin, are a fine set to cast aspersion upon anybody, and it is to be regretted that the President has followed their lead.

EXTENSION OF REMARKS—FREEDOM OF THE PHILIPPINES

Mr. OSIAS. Mr. Speaker, the distinguished gentleman from New York, Mr. ROBERT L. BACON, recently wrote an article on the PhHippines, published in some papers and since incorporated in the CONGRESSIONAL RECORD for May 9, 1932, pages 9871–9872. As one of the 47 who voted against the Philippine independence bill, H. R. 7233, recently passed in the House of Representatives by a vote of 306, the points developed by him in the article appear logical from his standpoint and his previous stand on this issue.

The gentleman from New York [Mr. BACON] starts with a complaint that the passage of the bill was effected after a limited time for debate, or, as he puts it, "under a drastic gag rule." Since several papers have also harped on this point, I wish to comment upon it.

I have been in Congress long enough to know that because of the large membership of the House of Representatives some rule limiting debate has to be observed or the parliamentary situation would be chaotic. In a very true sense every rule in the House is a gag rule. Unlike the United States Senate, the time allotted to a speaker is limited. No Member may speak continuously for an unlimited period on the floor of the House on a given subject or measure. I repeat, for the sake of emphasis, that all rules under which the House of Representatives operates are gag rules, differing only in degree or extent, and this is true whether the majority be Republican or Democratic.

In the Seventy-first Congress when the tariff bill, probably the most important measure considered, came under a gag rule precluding the submission of amendments. It was a rule sponsored by the party of which the gentleman [Mr. BACON] is a member. During this Congress, one of the most important bills (H. R. 11499) "A bill to restore and maintain the purchasing power of the dollar" was approved under a suspension of rules. This was done while the majority in the House is of a political complexion different from that of the gentleman's party. More recently still, the bill appropriating millions of the people's money for the widows and orphans of World War veterans was likewise approved under exactly the same conditions as H. R. 7233. In the discussion of these three measures, the RECORD fails to disclose opposition of the gentleman from New York to what he terms a "gag rule."

There is less valid reason for the gentleman from New York [Mr. BACON] to complain of the rule in the case of the Philippine bill than there is in the case of the three other important bills referred to and others which I could mention. The Speaker of the House of Representatives on Friday, April 1, 1932, announced that the Philippine bill was to come up the following Monday, April 4. On the day designated, the gentleman from South Carolina [Mr. HARE], chairman of the Committee on Insular Affairs, asked unanimous consent for the consideration of H. R. 7233, known as the Philippine independence bill, with two hours of general debate—

> one-half to be controlled by the ranking member of the minority opposed to the bill, and that for the purpose of amendment in the Committee of the Whole the substitute committee amendment may be considered by the Committee of the Whole as an original bill.

Who objected to this procedure? It was the gentleman from New York [Mr. BACON]. The record bears me out in this statement, as may be seen in the CONGRESSIONAL RECORD for April 4, 1932, page 7393.

The gentleman from South Carolina then asked consent that the bill be given a privileged status to be considered under the rules of the House. Who raised the objection? It was again the same gentleman from New York [Mr. BACON]. The following excerpts from the RECORD bear out this statement:

> Mr. HARE. Mr. Speaker, I ask unanimous consent that this bill may be given a privileged status, to be considered under the rules of the House of Representatives.
>
> The SPEAKER. The gentleman from South Carolina asks unanimous consent that this bill be given a privileged status, to be considered under the rules of the House of Representatives. Is there objection?
>
> Mr. BACON. Mr. Speaker, I object.
>
> Mr. HARE. Will the gentleman reserve his objection?
>
> Mr. BACON. I will reserve my objection.
>
> Mr. HARE. Mr. Speaker, I understood that the gentleman from New York only reserved the right to object to the original request.

I would like to say to the gentleman that we are very anxious to give all the time possible to the discussion of this bill, but I might say that under a rule, to be obtained for the purpose of considering this bill, it would be impossible for us to get over two hours of general debate and then consider it under the 5-minute rule, where it would be subject to amendment.

Mr. BACON. I will say to the gentleman that there are many Members not present to-day who are very much interested in this matter.

Mr. HARE. The only thing to be gained by objecting to the bill to-day would be to delay it, because we could not expect to get more time under a rule than is contained in the request made at this time.

Mr. BACON. It would at least give a number of Members who are not present to-day an opportunity to be here. It would also give a great many Members interested in this subject a chance to examine and study the bill and read the hearings.

Mr. HARE. I might say to the gentleman that these hearings have been printed for three weeks; the report has been filed for upward of two weeks, and notice was given on last Friday that we would make this request to-day.

Mr. BACON. The gentleman well knows we have been very busy on tax matters for the past three weeks.

Mr. LAGUARDIA. I want to point out to my colleague from New York that this Philippine question has been pending before Congress ever since I have been here, during the last 14 years. The committee has held hearings, the hearings have been printed. (CONGRESSIONAL RECORD, p. 7393.)

Commenting upon this attitude another distinguished gentleman from New York, Mr. LAGUARDIA, addressing his colleague, had this to say:

* * * I can not reconcile the gentleman's position of suggesting that this is "gag" and in the same breath recommending a rule. I hope my colleague will permit the House to resolve itself into the Committee of the Whole House on the state of the Union. We can discuss it there, and, finally, make good a solemn promise that is in the platform of both parties. (CONGRESSIONAL RECORD, p. 7393.)

The gentleman from Texas [Mr. BLANTON] likewise said on that occasion:

Mr. Speaker, I want to call the attention of the gentleman from New York [Mr. BACON] to the fact that in yesterday's paper there was an interview from him of Saturday, showing that he knew as early as Saturday about this matter coming up to-day, and showing what he intended to do about it this morning; and if the Speaker were to recognize the gentleman from South Carolina to move to suspend the rules, the gentleman would have but 20 minutes' debate on the side, whereas now, by agreeing to the unanimous-consent request, the gentleman has the advantage of having two hours' debate, giving one hour on the side. (CONGRESSIONAL RECORD, p. 7393.)

The Speaker himself said:

* * * If this request were granted, then the Consent Calendar would be called for two and a half or three hours, when the Chair would recognize the gentleman to move to go into Committee of the Whole House on the state of the Union to consider the bill under the general rules of the House of Representatives. It is then within the power of the House to limit debate or extend it to 12 hours, or 14 hours, or limit it to 2 hours or 1 hour. In case objection is made, it is the intention of the Chair to recognize the gentleman from South Carolina not later than 2.30 or 3 o'clock this afternoon to move to suspend the rules and pass the bill.

The Chair has undertaken to give the House a full opportunity to consider this bill under the rules of the House of Representatives, and if it declines to give this consent, the Chair is going to recognize the gentleman to see whether the membership of the House wants to pass this bill to-day under suspension of the rules or not. (CONGRESSIONAL RECORD, p. 7394.)

No one thus is more responsible for the parliamentary situation under which the Philippine independence bill was taken up than the gentleman from New York [Mr. BACON].

I have gone into this point at some length in order that it may not be used as a smoke screen for the purpose of minimizing the importance of the favorable action of the House on the Philippine independence bill by a vote of 306 to 47, a majority seldom recorded in the annals of legislation.

The descriptive portion of the article and the factual statements based upon statistics need not be commented upon. I wish to record my appreciation for the recital of progress made in the article which, in my judgment, really argues in favor of the grant of independence by the United States rather than against it.

The arguments put forth by the gentleman from New York against the House action are by no means new. He and others who think like him have made the most of them in the past to forestall action. He is, of course, entitled to think that the vote of his colleagues on the Philippine independence bill was folly. I prefer to attach more wisdom to the combined judgment of 306 Members representing both the Republican and Democratic Parties.

It is apparent that the gentleman from New York [Mr. BACON] and I continue to hold divergent views on this question. I respect his views and I have no fault to find with his conclusions, commencing as he does with a hypothesis which I believe erroneous. Notwithstanding this view of mine regarding his stand, I must, in all sincerity, express my appreciation for his objection in the House, because I think he had unwittingly helped hasten action by his opposition. After all, what is needed at this juncture is action and not interminable discussion.

I am of the opinion that the enactment of the Philippine independence bill (H. R. 7233) would mean:

First. The redemption of America's plighted word;

Second. The satisfaction of an age-long aspiration of the Filipinos;

Third. A new renaissance in Philippine life;

Fourth. New faith in America on the part of the peoples of the Far East;

Fifth. An adjustment of American-Filipino relations upon a more lasting basis; and

Sixth. A definite triumph of peace in international and interracial dealings.

I close reiterating my recognition of the sincerity of views of the gentleman from New York [Mr. BACON] and my appreciation of his frankness in expressing them. He has long showed interest in the Philippines. He was once a member of the Committee on Insular Affairs and has paid my country the honor of a visit. He is very well known in the Philippines, for in the Sixty-ninth Congress, first session, he presented H. R. 12772 entitled "A bill to create within the Philippine Archipelago a jurisdiction to be known as the Moro Province, and to provide a government therefor." That bill was given wide publicity in the Islands and careful consideration on the part of the members of the legislature. The bill was distinctive in that opposition was universal and unanimous on the part of the Filipinos.

Then as now he erred (1) in assuming that there is an irreconcilable division between the Filipinos of Luzon and Visayas and the Filipinos of the southland, (2) in unduly giving importance to the Philippines as a property and as a dumping ground for surplus products, and as a source of supply of products, and (3) in not giving adequate recognition to the promise of America and to the universal demand of the Filipinos for their freedom and independence.

I was a member of the Philippine Senate when the gentleman from New York [Mr. BACON] submitted his bill, H. R. 12772, on June 11, 1926, designed to effect the dismemberment of Philippine territory, and I discussed its provisions. To demonstrate how diametrically opposed our views are on this issue, I hereto append the address I delivered on the floor of the Philippine Senate on that occasion.

The address discussing the so-called Bacon bill (H. R. 12772) follows:

Mr. President, I rise this afternoon to analyze briefly the main provisions of a bill presented before the Congress of the United States entitled "A bill to create within the Philippine Archipelago a jurisdiction to be known as the Moro Province and to provide a government therefor," and to register a protest against a bill which, if enacted, would be highly inimical to the social, educational, political, and economic well-being of the people of the Philippine Islands.

I shall start by saying that this measure, commonly known as the Bacon bill, is based upon an erroneous assumption of the existence of a division and enmity between the Filipinos inhabiting Luzon and the Visayas group and the Filipinos of the Southland.

It has been the fashionable practice on the part of those who wish the Philippines retained or those who want to further their imperialistic designs ever and always to harp upon a supposed irreconcilability of elements constituting the Philippine population. I say that this is an erroneous assumption, not only basing my assertion upon what we, the Filipinos know, but basing my contention upon authorized testimonies of American scientists and writers.

Dr. Merton I. Miller, when he was chief ethnologist of the Bureau of Science, testified to the common ancestry of the Filipino people, coming as they are from a common Malayan stock, and clearly pointing out that there exists no difference between the average Ifugao or Bontoc, or the Moro, or the Tagalog, or the Ilocano, or the Bisaya, or the Pampango. Doctor Miller said:

"Dress an average Bontoc or Ifugao man in the clothes worn by the Tagalog, cut his hair as the Tagalog cuts his, and not one man in a thousand could pick out the Bontoc or Ifugao men from a company of Tagalogs. With few exceptions this statement might be made about any of the people of the Philippines. We recognize a Moro by his peculiar clothes and his close cut of hair. We distinguish an Ifugao by his unique way of cutting the hair and certain characteristic features of his dress. But no man can distinguish the average Iloco from the Pampangan, the Pangasinan from the Bicol, or the Tagalog from the Bisaya. From the extreme northern end of the archipelago to its southernmost limits, with the exception of the few scattered Negritos, the people of the Philippines, pagan, Moro, and Christian, are one racially. There is some reason for believing that they migrated into the islands at two different times. But in all probability they came from the same general region and have a common ancestry."

The underlying homogeneity of the Filipino people also has been recognized by various American writers. I wish to be permitted to read an excerpt from the work of Le Roy, who says: "That the native stock of the Philippine Islands is Malayan is one of those things that have been recognized 'always, everywhere, and by all.' But in the writings, especially of recent years, so many fantastic strains of blood have been introduced into the Archipelago, and so many purely hypothetical and often unreasonable conjectures as to diversity of tribal origin have been evolved in the treatises of library workers, or whilom globe-trotters, that the underlying homogeneity of the inhabitants of the Archipelago has often been obscured." And he closes his testimony by saying that the "racial stock of the Philippines is quite homogeneous."

Dr. David P. Barrows himself, who was chief of the Philippine Ethnological Survey and a director of education, was convinced, to use his own words, "of the essential unity of the Filipino people."

I therefore maintain, Mr. President, that this measure is based upon an erroneous assumption of a supposed difference between Filipinos of the Visayan and Luzon groups and the Filipinos of the south, because it seeks to create a separate government for what the author is pleased to term the "Moro Province."

This measure, Mr. President, is obnoxious especially from the American point of view. It violates one of the cardinal tenets upon which American democracy rests. The American Government is based upon the theory of the separation of powers. This bill, Mr. President, is based upon a concentration of powers. I prove this statement by calling attention to sections 201, 204, and 301 of this measure.

Señor QUEZON. Mr. President.

The PRESIDENT. The gentleman from the fifth district.

Señor QUEZON. Will the gentleman yield?

Señor OSIAS. Gladly.

Señor QUEZON. Is it the whole territory of Mindanao that is included in that Bacon bill, or only the part inhabited by the Mohammedans?

Señor OSIAS. I am glad the gentleman from the fifth district [Señor Quezon] asks me that question, because I failed to say that this measure seeks to create a separate government for the entire island of Mindanao, except Misamis, the island of Basilan, the Sulu Archipelago, including the islands known as the Jolo and Tawi-Tawi groups, the island of Palawan, the contiguous islets between Palawan and the Balabac Strait on the south, together with adjacent islets.

Señor QUEZON. Mr. President.

The PRESIDENT. The gentleman from the fifth district.

Señor QUEZON. Will the gentleman yield?

Señor OSIAS. I yield, Mr. President.

Señor QUEZON. I should like to know if that means that the Province of Surigao, which is a province in Mindanao, is included within the territory for which this government is to be established.

Señor OSIAS. According to Title I, section 1, Mr. President, the only province excepted is Misamis. It is, therefore, reasonable to assume that Surigao would be included, inasmuch as it specifically states that a government is to be created for the entire Island of Mindanao, save Misamis alone.

Señor QUEZON. Another question. Would the gentleman care to inform the senate as to the number of Mohammedan Filipinos in the territory in question, as compared with the Christian Filipinos in the same region?

Señor OSIAS. I have in my possession, Mr. President, the data on the Christian and non-Christian population of the chief provinces or places affected on the basis of the figures of the 1918 census. Here they are: Agusan, 38,323 Christians and 6,035 non-Christians; Bukidnon, 25,299 Christians and 22,512 non-Christians; Cotabato, 21,391 Christians and 147,800 non-Christians; Davao, 68,979 Christians and 50,325 non-Christians; Lanao, 12,230 Christians and 82,716 non-Christians; Sulu, 28,072 Christians and 139,903 non-Christians; Surigao, 119,357 Christians and 2,665 non-Christians; Palawan, 53,444 Christians and 15,617 non-Christians; Zamboanga, 77,001 Christians and 70,990 non-Christians.

Therefore, the total number of Christians is 446,096 and the total number of non-Christians is 538,563. Considering the fact that not all of the non-Christians are Mohammedans the number of Christian Filipinos is probably greater than the number of Mohammedan Filipinos in the same territory to be converted into a "Moro Province."

As I was saying, Mr. President, this is a thoroughly un-American proposition, because from section 201 we find that the officials of the executive department shall consist of a governor, a secretary, an attorney, a treasurer, a director of education, and an engineer, who, together with the auditor, shall constitute the executive departments of the government created for the so-called Moro Province. These members of the executive department are appointed by the President of the United States with the advice and consent of the Senate of the United States.

Now, I wish to call attention to the fact, having mentioned the officials that shall constitute the executive government, that the following functionaries, according to section 301 of this measure, shall constitute the legislative council: The governor, the secretary, the treasurer, the director of education, the engineer, and the attorney, each of whom has a right to vote in the legislative council. In addition to these six, it is provided that the President may also, in his discretion, appoint, with the advice and consent of the Senate of the United States, not to exceed three additional members to such council with a right to vote or not, who may be citizens of the Philippines. We, thus, see that the people who constitute the executive department are the very same people who control the legislative council. Besides, Mr. President, in section 204 it is provided that the attorney for this Government created in the Moro Province shall have charge of the administration of justice. Here we have a concrete case. The attorney, having charge of the administration of justice, is one of the members of the executive department and is at the same time one of the important members of the legislative council.

It is alleged, Mr. President, that this measure was prompted by a desire to do greater justice to our brethren in the south, who, it is alleged, are denied participation in our existing government. The author in his explanatory note considers the representation of the southland in the Philippine Legislature as "a farce and mockery"; that they are "deliberately denied a share or participation in the government."

It should be borne in mind, Mr. President, that this is inaccurate on the very surface, because there is an elective representative, not only from Surigao but also from Palawan, territories which will have to be included within the jurisdiction of the government for the Moro Provinces. These Provinces besides have direct participation in the election of senators. In addition to that the rest of the territory to be included in this government has appointive senators and representatives, and if it is true, as alleged by the Congressman from New York, that their representation here in our Government is a farce and mockery, let it be made clear that this is not of our own making. It is in obedience to congressional enactment, and, therefore, the blame, if there be any, can not be laid at the doors of the Filipinos, but rather at the door of Congress, which enacted the measure which provided for the participation of the people in the south, which now is characterized as "a farce and mockery."

The Moros, for whom the author seems to show solicitous regard, are not really given participation in the government created, in accordance with this measure. There is nothing said in Title 2 of the appointment of a Mohammedan Filipino or a Christian Filipino in the executive branch of the government. In the administration of justice, no provision is made clearly specifying the appointment of the natives of that region, to have direction in this part or branch of the government and in the legislative council.

The most that can be done would be to have three who may be citizens of the Philippine Islands. They need not necessarily be Mohammedan Filipinos; any citizen of the Philippines can be appointed in the discretion of the President of the United States.

Besides, the President may appoint not more than three. Therefore, it is clear that he does not have to appoint three. He may appoint one, he may appoint two, he may not appoint any at all, but even if he would appoint three, they will still constitute a very small minority, since six members appointed by the President of the United States must be the controlling element in the entire government, because they have not only a share in the legislative work but they have the control of the executive work and the judicial work. The alleged Moro participation, therefore, is nil.

The author himself, in his explanatory note, gives himself away. He says among other things speaking of the people of that territory "that the administration of their affairs should be restored to a sane, humane, and forward-looking American administration." The intention of the author is very plain.

It is also clear, Mr. President, that in the appointment of officials in the executive branch of the Government of the selection of those, by the very provisions of section 201, would be highly discriminatory to the nationals, even to the Moros themselves, because it is provided that these members to constitute the executive department shall be citizens of the United States.

This measure also, Mr. President, from the standpoint of education, makes for poor administration. It does not make for forward-looking administration. Besides disregarding the Secretary of Public Instruction, it is provided that the Director of Education shall exercise general supervision over the entire school system of the Moro Province and, besides, he is required to present quarterly to the legislative council a requisition for the funds necessary for the maintenance of the schools of the Province.

In other words, you have an administration of education wherein every quarter the director of education is compelled to make his requisition, which will be far worse than the present administra-

tion, whereby the director of education for the entire archipelago now is only required to submit his request for a budget once for one entire year.

I will not dwell long on this phase of it because there is a more objectionable part. It is clear that this measure was prompted by a wrong assumption of a division of enmity which is more or less of a fetish; that this measure is violative of the fundamental principles upon which the American Government rests; that it concentrates powers; and that it does not make for good administration, both political and educational. But the worst feature, Mr. President, has not been mentioned. It not only nullifies powers already exercised by the Philippine Legislature but if this law is approved it would take away jurisdiction heretofore conferred upon the Supreme Court of the Philippine Islands in cases arising in those places.

Section 402 seems clear. After section 401 providing for local courts in that Territory, it is provided that "review by the Supreme Court of the United States of final decisions of the court of last resort in the Province shall be governed as to right of review and procedure by the law applicable to the review of final decisions of the Supreme Court of the Philippine Government." Thus, it appears clear that this measure would render nugatory powers exercised by the supreme court, a supreme court the majority of whose members even now are Americans themselves.

The worst feature remains now for me to mention. The Filipino people have made know their opposition to all radical attempts at changing our existing land laws. The opposition was made clear on the part of the leaders of the Filipino participation in the government, members of the legislature, and the people at large when a proposition was made to the effect that as much as 200,000 hectares of land may be leased for 75 years for purposes of rubber cultivation.

If the Filipino people had objected and had registered their protest against those propositions, Mr. President, they have greater reason to protest against the provisions of this measure because it is expressly provided in section 501, subsection C, that the disposition of public lands will be practically in the hands of the legislative council without limit, for this provision declares as property of the United States all the property and rights within the Province acquired by the United States under cession from Spain, with certain minor exceptions.

We already are tied as legislators in enacting measures affecting our economic salvation. I say we are limited, because the Jones law, or our organic act, does not confer upon the Philippine Legislature the power of action in matters affecting our public lands, our mines, and our forests; and yet here we have in section 501 further curtailing the already limited powers in that respect by the Philippine Legislature by lodging in the hands of the proposed legislative council the practically absolute disposition of the public domain.

For the sake of clearness I would like to read the entire subsection C of section 501: "All the property and rights within the province acquired by the United States under cession from Spain, except such lands or other property as has been or shall be designated by the President for any public use of the United States, and except such as may have heretofore been sold or disposed of under acts of Congress or of the Philippine government, are hereby expressly declared to be and are hereby reserved as the property of the United States, and are placed under the control of the government of the province to be administered and disposed of by it; and all revenues derived from the sale, lease, or other disposition of such property and rights shall accrue to the said province for its use and benefit."

Mr. President, the author makes clear his purpose. Our first impression that this is an ingenious step to bring about the dismemberment of Philippine territory is now confirmed by a more careful perusal of the provisions of this measure. It is not surprising that an American Congressman himself, after becoming familiar with the provisions of this measure, was moved to remark that the Bacon bill is a measure "diabolical and outrageous, wholly unworthy of the United States."

Representative SCHAFER further adds a sentence which must move the heart of every Filipino. It reads: "It hurts my pride as an American citizen to admit, but it is a fact, that not only have we failed to keep our pledged word to the Filipino people, but there is an organized conspiracy being promoted by the great financial interests of the United States to confiscate their vast public lands and with it what little local self-government they have remaining in their hands after the ruthless 5-year administration of Governor General Wood." The charge is, perhaps, more than Filipinos had so far publicly stated, but we are informed by a respected Member of Congress of the existence of "an organized conspiracy being promoted by the great financial interests of the United States to confiscate our vast public lands" and to nullify or at least minimize the autonomous powers that have already been conferred.

The author of the bill, Mr. President, in his explanatory note defending his measure closed with the following words: "All who have given this matter careful thought agree that there is no doubt but that an independent government for the Moro Province would be entirely self-supporting." We are happy to read this admission. It should be borne in mind that that part of Philippine territory of the south is the least developed, economically speaking, of any part of the Philippine Archipelago. Now, if the author maintains that such a government to be established having jurisdiction over that southern territory can be entirely self-supporting, we can also claim with greater reason and perhaps better logic that the Philippine government, if made independent, would be entirely self-supporting, certainly more self-supporting than the Moro provincial government, which this measure seeks to establish.

I wish, in passing, to call attention to this testimony of Gouverneur Morris, one of America's foremost statesmen, who said: "At the time our Government was organized we were without funds, though not without resources." But the Philippine government, if made independent, would start with funds and with unlimited resources.

Señor QUEZON. Mr. President——

The PRESIDENT. The gentleman from the fifth district.

Señor QUEZON. Will the gentleman yield for a question?

The PRESIDENT. Will the gentleman from the second district yield for a question?

Señor OSIAS. With pleasure, Mr. President.

Señor QUEZON. How is this government going to be supported?

Señor OSIAS. One of the provisions is that found in section 501, subsection (c), whereby it is provided that "all revenues derived from the sale, lease, or other disposition of such property and rights shall accrue to the said Province for its use and benefit." In another section it is provided that part of the internal-revenue taxes collected, according to the explanatory note of the author of the bill, Mr. President, should be allocated to the treasury of the Moro Province. He said: "It is further suggested that a just proportion of the internal-revenue taxes collected in the United States on Philippine products and now returned by the United States to the insular treasury should be allocated to the treasury of the Moro Province." We have thus two sources which I have already mentioned. Besides, the legislative council is empowered to levy such taxes as are ordinarily levied by governments of a similar nature.

In conclusion, Mr. President, we ought to recall the historic fact that in 1920, or half a dozen years ago, an American President certified the fact that the Filipino people have already complied with the essential conditions precedent upon the granting of freedom and independence to the Philippine Islands. The message of President Wilson to the Congress of the United States in 1920 is meaningful and specific. He said: "Allow me to call attention to the fact that the Filipino people have succeeded in maintaining a stable government since the last act of Congress in their behalf and have thus fulfilled the conditions set by the Government as precedent to the granting of independence to the islands. I respectfully submit that this condition precedent having been fulfilled, it is now our liberty and our duty to keep our promise to the people of those islands by granting them the independence which they so honorably covet."

This recommendation was made in 1920. Not only has it not been fulfilled, not only have we failed to make a decisive forward step in our emancipatory struggles, but there are proofs aplenty to show that autonomous powers have been curtailed and that backward steps may be taken in the administration of affairs in the Philippine Islands, recommendation or promises of President Harding to the contrary notwithstanding.

The PRESIDENT. Will the gentleman from the Second District yield to the gentleman from the Fifth District?

Señor OSIAS. Most willingly, Mr. President.

Señor QUEZON. I should like to know if the Senator [Señor OSIAS] will agree with me when I say that we are spending every year for that part of the Philippines more than the income of the insular government from that region.

Señor OSIAS. It is true, Mr. President; and I should like to add that, in spite of the testimonies and statements of prophets of failure, like Worcester and others of his kind, saying that if the Filipinos had control over our non-Christian brethren they would be made to suffer and that they would be entirely neglected, it was at the time when we enjoyed greater autonomous powers that our non-Christian brethren enjoyed the best treatment from the government of the Philippine Islands.

Señor QUEZON. I should also like to ask, Mr. President, if the gentleman will not agree with me when I say that the Christian Filipinos inhabiting the whole island of Mindanao exceed in number the Mohammedan Filipinos in that island?

Señor OSIAS. The gentleman is correct, especially with the addition of Palawan and other parts which are now inhabited by Christian Filipinos.

I would like to ask the indulgence of this body, Mr. President, by requesting to be placed on record the policy followed by the Philippine government in the work with our non-Christian brethren, which is embodied in the law creating a bureau especially to look after the interests of our non-Christian population, because this law not only defines the purpose of the bureau from the standpoint of the Filipino people, but also the meaning of the policy of the attraction and unification. The law says: "It shall be the duty of the Bureau of Non-Christians to continue the work for advancement and liberty in favor of the region inhabited by non-Christian Filipinos, and foster by all adequate means and in a systematic, rapid, and complete manner, the moral, material, economic, social, and political development of those regions, always having in view the aim of rendering permanent the mutual intelligence between and keep complete fusion of the Christian and non-Christian elements populating the provinces of the archipelago."

The approval of a measure, like the subject of our discussion, would be a direct reversal of this policy; it would promote division, and would weaken the union of the Filipino population. (Diario de Sessiones, vol. 1, No. 30, pp. 320–324.)

EXTENSION OF REMARKS—SYSTEM OF DISTRIBUTION OF FUNDS BY THE FEDERAL GOVERNMENT AND BY THE STATE OF CONNECTICUT

Mr. LONERGAN. Mr. Speaker, it has been frequently stated in Congress that a dozen or more States pay into the Federal Treasury enormous sums which in turn are spent in States whose contribution to the National Treasury is negligible. While this is true, the spokesmen overlook a fundamental principle of taxation. That is, that wealth is taxed where wealth is found. The situation, demonstrable as it may be by analysis of Treasury reports, has its analogy within the State governments where the same condition obtains.

The cities wherein are located the great financial and industrial institutions contribute lavishly to the coffers of the State while the smaller suburban and rural communities pay by comparison but a pittance, illustrating that wealth is taxed where wealth is found. In the United States we have a federation of States. In Connecticut we have a federation of towns.

In the following excerpts from the reports of the State of Connecticut are included items of tax by which the relation of payments and receipts of the individual cities and towns can be reflected. There are certain other transactions between the local and State governments but the return to the town in each instance is proportioned to the amount paid to the State; in other words, they cancel each other and do not alter the standing of the communities as fixed by State and military tax payments and the return for highways and educational grants.

These transactions, from which are derived a large portion of the State funds, include the tax of shares of stock of banks, trust and insurance companies on estates, and licenses.

The $8,259,441.45, more or less, received by Connecticut for automobile andd rivers' licenses, which in turn is spent on the highways of the State, is not classified as to towns and cities.

The civil list account of the State, which in 1931 amounted to $40,931,681.24, includes such major items as: $4,320,418.44 gasoline tax, $2,110,717.49 highway-department receipts, $4,827,397.37 inheritance tax; $1,033,990.64 insurance-commissioner receipts, $659,366.72 tax on mutual life-insurance companies, $3,534,787.44 net income tax from corporations, $3,933,319.76 tax on public-service corporations, $1,758,361.87 tax on savings deposits, $1,061,404.57 State agencies and institutions, $602,607.35 State board of education, $1,962,416 franchise tax on stock-insurance companies, $606,206 nonresident stock tax.

Military and State tax paid by cities and towns

Andover	$254.35
Ansonia	14,248.06
Ashford	357.24
Avon	1,241.49
Barkhamsted	384.94
Beacon Falls	1,006.69
Berlin	4,018.71
Bethany	452.08
Bethel	2,395.94
Bethlehem	303.91
Bloomfield	3,091.70
Bolton	303.19
Bozrah	342.64
Branford	5,923.71
Bridgeport	187,531.32
Bridgewater	282.31
Bristol	30,045.47
Brookfield	352.92
Brooklyn	960.35
Burlington	599.30
Canaan	507.55
Canterbury	358.25
Canton	1,542.61
Chaplin	211.96
Chester	1,126.82
Clinton	1,304.32
Colchester	1,060.24
Colbrook	455.80
Columbia	283.80
Cornwall	634.29
Coventry	852.61
Cromwell	1,583.75
Danbury	22,608.60
Darien	8,512.65
Derby	7,582.21
Durham	645.98
Eastford	$284.91
East Granby	852.48
East Haddam	1,821.61
East Hampton	1,810.39
East Hartford	13,507.30
East Haven	5,270.60
East Lyme	2,094.35
Easton	762.33
East Windsor	2,565.23
Ellington	1,305.74
Enfield	10,279.44
Essex	2,039.20
Fairfield	15,231.71
Farmington	4,251.29
Franklin	251.25
Glastonbury	4,820.54
Goshen	512.44
Granby	843.67
Greenwich	54,743.08
Griswold	2,775.84
Groton	8,105.87
Guilford	2,394.69
Haddam	895.14
Hamden	19,371.91
Hampton	275.09
Hartford	230,344.15
Hartland	221.70
Harwinton	565.35
Hebron	484.39
Kent	822.98
Killingly	5,245.83
Killingworth	270.83
Lebanon	947.02
Ledyard	435.33
Lisbon	412.04
Litchfield	4,334.89
Lyme	411.96
Madison	2,982.06
Manchester	24,176.08
Mansfield	922.01
Marlborough	158.43
Meriden	31,618.14
Middlebury	936.00
Middlefield	677.78
Middletown	20,856.25
Milford	14,968.51
Monroe	740.59
Montville	9,878.09
Morris	417.48
Naugatuck	11,858.65
New Britain	73,612.90
New Canaan	6,120.62
New Fairfield	374.88
New Hartford	1,315.18
New Haven	189,270.52
Newington	3,002.79
New London	33,674.49
New Milford	3,443.42
Newtown	2,105.93
Norfolk	1,582.23
North Branford	845.01
North Canaan	1,264.89
North Haven	2,659.89
North Stonington	480.95
Norwalk	29,846.13
Norwich	26,543.20
Old Lyme	1,302.46
Old Saybrook	1,931.12
Orange	992.25
Oxford	638.70
Plainfield	3,620.35
Plainville	4,421.16
Plymouth	3,869.64
Pomfret	1,122.99
Portland	2,663.80
Preston	571.77
Prospect	341.44
Putnam	4,868.55
Redding	1,165.90
Ridgefield	3,293.42
Rocky Hill	1,433.25
Roxbury	338.20
Salem	232.09
Salisbury	1,903.04
Saybrook	1,810.29
Scotland	200.51
Seymour	4,486.37
Sharon	1,629.77
Shelton	7,356.06
Sherman	276.42
Simsbury	3,026.18
Somers	1,094.09
Southbury	768.74
Southington	7,125.14
South Windsor	2,607.58
Sprague	1,589.57
Stafford	4,374.91
Stamford	79,871.05

Sterling	$610.28
Stonington	7,331.73
Stratford	15,979.75
Suffield	4,292.03
Thomaston	3,232.99
Thompson	1,798.27
Tolland	588.13
Torrington	22,121.66
Trumbull	2,247.81
Union	206.06
Vernon	7,285.64
Voluntown	240.47
Wallingford	11,736.31
Warren	305.70
Washington	1,961.54
Waterbury	129,268.73
Waterford	3,368.84
Watertown	6,241.23
Westbrook	1,253.31
West Hartford	31,031.92
West Haven	20,371.67
Weston	347.76
Westport	8,698.13
Wethersfield	5,516.90
Willington	567.91
Wilton	1,592.47
Winchester	6,683.59
Windham	11,014.64
Windsor	7,437.59
Windsor Locks	2,843.35
Wolcott	525.89
Woodbridge	1,320.66
Woodbury	1,288.77
Woodstock	945.44
Total	1,668,092.05

State grants for education and highways, 1930–31

Town	Population	Highway	Amount of grant	Total
Andover	430	$7,644.36	$4,573.00	$12,217.36
Ansonia	19,898	2,420.29	11,967.83	14,388.12
Ashford	726	7,212.06	7,840.50	15,052.56
Avon	1,738	29,275.73	9,498.50	38,774.23
Barkhamsted	697	13,070.68	11,194.18	24,264.86
Beacon Falls	1,693	8,435.50	10,111.97	18,547.47
Berlin	4,875	17,558.02	3,086.65	20,644.67
Bethany	480	217,948.61	5,247.25	23,195.86
Bethel	3,886	11,019.51	2,594.75	13,614.26
Bethlehem	544	13,511.61	4,443.30	17,954.91
Bloomfield	3,247	23,727.47	2,669.31	26,396.78
Bolton	504	71,532.60	5,495.50	77,028.10
Bozrah	859	34,966.95	8,903.43	43,870.38
Branford	7,022	8,286.96	4,207.45	12,494.41
Bridgeport	146,716	1,186.02	86,863.73	88,049.75
Bridgewater	432	10,230.42	4,204.50	14,434.92
Bristol	28,451	71,824.27	17,592.99	89,417.26
Brookfield	926	9,286.39	7,816.45	17,102.84
Brooklyn	2,250	13,409.90	8,325.56	21,735.46
Burlington	1,082	17,746.42	11,229.48	28,975.90
Canaan	565	46,247.57	5,443.65	51,691.22
Canterbury	942	9,116.05	10,284.75	19,400.80
Canton	2,397	15,769.00	1,214.00	16,983.00
Chaplain	414	142,055.75	2,823.75	144,879.50
Cheshire	3,263	33,570.89	4,867.63	38,438.52
Chester	1,463	7,628.99	5,495.65	13,124.64
Clinton	1,574	11,110.98	2,419.50	13,530.48
Colchester	2,134	10,229.72	7,060.31	17,290.03
Colebrook	564	60,239.99	5,640.13	65,880.12
Columbia	648	12,980.06	7,640.63	20,620.69
Cornwall	878	217,737.70	7,801.62	225,539.32
Coventry	1,554	155,988.19	11,734.09	167,722.28
Cromwell	2,814	22,058.14	9,590.28	31,648.42
Danbury	26,955	386,919.61	15,900.42	402,820.03
Darien	6,951	16,431.37	3,176.26	19,607.63
Derby	10,788	96,126.63	6,667.87	102,794.50
Durham	1,044	291,473.75	8,499.67	299,973.42
Eastford	529	50,939.70	7,697.45	58,637.15
East Granby	1,003	10,581.09	8,330.63	18,911.72
East Haddam	2,114	85,532.65	1,188.00	86,720.65
East Hampton	2,616	456,433.75	8,393.27	464,727.02
East Hartford	17,125	52,466.34	10,870.58	63,336.92
East Haven	7,815	402,868.37	7,586.16	410,454.53
East Lyme	2,575	75,323.63	6,861.25	82,184.88
Easton	1,013	65,886.11	7,868.00	73,754.11
East Windsor	3,815	46,295.94	14,652.00	60,947.94
Ellington	2,253	23,617.27	10,278.51	33,895.78
Enfield	13,404	10,751.86	8,901.41	19,653.27
Essex	2,777	13,850.03	7,318.25	21,168.28
Fairfield	17,218	164,465.34	11,012.85	175,478.19
Farmington	4,548	16,028.48	2,732.25	18,760.73
Franklin	611	11,752.05	6,685.95	18,438.00
Glastonbury	5,783	16,314.29	3,523.01	19,837.30
Goshen	583	54,517.33	6,897.50	61,414.83
Granby		15,502.46	11,254.62	26,757.08
Greenwich	33,112	197,142.69	19,605.08	216,747.77
Griswold	6,010	128,306.33	14,580.98	142,887.31
Groton	10,770	31,879.34	4,849.42	36,728.76
Guilford	3,117	32,738.94	2,406.75	35,145.69
Haddam	1,755	121,071.64	10,930.73	132,002.37
Hamden	19,020	20,536.06	18,042.28	38,578.34
Hampton	511	42,672.63	6,916.50	49,589.13
Hartford	164,072	15,062.35	96,101.92	111,164.27
Hartland	296	17,119.06	5,620.50	22,739.56
Harwinton	949	154,025.67	11,218.82	165,244.49
Hebron	879	11,414.78	10,619.13	22,033.91
Kent	1,054	60,003.58	8,167.75	68,171.33

State grants for education and highways, 1930–31—Continued

Town	Population	Highway	Amount of grant	Total
Killingly	8,852	$20,134.63	$5,579.45	$25,714.08
Killingworth	482	7,727.29	7,075.58	14,802.87
Lebanon	1,436	12,748.67	9,668.50	22,417.17
Ledyard	1,144	6,250.57	11,349.58	17,600.15
Lisbon	1,097	203,953.11	7,631.63	211,584.74
Litchfield	3,574	55,652.50	2,901.50	58,554.00
Lyme	546	7,886.16	6,520.38	14,406.54
Madison	1,918	9,067.17	1,959.50	11,026.67
Manchester	21,973	51,708.97	6,243.71	57,952.68
Manchester, ninth district			6,703.75	
Manchester, complete			12,947.46	
Mansfield	3,349	307,414.16	19,176.11	326,590.27
Marlborough	319	10,238.17	2,956.35	13,194.52
Meriden	38,481	150,507.94	20,702.97	171,210.91
Middlebury	1,449	24,673.14	8,559.84	32,232.98
Middlefield	1,201	49,130.66	9,407.06	58,537.72
Middletown	24,554	34,942.35	5,026.00	39,968.35
Middletown, city district			8,686.91	
Middletown, complete			13,712.91	
Milford	12,660	124,698.34	6,746.30	131,444.64
Monroe	1,221	35,108.74	9,226.00	43,334.74
Montville	3,970	18,193.11	5,718.70	23,911.81
Morris	481	18,150.32	4,829.95	22,980.27
Naugatuck	14,315	21,241.60	8,663.36	29,904.96
New Britain	68,128	11,323.61	46,443.79	57,767.40
New Canaan	5,456	151,099.01	3,329.49	154,428.50
New Fairfield	434	50,588.68	5,545.25	56,133.93
New Hartford	1,834	15,671.17	6,745.84	22,417.01
New Haven	162,655	31,533.67	130,553.84	162,087.51
Newington	4,572	14,498.83	7,432.22	21,931.05
New London	29,640	7,980.79	15,032.45	23,013.24
New Milford	4,700	259,643.35	2,719.50	262,362.85
Newtown	2,635	357,580.71	1,260.00	358,840.71
Norfolk	1,298	65,856.93	3,145.75	69,002.68
North Branford	1,329	12,563.27	9,877.71	22,440.98
North Canaan	2,287	12,438.53	4,934.23	17,372.76
North Haven	3,730	24,673.96	11,883.47	36,557.43
North Stonington	1,135	30,633.41	7,611.51	38,244.51
Norwalk	36,019	5,748.17	18,464.45	24,212.62
Norwich	32,438	121,405.31	18,173.05	139,578.36
Old Lyme	1,313	16,423.08	5,953.75	22,376.83
Old Saybrook	1,643	63,783.12	826.00	64,609.12
Orange	1,530	87,252.25	9,242.63	96,494.88
Oxford	1,141	26,778.85	13,967.00	40,745.85
Plainfield	8,027	151,064.93	4,647.53	155,712.46
Plainville	6,301	9,151.99	3,751.75	12,903.74
Plymouth	6,070	9,512.94	4,162.78	13,675.72
Pomfret	1,617	16,551.39	10,784.90	27,336.29
Portland	3,930	17,044.95	2,982.50	20,027.45
Preston	3,928	11,121.87	9,715.23	20,837.10
Prospect	531	35,609.63	5,019.68	40,629.31
Putnam	8,099	50,741.86	4,158.40	54,900.26
Redding	1,599	63,676.04	6,273.28	69,949.32
Ridgefield	3,580	20,755.39	2,466.25	23,221.64
Rocky Hill	2,021	38,466.40	8,206.88	46,673.28
Roxbury	553	22,879.47	6,651.50	29,530.97
Salem	403	7,491.75	6,681.75	14,173.50
Salisbury	2,767	270,165.85	1,292.00	271,457.85
Saybrook	2,381	7,766.02	1,536.75	9,302.77
Scotland	402	31,976.88	3,126.50	35,103.38
Seymour	6,890	88,752.01	4,865.01	93,617.02
Sharon	1,710	85,777.90	842.50	86,620.40
Shelton	10,113	22,555.46	6,380.25	28,935.71
Sherman	391	9,106.33	3,999.25	13,105.58
Simsbury	3,625	16,208.35	2,684.81	18,893.16
Somers	1,917	8,745.86	13,030.00	21,775.86
Southbury	1,134	18,302.84	8,829.80	27,132.64
Southington	9,237	130,699.45	6,561.95	137,261.40
South Windsor	3,815	98,944.93	5,298.43	104,243.36
Sprague	2,539	6,119.33	4,567.33	10,686.66
Stafford	5,949	16,382.81	3,113.62	19,496.43
Stamford	56,765	246,360.28	35,224.42	281,584.70
Sterling	1,233	25,671.69	10,786.50	36,458.19
Stonington	11,025	11,471.90	5,808.75	17,280.65
Stratford	19,212	80,896.79	12,105.36	93,002.15
Suffield	4,346	8,633.34	3,742.25	12,375.59
Thomaston	4,188	83,547.58	2,320.75	85,868.33
Thompson	4,999	44,031.09	3,807.00	47,838.09
Tolland	1,064	11,757.17	11,414.58	23,171.75
Torrington	26,040	148,715.38	16,877.50	165,592.88
Trumbull	3,624	57,373.30	12,320.94	69,694.24
Union	196	7,384.03	3,070.00	10,454.03
Vernon	8,703	190,324.90	4,684.67	195,009.57
Voluntown	651	22,693.68	5,797.50	28,491.18
Wallingford	14,278	11,585.22	8,268.04	19,853.26
Warren	303	295,025.48	3,408.25	298,433.73
Washington	1,775	163,526.73	909.00	164,435.73
Waterbury, complete	99,902	17,927.78	61,562.40	79,490.18
Waterford	4,742	15,693.76	16,233.44	31,927.20
Watertown	8,192	98,043.22	5,520.93	103,564.15
Westbrook	1,037	8,200.66	4,441.77	12,642.43
West Hartford	24,931	22,735.01	11,573.50	34,308.51
West Haven	25,808	13,072.86	17,208.02	30,280.88
Weston	670	6,035.97	5,199.70	11,235.67
Westport	6,073	5,342.88	3,463.58	8,806.46
Wethersfield	7,512	302,769.23	3,751.00	306,520.23
Willington	1,213	8,260.44	12,333.25	20,593.69
Wilton	2,133	27,106.05	8,667.09	35,773.14
Winchester	8,674	90,490.86	4,488.99	94,979.85
Windham	13,773	18,030.30	7,986.73	26,017.03
Windsor	8,200	13,989.56	5,591.84	19,581.40
Windsor Locks	4,073	8,876.45	2,813.75	11,690.20
Wolcott	972	8,553.78	10,385.65	18,939.43
Woodbridge	1,630	14,309.31	5,119.80	19,429.11
Woodbury	1,744	300,775.82	3,038.88	303,814.70
Woodstock	1,712	69,638.00	12,236.00	81,874.00
Total	1,602,166	10,792,305.36	1,677,405.61	

HOUR OF MEETING TO-MORROW

Mr. COLLINS. Mr. Speaker, I ask unanimous consent that when the House adjourns to-day it adjourn to meet to-morrow at 11 o'clock.

Mr. CULLEN. Reserving the right to object, I would like to ask the chairman of the committee if it is his purpose to complete the bill to-morrow?

Mr. COLLINS. We wish to go as far toward the passage of the bill as is possible. I do not know whether we will be able to complete it or not.

Mr. CULLEN. I want to ask the gentleman if there will be any roll call to-morrow on the bill?

Mr. COLLINS. I am not able to answer the gentleman.

Mr. SNELL. There will probably be roll calls on the bill at some time.

Mr. SCHAFER. Reserving the right to object, the committee of which I am a member has some very important hearings to-morrow, and I can not be in two places at the same time. I object.

EXPOSITION IN PARIS IN 1931 (S. DOC. NO. 94)

The SPEAKER laid before the House the following message from the President of the United States, which was read and referred to the Committee on Foreign Affairs:

To the Congress of the United States:

I am forwarding for the consideration of the Congress a report of April 30, 1932, from the Acting Secretary of State, transmitting the following documents in connection with the participation of this Government in an exposition which was held at Paris, France, in 1931, the preparation for and activities in connection with such participation having extended from 1930 to 1932:

I. Report of the Commissioner General and the Commissioner of the United States of America to the International Colonial and Overseas Exposition.

II. Financial statement of appropriations and expenditures in connection with the same.

III. Covering letter of April 30, 1932, from the commissioner general to the Secretary of State, accompanying the financial statement.

Accompaniments: As listed.

THE WHITE HOUSE.

ELECTION TO A COMMITTEE

Mr. SNELL. Mr. Speaker, I offer the following resolution.

The Clerk read as follows:

House Resolution 222

Resolved, That HOWARD W. STULL, of Pennsylvania, be, and he is hereby, elected a member of the standing Committee on Invalid Pensions.

The resolution was agreed to.

SENATE BILLS AND JOINT RESOLUTION REFERRED

Bills and a joint resolution of the Senate of the following titles were taken from the Speaker's table and under the rule referred as follows:

S. 2434. An act for the relief of Edgar H. Taber; to the Committee on Military Affairs.

S. 3191. An act for the relief of Anne B. Slocum; to the Committee on Claims.

S. 4070. An act to authorize the acquisition of a certain building, furniture, and equipment in the Crater Lake National Park; to the Committee on the Public Lands.

S. J. Res. 125. Joint resolution authorizing the attorney general of Wisconsin to examine Government records in relation to claims of Wisconsin Indians; to the Committee on Indian Affairs.

SENATE ENROLLED BILL SIGNED

The Speaker announced his signature to an enrolled bill of the Senate of the following title:

S. 3584. An act to require all insurance corporations formed under the provisions of Chapter XVIII of the Code of Law of the District of Columbia to maintain their principal offices and places of business within the District of Columbia, and for other purposes.

ADJOURNMENT

Mr. COLLINS. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 5 o'clock and 33 minutes p. m.) the House adjourned until to-morrow, Saturday, May 14, 1932, at 12 o'clock noon.

COMMITTEE HEARINGS

Tentative list of committee hearings scheduled for Saturday, May 14, 1932, as reported to the floor leader by clerks of the several committees:

COMMITTEE ON RULES

(10.30 a. m.)

Hearings on bill relative to recapture clause.

COMMITTEE ON THE JUDICIARY

(10 a. m.)

Conservation of oil and gas and protection of American resources (H. R. 10863).

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of Rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

559. A communication from the President of the United States, transmitting two deficiency estimates of appropriations for the Navy Department for the fiscal years 1923 and 1927, amounted in all to $1,543.11, for the payment of claim settlements reported by the General Accounting Office as chargeable to appropriations which are exhausted, together with two provisions affecting existing appropriations for the fiscal year 1932 (H. Doc. No. 323); to the Committee on Appropriations and ordered to be printed.

560. A communication from the President of the United States, transmitting a supplemental estimate of appropriations for the Department of Commerce for the fiscal year ending June 30, 1933 (H. Doc. No. 324); to the Committee on Appropriations and ordered to be printed.

561. A communication from the President of the United States, transmitting a supplemental estimate of the appropriation pertaining to the legislative establishment, House of Representatives, for the fiscal year 1932 (H. Doc. No. 325); to the Committee on Appropriations and ordered to be printed.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of Rule XIII,

Mr. CARTWRIGHT: Committee on Indian Affairs. H. R. 7123. A bill to provide for the manufacture and sale of industrial and beverage alcohol for lawful purposes in Osage County, Okla.; with amendment (Rept. No. 1292). Referred to the House Calendar.

Mr. SUMNERS of Texas: Committee on the Judiciary. H. R. 10243. A bill granting the consent of Congress to any two or more States to enter into agreements or compacts for cooperative effort and mutual assistance in the prevention of crime, and for other purposes; without amendment (Rept. No. 1299). Referred to the House Calendar.

Mr. McKEOWN: Committee on the Judiciary. S. 2655. An act providing for waiver of prosecution by indictment in certain criminal proceedings; with amendment (Rept. No. 1300). Referred to the House Calendar.

Mr. HALL of Mississippi: Committee on Indian Affairs. H. R. 6634. A bill to mend the act of June 25, 1910, entitled "An act to provide for determining the heirs of deceased Indians, for the disposal and sale of allotments of deceased Indians, for the lease of allotments, and for other purposes," so as to authorize the Secretary of the Interior to modify the terms of certain contracts, when in his judgment it is in the interest of the Indians so to do; with amendment (Rept. No. 1302). Referred to the Committee of the Whole House on the state of the Union.

REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS

Under clause 2 of Rule XIII,

Mr. RAYBURN: Committee on Interstate and Foreign Commerce. H. R. 11914. A bill to authorize the Secretary

of Commerce to grant an easement for railroad right of way over and upon a portion of the helium gas bearing lands of the United States of America, in Potter County, in the State of Texas; without amendment (Rept. No. 1293). Referred to the Committee of the Whole House.

Mr. PITTENGER: Committee on Claims. H. R. 598. A bill for the relief of William A. Reithel; with amendment (Rept. No. 1294). Referred to the Committee of the Whole House.

Mr. HARE: Committee on War Claims. H. R. 2103. A bill for the relief of St. Ludgers Catholic Church of Germantown, Henry County, Mo.; without amendment (Rept. No. 1295). Referred to the Committee of the Whole House.

Mr. PITTENGER: Committee on Claims. H. R. 8879. A bill for the relief of Joanna A. Sheehan; with amendment (Rept. No. 1296). Referred to the Committee of the Whole House.

Mr. CAVICCHIA: Committee on War Claims. S. 439. An act for the relief of A. C. Messler Co.; without amendment (Rept. No. 1297). Referred to the Committee of the Whole House.

Mr. LINTHICUM: Committee on Foreign Affairs. H. R. 11971. A bill to fulfill certain treaty obligations with respect to water levels of the Lake of the Woods; without amendment (Rept. No. 1301). Referred to the Committee of the Whole House.

Mr. SCHAFER: Committee on Claims. H. R. 2453. A bill for the relief of Mary E. Roney; with amendment (Rept. No. 1303). Referred to the Committee of the Whole House.

ADVERSE REPORT

Under clause 2 of Rule XIII,

Mr. MARTIN of Oregon: Committee on War Claims. A bill (H. R. 10439) for the relief of Harold I. Mourer (Rept. No. 1298). Laid on the table.

CHANGE OF REFERENCE

Under clause 2 of Rule XXII, committees were discharged from the consideration of the following bills, which were referred as follows:

A bill (H. R. 5358) conferring jurisdiction upon certain courts of the United States to hear and determine the claim by the owner of the 4-masted auxiliary bark *Quevilly* against the United States, and for other purposes; Committee on War Claims discharged, and referred to the Committee on Claims.

A bill (H. R. 11632) granting a pension to Cordie Brandenburg; Committee on Invalid Pensions discharged, and referred to the Committee on Pensions.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of Rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mrs. NORTON: A bill (H. R. 12041) to provide for the recording of deeds of trust and mortgages secured on real estate in the District of Columbia and for the releasing thereof, and for other purposes; to the Committee on the District of Columbia.

By Mrs. PRATT: A bill (H. R. 12042) to authorize the Secretary of War to transfer and convey to the State of New York all right and title now vested in the United States to land and buildings thereon known as Fort Schuyler, N. Y.; to the Committee on Military Affairs.

By Mr. SABATH: A bill (H. R. 12043) to amend sections 2, 5, and 9 of the Reconstruction Finance Corporation act; to the Committee on Banking and Currency.

By Mr. DIES: A bill (H. R. 12044) to provide for the exclusion and expulsion of alien communists; to the Committee on Immigration and Naturalization.

By Mr. BOILEAU: A bill (H. R. 12045) authorizing a per capita payment of $50 to the members of the Menominee Tribe of Indians of Wisconsin from funds on deposit to their credit in the Treasury of the United States; to the Committee on Indian Affairs.

By Mr. SWING: A bill (H. R. 12046) to amend an act entitled "An act to provide revenue, to regulate commerce with foreign countries, to encourage the industries of the United States, to protect American labor, and for other purposes," approved June 17, 1930; to the Committee on Ways and Means.

By Mr. PEAVEY: A bill (H. R. 12047) to provide for the transfer of powder and other explosive materials from deteriorated and unserviceable ammunition under the control of the War Department to the Department of Agriculture for use in land clearing, drainage, road building, and other agricultural purposes; to the Committee on Military Affairs.

By Mr. ARENTZ: A bill (H. R. 12048) to authorize the purchase by the Government of the United States of American-produced silver, to provide for the issuance of reserve silver certificates in payment thereof, and for other purposes; to the Committee on Coinage, Weights, and Measures.

By Mr. SNELL: Resolution (H. Res. 222) electing HOWARD W. STULL, of Pennsylvania, a member of the standing Committee on Invalid Pensions.

By Mr. BYRNS: Joint resolution (H. J. Res. 382) making an additional appropriation for printing and binding for Congress for the fiscal year 1932; to the Committee on Appropriations.

By Mr. BALDRIGE: Joint resolution (H. J. Res. 383) to authorize a compact or agreement between Iowa and Nebraska with respect to fishing privileges and other matters relating to jurisdiction on the Missouri River, and for other purposes; to the Committee on the Judiciary.

MEMORIAL

Under clause 3 of Rule XXII, a memorial was presented and referred as follows:

Memorial of the Provincial Board of Romblon, P. I., expressing their appreciation to the House of Representatives for the passage of the Philippine-independence legislation; to the Committee on Insular Affairs.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of Rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. ANDRESEN: A bill (H. R. 12049) granting an increase of pension to Minnie Krause; to the Committee on Invalid Pensions.

By Mr. BLOOM: A bill (H. R. 12050) for the relief of Ludwig Bahnweg; to the Committee on Claims.

By Mr. BRAND of Ohio: A bill (H. R. 12051) granting an increase of pension to Ella G. Swisher; to the Committee on Invalid Pensions.

Also, a bill (H. R. 12052) granting an increase of pension to Mary Swope; to the Committee on Invalid Pensions.

By Mr. CRAIL: A bill (H. R. 12053) granting a pension to Louise E. S. Butler; to the Committee on Invalid Pensions.

By Mr. DISNEY: A bill (H. R. 12054) granting a pension to John Eigel; to the Committee on Pensions.

Also, a bill (H. R. 12055) granting a pension to Matleslie Robinson; to the Committee on Pensions.

By Mr. FIESINGER: A bill (H. R. 12056) granting an increase of pension to Eva S. Bell; to the Committee on Invalid Pensions.

Also, a bill (H. R. 12057) granting an increase of pension to Louisa Morgan; to the Committee on Invalid Pensions.

By Mr. FREEMAN: A bill (H. R. 12058) providing for an examination and survey of New London Harbor, Conn.; to the Committee on Rivers and Harbors.

Also, a bill (H. R. 12059) for the relief of Lillian L. Bushnell; to the Committee on Claims.

Also, a bill (H. R. 12060) granting an increase of pension to Mary A. Potter; to the Committee on Invalid Pensions.

By Mr. GUYER: A bill (H. R. 12061) granting a pension to Isadorah Wilson; to the Committee on Invalid Pensions.

Also, a bill (H. R. 12062) granting a pension to Mattie E. Fruit; to the Committee on Pensions.

By Mr. HOGG of Indiana: A bill (H. R. 12063) granting an increase of pension to Rachel S. Ditton; to the Committee on Invalid Pensions.

By Mr. HOLLISTER: A bill (H. R. 12064) granting an increase of pension to Charlotte Kaufman; to the Committee on Invalid Pensions.

By Mr. JOHNSON of Washington: A bill (H. R. 12065) for the relief of Frank P. Ross; to the Committee on Agriculture.

Also, a bill (H. R. 12066) for the relief of Earl A. Ross; to the Committee on Agriculture.

By Mr. LINDSAY: A bill (H. R. 12067) for the relief of James A. Hassett; to the Committee on Claims.

By Mr. LONERGAN: A bill (H. R. 12068) for the relief of George A. Owen; to the Committee on Claims.

By Mr. RAMSEYER: A bill (H. R. 12069) granting an increase of pension to Camila Hadley; to the Committee on Invalid Pensions.

Also, a bill (H. R. 12070) granting an increase of pension to Clarence W. Failor; to the Committee on Pensions.

By Mr. SANDERS of New York: A bill (H. R. 12071) granting an increase of pension to Susan J. Klock; to the Committee on Invalid Pensions.

By Mr. WASON: A bill (H. R. 12072) for the relief of Paul G. Hamel; to the Committee on Military Affairs.

By Mr. WEST: A bill (H. R. 12073) granting an increase of pension to Elizabeth Patterson; to the Committee on Invalid Pensions.

PETITIONS, ETC.

Under clause 1 of Rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

7710. By Mr. BOYLAN: Letter from the New York chapter of the Knights of Columbus, New York City, N. Y., opposing the passage of House bill 11082; to the Committee on Education.

7711. Also, resolutions adopted by the New York Tow Boat Exchange, New York City, N. Y., favoring the coordination and consolidation of the Bureau of Navigation and the Steamboat Inspection Service; to the Committee on Economy.

7712. Also, resolution unanimously adopted by the American Water Works Association, New York City, N. Y., to avert crippling water service and to provide employment of nation-wide distribution on necessary public works, etc.; to the Committee on Rivers and Harbors.

7713. Also, resolution adopted at the regular meeting of the New York Florists' Club, New York City, favoring the modification or repeal of the Volstead Act; to the Committee on the Judiciary.

7714. Also, resolution adopted by the National Cigar Box Manufacturers' Association, favoring an amendment to the Volstead Act permitting the manufacture of beer and light wines; to the Committee on the Judiciary.

7715. Also, resolution adopted by the Civil Service Forum of New York City, opposing any reduction of the compensation of civil-service employees of the United States Government; to the Committee on the Civil Service.

7716. By Mr. CHIPERFIELD: Petition of the Local Union No. 639, of Middle Grove, Ill., urging investigation of the coreceivers of the Interstate Coal Co.; to the Committee on the Judiciary.

7717. By Mr. CRAIL: Petition of Margaret Crowder, of Los Angeles, Calif., requesting a congressional investigation of the victims of the Armistice Day raid of a workers' hall in Centralia, Wash.; to the Committee on the Judiciary.

7718. Also, petition of Margaret O'Sullivan and many other citizens of Los Angeles County, Calif., to end national prohibition and legalize and levy tax on 4 per cent beer to help balance Budget; to the Committee on Ways and Means.

7719. Also, petition of Mrs. James Garner Simpson, Los Angeles, Calif., petitioning Congress to take action at once to relieve unemployment and put an end to hard times, with many suggestions for doing so; to the Committee on Ways and Means.

7720. By Mr. CROWE: Petition of citizens of Spencer County, Ind., supporting House Joint Resolution 366; to the Committee on the Judiciary.

7721. By Mr. CULLEN: Petition of the American Water Works Association, urging Congress to enact legislation to extend Federal loan facilities to sound, self-supporting public works, such as the construction of necessary waterworks for solvent waterworks systems; to the Committee on Banking and Currency.

7722. Also, petition of the National Cigar Box Manufacturers Association, urging the passage of an amendment by Congress to the Volstead Act permitting the manufacture of beer and light wines, and that a tax be placed on same to meet the deficiency in the present Budget; to the Committee on the Judiciary.

7723. By Mr. EVANS of California: Petition signed by approximately 120 persons, protesting against compulsory Sunday observance; to the Committee on the District of Columbia.

7724. By Mr. GOLDSBOROUGH: Resolution of the Snow Hill-Worcester Chamber of Commerce, Snow Hill, Md., urging the balancing of the Federal Budget, every possible saving in governmental expenditures, and the putting into effect of every wise economy possible; to the Committee on Economy.

7725. By Mr. HADLEY: Petition of a number of residents of Bellingham, Wash., protesting against compulsory Sunday observance; to the Committee on the District of Columbia.

7726. By Mr. KOPP: Petition of E. Ferguson, agent, Chicago, Rock Island & Pacific Railway Co. and the Chicago, Milwaukee, St. Paul & Pacific Railway Co., and other citizens of Muscatine, Iowa, urging the regulation of motor trucks and motor busses; to the Committee on Interstate and Foreign Commerce.

7727. By Mr. MEAD: Petition of World War Veterans of Erie County, regarding veterans' bonus legislation; to the Committee on Ways and Means.

7728. Also, petition of Polish National Alliance of the United States of North America, memorializing the Congress of the United States to enact House Joint Resolution 144; to the Committee on the Judiciary.

7729. By Mrs. OWEN: Petition signed by Mrs. H. G. McAllister and 49 other residents of Cocoa, Fla., opposing modification or repeal of the prohibition law; to the Committee on the Judiciary.

7730. By Mr. PARKER of Georgia: Petition of J. J. Hinely and 14 other citizens of Georgia, urging the enactment of legislation regulating busses and trucks engaged in hauling passengers and freight; to the Committee on Interstate and Foreign Commerce.

7731. By Mr. ROBINSON: Petition signed by Mrs. Paul Stevenson, secretary, and other members of the Tranquility Missionary Society, Traer, Iowa, urging the protection of the reindeers of Alaska; to the Committee on Agriculture.

7732. By Mr. RUDD: Petition of the National League of Women Voters, Washington, D. C., opposing the Fish amendment to House Joint Resolution 378; to the Committee on Foreign Affairs.

7733. Also, petition of the Union League of Philadelphia, Pa., favoring the balancing of the Budget; to the Committee on Appropriations.

7734. Also, petition of the Commercial Envelope Co., Woodberry, Baltimore, Md., opposing the increase rate in first-class postage; to the Committee on Ways and Means.

7735. Also, petition of National Cigar Box Manufacturers Association, Philadelphia, Pa., favoring the modification of the Volstead Act, permitting the manufacture of beer and light wines, and a tax be placed necessary to meet the deficiency in the present Budget; to the Committee on the Judiciary.

7736. Also, petition of International Agricultural Corporation, Buffalo, N. Y., favoring balancing the Budget; to the Committee on Appropriations.

7737. By Mr. SMITH of West Virginia: Resolution of the Elkridge Safety Club, Elkridge, W. Va., opposing the Davis-Kelly bill; to the Committee on Interstate and Foreign Commerce.

7738. Also, resolution of the Brooklyn Safety Club, Brooklyn, W. Va., opposing the Davis-Kelly bill; to the Committee on Interstate and Foreign Commerce.

7739. Also, resolution of the Rossmore Safety Club, Rossmore, W. Va., opposing the Davis-Kelly bill; to the Committee on Interstate and Foreign Commerce.

7740. Also, resolution of the Elverton Safety Club, Elverton, W. Va., protesting against the Davis-Kelly bill; to the Committee on Interstate and Foreign Commerce.

7741. Also, resolution of the Laurel Creek Safety Club, Laurel Creek, W. Va., opposing the Davis-Kelly bill; to the Committee on Interstate and Foreign Commerce.

7742. Also, resolution of the Milburn Safety Club, Milburn, W. Va., opposing the Davis-Kelly coal bill; to the Committee on Interstate and Foreign Commerce.

7743. By Mr. SUTPHIN: Resolution of the Chamber of Commerce of South Plainfield, favoring reduction of the taxes and balancing of the Budget; to the Committee on Economy.

7744. By Mr. SWING: Petition signed by 209 residents of National City, Calif., protesting against compulsory Sunday observance; to the Committee on the District of Columbia.

7745. By Mr. WATSON: Resolutions adopted by the Lumbermen's Exchange of the city of Philadelphia, relative to motor-truck and water-borne transportation; to the Committee on Interstate and Foreign Commerce.

SENATE

SATURDAY, MAY 14, 1932

(Legislative day of Monday, May 9, 1932)

The Senate met at 11 o'clock meridian, on the expiration of the recess.

Mr. FESS. Mr. President, I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Ashurst	Couzens	Kean	Smith
Austin	Dale	Kendrick	Smoot
Bankhead	Dickinson	Keyes	Steiwer
Barbour	Dill	King	Stephens
Barkley	Fess	La Follette	Thomas, Idaho
Blaine	Fletcher	Logan	Thomas, Okla.
Borah	Frazier	Long	Townsend
Bratton	George	McGill	Trammell
Broussard	Goldsborough	McNary	Tydings
Bulow	Hale	Metcalf	Vandenberg
Byrnes	Harrison	Moses	Wagner
Capper	Hastings	Norris	Walsh, Mass.
Caraway	Hayden	Nye	Walsh, Mont.
Cohen	Hebert	Patterson	Watson
Connally	Howell	Robinson, Ark.	Wheeler
Coolidge	Hull	Robinson, Ind.	
Copeland	Johnson	Sheppard	
Costigan	Jones	Shortridge	

Mr. HULL. I desire to announce that my colleague the senior Senator from Tennessee [Mr. McKELLAR] is unavoidably detained by illness.

Mr. FESS. I desire to announce that the Senator from West Virginia [Mr. HATFIELD] is detained in a committee meeting, and the Senator from Nevada [Mr. ODDIE] is also detained from the Senate on official business.

The VICE PRESIDENT. Sixty-nine Senators have answered to their names. A quorum is present. House bill 10236 is before the Senate, and the question is on the amendment proposed by the Senator from Michigan [Mr. COUZENS]

MESSAGE FROM THE HOUSE

A message from the House of Representatives by Mr. Chaffee, one of its clerks, announced that the House had passed a joint resolution (H. J. Res. 382) making an additional appropriation for printing and binding for Congress for the fiscal year 1932, in which it requested the concurrence of the Senate.

EXPENSES OF ALABAMA SENATORIAL CONTEST

Mr. SHORTRIDGE. Mr. President, as chairman of the Committee on Privileges and Elections, I have been asked to request unanimous consent to take up at this time Senate Resolution 213, a resolution further increasing the limit of expenditures in the matter of the Heflin-Bankhead senatorial contest from the State of Alabama. The resolution was introduced, referred to the appropriate committee, reported with an amendment, and I understand that as amended the resolution is agreeable to both contestant and contestee. Wherefore I am making this request.

Mr. KING. Mr. President——

The PRESIDENT pro tempore. Does the Senator from California yield to the Senator from Utah?

Mr. SHORTRIDGE. I yield.

Mr. KING. Has the matter been brought to the attention of the full committee? I am the ranking minority member of the committee, and I never heard of it.

Mr. SHORTRIDGE. The chairman of the subcommittee [Mr. HASTINGS] will make answer to the Senator.

Mr. SMOOT. Mr. President, is this going to lead to debate?

Mr. KING. It will.

Mr. SHORTRIDGE. I do not think it will; or, rather, I had hoped it would not.

Mr. SMOOT. If it is going to lead to debate, I must object.

The PRESIDENT pro tempore. Objection is made.

Mr. SHORTRIDGE. I hope that when consideration of the resolution is again suggested there will not be any objection or any prolonged debate. There are certain expenditures that have been incurred. The parties to the contest have expressed satisfaction with the resolution as it was and is amended. Of course, if there is objection, the matter will have to rest for further consideration.

HOUSE JOINT RESOLUTION REFERRED

The joint resolution (H. J. Res. 382) making an additional appropriation for printing and binding for Congress for the fiscal year 1932 was read twice by its title and referred to the Committee on Appropriations.

IMPORTATIONS OF WOOD PULP—REVISED DATA

The VICE PRESIDENT laid before the Senate a letter from the acting chairman of the United States Tariff Commission relative to its recent report on wood pulp and pulpwood (presenting tables showing the production during the three years 1929, 1930, and 1931 of a large number of domestic pulp mills) submitting additional data on pulp mills, revising and correcting the figures previously presented, which, with the accompanying paper, was referred to the Committee on Finance.

PETITIONS AND MEMORIALS

Mr. SHORTRIDGE presented telegrams in the nature of memorials from Margaret O'Reilly, president of the Hibernian organization, and Mrs. Charles O'Donnell Lee, jr., president of the Altar Society of the Old Santa Barbara Mission, both of Santa Barbara, Calif., remonstrating against the passage of the bill (S. 3907) to amend section 211 of the Criminal Code, as amended (relating to certain nonmailable matter), especially with reference to the dissemination of birth-control information, which were referred to the Committee on the Judiciary.

Mr. TYDINGS presented a resolution adopted by Wicomico Post, No. 64, American Legion, of Salisbury, Md., favoring elimination of the interest rate on veterans' adjusted-service certificates, which was referred to the Committee on Finance.

He also presented a resolution adopted by the Snow Hill-Worcester Chamber of Commerce, at Snow Hill, Md., favoring the prompt balancing of the Budget and retrenchment in governmental expenditures, which was referred to the Committee on Appropriations.

He also presented a memorial of sundry citizens of the State of Maryland, remonstrating against reductions in the compensation of Federal employees or adoption of the so-called furlough plan in the Federal service, which was referred to the Committee on Appropriations.

He also presented a memorial of sundry citizens of the State of Maryland, remonstrating against reductions in the compensation of Federal employees, the dismissal of certain married persons in the Government service, etc., which was referred to the Committee on Appropriations.

Mr. BARBOUR presented a resolution adopted by the board of directors of the New Jersey Insurance Co., at New York City, N. Y., favoring the repeal of the recapture clause of the transportation act of 1920, which was referred to the Committee on Interstate Commerce.

He also presented resolutions adopted by the Republican Veterans' Association of New Jersey, Trenton, N. J., favoring the immediate repeal of the eighteenth amendment of the Constitution and the Volstead Act, which were referred to the Committee on the Judiciary.

He also presented a memorial of sundry citizens of the State of New Jersey, being members and friends of the South Jersey Radio Association, remonstrating against the passage of legislation to tax amateur radio stations and operators (known as House bill 7716), which was referred to the Committee on Interstate Commerce.

He also presented resolutions adopted by the Lions Club of Trenton and the Kiwanis Club of Hackensack, both in the State of New Jersey, favoring the balancing of the Budget and retrenchment in governmental expenditures, which were referred to the Committee on Appropriations.

Mr. JONES presented a resolution adopted by John Wannebo Camp, No. 9, United Spanish War Veterans, of Everett, Wash., favoring the passage of legislation to provide for the stabilization of values of imports from countries changing their monetary standards, which was referred to the Committee on Finance.

He also presented a memorial of members of the Seattle Yacht Club, of Seatle, Wash., remonstrating against the imposition of a 10 per cent tax on motor boats and yachts, which was ordered to lie on the table.

He also presented a resolution adopted by Tacoma Council, No. 12, Junior Order of United American Mechanics, of Tacoma, Wash., indorsing the so-called Moore bill, restricting the immigration of aliens, which was referred to the Committee on Immigration.

He also presented the petition of the Daughters of the American Revolution of the State of Washington, praying for the passage of legislation making it a crime to advocate or promote the overthrow or destruction of the Government of the United States by force or violence and also certain restrictive immigration measures, which was referred to the Committee on the Judiciary.

Mr. KEAN presented a statement from Albert I. Mehrbach, of East Orange, N. J., relative to the so-called Mehrbach plan for the protection of bank depositors, which was referred to the Committee on Banking and Currency.

He also presented a joint resolution adopted by the Legislature of the State of New Jersey, memorializing Congress to provide for the construction of a ship canal across the State of New Jersey from Raritan Bay to the Delaware River, at a point near the head of navigation, which was referred to the Committee on Commerce. (See resolution printed in full when presented to-day by Mr. BARBOUR.)

Mr. WALSH of Massachusetts presented papers in the nature of petitions from 1,025 citizens of the State of Massachusetts, praying for the modification of the Volstead Act and the repeal of the eighteenth amendment of the Constitution, which were referred to the Committee on the Judiciary.

He also presented papers in the nature of memorials from 110 citizens of the State of Massachusetts, remonstrating against the modification of the Volstead Act or repeal of the eighteenth amendment of the Constitution, which were referred to the Committee on the Judiciary.

He also presented petitions of 550 citizens of the State of Massachusetts, praying for the adoption of an orderly tax program, retrenchment in governmental expenditures, and the defeat of the cash-bonus proposal, which were referred to the Committee on Appropriations.

He also presented papers in the nature of petitions from 190 citizens of the State of Massachusetts, praying for the balancing of the Budget, the defeat of the cash-bonus proposal, the stopping of "all raids on the Treasury," retrenchment in governmental expenditures, but the preservation of the national defense, the enactment of fair sales and stamp taxes, amendment of the Volstead Act, and the taxation of light wine and beer, which were referred to the Committee on Appropriations.

RESTAURANT IN NEW FEDERAL BUILDING AT BOSTON, MASS.

Mr. WALSH of Massachusetts. Mr. President, I present a letter in the nature of a memorial, signed by sundry citizens and firms, being restauranteurs of Boston, Mass., remonstrating against the appropriation of Government funds for the purpose of installing or operating a restaurant or eating place for employees of the Post Office Department in the new Federal building at Boston, Mass., which I ask may be printed in the RECORD, without the signatures, and referred to the Committee on Appropriations.

There being no objection, the letter in the nature of a memorial was referred to the Committee on Appropriations and ordered to be printed in the RECORD without the signatures, as follows:

BOSTON, MASS., *May 9, 1932.*

Hon. WESLEY L. JONES,
Chairman Senate Committee on Appropriations,
United States Senate, Washington, D. C.

DEAR SIR: We, the undersigned restauranteurs of Boston, are anxious to enlist your aid in presenting a vigorous and immediate protest against the appropriation of Government funds for the purpose of installing or operating an eating place for employees of the Post Office Department in the Boston, Mass., new Federal building. The following points are submitted for your consideration:

1. The Federal building is in the heart of the city, not isolated, and it is a known fact that the restaurant facilities in the immediate vicinity of the proposed building are adequate to meet all existing and future needs.

2. The operation of restaurants by employees' committees in Government buildings on a rent-free basis constitutes unfair competition to a legitimate industry.

3. In many cities such unfair competition has been one of the factors causing the heavy business mortality in the restaurant industry, the seventh among retail trades.

4. This mortality is the subject of study by the United States Department of Commerce in view of eliminating the financial losses it brings about.

5. The operation of restaurants in Government buildings gives no assurance of better food, service, or surroundings than may be had in many near-by eating places, but will add materially to the tremendous deficit under which the Post Office Department is now operating.

Thanking you for the consideration which we feel confident will be given by you in this matter, we remain,

Very sincerely.

SHIP CANAL ACROSS NEW JERSEY

Mr. BARBOUR presented a joint resolution adopted by the Legislature of the State of New Jersey, which was referred to the Committee on Commerce, as follows:

STATE OF NEW JERSEY.

Joint Resolution No. 4, Laws of 1932, memorializing the Congress of the United States to construct a ship canal across the State of New Jersey from Raritan Bay to the Delaware River, at a point near the head of navigation

Whereas an inland waterways system has been provided along the entire Atlantic coast with the exception of the short distance through the State of New Jersey; and

Whereas the construction of a ship canal through the State of New Jersey will complete said inland waterways system; and

Whereas the State of New Jersey has heretofore appropriated considerable money for the acquisition of the right of way for such canal, and has from year to year reappropriated said moneys; and

Whereas the State of New Jersey has been and still is ready and willing to furnish the right of way for such canal in accordance with representations heretofore made to the Federal Government: Therefore be it

Resolved by the Senate and General Assembly of the State of New Jersey:

1. That the Congress of the United States is hereby memorialized and requested to appropriate a sufficient sum of money to construct a ship canal across the State of New Jersey from Raritan Bay to the Delaware River, at a point near the head of navigation, upon a right of way to be furnished by this State: Be it further

Resolved, That a copy of this resolution be transmitted to the President and Vice President of the United States, to the Speaker of the House of Representatives, and to each Member in the Senate and House of Representatives of the United States from the State of New Jersey.

3. This joint resolution shall take effect immediately.

Approved May 2, 1932.

STATE OF NEW JERSEY,
DEPARTMENT OF STATE.

I, Thomas A. Mathias, secretary of state of the State of New Jersey, do hereby certify that the foregoing is a true copy of a

joint resolution passed by the legislature of this State and approved by the governor the 2d day of May, A. D. 1932, as taken from and compared with the original now on file in my office.

In testimony whereof I have hereunto set my hand and affixed my official seal at Trenton, this 13th day of May, 1932.

[SEAL.] THOMAS A. MATHIAS,
Secretary of State.

REPORTS OF COMMITTEES

Mr. VANDENBERG, from the Committee on Commerce, to which was referred the bill (S. 4554) authorizing the Fort Hancock-Porvenir Bridge Co., its successors and assigns, to construct, maintain, and operate a bridge across the Rio Grande at Fort Hancock, Tex., reported it without amendment and submitted a report (No. 690) thereon.

Mr. AUSTIN, from the Committee on the District of Columbia, to which was referred the joint resolution (H. J. Res. 154) to authorize the merger of street-railway corporations operating in the District of Columbia, and for other purposes, reported it with amendments and submitted a report (No. 691) thereon.

Mr. FRAZIER, from the Committee on Agriculture and Forestry, to which was referred the bill (S. 1197) to liquidate and refinance agricultural indebtedness and to encourage and promote agriculture, commerce, and industry by establishing an efficient credit system, through which the unjust and unequal burdens placed upon agriculture during the period of price fixing and deflation may be lightened, by providing for the liquidation and refinancing of farm mortgages and farm indebtedness at a reduced rate of interest through the Federal farm loan system, the Federal reserve banking system, and the postal-savings depository system, and creating a board of agriculture to supervise the same, reported it with amendments and submitted a report (No. 692) thereon.

GOVERNMENT PRINTING OFFICE APPROPRIATION

Mr. JONES. Mr. President, the joint resolution (H. J. Res. 382) making an additional appropriation for printing and binding for Congress for the fiscal year 1932 passed the House, came to the Senate, and was referred to and considered by the Appropriations Committee. It provides an immediate appropriation of $500,000 for the Government Printing Office. This amount was included in the legislative appropriation bill to be made immediately available. That bill, as we know, is now before the committee and we are considering very carefully the legislative part of it. The bill will not pass for some little time yet. It is extremely important that this $500,000 should be made available. The Public Printer is now taking money from here and there and using it in anticipation of getting this appropriation. A letter sent by the Public Printer to the Appropriations Committee of the House calls attention to the situation, and he closes the letter by saying:

> I regret to state that unless measures are taken at once to relieve this imperative need I will be compelled to discontinue all congressional printing, including the RECORD, and this not later than Monday, May 16, 1932. This would mean our entire congressional force would have to be laid off, as departmental printing is insufficient to keep it employed.

From the Committee on Appropriations I report back favorably without amendment the joint resolution and ask for its immediate consideration.

The PRESIDENT pro tempore. The Senator from Washington asks unanimous consent for the present consideration of the joint resolution. Is there objection?

There being no objection, the joint resolution was read at length, ordered to a third reading, read the third time by title, and passed, as follows:

> *Resolved, etc.*, That the sum of $500,000 is hereby appropriated, out of any money in the Treasury not otherwise appropriated, for printing and binding for Congress, including the same objects and under the same conditions specified under the appropriation "Public printing and binding, Government Printing Office, 1932," contained in the legislative appropriation act for the fiscal year ending June 30, 1932.

REPORTS OF THE NAVAL AFFAIRS COMMITTEE

As in executive session,

Mr. HALE, from the Committee on Naval Affairs, reported the nomination of Capt. John W. Greenslade to be a rear admiral in the Navy from the 1st day of May, 1932, and also the nomination of sundry officers in the Navy and the Marine Corps, which were placed on the Executive Calendar.

BILLS AND JOINT RESOLUTION INTRODUCED

Bills and a joint resolution were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. COPELAND:

A bill (S. 4663) granting a pension to Matt Henson; to the Committee on Pensions.

By Mr. TYDINGS:

A bill (S. 4664) granting a pension to Max Shar (with accompanying papers); to the Committee on Pensions.

By Mr. JONES:

A bill (S. 4665) granting a pension to Adah C. Seed (with accompanying papers); to the Committee on Pensions.

By Mr. LOGAN:

A joint resolution (S. J. Res. 158) proposing an amendment to the Constitution of the United States fixing the terms of President and Vice President and Members of the House of Representatives; to the Committee on the Judiciary.

REVENUE AND TAXATION—AMENDMENTS

Mr. COPELAND submitted an amendment intended to be proposed by him to House bill 10236, the revenue and taxation bill, which was ordered to lie on the table and to be printed, as follows:

> On page 48, after line 19, insert a new subsection, as follows:
> "(c) In any case in which the statute of limitations, as to credits and refunds, in this act or prior revenue acts has not run against a husband and wife, and until such statute shall have run against them, either or both may file under this act and under such prior acts an amended joint return to take the place of the individual returns filed by them or amended separate returns to take the place of the joint return filed by them, if the change will cause a combined lesser tax than the joint return or individual returns originally filed."

Mr. CONNALLY. Mr. President, I send to the desk and ask to have printed and lie on the table a proposed amendment to the pending revenue bill, House bill 10236, providing for the excess-profits tax which we had during the wartime.

The PRESIDENT pro tempore. The amendment intended to be proposed by the Senator from Texas will be received, printed, and lie on the table.

MESSAGE FROM THE HOUSE—ENROLLED BILLS AND JOINT RESOLUTIONS SIGNED

A message from the House of Representatives by Mr. Chaffee, one of its clerks, announced that the Speaker had affixed his signature to the following enrolled bills and joint resolutions, and they were signed by the President pro tempore:

S. 3584. An act to require all insurance corporations formed under the provisions of Chapter XVIII of the Code of Law of the District of Columbia to maintain their principal offices and places of business within the District of Columbia, and for other purposes;

S. 4193. An act to authorize the issuance of bonds by the St. Thomas Harbor Board, Virgin Islands, for the acquisition or construction of a graving or dry dock;

S. J. Res. 36. Joint resolution to change the name of the island of "Porto Rico" to "Puerto Rico"; and

H. J. Res. 382. Joint resolution making an additional appropriation for printing and binding for Congress for the fiscal year 1932.

HUNDREDTH ANNIVERSARY OF MORSE SIMPLIFIED TELEGRAPH CODE

Mr. COPELAND. Mr. President, it was a hundred years ago to-day that Samuel F. B. Morse announced the use of the simplified telegraph code. It seems a pity that we must have reminders of these great anniversaries. Recently I had a letter from the granddaughter of Mr. Morse, Miss Leila Livingston Morse, stating:

> It was 100 years ago in Paris, after seeing the early efforts of the French telegraphs (without electricity), that there came to him instantaneously the use of the simplified code transmitted by electricity. After 12 years of work to perfect an instrument and heroic effort to get Congress to make an appropriation for an experimental line, the first message was sent, in 1844, from Wash-

ington. This year marks the one hundredth commemoration of his inspiration, to which Fenimore Cooper (then living in Paris) testified in some of his works. There was a joint session of the Senate and House on the occasion of my grandfather's funeral in 1872.

It seems that the first message was sent from a room in New York University in Washington Square and was distinctly heard over 10 miles of wire. The message was, "Attention, the universe; by kingdoms, right wheel."

Then a later message of longer reach, "What hath God wrought?" was sent from what was then the Supreme Court room in the Capitol, received in Baltimore, and immediately answered.

Mr. President, it seems fitting that at least this brief reference should be made to this remarkable discovery, and I ask that, as a part of my remarks, an editorial in this morning's New York Times, entitled "Morse the Intelligencer," be printed with my remarks.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

[From the New York Times, May 14, 1932]

MORSE THE INTELLIGENCER

The first clear prophecy of the alphabet known as the Morse code and of the instrument for its use is to be found in a statement which Samuel F. B. Morse made aboard the packet ship *Sully* on his way home from Europe in 1832:

"If the presence of electricity can be made visible in any part of the circuit, I see no reason why intelligence may not be transmitted by electricity."

Though he was among the first painters of his time and the first president of the Academy of Design, from that day he was in the way of establishing a name for himself in another field. He became in time the "intelligencer" of the world.

The first message, sent from a room in New York University in Washington Square and distinctly heard over 10 miles of wire—"Attention, the universe; by kingdoms, right wheel"—had a prophetic suggestion of the future reach of the clicking messages borne by electricity along the wires of which there are now some six or seven millions of miles—and many of them still using the means of communication invented by the son of Jedediah Morse, the early American geographer. The first message of longer reach, "What hath God wrought?" sent from what was then the Supreme Court room in the Capitol, received in Baltimore, and immediately answered, will be especially remembered by the ceremonies in the same room (now the library on the second floor of the Capitol) to be held this afternoon, beginning with a telegram from the President of the United States and the use of the same instrument that Morse used, and followed by a radio program in which European countries, from England to Italy, will take part.

It is not contended that Morse discovered the principle of electromagnetic transmission, but he was the first to devise the alphabet by which electricity could transmit in that universal language the words of men of divers tongues, and the first to construct the device for their utterance. In a very real sense his lines have gone throughout the earth, and there is no language nor speech in which the voice of his instrument is not heard—a Pentecostal code wherein each man can know his neighbor's thought though separated by half the globe.

Word comes by his tele-speech that the ruins of the supposed Tower of Babel have been unearthed in Mesopotamia. Confusion of tongues still prevails in the earth, but there is promise of a "whole earth of one language and of one speech" again through the perfected and extended means of communicating intelligence—and Morse is one of its prophets. The nations of the earth have wheeled right or left at the command of peoples possessed of the far-speaking instruments with which in train of his telegraph democracies have been "implemented."

Mr. DILL. Mr. President, somewhat in keeping with what the Senator from New York has just said, I want to call attention to the marvelous advance in the use of electricity for transmitting the human voice by reference to an article in the New York Times of this morning, which explains how, at the opening of a building last night on Pine Street, 60 Wall Tower, a man's voice was carried on moonbeams, and how moonbeams were used not only to transmit his voice but were used to light the electric lights on the tower of the building. This was done by a photo-electric cell moonbeam condenser which worked as perfectly as any wire connection that could be devised. I only mention that by way of bearing out the remarks of the Senator from New York as to how far we have advanced in the use of electricity in transmitting the human voice.

PROTECTION OF LABOR BY TARIFF ON COPPER

Mr. HAYDEN. Mr. President, I ask unanimous consent to have printed in the CONGRESSIONAL RECORD an editorial from the Salt Lake Tribune of May 9, 1932, relative to the imposition of a tariff on copper and thereby protecting labor.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

PROTECTING LABOR

In the popular mind of the West, particularly that part of it which depends in some measure upon copper production for sustenance, there will be no doubt but what the Senate Finance Committee acts wisely in restoring the projected tariffs on copper. Long before this many American families have been visibly impressed with the vital part that copper production plays in daily existence.

They have seen their means of livelihood dissipated by an overabundance of the red metal and attendant declining prices. Those remaining in the industry on a part-time basis know that they eke out an existence in a large measure by the sufferance and the fortitude of the industry. Their only hope, under existing conditions, is to be found in the remedy which it is now proposed to apply—a tariff, which will afford them a measure of protection against foreign competition.

There was a time when the industry itself needed this protection to endure, but in the past score of years it has been able to more than meet the competition of foreign production. Its position now, however, is not so promising. The tenure of those dependent upon this activity for a livelihood is less secure, if it is not altogether uncertain.

At this time the need of a copper tariff is felt keenly by those dependent upon the industry for the support of their families. In the Western States, particularly, a considerable number of people are directly engaged in the process of copper production. Their misfortunes are reflected to other lines of business and industrial endeavor.

Without some protection against heavy importations and without some encouragement to American production, their economic place in the life of the West is threatened with complete dissipation. The copper tariff seeks to preserve in some measure their accustomed place in the industrial life of the West. Without this protection they are faced with the necessity of finding new occupations at a time when every field of endeavor is seriously disturbed by its own surpluses. The proposed tariff is not to be confused with endeavors to foster infant enterprises. Rather it is a well-reasoned effort to protect labor against industrial decay, preserving so far as possible the labor fabric of a gigantic industry.

REVENUE AND TAXATION

The Senate resumed the consideration of the bill (H. R. 10236) to provide revenue, equalize taxation, and for other purposes.

The PRESIDENT pro tempore. The question is on agreeing to the amendment proposed by the Senator from Michigan [Mr. COUZENS].

Mr. HARRISON. Mr. President, are we about to have a vote taken on the amendment?

The PRESIDENT pro tempore. The pending question is on agreeing to the amendment proposed by the Senator from Michigan. The Chair will state, however, that that amendment is divisible, if any Senator wishes to have it divided.

Mr. SMOOT. Mr. President, I ask for the yeas and nays.

The PRESIDENT pro tempore. On this question the yeas and nays are demanded. Is the demand sufficiently seconded?

Mr. LONG. Mr. President, a parliamentary inquiry. Is the roll about to be called on the amendment of the Senator from Michigan?

The PRESIDENT pro tempore. The yeas and nays have not as yet been ordered. Is the demand seconded? A sufficient number having seconded the demand for the yeas and nays, they are now ordered.

Mr. DILL. Mr. President, I shall not delay the Senate for any extended speech, but I want to give voice to my views regarding the pending amendment and what its adoption or rejection would mean in connection with the bill now before us, both as to raising revenue and as to its effect upon the people of this country.

Everybody agrees that we must raise revenue by new taxes. The whole question is, Who is to pay these new taxes? We are not going to get them from the 8,000,000 unemployed in this country; we are not going to get them from the farmers, who have been losing their homes and farms, who have been receiving 30 cents a bushel for their wheat, 3 cents a pound for their hogs, 50 cents apiece for their sheep, 10 cents a pound for their wool, and 5 cents a pound for their cotton. We are not going to get them from the people who have had swept away their life savings in 4,000 banks which have

closed their doors since the panic began. The whole question is, From whom will we secure these taxes?

There are two sources from which we can collect them. One is from the people who are still working on part time, from the small business men who are struggling to keep out of bankruptcy, and from those who still have small savings that have not been entirely exhausted; or we can take them from the people who are still receiving large incomes and who have large accumulations of wealth which can be reached by inheritance taxes.

I do not want by anything I may say to seem to take sides or to array classes one against another, but I do not see how it is possible for any man to close his eyes to the fact that a large part of this burden of more than a billion dollars in new taxes can better be paid by those who still receive substantial incomes, and especially by those few who are still receiving enormous incomes, than it can be borne by the millions of common men who are still keeping their heads above water but are on the edge of bankruptcy or on the verge of losing their jobs or their business.

In last night's Washington News there was an editorial to the effect that 31 per cent of the income of our people is being paid each year in the form of taxes, Federal, State, and local. The editorial pointed out that those who do not have property upon which to pay taxes pay their share of the taxes in the added cost of food, clothing, rent, and other necessities of life. If we adopt the amendment of the Senator from Michigan, we shall be able to avoid adding to the taxes on the necessities of life and on the things used in new production throughout the country. If we do not adopt such taxes, then we must raise considerably more revenue, amounting to between $200,000,000 and $300,000,000, by taxes upon business of various kinds that have to do directly with the daily life of our people.

I do not know in any detail how those who have big fortunes from which they will secure during the coming year immense incomes accumulated them, but I do know that some of them were acquired by indefensible methods upon the stock exchanges of this country.

I want to call attention to what happened in connection with the boosting of the prices of stocks of the great industrial and business organizations of this country and what has happened since the panic began. If during the period of boom prices on the stock exchange any citizen bought 1 share of each of the 14 leading industrial stocks on the New York exchanges which I shall mention, he would have paid $2,530 for them. If he sold them yesterday at the prices then prevailing, he would have received a very small percentage of that amount; in fact, he would have received only $165. Let me give the Senate some of the figures.

The United States Steel Co. stock in July, 1929, was selling at $261.75 a share; yesterday it sold at $27.25;

New York Central Railway stock sold in 1929 at $256.50 a share; yesterday it sold at $11;

The stock of the American Machine & Foundry Co. sold in 1929 was $279.75; yesterday at sold at $12.75;

The stock of the Westinghouse Electric Co. in 1929 sold at $292.50 a share, while yesterday it sold at $23.25;

The stock of the J. I. Case Threshing Machine Co. sold in July, 1929, at $467 a share; yesterday it sold at $21;

The stock of the General Motors Corporation sold in 1929 at $91.75 a share; yesterday it sold at $10.25;

The stock of the United Aircraft Corporation in 1929 sold at $162; yesterday it sold at $7.25;

The stock of the Radio Corporation in 1929 sold at $114.75 a share; yesterday it sold at $3.75;

The stock of the Trans-America Corporation in July, 1929, sold at $67.25 a share; yesterday it sold at $3;

The stock of the Anaconda Copper Co. in 1929 sold for $140 a share, and yesterday it sold for $5;

The stock of the Goodrich Rubber Co. in 1929 sold for $105.75 a share, while yesterday it sold for $3.50 a share;

The stock of the Standard Oil Co. of California in 1929 sold for $81.75 a share, while yesterday it sold for $19 a share;

The stock of the International Telephone & Telegraph Co. in 1929 sold for $109 a share, while yesterday it sold for $5; and

The stock of the General Electric Corporation in 1929 sold for $101 a share, while yesterday it sold for $13.50 a share.

The list of these shares, their present values, and the percentages are as follows:

If you bought one share of each of following stock-market leaders in July, 1929, it would—

	Cost you	Recent value, May 13	Percentage of former value
United States Steel Co	$261.75	$27.25	10.4
New York Central R. R	256.50	11.00	4.3
American Machine & Foundry	279.75	12.75	4.2
Westinghouse Electric Mfg. Co	292.50	23.25	7.9
J. I. Case Threshing Machine	467.00	21.00	4.5
General Motors Corporation	91.75	10.25	11.1
United Aircraft Corporation	162.00	7.25	4.4
Radio Corporation of America	114.75	3.75	3.2
Trans-America Corporation	67.25	3.00	4.4
Anaconda Copper & Smelting	140.00	5.00	3.5
Goodrich Rubber Co	105.75	3.50	3.3
Standard Oil of California	81.75	19.00	23.2
International Telephone & Telegraph Co	109.00	5.00	4.6
General Electric Co	101.00	13.50	13.3
1 share of each	2,530.75	165.50	6.5

Some of those now possessing vast fortunes accumulated them by boosting on the stock market the price of the stocks of such corporations as I have mentioned; they accumulated them by the issuance of watered stock, by the issuance of split stock, by the issuance of stock dividends. They sold the stock thus acquired at the boom prices and made millions of dollars. I know that many of them have since lost their money in speculation, but I call attention to the fortunes derived from this source which to-day produce large incomes to citizens of the country in considering which in the levying of taxes at a time like this nobody should be tender.

Then there is another source of fortunes, namely, the great chain business of this country. The great commercial organizations that have spread themselves all over the land and pick a few pennies out of the pockets of the millions of common citizens every day of the year for the necessities of life in which they are dealing have built up immense fortunes for some individuals. That has been true of various other activities. I shall not enlarge upon the suggestion, but I am calling attention to it to show that the people who secured these vast sums of money in the days of prosperity and have them now in sufficient amount to enable them to receive big incomes will not be unjustly treated if we place upon them income taxes at the war rates.

The opponents of this proposal, as I have listened to them and as I have read their arguments, continually bring forth the claim that it will handicap business and drive money into tax-exempt securities. The Senator from Michigan [Mr. COUZENS] yesterday answered that better than I can. I just want to say that if the men with large amounts of money put their money into tax-exempt securities somebody must sell those securities; so the same amount of money is still free for business purposes.

Mr. LONG. Mr. President——

Mr. DILL. I yield to the Senator from Louisiana.

Mr. LONG. As a matter of fact—I asked the question yesterday, but I do not think the Senator was in the Chamber at the time—in the Senator's opinion, could anything better be done to-day than to put some money into municipal and State securities, so that we could prosecute public works? Not only is the money spent to employ labor, but after the utility is constructed it is for the common use and benefit of everybody.

Mr. DILL. Yes; I think that is true.

I want to call attention further to the fact that if some of these men with so many millions are induced not to invest their money in these great, nation-wide chain organizations, the independent business men of America will have a little better chance. The growth of individualism and capitalism in this country has gone to such an extent that it will be well if it is curbed somehow. I do not argue for high income-tax rates for the purpose of distributing wealth or for the purpose of curbing big business. I argue for it

as a necessity; but if, as an incident of carrying out a policy that is just and fair, we should break down this growing tendency to extend the chain principle to every activity of American business, we will have done a real service to the American people.

The President this morning, in a statement published in the newspapers, says that we must use war methods to bring back prosperity. Senators, we must do more than that. We must use war methods to save what little business activity there is left in this country.

In the time of war we asked those with great fortunes to make tremendous sacrifices for war; and they did so willingly, I think. They should be willing to make great sacrifices now; and if they are not willing, then by law we should compel them to make those sacrifices. The sacrifices in time of war, we said, were for the purpose of making democracy safe throughout the world. The sacrifices to-day, in my judgment, will be made to maintain democracy in this great Republic.

Congress must levy these big taxes to provide money to run this Government, or it must levy the taxes upon the millions of common men and women who are still struggling to make enough money to keep themselves from the bread lines and from asking help from charity organizations.

I remind you that these high taxes upon the big incomes will not be socialism. They will not be communism. They will not be confiscation. They will not even be a limitation on great fortunes. They will simply be a method of farsighted legislation by which a great democracy defends itself and insures its own continuation.

When we place a larger share of the burdens of government in these hard times on the rich and the powerful, we shall prove that our democracy can be made to function satisfactorily in periods of great emergency such as this. Such legislation is both fair and wise. It is simple justice. Those who accumulated these vast fortunes in days of prosperity took more than their fair share of the profits of production. It is only fair that they should pay a large part of the expenses of government in these days of adversity.

Even if these high taxes were not justified on this ground, the wealthy and the powerful can well afford to pay them as a small premium to insure the continuation of democracy, and the system of individualism and capitalism of which they are such ardent champions. Unless we do continue this system of democracy, this system of individualism, then the opportunities for which we hear so much pleading for the youth of the world, and particularly of America, will soon be lost.

Those with great fortunes and big incomes have got more out of democracy, they have got more out of individual opportunity, they have got more out of capitalism than any other of our population. If the opportunities which democracy affords our people are taken away, what will be the rewards for brains and enterprise then? If the security which democracy gives to their fortunes, which democracy guarantees to them is taken away, how will they protect those fortunes in the future?

I say to those who talk about this being confiscation that instead it is a wise policy which says to the masses of the people of America that in these times of stress and travail we propose to make those who have accumulated vast wealth, and those who, because of that accumulation, are still able to make vast incomes, pay the major part of the increases in taxes necessary to maintain the Government.

Unless we are able to do that, unless we are willing to do that, we have no right to go to the common citizens of this country and say, "You pay more on your cost of living. You pay more on your postage stamps. You pay more on the things that you use and wear," because we will not have been fair with them. We will not have been just with them in imposing the burdens of government.

Without any spirit of threat, without any spirit of prophecy, I want to call attention to the fact that at a time like this a democracy that does not place these heavy burdens first upon those who are best able to bear them does not justify the claims of those who argue that equal opportunity shall remain in America.

I have long believed, and I believe now, that the fairest hope and proudest boast of our people is the open door of opportunity before the children of America; and I am not very much worried about discouraging those who have millions, and want to make millions more, as compared with giving the millions of common citizens of the country a chance to get back on their feet, a chance to make a livelihood, a chance to care for their families properly without being compelled to go into the breadlines or accept the dole from charity organizations in this country. I do not care whether we use the particular rates which the Senator from Michigan [Mr. COUZENS] proposes or whether we use the rates which will be proposed by the Senator from Texas [Mr. CONNALLY]; the point I make is that since we must increase taxes at a time when our people are enduring greater privation than they have endured in a generation—aye, in a century, I think—we should place the burden first upon the backs of those who can best carry it.

I come from the great State of Washington, in the far-northwestern part of the country. I speak of the conditions in the city of Seattle, because I know more about it than I do about most other cities. We have a vast army of unemployed in that city. They have formed an unemployed organization there. That unemployed organization to-day controls more than 50,000 of the 150,000 votes in that city. That organization has been demanding, and I am glad to say receiving free seed and free tools from the officials of the city of Seattle, that its members may plant a crop and produce food during the coming summer. They are demanding that the Legislature of the State of Washington shall meet and appropriate $3,000,000 for public works to give them employment. They are demanding that an unemployment-insurance system shall be established there to provide a ten or twenty dollar a month payment to the unemployed, one-third of it to be paid by the State, one-half by the employees, and one-sixth by the working people themselves.

I am not here to argue for these propositions. I am calling attention to the fact that when one-third of the voting population of the great city of Seattle is in a position to make these demands and does make them, as a legal proposition, it is high time to begin to think of what we are going to do, not only for them but for those who are on the border line between those in class of the 50,000 now unemployed there and those in the class of the 100,000 who are not unemployed or are not yet in need.

I think those who are wealthy, and those who have great incomes, will profit most by placing on their own shoulders these burdens, rather than trying to place them on the class of people who are just between those who are now unemployed and in need of charity and the wealthy and powerful who constitute but a few. I urge upon the Senate to consider what it means when we place upon the backs of the common people an additional burden in the form of taxes, and make the increases in taxes on big incomes only slight and inconsequential in comparison.

Those opposed to these rates tell us that the man who makes a million dollars under these rates will have to pay $700,000 of it in the form of taxes. They do not remind us that he will have $300,000 left. Certainly it is not confiscation if we leave to a man $300,000 a year in times like these, when millions of our people can not secure work, when millions of our people, as honest and as law-abiding and as anxious to make a livelihood for their families as you and I can be, are unable to secure the opportunity to do so. Certainly we are leaving the man with a million-dollar income all that he ought to have in comparison.

I would not have it understood that I am in favor of these high rates as a permanent policy. I would not have it understood that I argue for them as a just method of taxation in ordinary times. I do want it understood, however, that when the alternative is the imposition of taxes that will burden the masses of the people of America who are on the border line between charity and just making their own

way, I choose to place the tax upon the comparatively few people who still have such vast incomes that these high rates will hit rather than upon those who are already overburdened with taxes and the cost of living.

Personally I confidently believe that most of the wealthy will accept such rates in a spirit of sacrifice and of patriotic assistance to the Nation in a time like this rather than in a spirit of punishment or limitation of fortunes or distribution of wealth. I come back again and say: What will it profit us if we maintain the principle that we will not interfere with those men who make a million dollars having four or five hundred thousand dollars of it left and drive millions more of our people to beggary in a time like this? What will it profit us if a few men can still carry on their business with the hope that they will have a million dollars clear next year because the taxes will not be so high as to interfere, while millions more of our people are driven to beggary by the added taxes we place upon them, and, worst of all, have the feeling that they are not being given a square deal by their Government in these times of stress?

I know Senators are thinking in terms of the great theory of individualism—that in the United States a man may make what he desires and keep most of it. I recognize that many Senators here are still acting in accordance with the old ideas and the old principles. But I want to remind Senators of something. There is a younger generation growing up in the United States. It is the best-educated crowd of boys and girls the world ever saw. They are better fitted to take on the duties and opportunities of American citizenship than any young people the world has ever known; and I say unto you that that generation will not consent to beg for a living. They will demand that this Nation shall give them a fair opportunity, and they will see to it that the laws of this land are written so that they will have a fair opportunity. They will see to it that our Constitution is amended, if necessary; and I speak of their ability to do that in a peaceful way, not by revolution but by the peaceful methods of our legislative procedure. I maintain that they will do that; and that those who now plead here for this idea of individualism, for this idea of not interfering with a man's right to make a million dollars clear, without great burden, will find themselves having but accelerated a movement which may result in far more drastic changes in our basic constitutional provisions than this temporarily high tax schedule will be. This tax proposes only a temporary method of taking a large percentage of the income of those who make vast amounts of money in times like these for the purpose of paying the expenses of Government. I earnestly hope the amendment will be adopted.

Mr. COHEN. Mr. President, it is with some timidity that I raise my voice in this body, but I have no desire to escape responsibility by hiding behind a screen of my brief service here.

I shall support the principle of the amendment offered by the distinguished senior Senator from Michigan [Mr. COUZENS].

Ability to pay is the most equitable yardstick of taxation. If we reinstate the income-tax rates of the 1918 revenue act, we shall impose no hardship; for if there be no net income, there will be no payment, and certainly those who enjoy net incomes in a period such as this can not with justice complain of a nonconfiscatory contribution to the support of the Government.

As the Senator from Michigan has said so well, the cost of living now is so far below that of 1918 that the same rate of taxation, taken from net income, means a lighter burden to-day than in the war period, because the purchasing power of the balance left in the hands of the taxpayer is so far greater now.

It is necessary for the welfare of the Nation and its people that we approximately balance the Federal Budget, but in so doing we should adjust the burdens of citizenship fairly.

My observation is that unless we are to go far afield in tapping new or additional sources of revenue we shall be forced to depend upon either materially higher income-tax rates or a general sales tax. With the sales-tax proposal I find myself in strong disagreement. I take issue with the distinguished chairman of the Finance Committee [Mr. SMOOT] in his assertion that a tax upon outgo is a fair measure of ability to pay. A tax upon consumption operates inequitably and applies its burdens without consideration of income.

We are at war with economic depression. Let us return to war-time rates of taxation upon those sufficiently fortunate to have net incomes and turn our faces against tariff proposals, sales taxes, and nuisance taxes as far as possible. I hope for the adoption of the amendment of the Senator from Michigan.

Mr. NORRIS obtained the floor.

Mr. COUZENS. Mr. President——

Mr. NORRIS. I understand the Senator from Michigan wants to make a brief statement, and I yield to him.

Mr. COUZENS. Mr. President, yesterday I was asked to put into the RECORD a number of tables and I was not quite ready with them then. I now want to place in the RECORD several tables, which I shall designate and then send to the desk.

Table 1 shows by classes the total normal and surtaxes which would be paid under the present law, under the provisions of the bill as it passed the House, under the provisions of the bill as proposed by the Committee on Finance, and under the rates in the 1918 act, which I propose.

Table No. 2 shows the estimated tax which would be yielded, by classes, under the present law, under the bill proposed by the committee, and under the rates in the 1918 act, which I propose.

Table No. 3 is a comparison of taxes paid and the percentage of taxes paid on net incomes under the British law, the present law in the United States, the rates in the House bill, those in the bill proposed by the committee and the 1918 act.

Table No. 4 is an estimate of the net income which will be reported by the various classes under the present law and under the act of 1918 as applied for the fiscal year 1933.

Table No. 5 shows the estimated returns which will be made for the fiscal year 1933, by classes, under the present law and under the act of 1918.

Table No. 6 shows the actual rates of percentage of tax to net income under the present law, the bill as it passed the House, the Finance Committee bill, and the act of 1918, by classes.

Table No. 7 shows the income taxes which will be paid by individuals on net incomes of certain classes under the law since 1918, under the bill passed by the House, under the Senate committee bill, and also the amounts paid under the British law.

I send these tables to the desk for insertion in the RECORD.

Mr. VANDENBERG. Mr. President, before the tables leave the Senator's hand, can he state now for the RECORD the total yield estimated under his proposal, the total yield estimated under the Senate committee bill, and the total yield at the present time?

Mr. COUZENS. Does the Senator mean from income taxes alone?

Mr. VANDENBERG. Yes.

Mr. COUZENS. The report made by the Senator from Utah shows that it was estimated that under the bill sent to the Senate from the House there would be an income of $211,000,000 from income taxes. I want to point out that included in that amount is the sum of $89,000,000 which is estimated as the return from taxation on dividends. That was complained of as being double taxation, because a corporation before the declaration of dividends would have paid the normal tax. But the House decided that when a stockholder receives dividends, he shall be required to pay taxes on those dividends.

The committee, therefore, cut out of the bill the enormous sum of $89,000,000, on the claim, a justifiable claim, that it was double taxation. So when the committee reported the bill to the Senate it had changed the normal rates from two, four, seven to three, six, nine. That in

itself, it is contemplated, will increase the receipts from income taxes from $29,000,000 to $59,000,000. Then we increased the other rates so as to receive $96,000,000, as against $93,000,000 under the House rates. In the aggregate, therefore, from income taxes the committee expected to raise $155,000,000 additional.

The rates now proposed will, in the judgment of many, including Mr. Parker, of the Joint Tax Committee, increase the revenue $486,000,000 above the returns under the present law. From that we deduct what the committee expects to raise, namely, $155,000,000, which leaves the proposal raising $331,000,000 more out of income taxes than the committee expected to raise.

That estimate is disputed by the Treasury Department. They say that they would expect to raise only $193,000,000 more from these rates, and, therefore, there is a difference between the estimate by Mr. Parker, of the Joint Tax Committee, and the Treasury officials, of $138,000,000.

Mr. VANDENBERG. And these figures include no corporation tax figures at all?

Mr. COUZENS. Absolutely none.

Mr. VANDENBERG. I thank the Senator.

The tables submitted by Mr. COUZENS were ordered to be printed in the RECORD, as follows:

TABLE 1.—*Total normal and surtax in dollars*

Net income	Present law	House bill	Senate committee bill	1918 act
$1,000	0	0	0	0
$2,000	0	0	0	0
$3,000	0	$2.50	$3.75	$60.00
$4,000	$5.63	20.00	30.00	120.00
$5,000	16.88	37.50	64.25	180.00
$6,000	28.13	55.00	82.50	250.00
$7,000	39.38	82.50	118.75	390.00
$8,000	56.25	120.00	170.00	530.00
$9,000	78.75	165.00	232.50	680.00
$10,000	101.25	210.00	295.00	830.00
$12,000	168.75	320.00	440.00	1,150.00
$14,000	258.75	500.00	660.00	1,490.00

TABLE 1.—*Total normal and surtax in dollars*—Continued

Net income	Present law	House bill	Senate committee bill	1918 act
$16,000	$363.75	$700.00	$900.00	$1,850.00
$18,000	483.75	920.00	1,160.00	2,230.00
$20,000	618.75	1,160.00	1,440.00	2,630.00
$22,000	768.75	1,420.00	1,740.00	3,050.00
$24,000	933.75	1,700.00	2,060.00	3,490.00
$26,000	1,113.75	2,000.00	2,400.00	3,950.00
$28,000	1,293.75	2,320.00	2,760.00	4,430.00
$30,000	1,488.75	2,660.00	3,140.00	4,930.00
$35,000	2,168.75	3,600.00	4,180.00	6,270.00
$40,000	2,908.75	4,660.00	5,340.00	7,730.00
$45,000	3,718.75	5,850.00	6,630.00	9,320.00
$50,000	4,598.75	7,160.00	8,040.00	11,030.00
$60,000	6,508.75	10,160.00	11,240.00	14,830.00
$70,000	8,668.75	13,660.00	14,940.00	19,130.00
$80,000	10,968.75	17,660.00	19,140.00	23,930.00
$90,000	13,368.75	22,010.00	23,690.00	29,230.00
$100,000	15,768.75	26,560.00	28,440.00	35,030.00
$150,000	28,268.75	50,060.00	52,940.00	67,030.00
$200,000	40,768.75	73,560.00	77,940.00	101,030.00
$300,000	65,768.75	120,560.00	128,440.00	173,030.00
$500,000	115,768.75	214,560.00	230,440.00	323,030.00
$1,000,000	240,768.75	449,560.00	492,940.00	703,030.00

TABLE 2.—*Estimated tax, by classes*

Income brackets	Yield, present law	Yield, finance bill	Yield, 1918 rates
Under $1,000	$45,000	$164,000	$516,000
$1,000 to $2,000	1,100,000	17,800,000	40,572,000
$2,000 to $3,000	2,730,000	18,200,000	49,624,200
$3,000 to $5,000	5,120,000	28,500,000	99,000,000
$5,000 to $10,000	13,920,000	41,800,000	109,620,000
$10,000 to $25,000	41,310,000	80,400,000	174,960,000
$25,000 to $50,000	57,750,000	93,000,000	129,195,000
$50,000 to $100,000	67,521,000	103,800,000	135,468,000
$100,000 to $150,000	30,952,200	49,300,000	70,815,600
$150,000 to $300,000	37,300,000	63,500,000	108,225,000
$300,000 to $500,000	19,459,000	35,700,000	59,292,000
$500,000 to $1,000,000	18,884,800	34,600,000	60,447,600
Over $1,000,000	28,900,000	56,300,000	96,390,000

NOTE.—Exemption in lower brackets gives greater increases in these classes because of larger number of taxpayers filing returns.

TABLE 3.—*British comparison*

Income	Present law		House bill		Senate bill		1918 act		Present British law	
	Tax	Per cent tax to net income	Tax	Per cent tax to net income	Tax	Per cent tax to net income	Tax	Per cent tax to net income	Tax	Per cent tax to net income
$1,000	0	0	0	0	0	0	0	0	$6	0.60
$2,000	0	0	0	0	0	0	0	0	106	5.30
$3,000	0	0	$3	0.10	$3.75	0.12	$60	2.00	453	15.10
$5,000	$17	0.34	38	.75	56.25	1.12	180	3.60	703	14.06
$7,000	39	.56	83	1.19	118.75	1.69	390	5.57	1,103	15.76
$10,000	101	1.01	210	2.10	295.00	2.95	830	8.30	1,828	18.28
$14,000	259	1.85	500	3.57	660.00	4.71	1,490	10.64	3,069	21.92
$20,000	619	3.09	1,160	5.80	1,440.00	7.20	2,630	13.15	5,188	25.94
$30,000	1,489	4.96	2,660	8.87	3,140.00	10.47	4,930	16.43	9,475	31.58
$40,000	2,909	7.27	4,660	11.65	5,340.00	13.50	7,730	19.33	14,175	35.44
$50,000	4,589	9.18	7,160	14.32	8,040.00	16.08	11,030	22.06	19,425	38.85
$70,000	8,669	12.37	13,660	19.51	14,940.00	21.34	19,130	27.33	30,475	43.54
$100,000	15,769	15.77	26,560	26.56	28,440.00	28.44	35,030	35.03	47,738	47.74
$200,000	40,769	20.38	73,560	36.78	77,940.00	38.97	101,030	50.52	109,863	54.93
$500,000	115,769	23.15	214,560	42.91	230,440.00	46.09	323,030	64.61	307,238	61.45
$1,000,000	240,769	24.08	449,560	44.96	492,94000	49.29	703,030	70.30	638,488	63.85
$5,000,000	1,240,769	24.83	2,329,560	46.59	2,652,940.00	53.06	3,783,030	75.66	3,288,488	65.77
$10,000,000	2,490,769	24.91	4,679,360	46.80	5,352,940.00	53.53	7,633,030	76.33	6,600,988	66.01

TABLE 4.—*Net income (classes)*

	Present law	1918 act
Under $1,000	$50,000,000	$250,000,000
$1,000 to $2,000	1,100,000,000	3,920,000,000
$2,000 to $3,000	1,300,000,000	5,804,000,000
$3,000 to $5,000	3,200,000,000	5,000,000,000
$5,000 to $10,000	2,900,000,000	2,900,000,000
$10,000 to $25,000	2,430,000,000	2,430,000,000
$25,000 to $50,000	1,100,000,000	1,100,000,000
$50,000 to $100,000	710,000,000	710,000,000
$100,000 to $150,000	237,000,000	237,000,000
$150,000 to $300,000	250,000,000	250,000,000
$300,000 to $500,000	122,000,000	122,000,000
$500,000 to $1,000,000	116,000,000	116,000,000
Over $1,000,000	170,000,000	170,000,000

TABLE 5.—*Estimated returns, number for year beginning July 1, 1932*

	Under present law	Under 1918 act
Under $1,000	83,100	374,000
$1,000 to $2,000	650,900	2,580,000
$2,000 to $3,000	530,900	2,290,000
$3,000 to $5,000	816,600	1,251,000
$5,000 to $10,000	421,800	421,800
$10,000 to $25,000	161,500	161,500
$25,000 to $50,000	32,400	32,400
$50,000 to $100,000	10,550	10,550
$100,000 to $150,000	1,970	1,970
$150,000 to $300,000	1,240	1,240
$300,000 to $500,000	330	330
$500,000 to $1,000,000	175	175
Over $1,000,000	70	70
Total	2,711,535	7,125,035

TABLE 6.—*Actual rates on net incomes*
(Per cent tax to net income)

Income	Present law	House bill	Senate bill	1918 act
$1,000	0	0	0	0
$2,000	0	0	0	0
$3,000	0	0.10	0.12	2.00
$5,000	0.34	0.75	1.12	3.60
$7,000	0.56	1.19	1.69	5.57
$10,000	1.01	2.10	2.95	8.30
$14,000	1.85	3.57	4.71	10.64
$20,000	3.09	5.80	7.20	13.15
$30,000	4.96	8.87	10.47	16.43
$40,000	7.27	11.65	13.50	19.33
$50,000	9.18	14.32	16.08	22.06
$70,000	12.37	19.51	21.34	27.33
$100,000	15.77	26.56	28.44	35.03
$200,000	20.38	36.78	38.97	50.52
$500,000	23.15	42.91	46.09	64.61
$1,000,000	24.08	44.96	49.29	70.30
$5,000,000	24.82	46.59	53.06	75.66
$10,000,000	24.91	46.80	53.33	76.33

TABLE 7.—*Income tax, individual—Total tax on net incomes under prior revenue acts compared with tax under House bill and Senate Finance Committee rates*
(Married person with no dependents and maximum earned income allowance)

	$3,000	$5,000	$10,000	$30,000	$50,000	$100,000	$200,000	$500,000	$1,000,000
1918	60	180	830	4,930	11,030	35,030	101,030	323,030	703,030
1919	40	120	590	3,890	9,190	31,180	93,180	303,180	663,180
1922	20	100	520	3,520	8,640	30,140	86,640	260,640	550,640
1924	8	38	165	2,275	6,095	22,575	65,575	199,575	429,575
1926	0	17	101	1,779	4,879	16,059	41,059	116,059	241,059
1928	0	17	101	1,489	4,589	15,769	40,769	115,769	240,769
House bill	3	38	210	2,660	7,160	26,560	73,560	214,560	449,560
Senate Finance Committee (original)	4	56	295	3,140	8,040	28,440	77,940	230,440	492,940
British law	453	703	1,828	9,475	19,425	47,738	109,863	307,328	638,488

Mr. COUZENS. Before I sit down I want to answer some of the questions raised yesterday.

Let us assume that our estimate is too high and let us take the Treasury Department estimate. I think it is pretty well established that we can not rely too much on Treasury Department estimates, and especially is that true when they do not want anything done. I recall that during years past the Democrats wanted to reduce taxes more rapidly than the Republicans did, so the Treasury Department every year underestimated the receipts and underestimated the surpluses, and as a result of those estimates the taxes were kept higher than the Democrats wanted. I was in entire sympathy with the Treasury Department views at that time, so I was perfectly willing to accept their estimates. Now they are estimating these incomes at a lower rate, in my opinion, than is justified. But let us, for the argument's sake, accept the Treasury Department's estimate of the increased revenue from the 1918 rates over the rates in the bill reported by the Finance Committee. If we take the $193,000,000 which the Treasury Department says we will get from these increased rates, we can eliminate from this bill the tax on lubricating oil, which it is estimated will amount to some $35,000,000.

Just think, Senators, we are proposing to tax the wheels of industry $35,000,000 by a tax on lubricating oil. We are inviting industry to speed up, we are inviting industry to start, we want machinery started, but we say, "Before you start, however, you must pay us $35,000,000 in the way of taxes on lubricating oil."

That is one of the absurdities in the bill. We can remove the tax on rubber, another tax to hold back production. We can eliminate the tax on automobiles, another strangling act of Congress to curb consumption and production. We can eliminate the tax on children's chewing gum, $2,000,000. We can eliminate the tax of $11,000,000 on the radio, a device which everybody ought to have for the purpose of keeping in touch with world affairs. We could take at least $20,000,000 off representing taxes on admission to theaters. So, in the aggregate, taking these off, we would reduce the estimated tax receipts from these items some $194,000,000 alone, by simply adopting this plan and accepting the Treasury Department estimate, which I contend is entirely too low.

Mr. TRAMMELL. Mr. President, I wish to ask the Senator from Michigan what amount of increased revenue he proposes to get under the provisions of his amendment which would increase the normal tax as proposed by the committee from 4 per cent to 6 per cent on the first $4,000 of net income. From the speeches I have heard on the subject it would seem that the impression prevails that the amendment is an increase only on the large incomes, but as I read the amendment and compare it with the bill as it passed the House and the rates as fixed in the bill by the Senate Committee on Finance, I see the Senator's amendment starts in the very lowest brackets to make very large increases in the tax rate.

His is not merely a proposal of increasing the tax in a very substantial way on the large incomes, but there is a big increase in the tax on the $4,000 net income and alike on all of the smaller incomes. The House rate was 2 per cent on the first $4,000 net. The Senate committee recommends 4 per cent. The amendment offered by the Senator from Michigan proposes to increase that to 6 per cent. In other words, under the Senator's amendment the man who has a $4,000 net income is to have his tax rate increased 200 per cent over the amount fixed in the bill as it passed the House. In the next bracket, including the second $4,000 of net income, the House provided for a 4 per cent income tax, while the Senator from Michigan proposes by his amendment that it shall be increased to 12 per cent, or an increase of 300 per cent.

He also proposes by his amendment to reduce the exemption. The House proposed to reduce the amount of the exemption from $3,500 to $2,500. With that recommendation the Senate committee agreed and recommended an exemption of $2,500. The House also recommended $400 exemption for each minor dependent, and the Senate committee agreed to that and reported the bill with that provision. But the Senator from Michigan now proposes in his amendment that married persons and the heads of families shall not have $2,500 exemption from income tax, but their exemption shall be reduced to $2,000, and that they shall not be allowed the mere pittance of even $400 for each dependent minor, but he wants to decrease that to $200.

As I view the amendment and compare it with the provisions of the bill as recommended by the Finance Committee and as it was passed by the House, it seems to me that the effort of the Senator from Michigan is not only to get an increased rate as applicable to those enjoying the larger incomes, but that he is just as diligently going after those who have the smaller and more insignificant incomes. He does not propose to allow the average American family, say with three or four children, a sufficient exemption for them to live in reasonable comfort and educate their children. He wants to cut the exemption down to $2,000.

I would like to know what amount of revenue the Senator from Michigan proposes to raise out of people having only small and medium incomes? When we have the data on this point, I dare say it will show that a major part of the $331,000,000 additional revenue, which he suggests his amendment will raise, will be paid by people having only

small and moderate incomes. If that is true I do not want to support his amendment. If the Senator has any data on that point, I wish he would supply it to us.

Mr. LONG. Mr. President——

The PRESIDENT pro tempore. Does the Senator from Florida yield to the Senator from Louisiana?

Mr. TRAMMELL. I yield.

Mr. LONG. The Senator referred to the average family. The average family will not come within the income-tax tables at all. The average American family does not make as much money as will bring it within the lowest income-tax provision unless it be reduced to something like $1,200 or $1,400.

His tax then would be less than he would be penalized by the application of a sales tax, as the Senator very well said yesterday. If he is going to be penalized, it will be done in the lower brackets. For instance, take the man who pays an income tax on $3,000. There are not very many people in America making $3,000 to-day. What would be the amount of income tax such a man would pay, may I ask the Senator from Michigan?

Mr. COUZENS. Mr. President, the tables covering the various brackets are shown in the charts which I have placed on the wall of the Senate Chamber, and the Senator can get the information there.

Mr. LONG. A man making $5,000 would pay only $189. A man making $3,000 would probably pay less than $100. I have not the table before me, so I can not get the exact figure.

Mr. SMOOT. He would pay $60.

Mr. LONG. What man is going to say that a person making $3,000 is not going to be affected by the amendment of the Senator from Michigan? Three thousand dollars is not the average income. The average man will make less than $3,000. The average man is not making $2,000 a year. The average man would be considered prosperous if he were earning sufficient income to be required to pay $40 or $50 income tax on it. If we are going to have a sales tax, the average man with five or six children consumes as much, ordinarily speaking, if he has the money to spend, as the man who makes a considerable amount more than that, and he would pay considerably more in taxes than though he paid a very small income tax. I think if the Senator will quiz the ordinary men in the ordinary constituency all of them would say that they would be happy to know that they could come within the $3,000 class to-morrow and have to pay the Government $40 or $50 or $60 a year.

Mr. TRAMMELL. Mr. President, I do not think it will add to a man's opportunity or possibility of getting within that class to place an increased tax upon him and remove from the head of the family the exemption which he has heretofore been allowed. The House recommended an exemption of $2,500 and the Senate Finance Committee recommended an exemption of the same sum. I take it that the Senator from Louisiana desires to allow not even the present exemption for the support of a man's family, the education of his children, and other obligations upon the average citizen but proposes, as does the amendment of the Senator from Michigan, to levy a tax beginning in the lower brackets, to tax him before he has sufficient income exempt for the purpose of caring for his family and educating his children. That is the point I am making. We should not begin increasing the income tax in such low brackets. We should not take away a reasonable exemption from income tax. It has not been done at any time heretofore, I think, even during the war.

Mr. BARKLEY. Mr. President——

The PRESIDENT pro tempore. Does the Senator from Florida yield to the Senator from Kentucky?

Mr. TRAMMELL. I yield.

Mr. BARKLEY. If a man were to fall within the brackets of $3,000 or $5,000 or $6,000, he pays no taxes except to the Government of the United States, and a tax of $40 or $50 or even $100 a year would not be burdensome; but it seems to me we can not afford to lose sight of the fact that the bulk of all local taxes, county and district, city and State, are paid by the men who come within the range of incomes from $3,000 to $6,000 or $7,000. It is hardly fair to cite the possibility of a man's willingness to pay taxes provided he were guaranteed an income of $5,000 a year, which can not be given by the Government or by anybody else. The great bulk of local taxes, which after all constitute the burden of government in this country, are being paid by the small incomes, who would be emphatically at a disadvantage under the amendment offered by the Senator from Michigan.

Mr. TRAMMELL. People coming within the brackets of incomes from $1,500 to $5,000 or $6,000 per annum have, as the Senator said, more of the State, county, and municipal taxes to bear, and they also have upon them in large the maintenance of the civic organizations and local public enterprises of their respective communities. They have a great many more financial burdens upon them than can be responded to by the person who has not the means to make those contributions. These matters are worthy of serious consideration.

Mr. TYDINGS. Mr. President——

The PRESIDENT pro tempore. Does the Senator from Florida yield to the Senator from Maryland?

Mr. TRAMMELL. I yield.

Mr. TYDINGS. It strikes me that a man making $5,000 or $6,000, who would pay $60 a year income tax on the one hand, as provided in the amendment of the Senator from Michigan, would be in a better position than if the amendment is defeated. If the amendment is defeated, that man is going to pay an equal amount, if not more, in sales taxes. What the man who is paying the tax is interested in is how much he is going to pay. If he does not pay that amount in income tax, then the tax on automobiles, admissions, and so forth, will take it, not out of his right-hand pocket but out of his left-hand pocket. The man in the $3,000 to $5,000 class is going to pay substantially so much tax anyway. The question is whether we want to take it from his income, as a direct tax upon his income, or from some place else as a sales tax.

Mr. TRAMMELL. He will never pay it through a general sales tax with my vote. Probably the Senator from Maryland proposes to vote for a sales tax, but I have never favored the sales tax. I opposed it as vigorously as I could when it was presented here several years ago.

Mr. TYDINGS. Will the Senator let me clear up that matter? I had no reference to the sales tax as such. I was simply pointing out that under the terms of the bill the taxes on admissions and automobiles, telegraph and telephone messages, and what not, would all be eliminated if the amendment of the Senator from Michigan were adopted, so it is not a question of a general sales tax. It is a question of whether or not we are going to take from the same class of people the equivalent of $60 through all these nuisance taxes or take it in the form of an income tax.

Mr. TRAMMELL. On the basis of the normal tax, a man who is engaged in business will to a considerable degree pass on to the consumer the amount of his tax that has to be contributed to the Government, and it will indirectly be imposed upon the person that the Senator from Louisiana [Mr. LONG] talks about with a $1,400 income just the same as it would be under the imposition of a sales tax. The person who is making $5,000 or $6,000 or $8,000 or $10,000 per annum engaged in business, of course, is going to include in his profits the amount of money which he has to contribute in the way of an income tax under the normal tax. Of course, it has been claimed that under the surtax bracket he can not do that very well.

Mr. SMOOT and Mr. LONG addressed the Chair.

The PRESIDENT pro tempore. Does the Senator from Florida yield; and if so, to whom?

Mr. TRAMMELL. I yield first to the Senator from Utah.

Mr. SMOOT. I want to invite the Senator's attention to the fact that a man with a net income of $3,000 under the proposed amendment would pay $60 income tax. Under the provisions of the House bill he would pay $3. Under the

provisions proposed by the Senate Finance Committee he would pay $4. The difference between $60 and $3 is $57, and that would pay a lot of admission taxes.

Mr. TYDINGS. Assuming that that man buys an automobile for $1,000, how much of a tax does he pay on that?

Mr. SMOOT. He pays the regular percentage.

Mr. TYDINGS. Four per cent, is it not?

Mr. SMOOT. Yes.

Mr. TYDINGS. Then he would pay $40.

Mr. SMOOT. That is $20 less than he would pay under the other plan.

Mr. TYDINGS. Assuming that he went to the moving pictures 20 times, how much would he pay in the way of tax?

Mr. SMOOT. It would be $1.

Mr. TYDINGS. Assuming that he uses the telephone, how much tax would he pay in that way?

Mr. SMOOT. I would have to know the number of telephone calls he made.

Mr. TYDINGS. Assuming he went to 10 ball games a year, how much would he pay in the way of a tax on those admissions? Pretty soon the Senator would find himself away over the $60, and he would have bothered the man every time he conducted a transaction of any kind.

Mr. COUZENS. Mr. President——

The PRESIDENT pro tempore. Does the Senator from Florida yield to the Senator from Michigan?

Mr. TRAMMELL. I yield.

Mr. COUZENS. Will the Senator from Utah let me correct him on one point? The Senator used a phrase which I think is quite misleading. He referred to the man with a $3,000 income. I said a man with a $3,000 net income.

Mr. SMOOT. Of course.

Mr. COUZENS. And there is a great deal of difference between a man with a $3,000 income and a man with a $5,000 income who has a $2,000 exemption. So when we are talking about a man with a $3,000 income paying $60, what is meant is a man with a $5,000 income after he has taken off his $2,000 exemption.

Mr. COUZENS subsequently said: I merely want to make a correction in the RECORD before it is too late. In the colloquy with the Senator from Utah a few moments ago I made an error in my statement, and I want now to correct it. I said that the man with a $3,000 net income would pay $60 after he had deducted his exemption. What I meant to say was after he had deducted his tax and interest payments and other deductible items, instead of after deducting his exemption. I was confused for the moment between the exemption and the deductions allowed by law.

Mr. LONG. Mr. President——

The PRESIDENT pro tempore. Does the Senator from Florida yield to the Senator from Louisiana?

Mr. TRAMMELL. I will be through in a few moments, but I yield for a question.

Mr. LONG. I wish to quote from the Senator's remarks yesterday, because I was more impressed by them than I was by anything else in yesterday's RECORD. I read them this morning while in bed. Here is what the Senator said yesterday:

> Personally I think that if we have the alternative of having either to accept this tax or to accept a sales tax, this, of course, is preferable. So far as I am concerned, however, I am not favorable to either one. I am not in favor of making this big reduction in the exemption, nor am I in favor of a general sales tax.

The point I am making, and the point which the Senator from Maryland made, is that if it is necessary to raise revenue either by a sales tax or by going to the lower brackets and increasing taxes there, say, on the $5,000 net income, certainly the Senator's views of yesterday are the views that we ought to follow. That is the point I am making.

Mr. TRAMMELL. My views of yesterday have not been altered in the least by the discussions which have taken place as to the comparability of a sales tax with an income tax and the exemptions thereunder. I said that I was, of course, more opposed to the sales tax than I was to some increase in the income tax, but I am not going to surrender and yield as if it were inevitable that we will have to have the exemptions reduced in the consideration of this measure on account of the scarecrow of the sales tax. That can not be used with me as a scarecrow. I do not believe a majority of the Senate are in favor of a sales tax; I am sure I am not. I reiterate that I think the situation, as distressing as it may be, is not so desperate that the exemption should be reduced from $2,500 to $2,000 and that the deduction for dependent minors under 18 years of age should be reduced from $400 to $200. I am very much opposed to that feature of the amendment of the Senator from Michigan. I am also opposed to that feature of his amendment—a number of amendments grouped in one, it might be called—that makes such an enormous increase in the rate of tax upon small and moderate incomes. That is what his amendment plainly does.

Mr. BARKLEY. Mr. President, will the Senator yield there?

Mr. TRAMMELL. I yield.

Mr. BARKLEY. The difference between a heavy tax on small incomes and a tax upon admissions it seems to me to be so obvious as to need no comment. A man who wants to go to a baseball game where 50 cents admission is charged would pay a nickel. If he does not want to pay that nickel he does not have to go to the ball game; he can stay at home; but if the income tax be increased on the man of small income there is no way for him to escape it; it is compulsory; the Government reaches its arm into his income and takes out a certain percentage, regardless of what he may do. So it seems to me it is quite unfair to compare the compulsory features of an income tax on small incomes with the voluntary features of a luxury tax upon admissions, which are more or less for pleasure. Everybody can escape the payment of such a tax by not going to the amusement places. The tax, however, is not so burdensome as to keep them away, though they might not want to pay.

Mr. TRAMMELL. I do not think there is any analogy between a so-called amusement tax and an income tax. Of course, the automobile tax is different. I do not think we should increase the automobile taxes on the people of this country.

Mr. NORRIS. Mr. President——

The PRESIDENT pro tempore. Does the Senator from Florida yield to the Senator from Nebraska?

Mr. TRAMMELL. I yield.

Mr. NORRIS. I should like to suggest in connection with the remarks of the Senator from Kentucky [Mr. BARKLEY] that if we had a tax on clothing, for instance, a man might go without clothing to avoid the tax, and if we had a tax on food one could starve himself to death and thus would not have to pay the tax. So it is up to a straight, invisible line, where it would be difficult to say whether he ought to be taxed or not. If we want to take away from the American people all their pleasures, all their luxuries, and a good share of their necessities of life, we can do it by simply levying a sales tax, and saying, "You do not need to have a given article; you do not need to buy it; and therefore you can escape the tax." A father can tell his children that they do not need lead pencils when they go to school; that they do not need any books; that the family does not need a baby carriage; they can get along without it—and they may—and that the children do not need to go to the moving pictures, no matter how a parent may suffer when he sees the children of other parents going to the movies and finds it necessary to keep his little ones at home. They can save money by staying at home.

Mr. BARKLEY. Mr. President, the Senator from Nebraska is always interesting and frequently facetious. There is no sales tax in this bill, and, so far as I am concerned, there will not be.

Mr. NORRIS. But there will be one in it before we get through if we do not adequately tax the big incomes.

Mr. BARKLEY. Not by my vote, I will say to the Senator from Nebraska. I do not favor the general sales tax and I do not intend to vote for it; and there is nothing in this bill and nothing will be in it, I hope, that will tax food or

clothing or any other necessity. I should certainly vote to exclude any such taxation; but it certainly is not accurate to say, because a man can stay away from a baseball game and therefore need not pay a 5-cent tax upon the price of admission, that is to be compared with compelling him to go hungry or naked. There is nothing in any bill that I know anything about taxing clothing or food, and I would not favor any such tax. The illustration of the Senator from Nebraska is not at all analogous.

Mr. NORRIS. If a man wishes to go to a baseball game and can not see the game and get his dinner both, he can go without his dinner in order to go to the ball game.

Mr. TRAMMELL. Mr. President, I decline to yield further at this time. I did not expect to occupy the floor except for a very few moments, but I wanted to give expression to my protest against this effort to increase all the way from 100 to 300 per cent the tax upon the people of this country in the lower brackets of income and to withdraw from them the privilege of an exemption of $2,500 and $400 for each dependent child under 18 years of age in the case of the head of a family, as is proposed by this amendment. That is my attitude. I have always taken the position that those who are best able to pay should pay; I have no objection to taxing those who have fabulous, enormous incomes; but I do not approve of the policy proposed by this amendment of imposing such an enormous increase upon the taxpayers of small or moderate or intermediate incomes; and that is what the amendment, among other things, proposes to do. I dare say that the greatest part of the increased revenue is going to come from that class of people under the amendment proposed by the Senator from Michigan.

Mr. NORRIS. Mr. President——

The PRESIDENT pro tempore. The Senator from Nebraska.

Mr. NORRIS. Mr. President, I should like to suggest to the Senator from Florida, if he is opposing this amendment only on the ground stated, that both the provisions to which he objects are subject to amendment. I think there is some merit in what the Senator from Florida says, but this amendment is subject to an amendment making the exemption $2,500 instead of $2,000, and increasing the allowance for each dependent child from $200 to any other amount that may be deemed desirable.

Mr. TRAMMELL. I agree with the Senator; and I had in mind that when we reached a vote I would ask for a separate vote on those particular amendments. I suppose that will be the procedure followed in regard to all amendments, but on these particular ones I want a separate vote. The Senator from Michigan proposes to strike out the exemption of $2,500 and insert $2,000.

Mr. NORRIS. An amendment by the Senator from Florida to that effect would be in order at any time before the vote, as I understand the parliamentary situation.

Mr. TRAMMELL. The proper parliamentary procedure is not for me to propose an amendment; it is for the Senate, if it deems proper, to vote down the amendment proposed by the Senator from Michigan. The Senator from Michigan has proposed an amendment to strike out $2,500 and insert $2,000 in the exemption feature of the bill.

Mr. NORRIS. I do not yield to the Senator for another speech.

The PRESIDENT pro tempore. The Senator from Nebraska has the floor and declines to yield further.

Mr. TRAMMELL. Mr. President, I do not wish to be put in a false attitude. The Senator suggested that I propose an amendment. It is not a question of proposing an amendment but of voting upon the one that is proposed.

Mr. NORRIS. The way to get a chance to vote on an amendment is to propose it. I am not particular whether it is proposed by the Senator from Florida or by some other Senator. The Senator from Florida has the same right to propose an amendment as has any other Senator. If he wants to get a vote on the direct question of increasing the amount of the exemption instead of leaving it as it is in the amendment, it is subject to amendment.

Mr. BARKLEY. Mr. President, will the Senator yield?

Mr. NORRIS. I yield to the Senator from Kentucky.

Mr. BARKLEY. It is not necessary to offer an amendment amending the amendment in order to get a straight vote on all these brackets. The Senator from Michigan has offered his amendment as a substitute for what is in the bill. If that is voted down, then an amendment may be in order as to any of the provisions of the bill as it stands.

Mr. NORRIS. I do not understand it in that way. I think Senators would make a great mistake if, for the reason that they object to one particular item such as the exemption on account of a dependent child or for the head of a family, they should ask us to vote down this entire amendment. The way to reach the result is to make a motion to change it before we vote on the amendment.

Mr. President, it is always one of the most unpleasant things imaginable for a lawmaker, in a time of depression, to vote increased taxes on the people. I assume that only where a legislator believes such an increase is absolutely necessary and can not be avoided does he feel justified in casting such a vote. It is unpleasant to increase taxes; it is particularly so when people are in a distressful condition, as the entire country now is.

But, Mr. President, we are confronted with the situation that our Government is running behind; the income of our Government is not as great as its expenses. Everybody knows that that condition can not continue indefinitely and the country live. Yet, I am not one of those trying to scare everybody by saying we must balance the Budget to-day. I think that if it is done within a reasonable time there will be no material injury to the country or to any of our people. However, the fact does remain that we must by taxation raise sufficient revenue to pay the expenses of government. In order to make that easy, we are confronted with the other proposition that we must reduce the expenses of government. It is conceded that we can not reduce the expenses of government sufficiently to make up the deficit. Hence, there is only one thing left to do, and that is to increase taxes; and when we are confronted with that proposition the next question is, Where are we going to levy the taxes? In a time of distress such as this, which, so far as our financial and economic conditions are concerned, is comparable to the war days, every man and every woman who believes in the perpetuity of our Government and of our institutions must be willing—and if they are patriotic, they are willing—to do their part, regardless of the cost, regardless of how we got into this condition. That may be another question upon which we greatly disagree. If that question were discussed, we might say we were not to blame for our condition. Whether we are to blame or whether we are not, however, we are confronted with the fact that we must produce more revenue in order to keep our Government going.

It seems to me those propositions can not be and will not be disputed.

When we come to the place where we are going to levy this tax, there will, of course, be disagreement. My own personal opinion is that when we met in December we ought to have gone into the subject of unemployment then, meeting it fairly, as I think we did not, and ought to have provided a method by which we could have put to work millions of our people who were then and will be again next winter, and to some extent are now, dependent upon charity for food and clothing. But that water has passed over the dam. I have not had my way. Congress, led by the President, did not do then what I think it ought to have done; but we have had to go along and do the best we could. So, regardless of the cause, we have to raise more money from some source.

I think it will be conceded by most economists and most people who have studied the subject that when we come to raise money by taxation, we must and ought to go to those sources where the money can be collected with as little hardship as possible upon the people who have to pay it; and as between the man who has but a living to begin with and the man who has a surplus, we must take the larger portion of our levy from the man who has the surplus. We ought not, if we can help it, to levy a tax anywhere where it will

be a hardship; but again we are faced with the fact that whatever we may think individually about where the taxes on incomes should be levied, we have no chance of passing a law that will levy upon the big incomes the tax that I think ought to be levied unless in the same connection, perhaps, we make a levy upon those who can not so well afford it.

I dislike, in this amendment, some of the levies upon the lower brackets. I would rather not make those levies as heavy as they are made; while I think those levies in some instances are a little bit higher than the necessities require, it is doubtful even now whether we are going to adopt an amendment that will make levies upon enormous wealth and upon big incomes that will be sufficient at least to make the necessary contribution to the wiping out of the deficit.

Of course, there are other things in the bill as to which we do not know now whether they are going to stay in or not; we do not know whether the rates are going to be increased or decreased. When we get through with them all we can probably vote more intelligently even upon this amendment than we can vote now. The amendment of the Senator from Michigan [Mr. COUZENS], however, puts into effect an old law, one that was in existence, one under which levies have been made in the past, and it is, therefore, a matter of history how it operated, and whether it inflicted any great hardship upon any of the people from whom the money was taken by the levy.

In considering an income tax, in my judgment it is just as important to consider how much the man has left after he has paid his tax as it is to consider the rate of the tax. Can we make this levy and still leave in the hands of the men who pay the tax a sufficient amount of money to permit them to live, do business, and not suffer?

An examination of the schedule of incomes and the rates of taxation on the various incomes, it seems to me, must convince any person that no real hardship will be inflicted. In some of the lower brackets the tax will bear down rather heavily, but we must remember, in considering these levies and these various brackets, that the income referred to is always the net income, not the gross income. So when we speak of levying a tax upon a $5,000 income, we mean $5,000 net. All of the exemptions allowed by law, which amount to quite a large item, comparatively speaking, are always deducted before the tax is levied. The exemption of a married man is greater than that of an unmarried man. Whether it is too great or whether it is not great enough I concede is a debatable question upon which honest men will differ; but in considering it and passing on it we ought to take into consideration the necessities of the case, the difficulties confronting our Government, the means by which it is going to increase the taxes, and levy them sufficiently high to pay the expenses of government, and then say that within reasonable limits of income all people ought to be patriotic enough to bear some portion of that expense.

This amendment would levy on a net income of $1,000,000 a tax of $703,030—in round numbers, $700,000. In round numbers, now, the man with a million-dollar income pays a tax of $700,000. That is a big sum of money, but his income is big. Who ever earned a million dollars, as a matter of fact? And what does he have left after he has paid his tax? Three hundred thousand dollars net. That ought to keep the wolf from the door.

Mr. KING. Mr. President——

The PRESIDENT pro tempore. Does the Senator from Nebraska yield to the Senator from Utah?

Mr. NORRIS. I yield.

Mr. KING. I have no doubt the Senator has thought, however, of the fact that in many of the States there are income taxes; so that there would be subtracted from the residue by the State a considerable income tax.

Mr. NORRIS. There is still quite a margin there, quite a difference to go on.

Mr. KING. If the State imposed anywhere near the tax that the Federal Government imposes, he would be in a minus position.

Mr. NORRIS. No, no; oh, no!

If a man had a net income of $500,000—that means after paying all the expenses of operating his business, whatever it may be, and all his taxes except income taxes—he would have, in round numbers, $200,000 left.

Mr. President, I can not conceive of a man who is permitted under our laws and under our Government to make in one year a net profit of $1,000,000 who is not willing to pay the amount specified here to the Government under whose laws he lives and under whose laws he is permitted to make this outrageous fortune in one year, if he is as patriotic as he ought to be. It seems to me that in these times of awful distress, when his fellow men by the million are hungry, when he sees little children upon the street half-naked, when respectable people are unable to clothe their children in order to send them to school, when they are unable to buy the books and the other things necessary for the child when he goes to school, the man with $200,000 net in his pocket ought to feel as though he is really a favored individual.

Now go on down. This proposal increases pretty nearly everybody's tax to some extent. Take the man who has a net income of $100,000. He would pay a tax of $35,000. Do you think that is exorbitant? It might be under ordinary circumstances, but these are not ordinary times. Here you are with an income of $100,000 net. You have taken out your expenses. You have taken out your taxes. You have $100,000 left. In this terrible depression, which has been well described as equal and similar to a condition of war, your country says to you, "In order to keep your country alive, in order that it may continue to live, we ask you to contribute, out of that $100,000, $35,000 to save the country that permitted you to make $100,000." Is that unfair? Is that unreasonable?

Then go on down. The man who has an income of $50,000 net, under this bill, will be required to pay a tax of $11,000. He will have $39,000 net left. After paying all his expenses and all his other taxes, he will have $39,000 clear upon which to live for a year.

Mr. President, in these terrible times, when danger can be seen ahead unless something is done to prevent it, ought not every patriotic citizen to be willing to say, "I will thank God if you will permit me to live and not even go into the red. I will be thankful if you will let my books be balanced even, and let me come out with a good living." Thirty-nine thousand dollars ought to do it; and you could go to the baseball games and chew all the gum and do all the other luxurious things that you wanted to do with $39,000 net.

Suppose you had an income of only $30,000. After you had paid your taxes and all your expenses, how much would you be required to pay? You would have to pay $4,930; in round numbers, $5,000. That would give you $25,000 clear to live on for a year. If you were economical, and very careful about your expenses, and smoked a cob pipe instead of a cigar, you could get through on $25,000. Now, speaking to the man who has a net income of $25,000, there are millions of men who have families just as good as his, whom they love just as he loves his family. There are millions of men who have no income, who are dependent upon charity for their food, who have to depend upon their neighbors and friends to contribute the shelter and the food that will take care of their wives and their children. What do you think of those people? While they are living on charity, you have $25,000 net. What is there you want to get in these days of distress and financial bankruptcy, what is there you want to get for yourself and your family which you can not buy with $25,000?

Mr. COPELAND. Mr. President——

The PRESIDING OFFICER (Mr. LA FOLLETTE in the chair). Does the Senator from Nebraska yield to the Senator from New York?

Mr. NORRIS. I yield.

Mr. COPELAND. The Senator knows my anxiety and the efforts I have made to get some money for the starving people of my State and city. My observation is that after we get money into the Treasury, we can not get any of it out to do the things which the kind-hearted Senator has in

mind. If we collect these millions, we do not have anything to give to the poor. We are denied that privilege on every occasion.

Mr. NORRIS. Mr. President, the Senator knows I have not agreed with those in control as to relief of distress. I have not been one of those who tried to bring about that denial. I am not finding fault with the Senator. I admit that what he says has a lot of merit in it. I do not believe that we have taken the right course so far. I do not believe we are taking the right course now. I think we were justified last December in issuing bonds, using the money for the making of public improvements, particularly building roads, in order to put the millions of unemployed to work, to put to work the men whom we have to support anyway, the people we have to feed anyway, the ones we have to keep warm and clothed anyway; and it will take the money in any case. But I would rather put them to work, and they would rather go to work, God knows, than to be subjects of charity. But we are now confronted with the necessity of bringing in enough income to support our Government. So the question raised by the Senator, important though it is, is not before us at this moment.

Mr. COPELAND. Mr. President, will the Senator yield further?

Mr. NORRIS. I yield.

Mr. COPELAND. Let me call the attention of the Senator to the fact that the Senator from Illinois and I tried hard to add an amendment to the Finance Reconstruction Corporation bill to permit loans to cities for human relief. We could not get that through, and we will not get anything through now for that purpose, so far as I can see. But I want to say this, that when the "banksters" in New York refused to lend any money to the city for human relief the people of income did. They gave us $17,000,000 last winter to relieve distress in New York. If the $17,000,000 which came from those people voluntarily for human relief had been taken away from them and put into the coffers of the Treasury, I doubt exceedingly whether the people who were fed by those $17,000,000 would have had 17 cents from the Treasury of the United States to relieve their distress.

Mr. NORRIS. Mr. President, that may all be true; but let me ask my friend from New York, what has that to do with the levying of this income tax?

Mr. COPELAND. The Senator was making the argument that these people can well afford to give the money which we need for the support of the Government, and I think that is true, I am not disputing that. But I do not want the RECORD to fail to show that they did something for human relief when the Government of the United States and the Senate of the United States and the Congress of the United States did nothing.

Mr. NORRIS. Yes, Mr. President; but it did not all come from the men who had the million-dollar incomes. Much of it came from the clerks, from the laboring people. Take this city as an example. How much money was raised during the winter that has just passed, and how much did the men and the women who are working by the month contribute? In round numbers, one-half of all the money that was raised for charity in the city of Washington came from the people who are working by the day and by the month.

Mr. COPELAND. I join the Senator in applause for what they did, and what such people did in my city, but I do not want to fail to give some praise to the others who contributed.

Mr. NORRIS. Nor do I.

Mr. LEWIS. Mr. President, will the Senator yield to me?

Mr. NORRIS. I yield.

Mr. LEWIS. I would like to ask the eminent Senator from Nebraska his judgment on the following test: If this Government shall proceed to levy the proportion of tax the Senator has just described, practically consuming two-thirds and sometimes practically the whole of the large fortunes, does the Senator think those who have made fortunes will again make an effort to make another, and will put people to work and into employment, and undertake their business further, if it really is to be wholly confiscated by the Government under the cry of necessity?

Mr. NORRIS. Mr. President, the Senator might as well ask this question, If we levy a tax on the man who is getting $3,000 a year, as we will, probably, are we going to discourage him so that he will quit work next year, or quit work forever? If we levy, as we would under this amendment, a tax of $830 on the man receiving $10,000 a year, is he going to quit? Do you suppose he will stop and say, "You make it impossible for me to go on, and have taken so much of my income in taxes." Yet we have left thousands and thousands of dollars to the big-income man where we have left a penny for the $10,000-a-year man.

Let me answer the Senator's other question. The Senator is wondering, if we tax these big incomes, whether the fellows who have the big incomes are going to quit business. We taxed them in 1918, and they did not stop then. They went on climbing up the financial ladder higher and higher. Suppose they should stop. If we have to get the money somewhere, we must go where it is, and if all the people who pay taxes strike we will not get a penny, and our Government will be chaos in 24 hours; it will be gone.

Mr. LEWIS. Mr. President, I answer the Senator by calling his attention to the fact that the tax of 1918 has an equity which appeals to us all when we reflect that most of the fortunes of that day were made by the profiteers, who made them after we entered the war, or in the years just before.

I reply, then, to the Senator as to the $10,000-a-year man, and the $3,000-a-year man, and the millionaire. What I ask the Senator is his judgment, which I greatly respect, as to this question: Would not the men thereafter begin to limit their production, and since the $10,000 man saw that $3,000 was being taken from him, would he not gradually limit his capacity to nothing further than serving his need? Would he not cut off the opportunity of employment of many in the larger undertakings that did produce the profits to which the eminent Senator alluded? That is my fear.

Mr. NORRIS. I say no; he would not. It is not the experience of history. It seems to me it is contrary to good business judgment; and if it is true that people are going to do that we might just as well throw up the sponge. If the man with big income and the man with little income are going to so shape their business that they will not have any taxes to pay, we will not collect anything for the Government; that is true. If they do that, it will be a demonstration of the fact that our country is almost unanimously unpatriotic. Then we can say to almost all the people, "You do not love your country. You want it to fail."

Mr. COUZENS. Mr. President, will the Senator yield?

Mr. NORRIS. I yield.

Mr. COUZENS. I was just wondering whether the Senator could mention any Senator who would resign because he was going to be taxed $830 on his salary.

Mr. LEWIS. Does the Senator address his query to me?

Mr. COUZENS. No; it applies to the Senator from Illinois, but I was asking the question of the Senator from Nebraska.

Mr. LEWIS. Then I respond that if any Senator has chosen this body and been elected here for money he ought to be put out before the question comes of the quantity he receives.

Mr. COUZENS. Oh, but the Senator receives his $10,000, whether he came for that purpose or for some patriotic purpose.

Mr. LEWIS. His motive of service is not resting on his pay; and it may be assumed that when he gave up his business, whatever it was, and took this office as a servant of the people, the impetus and incentive was service to mankind and not to himself in dollars and cents.

Mr. COUZENS. Oh, but the Senator seems to forget that he may be speaking of himself alone. I know Senators who are here for their salaries.

Mr. LEWIS. I regret that they hold their seats, if that be their only purpose.

Mr. COUZENS. And they have just as much right to hold their seats for their salaries as a lawyer or a doctor or a professional man or an engineer has the right to hold his job for his salary. I do not so underestimate my capacity as to contend that I hold this position wholly from patriotic motives. I contend that I am worth my salary.

Mr. LEWIS. We who know the Senator from Michigan and are familiar with his labors here deny that he is stimulated by anything except a desire to render patriotic service for the benefit of his fellow men.

Mr. NORRIS. Mr. President, I enjoy this colloquy immensely, and from it I think I can draw a very beneficial lesson. The Senator from Illinois in his eloquent way has called our attention to the motives which animate men to action, and he says that Senators are not here for their salaries, that they are here to perform a patriotic service. When the Senator intimates that the man with a million-dollar income, if we tax him on it, will stop making money, so that he will not have to pay his taxes, does he mean to intimate that that fellow is not patriotic? If the Senator's assumption is correct that we are here from patriotic motives, must we not attribute patriotic motives to the man with an income of a million dollars? If he is patriotic, would he be so mean, so inconsiderate of his fellow men and of the country which enabled him to make this great income to say, "I will not make a cent" or, at least, "I will make less than $3,000 this next year in order to save paying taxes"? In other words, the man with a million-dollar income would receive, net, $300,000, and he is so unpatriotic that next year he will not make more than $3,000 in order to save paying taxes to the Government. While he is doing that he will not have his $300,000 either. He will lose his $300,000. If he is not called upon to pay any taxes, instead of having $300,000 to play with he will not have anything. So even if he were not so patriotic as a Senator is, it would be good business for him to go on making his million-dollar income, if he could.

Mr. President, I think that all these people are patriotic. I do not follow the Senator in his theory that these people would be so unpatriotic and be so unbusinesslike as not to make any money so as to avoid paying taxes. When we get in that condition we will not need a Senate; we will not have a Senate. We will have, as one of the Senators suggested the other day, a Mussolini.

I want to invite the attention of the Senator from New York. I was going to do it a moment ago, when I was interrupted by the Senator from Illinois [Mr. LEWIS].

Mr. LEWIS. Does the Senator mean interrupted or instructed? [Laughter.]

Mr. NORRIS. Both! The Senator from New York [Mr. COPELAND] spoke of men with great incomes who make contributions to the poor. Those contributions are deductible under the law, within certain limits, of course, so the contributors will not have to pay taxes on them anyway.

Mr. COPELAND. Of course, the amount of tax they would save in that way would be infinitesimal.

Mr. NORRIS. It depends on how much their contributions are. If they make very material contributions it would not be infinitesimal. It might be for them, of course, but it would not be for me.

Mr. COPELAND. The Senator is surely going to give some credit to these men, even though they have the misfortune to be rich, if they contribute some of their money for human relief. The point I have in mind is this——

Mr. NORRIS. Just a moment! What have I said that induces the Senator to suggest that I am trying to impute to these rich men any wrongful or unpatriotic or dishonorable motives?

Mr. COPELAND. I do not think the Senator intended to do that. From his suggestion that because they have an exemption or they can obtain a credit because of some contribution, I got the idea that perhaps the Senator thought they were making the contributions in order that they might get such an exemption.

Mr. NORRIS. I never intimated any such thing.

Mr. COPELAND. I am very glad indeed to know that.

Mr. NORRIS. I do not think I said anything from which the Senator could draw that kind of a conclusion.

Mr. COPELAND. The fact remains that rich people in New York City have given millions to relieve human distress when the city of New York could get no money from the banks in order that the city might give the relief, and when the Congress of the United States refused to grant the privilege to the Reconstruction Finance Corporation of giving or lending money for that purpose. I am not defending the rich man who seeks to evade his taxes. I think the man who is rich and has an income ought to be glad to pay a tax. But I know that there are millions of people in the country to-day who are hungry. I had a letter this morning, forwarded to me from my New York office, saying that yesterday a mother of seven children came there for help because she had no food in her house to give the children and no milk for the baby. There must be found some way to give relief to such people. My contention is that the Senator, by getting all the money the rich people may have and putting it into the Treasury of the United States, is not contributing to human relief.

Mr. NORRIS. The Senator would like to let the existing deficit go and say to the millions of hungry and unemployed of the United States, "Go to charity and get your relief." I do not believe in that. I want to tell the Senator, as I tried to tell him before, that while there are many men rich, many men poor, who have made wonderful contributions to charity—and I have not intimated anything to the contrary—there are, nevertheless, many hidebound millionaires who have not contributed a penny to charity. The only way to get those men's contribution is to levy a tax against them and get it by law.

Mr. COPELAND. I agree with the Senator. I know there are many hidebound millionaires who have put all of their property in tax-exempt securities.

Mr. NORRIS. If they do they help the taxpayers, who thereby have less interest to pay on those tax-exempt securities. At least that much can be said for them.

Mr. COPELAND. The Senator and I are not separated by the thickness of a sheet of paper. We want human relief and we have no prospect of getting it from the Congress of the United States. When the President talks about a paltry $250,000,000 or $300,000,000 for human relief, how absurd it is when we know there are 10,000,000 men and women in the country without any money whatever and without any means of help from private charity because the Government must not violate the theories of political economy and make any contribution for human relief.

Mr. NORRIS. That is all very nice, but it has not any more to do with this amendment to levy a tax to enable the Government to balance the Budget than the flowers that bloom in the springtime. The men who are going to contribute will contribute whether this amendment is adopted or not, and those who are not going to contribute will not contribute whether it is adopted or not.

Mr. President, the Senator from New York calls attention to tax-exempt securities, and I want to say just a word about them. I think there is an erroneous idea in the country to-day about tax-exempt securities and their evil. I want to preface what I have to say by making this remark: If I had my way, there would not be such a thing as a tax-exempt security. We originally voted during the war to exempt Liberty bonds. The first issue was entirely exempt. All the issues after that were only partially exempt; they were exempt only as to normal taxes. I voted against those provisions. I would be glad to vote for a tax on the salaries of State officials just the same as on the salaries of Federal officials. I would vote for a tax upon the municipal bonds of every city and of every county and of every State. In other words, if I had my way there would be no such thing as tax-exempt securities. But I do not have my way.

Some of the greatest lawyers in the country believe, and apparently the opinion of 90 per cent of the Members of Congress is, that we have no constitutional authority to tax municipal bonds, county bonds, and State bonds; that

we have no constitutional authority to levy an income tax upon the salary of a governor or of a State judge or of a member of a State legislature. For practical purposes we must assume that to be the law. The theory is that the right to tax probably could mean the right to destroy. I do not want to enter into a legal discussion now, but I have always believed and I still believe that in theory there is nothing wrong about taxing State securities and the salaries of State officials. If we undertake to levy a tax upon them that is different from the tax upon other officials, where it is conceded we do have authority to levy a tax, then the constitutional objection could be raised.

But I concede to begin with that my idea does not prevail, so we have tax-exempt securities, and we can not avoid it. The evil which has come from that kind of securities has been, in my judgment, greatly exaggerated. In the first place, the Senator from Michigan [Mr. COUZENS] showed yesterday by statistics that the great fortunes of the country have not been invested and are not being invested in tax-exempt securities.

Mr. LONG. Mr. President——

The PRESIDING OFFICER (Mr. LA FOLLETTE in the chair). Does the Senator from Nebraska yield to the Senator from Louisiana?

Mr. NORRIS. I yield.

Mr. LONG. The fact is that municipal bonds that are tax exempt have usually an interest limit. As an example, in the State of Louisiana our bonds are limited to 5 per cent. We have sold those bonds as low as 4½ per cent. Had we not a tax exemption, the bonds could not have been sold at 4½ per cent and much of our financing could not have been done at the constitutional limit. When we commence talking about taxing securities which are now tax exempt we are not proposing to do anything but take the money out of the pockets of the State and put it in the pockets of the Federal Government, making it all the more difficult to finance the public projects of the States and of the United States to-day.

Mr. NORRIS. I thank the Senator. He has really anticipated me. I was going to make the point he has just made. It seems to me perfectly clear. If people invested all of their incomes in tax-exempt securities they would be unable in those States to make all the internal improvements at a very much reduced cost. Everybody knows that a county bond in the State of Utah, for example, exempt from taxation, goes on the market at a lower rate of interest than though it were taxable. That is absolutely true. It is the same with every other tax-exempt security. If they were not tax exempt, the rate of interest would be higher and the people who pay the taxes, who must pay the interest and the principal of those bonds, would have to pay the extra cost. After all, we would be taking it out of one pocket and putting it in another pocket. To my mind it is almost immaterial—one hand washes the other—and the only reason why I would tax them all would be because it would relieve the country and the Federal Government in particular of the idea which is almost generally prevalent that we are suffering from the existence of tax-exempt securities.

Let me refer to Federal bonds, our Liberty bonds, for instance. The first issue of Liberty bonds were sold at 3½ per cent. They were tax exempt, exempt from State and Federal taxes. Inheritance and State taxes applied to them. They sold at 3½ per cent interest and except during the depression they have always been above par on the market. We paid as high as 4½ or 5 per cent before we got through borrowing money. We have now outstanding a large amount of Federal bonds drawing 4¼ per cent interest. At the present time, or the last time I looked at the figures, these bonds were selling a little above par, but for weeks during the depression they were below par. I presume if we looked at the sales on the New York Exchange on yesterday we would find the 3½ per cent bonds being sold above par or at least at par. If they were taxable, the rate of interest would have to be higher on all of them, so it is just as long as it is broad, and it does not make any particular difference.

Mr. President, who are the people who invest in tax-exempt securities as a rule? I believe I can use an illustration, perhaps. Members of the Senate, whose time is taken up with their duties here, who have not any time to look after their private business affairs. They probably invest their money in bonds, whether they are tax exempt or not, because it relieves them of the necessity of giving them any attention. Another class of people are those represented by large estates and insurance companies, such as are required to keep large amounts of money invested in bonds as securities, or trustees of estates, charitable institutions, and so forth. They invest not for speculation but for safe investment, not expecting a large return, but one that is certain and about which there is no risk involved.

As the Senator from Michigan [Mr. COUZENS] showed yesterday, most of the tax-exempt securities are held by estates and widows. They are not held as a matter of fact by the men who pay the big income taxes. If we look them over and see the dividends they have paid in the past, we will see the reason why they are considered good investments. It is considered good business to make such investments. If a millionaire buys a million dollars' worth of bonds, he pays a million dollars, or something like that, for them; and whoever gets it uses the money. It does not make much difference whether he uses it or whether the man who sells him the bonds uses it.

Mr. LONG. Mr. President, I should like further to invite the Senator's attention to the fact that the supposed era of tax-exempt securities, and it may be said also the era of high income levies, was the very period when private capital on large scale controlled by men of great fortunes extended its operations more than ever before into private fields, taking in the stores of the country, the banks, and the oil companies. They were not attracted by tax-exempt securities. There never was such an era for taking over of the business of the country as there has been since tax-exempt securities have been on the market.

Mr. NORRIS. I think that is literally true. There never has been a similar period in the history of this country when such operations have been carried to a greater extent than since tax-exempt securities began flooding the market.

Mr. President, I do not want to detain the Senate, but I want to say in conclusion that I look upon this question as a serious one; I think it is one of the serious things connected with the pending bill. Here is an opportunity to levy a tax that will not hurt anybody. The burden will fall upon those who are able to bear it. We have got to place it somewhere. Let us forget our prejudices, if we have any, and realize that somewhere we must levy this tax; from some source we must raise this money. It seems to me we can not hesitate to say it is easier and better for everybody if we raise it from the sources that have money in plenty and in proportion to the amount they have than it is to raise it from taxes levied upon the already overburdened poor.

So it seems to me we ought not to hesitate to adopt this amendment even though we do not agree, as I do not, with the rates suggested in all the brackets. This is an amendment that levies its toll upon the rich and the moderately situated. The average citizen is going to have his taxes increased, but not nearly as greatly as is the rich citizen with a large income. Remember always if they do not have incomes they do not pay the tax; it is no burden upon anybody who does not pay the tax; and the amount to be paid depends upon the amount of income. If the income is big, the tax is big; if the income is small, the tax is small. So it will levy tribute in proportion to the ability of people with incomes to pay.

The PRESIDING OFFICER. The question is upon the amendment offered by the Senator from Michigan.

Mr. McNARY. Mr. President, I ask unanimous consent that when the Senate shall have concluded its business to-day it take a recess until 11 o'clock a. m. Monday next.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

Mr. HARRISON. I am just wondering, Mr. President, as I think are other Senators who are interested in this particular legislation, if it is possible for us to reach some kind of an agreement?

Mr. SMOOT. Does the Senator mean as to a time for a vote?

Mr. HARRISON. An agreement as to a vote or as to a limitation of debate, either.

Mr. SMOOT. I ask unanimous consent that beginning Monday at 11 o'clock all speeches upon the pending amendment shall be limited to 10 minutes.

Mr. LONG. I object.

Mr. LEWIS. Mr. President, I feel a question of that kind ought not to be submitted with so sparse an attendance of the Senate. A larger number should be here to accept this proposition, if it is acceptable.

The PRESIDING OFFICER. Objection is made.

Mr. SMOOT. Mr. President, as there is objection, I withdraw the request.

Mr. LEWIS obtained the floor.

Mr. LONG. Mr. President, will the Senator yield to me?

The PRESIDING OFFICER. Does the Senator from Illinois yield to the Senator from Louisiana?

Mr. LEWIS. I yield.

Mr. LONG. I was going to suggest, not to interfere with the Senator from Illinois, that possibly it would be well that we should take an early recess this afternoon. I see no reason for staying here. So I suggest that the Senate take an early recess this afternoon, as other Senators seem to desire that such action be taken.

Mr. SMOOT. The Senator from Illinois [Mr. LEWIS] desires to speak. When he shall have concluded, if no other Senator desires to address the Senate a recess may be taken.

Mr. LONG. We will not vote on the amendment to-day, will we?

Mr. SMOOT. No; we will not vote on it to-day.

Mr. LEWIS. Mr. President, do I understand from the eminent chairman of the committee, the Senator from Utah, that it is not contemplated to vote to-day on the amendment offered by the Senator from Michigan?

Mr. SMOOT. I am quite sure that we can not secure a vote on it to-day. I hope, however, that on Monday we may have a limitation of debate.

Mr. LEWIS. Mr. President, listening to the observations of Senators SMOOT, NORRIS, and COUZENS on this tax bill, I rise to submit some conclusions on the pending tax bill as I view it. The country may behold that there are no divisions here in the Senate as to which is the Democratic measure and which is the Republican. For myself, I do not know what Democrats favor one or the other. I have not been able to attend either counsel or consultation in either conference or assembly by which I could deduce what is either desired by my party or would be practicable to its welfare as a political party. I present whatever views I have as a Member of this body representing a State whose people must respond to this tax, whatever it may be.

From my point of view, contemplating the country as I see it and as I feel all my countrymen must perceive it, I regard this tax bill a wholly unnecessary procedure. From my point of view, it can not be justified upon the basis of any argument that rightfully considers the present situation of the Nation and the just rights of its citizens.

Here is a tax upon America designated as the Smoot-Hawley tariff bill. That tax remains in all its horror of application and the severity of its burdens. The only relief that gave some promise and afforded the possibility of some benefit was presented by the eminent Senator from Mississippi [Mr. HARRISON], the leader of the minority on the Finance Committee. It has just received its congé, as it were—its disapproval and veto—by the President of the United States. This was on the day before yesterday. That particular veto laid low to its burial any hope that might have been indulged for benefit or relief under the proposition, though it was accepted by the Senate and adopted by the other House.

In addition to that tax, all the other taxes remain upon the books—corporation, personal, internal revenue—like a brand of pickles, 56 varieties, all exacting in their persecuting form the response of the citizen from his pennies to his dollars, and from his dollars to his property, and from his property to his income, and from his income to his business, and from his business to his hopes. All hang over the citizen and still pend above him as a cloud of fire, with all the threats and their dire disaster.

The Senator from New York [Mr. COPELAND] brought to the attention of this body a moment past how the Treasury, though overflowing, perchance, with the accumulations of money drawn there by the ferocious and impelling hand of taxation, would still contribute nothing to the immediate needs of those who are without bread and without shelter. This because every method devised to appropriate the money immediately in the form of relief is interdicted in some form by the eminent officials in power who reserve the right to veto the popular will, however expressed, and this even when it runs counter to the political advantage of those who hope to be returned again to power by the same methods that have been administered in the Republic and brought them to life and have brought upon the Nation such affliction as it now endures.

Then we ask ourselves the question, What does the present tax bill do? It levies further taxes, first, upon income. I agree with our friend and benefactor of public welfare, the Senator from Nebraska [Mr. NORRIS], that the matter of income does not seriously disturb the Senators. There are none of them here who rose to acknowledge that they were those whose incomes were of the million-dollar class nor having such expectancy. But we pause to consider those rightly earned incomes which we are under oath and by sense of duty bound to justly protect as honest property of the constituents for whom we speak.

Mr. SMOOT. Mr. President——

The PRESIDING OFFICER. Does the Senator from Illinois yield to the Senator from Utah?

Mr. LEWIS. I yield to the Senator from Utah.

Mr. SMOOT. I think that that is exactly what the committee has done. Let me call the Senator's attention to the fact that an individual living in the United States with a net income of $3,000 under the House bill will pay $3 and under the Senate Finance Committee bill will pay $4, while an individual living in England, having exactly the same net income, instead of paying $3, will pay $303. What would the Senator do? Would he exclude all citizens from paying taxes whose net income—I do not mean gross income but net income with all the allowances provided by law—does not exceed $3,000 a year? All they pay now under the bill is $4 a year.

Mr. LEWIS. Mr. President, the Senator seems to labor under the idea that my remarks are addressed in opposition to the income tax. He forgets that we both sat in this United States Senate as Members when I was allowed the privilege and dared the audacity to present, as one of the floor representatives of the Democratic side of the Chamber, the very income tax bills that were the first and second under the Constitution which allowed them. The Senator must not fall into the error of supposing, merely because of the preliminary observations I have made, that it is my purpose to oppose an income tax wherever it should justly be levied.

I recognize that we have at present a law that does levy these income taxes. I seek neither its repeal nor its qualification. I speak of what I object to now in detail.

I object to a new tax bill being put upon the country where, from my point of view, as will be revealed in a moment, I find it wholly unnecessary. Second, I object because I feel that the method of its adoption or the means of its enforcement does not remedy a situation which should be remedied, and which calls for immediate relief by another

system more practicable and more serviceable to those necessities. I mention them.

I first answer the Senator's comparison with England. I am not interested in the comparison, however much respect I would pay to any suggestion from the eminent Senator from Utah. My answer is, This is America and not England. Our wealth and our income, our position and our situation, can not be used as a parallel to the situations of England, either from the war, her population, or her necessities.

Mr. LONG. Mr. President, will the Senator pardon a question?

Mr. LEWIS. Oh, surely; I yield to the Senator.

Mr. LONG. Has the Senator from Illinois never been sent to London?

Mr. LEWIS. I have been sent officially to London. I have been honored in some slight regard in that respect by this Senate and a former President of the United States; but if the eminent Senator means to parallel my being sent with the privileges granted the late Secretary of the Treasury, with such honor as is afforded him and such privileges as attend him as Secretary and Ambassador, I answer never, nor do I hope to occupy that confusing sphere. [Laughter.]

But I return to mark for a moment the point I wish to indent.

I feel that further tax bills than now in force are wholly unnecessary and, as I see it, wholly unjustified; I mean in addition to the tax bills that are now levied upon the Nation. I now tender from my lips in speech a substitute for the new tax bills proposed. It is that this Government lay a bond issue on the Nation of $5,000,000,000; that it be so arranged in its construction and adjustment as to exempt the present generation from the burden of its interest and principal proportionately; that it place the burden of the payment of the bonds upon that other generation that will enjoy the benefits of the Government but has not been compelled either to bear the burdens of the war in conflict or its expense of Government paid to the Treasury.

If the private interview I observe between my friend from Louisiana [Mr. LONG] and my friend from Utah [Mr. SMOOT] is not wholly confidential, I should like to hear it for my enjoyment. [Laughter.]

Mr. LONG. If the Senator will yield, the Senator from Utah and I were discussing whether or not we would suggest that the Senator exempt the next two generations.

Mr. LEWIS. If the distinguished Senator has in contemplation his dearly beloved young ones, I would, out of regard to them, consider that, of course. [Laughter.]

I return, Mr. President, to say that I would then with this bond issue, and from its results—which would come from all over the world—since the nations of the earth, having no confidence in their own securities, largely from the fact of such conditions as the eminent Senator from Utah has described in the case of England, they would promptly purchase these, our securities, in preference to any of the world—from the results of the sales I would pay the deficit which is being spoken of constantly as that which calls for that euphonistic aphorism of "balancing the Budget." [Laughter.]

There is no effort whatever to cut the Budget in the places where it should be deflated and where it should be decapitated. The whole theme seems to be, however largely multiplied it is in burden or however severely it may oppress the citizen, to leave it, and to harass the citizen further by draining from him additional and multiplied taxes to equal that heavy proposed expenditure in the Budget without any regard to its equity or its justice in an hour like this bearing upon us.

May I ask the eminent Senator from Oregon [Mr. STEIWER in the chair], than whom there is no nobler or better gentleman representing his State, has there been any proposition of reducing the millions and millions that are to go into the Columbia River, I venture? Does the eminent President of the United States intimate that reductions should be made in the $800,000,000 that is to go to the Hoover Dam, or these like projects directed for contractors' profits, or is there any suggestion of diminishing the plan of "beautifying" the city of Washington by tearing down buildings in scores, turning them into sand and eruption and building in their places temples for admiration and habitation, social and commercial, such as the establishment for the Secretary of Commerce? What movement is being made to overcome all this by desisting temporarily from spending this almost billion and by doing so relieve the citizen of the necessity of meeting by taxation these ill-considered and heartless exactions on the taxpayer?

I merely mention these few as illustrations. Therefore, again to return, I say that this bond issue shall first pay the deficit. Then with the deficit paid, Mr. President, I propose that the remaining sum shall go to such proper public undertakings as will give employment to that vast number who are waiting patiently, dreaming hopefully, trusting confidently that from this body they will have their relief. Sirs, I say that in their days of patient waiting they exhibit a patriotism and a devotion to their land which better marks the character of the American than that described by my eminent friend from Nebraska [Mr. NORRIS] or the eminent Senator from New York [Mr. COPELAND] of these who, better clad, better supported, more supplied in bank account, may show their patriotism merely by paying the surplus of their possessions to the Government in the hour of its extremity. Then, turning the remaining sum drawn from the bonds to the maintenance of those who have a right now to ask at the hands of the Government just service, and full pay to the soldier, as may be his due. In this way, I point out, we would meet the Nation's demand; we would start the Government again along the road of prosperity.

And now to the eminent Senator from Utah [Mr. SMOOT] and my friend from Louisiana, Brother LONG, I respond: Then let the income taxes as they are now adjusted in the present existing law go to the payment of the ordinary daily expense of government; and then let us levy an adjusted tax upon inheritances. I do not mean the same rate upon all inheritances. All inheritances should not be taxed equally because they are the same sum in quantity. Inheritances which have passed into the hands of those who have honestly applied them in business and sought to extend them to industry and give employment to individuals and equally multiply the opportunities of their country should be guarded and protected with proper caution and justice. But let me allude to the others. Those which have passed into the hands of the putrid sons of the financial scion. They who spend their time capering upon their yachts in distant waters, accompanied with their diamond-bedecked Delilahs as their companions of joy, while the tendrils of tinkling music as their accompaniment of sweetness drown all sense of responsibility to citizenship. Those whose offenses in different parts of the land cast a corruption upon this America and reflecting upon its honor, leave it the dastardly object of scorn from every land of the world. Let this kind of inheritances, being used for the pollution of the generation, be early seized in a very large sum and be compelled to pay the Government that which would carry it on further in the other things necessary to honest life of noble citizenry and put embargo on the multiplication of the generation I describe, alluded to in St. Matthew as the generation of vipers and all uncleanliness.

Thus you will observe that from the bond issue and its results, from the income taxes properly proportioned in the law as it now stands, and from the inheritance tax that I mentioned, we will have had a sufficient sum in total for all the immediate purposes of this Government, without levying one dollar extra upon the immediate business of the citizen, stressing his home, straining his life, frightening his project, and leaving him in the future with an uncertainty that seems to paralyze every prospective hope of prosperity in America.

Mr. LONG. Mr. President——

Mr. LEWIS. I yield to the Senator from Louisiana.

Mr. LONG. The Senator is not far from the kingdom in what he is saying, according to my ideas of what a perfect

kingdom is. Just how would he designate this "putrid son"—by amounts?

Mr. LEWIS. The Senator means to ask how I would designate the amount of the tax?

Mr. LONG. I mean, we want to locate the man who answers to this description; and I think the Senator is right about that. I agree with him entirely.

Mr. LEWIS. Then I know I am right. [Laughter.]

Mr. LONG. If the Senator did not know that before; but how are we going to locate this party? I thought perhaps the Senator had an idea along that line.

Mr. LEWIS. Does my friend mean how I would locate the amount and quantity of the tax, or how I would locate the individual?

Mr. LONG. The individual. The Senator referred to this man who has so much money that he can sail the high seas, or the lowlands, or the low waters in his yachts, with diamond-bedecked parties along with him.

Mr. LEWIS. Did I say "parties"? I think I made that singular, because it is singular indeed to have it occur. [Laughter.]

Mr. LONG. Oh, did the Senator do that? That is probably due to age. [Laughter.]

Mr. LEWIS. That may be self-applied to the Senator. I do not know to whom else he could appropriately apply it. [Laughter.]

I answer my friend to say every State of the Union has its form of tax collector locally. I would say to the energetic and I may say ever-consistent Senator from Louisiana in his championship of the common masses, that those individuals who hold the office of county tax collector, such as he knows in Louisiana, over which State he has presided as executive, knows the particular citizens of that county. The State officer knows those of the State; and in that manner these individuals who come under one description or the other are easily tallied, and their general whereabouts is invariably advertised by their habits. Thus they will be located, and I trust none of them will escape and never be deserted by the tax authorities, when we come to consider their kind and their worth.

But I must conclude.

Mr. LONG. Mr. President, if the Senator will yield further——

Mr. LEWIS. I yield.

Mr. LONG. I do not think that description can be written into a law. The only means I see by which we can lay the tax on inheritances that the Senator proposes is by fixing certain limits beyond which an inheritance becomes useless, or nearly useless.

I do not think the Senator from Illinois or any other Senator would contend that we could write into the law that the one who is accustomed to riotous and abandoned living shall pay so much tax, and the one who spends his time working shall pay less. I think, and I was hoping the Senator might agree, that the proper method—I have proposed an amendment to cover that point—would be that after an inheritance reached a certain amount we should begin to lay on the inheritance tax, so as not to make it too heavy for the man who needs the money in industry.

Mr. LEWIS. It may be that placing a limitation beyond which a larger tax may be levied would have a certain equity in it. We have in the past adopted such a course; but one of the reasons why I can not subscribe to a resolution that shall limit the amount of wealth to be possessed by anyone earning it, is that I fear it would limit, at some time and maybe too often, those who earn and then apply that large wealth inherited to the noble undertakings of helping mankind with their surplus—in hospitals and educational institutions, in business and commercial enterprise, in works of religion and welfare. I desire to avoid punishing such as these and depriving the community of the blessings they confer. I hesitate to lay on those such punishment as would bring upon my country the loss that would follow, merely through seeking to tax the limited number who come under the anathema of my eminent friend who correctly characterized that number. They whom in every year we see advertised by their habits—not by their fruits, but by their sins, do we know them.

Now, Mr. President, having occupied more time than was my intent, I conclude my suggestion, as it partakes this moment of only a suggestion, in order to define and explain my purpose in tendering a substitute for the whole new tax bill. I ask, what other way can now be provided for these needs of the times and the necessities of our country?

The eminent Senator from New York [Mr. COPELAND] has made an allusion to when he and I jointly on this floor tendered an amendment which would have given the Government the privilege of extending loans to cities and States from the billions advanced for use to the finance construction board. I sought a relief to the State of Illinois, to relieve the conditions of great depression she was under, and the experiences of misery and oppression her citizens endured. I saw that city suffering from a plight which her best citizens could not be charged with responsibility for. Her school-teachers not being paid. For months they were without the ordinary necessities of life and deprived of sustenance and maintenance. I wanted the police and the officers of government of Chicago promptly provided for, to the end that government should go on; so that which we have heard so often described on this floor in flaming tongue—the lawlessness of the land—could not be encouraged by the consciousness of the criminal that those whose duty it was to obstruct that lawlessness by the enforcement of the law were put out of commission, from the fact that they were put out of employment for lack of compensation.

When we sought this relief, eminent gentlemen on this floor denied the right, because such action would have been something of an innovation upon the older theories of government, in conflict. It was contended that such conflicted with constitutional construction.

To-day, however, the President of the United States, as published in the press, concedes the theory. He now, with commendable courage and justice, puts his new adaptation on the ground that the private relief which heretofore has been held up by the White House as being wholly sufficient has failed to serve the purpose, and that the method of applying to the Federal Government for the distribution of loans to the cities and the States is the one remaining in which there was some hope of relief. For this we all commend and support our Chief Executive.

Yet I can not refrain from saying that since, sir, the principle is now conceded, the great mass of people will flash the inquiry to the White House, "Why, for six months, have you let us hunger and starve, our children die for want of food, not a shelter over their heads in the cold enduring hours of a miserable existence, when, if the principle is right now, it was right then?"

Where is the man who can justify the manner we parleyed and played with these situations, until we brought them now to where a surrender is made before the world, and by it we confess that this, our great America, stands with her citizenship with her hands held out to charity, beseeching the mercy of the Government to the sustenance and the life of American citizens who tendered, in numbers upon numbers, all they had of life and honor to save their country.

It has reached the end. This Government must not longer play with these vicissitudes and miseries; and since there are methods now conceded through which these remedies can be had, these reliefs enjoyed, let us enter upon them—here and now enter upon the duty that we may realize our great United States in the fulfillment of her mission, caring for her people, lifting them to the heights of honor, holding them high in independence, from which we, too, may point to this as the assurance of patriotic support from her sons in any national peril as we paraphrase the poet Browning and proclaim to the world:

God's in his heaven,
All's well with America.

Mr. TRAMMELL. Mr. President, I made some observations this morning in regard to the proposed increase of the income tax in the lower brackets suggested by the amend-

ment of the Senator from Michigan [Mr. COUZENS]. At that time I was without any data to support my position, but I felt confident that I was correct in asserting that a major portion of the increase which he contemplated by his amendment would be taken from the people of this country of small and only medium incomes.

I have before me—and I believe it has been sent to the desk since I made those observations—a table compiled either by the Senator from Michigan or some one serving him, showing the amount which his proposed increases will provide. I am not going to take the time to put the entire table into the RECORD at this time but will discuss it probably next week.

I find from this table that persons in that bracket having net incomes of from one to two thousand dollars only under the present law, pay, in the gross, $1,100,000 annually. Under the bill recommended by the Finance Committee persons with net incomes of from one to two thousand dollars only would contribute $17,800,000. Persons with incomes of from one to two thousand dollars, under the amendment proposed by the Senator from Michigan, would contribute $40,572,000 in the way of income taxes. Persons receiving net incomes of from one to two thousand dollars per annum would therefore, under the Senator's amendment, contribute about $39,000,000 more toward the support of the Government, under this one tax, than they are contributing at the present time.

The Senator's amendment would increase the total amount on incomes of from one to two thousand dollars, over the rate proposed by the Finance Committee in the bill we are considering, from $17,800,000 to $40,552,000; the increase in the tax upon this class of taxpayers being $22,772,000, according to the Senator's own statistics. In other words, people paying taxes on incomes of from one to two thousand dollars would, if we adopted the Senator's bracket on this particular rate, contribute over $22,000,000 per annum more than they would under the bill proposed by the Finance Committee.

Mr. CONNALLY. Mr. President, will the Senator yield?

Mr. TRAMMELL. I would like to get this consecutively in the RECORD, if the Senator will pardon me for not yielding now.

The Senator from Michigan proposes big increases all along, beginning at the very lowest brackets. Let us take, according to his own table, incomes of from two to three thousand dollars net. I do not think anybody can say that we would be swatting the rich if we swatted the man with an income of two to three thousand dollars a year net. Some seem to be basing their support of the amendment on the idea that they are going to swat the rich, that we are going to make the people with big incomes pay. While we were doing that, if that is the idea—and I do not believe in that kind of a policy; I believe in treating everybody fairly—while we were doing that, I do not know whom we would be swatting more than the poor man who makes only one, two, three, four, or five thousand dollars a year net income.

In this bracket of incomes of from two to three thousand dollars the present law provides a rate which brings in a return of $2,730,000. The Finance Committee bill would provide a revenue of $18,200,000. The amendment offered by the Senator from Michigan would provide a revenue of $49,624,200. In other words, he proposes to increase the rate prescribed by the Finance Committee on incomes of from two to three thousand dollars so that the return would jump from $18,000,000, in round figures, to $49,000,000. He proposes to increase it more than 100 per cent.

In the three to five thousand dollar net income bracket, at present the taxpayers pay only $5,120,000. Under the bill proposed by the Finance Committee they would pay only $28,500,000. Under the amendment proposed by the Senator from Michigan, they would pay $99,000,000, an increase of $70,500,000 from those with incomes of from three to five thousand dollars, as against the bill of the Finance Committee.

I have not had time to compile these figures into groups, except as to incomes of from one to five thousand dollars a year. We see how the Senator's amendment discriminates against the people of this country who are making merely slightly more than a bare living, probably just a small amount above the ordinary living expenses.

On net incomes of from one to five thousand dollars, under the present law we collect $8,950,000, according to the Senator's statistics. On incomes of from one to five thousand dollars, under the bill proposed by the Finance Committee, the collection is estimated to be $64,500,000. Under the amendment proposed by the Senator from Michigan, on incomes of from one to five thousand dollars, the estimate of the collection is $189,196,200. In other words, if we adopt the amendment proposed by the Senator from Michigan, on incomes of from one to five thousand dollars we would collect 300 per cent more out of the people in that bracket than under the bill proposed by the Finance Committee, the difference between $64,000,000 and $189,000,000, practically 300 per cent more. A tremendous increase of the taxes on the people of such moderate incomes.

Under the rates proposed by the Senate committee in these first brackets, covering incomes of from one to five thousand dollars, the rates suggested in the amendment of the Senator from Michigan would provide $124,696,000 in excess of the amount collected under the rate proposed by the Finance Committee.

Those are the features of the bill which I thought it proper to bring to the attention of the Senate, because as far as I am concerned, I can not support those provisions of the Senator's amendment. If I had had opportunity to group the figures so as to include incomes up to $10,000 a year, I am sure the figures would have astounded Senators. The tax would average at least 300 per cent more than under the rates proposed by the Finance Committee.

My observation was directed at that particular policy of the amendment proposed by the Senator from Michigan, and also his effort to cut down the exemption of the head of a family from $2,500, as proposed by the Senate Finance Committee, to $2,000 and to cut down the exemption of $400 for dependent minors under 18 years of age to $200.

I did not mention one feature which I have since noticed in his amendment. The Senator from Michigan proposes to do away with the provision relating to earned income. He wants a person to make just as much money out of capital as out of his individual efforts and labor. He has proposed that in his amendment. For years we have carried the earned-income provision in our tax laws. I think it has been regarded as a very wise policy and a very just policy, upon the theory that a man's earnings from his endeavors and his labors, his talents, and his energies, should have a little recognition over the earnings that come from capital investment. But the amendment of the Senator from Michigan proposes to strike that provision from the text of the bill as reported by the Finance Committee.

I wanted these figures in the RECORD which I have taken from the statistics of the Senator from Michigan. I wanted them to appear in connection with my observations to-day. That is the reason why I have offered them this afternoon. Unless he sees proper to change his amendment, which proposes such big increase in the tax upon these low incomes and moderate incomes, I shall feel impelled to make some further observations when we again reach this feature of the bill.

Mr. LONG. Mr. President, I desire to reoffer the amendment which I originally proposed, with the paging changed in order to conform with the new print of the bill.

The PRESIDENT pro tempore. The amendment will be printed and lie upon the table.

AGRICULTURAL RELIEF

Mr. HOWELL. Mr. President, among the letters I have received from day to day respecting the agricultural situation are some that convey clear notions of the farmer's plight. I invite attention to one that came to my desk this morning. It reads as follows:

The Reconstruction Credit Corporation bill was passed with the promise that it would aid the farmers. But the farmers in this part of Iowa are saying they have received no help. The news-

papers give it out that money has been granted to banks, but if it has been loaned to banks it is not in this part of Iowa; at least no banks, so far as I can hear, are making loans to farmers.

All the banks in this city were closed. We had five. Fourteen out of seventeen banks were closed in the county. A new bank was organized in the city and has taken in about $650,000 in deposits. In its report a week ago it shows it has made loans of $29,000, or less than 5 per cent of its deposits, and out of this $29,000 which was loaned, $18,000 was loaned to an investment company, a subsidiary of one of the closed banks; so that less than $11,000 was actually loaned to depositors.

This new bank showed by its report that it had bought and held $650,000 of Government bonds, which meant that about $650,000 had gone out of this city and county to buy Government bonds which are nontaxable, and left this community without any source for furnishing money either to farmers or business men. This bank announces that it will loan only to persons who own Government bonds which can be put up as collateral.

Farmers need money to renew mortgages on their farms, but such banks as we have make no loans on farms.

I wrote to the land bank in Omaha for a farmer asking for a modest loan to take up a mortgage of $9,000, which was on his farm and held by a savings bank which closed its doors in October, 1931. The land bank at Omaha replied, "We make no loans for renewal purposes." The result is the farmers are losing their farms and are getting bitter. In this county 64 foreclosure suits were filed in the May term of court, twice as many as were ever started before at any one term in this county.

Here is a striking statement:

I give you a concrete illustration of what farmers are going through. A farmer here shipped a 215-pound hog to market on May 7, 1932. He got a check from the commission company for his hog. The check was for 5 cents! This 215-pound hog sold for $1.60. The statement for this transaction is as follows:

Yardage	$0.13
State weight charge	.01
Commission	.35
Fire insurance	.01
Transportation charges	.95
Total	1.55

This hog which brought the farmer 5 cents, after expenses were paid, cost him more than $10 to raise.

And yet, Mr. President, the western railroads are to-day asking the Interstate Commerce Commission for a 10 per cent increase in rates on grain, and that despite the fact that the rates are now 44 per cent higher than they were prior to 1914.

To continue with the letter:

Illustrations of this kind can be multiplied without end. Can you blame the farmer for seeing red?

I beg of you that you appeal to your fellow Senators to pass some measure that will give the farmer a chance. If this is not done soon, a revolution as destructive as the French Revolution is liable to break out in this country.

This may sound like radical talk, but when men are driven off their farms and are hungry they will not stop at using force to gain that which their labor and sacrifice have produced. When that time comes it is going to be hard on the politician and the wobbly executive for neglecting the plea of the farmer for the last 10 years.

Mr. President, during this session we have done nothing for the farmer of a constructive character. There are industries which are highly profitable despite the depression. The power industry—and I am speaking of the operating power companies throughout the country—had a gross income last year of about $1,900,000,000. Assuming the gross income in 1929, the boom year, as 100, the income in 1930 was 102.7 and in 1931 it was 101.5. For the first three months of this year the operating power companies of the country received but one-fourth of 1 per cent less in revenue than they received during the boom year of 1929. Here is a source of revenue to tax.

I am inviting attention to this fact: That there are industries highly prosperous even now, while the farmer is in despair. Yet Congress has done nothing for him during this session, although both parties pledged themselves in their 1928 platforms to enact something constructive for the farmer's relief. But Congress has failed to do anything of the kind. Are we to adjourn without action on behalf of the farmer or are we, Mr. President, to go home and tell the farmer nothing but this, "There was not the will in Congress to act in your behalf"? Agriculture must be rescued if prosperity returns to the Nation.

Mr. JONES. Mr. President, I would like to ask the Senator from Nebraska a question.

The PRESIDENT pro tempore. Does the Senator from Nebraska yield to the Senator from Washington?

Mr. HOWELL. Certainly.

Mr. JONES. I sympathize very much with what the Senator has said not only to-day, but at other times. I myself think that the Senate ought to do something if it possibly can. I am going to ask this question in entire good faith and sincerity. Has the Senator proposed any concrete remedy for the situation that confronts us? Has the Senator any concrete proposal before any committee of the Senate?

Mr. HOWELL. Mr. President, reviewing the situation that exists at this time, and the short period that remains before Congress adjourns, I came to the conclusion that about the only thing we might get through Congress at this late day would be something with which Congress is familiar. Therefore I have had in mind the McNary-Haugen bill, twice enacted by Congress but vetoed each time. My notion is that possibly we could not get such a bill through Congress including all products, but we might get such a measure through both branches of Congress providing for an experiment with one product.

As a consequence I have introduced such a bill providing for one product, and I have left the name of the product to be determined by the committee, trusting them to select the product that would best serve the experiment. I felt that thus we might at least afford the farmer a consolation prize in the way of an experiment, if nothing more.

Mr. JONES. Let me suggest to the Senator that instead of pointing out that we are likely to adjourn in a month, I should like to hear him say we are not going to adjourn until something is done for the farmer. We do not have to adjourn so soon. This is not a limited session. I think it will be much better if we would notify those in authority that we propose that we shall do something for the farmer before we adjourn.

I might say that the Senator from North Dakota [Mr. NYE] just advised me that his committee has reported a measure along the lines suggested by the Senator from Nebraska. That has been done this morning. I think at least one bill has been reported in that connection, so there is something here upon which we can act, without saying that we must adjourn without doing anything.

Mr. HOWELL. Indeed, I thank the Senator for his expressions at this time. I have known what his attitude has been and that he would be in favor of constructive relief for agriculture.

EXPENSES OF ALABAMA SENATORIAL CONTEST

Mr. SHORTRIDGE. Mr. President, I again ask unanimous consent to take up and consider Senate Resolution 213, the resolution in respect to the late contest involving the Senatorship from the State of Alabama. The resolution was regularly introduced, referred to the appropriate committee, reported favorably as amended, and is upon the calendar.

The PRESIDENT pro tempore. Is there objection?

Mr. HARRISON. Mr. President, what is the request of the Senator from California?

Mr. SHORTRIDGE. Before answering immediately the Senator from Mississippi I wish to add that the resolution as amended is satisfactory to both the contestant and the contestee, the junior Senator from Alabama [Mr. BANKHEAD], who I believe is now present in the Chamber.

Here is the resolution as amended, I will say to the Senator from Mississippi, which reads as follows:

Resolved, That the Committee on Privileges and Elections, authorized by resolution of February 28, 1931, to hear and determine the pending contest between John H. Bankhead and J. Thomas Heflin involving the right to membership in the United States Senate as a Senator from the State of Alabama, hereby is authorized to expend from the contingent fund of the Senate $30,000 in addition to the amount heretofore authorized for such purpose.

The resolution as originally introduced, may I say to the Senator——

Mr. HARRISON. Mr. President, I am not going to raise any objection to the consideration of the resolution, because I do not know anything about it; I am not on the committee. The Senator from New Mexico [Mr. BRATTON] says that he consented to it, I believe; but if there is any question about it, of course, the Senator from California will consent to a reconsideration of it on Monday?

Mr. SHORTRIDGE. Unquestionably.

Mr. HARRISON. Because there is a sparse attendance here and some Senator may be interested who is not present.

Mr. SHORTRIDGE. Let me add that the resolution originally called for $35,000, but was amended to authorize the expenditure of $30,000. I would not again have asked that the resolution be taken up, considered, and adopted until I had been advised, as I have been advised, that the Senator who objected this morning would consent to have the resolution taken up, considered, and disposed of.

The PRESIDENT pro tempore. Is there objection to the present consideration of the resolution?

Mr. JONES. Mr. President, I should like to inquire of the Senator from California if he refers to the Senator from Utah [Mr. KING]?

Mr. SHORTRIDGE. I do.

Mr. JONES. Very well.

Mr. BRATTON. Mr. President, I shall not object to the consideration of the resolution, but it is understood that the committee will canvass the situation before any of the money shall be disbursed?

Mr. SHORTRIDGE. That is the understanding.

The PRESIDENT pro tempore. Is there objection to the present consideration of the resolution?

There being no objection, the Senate proceeded to consider the resolution which had been reported from the Committee to Audit and Control the Contingent Expenses of the Senate with an amendment, on line 7, after the word "Senate," to strike out "$35,000" and insert "$30,000," so as to make the resolution read:

Resolved, That the Committee on Privileges and Elections, authorized by resolution of February 28, 1931, to hear and determine the pending contest between John H. Bankhead and J. Thomas Heflin involving the right to membership in the United States Senate as a Senator from the State of Alabama, hereby is authorized to expend from the contingent fund of the Senate $30,000 in addition to the amount heretofore authorized for such purpose.

The amendment was agreed to.

The resolution as amended was agreed to.

CONDITIONS IN COAL-MINING INDUSTRY IN KENTUCKY

Mr. COSTIGAN. Mr. President, the Senate has before it and the Committee on Manufactures is considering a resolution providing for an investigation of conditions in the coal-mining district of Kentucky. It appears suitable for the information of the Senate that an Associated Press dispatch, published this morning in the Baltimore Sun, with reference to conditions in Kentucky be incorporated in the RECORD, and I ask unanimous consent that that may be done.

The PRESIDENT pro tempore. Without objection, it is so ordered.

The matter referred to is as follows:

[From the Baltimore Sun, Saturday, May 14, 1932]

INJUNCTION DENIED KENTUCKY PROBERS—JUDGE, WHILE NOT BARRING THEM, SAYS THEIR LIVES WOULD BE IN DANGER—PARTY TO GO, HOWEVER—JURIST CHANGES MIND ABOUT ACCOMPANYING CIVIL LIBERTIES GROUP TO MINE AREA

LONDON, KY., May 13.—Members of the American Civil Liberties Union investigating party will have no injunction to protect them when they enter the southeastern Kentucky mine area. Federal Judge A. M. J. Cochran denied their injunction petition to-night.

Simultaneously Judge Cochran announced he had changed his mind and would not accompany the party to the coal fields. In court last night he said he intended going with them to afford his personal protection.

SAYS DANGER IMPENDS

In denying the injunction Judge Cochran said he was not holding they had no right to enter the mine area, but strongly advised them not to do so in the face of testimony their lives would be in danger while there.

Arthur Garfield Hays, Ernest Sutherland Bates, the Rev. Charles C. Webber, Dr. Broadus Mitchell, of the Johns Hopkins University, all from the East, and the Rev. Eugene Sutherland, Louisville minister, promptly announced they would go to Bell County to-morrow regardless. Dudley Field Malone, international lawyer, who accompanied the group, said he was undecided whether he would make the trip.

The 78-year-old jurist said there was no evidence introduced at the hearing showing officials of the mountain counties had "acted in bad faith" in ejecting other delegations of investigators. His opinion was delivered orally. He urged the union delegation to appeal his decision, saying he would welcome a ruling on it by the Federal circuit court of appeals.

The judge said he would not accompany the delegation because he did not wish to be placed in a position where anyone might say he approved of their investigation.

"I agree with you," he said, "in your desire to protect the right of free speech, but I do not believe it advisable you go to our mountains to do it in the face of present conditions.

CITES CRY OF "FIRE"

"You advanced the notion here that you have the right to go down and condemn these officials for action which they took to prevent a breach of the peace. You can't express the ideas attributed to you in your own evidence here without doing that. Courts have held that it is unlawful to shout 'fire' in a crowded theater. Your proposed action under the conditions described as prevailing in Bell County would amount to that."

Malone, in final arguments for the injunction, expressed disbelief such conditions could exist in Bell and Harlan Counties as described by citizens and officers of those counties. He said he opposed "assumption of dictatorship," which he said Bell Countians appeared to have assumed.

SAYS RIGHTS ARE NOT DENIED

Cleon K. Calvert, Pineville attorney, arguing for the defense, said the rights of free speech and free assembly were not denied in Bell County. Referring to the union, he said:

"We call their idea of free speech 'unbridled license' and our view has been upheld by the Supreme Court."

Asserting 95 per cent of the citizens of Bell County did not want them there, he remarked, "After all it's their community and I do not think they have the right to endanger the peace."

Hays, basing his argument on a quotation from Voltaire: "I disagree with what you say, but I would die for your right to say it," said he was "ashamed" that the right of free speech was being waged mostly by radicals, "who use it trying to undermine our institutions." He said communism was not the greatest danger of the present times, but fascism, and he compared the acts of Bell County authorities to fascism.

WOULD BE POWERLESS

Police Chief Pearl Osborne, of Pineville, said his police force would be as powerless as "a gnat in a storm" to protect them, and Sheriff J. H. Blair, of Harlan County, testified his entire force of 150 deputies would be necessary to fully protect the delegation.

Both officers said they would guard the delegation from violence if it was threatened in their presence, but Osborne said he "couldn't follow them around" because of other duties. Blair said he wouldn't go "very far out of my way" to protect them.

Judge Cochran, who yesterday pointed out that those who were to be investigated have rights as well as the investigators, commented during the hearing that it was possible the officers had a legal right to eject a visiting delegation.

Springer Robinson, a Harlan County mine superintendent, testified general sentiment was strongly against another delegation visiting the county, and that even the women were aroused to the point of action.

SURVEY OF INDIAN CONDITIONS—EXPENSES

Mr. FRAZIER. I ask unanimous consent for the present consideration of Order of Business 717, being Senate Resolution 193. The resolution provides additional money for the expenses of the Subcommittee on Indian Affairs. The fund that we have is practically exhausted. We have made investigations in a majority of the States where Indians live, but the reports are not as yet all finished and we need more money in order to continue the work. The committee asked for $12,000, but the Committee to Audit and Control the Contingent Expenses of the Senate has cut the amount in two, making it $6,000, and we are willing to take that amount at the present time.

The PRESIDENT pro tempore. Is there objection to the present consideration of the resolution?

Mr. JONES. Mr. President, I should like to ask the Senator how long he thinks this investigation is going to continue? My recollection is that it has been going on now for three or four years.

Mr. FRAZIER. The Indian question is a big one. We have a number of requests to visit States in which we have not been up to the present time, and I do not know that it will be possible for us to do so. We wish, however, to com-

plete the reports on which we are working at the present time concerning the investigations which we have made. The money which we now have will not last more than through this session of Congress. I think that the reports can all be in by that time.

Mr. JONES. Does the Senator think that the committee can possibly complete its investigation by next winter?

Mr. FRAZIER. I hardly think it can complete it, because, as I have said, the Indian question is a big one, and places that we investigated two or three years ago are now asking for further investigation. We can complete the work that we have done and perhaps carry on some few other investigations which we have been asked to make.

Mr. JONES. Does the Senator think it is very likely when the subcommittee makes an investigation one year that two or three years afterwards they will not have to reinvestigate the same situation?

Mr. FRAZIER. That depends entirely, as I see it, upon the attitude of the Department of the Interior and the Indian Bureau.

Mr. JONES. It rather seeems to me that the committee ought to conduct its investigations independent of the Interior Department and of the Indian Bureau. I should like to see the investigation finished.

Mr. FRAZIER. When we make recommendations and they are not carried out by the department, a further investigation may be needed.

Mr. JONES. I do not see why the committee should make another investigation after one has been made and a report has been submitted just because the department may not carry out the recommendations. In that situation I see no reason why another investigation should be conducted.

The PRESIDENT pro tempore. Is there objection to the present consideration of the resolution?

Mr. McNARY. Mr. President, on a number of occasions I have expressed my disapproval of considering measures on the calendar out of order. I want to ask the Senator from North Dakota if the money provided by the resolution is needed right away?

Mr. FRAZIER. Yes; it is.

Mr. McNARY. Will it be needed between now and the next occasion when we have a call of the calendar?

Mr. FRAZIER. The attorney for the subcommittee and the stenographer who is working with him in preparing the reports have not had their salaries paid for the last month.

Mr. McNARY. I am sure we will have a call of the calendar within a day or two, and I think the Senator had better wait until that time.

The PRESIDENT pro tempore. Objection is made.

GOVERNMENT ECONOMY—ADDRESS BY SENATOR CONNALLY

Mr. SHEPPARD. Mr. President, on the evening of May 12, 1932, my colleague the junior Senator from Texas [Mr. CONNALLY] delivered over the National Broadcasting radio hook-up in this city a notable address on the subject of Government Economy. I submit it for publication in the RECORD.

There being no objection, the address was ordered printed in the RECORD, as follows:

Ladies and gentlemen of the radio audience, the tender sympathy of America goes out to-night to Colonel and Mrs. Lindbergh. The Nation is shocked to learn that to the cruel crime of kidnaping has been added the dastardly and revolting murder of their innocent child. May the perpetrators of this foul and fiendish act of barbarism be apprehended and speedily punished by the severest penalties known to the law.

The Democratic National Committee has invited me to speak to you on economy and the reduction of expenses of the Federal Government.

No government has the right to spend a single dollar of the people's money above that necessary for the maintenance of an economical administration. Waste can not be defended. Extravagance is a breach of public faith. Squandering of public money is a form of embezzlement.

The tragic depression beginning in 1929 has converted business profits into losses; has changed private incomes into private deficits; has transformed a Government surplus into a staggering deficit of more than $3,000,000,000. During the two years ending June 30, 1932, the Government has spent $3,000,000,000 more than its income.

The Nation is faced by a financial crisis. The House, the Senate, and the President, without politics or partisanship, must meet the danger; the President's desire to be reelected ought to be submerged; Senators and Congressmen must forget their own fortunes; all must unite in a patriotic service to our common country. The truth can have no political bias. The truth bears no flavor of party.

In view of recent developments, which reveal a shrewd and cunning maneuver for political advantage, an artful and strategic maneuver designed to evade responsibility while invoking the responsibility of others, the public ought to know where and when the stupendous deficit was incurred. The truth is an impartial witness. The truth is not a candidate for reelection. Fairness and justice require that it be known that all the regular appropriation bills in which the deficit occurred were passed by the last Congress, not by the present Congress at all. Both Houses and the Presidency were in the undisputed control of the Republicans. Since March 4, 1921, continuously for 10 years, the Republicans controlled all branches of the Government. That wily wizard of finance, Andrew Mellon, was at the helm. He dominated the administration. For two desperate years after the panic of 1929 nothing was done to balance the Budget—the magic mariner sighted not the tempest—the captain on the bridge discerned no danger. Don't misunderstand me. The responsibility of a Republican President and Republican Congress for the deficit furnishes no excuse for Democrats to fail in their duty. No matter who is responsible, the deficit is a fact. It is here. The Democratic Party will not shirk. It will not dodge. It holds its duty to its country higher than party. It is willing to lay aside its arms—others ought to lay aside their daggers. Nonpartisan action must save the situation. Our weapons must be directed at the deficit and depression—not upon ourselves.

The present Congress, though elected in 1930, did not assemble until December, 1931, just five months ago. For the first time since March 4, 1919, a Democratic House of Representatives met and elected a Speaker, the Hon. JOHN NANCE GARNER, of Texas.

In the last House the Republicans had more than 100 majority. At present the Democrats have a bare majority of four—a majority so slender as to make party action uncertain and doubtful unless every Member is present.

Under the law it is the duty of the President to submit estimates for expenditures to Congress. He is head of all the departments that spend appropriations. They are headed by members of the President's Cabinet. In December the President, in his Budget message, asked Congress to appropriate for the next fiscal year $3,942,754,614. How did the Appropriations Committee of the House respond? It cut $161,455,101.56 below the President's requests. Every department was cut. Both Republicans and Democrats cooperated. The appropriations for 1933 by the House were $563,601,223.35 below appropriations for the current year.

The Senate made further cuts below the President's requests. Under the leadership of Senator MCKELLAR, Democratic member of the Appropriations Committee, 10 per cent cuts were made in the Interior, State, Labor, Commerce, and Justice Departments to the amount of $18,000,000. The Senate directed a similar cut in the Treasury and Post Office Departments, which, if made, will amount to $98,000,000. Other bills will be radically reduced. These savings and those of the House approximate $180,000,000 cut from the Budget requests of the President.

Since December the President has asked Congress to appropriate $825,000,000 additional.

Months ago Democratic leaders in the House began to plan still further economies of $200,000,000. The economy bill, after exhaustive labor, was drafted. Many items were eliminated on the floor. Action was not partisan. Democrats and Republicans were on both sides of most proposals. As finally passed, the bill carried reductions of $42,000,000, or in all $220,000,000 below the President's requests. The Democratic leadership of the House can not justly be blamed for what happened to that measure. Democratic leadership originated the move for economy. The President did not agree to some of the economy proposals. Confusion and dissension and division resulted.

The Democratic House has been in session for only five months. In five months it alone could not correct abuses which have been growing and mounting for 10 years into a mighty bureaucracy.

In the Senate a bipartisan Economy Committee has been appointed. It proposes to make still further cuts. Democrats in the Senate have voted to cut every appropriation bill. They will continue to do so.

Something has been said of lobbyists. Members of the President's Cabinet have been the chief lobbyists against cuts made by the Senate. Each Cabinet officer who has appeared has protested against cuts in his department.

Every group and interest affected by reductions have also flooded Congress with propaganda. Whenever a bureau is touched by the pruning knife, Members of Congress and Senators are submerged by letters and telegrams of protest.

REMEDY FOR UNEMPLOYMENT—STATEMENT BY AUSTIN E. GRIFFITHS

Mr. JONES. Mr. President, I have before me a statement which has been prepared after very much consideration by former Judge Austin E. Griffiths, of Seattle, Wash., who is known to be a careful student of economic problems. The statement has reference to the situation now confronting us with regard to unemployment conditions and

contains suggestions made after careful thought as to what ought to be done. I ask unanimous consent to have it printed in the RECORD.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

MEMORANDUM ON HOW TO END GENERAL UNEMPLOYMENT

BAD CONDITION

This is the third year of an economic catastrophe.
Unemployment spreads.
Family reserves are gone.
Another winter is coming.
All classes are helpless.
Confidence has departed.
Fear is dominant.
It is not poverty nor improvidence.
It is not old-time poor nor personal idleness to deal with.

It is merciless, resistless, encircling unemployment; out of work, out of position, out of a job that afflicts and decimates and rests like a curse all over the land.

Whatever its course may be it is national in effect and result.

The cure is beyond the resources and control of States and municipalities. Many will break under the burden.

The cure is national in effort, leadership, and resources.

Present measures are good, but they do not go deep enough to master the emergency.

They do not lead directly to work and everyday business.
They do not displace the fatal dole.

CURE IS WORK

Work must be substituted for the prevailing dole—a dollar in money for a dollar in work—mental and manual.

These measures do not inspire confidence in the common people—the backbone of the Nation. People in general must be able to get purchasing power before the wheels of industry will start to go round. How can they get it without wage, salary—compensation for something done?

The country is fast losing hope in leadership, faith in authority, and respect for our traditions and institutions.

Old men are idle; young men are rotting upon the streets; children are in want; business is stopping, even schools are closing.

Rental signs, falling prices, and requests for aid are as numerous as the budding leaves of spring, but without their promise.

Able and good men and women beg for work and positions for themselves and their families. The masses want work. They are powerless to get it, although useful work and potential enterprise everywhere abound.

This is not a picture of ordinary poverty, nor of a limited area of distress. A plague is sweeping, devastating our land. An angel of despair is entering our homes and hovering over our country.

The people's morale is failing.

Wholesale dole destroys our old spirit of self-reliance.

Men who formerly asked for work now take dole willingly—indifferent whether they get work or relief.

Unemployment saps character. It breeds rankling discontent. Communists, public enemies, thrive upon it like pestiferous flies.

The country drifts toward demands for drastic, irresponsible change.

This nation-wide pestilence, panic, or depression, so called, must be adequately handled under Federal leadership and direction.

URGENCY

This is imperative to be done before business prostration becomes worse; before social unrest and protest breaks out; before more political strain or political insolvency sets in. Empty stomachs yield only to force.

PUBLIC WORKS

The primary cure is an adequate program of immediate public work.

Combine, correlate, supplement as far as possible national, State, and municipal useful works. Plan and do public work and enterprises, that everybody knows ought to be done sooner or later, and which, when done, will pay for themselves in valuable use.

A person who has traveled over the United States knows the need of such works. There is no limit to their number nor to their usefulness when once done.

The time is ripe to propose such action. States and localities are now sensing the gravity of the crisis. Bond issues for work payment are now proposed instead of dole or hit-and-miss relief.

NATIONAL LEADERSHIP

Let the President call at once, before Congress adjourns, a conference of State, municipal, and Federal official representatives. Let such conference adopt and recommend a program of needed and permanently useful public works and enterprises deemed sufficient under the circumstances for each State.

Let the share of each big city and State be ascertained or approximated and later be authorized and payment provided.

Let the Federal Government authorize up to $5,000,000,000 for its own work and projects.

This country is so great, so inherently sound in latent spirit and undoubted growth, that such a program could not be inflation. It could sustain a period of justified development, urban, rural, commercial, industrial, agricultural.

For example, one sees miles and miles of farm to market or lateral roads that ought to be graveled—not left in mud, dust, and racking ruts; miles and miles of highways that ought to be paved, and stretches of country without main or strategic highways.

Rivers could be improved for navigation. Big bridges and tunnels could be built; canals made. Power and irrigation could be provided and waste lands reclaimed.

Transportation and distribution facilities and instrumentalities are needed to cut cost between producer and customer.

PAYMENT

Let the Federal Government pay its amount for this purpose in promise to pay paper of convenient denominations. This paper or series to be receivable at par for all Federal services, taxes, charges, demands, or requirements. When once received back, then to be canceled.

This would not be fiat money but value for value. Example: When I was a boy on the farm the farmers of necessity swapped work, or a colt, or horse, or what not, for work or other thing of value or use. Here if A builds for the Government a useful building, bridge, or tunnel, and does an honest job, he receives payment for its fair cost in a million dollars of paper promise. Later, from time to time, in little or big amounts, the Government takes it back as lawful payment for a million dollars of governmental service or demands.

This governmental service or its requirements must be assumed to be useful and fair. Here is worth for worth, value for value. Or let the Federal Government pay its amount in long or short time serial or other type of bonds, delivered in direct payment of such work or pay, from the proceeds of their sale. Interest, if any, not to exceed 2 per cent. Such bonds to be legal tender for all debts and claims—public and private.

Such paper or money is not fiat paper or money, nor inflation.

It would represent honest pay for useful work. Again, when these bonds come back they are to be canceled.

The Government may coin money and regulate the value of money. Better than that is provision for work and service payment. Or let the Government finance such a works program as occasion requires, when its obligations therefor fall due.

The main and central purpose is useful work and satisfactory payment.

Also, no doubt, many undertakings when finished would be self-paying or return their cost in tolls or otherwise.

OBJECTIONS

Bankers and financiers may object. They should be considered but not heeded. They are not masters of any fiscal situation. Bankers have had their way. They know no more of the future, and can see no farther into a millstone than other people.

This is not a bankers' problem. It is the solution of our people's emergency and tragic condition. It is too big and pressing for bankers' control, check, or delay.

Congress no doubt would grant the necessary authority.

EFFECT OF PROGRAM

The instant effect of this program to revitalize the country would drive out fear. Confidence would come back. The effect even before it got started would be dynamic to uplift everyday business. Everyday business of Tom, Dick, and Harry is the life of a nation's trade and commerce.

The ramifications of such a program, carried out under Federal organization and direction, would quickly revive and put new blood into the heart of trade and enterprise.

The foregoing outline merely capitalizes our energy, skill, foresight; our faith in the stability and growth of our country, and places them in immediate productive use.

POLITICAL PROBLEMS AND CONDITIONS—ADDRESS BY GOVERNOR DERN, OF UTAH

Mr. KING. Mr. President, I ask unanimous consent to have printed in the RECORD an address delivered by Hon. George H. Dern, Governor of the State of Utah, at a Democratic victory campaign dinner at Helena, Mont., January 14, 1932. In the address Governor Dern discusses present political conditions, the record of the Republican Party, and the principles and policies of the Democratic Party.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

For nearly 40 years the Republican Party has kept itself in power through a dishonest and untruthful campaign of misrepresenting the Democratic Party as the party of hard times. I find it hard to give any of the intelligent leaders of the Grand Old Party credit for sincerity in that propaganda. To do so is to impugn their intelligence.

They knew, as we knew, that the panic of 1893 came at the close of a Republican administration, and that President Cleveland simply inherited a condition that was built up during his Republican predecessor's term. They knew, as we knew, that the panic broke before the Cleveland administration had done anything that could have changed or affected the situation. And yet, on the contemptible theory that everything is fair in politics, they put all the blame upon the Democratic Party and by means of a great campaign fund made the people of the United States believe their deliberate misrepresentations.

They knew, as we knew, that the disastrous panic of 1907 occurred during the Republican administration of Theodore Roosevelt, and yet they kept right on preaching that the Republican Party was the party of the full dinner pail.

The Democratic Party was forced to bear these taunts and slanders and on account of them to go down to defeat after defeat, but the Republican chickens came home to roost and during the present Republican administration has come a financial typhoon compared with which the panic of 1893 was a summer zephyr. The Democratic Party has been vindicated and Republican hypocrisy has been exposed.

With the Republican Party in complete control of the country, and with Republican policies in full sway, we are in the throes of the worst panic in the history of the United States. There is more unemployment, more hunger, more suffering than this country has ever seen before. Prices of farm products are lower than at any time since the Civil War, and prices of silver, copper, and zinc are the lowest in the history of the world. Merchants have been going into bankruptcy, banks have been failing right and left, and millions of people have had their life's savings wiped out. Never have the American people been so overwhelmed by unhappiness and despair. All this during the reign of the G. O. P.—Great On Promises, not Good On Performance.

It is easy to picture what our Republican friends would be doing now if this national catastrophe had happened during a Democratic administration. If the Democrats had been successful in the last election, and if this panic had come in spite of Democratic control, can't you see the fun the Republicans would be having, gloating over Democratic "incompetency and Democratic blundering"? The same unctious Republican orators would be filling the air with their denunciation and vituperation. And I have no doubt that it would have been so effective that the Democratic Party would by this time have been greatly demoralized.

I regard it as a remarkable exhibition of forbearance that our party, now that the tables have been turned, and that the Republican Party is the party of panic and poverty, has been so meek and gentle with our former traducers. We have been careful not to rock the boat or do anything that might hinder economic recovery. Instead of retaliating as we had a right to retaliate, we have remained silent and have let the facts speak for themselves. God knows the facts are more eloquent than anything we could say. Every man, woman, and child in the United States has been hurt by the collapse of Republican policies, and now sees that the Republican pretense of being the party of prosperity is a hollow mockery.

Abraham Lincoln said: "You can fool some of the people all of the time, and all of the people some of the time, but you can not fool all of the people all of the time." The people of America have awakened to the fact that they have been fooled and betrayed by the colossal stupidity and ineptitude of their smug Republican leaders, and what they will do to the G. O. P. next November—well, just wait and see.

In 1916 the Republicans carried only two States—Vermont and Utah. I can not answer for Vermont, but I can assure you that they stand no show in Utah in this year of our Lord 1932. And inasmuch as a Democratic Congressman was elected in New Hampshire the other day, I have more than a premonition that Vermont will also redeem herself.

The American voter will this year begin to realize that by means of the Republican appeal to party loyalty he has been led like a lamb to the slaughter. The signs of the times are that the people are going to do their own thinking instead of letting selfish politicians do their thinking for them. They are going to see how ridiculous it is to believe it is an unforgivable sin for a Republican to vote for a Democrat under any circumstances.

I do not know of a single honest student of political science who has not denounced that sort of unreasoning and unreasonable partisanship as one of the most dangerous things in our American life. Intelligent voters abandoned that doctrine years and years ago. Their eyes were opened, and they saw that this party-loyalty cry is nothing more nor less than the specious plea of the unscrupulous politician who wants to retain his unholy power. Theodore Roosevelt, the greatest Republican since Lincoln, refused to be bound by any such absurd conception of party loyalty. When the Republican Party fell into a control which he could not approve, he repudiated and abandoned it. Woodrow Wilson's creed on this subject was expressed by him at Indianapolis, January 8, 1915, as follows:

"My friends, what I particularly want you to observe is this: That politics in this country does not depend any longer upon the regular members of either party. There are not enough regular Republicans in this country to take and hold national power; and I must immediately add that there are not enough regular Democrats in this country to do it either. This country is guided and its policy is determined by the independent voter—I am not an independent voter, but I hope I can claim to be an independent person, and I want to say this distinctly: I do not love my party any longer than it continues to serve the immediate and pressing needs of America. I have been bred in the Democratic Party; I love the Democratic Party; but I love America a great deal more than I love the Democratic Party; and when the Democratic Party thinks that it is an end in itself, then I rise up in dissent. It is a means to an end, and its power depends, and ought to depend, upon its showing that it knows what America needs and is ready to give it what it needs."

If the crooked or stupid politicians, by broken promises, by trades, by purchased delegates, and by promises of future favors, can control nominations, and then, on the plea of party loyalty, can induce decent citizens to vote for the candidates so nominated, how are the people ever going to throw off the yoke of machine corruption?

There is only one way in which the people can keep their parties pure, and that is by repudiating them and their works when they fall into evil ways. Parents punish their children when they do wrong in order to keep them in the right way. Why should a political party be immune from similar correction when it has gone astray? What is there so sacred about a political party? It is only an instrument contrived by man to carry out his own wishes, and it ought to be his servant. When it no longer reflects his ideals, and when it seeks to become his master rather than his servant, then it is not only his privilege but his duty to leave it, at least until it again becomes the mirror of his own opinions.

It is fine to be loyal to your party if your party is loyal to you. If it stands for your ideals, for your principles, for your conceptions of honor, decency, and righteousness, and if its nominees are the best-equipped men for the respective offices, you ought to be loyal to it and support its entire ticket, because it meets the ends of good government. But if you know that control of the party has fallen into evil hands, or if it comes out for policies which you do not approve, or if you despise its candidates and their methods, you certainly can not serve the objective of good government by party loyalty.

If a man whom I knew to be corrupt managed by some hook or crook to get on the ticket of my party, would I be any less a loyal party member if I refused to vote for him? Certainly not. Party loyalty is a wicked and dishonorable thing when it asks me to connive at dishonesty or wink at corruption and inefficiency. Indeed, if I have knowledge of any such thing and silently support it, I become an accessory to the offense.

And besides, it is not manly to take dictation from a machine. Why should any American citizen put his brains in cold storage and vote for whatever the machine hands him? What did God give us brains for if not to use them? This idea of knuckling down to some self-constituted authority and humbly doing whatever somebody tells us to do is just the same thing as recognizing the divine right of kings. The proudest boast of every true American must be that he is his own master, and that he will take dictation from nobody on earth. That sort of self-reliance, that sort of willingness to trust one's own judgment, that sort of a refusal to be anybody's slave is what is needed to build up a strong citizenry; and we can not have a great country or a great State unless we have that sort of a citizenry.

And so I think one of the burning issues of this coming campaign is whether the people shall vote their honest opinion, or whether they shall be bullied or cajoled into voting for men and measures that they disapprove in their hearts.

Party ties are not as binding in the United States as they used to be, and Republican pleas for party loyalty will fall on deaf ears when they reach the 7,000,000 workingmen who are walking the streets vainly seeking the means to support their starving families. Republican pleas for party loyalty will fall on deaf ears when they reach the farmer who can not get enough for his crops to pay his taxes and the interest on his mortgage. Republican pleas for party loyalty will fall on deaf ears when they reach the merchant and the manufacturer who are facing bankruptcy and the loss of a life's planning and working.

Already the Republican alibi is at hand. We are gravely told that the depression is not due to the Republican Party nor to Republican policies, but to a world condition over which they had no control and for which they can not be held responsible. They are trying to fool the people again.

It is an immutable law of the universe that for every effect there is a cause. Nothing just merely happens. There is a cause for everything, and there is a cause for the panic of 1929 and the hard times which have been dealing misery to the American people ever since. It is childish in apologists for the present administration to try to lull the outraged voters of this country to sleep by telling them that this depression is due to a world condition and that the Republican Party can not be blamed for it. That kind of soothing sirup is not going to quiet the millions of workers who are already beginning to ask, "What is the matter with our American system anyway? Is it all wrong, and have we got to try something else?" That spirit of revolutionary unrest and resentment is the greatest danger in the United States to-day, and it is time we were sitting up and taking notice.

Of course, the alert voter, when he is told that a world condition is responsible for his troubles is going to ask, "Well, who is responsible for that world condition?" and it is a proper and sensible question that must be answered. It is my deliberate judgment that when it is honestly and correctly answered we shall find that the chaos which now prevails throughout the world has been caused in no small measure by the blundering policies of the Republican Party of the United States of America. They blame the war, but we blame the Republicans for their unenlightened course since the war.

I said a moment ago that it is an immutable law of nature that there is cause for every effect. There is another immutable law which we all learned at school, namely, that reaction is equal to action and in the opposite direction. There is no use trying to get away from that fixed principle. What has it to do with the

depression? Just this: So long as we have booms we must have depressions.

The present depression is the natural and inevitable reaction from a crazy speculative boom, which was born and nurtured during the administration and with the encouragement of that "wise and silent man," Calvin Coolidge, and which grew and finally collapsed during the tragic administration of his successor.

Wisdom and silence do not necessarily go together. President Coolidge was wise because he did not choose to run in 1928, but he was not wise in keeping silent and letting a boom develop which was bound to bring disaster and sorrow to his trusting countrymen. Indeed, he encouraged the boom instead of keeping silent about it.

I accuse the Republican Party of responsibility for the panic and the depression because it made no attempt to check the frenzied orgy of stock speculation with the train of evils resulting therefrom. On the contrary, President Coolidge, Secretary Mellon, and Secretary Hoover from time to time issued statements to the effect that there was nothing unsound in the situation, that prices were not too high, that it was a natural expansion of business, and that we were in a new economic era. Mr. Hoover said poverty had just about been abolished and that in a short time it would be a thing of the past. This sort of optimism coming from the head of the Government attracted thousands of small speculators into the market only to be fleeced when the day of reckoning came, as it was bound to come, and as conservative bankers predicted that it would come.

I can hear Republican apologists lamely asking now, "How were we to know that it was only a speculative boom rather than a period of healthy prosperity?" The obvious answer is that those who have not wisdom enough to tell dizzy speculation from sound business have not wisdom enough to be entrusted with the destinies of 120,000,000 people.

I accuse the Republican Party to-day of not having a program or a single constructive idea for preventing a recurrence of this depression a few years hence. The best that the Hoover administration has to offer is a few palliative measures to go into effect after most of us have gone broke. That and a lot of fine talk about rugged individualism.

What good is rugged individualism to the working man out of a job whose wife and children are hungry, ragged, and cold?

What good is rugged individualism to the farmer whose mortgage has been foreclosed?

What good is rugged individualism to the States which are now paying for the National Government's mistakes? Surely the State of Montana is not responsible for the misery which her people are now suffering. State policies and State actions did not bring on the hard times, and yet the burden is being thrown back upon the States to feed and clothe their citizens who have been made destitute by blunders at Washington.

One shudders at the folly of the administration in starting a program of retrenchment in Government expenditures at this time. It is more important, it seems, to balance the Budget than to relieve the distress of honest American citizens who are ready, willing, and anxious to work but who can find no jobs. It is more important, it seems, to keep down taxes than to make work for the unemployed. Just think of the heartless cruelty of the Federal Government laying off men in an emergency when it ought to make every effort to put more men to work!

The country should be declared in a state of war, not against a foreign foe but against a more dangerous and more destructive domestic foe, named unemployment. Do you remember the war taxes, the Liberty-loan drives, and the Red Cross drives? Do you remember how eager the people were to lay their lives and their fortunes upon the altar of their country? We need that sort of a spirit to-day, but we can not have it without the right kind of leadership at Washington.

I have no doubt that we shall muddle through this mess of bankruptcy and ruin, and that times will get better after a while, although there will be millions who will never get back to the economic security which they enjoyed before the crash came. But in the approaching election the people of the United States are going to look for a new program so that it shall not happen again. They can not get such a program from the Republican Party, for that party is just tinkering up the old machine so that it will run a while and then break down again.

Woodrow Wilson once said the Republican Party had not had a new idea for 40 years. Many people thought he was trying to be facetious when he made that remark; but what he said was literally true. The Republicans have only one cure for everything, and that is to raise the tariff.

For many years the Democratic Party stood for a tariff for revenue only and opposed a solely protective tariff. With the passing decades, however, the country has worked under the protective system until the United States has become thoroughly industrialized, and a revenue tariff no longer fits the situation. The Democratic Party, being a progressive party with its eyes on the future rather than on the past, has therefore changed its attitude to fit the changed conditions, and its tariff policy to-day has four objectives. The first is to provide revenue for the general Government. The second is to equalize the cost of production at home and abroad, to the end that American industries shall not be destroyed by foreign industries which have lower costs. The third is to maintain American wages and the American standard of living. The fourth is to safeguard American agriculture, which has been neglected and almost destroyed by Republican tariff policies.

I accuse the Republican Party of having violated these sound and fair tariff principles and of bringing woe to the American people by so doing.

The Smoot-Hawley Tariff Act is designed to keep out entirely any products that are also manufactured in the United States. It is no longer a competitive tariff but approaches a prohibitive tariff.

The first effect of a prohibitive tariff is to prohibit other countries from buying our surplus products, because they can not exchange their goods for ours. When we sell goods in foreign nations we must take our pay either in gold or in goods. We can not sell to Europe for gold, because Europe, except France, has no gold; and even if it had, and if it made large purchases from us for gold, we should soon have all the gold in the world, and that would be the end of the business. If we will not take our pay in goods other nations can not buy from us at all, and our foreign trade is gone.

President McKinley was the great apostle of protection in his day. In his last speech, which was delivered at Buffalo shortly before he was assassinated, he said a nation can not always sell without buying, and so he advocated reciprocity. His advice was wise and economically sound but was never followed by his party, which has finally enacted a tariff schedule so high that it has practically strangled our foreign trade.

The second effect of a prohibitive tariff is the destruction of international good will. The Smoot-Hawley bill has aroused hatred and bitterness against the United States the world over, because it has destroyed industries in other countries and thrown great numbers of people out of employment. The consequence is that retaliatory tariffs have been erected against us to keep out our goods, and thus our foreign market has been further damaged, and more American workmen have lost their jobs.

The third effect of a prohibitive tariff is to drive our own industries out of the United States into foreign countries, where they employ foreign labor instead of American labor. The retaliatory tariff walls that have been erected against us by foreign nations on account of the Smoot-Hawley bill have made it impossible for our manufacturers to ship their products into those countries. Our enterprising industrialists have therefore gone into those countries, built factories there, employed foreign labor, and manufactured the goods which used to be manufactured in the United States by American labor. I am informed that already 2,000 such American manufacturing plants have been erected in Canada and Europe. Thus has a prohibitive tariff thrown many thousands of American workmen out of employment, thereby contributing to the depression. And yet the Republican Party poses as the friend of the working man.

The fourth effect of a prohibitive tariff is that it lowers our standard of living, because it lowers the purchasing power of our goods. This is so because the surplus products which we formerly sold abroad are now thrown back upon the home market and break down prices. We can maintain home prices only so long as we can get rid of our surpluses.

The fifth effect of a prohibitive tariff is that it has crucified American agriculture. Our farmers raise large surpluses of the staple crops, such as wheat, cotton, and meats, and these surpluses must find a foreign outlet. Foreign nations can not buy our farm products for cash because they have no gold. The only way they can buy them is to trade some of their goods for our wheat, cotton, beef, mutton, or pork. But we have a tariff wall to keep out their goods, so we make it physically impossible for them to buy our farm and livestock products, and our agriculture languishes. Moreover, the same tariff wall which keeps down the price of what the farmer has to sell keeps up the price of what he has to buy. The farmer has been the victim of this tariff game. He has been catching it coming and going. He has been bled white in order to protect the manufacturing industries, many of which were unwisely established. And yet, having once been established, none of us wants to see them destroyed.

The Republicans are trying to fool the farmer into believing that his troubles are due to the depression. If he will use his memory, he will know that he was "deflated" as soon as the war was over. That is to say, the prices of his products dropped immediately after the war, which means that his wages were cut. All other wages remained up, and hence the price of everything he had to buy remained up. This unbalanced condition has made farming an unprofitable business long before the present general depression commenced. Let the farmer beware of the wiles of political quacks who try to make him believe that he will be all right when the depression is over. He has a depression all his own, which was not caused by the panic, and which requires special treatment.

In the presidential campaign of 1928, more than a year before there was any significant sign of a panic or a depression, farm relief was one of the live issues, and the Republican Party solemnly promised to cure the ills of the farmer, and to put him on an equality with those engaged in other industries. After it had won the election, the Republican Party had to make a pretense of redeeming its promise to relieve the farmer and it enacted the Federal farm marketing act. This measure was economically unsound, and everybody who had any knowledge of economics knew that it could not work. It has probably done the farmer a great deal more harm than good. It has cost the taxpayers of the United States $500,000,000 and, as John W. Davis said the other day, all it has accomplished is that "it has convinced the American farmer that once more he has been handed a gold brick of purest brass serene."

I wonder if the American farmer is going to keep right on committing suicide by voting the Republican ticket, but I have too much faith in his intelligence and common sense to think he will be so unwise.

There is a sixth effect of a prohibitive tariff that must not be overlooked. I can state it this way: The war debts were canceled by the enactment of the Smoot-Hawley bill.

We say to our debtors, "You owe us large sums of money which you borrowed from us, and we want you to pay it back. We will not accept your goods in payment, for we do not want to destroy our industries and throw our people out of employment. We want our pay in gold. To be sure, you have no gold, and you can not get any, for we and France have it all. Now pay your debts!"

It is just as silly as that, and it is highly amusing to see Republican Senators and Representatives swearing they will never consent to debt reduction or cancellation and at the same time voting for higher and ever higher tariffs. Congress may rave as much as it pleases, but so long as the Smoot-Hawley tariff bill remains a law the war debts are as dead as slavery.

We must not lose sight of the fact that before the war the United States was a debtor Nation. We paid our debts and interest charges chiefly with our surplus agricultural products, and thus had a good market for those products, so that our farmers prospered. But we came out of the war a creditor Nation, and we no longer have debts and interest to pay, and hence that market for our farm products no longer exists. We must find some other way to unload our surpluses, and probably this will call for a changed tariff policy if we want to keep American agriculture alive.

The whole tariff question has become tremendously complex, and should be approached cautiously and scientifically. I like the suggestion that the rates should be reduced gradually and on a reciprocal basis.

I accuse the Republican administration, in the present crisis, of adhering to a financial policy and program that is disastrous to every American debtor and producer.

The United States Senate, mindful of the shrinkage in our oriental trade and of the reasons therefor, passed a resolution advising the President to call an international silver conference. The President has failed to act, and nothing has been done.

The President has also let it be known that the United States is determined to stay on the gold standard. The people of the United States should awaken to the fact that their greatest problem to-day is the money problem. They have made a sacred cow out of the gold standard and are blind to the iniquitous effects of that system.

The situation was clearly set forth in a resolution adopted by the American Farm Bureau Federation last month, which reads as follows:

"The present period of depression and the falling price level has increased the burden of taxes, interest, debts, and other fixed costs on all producers to an intolerable degree. It now requires 45 per cent more of all commodities and 70 per cent more of farm commodities to pay these costs than it did a few years ago. The long-continued deflation is crushing farmers, merchants, transportation agencies, and all manufacturers except a few most favorably situated, and has caused a declining price of property to such an extent that it has largely eliminated equities and is affecting basic securities to such an extent as to seriously impair the stability of our banking and insurance institutions, thereby endangering the welfare of the general public. It is causing a lowering of all wages and salaries, a process which has only started and which must of necessity lower the standard of living if continued.

"The principal cause of this deflation of values is monetary. When the price of any one commodity falls many causes may be responsible. When the average price level of all commodities fall with the rapidity of the last few years the principal cause is a shortage of money and credit in actual use. Commodity prices are expressed in this country in terms of dollars. Every purchase and sale is the exchange of commodities for dollars. When dollars are scarce it takes a larger amount of commodities to get them. In other words, money is at one end of the balance, commodities at the other. Add to the effective supply of money and prices go up. Reduce the effective supply and prices come down. The above statements are justified and supported by the incontrovertible evidence coming from the experience of all former depressions. The problem divides itself into two parts—first, the restoration of the price level, and, second, the stabilization of the purchasing power of money."

Let me restate and amplify the argument in my own words.

We are in the habit of complaining about low commodity prices. It is true that all commodity prices have gone down in terms of money and we jump at the conclusion that it is due to overproduction. But I call attention to the fact that not merely a few commodities have gone down but every one of them has gone down. I also call attention to the fact that they have all gone down in about the same proportion. Is anyone so simple as to believe that there was the same degree of overproduction in each and every one of them? It would be silly to make such an assertion.

When we examine commodity prices in terms of each other instead of in terms of money, we find that they have not fluctuated violently. A bale of cotton will buy about as many pounds of copper as it would when the price level was higher, and so on all through the list of commodities. It is only when we measure them in terms of gold that they have gone down. A gold dollar now will buy two or three times as much wheat or cotton or lumber or oranges or copper or lead as it would buy two years ago. What does that mean? It simply means that the value of gold has gone up and is now at an enormous premium.

There is a considerable degree of misapprehension about the function of gold as money. A common fallacy is that gold is nothing but a measure of values, and that it really does not make any difference whether the measuring stick be made of gold or of wood so long as it correctly measures the relative values of goods. As a matter of fact, however, by making obligations payable in gold we have made gold subject to the law of supply and demand, the same as any other commodity. When gold is scarce, as it is now, with most of the world's supply locked up in the United States and France, or hoarded in socks, mattresses, and safe-deposit boxes, and with credits practically withdrawn, its value goes up. We are on the gold standard, and all our dollars are gold dollars. These gold dollars are hard to get, and the producer who needs dollars to pay his debts and taxes has to let go of two or three times as much of his product as he did when gold was at par, so to speak.

The depression which has paralyzed the world is due to an increase in the real value of gold, measured by its purchasing power. If it takes two or three bushels of wheat to buy a gold dollar where formerly it took only one, has not the farmer been adversely affected by the advance in the real value of gold? Many wage reductions have been put into effect in the United States, which simply means that the working man must now give more of his labor for a dollar than he gave before.

The trouble is that our gold dollar is a very unstable dollar. First it goes up and then it goes down. When it goes up, God help the poor fellow who owes debts or taxes, for those debts and taxes are all payable in the same old gold dollar, and he must get that gold dollar, no matter what he has to pay for it. He must sacrifice his crops, or his manufactured products, or his stocks and bonds, or his real estate for whatever they will bring in order to get the gold dollars with which to pay his obligations. And of course the man who collects the debt is collecting more real value than the debtor contracted to pay, for the dollar which the creditor receives will buy twice as much produce, or manufactured goods, or stocks and bonds, or real estate as he expected. Pretty soft for him, as the schoolboys would say, provided he can collect. But if the debtor is unable to pay, the creditor loses too, unless he takes over the collateral and holds it until its price goes up again.

That is what is the matter with the debtor and taxpayer, which means all of us. If he is to have relief and a square deal he must get gold back down where it belongs. He must have a stable money so that when his debts and taxes fall due he will have to pay what he promised to pay, and no more.

Is it not a pity that we have apparently committed ourselves to a policy that is breaking every debtor in the country? Why should our Government be so solicitous of the interests of the creditors and so careless of the debtors? The dollar has become too dear. It must be cheapened, or we will all go to smash.

There are several ways to cheapen the dollar. We might go off the gold standard entirely, as most of the world has already done; we might reduce the gold content of the dollar; or we might make a larger use of silver as money. Every consideration seems to favor the third alternative, namely, making a larger use of silver as money.

Money is a commodity, and the more money we have the cheaper it is and the higher prices are. We need to inflate our currency within safe limits in order to restore the price level. If the price level is not restored, wage reductions are inevitable, for business can not be indefinitely conducted at a loss. And wage reductions mean a lower standard of living.

One of the economic follies of the Hoover administration has been its vain insistence upon maintaing wages in the face of the paralyzing effect of falling prices. That simply can not be done very long, for business can not operate indefinitely at a loss. If Mr. Hoover wants to maintain wages, as we all do, he must devise some way to maintain prices. The way to maintain prices is to increase purchasing power, and the way to increase purchasing power is to put more money into circulation, which is usually called inflation.

Purchasing power means money, whether in the form of coin, bank notes, or bank credits. If a bank makes a loan and places the amount to the credit of the customer, so that he may check against it, the result is just the same as if he had so much gold in his pocket. Bank credits ordinarily form a large part of the country's money, but there must be a gold reserve behind bank credits. In a panicky time like this, when confidence is gone and depositors are nervous, one can hardly get a loan at a bank even on Liberty bonds, and hence the form of money represented by bank credits has shriveled up, or deflated. Gold alone is not plentiful enough to do the Nation's business. We need more money.

The best way to inflate the currency within safe limits is to enlarge the use of silver. There should be an international conference of competent experts to study the whole subject and to agree upon a program that will be fair to all and economically sound. I have no doubt that such a conference could devise means to restore silver at least to its pre-war status, to the great profit of all mankind.

I should like to say more about silver, but this is a political speech, and we want to keep the silver question out of politics. I mention the money question only to emphasize its importance and to show how necessary it is to consider it in a spirit of

justice between man and man. I maintain that the single gold standard has proved monstrously unjust, and it certainly is not the last word in finance.

I accuse the Republican Party of large responsibility for the world depression through its foolish policy of national or economic isolation.

I am aware that there are a lot of timid souls in the United States who have an inferiority complex, and who are afraid to have our great country take its rightful place in world leadership. They say we ought to stay at home and mind our own business. That sounds fine, and I am in favor of it, in so far as our business is at home. But if we have business away from home I am in favor of minding that, too. The prudent and successful business man minds all of his business, for if he neglects part of it the whole concern may go to pieces.

And, of course, we have business away from home. Without foreign trade we can not prosper and foreign trade creates all sorts of international relations. It is sheer nonsense to say we ought to stay at home and mind our own business. We are in the world. We are part of the world, and we can not avoid participating in its affairs, any more than a decent citizen of Helena can stay in his own house and avoid participating in the affairs of his city.

The trouble is that we have been staying at home and minding our own business too much, and now look at the fix we are in. Senator CORDELL HULL claims that it has already cost the United States $25,000,000,000 to find out that economic isolation is impossible.

Our Government owes it to its people to follow the policy laid down in Jefferson's first inaugural address: "Peace, commerce, and honest friendship with all nations, entangling alliances with none." We may take our place as a world leader and cooperate with the rest of the world for the common welfare without getting into entangling alliances. And for our own prosperity and economic well-being we absolutely need and must have commerce and honest friendship with all nations.

I have confidence in American brains and American ability, and I believe our representatives can hold their own in any company. It makes me angry when some wise cracker says we have won every war and lost every conference we ever got into, and I despise the counsel of cowardice which tells us we are too dumb to confer with other countries.

The Republican Party says we are suffering from a world depression, and that we are on the rocks because the whole world is on the rocks. Well, what is the Republican Party doing about it? Is it taking any steps to get the world off the rocks? Not so you can notice it. As Nicholas Murray Butler said recently, we are just a magnificent Micawber, waiting for something to turn up. We are staying at home and minding our own business. Why should we be so timid when timidity has proved so costly? Why shouldn't we bravely and manfully assume the position of world leadership, and work for a higher civilization that shall extend to the uttermost ends of the earth?

If we could simply raise the rest of the world to our own standard of living there is business enough in sight to keep us prosperous for 200 years. But we are shutting our eyes to our great opportunities. Instead of helping other nations to rise we seem to swat them whenever we can so as to keep them down, on the theory that we can get rich by keeping other nations poor. We are making ourselves ridiculous by building a fence around the United States and trying to live within that fence.

I have already taken too much time in discussing a few of the problems that are crying for solution, and that have helped bring on and prolong the depression. Surely I have said enough to show how dismally the Republican Party has failed. It has bankrupted most of the people of the United States, and no wonder, for it is bankrupt itself. It is bankrupt of leadership, bankrupt of ideas, bankrupt of human sympathy, and almost bankrupt of members.

Members of the administration are already taking to the lifeboats. Obviously the Republican administration to-day is a sinking ship. Charles G. Dawes has announced that he is going to resign as ambassador to Great Britain and go back into the banking business at Chicago. Was he dissatisfied with the administration's bungling foreign policy and its lack of candor with the American people in regard to the war debts?

Vice President Curtis has just about announced that he did not choose to run in 1932; was he convinced that his refusal to be a candidate would be regarded as a repudiation of his party's record, just as failure to renominate Mr. Hoover would be a confession of Republican failure, and that it was his duty to sacrifice himself?

The Republican Party is a heterogeneous crowd, and nobody knows what it stands for, or where it is going. It has in its ranks both reactionaries and progressives, but the reactionaries are always in control.

The Democratic Party in both Houses of Congress is giving a fine example of unity of purpose and of sober realization of its responsibilities. It is considering the problems before it with a sympathetic, progressive viewpoint and a patriotic desire to bring back business stability and economic order; to give all of our people a satsfactory income from honest labor, and to restore to them the right and opportunity to earn a living; to let every section of the country enjoy the fruits of its labor, so that no large group shall live at the expense of another group; and to win for America again the position of world leadership, respect, and affection which she had attained under the inspiration, the vision, the justice, the courage, and the moral purpose of her great idealistic war President, Woodrow Wilson.

Victory in the coming election is certain. Although the Democratic Party was overwhelmed in 1928, the people are calling it back to power, to lead them out of the wilderness. We should all be sobered by the magnitude and the responsibility of the task that is about to be placed in our hands. But with a firm resolution to do the right as God gives us to see the right, we go forward to victory and to our country's service confident and unafraid.

SALE OF COTTON AND WHEAT FOR SILVER

Mr. CONNALLY. Mr. President, I have a letter from the distinguished member of the State Senate of Texas, Senator J. W. Stevenson, which I request may be printed in the RECORD, together with a short excerpt from an article accompanying the letter.

There being no objection, the letter and excerpt were ordered printed in the RECORD, as follows:

THE SENATE OF THE STATE OF TEXAS,
Austin, May 10, 1932.

Senator TOM CONNALLY,
Washington, D. C.

MY DEAR SENATOR: I want to submit a proposition that I think will help in this financial depression, although not effect a complete cure. That is that surplus cotton and wheat be sold abroad for silver, the silver bars to be deposited in the United States Treasury and silver certificates, made legal tender, issued against them. This system prevailed for many years before the seventies; in fact, silver was money from the days before Christ till 1873.

I am not arguing for free and unlimited coinage of silver nor on a basis of 16 to 1. These are subjects for the Congress to determine under our laws. I believe there should be some limit on the coinage of silver and a ratio—not 16 to 1, but more nearly in accordance with values. Not being an economist, I will make no suggestions along these lines, but you can have the work done in a week and pass the bill in 10 days.

I notice Senator BORAH advocates an international Congress to standardize silver. I fear the Senator is fixing things for another of "them things" at Geneva, which I abhor. The United States can standardize silver at a ratio for surplus wheat and cotton without losing anything, for the surplusage is practically a dead loss anyway. Then perhaps other nations will drop in and agree just once with this country.

I have in mind that the peoples who are hungry and naked are India and China. And these are the two peoples having quantities of silver in hoarding. Give them a chance and the trade is on, perhaps through Liverpool and Lancaster, perhaps New York, and perhaps directly. Exchange does not mean the direct trading of money. A Shanghai merchant may deposit silver in his bank for the credit of its New York correspondent, and the New York correspondent will make shipment at once. The adjustment of money in the transaction may go through a dozen banks.

But bear in mind that the silver shall be used only for the purchase of surplus cotton and wheat in the United States. Get these two products going and the wheels of commerce will commence going round again; and while we may not have the inflation of 1928, we will get out of the depression of 1932. Later on other products may come into the plan, and it will be our Congress, not an international talkfest, that will start things going.

I submit these propositions with some humility, because I do not pretend to be a financial expert. Yet if you will read the inclosure you will find that when I was deputy comptroller of New York City I designed a sinking-fund plan that cured a defect in the finances of the city that was approved by the elder J. P. Morgan; Seth Low, then mayor of the city; and by practically every bank president of the city. The plan, let me add, was successful in every respect.

Yours very sincerely,

J. W. STEVENSON,
Victoria, Tex.

JAMES W. STEVENSON, FORMERLY COMMISSIONER OF BRIDGES, NEW YORK CITY

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When Mr. Stevenson was appointed deputy comptroller the legal technicalities affecting the sinking fund of the city produced an unnecessary accumulation which in the life of that fund would exceed $300,000,000. He prepared a bill which corrected these conditions and remedial legislation was secured with the result that the unnecessary accumulation in that fund is now used to reduce taxation. During the years 1903 to 1907 over $54,000,000 of surplus revenue was used for the reduction of taxation. The taxes for each of those years was reduced by more than 10 per cent. For the next succeeding 20 years the reduction will be still greater. His work in establishing the sinking fund of the city on scientific principles was recognized as a master stroke in municipal finance and was highly commended by the papers of the entire country. His plan received the personal indorsement of the presidents of the larger banks and eminent financiers. Among others who wrote letters approving it was Mr. J. P. Morgan.

Mr. Stevenson was secretary of the board of estimate and apportionment for four years. His advice as to policy and expediency in connection with many important matters decided by that board

was a potent factor in the development of many large public improvements.

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RECESS

Mr. McNARY. I ask that the Senate carry out the unanimous-consent agreement entered into earlier in the day and take a recess until Monday at 11 o'clock.

The PRESIDENT pro tempore. Is there objection? The Chair hears none.

Thereupon (at 2 o'clock and 30 minutes p. m.) the Senate took a recess until Monday, May 16, 1932, at 11 o'clock a. m.

HOUSE OF REPRESENTATIVES

SATURDAY, MAY 14, 1932

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

Our Blessed Heavenly Father, we praise Thee for Thy thought and teaching and for the many disclosures of divine revelation. There is no lasting worth of character only as it finds its source and ideals in the truth of the eternally righteous God. In the realm of the present-day circumstances, circled by questions and problems unprecedented, O do Thou direct us and allow us not to be dismayed. Breathe upon our purposes and ambitions. Reveal unto us the fairer uplands of the soul which are attainable. May we be keenly sensitive of our mission and our calling by our Republic, so that we shall be justified by our devoted, wise, patriotic service. In the name of Jesus, our Saviour, we pray. Amen.

The Journal of the proceedings of yesterday was read and approved.

MESSAGE FROM THE SENATE

A message from the Senate by Mr. Craven, its principal clerk, announced that the Senate had passed, without amendment, a joint resolution of the House of the following title:

H. J. Res. 382. Joint resolution making an additional appropriation for printing and binding for Congress for the fiscal year 1932.

The message also announced that the Senate had agreed to the amendments of the House to a bill and joint resolution of the Senate of the following titles:

S. 4193. An act to authorize the issuance of bonds by the St. Thomas Harbor Board, Virgin Islands, for the acquisition or construction of a graving or dry dock; and

S. J. Res. 36. Joint resolution to change the name of the islands of "Porto Rico" to "Puerto Rico."

ENROLLED BILL AND JOINT RESOLUTIONS SIGNED

Mr. PARSONS, from the Committee on Enrolled Bills, reported that that committee had examined and found truly enrolled a joint resolution of the House of the following title, which was thereupon signed by the Speaker:

H. J. Res. 382. Joint resolution making an additional appropriation for printing and binding for Congress for the fiscal year ending 1932.

The SPEAKER announced his signature to an enrolled bill and joint resolution of the Senate of the following titles:

S. 4193. An act to authorize the issuance of bonds by the St. Thomas Harbor Board, Virgin Islands, for the acquisition or construction of a graving or dry dock; and

S. J. Res. 36. Joint resolution to change the name of the island "Porto Rico" to "Puerto Rico."

LIGHTER-THAN-AIR AIRSHIP MAIL

Mr. BULWINKLE. Mr. Speaker, I ask unanimous consent to have until Thursday night next to file minority views on the bill H. R. 8681, the lighter-than-air airship mail bill.

The SPEAKER. Is there objection?

There was no objection.

AMMONIUM SULPHATE

Mr. CRISP. Mr. Speaker, I present the following privileged resolution, as amended, from the Committee on Ways and Means, which I send to the desk and ask to have read.

The Clerk read as follows:

House Resolution 213

Resolved, That the Secretary of the Treasury is hereby requested to submit to the House of Representatives as soon as practicable all the testimony, evidence, exhibits, documents, and records presented in or pertaining to the investigation conducted by the Secretary of the Treasury under authority of the antidumping act, 1921 (U. S. C., title 19, secs. 160–173), relating to the importation of ammonium sulphate.

With the following committee amendment:

Line 1, after the word "that," insert "if not incompatible with the public interest."

Mr. CRISP. Mr. Speaker, the gentleman from South Carolina [Mr. FULMER] introduced this resolution, asking for the evidence presented to the Treasury Department on an application to invoke the antidumping law in respect to the importation of sulphate of ammonium, which is now on the free list. The Treasury Department has not yet decided the case or reached a decision in the matter. Under the rules of the House, as we all know, a resolution of inquiry is privileged, and unless a report within seven days is made, a motion to discharge the committee from further consideration of the resolution is privileged. In the committee there was some opposition to the resolution. The committee adopted an amendment which they recommend to the House to accept, to the effect that the Secretary of the Treasury be requested to send the information if it is not incompatible with the public interest. Those are the facts in the case.

Mr. CHINDBLOM. Mr. Speaker, will the gentleman yield?

Mr. CRISP. Yes.

Mr. CHINDBLOM. Mr. Speaker, I shall not interpose any objection to the passage of this resolution as speedily as may be, but I do want to voice for the RECORD my opposition to the passage of a resolution of this kind, which calls for the production to the House of all the testimony, evidence, exhibits, documents, and records, matters very clearly of a confidential nature, which have come to the Treasury Department in the course of an investigation of violations of the antidumping act. In my opinion, if this shall become anything like a common practice, it will utterly destroy the possibility of the Treasury Department and of the Tariff Commission securing evidence from outside sources, because, if these matters can not be treated confidentially by the representatives of the Government who obtain this information from manufacturers, producers, and tradesmen, then, of course, we will never get the information. The committee amendment, reading "if not incompatible with the public interest," will, in my opinion, protect the Government as well as private interests in this particular case, but the House should not put a question of this kind up to the department. We have no right to expose information of this kind to either competitive or inquisitive scrutiny, after it has been obtained for the Government's own purposes with no disclosed purpose of intended publicity. Indeed, if such publicity were intended, the information would probably never be obtained. No business interest would disclose its costs of production, sales prices in different markets, and other competitive conditions, even for the use of the Federal Government, if that information is to be disclosed to the world.

Mr. CRISP. Mr. Speaker, I move the previous question on the resolution and amendment to final passage.

The previous question was ordered.

The SPEAKER. The question is on agreeing to the amendment.

The amendment was agreed to.

The SPEAKER. The question is on agreeing to the resolution.

The resolution was agreed to.

On motion of Mr. CRISP, a motion to reconsider the vote by which the resolution was agreed to was laid on the table.

VOCATIONAL REHABILITATION

Mr. BANKHEAD, from the Committee on Rules, presented the following privileged report from the Committee on Rules, which was referred to the House Calendar and ordered printed:

HOUSE RESOLUTION 215

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of H. R. 4743, a bill to amend an act entitled "An act to provide for the promotion of vocational rehabilitation of persons disabled in industry or otherwise and their return to civil employment," approved June 2, 1920, as amended. That after general debate, which shall be confined to the bill and shall continue not to exceed one hour, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Education, the bill shall be read for amendment under the 5-minute rule. At the conclusion of the reading of the bill for amendment the committee shall rise and report the bill to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and the amendments thereto to final passage without intervening motion except one motion to recommit.

LEAVE TO ADDRESS THE HOUSE

Mr. GASQUE. Mr. Speaker, I ask unanimous consent to address the House for 20 minutes.

The SPEAKER. Is there objection?

Mr. SNELL. Reserving the right to object, on what subject?

Mr. GASQUE. I want to talk for a few minutes upon the President's veto message on the omnibus pension bill, which I have been trying to get time to do for some time.

Mr. SNELL. If we are going to finish the Army appropriation bill to-day, it seems to me important that we should get on with that. However, I leave the matter to the gentleman in charge of the bill.

Mr. COLLINS. Mr. Speaker, I do not like to object, but I think the gentleman ought to withdraw his request.

Mr. GASQUE. I have been trying to get time to make this short talk for two or three weeks. I have not yet called upon this House to yield me any time during this session. In view of the severity of that veto message, I think I should be given opportunity to be heard. I intend to be heard. I have been before different gentlemen who have had control of time, but I have yet been unable to get time.

Mr. STAFFORD. It is very unfortunate the gentleman was not here on Calendar Wednesday when we were killing time and looking for persons to consume time because we had no bills of importance to consider.

Mr. GASQUE. I tried my best to get time that day and did not get it.

Mr. STAFFORD. If the gentleman had applied to me, I was looking for Members like the gentleman to give time to.

Mr. GASQUE. I sought time on my own side.

Mr. BARBOUR. Mr. Speaker, reserving the right to object, it is absolutely necessary that we finish this bill and get it to the Senate. Early next week there will probably be opportunities for the gentleman to get 20 minutes or more. Could the gentleman not wait until the first part of next week and accommodate us with this bill, so that we can make progress to-day?

Mr. GASQUE. The only reason I do not accede to the gentleman's request is that I have been trying to get this time for more than two weeks, and I have not been able to get it in any other way.

Mr. COLLINS. If the gentleman will withdraw it, I will help him get some time next week.

Mr. GASQUE. Mr. Speaker, I withdraw my request.

THE SOLDIERS' BONUS

Mr. KERR. Mr. Speaker, I ask unanimous consent that my colleague the gentleman from North Carolina [Mr. ABERNETHY] be permitted to extend his remarks in the RECORD, and to include therewith a letter.

The SPEAKER. Is there objection to the request of the gentleman from North Carolina?

There was no objection.

Mr. ABERNETHY. Mr. Speaker, during my 10 years in Congress I have without hesitation voted for every bill which concerned the welfare of our soldier boys who served their country in time of war. I have favored every bonus proposal, and now stand committed to the full payment of the present obligation that is due the soldiers from the Government. I have not only actively supported legislation for the benefit of the veterans, but I have handled hundreds of individual claims for the veterans of my district, and have done everything in my power to assist them in securing benefits to which they might be entitled under the law. The following letter, which I have received from Col. Edgar Bain, of Goldsboro, a prominent member of the American Legion and the Veterans of Foreign Wars, leads me to believe that the veterans of my district and State know that I always stand ready to serve them and guard their interests:

GOLDSBORO, N. C., *May 9, 1932.*

Hon. CHARLES L. ABERNETHY,
House of Representatives, Washington, D. C.

MY DEAR CONGRESSMAN: It is with pleasure that I wish to express to you my appreciation for the excellent service you have rendered in your district. By your untiring efforts you have served your people in every way possible, securing for them appropriations for public buildings, national parks, waterways, and the consideration you have given the individual has been marvelous.

Let me say as an ex-service man you have been more than a friend to them. You have taken their part on every occasion. You have secured for them pensions, compensation, hospitalization, and benefits for the widow and the orphan.

We are pleased that you are now on important committees that will give you still better opportunities to serve. Your 10 years' experience is a valuable asset to you and the district.

We are indeed glad that you have recovered from a severe attack of influenza and that you are steadily and surely regaining your former splendid health. Your people appreciate you, Mr. ABERNETHY, and you hear them singing your praises all over the district.

I am saying to all the buddies of the World War in this territory:

"Time has passed rapidly since the war ceased. When you were serving your country the most popular song of the day was Keep the Home Fires Burning. Many who sang it have forgotten, but I know one man who has not, and that is Hon. CHARLES L. ABERNETHY, your Congressman.

"Congressman ABERNETHY has always fought for you and served you without ceasing. When others have failed to secure benefits for you, he has succeeded. I know this to be a fact as he has assisted me in securing favors for you time and again. There are hundreds of men and women who will bear me out in this statement.

"When the adjusted compensation (so-called bonus) came up, without fear Mr. ABERNETHY came out boldly and stated that you should have your money.

"Your Congressman (ABERNETHY), friend and benefactor to the ex-service man, is a man who knows you before as well as after an election. He is no high-hatter and is one of the most appreciative persons I know, a servant of the people.

"He is going back to Congress, and you and I want to help him on his way. He is in a better position to serve you now than ever before. Why even think of a change? It is ridiculous. Another may be just as good, but how do we know? We can't take a chance on a possibility when we have a reality. Those who know me will tell you that my comrades of the war come first; and if I did not believe it was for your best interest and the district to support our man, I would say so."

Wishing you success, I am, sincerely yours,

EDGAR H. BAIN,
Ex-Captain World War.

The following editorial concerning my record in Congress appeared in the New Bern Sun-Journal of May 10, 1932:

SUPPORTING ABERNETHY

Without going into the merits of a political campaign that is past, it must be admitted that New Bern was the heavy loser when two years ago a native New Bernian was not returned to the United States Senate. Similar lines were drawn in another State, and those who are now connected with the New Bern daily newspapers living there gave their allegiance to the straight Democratic ticket. Fortunately there the decision did not require a vote against a neighbor. Two years ago Craven County cast a vote which indicated she was unwilling, despite party ties, to sacrifice representation in Congress by a New Bernian.

There is now in progress a campaign in which this city and county have at stake the position of their remaining Representative in Congress. There is little danger of his defeat, but there is the future menace of cultivating dissension and disagreement In this instance the question of political alliance is eliminated, and the local daily newspapers favor the nomination of Congressman CHARLES L. ABERNETHY to succeed himself as the Representative in Congress of the third congressional district of North Carolina.

There are at this time a number of matters being considered by the National Government which are of vital concern to this section of eastern North Carolina. Such farm aid as the National Government can give our farmers was never more needed. The waterways of eastern North Carolina are being deepened and extended, and ports are being built. With the hoped-for improvement of the farm situation, the drainage question will immediately present itself. There is need of Federal aid in conserving,

extending, and developing all the natural resources of eastern North Carolina—and of the State, for that matter.

There is not the slightest doubt that Congressman ABERNETHY is of more value to this entire section at this time than any other available man could be. Experience and seniority in Congress have placed him in a position which can not be attained by any new Member of that body for years. He is in a position to accomplish now that for which this section can not wait another 10 or 14 years. Why should this district sacrifice now her carefully builded standing in Congress?

While New Bern and Craven County can and do claim Congressman ABERNETHY as their own personal representative in Washington and have that added interest in his return, even his personal and political enemies will admit that any resident of his district gets prompt and efficient action when an appeal is made to the Representative for aid. The various counties and communities and individuals in the district have that representation impartially and promptly.

It may be some time before New Bern and Craven County have another Senator, and it most assuredly will be a long time before any Senator from this city attains the rank and standing of the one who retired two years ago. It would as certainly be a long time before this city and county would place another citizen in the House of Representatives if Congressman ABERNETHY is not given their support.

As for the district, its loss would be almost equal to that of New Bern and Craven County.

WAR DEPARTMENT APPROPRIATION BILL

Mr. COLLINS. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill (H. R. 11897) making appropriations for the military and nonmilitary activities of the War Department for the fiscal year ending June 30, 1933, and for other purposes.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill H. R. 11897, with Mr. LANHAM in the chair.

The Clerk read the title of the bill.

Mr. CONNERY. Mr. Chairman, I offer an amendment.

Mr. COLLINS. Mr. Chairman, the Clerk has not read the paragraph yet.

The CHAIRMAN. Is the amendment which the gentleman from Massachusetts desires to offer directed to the paragraph beginning at line 21 on page 12 and concluding at line 14 on page 13?

Mr. CONNERY. It is, Mr. Chairman.

The CHAIRMAN. The Clerk will report the amendment.

Mr. COLLINS. Mr. Chairman, that paragraph has been passed. That was read and the committee rose. It will be necessary to read another paragraph before any amendment is in order.

The CHAIRMAN. The Chair will say to the gentleman from Mississippi that that paragraph was read and there was no opportunity to offer amendments. The committee rose immediately after the reading of the paragraph. Under the circumstances, the Chair thinks if the gentleman from Massachusetts has a pertinent amendment it would be in order at this time.

The Clerk will report the amendment offered by the gentleman from Massachusetts.

The Clerk read as follows:

Amendment offered by Mr. CONNERY: Page 12, strike out all of lines 21, 22, 23, and 24; and on page 13, strike out all of lines 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, and 14.

The CHAIRMAN. In other words, the amendment is to strike out the paragraph.

Mr. CONNERY. Mr. Chairman, due to sickness in my family, I am obliged to leave at 3 o'clock. I wanted to take this opportunity, both on this amendment and the entire bill, to say that I am in favor of retaining the Budget provisions for the Reserve Officers' Training Corps and the citizens' military training camps, and I hope that Congress will pass a bill which will give us adequate national defense.

I am in favor of all propositions to which amendments will be offered to keep our Army up to the standard, the National Guard, the citizens' military training camps, and all of the other propositions, which will give us an adequate national defense.

I have no personal interest in this particular matter to which my amendment is directed. I was a private during the war, and this applies only to officers, and there is no question of any personal issue in it at all. But I can not see the justice of saying to a man like General Glassford, who is chief of police in Washington, D. C., or a man like General Patrick, who was Chief of the Air Corps, or any of those men who are working in positions for the Government now, "Because you have got brains, because you are capable and able and do an efficient job for the United States Government in some of its departments, if you can make over $3,000 with your retirement and this pay you must be dropped from the pay roll. You must either do one or the other." I do not think that is the right kind of economy. I do not think it is efficiency. It applies not only to these men but to other men in other bureaus of the United States Government.

Mr. LAGUARDIA. Will the gentleman yield?

Mr. CONNERY. I yield.

Mr. LAGUARDIA. What is the gentleman's amendment, again?

Mr. CONNERY. It would strike out all of the paragraph down to line 15 on page 13.

That is the whole proposition. As I say, I do not believe it is the right kind of economy. I do not believe that because a man is efficient he should thus be penalized. Referring to General Glassford, particularly, he was commander of the Twenty-sixth Division in France, and he was the youngest general in the American Expeditionary Forces. His men were crazy about him. His men thought he was a wonderful leader. The fact that he is young and was retired from the United States Army and is now able to go into civil life outside of the United States Government and get far more pay than he is getting here should not be held against him. He loves that work. He is a soldier. He was a born soldier and likes that work. To say to him, "Your combined pay exceeds $3,000 and therefore you will have to give up one or the other," I do not think is the kind of economy that the people of the United States want.

Mr. LAGUARDIA. Mr. Chairman, will the gentleman yield?

Mr. CONNERY. I yield.

Mr. LAGUARDIA. If I remember correctly, the gentleman from Massachusetts and I have been collaborating for many years to avoid overtime and duplication and to create a spread of employment.

Mr. CONNERY. Yes.

Mr. LAGUARDIA. And here is a class of men who could retire and whose places could be taken by very worthy citizens who do not have the benefits of retirement pay.

Mr. CONNERY. That is true; but if that rule were followed to its logical, natural conclusion, men would be taken out of Congress; they would be asked to choose between their retired pay and getting out of Congress.

Mr. SNELL. Some of them will be retired, too.

Mr. CONNERY. I think this is going a little too far. The gentleman from New York says these men may be filling jobs that others not drawing retirement pay might fill, but I say we would look a long time before we found another Glassford or another Patrick for this kind of job.

In conclusion, Mr. Chairman, I am sorry I am obliged to leave, but I want to place myself on record as being in favor of retaining the provision for the citizens' military training camps, the National Guard, and all the propositions which were originally advocated by the President in the Budget message, and I hope Congress will give the country a good national defense act. [Applause.]

Mr. COLLINS. Mr. Chairman, I wish to let the House know that this amendment would strike out the provision which limits retired pay and other compensation from the Government to a total of $3,000, combined.

A provision identical to this was carried in the naval appropriation bill. The language in the naval appropriation bill is identical with the language in this bill.

In addition to that let me call the attention of the House to the situation as we know it in a few instances. General

Crosby, one of the Commissioners of the District of Columbia, draws a retirement allowance of $6,000. It is my understanding that if and when General Crosby, should he be retired from the District of Columbia, or if and when General Patrick should be retired from his position with the District of Columbia, or General Glassford, in addition to the retirement pay they now receive as retired officers they also would receive retirement pay from the District of Columbia. I asked the corporation counsel of the District of Columbia that question, and he said that the law might be so interpreted, and that probabilities are they would be retired with the allowances that officers of such classifications would receive. Mr. Chairman, in view of the fact that the provision will not affect anyone receiving less than $3,000, it seems to me the House should follow its previous action in passing a like provision upon the naval appropriation bill.

Mr. HILL of Alabama. Mr. Chairman, will the gentleman yield?

Mr. COLLINS. I yield.

Mr. HILL of Alabama. If this provision remains in the bill and becomes law and a man sees fit to elect a civilian position with a civilian salary, and thereby, under the operation of this law, could not for the time he is holding this civilian position receive his retired pay, would he then forfeit his right to get his retired pay after his civilian employment terminated?

Mr. COLLINS. No; after his civilian employment terminated he would again begin drawing his retirement pay.

Mr. HILL of Alabama. He would automatically begin drawing his retired pay as a retired officer of the Army?

Mr. COLLINS. The following words appear in this provision:

Shall be entitled, during the period of such incumbency, to retired pay from the United States for or on account of services—

And so forth.

Mr. HILL of Alabama. And there would be no question that when his civilian pay terminated he would begin drawing his retired pay?

Mr. COLLINS. Absolutely not.

Mr. McDUFFIE. Mr. Chairman, may I ask the gentleman if that section would apply to retired emergency officers?

Mr. COLLINS. I should say so.

Mr. McDUFFIE. I hope it will.

Mr. LaGUARDIA. They are on the retired list.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Massachusetts [Mr. CONNERY].

The amendment was rejected.

The Clerk read as follows:

No appropriation for the pay of the Army shall be available for the pay of any officer or enlisted man on active list of the Army who is engaged in any manner with any publication which is or may be issued by or for any branch or organization of the Army or military association in which officers or enlisted men have membership and which carries paid advertising of firms doing business with the Government: *Provided, however,* That nothing herein contained shall be construed to prohibit officers from writing or disseminating articles in accordance with regulations issued by the Secretary of War.

Mr. LaGUARDIA. Mr. Chairman, I move to strike out the last word. I would like to ask the chairman of the subcommittee if the words "any publication which is or may be issued by or for any branch or organization of the Army," cover the cadet papers issued at West Point? One is the Howitzer and the other, I believe, is the Pointer. Does this limitation extend to publications issued at West Point? They are purely college publications.

Mr. COLLINS. It was never the intention of the committee to touch those publications.

Mr. LaGUARDIA. That is very satisfactory. Those two publications are the same as almost every college in this country has, and it is not the intention of the committee to include the two publications issued by the cadets at West Point.

Mr. COLLINS. The gentleman's statement is correct.

Mr. HILL of Alabama. Will the gentleman yield?

Mr. LaGUARDIA. Yes.

Mr. HILL of Alabama. This language, of course, will not affect the publication of different service journals?

Mr. COLLINS. No.

The pro forma amendment was withdrawn.

The Clerk read as follows:

TRAVEL, MILITARY AND CIVIL PERSONNEL

For mileage, reimbursement of actual traveling expenses, or per diem allowances in lieu thereof, as authorized by law for official travel on military and nonmilitary duty under the War Department, to commissioned officers (including discharged officers to their homes), warrant officers, contract surgeons, and expert accountant, Inspector General's Department; for transportation of troops, Philippine Scouts, nurses, flying cadets, enlisted men (including discharged enlisted men to their homes or places of enlistment); for transportation of recruits and recruiting parties and of applicants for enlistment between recruiting stations and recruiting depots; and rejected applicants for enlistment; for transportation of dependents of officers, warrant officers, and enlisted men as provided by law; for transportation of general, paroled, escaped, and discharged prisoners and persons discharged from St. Elizabeths Hospital after transfer thereto from the military service to their homes or elsewhere as they may elect, the cost in each case not to be greater than to the place of last enlistment; transportation of cadets and accepted cadets from their homes to the Military Academy and discharged cadets, including reimbursement of traveling expenses; for traveling expenses of civilian witnesses before courts-martial; for traveling expenses of attendants accompanying remains of military personnel and civilian employees; for traveling expenses of civilian employees and other persons under the War Department authorized by law to travel on departmental, military, and nonmilitary duty; and for examination of estimates of appropriations and of military activities in the field, $4,126,865, of which sum $737,478 shall be available exclusively on account of travel in connection with river and harbor and flood control activities under the Corps of Engineers, and no other appropriation in this act shall be available for any expense for or incident to travel of personnel of the Regular Army or civilian employees under the War Department, except the appropriation "Contingencies of the Army" and the appropriations for the National Guard, the Organized Reserves, the Reserve Officers' Training Corps, and the Panama Canal.

Mr. BARBOUR. Mr. Chairman, later on in the reading of the bill there will be an amendment offered to restore the citizens' military training camps. If that amendment is adopted—when it is reached some 40 or more pages from the present place in the bill—it will be necessary to incorporate in line 4, on page 16, after the word "Corps" and before the word "and," the words "citizens' military training camps." I would like to have an understanding or agreement at this time that if the amendment to which I have referred is adopted, those words will be incorporated at the place I have indicated.

Mr. COLLINS. Mr. Chairman, I will offer no objection to that.

Mr. STAFFORD. Mr. Chairman, why can we not have a unanimous-consent agreement to that effect now?

Mr. COLLINS. I think it would be better to return to it, and I shall offer no objection.

Mr. BARBOUR. Mr. Chairman, I ask unanimous consent that, in case the amendment with reference to the citizens' military training camps is adopted, permission be given to return to this section in order to incorporate the words to which I have referred.

The CHAIRMAN. Is there objection to the request of the gentleman from California?

There was no objection.

Mr. LaGUARDIA. Mr. Chairman, I offer an amendment.

The CHAIRMAN. The gentleman from New York offers an amendment, which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. LaGUARDIA: Page 16, line 4, before the period, insert "*Provided,* That no appropriation contained in this act shall be available for or on account of any expense incident to the permanent change of station of any commissioned officer of the Army except (1) officers appointed to and relieved from positions that are filled by and with the advice and consent of the Senate, (2) officers detailed to and from Army schools as students, (3) military attachés, (4) officers ordered to and from duty in the Canal Zone and in the Philippines, and (5) officers ordered to replace officers who die or may be separated from the active list."

Mr. LaGUARDIA. Mr. Chairman, if this amendment is adopted, I shall then move to strike out, on page 15, the amount "$4,126,865" and insert in lieu thereof "$2,997,000."

The purpose of this amendment is to carry into effect section 316 of the McDuffie bill, which passed the House, and which provides:

The President is authorized, during the fiscal year ending June 30, 1933, to restrict the transfer of officers and enlisted men of the military and naval forces from one post or station to another post or station to the greatest extent consistent with the public interest.

What I have in mind is this: My amendment allows sufficient latitude for the normal travel and the normal and necessary transfer of officers and men, but it occurred to me that in this period of extreme economy it might be well to defer any wholesale changes of posts during this one fiscal year. I submit to the House that it is possible to make a saving of over $1,000,000 on this one item. This saving will not impair the efficiency of the Army. The House has passed upon this matter in section 316 of the McDuffie bill, which is now before the Senate.

Here is a proper place to effect a real economy. I repeat, it would not interfere with the normal assignment of officers and men; but it would prevent the wholesale shifting or exchange of posts with the consequent travel cost from one station to another.

Mr. McDUFFIE. Will the gentleman yield?

Mr. LaGUARDIA. Yes.

Mr. McDUFFIE. The committee, of which I happen to be a member, in dealing with this problem left the question of the removal or transfer from one post of duty to another of officers or enlisted personnel entirely with the President, believing that the President would exercise proper discretion in having the transfers made or in restricting transfers. I do not know whether the gentleman's amendment refers to an emergency or not.

Mr. LaGUARDIA. It would only be applicable to the fiscal year, of course.

Mr. McDUFFIE. It would only be applicable to the fiscal year, and, of course, I hope there may not be any emergencies during the fiscal year; but if the President does make this restriction, it follows that the money will not be expended for the transfer of troops, and I am wondering if the gentleman's amendment might so restrict or curtail the appropriation that in the event the President saw fit to order a transfer the money would not be available for the cost thereof.

Mr. LaGUARDIA. I am certain that what the gentleman has in mind would be an emergency, because, after all, troops in one place are just the same troops, whether their number is the Sixteenth Regiment or the Twentieth Regiment. In case of emergency it would be quite different, and then, I think, we would be here anyhow; but I shall be glad to submit it to the gentleman from Mississippi and get his views upon it.

Mr. McDUFFIE. So far as I am personally concerned, while I am not a member of the committee——

Mr. LaGUARDIA. I am simply trying to cooperate in effecting economy, though I did not agree with many items in the so-called economy bill.

Mr. McDUFFIE. I am going to support every suggestion made here for economy.

Mr. SNELL. Will the gentleman yield?

Mr. LaGUARDIA. Yes.

Mr. SNELL. As I understand, a large amount of this travel comes by reason of the fact they have to remove people who have been assigned to the Tropics and replace them with other troops. I understand that represents the major part of these transfers.

Mr. LaGUARDIA. Does the gentleman know——

Mr. SNELL. I do not know, and I am trying to get some information.

Mr. LaGUARDIA. Does the gentleman know that there is such a long waiting list for assignments to Hawaii and the Philippines that the officers really wait a long time for assignment there?

Mr. SNELL. That may be true, but they have to transfer them every two years or so on account of the fact they can not live for a long time in such a hot country.

Mr. COLLINS. Will the gentleman yield?

Mr. LaGUARDIA. Yes.

Mr. COLLINS. The amendment of the gentleman from New York exempts travel to and from the Canal Zone and the Philippines. Here is what actuated the committee in this matter. We found that the total of all travel items for all activities under the cognizance of the War Department amounted to $8,912,000, carried in all of the four corners of this bill.

[Here the gavel fell.]

Mr. COLLINS. Mr. Chairman, I ask recognition.

The committee felt that these travel items should be consolidated so that the Congress would know something about the amount of travel provided in the bill. For that reason we grouped the travel items and took one-fourth off the total, excluding the amounts for travel under rivers and harbors and flood control and the civil components.

In the Navy appropriation bill the committee recommended a reduction of one-third in the amount included in the Budget for travel by officers, and the House has approved one-third in that bill.

I am satisfied, I will say to the gentleman from New York, if the committee had known of the action of the Economy Committee at the time this bill was reported, a larger amount than one-fourth would have been taken off and, so far as I am individually concerned, particularly in view of the provision in the economy measure, I shall accept the amendment of the gentleman from New York because I believe that restrictions on travel should be imposed at this particular time.

Mr. STAFFORD. Will the gentleman yield?

Mr. COLLINS. And I might add that this is in line with quite a number of letters I have received from officers of the Army throughout the United States as one of the economies that should be effectuated in this bill.

I now yield to the gentleman from Wisconsin.

Mr. STAFFORD. To me this provision is rather restrictive, maybe too restrictive, for the real operations of the Army. Those who are in favor of economy do not wish to do any havoc to the organization. I can conceive of a case where an officer who would be detailed for instruction at one of our Army posts would not be allowed his transportation under these limitations. We should not, under such circumstances, no matter what our desire may be with respect to economy, hamstring the Army so that we will make this body absolutely ridiculous.

Now, I am in favor of well-thought-out amendments, but this amendment would absolutely cripple the Army in its legitimate functions, and we ought not to do anything like that. Take, for instance, an officer assigned for instruction to an Army school. He is not a student; he is detailed for instruction purposes.

Why, gentlemen, we can not legislate on the floor of the House on matters of this moment and support it because some one says it will save a million or two dollars. It makes us ridiculous in the eyes of the country.

Mr. LaGUARDIA. If the officer is an instructor, and he dies, his successor will get travel.

Mr. STAFFORD. I am talking about the officer who might be detailed to Fort Bragg or Fort Benning as an instructor, and he would not be excepted from the purview of this amendment. He is not detailed as a student. He is detailed as an officer.

I can not, on the spur of the moment, state every possible case, but you ought not to cripple the service in this way. The Committee on Military Affairs or the War Department has given no consideration to this proposition.

The CHAIRMAN. The time of the gentleman from Mississippi has expired.

Mr. STAFFORD. Mr. Chairman, I move to strike out the last word.

The CHAIRMAN. The gentleman from Wisconsin is recognized for 5 minutes.

Mr. STAFFORD. Mr. Chairman, this amendment seeks to restrict the travel and pay of officers of the Army. It limits the officers who may obtain travel pay. The five instances

where they may be able to secure travel pay are the following:

First, officers appointed to and relieved from positions that are filled by and with the advice and consent of the Senate.

That is rather restrictive.

Second, officers detailed to and from Army schools as students.

I have pointed out the objection to that, and it has not been met. Officers are detailed to Army schools who are not students, who are instructors.

Mr. LAGUARDIA. Will the gentleman yield?

Mr. STAFFORD. Yes.

Mr. LAGUARDIA. If an officer is detailed as an instructor, the purpose is to leave him there for the fiscal year.

Mr. STAFFORD. Instructors at West Point are detailed for four years' service. That is the rule. They have eight permanent instructors there, and instructors coming from the Army are detailed for four years.

You are going to disrupt the whole service on the plea of economy. We do not want to make ourselves ridiculous. I am in favor of cutting out needless service and have spoken against it, but here is an amendment that has not been considered by the Committee on Military Affairs or the War Department. You are attempting to restrict the activities of the Army in a way that has not been considered, or properly considered.

Mr. JAMES. Suppose an officer is detailed to Porto Rico, how is he going to get there?

Mr. STAFFORD. The gentleman from Michigan, who knows as much about this matter as anybody on the floor, has pointed out another instance. I can not point out all the conceivable conditions which this amendment might restrict in its operation.

It is proverbial in the history of this House that we can not legislate successfully on the floor of the House. There is no one here who would question my desire for economy, but I do not want to disrupt the whole Army.

Mr. HILL of Alabama. Mr. Chairman, will the gentleman yield?

Mr. STAFFORD. Yes.

Mr. HILL of Alabama. There is no greater advocate of economy in the House than the gentleman from Wisconsin, but does he not think, before a provision of this kind is put into a bill, that there ought to be some hearings, some information given before some committee in a proper way?

Mr. STAFFORD. What does the subcommittee of the Committee on Appropriation or our committee do when a proposal is made of an administrative character? We refer it to the War Department, and properly so, for comment, although we have first-hand information ourselves. I have served on the War Department subcommittee of the Committee on Appropriations and acquired a lot of information as to War Department affairs. I have served on the Military Affairs Committee, but I would not take the responsibility of offering an amendment just because, perchance, it will save $1,000,000 or $2,000,000 and take the chance of disrupting the entire Army. The gentleman is not here for that purpose, nor am I.

Mr. HILL of Alabama. And the gentleman knows that many times there are things in provisions of this kind that do not appear on their face.

Mr. STAFFORD. The gentleman from Michigan has cited one instance and I cited one instance. The sensible thing to do is to vote down this amendment, which I believe is conceived with a proper purpose but is ill-considered and would cripple the Army in many respects.

The CHAIRMAN. The question is on agreeing to the amendment offered by the gentleman from New York.

The amendment was rejected.

Mr. LAGUARDIA. Mr. Chairman, I offer the following amendment, which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. LAGUARDIA: Page 15, line 20, strike out "$4,120,865" and insert "$3,126,865."

Mr. LAGUARDIA. Mr. Chairman, here is an opportunity to save a million dollars, leaving all of the discretion in the hands of the President just as this House agreed to do when it passed the McDuffie bill. There are no recommendations except that the policies of the War Department should be so conducted as to limit these exchanges and these transfers, which are very costly. All of the objections raised by the gentleman from Wisconsin [Mr. STAFFORD] and the gentleman from Alabama [Mr. HILL] would be eliminated. It is a saving of $1,000,000 without in any way hampering, restricting, or curtailing the effectiveness of the administration of the Army. There is a great deal of traveling going on. We are trying to save everywhere we can, and it strikes me that there is no hardship if we leave a regiment or a battalion at Fort Jay, N. Y., for one year longer instead of transferring it to a post out West. All the necessary transfers are permissible under existing law. I do not restrict it in any way, but I say that an economic administration by the War Department can easily save a million dollars, and I submit it to the House for your consideration.

Mr. JAMES. Mr. Chairman, I call the attention of the House to the fact that this repeals the "Manchu" law. For years our committee has fought for this law so that officers shall be with troops and not sitting around in Washington or some other place in soft jobs. This absolutely repeals the "Manchu" law.

Mr. LAGUARDIA. Mr. Chairman, will the gentleman yield?

Mr. JAMES. Yes.

Mr. LAGUARDIA. The gentleman does not want to make any such statement.

Mr. JAMES. I do want to make that statement.

Mr. LAGUARDIA. Because under existing law they would have to be transferred, and there is $3,000,000 to transfer them with.

Mr. JAMES. I state that this in effect repeals the law Congress has fought for, for so many years, and that is that officers shall go with troops. We ought not here on the spur of the moment, without discussion or referring it to anyone, amend the national defense law.

Mr. LAGUARDIA. Does not the gentleman believe that $3,126,865 would take care of everything?

Mr. JAMES. The gentleman says that he is leaving it to the President. Why do you want to repeal the national defense law by a proposition of this kind?

Mr. LAGUARDIA. There is not anything that remotely or in any way can be construed as repealing any law.

Mr. BARBOUR. Would not the President have power any way to order that a certain amount of this money for travel should be expended?

Mr. JAMES. Of course.

Mr. BARBOUR. And by an order of that kind limit the amount that could be expended?

Mr. JAMES. Certainly.

Mr. HILL of Alabama. And the Subcommittee on the War Department Appropriations has brought this amount in here in this bill in substance saying to us that this amount is absolutely necessary.

Mr. JAMES. Yes; and it has been approved by the President as the amount necessary.

Mr. BARBOUR. And not a dollar will have to be expended unless the President deems it necessary to so expend it.

Mr. JAMES. Certainly not.

The CHAIRMAN. The question is on the amendment offered by the gentleman from New York.

The amendment was rejected.

Mr. COLLINS. Mr. Chairman, I offer the following amendment, which I send to the desk:

Page 16, line 2, amendment by the committee: Before the word "and" insert "the appropriation 'Air Corps, Army' for flying new aircraft from factory to first destination."

Mr. COLLINS. Mr. Chairman, I feel the House should have an explanation of the reason for that amendment. It was submitted to the committee by General Foulois, Chief of the Air Corps of the Army, and he said it was necessary in order to save money. Otherwise, an officer who goes to a

factory for a plane would probably be prohibited from making the trip to the factory and flying the plane back. This enables him to make the trip to the factory and will pay for his transportation. He will fly the plane back rather than make it necessary to ship the plane by freight from the factory to the point of use.

Mr. LAGUARDIA. Will the gentleman yield?

Mr. COLLINS. I yield.

Mr. LAGUARDIA. Where is the delivery of the plane?

Mr. COLLINS. The first destination.

Mr. LAGUARDIA. Is that delivery to the Army?

Mr. COLLINS. Yes. The cost of delivering a plane by flying it from Buffalo, N. Y., to Selfridge Field, Mich., for example, would be $35.88. If the plane were shipped by rail, instead of flown, it would necessitate an expenditure, including packing and crating, of $592.58.

Mr. LAGUARDIA. But the gentleman does not get my point. I think there is more involved than the mere transportation of the pilot. Does the contract call for delivery of the plane at the aviation field? If it does, then when we go to the factory and take possession of it, delivery is made there, and if anything happens on the way and we lose a plane, we lose $10,000 instead of $595.

Mr. COLLINS. The contract might be made either way. It is made, however, so that it is required that the Army deliver the plane itself from the factory to destination.

Mr. LAGUARDIA. If the gentleman states that our contracts call for delivery of the plane at the factory, then I think it is all right. But if it does not, we are assuming a great deal of risk, that may cost a great deal more than the cost of transportation.

Mr. COLLINS. The amendment accords with the present practice.

Mr. GOSS. Will the gentleman yield?

Mr. COLLINS. I yield.

Mr. GOSS. Would not the proviso on page 25 of the bill effect the same thing which the gentleman is trying to effect by another proviso?

Mr. COLLINS. No. That is a different proposition and affects the Quartermaster Corps only. I will say to the committee that this amendment was suggested to me by the Chief of the Air Corps and is in the interest of economy.

Mr. TILSON. Will the gentleman yield?

Mr. COLLINS. I yield.

Mr. TILSON. Is it not a fact that the delivery of the plane, if sent by train or truck, has to be paid for by the Government?

Mr. COLLINS. Certainly.

Mr. TILSON. In either case.

Mr. COLLINS. Yes; and by plane or truck the saving would be considerable.

Mr. TILSON. So that if the Government can deliver the plane itself by sending the pilot there it will save the transportation of the plane and also the return transportation of the pilot?

Mr. COLLINS. The gentleman is correct.

Mr. STAFFORD. That is, if the plane ever gets to its destination.

Mr. EATON of Colorado. Will the gentleman yield?

Mr. COLLINS. I yield.

Mr. EATON of Colorado. What difference does it make? The plane is delivered in good shape, whether at the factory or at the aviation field. If it is delivered and anything happens to the plane, whether it is at the factory or whether en route, the Government must pay for it.

Mr. LAGUARDIA. It is one more risk that we assume; that is all.

Mr. EATON of Colorado. When we get the plane we begin to operate it.

Mr. LAGUARDIA. It makes this difference, that if a plane is delivered at the field, we can insist that it be assembled, that it be taken up for trial, and then turned over to us. I want to say I shall not resist this amendment on the information given by the gentleman from Mississippi that our contracts call for f. o. b. delivery. If it were otherwise, this would be foolish.

Mr. EATON of Colorado. F. o. b. where?

Mr. LAGUARDIA. F. o. b. factory.

Mr. STAFFORD. Not necessarily. It might be at a near-by field.

Mr. EATON of Colorado. The point I make is that it makes no difference.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Mississippi.

The amendment was agreed to.

The Clerk read as follows:

EXPENSES OF COURTS-MARTIAL

For expenses of courts-martial, courts of inquiry, military commissions, retiring boards, and compensation of reporters and witnesses attending same, contract stenographic reporting services, and expenses of taking depositions and securing other evidence for use before the same, $55,700.

Mr. GASQUE. Mr. Chairman, I move to strike out the last word to ask the gentleman a question. I want to ask the chairman of the committee if he can inform me what is done with the fines that are collected from these court-martial cases? I have been told that those fines are turned over to the National Soldiers' Home in Washington.

Mr. COLLINS. The gentleman is correct; the law so provides.

Mr. GASQUE. Why should not those fines go toward defraying this expense of $55,700 that is appropriated here?

Mr. COLLINS. Personally, I should like to see the law changed so that all moneys received would go into the United States Treasury and have all expenditures subject to appropriation by Congress, but this is one of the exceptions that has been created by law.

Mr. GASQUE. It has to go there?

Mr. COLLINS. Yes.

Mr. GASQUE. It can not be used for defraying the expenses of this particular item?

Mr. COLLINS. No.

The pro forma amendment was withdrawn.

The Clerk read as follows:

For payment of claims not exceeding $500 each in amount for damages to or loss of private property incident to the training, practice, operation, or maintenance of the Army that have accrued, or may hereafter accrue, from time to time, $100: *Provided*, That settlement of such claims shall be made by the General Accounting Office, upon the approval and recommendation of the Secretary of War, where the amount of damages has been ascertained by the War Department, and payment thereof will be accepted by the owners of the property in full satisfaction of such damages.

Mr. STAFFORD. Mr. Chairman, I move to strike out the last word.

I have some difficulty in construing this paragraph. The Secretary of War is authorized to adjust the payment of claims not exceeding $500, and then there is appropriated only $100 for that purpose.

Mr. COLLINS. We will have a balance on hand at the end of this fiscal year of $16,776.

Mr. STAFFORD. Where did that fund originally come from?

Mr. COLLINS. From prior appropriations, balances of which are carried forward from one year to another.

Mr. STAFFORD. I had a vague impression that, after an appropriation was made in a general appropriation act, it lapsed after two or three years.

Mr. COLLINS. This has been construed as a continuing appropriation.

Mr. STAFFORD. Has the gentleman any information as to the average yearly amount of claims paid out of this appropriation?

Mr. COLLINS. In 1931 claims were paid to the extent of $12,932. It is estimated that in 1932 the amount of claims paid will be $11,500. So this appropriation of $100 plus the estimated balance of $16,776 will take care of the claims that it is estimated will be presented during the next fiscal year.

The pro forma amendment was withdrawn.

The Clerk read as follows:

QUARTERMASTER CORPS

Subsistence of the Army: Purchase of subsistence supplies: For issue as rations to troops, including retired enlisted men when

ordered to active duty, civil employees when entitled thereto, hospital matrons, applicants for enlistment while held under observation, general prisoners of war (including Indians held by the Army as prisoners, but for whose subsistence appropriation is not otherwise made), Indians employed by the Army as guides and scouts, and general prisoners at posts; for the subsistence of the masters, officers, crews, and employees of the vessels of the Army Transport Service; hot coffee for troops traveling when supplied with cooked or travel rations; meals for recruiting parties and applicants for enlistment while under observation; for sales to officers, including members of the Officers' Reserve Corps while on active duty, and enlisted men of the Army. For payments: Of the regulation allowances of commutation in lieu of rations to enlisted men on furlough, enlisted men when stationed at places where rations in kind can not be economically issued, including retired enlisted men when ordered to active duty and when traveling on detached duty where it is impracticable to carry rations of any kind, enlisted men selected to contest for places or prizes in department and Army rifle competitions when traveling to and from places of contest, applicants for enlistment, and general prisoners while traveling under orders. For payment of the regulation allowances of commutation in lieu of rations for enlisted men, applicants for enlistment while held under observation, civilian employees who are entitled to subsistence at public expense, and general prisoners while sick in hospitals, to be paid to the surgeon in charge; advertising; for providing prizes to be established by the Secretary of War for enlisted men of the Army who graduate from the Army schools for bakers and cooks, the total amount of such prizes at the various schools not to exceed $900 per annum; and for other necessary expenses incident to the purchase, testing, care, preservation, issue, sale, and accounting for subsistence supplies for the Army; in all, $11,714,792: *Provided*, That none of the money appropriated in this act shall be used for the purchase of oleomargarine or butter substitutes for other than cooking purposes, except to supply an expressed preference therefor or for use where climatic or other conditions render the use of butter impracticable.

Mr. LAGUARDIA. Mr. Chairman, I move to strike out the last word.

I want to point out that while this section looks good in the eyes of Members who are very keen on economy because there is a saving of $10,000,000 on the item of subsistence of the Army, which last year was $21,237,708, yet we have not reduced the enlisted personnel of the Army that is provided with subsistence under this section; and it seems to me that, like many other savings, this is merely a paper saving.

Congress is bent upon increasing commodity prices. This House is on record twice; Congress is on record once in that regard. In all likelihood the Senate will pass the bill which has already passed the House, the effect of which is to increase commodity prices; and I submit in that event the saving will be entirely wiped out, and by the time we come back here in December the first thing we will have to do will be to increase this appropriation to feed the Army for the balance of the fiscal year.

When I suggested a saving on travel I requested something definite and tangible, something that could be accomplished. You have to feed the Army, the Army has to eat, and I do not see how you are going to feed the men by arbitrarily cutting off nearly 50 per cent of the normal appropriation for that purpose when the law fixes the ration. There is no justification for the hope that commodity prices will go down, for, as I say, we are legislating to put them up.

Mr. COLLINS. Mr. Chairman, if the gentleman from New York will permit a statement, I wish to say that I appreciate very keenly his solicitude for the enlisted men in the Army. I have always found him one of their best friends. However, I think he fails to appreciate fully in this instance the action of the committee.

This is the situation: The War Department has been able in past years to build up because of decreasing commodity costs, its working-capital fund. The Army has been able to build up this fund to over seven and one-half millions of dollars. They say they only need a working-capital fund of approximately $5,000,000, if the gentleman pleases. We based the appropriation upon a ration cost of 36 cents. The President fixes the components of the ration. If commodity costs go up, as the gentleman justly anticipates, and I hope his anticipation will be realized, especially as far as foodstuffs are concerned, it will mean the Army can draw upon that working-capital fund of approximately $5,000,000 and add to the 36 cents such an amount as might be necessitated by increased food costs. So as a matter of principle we are appropriating all of the money needed to feed the Army under any conditions which it would seem might arise during the next fiscal year.

Mr. MORTON D. HULL. Mr. Chairman, will the gentleman yield?

Mr. LAGUARDIA. I yield.

Mr. MORTON D. HULL. Is that capital fund represented by goods in storage or money?

Mr. COLLINS. It is on hand; in stores and money.

The pro forma amendment was withdrawn.

The Clerk read as follows:

Regular supplies of the Army: Regular supplies of the Quartermaster Corps, including their care and protection; stoves required for the use of the Army for heating offices, hospitals, barracks, and quarters, and recruiting stations, and United States disciplinary barracks; also ranges, stoves, coffee roasters, and appliances for cooking and serving food at posts in the field and when traveling, and repair and maintenance of such heating and cooking appliances; authorized issues of candles and matches; for post bakery and bake-oven equipment and apparatus; for ice for issue to organizations of enlisted men and offices at such places as the Secretary of War may determine, and for preservation of stores; authorized issues of soap, toilet paper, and towels; for the necessary furniture, textbooks, paper, and equipment for the post schools and libraries, and for schools for noncommissioned officers; for the purchase and issue of instruments, office furniture, stationery, and other authorized articles for the use of officers' schools at the several military posts; for purchase of commercial newspapers, market reports, etc.; for the tableware and mess furniture for kitchens and mess halls, each and all for the enlisted men, including recruits; for forage, salt, and vinegar for the horses, mules, oxen, and other draft and riding animals of the Quartermaster Corps at the several posts and stations and with the armies in the field, for the horses of the several regiments of Cavalry and batteries of Artillery and such companies of Infantry and Scouts as may be mounted, and for remounts and for the authorized number of officers' horses, including bedding for the animals; for seeds and implements required for the raising of forage at remount depots and on military reservations in the Hawaiian, Philippine, and Panama Canal Departments, and for labor and expenses incident thereto, including, when specifically authorized by the Secretary of War, the cost of irrigation; for the purchase of implements and hire of labor for harvesting hay on military reservations; for straw for soldiers' bedding, stationery, typewriters and exchange of same, including blank books and blank forms for the Army, certificates for discharged soldiers, and for printing department orders and reports, $3,904,926: *Provided*, That no appropriation in this act shall be available for the purchase of electric ranges for buildings or quarters supplied with gas for cooking purposes or for buildings or quarters upon reservations to which such gas is supplied.

Mr. GOSS. Mr. Chairman, I move to strike out the last word for the purpose of inquiring of the gentleman from Mississippi the reason for carrying the language contained in the proviso on page 21, beginning in line 6 and ending in line 10.

Mr. COLLINS. With reference to electric ranges?

Mr. GOSS. Yes.

Mr. COLLINS. The committee was fearful that the practice was prevailing of installing electric ranges in houses belonging to the Government and occupied by Army officers, where gas was already available. Realizing that electricity and electric ranges are very much more costly than gas and gas ranges, the committee decided to incorporate this proviso.

Mr. GOSS. Can the gentleman tell us where this is being done?

Mr. COLLINS. It seems to be a pretty general practice if the Budget recommendations are an index.

Mr. GOSS. Is there any specific place? At what places is this being carried on?

Mr. COLLINS. There are a number of places where it was proposed to install electric ranges rather than gas ranges, and we have every reason to believe that gas is already in use at these particular places or at least some of them.

Mr. JAMES. What particular places?

Mr. COLLINS. The gentleman will find them enumerated on page 477 of the hearings.

Mr. JAMES. Is gas there now?

Mr. COLLINS. I do not know whether gas is at all of such places, but I am confident that gas is installed at a good many of them.

Mr. JAMES. Did they call your attention to any particular case where that is done?

Mr. COLLINS. That is not essential.

Mr. JAMES. Where does the gentleman find that information?

Mr. COLLINS. On page 477 of the hearings. The provision merely provides, if the gentleman has not observed it, that no appropriation in this act shall be available for the purchase of electric ranges for buildings or quarters supplied with gas for cooking purposes or for buildings or quarters on reservations to which such gas is supplied.

Mr. JAMES. I have read the language, but I thought the committee had some particular evil it was trying to remedy at some particular place.

Mr. COLLINS. The object is to prevent the installation of electric ranges at places where gas ranges are now in use or, in the case of original installations, to require the use of gas ranges wherever practicable.

Mr. STAFFORD. Mr. Chairman, I move to strike out the proviso.

The CHAIRMAN. The gentleman from Wisconsin offers an amendment, which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. STAFFORD: On page 21, beginning in line 6, strike out the proviso ending in line 10.

Mr. STAFFORD. Mr. Chairman, this proviso would forbid the use of hydroelectricity for cooking ranges at Army posts where hydroelectricity is cheaper than fuel oil or gas. If I did not have some personal acquaintance with this proposition in private life, I would not rise and offer this amendment. Up in the northern Wisconsin woods electricity is quite cheap. You can buy it for 3 cents per kilowatt hour. My sister has a cottage on Cranberry Lake, where she had installed an electric range. Prior thereto she had used a gasoline range. I am fully conversant with the operation of that electric range, because I batched there for more than six weeks last fall in an effort to recuperate and get back some of the nervous energy I had expended in the Congress before.

I do not think the gentleman from Mississippi wishes to do violence to the modern method used in the culinary art. It is generally accepted that an electric furnace is far more desirable—where electricity is cheap—than gasoline or kerosene.

Why should we incorporate this restrictive proviso in the bill, which will bar in officers and noncommissioned officers' quarters the use of electric ranges, a small 3-plate range which uses electricity that is cheap and which can be operated more economically and more safely than kerosene or gasoline because gas may not be available?

I hope the gentleman from Mississippi will conclude that this is not real economy, but that it is only restrictive on the use of officers' quarters.

Mr. PARKER of Georgia. Will the gentleman yield?

Mr. STAFFORD. Yes.

Mr. PARKER of Georgia. I will state to the gentleman that the price of electric current at Fort McPherson is only 2 cents per kilowatt.

Mr. STAFFORD. I am glad to have that contribution. The gentleman from Georgia, who is acquainted with the actual cost of electricity at Fort McPherson, says it only costs 2 cents per kilowatt, while in northern Wisconsin it is 3 cents per kilowatt to my certain knowledge.

Mr. JOHNSON of Washington. At Fort Lewis it is much less than 2 cents.

Mr. STAFFORD. Where there is hydroelectric power the cost is less. Therefore, gentlemen, why should we put in the bill a restrictive provision forbidding the use of modern culinary equipment?

Mr. PARKS. Will the gentleman yield?

Mr. STAFFORD. Yes.

Mr. PARKS. If the gentleman's amendment prevails, what will it save the taxpayers in dollars and cents?

Mr. STAFFORD. On page 477, through the courtesy of the gentleman from Connecticut you will find a table showing the cost per kilowatt-hours at the various forts. At Fort Barrancas, Fla., the cost is $0.22. At many posts the rates are much lower. I suggest this to the gentleman from Arkansas: If he were an Army officer living out in the western country or in the southern country, where hydroelectric rates are low, would he not want his wife to use the most modern means of cooking?

[Here the gavel fell.]

Mr. STAFFORD. Mr. Chairman, I ask unanimous consent to proceed for five additional minutes.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. OLIVER of Alabama. Will the gentleman yield?

Mr. STAFFORD. Yes.

Mr. OLIVER of Alabama. The gentleman suggests that there might be some saving by reason of installing electric ranges. Knowing how well the gentleman usually draws his amendments, I would suggest to him that he draw some proviso like this:

Provided, That if the Secretary of War should find that the installation of electric ranges would save money to the Government, that then he may authorize the installation of electric equipment.

Mr. STAFFORD. I am moving to strike out the proviso which seeks to forbid the use of electricity in connection with cooking at Army posts.

Mr. OLIVER of Alabama. I think the gentleman will agree that, generally speaking, when you are cooking in a large way gas is much cheaper than electricity.

Mr. STAFFORD. There is no question about that at large Army posts, except where hydroelectricity or the white juice is cheaper.

For instance, take the conditions under the example which I cited, and I did not like to refer to a personal experience; but in the case of my sister's cottage in northern Wisconsin we had a 3-plate electric range. Prior to that she had gasoline, because gas was not available. The electric range was much safer, much cleaner, and much more serviceable, and it was just about as cheap as gasoline.

Mr. OLIVER of Alabama. Would not we conserve the idea of economy with the amendment which I have suggested?

Mr. STAFFORD. I will be pleased to have the gentleman prepare such an amendment and offer it when this proviso is stricken out.

Mr. COLLINS. Will the gentleman yield?

Mr. STAFFORD. Yes.

Mr. COLLINS. What does the gentleman's wife use in his home?

Mr. STAFFORD. I was referring to the fact that this was the situation at my sister's home in northern Wisconsin. I would not charge in this House the gentleman with density of knowledge, so far as my personal relationship is concerned. I have stated my acquaintance with the matter and how it came about that I am acquainted with the operation of an electric range. I stated very frankly that I "batched" there for six weeks and utilized this electric range to my satisfaction.

The gentleman from Georgia [Mr. PARKER] says that electricity is still cheaper in his country. If the gentleman was an Army officer out in the far-western country or down in the southern country where white juice is cheap, he would not want his wife to use gas or gasoline. He would want, I am quite sure, to have the most modern and the cleanest method, and that is the use of white juice.

Mr. PARKS. Let me ask the gentleman this question: If the gentleman's idea prevails, how much money in dollars and cents will it save the Government annually?

Mr. STAFFORD. I think if the Government is going to require the taking out of electric ranges and placing therein gasoline ranges, where gas is not available, or even requiring gas to be used where electricity is just as cheap, it will cost the Government considerably more. Using electricity is not an expensive method, but is a modern method, and is cheaper where we have electricity available, as the gentleman from Georgia suggests is available at Fort McPherson, in his State.

Mr. PARKS. Let me ask the gentleman seriously——

Mr. STAFFORD. I am speaking seriously.

Mr. PARKS. I assume the gentleman is serious, and let me ask how much money will be saved if the gentleman's idea prevails, or would the Government lose money?

Mr. STAFFORD. I do not think we would lose any money, because this would require the changing of electric ranges to gasoline ranges or gas ranges.

Mr. PARKS. Unless the gentleman can tell me that it will save money, why does the gentleman complain?

Mr. STAFFORD. We have here on page 477 of the hearings the rates charged at the various posts. These rates are not high. They are very moderate and very cheap rates. I think it would be a backward step for the American Army officers and the noncommissioned officers to require their wives to use antiquated equipment and not use modern methods.

Mr. HILL of Alabama. Will the gentleman yield?

Mr. STAFFORD. Yes.

Mr. HILL of Alabama. Instead of striking out the proviso, how about adding at the end of the proviso "unless the Secretary of War shall determine that the use of electric ranges will mean a saving to the Treasury"?

Mr. STAFFORD. That will be entirely acceptable. If that is agreeable to the gentleman, I ask unanimous consent to withdraw the amendment that I offered to strike out the proviso, so that the gentleman from Alabama may offer such an amendment.

The CHAIRMAN. Is there objection to the request of the gentleman from Wisconsin?

Mr. GREEN. Mr. Chairman, reserving the right to object, and I shall not object, I was just wondering why it is the Government should furnish ranges and stoves and automobiles and almost everything in the world to Federal employees, including Army and Navy officers? I wonder why that is.

Mr. STAFFORD. It is because, Mr. Chairman, these Army officers and noncommissioned officers who give up their life for the time when they will be called upon to defend the country in case of need should have proper living quarters. They should not be required, as was the case at West Point, which was called to my attention on an inspection there, where officers were obliged to live with their families in an ill-conditioned dormitory. It is proper that we should provide proper housing facilities, and if the gentleman from Florida had any acquaintance with conditions about our forts he would know that we have not gone to extravagance. We provide a limit of appropriation that may be used for the building of an Army officer's home and a noncommissioned officer's home. Go into those homes and you will see they are not extravagantly furnished. The officers provide the furniture, and the gentleman, although he is in the same state of single blessedness at his age which I was once—

Mr. GREEN. That is all right, but why should we furnish automobiles, for instance?

Mr. STAFFORD. The Army officers do not furnish that which is a permanent part of the home——

Mr. GREEN. Why should he be furnished——

Mr. STAFFORD. Mr. Chairman, I decline to yield further.

Mr. GREEN. Then I shall object to the gentleman's request, if he can not yield.

Mr. STAFFORD. The purpose of the Government, as well as owners of apartment buildings, is to furnish the permanent equipment to make the homes serviceable, and that includes either a gas range or an electric range, and they should be allowed to furnish electric ranges where electric juice is cheap. That is what I am objecting to.

The CHAIRMAN. Is there objection to the request of the gentleman from Wisconsin?

Mr. GREEN. Reserving the right to object, Mr. Chairman, and I shall not object if the gentleman will just be courteous enough to give an explanation or two, but it seems to me we are going rather far afield to furnish automobiles and furnish gasoline and furnish ranges and furnish transportation and furnish almost everything for Federal employees and Army officers and Navy officers. Why not give them a lump sum and let them buy these things for themselves? I want them to have everything that is reasonable, but it seems as if the Federal Government is becoming so paternalistic that the citizens of the country instead of supporting themselves look to the Government to support them in all undertakings.

The CHAIRMAN. Is there objection to the request of the gentleman from Wisconsin?

There was no objection.

Mr. COLLINS. Mr. Chairman, the committee went into this matter very carefully. The committee had General Bash before it and asked him in what part of the country electricity was cheaper, and in what part of the country gas was cheaper. We found that gas was cheaper in all parts of the country except in an area of the Pacific Northwest. In all the rest of the country gas was cheaper.

Now, when we add to the cost of current the greater initial cost of electric ranges and the larger maintenance cost, we feel quite certain that it would be much more economical to use gas ranges wherever practicable. For that reason the committee decided to put this proviso in the bill.

Mr. WRIGHT. Will the gentleman yield?

Mr. COLLINS. I yield.

Mr. WRIGHT. We also found that the cost of the maintenance of the electric ranges was many times the cost of the maintenance of gas ranges.

Mr. COLLINS. That is true.

Mr. JOHNSON of Washington. The hearings show that the cost of electricity is very low in the Northwest, because we have such very cheap power. Electricity is much used there. Would not the gentleman from Mississippi accept the proviso proposed by the gentleman from Alabama [Mr. HILL]?

Mr. COLLINS. No, I could not; because we would have to tear out the gas ranges and the coal stoves, and we do not feel that this is the time to do it.

Mr. JOHNSON of Washington. I think the gentleman is straining at a gnat and not being helpful. We have some places where they use gas plates. Has the gentleman from Mississippi in mind the thought that large electric ranges might be purchased?

Mr. COLLINS. Not necessarily. I have used electricity for cooking, and my bills were outrageous. The cost was just about five times as much as for gas.

Mr. JOHNSON of Washington. We sell electricity out there for as low as one-half cent per kilowatt.

Mr. GASQUE. Will the gentleman yield?

Mr. COLLINS. I yield.

Mr. GASQUE. I think there is some misapprehension about this proviso. I do not see anything in the proviso that prohibits anybody using electricity, but it provides that you can not take out a gas range where you have it. If you should take out a gas range and buy an electric range, then you would have to pay $150 or $250.

Mr. HILL of Alabama. Will the gentleman yield?

Mr. COLLINS. I yield.

Mr. HILL of Alabama. Suppose you have no gas range or coal stove, and you wanted to put in a new range; under this proviso in the bill, if you found electricity was cheaper, could you put it in?

Mr. COLLINS. In the long run, gas is much cheaper than electricity.

Mr. JOHNSON of Washington. Mr. Chairman, I would like to be recognized for three minutes on this item.

Mr. COLLINS. Mr. Chairman, I move that all debate on this paragraph and all amendments thereto be now closed.

Mr. JOHNSON of Washington. Mr. Chairman, pending that I make the point of order that there is no quorum present.

The CHAIRMAN. The gentleman from Washington makes the point of order that there is no quorum present. The Chair will count. [After counting.] One hundred and ten Members present, a quorum. The question is on the motion of the gentleman from Mississippi that debate upon this paragraph and all amendments thereto be now closed.

The motion was agreed to.

Mr. JOHNSON of Washington. Mr. Chairman, I offer the following amendment, which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. JOHNSON of Washington: Page 21, line 10, after the word "supplied," strike out the period, insert a comma and the following: "unless the Secretary of War shall determine that the use of electric ranges shall mean a saving to the Government."

Mr. COLLINS. Mr. Chairman, I make the point of order upon the amendment, that it imposes an additional duty upon the executive branch of the Government.

The CHAIRMAN. The Chair will hear the gentleman upon the point of order.

Mr. COLLINS. Mr. Chairman, I withdraw the point of order.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Washington.

The amendment was rejected.

The Clerk read as follows:

Clothing and equipage: For cloth, woolens, materials, and for the purchase and manufacture of clothing for the Army, including retired enlisted men when ordered to active duty, for issue and for sale; for payment of commutation of clothing due to warrant officers of the Mine Planter Service and to enlisted men; for altering and fitting clothing and washing and cleaning when necessary; for operation of laundries, including purchase and repair of laundry machinery; for the authorized issues of laundry materials for use of general prisoners confined at military posts without pay or allowances, and for applicants for enlistment while held under observation; for equipment and repair of equipment of dry-cleaning plants, salvage and sorting storehouses, hat-repairing shops, shoe-repair shops, clothing-repair shops, and garbage-reduction works; for equipage, including authorized issues of toilet articles, barbers' and tailors' materials, for use of general prisoners confined at military posts without pay or allowances and applicants for enlistment while held under observation; issue of toilet kits to recruits upon their first enlistment, and issue of housewives to the Army; for expenses of packing and handling and similar necessaries; for a suit of citizen's outer clothing and when necessary an overcoat, the cost of all not to exceed $30, to be issued to each soldier discharged otherwise than honorably, to each enlisted man convicted by civil court for an offense resulting in confinement in a penitentiary or other civil prison, and to each enlisted man ordered interned by reason of the fact that he is an alien enemy, or, for the same reason, discharged without internment; for indemnity to officers and men of the Army for clothing and bedding, and so forth, destroyed since April 22, 1898, by order of medical officers of the Army for sanitary reasons, $6,776,519, of which amount not exceeding $60,000 shall be available immediately for the procurement and transportation of fuel for the service of the fiscal year 1933.

Mr. McDUFFIE. Mr. Chairman, I move to strike out the last word for the purpose of asking the chairman of the committee if he will put into the RECORD the number of clothing factories now maintained and operated by the Army, the number of laundries, salvage and sorting storehouses, repairing shops, and so forth. Before the last war my understanding is that the Government had abandoned the business of making clothing for the Army and the Navy. During the war these factories were reopened, and they are still in operation. I do not know how many there are, but I wish the gentleman would give us the number for the benefit of the RECORD, and to what extent the War Department is now in the clothing business and other business.

Mr. BYRNS. I think there are four clothing factories in existence now.

Mr. McDUFFIE. It has been stated also that the War Department is maintaining down here at Holabird what some Members call an automobile-manufacturing establishment and what others have seen fit to say is an assembling plant. I think the RECORD should show to what extent the department has gone along that line, and I would like the gentleman to put that into the RECORD also.

Mr. LAGUARDIA. I have just sent to the desk an amendment that would limit the amount to be manufactured at these plants to 10 per cent, unless it could be manufactured more cheaply than at outside plants; and I want to say something with reference to the clothing situation.

Mr. COLLINS. Mr. Chairman, I should be glad to insert the information in the RECORD.

Mr. JOHNSON of Washington. Mr. Chairman, I rise in opposition to the pro forma amendment. Sometimes when we begin to strain for economy we quibble over a gnatlike item. We have just passed a paragraph with reference to the purchase of electric ranges—forbidding the purchase—regardless of the fact that in certain parts of the country, notably in the Pacific Northwest, electricity is sold near a large Army division headquarters at the lowest price on the continent. It is but a few years back when at Vancouver Barracks in the State of Washington officers' quarters had in them wood stoves, although gas mains had been thrown all about the military reservation. In other words, because Congress had placed provisions of this kind in the law Vancouver Barracks was 15 years behind the times in the equipment of its officers' quarters. That happened to be in the district I represent, and my attention was called to the fact that they had to cook with wood while practically everybody in the immediate vicinity was cooking with gas. It took a long time to cure that situation. How do these little picayune provisions get into the law? You have an example here in the provision in regard to use of electric ranges. In a year's time it will hardly save enough to wad a shotgun. Then we vote down a further proviso that where electricity is cheaper it may be used.

Mr. GREEN. Mr. Chairman, will the gentleman yield?

Mr. JOHNSON of Washington. Yes; certainly.

Mr. GREEN. That is just another thing to show that Congress is fiddling while Rome burns. We are just dilly-dallying and voting down economies and preventing economy in government and encouraging paternalism.

Mr. JOHNSON of Washington. I decline to yield further.

Mr. GREEN. I thought the gentleman had concluded.

Mr. JOHNSON of Washington. Officers who are stationed at the various posts have to buy a great many articles themselves. Some equipment is furnished. It has been found economical for the Government to buy and leave permanently at the posts some of the substantial furniture, such as stoves and heavy furniture, and not move them. We make many mistakes when we try to create legislation to fit so many small details. In this last war many officers had to drag their straw for bedding from the supply created by law for horses. It took an act of Congress to change that ludicrous situation.

The CHAIRMAN. The time of the gentleman from Washington has expired.

Mr. LAGUARDIA. Mr. Chairman, I offer an amendment, which I have sent to the desk.

The Clerk read as follows:

Amendment by Mr. LAGUARDIA: Page 22, line 20, before the period, insert the following: ": *Provided*, That not to exceed 10 per cent of the total amount that may be expended from appropriations made in this act for and incident to the manufacture and/or production of wearing apparel for enlisted men of the Regular Army shall be expended for the manufacture and/or production of such apparel in Government factories or establishments, except that such limitation may be exceeded to the extent that it may be ascertained, after competitive bidding in accordance with law, that work of such character may be performed at lesser cost in such Government factories or establishments."

Mr. STAFFORD. Mr. Chairman, I reserve a point of order on the amendment.

Mr. LAGUARDIA. Will the gentleman state his point of order?

Mr. STAFFORD. I make the point of order, Mr. Chairman, that the amendment is legislation on an appropriation bill, in violation of rule 21.

In support of that position, I wish to state to the Chairman of the committee that there are a number of decisions which hold that where an amendment seeks to interfere with the discretion that is lodged in a department head, it is legislation, and under existing law the Secretary of War has that authority. There is express law granting authority for the manufacture of clothing for use of the Army.

The amendment offered by the gentleman from New York seeks to interfere with that law which authorizes the Secretary of War to provide clothing for the Army, in that it requires, under certain conditions, the clothing to be manufactured at private establishments. To that extent it changes existing law.

Mr. McDUFFIE. Will the gentleman yield?

Mr. STAFFORD. I yield.

Mr. McDUFFIE. Wherein does it change existing law?

Mr. STAFFORD. It leaves it to the discretion of some one to say that it may be done by some one else cheaper.

Mr. LAGUARDIA. That is the law now. Under the existing law the Secretary of War can purchase clothing in a private shop or in one of the Government clothing factories. All my amendment does is to regulate the method of expenditures, and provides that when over 10 per cent of the amount appropriated for clothing is to be expended, then the work shall be given out to the cheaper place. In other words, it provides for competitive bidding, under existing law.

Mr. STAFFORD. And to that extent it provides a law that is not on the statute books.

Mr. LAGUARDIA. That is the law to-day.

Mr. STAFFORD. Not as far as clothing is concerned.

Mr. LAGUARDIA. Mr. Chairman, I take sharp issue with the conclusions of law submitted by the gentleman from Wisconsin. The gentleman states that my amendment would change existing law. It does not. Under existing law the Secretary of War can advertise for bids and award the contract to the lowest bidder.

Mr. STAFFORD. Not as far as clothing is concerned, where the Government has established Government-operated factories for the sole purpose of manufacturing clothing that is necessary for the arms of the Government.

Mr. LAGUARDIA. I invite a citation of the law.

Mr. STAFFORD. The burden is upon the gentleman from New York and not upon me. The gentleman is the proponent of the amendment.

The CHAIRMAN. The Chair will ask the gentleman from New York to state what law he refers to.

Mr. LAGUARDIA. The general law for the purchase of material for the United States Army.

The CHAIRMAN. Does the gentleman have the citation in the code?

Mr. LAGUARDIA. I do not have the code before me just now.

The CHAIRMAN (Mr. BROWNING). The Chair is under the impression that this amendment would impose additional duties on the Secretary of War to ascertain this cost, which the Chair does not believe the law now imposes upon him.

Mr. LAGUARDIA. If the Chair will bear with me, everything that we purchase, the food and everything else, is purchased in that manner. Everything that is provided in this bill is purchased by competitive bidding. That is the general law, which the Chair must take judicial notice of.

The CHAIRMAN. Does this provision give the Secretary of War additional discretion?

Mr. LAGUARDIA. Not at all.

The CHAIRMAN. Then what is the purpose of the amendment?

Mr. LAGUARDIA. The purpose of the amendment is to direct the Secretary of War to buy clothing at the cheapest price and give the award to the lowest bidder, whether it is a Government factory or a private factory.

The CHAIRMAN. Then the Chair thinks under that statement that the Secretary of War would be directed to do something which he only has discretion to do now. Therefore the Chair sustains the point of order.

Mr. SABATH. Mr. Chairman, the debate on this proposition brings to my attention the abuses that have been brought to our attention especially in the last few years that the Government is entering into all kinds of business to the detriment of legitimate business in the United States, for example, that the Government manufactures a great deal of clothing—I do not know at what cost, although I have been told many times that it can be purchased at a lower price than it is being manufactured by the Government—to the impairment of American business. But there are many other complaints against the Government entering into various lines of business.

In this bill we appropriate a large sum of money for a laundry. I am told that Government trucks are used for the collection and delivery of laundry to all the officers, not only to those in camps but to those who live away from camps, all at the expense of the Government.

A few days ago the gentleman from Missouri [Mr. SHANNON] introduced Resolution No. 214, in which he called attention to the fact that the Government is destroying the restaurant business throughout the United States by establishing restaurants in all the Government buildings. If that be true, I do not blame the small restaurant owners and proprietors from sending protests and complaints against governmental activities which destroy the legitimate business. Perhaps that is in a measure responsible for the destruction of property and business throughout the United States.

Not only does the gentleman show in his resolution that there is a great deal of opposition and objection on the part of restaurant keepers against the Government establishing restaurants in all governmental buildings, whether they be post-office buildings or Federal reserve buildings, but he also objects and complains bitterly that the Government is going into the printing business, selling envelopes and other printed matter. That protest comes from my own State.

This resolution will give the membership a great deal of splendid information; and personally having been very much impressed with the resolution, with the remarks of its author, and with the appeal of the gentleman from Missouri for the consideration of his resolution, I ask unanimous consent to embody the provisions of the resolution in my remarks.

The CHAIRMAN. Is there objection?

Mr. JOHNSON of Washington. Mr. Chairman, reserving the right to object, is it not rather unusual to bodily incorporate a resolution in remarks made on the floor?

Mr. SABATH. It contains so much information which is valuable and helpful in showing the extent to which the Government is going into business that I believe an exception should be made, especially in view of the deplorable conditions that have been brought about, I will not say by Republican misrule, but by causes which could have been controlled.

Mr. JOHNSON of Washington. The gentleman does not get the point of my question.

Mr. SABATH. I feel that the gentleman from Washington is entitled to have the information contained in the resolution.

Mr. JOHNSON of Washington. Mr. Chairman, in view of the fact the distinguished gentleman from Illinois has stated the entire purport of the resolution in short, concise language which will be printed in large type, I am inclined to object to the reprinting of the same in extenso in small type.

Mr. SABATH. Mr. Chairman, I thank the gentleman from Washington for his kind remarks and the credit he has given me, but I assure the gentleman that I can in no wise explain the resolution as thoroughly as does the language of the resolution itself.

Mr. JOHNSON of Washington. Really, what is to be gained by printing it?

Mr. SABATH. It gives a great deal of information as to activities of the Government in business.

Mr. JOHNSON of Washington. Mr. Chairman, I am very sorry, but I object.

Mr. SABATH. In view of the objection of the gentleman from Washington [Mr. JOHNSON] to embody the resolution, I shall state shortly the underlying reasons for the resolution. The resolution sets forth grievances against the Government for going into business in direct and unfair competition with the citizens during these unprecedented hard times. The gentleman pleads in the interest of depressed business and asserts that the activities of the Government interfere with different lines of business by not only restricting and curtailing their activities but by abolishing them altogether.

In this resolution he sets forth complaints from the Kansas City Chamber of Commerce for the Laundry Owners Association and also numerous complaints that he has received against the establishment of restaurants in the Federal reserve banks in his and other cities and at the same time he shows that the great profits of the Federal reserve banks enable these banks to establish special luxuriously furnished restaurants for the officers. He also sets forth the abuses that are being practiced in this very Capitol among the Government employees in purchasing needs and wants through the Federal agencies at the expense of the Government, thereby depriving the business men of their trade. He asks for an investigation of all of these abuses, and I feel that his request is entitled to serious consideration.

[Here the gavel fell.]

The pro forma amendment was withdrawn.

The Clerk read as follows:

Army transportation: For transportation of Army supplies; of authorized baggage, including packing and crating; of horse equipment; and of funds for the Army; for the alteration, operation, and repair of boats and other vessels; for wharfage, tolls, and ferriage; for drayage and cartage; for the purchase, manufacture (including both material and labor), maintenance, hire, and repair of packsaddles and harness; for the purchase, hire, operation, maintenance, and repair of wagons, carts, drays, other vehicles, and horse-drawn and motor-propelled passenger-carrying vehicles required for the transportation of troops and supplies and for official military and garrison purposes; for hire of draft and pack animals; for travel allowances to officers of National Guard on discharge from Federal service as prescribed in the act of March 2, 1901 (U. S. C., title 10, sec. 751), and to enlisted men of National Guard on discharge from Federal service, as prescribed in amendatory act of September 22, 1922 (U. S. C., title 10, sec. 752), and to members of the National Guard who have been mustered into Federal service and discharged on account of physical disability; in all, $9,555,854, of which amount not exceeding $250,000 shall be available immediately for the procurement and transportation of fuel for the service of the fiscal year 1933: *Provided*, That no part of this appropriation shall be available for the purchase or exchange of motor-propelled passenger-carrying vehicles other than not exceeding $80,000 for the purchase or exchange of motor-propelled ambulances and motor cycles, and not exceeding $150,000 of this appropriation shall be available for the purchase or exchange of motor-propelled trucks, including station-wagon types: *Provided further*, That no appropriation contained in this act shall be available for any expense for or incident to the transportation of privately owned automobiles except on account of the return to the United States of such privately owned automobiles as may be in transit to or from points outside of the continental limits of the United States or have been transported to such outside points at public expense on or by the date of the approval of this act: *Provided further*, That no motor-propelled vehicle procured out of appropriations for the Regular Army that is more than two years old from the date of purchase shall be transferred to the custody and maintenance of any of the civil components of the Regular Army or to any of the activities embraced by Title II of this act: *Provided further*, That during the fiscal year 1933 the cost of transportation from point of origin to the first point of storage or consumption of supplies, equipment, and material in connection with the manufacturing and purchasing activities of the Quartermaster Corps may be charged to the appropriations from which such supplies, equipment, and material are procured.

Mr. GOSS. Mr. Chairman, I make a point of order against the proviso beginning with line 9 on page 25 and extending down to line 15, that it is legislation on an appropriation bill and unauthorized by law; and, further, I would state to the Chair there is no such thing as a civilian component of the Regular Army.

The CHAIRMAN. Can the gentleman from Mississippi cite the Chair any authority of law for this provision?

Mr. COLLINS. Mr. Chairman, the object and purpose of this is to prevent the Regular Army from turning over to civilian components, such as the National Guard and the Organized Reserves, a lot of old, worn-out equipment which costs more to maintain than it is worth, and which in the end seems to be not a real saving to the Government.

Mr. GOSS. Mr. Chairman, I do not understand that the gentleman from Mississippi is addressing his remarks to the point of order, but is making an explanation of this proviso.

The CHAIRMAN. The Chair would like to hear the gentleman from Mississippi on the point of order. The Chair inferred from the remarks of the gentleman from Mississippi that he is making the point it involves a reduction of expenditures.

Mr. COLLINS. That is true, Mr. Chairman. However, I know of no permanent law authorizing the transfer of material such as the proviso in question is directed against.

The CHAIRMAN. In the opinion of the Chair this is clearly legislation, and unless it comes under the provisions of the Holman rule it would not be in order. Therefore, unless some gentleman wishes to be heard to cite something more illuminating with reference to it, the Chair will sustain the point of order made by the gentleman from Connecticut. The Chair sustains the point of order.

Mr. COLLINS. Mr. Chairman, I offer a committee amendment.

The CHAIRMAN. The gentleman from Mississippi offers an amendment, which the Clerk will report.

The Clerk read as follows:

Committee amendment offered by Mr. COLLINS:

Page 25, line 9, after the colon, insert: "*Provided further*, That no appropriation contained in this act shall be available for any expense for or incident to the maintenance, operation, or repair of any motor-propelled vehicle procured out of appropriations for the Regular Army or to any of the activities embraced by Title II of this act that is more than two years old from the date of purchase at the time of such transfer."

Mr. GOSS. Mr. Chairman, I make a point of order against the amendment on the basis of a purported limitation making unlawful that which before was lawful, or making lawful that which before was unlawful.

The CHAIRMAN. Does the gentleman from Mississippi desire to be heard on the point of order?

Mr. COLLINS. Mr. Chairman, this is to put a limitation on the use of money.

The CHAIRMAN (Mr. LANHAM). In the opinion of the Chair the provisions in this amendment are purely a matter of limitation and the Chair overrules the point of order.

Mr. JOHNSON of Washington. Mr. Chairman, I rise in opposition to the amendment.

In spite of the fine reading of our reading clerk, Mr. Chaffee, who must hold the record for fast reading, I was able to discover only four "provided furthers" on these two pages, and the decision of the Chair has just disclosed the fact that one of these "provided furthers" was an attempt at legislation on an appropriation bill.

I have noticed in previous Congresses, just as it has occurred here to-day, that these chairmen of the subcommittees of the great Appropriations Committee attempt to carry legislation on an appropriation bill which they know is neither in accord with the spirit or intent of the whole Budget system.

When they are stopped with a point of order against that legislation they almost invariably have in their hands, typewritten and ready for presentation, a revision and reduction of the very thing that is attempted, so that when a point of order is made against the "provided further," and so forth, they can then offer a straight-out reduction which will stand up under the Holman and other rules.

I have contended for a good many years past that if the Appropriations Committee was not watched all the time the temptation would be to exceed their authority in each and every appropriation bill. They have done it in past Congresses and are trying to do it in this Congress.

Mr. BYRNS. Will the gentleman yield?

Mr. JOHNSON of Washington. I would be glad to yield, but the gentleman can get all the time he desires. This is a quiet afternoon, and by agreement it seems that we are to progress with the bill this day only to a certain point.

I contend that one of the best things the House of Representatives can do is to watch the Appropriations Committee. For the last 10 or 12 years or for a longer period we have been acquiring the habit of rushing through these appropriation bills as if they were the only things that had to be accomplished and must be done before the night of the day on which they are introduced, starting sometimes even before the bill itself has been printed. I am inclined to think that some of the troubles in connection with the present large deficit may be due to the fact that the membership of the House of Representatives has accepted a sort

of "go-along" attitude in step with the 35 members of the Appropriations Committee. In other Congresses the members of this great committee have acted rather in unison, and have tried to avoid friction on the floor. They have trimmed a few seeds here and there, under the Budget estimates, but it seems that all hands—Budget, committee, and Members on both sides—have just breezed along—always upward—until suddenly we find that the system of income-tax collection is the most uncertain form of raising revenue ever devised, so that when individual incomes disappear, payments into the Treasury disappear, and we come up against a great Budget deficit.

With this particular bill the committee has trimmed and cut here and there, squeezed in legislation, and added more "provided furthers," than you should find in any appropriation bill unless a special rule is provided to take care of the legislative features.

Mr. BYRNS. Mr. Chairman, I move to strike out the last word. I do not just understand the grudge the gentleman from Washington has against the Appropriations Committee or this particular bill.

This is an economy proposition, I will say to my friend from Washington.

This proposal is made simply for the purpose of preventing the War Department from transferring to the National Guard and to the military parks and other adjuncts of the War Department which come under its jurisdiction old, worn-out automobiles. When they are transferred they cost more money to maintain than they are worth. This amendment is offered to the bill in order to save money for the Government. These old worn-out automobiles ought to be sold, if they have any value at all, and the money turned into the Treasury. If they have no value, we certainly ought not to transfer them to the National Guard or to the military parks throughout the country and then have the expense of maintaining them.

Now, so far as legislation on appropriation bills is concerned, I want to make this statement to the gentleman, and I appeal to the members of the committee who understand what is in these bill for verification of what I say. The appropriation bills for several years under my predecessors, Hon. WILL R. WOOD, of Indiana, and Hon. Martin B. Madden, of Illinois, have been cleaner of legislation than ever before in the history of the Congress, and I refer to the bills to prove this fact.

The Committee on Appropriations avoids putting legislation upon appropriation bills, and when these matters come up in committee they are called to the attention of the legislative committees, as the chairman of those committees can testify. The committee avoids putting legislation on an appropriation bill whenever it is possible; but when it appears in the course of the hearings that there is a little matter of saving that can be made for the Government by putting a provision on the appropriation bill, and it is a matter that would not be considered of sufficient inportance to form the subject of an independent legislative bill, we bring it in here, and I am sorry to find the gentleman from Washington criticizing the committee for having done so.

Mr. JAMES. Will the gentleman yield?

Mr. BYRNS. I yield.

Mr. JAMES. Does not the gentleman from Tennessee think that this reduction of 2,000 officers was clearly legislation, which should have been passed on by the House Military Affairs Committee?

Mr. BYRNS. It was not so held, I will say to the gentleman.

Mr. JAMES. That does not make a bit of difference; it was legislation, nevertheless.

Mr. BYRNS. It was not so held; and I will say to the gentleman that that amendment was introduced by the chairman of the Committee on Military Affairs and was approved by him and by the ranking minority member of that committee.

Mr. JAMES. Not the provision with respect to the reduction of 2,000 officers.

Mr. BYRNS. Yes; it was. That was the amendment which the committee adopted. It came from the chairman of the Military Affairs Committee, I will say to my good friend from Michigan.

Mr. JAMES. It is a matter that was never considered by the House Military Affairs Committee, and no one was authorized, as the gentleman from Alabama [Mr. HILL] will state, to offer any such amendment.

Mr. McDUFFIE. The gentleman from Alabama himself urged the adoption of the amendment.

Mr. JAMES. As an individual; yes.

Mr. BYRNS. I understand that, and the chairman and the ranking member of that committee approved it here, and not only approved it, but it was an amendment which was prepared and introduced by the chairman of that committee and the gentleman from Alabama.

Mr. JAMES. Still, it was legislation.

Mr. BYRNS. No; it was held in order by the presiding officer.

Mr. JAMES. When Mr. Madden was chairman of the Appropriations Committee there was a provision restricting the number of enlisted men to 118,750, and, at my request, when I called his attention to the fact it was legislation, it was stricken from the bill. Now, the authorized strength of the Army is 280,750, but the committee appropriates the money for 118,750, although the authorized strength is 280,750.

Mr. BYRNS. I am not disputing that fact, and the gentleman could have offered an amendment increasing it if the gentleman had desired to do so.

Mr. SABATH. Mr. Chairman, I rise in opposition to the amendment.

Mr. JOHNSON of Washington. Mr. Chairman, I move to strike out the proviso beginning in line 15, on page 25.

Mr. COLLINS. Mr. Chairman, I move that all debate on this paragraph and all amendments thereto close in five minutes.

The motion was agreed to.

Mr. JOHNSON of Washington. Mr. Chairman, I offer an amendment to strike out the proviso in line 15, on page 20, and extending to the end of line 21.

The CHAIRMAN. An amendment is pending, the Chair will say to the gentleman from Washington, which must be disposed of before further amendments are in order.

Mr. SABATH. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, for nearly 12 years the Republican majority in this House have gone wild on expenditures. They have expended money right and left, and I do not blame the country for demanding now that we stop the reckless expenditure of money that has been practiced by this House under the control of the Republican Party. I notice, however, that it is almost absolutely impossible to stop the promiscuous expenditures, because every time a measure is brought on the floor by the committee to reduce some of these extraordinary expenditures, we see gentlemen on the Republican side rise and oppose the committee with all the determination at their command.

We saw it yesterday on the very proposition to which the gentleman from Michigan [Mr. JAMES] alluded. When the chairman of the committee [Mr. COLLINS] tried his utmost to reduce expenditures, I observed that nearly all Members on the Republican side of the aisle voted against that amendment that will save nearly $300,000,000.

Notwithstanding that, we read in the Republican press every day of demands that are made on us to balance the Budget. It is clear to anyone that they are trying to hold the slim Democratic majority of this House responsible for this task, and are asking them to bring about the impossible.

Is it not time that you gentlemen on that side assist us in bringing about economies and in trying to balance the Budget?

You can not go home and tell your constituents that you are going to practice economy and then on the floor of the House, at every chance you get, vote against any measure making for economy.

I think it is manifestly unfair to the country to resort to this double-dealing. It is manifestly unfair to criticize the chairman of the Committee on Appropriations, because he

has earnestly tried to bring about economies and reduce Government expenditures.

The gentlemen from Washington [Mr. JOHNSON] a few moments ago complained that Government incomes have been reduced; and that is true, because business has been ruined. But neither he nor any other Member offers any plan by which the revenue of the Government could be increased, and most of you have voted against the revenue bill we passed a few weeks ago. I realize that it is much easier to vote against all tax or revenue bills and for all appropriations, and thereby please all of those who object not only to increases in taxes but to paying any taxes, and to vote for all appropriations asked by the departments and bureaus and officials.

And that is just what you Republicans have been doing the last 12 years. Yes; for 12 years you have preached and promised economy and practiced criminal extravagance, so that to-day, due to your reckless legislation last year, we are confronted with a deficit of $2,500,000,000. It is even hard for the majority of the Members to realize what a tremendous sum of money this shortage, which you Republicans caused, is. And, so as to bring it home as plainly and as forcibly as I can, I want you and the country to realize that it is two and one-half times as much as it cost the Government to operate 40 years ago, when Mr. Thomas Reed was the Speaker, and when the appropriation reached $1,000,000,000.

Please understand that appropriation was for running the Government for two years, and the deficit or the shortage for this fiscal year alone is $2,500,000,000, or five times as much as the entire cost of Government for one year. I am trying to bring home to you and to the country what you are guilty of. It is amazing that, notwithstanding these facts, you still persist, yes, that you Republicans have the temerity to herald from the White House and through the press a demand that the Budget be balanced and expenditures be reduced; this was stated only yesterday by the gentleman from Indiana [Mr. WOOD] speaking for the President, and within five minutes after he had delivered the President's economy speech, all but 23—I repeat, 23—of you voted against the main reduction in the bill. Oh, how long do you believe you can fool the country and the people at home?

Can any one of you or can any paper inform me or the country how the Budget can be balanced if we do not reduce expenditures and raise the income of the Government? I say to you Republicans, who are responsible for this great deficit, that you can not escape; you can not unload on the Democratic majority the entire load; some of you should—yes; must—help eliminate every useless department or bureau, most of the commissions, and every useless employee, and stop giving out fat and juicy contracts to your favorite contractors, manufacturers, and supply agents. I realize that it will be hard to reduce the Army appropriation bill in face of militaristic propaganda disseminated by the Army and Navy League and its many generals and stimulated by the national-defense slogan; but, gentlemen, our duty is plain; we must do this no matter how unpleasant it may be.

Now as to the increase in our income, in addition to the revenue bill, which we have passed and which is now being revised in the Senate. We can raise from $300,000,000 to $400,000,000 if we will pass the beer bill. Some of you gentlemen may not know that I have spoken at length for the purpose of preventing an adjournment in order to secure the last necessary signature to the discharge petition. The jubilant outcry on the part of the few gentlemen was due to the fact that the gentleman from West Virginia [Mr. BACHMANN] and the gentleman from California [Mr. LEA] have attached their signatures to the petition on the Speaker's table giving us the required number to force a vote on the bill H. R. 10017, known as the beer bill.

This will give every Member a chance to go on record for this country-wide demand to amend the crime-breeding Volstead law and, at the same time, will bring in a revenue or an income that the people are willing to pay. I am pleased that all of you will have the opportunity to vote on this question and I hope that you will vote in favor of the resolution and thereby comply with the wishes and demands of the people in your districts and in the country at large.

Please take notice that all of the wise Senators and Members understand and recognize this country-wide demand, as was demonstrated not only in Pennsylvania and Ohio but in nearly every State where the question was raised. I realize that many of you did not wish to sign, believing that you would be able to straddle the question. Fortunately, however, the matter will come to a vote. You must vote, and I hope that you will cast your vote for the resolution and thereby assure yourself of reelection. [Applause.]

The CHAIRMAN. The question is on the amendment offered by the gentleman from Mississippi.

The question was taken, and the amendment was agreed to.

Mr. WHITE. Mr. Chairman, I offer the following amendment.

The Clerk read as follows:

Strike out the proviso extending from line 20, page 24, to and including line 1, page 25, and substitute therefor the following:

"None of the funds appropriated in this act, unless expressly made available for the purpose, shall be used for the purchase or exchange of motor-propelled freight or passenger carrying vehicles, except those that are purchased solely for experimental purposes, in excess of $100,000 for passenger-carrying vehicles, and in excess of $500,000 for the purchase of freight-carrying vehicles."

The CHAIRMAN. The Chair will state to the gentleman from Ohio that one minute remains under the motion to close debate, and the Chair will recognize the gentleman from Ohio.

Mr. WHITE. Mr. Chairman, my purpose is to call the attention of the House to the statement of the gentleman from Tennessee, that these old cars are not only expensive but exceedingly dangerous to transportation on the highway. This is only half the amount asked for by the Budget for trucks, and approximately 20 per cent of the amount asked for by the Budget for passenger-carrying cars. New cars would be an economy, I am sure.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Ohio.

The amendment was rejected.

The Clerk read as follows:

HORSES, DRAFT AND PACK ANIMALS

For the purchase of draft and pack animals and horses within limits as to age, sex, and size to be prescribed by the Secretary of War for remounts for officers entitled to public mounts, for the United States Military Academy, and for such organizations and members of the military service as may be required to be mounted, and for all expenses incident to such purchases (including $120,000 for encouragement of the breeding of riding horses suitable for the Army, in cooperation with the Bureau of Animal Industry, Department of Agriculture, including the purchase of animals for breeding purposes and their maintenance), $202,500.

Mr. JOHNSON of Washington. Mr. Chairman, I offer the following amendment, which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. JOHNSON of Washington: Page 26, line 8, strike out "$202,500" and insert "$203,500."

Mr. JOHNSON of Washington. Mr. Chairman, this amendment is intended to be pro forma. It pays to take a little time to read these appropriation bills by paragraphs. I beg to say to the gentleman from Tennessee [Mr. BYRNS] that I did not mean to be discourteous in declining to yield for a moment. I thought my time had just about expired. Inquiries are often offered to divert one's thought, though I know the gentleman from Tennessee never does such a thing intentionally. I fully appreciate the difficult position that he holds as chairman of a most important committee. Further, I do not like to touch the members of the Committee on Appropriations on the quick, and we must remember that they have hard jobs, and that the membership changes in each Congress. During several preceding Congresses I have made it a point of asking each subcommittee chairman whether he had any new legislation in his bill, and each and every one of them, when asked that question on the floor, has said positively no. Mr. Cramton, formerly a Member of the House, said he had none, absolutely none. None whatever. Then he modified his statement to hardly

any. I asked the gentleman from Mississippi [Mr. COLLINS] if he had any legislation in this bill, as the RECORD will show, and he answered with a mild but decisive no, when every Member who is following the proceedings knew that while Mr. COLLINS might have had it in his mind that he did not, it had provisions which in fact enacted new legislation. He was in hopes that he could get through favorable decisions under the Holman rule; but if not, he was and is ready with amendments to take the place of any that are declared to be not in order. I have gone along with the economy program. I know that we will have to go farther, but it will never do for the House of Representatives to let the situation get away from itself to the point where the Members think that whatever is written in an appropriation bill is correct from start to finish; and if it takes me a little time this quiet Saturday afternoon, when the attendance here is light, even if we are reaching the point in the bill where we want to rise, I am going to take sufficient time to state the situation. I can be lectured by all gentlemen who please to do so.

When the time comes when the gentleman from Tennessee [Mr. BYRNS], as chairman, has some real economies that are not tied and cross-tied with some of his own pet ideas that he is trying to put over without consideration by the committee, I am going to go along with him. I think I will have accomplished something if I have impressed the membership that when they are handed on short notice an appropriation bill together with the hearings, which in this case cost some $15,000 alone to print, although it was not given to us in time to read before the bill was taken up, when they see a lot of "provided furthers," they will do well to take a second look in order to ascertain what legislation is slipped in.

Mr. McDUFFIE. Mr. Chairman, will the gentleman yield?

Mr. JOHNSON of Washington. Yes; with pleasure.

Mr. McDUFFIE. The gentleman speaks of lecturing. All of this trouble came from a lecture that the gentleman delivered to this committee. The gentleman is the first offender when it comes to lecturing this committee.

Mr. JOHNSON of Washington. I can stand lecturing.

Mr. McDUFFIE. The gentleman deserves a little lecturing himself.

Mr. JOHNSON of Washington. And I want to say to the distinguished gentleman from Alabama that he showed within the last 8 or 10 days that he is the grand past master of lecturing, with all of its degrees—A. B., M. A., LL. D., and all the rest of them—and even on the radio he lectured Congress and the whole people of the United States. [Laughter.]

Mr. McDUFFIE. I am sorry that it has no effect upon the gentleman from Washington. [Laughter.]

Mr. JOHNSON of Washington. No; because, as intimated, I have done some lecturing to-day myself, and besides I like to look into things.

Mr. BYRNS. Mr. Chairman, I rise in opposition to the pro forma amendment. I shall not detain the committee except to call the attention of the gentleman from Washington to the fact that every appropriation bill that is reported to the House carries in the report a statement showing just what legislation is proposed in the way of limitations or otherwise on any particular appropriation bill.

Mr. JOHNSON of Washington. Does the gentleman think that the carrying in a report, printed at the last minute, of proposed legislative changes in an appropriation bill complies completely with the intent and purposes of the provisions under which the Budget was set up and under which Congress was then guaranteeing that the rights of the several committees which have been appropriating committees but would thereafter be legislative committees, would be guaranteed?

Mr. BYRNS. The gentleman can have no quarrel with me about the matter of carrying legislation on appropriation bills. I have had similar opinion during all these past years. I do not believe legislation ought to be carried on an appropriation bill except where it is plainly necessary in order to save money carried in the bill, and then only when it is impossible to secure the necessary legislation to save it. That was the reason for the rule that was adopted at the instance of the gentleman from Iowa [Mr. RAMSEYER], which sets forth that whenever there is any change in existing law in an appropriation it should be clearly shown by printing the present law and also the contemplated change. This in itself was a recognition upon the part of the House that there are some cases and some circumstances where there should be legislation carried on appropriation bills. What I rose to call to the attention of my friend from Washington was that if he has not a report of the committee, I will be glad to furnish him the one I have. From that he will find that since May 5, nine days ago, there has been here in the House a report from the Committee on Appropriations showing every line of proposed legislation in this bill.

So when the gentleman undertakes to say that the Committee on Appropriations is seeking to put something over without the House knowing just what is being done, I think the gentleman is doing the committee a serious injustice.

Mr. JOHNSON of Washington. Will the gentleman yield to me?

Mr. BYRNS. I yield.

Mr. JOHNSON of Washington. We are singing a duet. I have argued for a long time that in order to keep up with conditions in the Federal Government the Appropriations Committee was required to make some small amount of legislation; but I believe that there should be special rules granted to cover all serious legislative proposals on appropriations.

Mr. BYRNS. Then there is not so much difference between the gentleman and me.

Mr. JOHNSON of Washington. Not much; but I further contend that a committee of 35, after it has been given so much power and authority, should not be overbold in the use of it. It has led to inattention on the part of other Members. We have proof of that. I am inclined to disagree with the gentleman to the effect that this report has been available since May 5. It was referred to the Committee of the Whole and ordered printed; but if I remember correctly, it was hard to find that report, and I know we could not find a printed bill at the time debate began on the bill.

Mr. BYRNS. Other Members found it.

Mr. JOHNSON of Washington. Oh, they say they did.

Mr. BYRNS. The gentleman will remember that this bill was taken up under unusual circumstances. When it was reported it was not expected that it would be taken up until the next day, but the business of the House was concluded earlier than expected, I think it was Calendar Wednesday, and then it was thought in the interest of expediting business that we should proceed with general debate for the balance of the afternoon. But it was not originally expected to be taken up, as far as the committee was concerned, until the next day; and the report and the bill were available the next morning and have been available since May 6.

Mr. JOHNSON of Washington. Now we have come out of the same end of the funnel. We have agreed that the bill was not ready.

The CHAIRMAN. The time of the gentleman from Tennessee has expired.

All time has expired.

The question is on the amendment offered by the gentleman from Washington [Mr. JOHNSON].

The amendment was rejected.

The Clerk read as follows:

MILITARY POSTS

For construction and installation at military posts, including the United States Military Academy, of buildings, utilities, and appurtenances thereto, including interior facilities, necessary service connections to water, sewer, gas, and electric mains, and similar improvements, all within the authorized limits of cost of such buildings, as authorized by the acts approved June 18, 1930 (46 Stat. 781), and July 3, 1930 (46 Stat. 1014), without reference to sections 1136 and 3734, Revised Statutes (U. S. C., title 10, sec. 1339; title 40, secs. 259, 267), including also the engagement, by contract or otherwise, without regard to section 3709, Revised Statutes (U. S. C., title 41, sec. 5), and at such rates of compensa-

tion as the Secretary of War may determine, of the services of architects, or firms, or corporations thereof, and other technical and professional personnel as may be necessary, $2,250,000, which shall be available immediately for the payment of obligations incurred under the contract authorization for these purposes carried in the War Department appropriation act for the fiscal year 1932.

Mr. THOMASON. Mr. Chairman, I offer an amendment, which I have sent to the desk.

The Clerk read as follows:

Amendment offered by Mr. THOMASON: Page 27, line 4, strike out the period and add the following: "*Provided*, That the designation of Fort D. A. Russell as a permanent post by general order, War Department, December 11, 1929, shall be continued to and including the 1st day of July, 1933."

Mr. GOSS. Mr. Chairman, I make the point of order that the amendment is legislation on an appropriation bill. This makes no retrenchment. In fact, it will increase the appropriation, and it is legislation on an appropriation bill.

The CHAIRMAN. Does the gentleman from Texas desire to be heard on the point of order?

Mr. THOMASON. Yes. I take sharp issue with the gentleman from Connecticut in saying that it means no retrenchment or economy. I contend the amendment is germane.

Mr. GOSS. Does the gentleman not admit that it is legislation on an appropriation bill?

Mr. THOMASON. It is legislation in the sense that other amendments to this bill were construed under the Holman rule to be legislation; but may I explain this in order that the gentleman may understand why I say it does look toward retrenchment and economy?

The situation is that here is a permanent military post, so designated by the War Department official order of December 11, 1929, designating it as a permanent post. More than $1,000,000 is invested there now. They own 476 acres of land. They have 180 permanent structures, with every kind of modern convenience for an up-to-date military post.

Now, I am a friend of the War Department, and I am a friend to those in control of the department, but nevertheless the department arbitrarily says, "We are going to abandon that post, whether or no."

In addition to that, the 2 Senators from Texas, 18 Congressmen, including the Speaker of the House of Representatives, the State legislature, many civic bodies, and communities, protested, and here is a letter which I hold in my hand——

Mr. GOSS. Mr. Chairman, the gentleman is not discussing the point of order.

Mr. THOMASON. I am coming to the reason for the amendment.

The CHAIRMAN. The gentleman will confine his remarks to the point of order.

Mr. THOMASON. The amendment seeks to prevent the abandonment of this post at a cost of a million dollars during this fiscal year. It is a matter of both economy and protection. All through this bill there are items for the transportation of soldiers, and I hold in my hand a letter from General Moseley, Deputy Chief of Staff, written last week to the Speaker of the House of Representatives, in which he said that on the 1st day of next January they are going to move those soldiers to Camp Knox, Ky.

It strikes me that Congress ought to have something to say about that when the taxpayers are the ones paying for it. For the time being I will lay aside the question of the protection of my people along that far-flung Mexican border, but will say that the War Department is not dealing in good faith with those people. Fort Russell is a permanent post, and the record so shows. They spent more than a million dollars there, and now, without consulting Congress and without good reason, the department, through General Moseley, writes to the Speaker of this House and says, "On the 1st day of January we are going to abandon that post and ship those soldiers to Camp Knox, Ky.," which is nothing more than an old cantonment, with a lot of temporary buildings. That is where your money goes. When that is done you will be asked to appropriate a million dollars to improve Camp Knox.

I say the amendment is germane, Mr. Chairman, because it looks to the saving of untold thousands of dollars in the transportation of 600 soldiers and their horses and equipment, as well as the abandonment of more than a million dollars' worth of property along that Mexican border; and, if soldiers are needed anywhere, it is there.

Mr. STAFFORD. Will the gentleman reserve his point of order to allow the gentleman from Texas to make his speech?

Mr. GOSS. I will reserve the point of order for a few moments, Mr. Chairman.

Mr. THOMASON. I do not want to trespass upon the time of the House, but you should know the facts, because I hold here the original order issued by the War Department, General Order No. 20, of December 11, 1929; and may I say by way of preface that when the World War came on they established just a camp down there and called it Camp Marfa. Later, when they had the Mexican raids, the Brite ranch raid and other raids in which American citizens were killed, the War Department in its wisdom issued an order making it a permanent post and changing the name from Camp Marfa to Fort D. A. Russell, because in the meantime Senator Warren had died and they named the old fort in Wyoming after him and named the fort down there Fort D. A. Russell and designated it as a permanent post.

Mr. CHIPERFIELD. Mr. Chairman, will the gentleman yield?

Mr. THOMASON. I yield.

Mr. CHIPERFIELD. Is it not true—at least it is my recollection from an inspection—that this is a splendidly equipped post in a very strong strategic position, and one that should commend itself as a post of great usefulness from a military standpoint?

Mr. THOMASON. I thank the gentleman for his statement. This camp is in what is known as the Big Bend country of Texas. It is 75 miles from there to the Mexican border. It is more than 200 miles to the first Army post west of there, at El Paso. It is nearly 500 miles to San Antonio, yet the War Department arbitrarily orders its abandonment; and, although the Legislature of Texas, the entire Texas delegation in Congress, and every civic organization of any importance in the State has petitioned the War Department not to do this for two reasons—first, because it is needed protection to the people along that border, and, second, because its abandonment means the expenditure of thousands of dollars of money. I am for economy and I am for national defense; but I say this is neither.

Mr. JAMES. Mr. Chairman, will the gentleman yield?

Mr. THOMASON. I yield.

Mr. JAMES. Where does the War Department intend to move the troops?

Mr. THOMASON. Here is a letter from General Moseley, which says that on the 1st day of January next, in spite of the protests made by several thousand Texans, the troops will be moved to Camp Knox, Ky., which is an old cantonment composed of a lot of temporary buildings.

I make this prediction: If that is done, they will be back here asking for another million to build up Camp Knox. They want to abandon Fort Russell, located at a place where it is needed, and build up an old cantonment.

The place we most need troops in these days is along the Mexican border. If there is any place where an active military establishment is needed in peace time, it is along the Texas border; yet they propose to literally abandon Fort Russell and make it a junk pile.

When the War Department issued orders making it a permanent post, the citizens of the little city of Marfa, having a population of four or five thousand, taxed themselves to the utmost to pave streets, install sewer lines, put in water lines and other public works; and now the War Department, without consulting Congress, proposes abandonment. There are a number of small posts in the interior

that ought to be abandoned, and the Congressmen from those districts are not objecting. I do not believe that this body approves any such policy.

Mr. HILL of Alabama. Mr. Chairman, will the gentleman yield?

Mr. THOMASON. I yield.

Mr. HILL of Alabama. If there is one place in this country where we need a strong post, it is on the Mexican border.

Mr. THOMASON. Mr. Chairman, I thank my friend the gentleman from Alabama for that statement, and say if in times of peace there is any place where soldiers are needed it is along the Mexican border.

Mr. ARENTZ. Mr. Chairman, will the gentleman yield?

Mr. GOSS. Mr. Chairman, I must insist on my point of order.

Mr. THOMASON. Mr. Chairman, I yield to the gentleman from Nevada.

Mr. ARENTZ. Mr. Chairman——

Mr. COLLINS. Mr. Chairman, I demand the regular order.

The CHAIRMAN. The gentleman from Texas has control of the time.

Mr. GOSS. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. GOSS. How much time has the gentleman?

The CHAIRMAN. The gentleman from Texas has five minutes. The gentleman from Connecticut reserved his point of order.

Mr. ARENTZ. Mr. Chairman, if the gentleman from Texas will offer an amendment to this bill taking 25 per cent off the appropriations for carrying troops to the Hawaiian Islands I will back him, and I know there are many others who will back him.

Mr. THOMASON. I will say this to my good friend from Nevada, that I am going to work for economy consistent with adequate national defense.

Mr. GOSS. Mr. Chairman, I make the point of order the gentleman is not addressing his remarks to the point of order.

Mr. THOMASON. I think, Mr. Chairman, I am talking about economy as well as the protection of American citizens. I am naturally a partisan in this matter because they are taking adequate protection from the people I have the honor to represent, as well as proposing to waste a lot of money. [Applause.]

[Here the gavel fell.]

The CHAIRMAN. Permit the Chair to state that the gentleman from Texas did not have to confine his remarks to the point of order, because the gentleman from Connecticut had reserved a point of order and the gentleman from Texas was privileged to proceed for five minutes. Does the gentleman from Connecticut now insist on his point of order?

Mr. GOSS. I do.

The CHAIRMAN (Mr. COOPER of Tennessee). The amendment offered by the gentleman from Texas clearly proposes a provision of substantive law directing that Fort D. A. Russell shall be continued for a definite period of time. The Chair is constrained to hold that is legislation offered to an appropriation bill, and therefore the point of order is sustained.

Mr. KETCHAM. Mr. Chairman, I move to strike out the last word. I do this to direct a question to the chairman of the subcommittee concerning this whole paragraph on military posts. I have just been going through the hearings and I find there are nearly 225 pages which deal in great detail with the building program that is under way on this general housing proposition. The question I wish to direct to the chairman is this: By reason of this great amount of material the average Member of the House can not get much direct information as to whether it has been gone into carefully to see if any further reductions can be made. Now, will the gentleman please answer that question in a general way?

Mr. COLLINS. Congress has heretofore authorized certain construction and the amount carried in this bill is the amount that is needed virtually to complete that program.

Mr. KETCHAM. I am prompted to ask the question because yesterday we took certain action with reference to about 2,000 officers. What effect, if any, will that have on this housing program?

Mr. COLLINS. The effect of that will be simply this: There is an anticipated program involving over $97,000,000; a future authorization program involving over $97,000,000. That will be offered to the Congress in increments from time to time. Much of that unauthorized program will be unnecessary if we reduce the officer personnel. Unless the action of yesterday be sustained the Congress is going to be called upon in the immediate future to appropriate something like $19,000,000 for the purpose of housing the proportionate number of 2,000 officers, for whom it will be necessary to provide housing accommodations.

Mr. KETCHAM. The particular thing I had in mind was, in view of the situation we are asked to meet, whether the $2,250,000 could be reduced in any degree?

Mr. COLLINS. That is for work in progress and under contract.

Mr. KETCHAM. And can not be decreased without great harm?

Mr. COLLINS. No.

Mr. HILL of Alabama. In other words, the contract for this work was authorized in the last appropriation bill?

Mr. COLLINS. That is right.

Mr. HILL of Alabama. We are just carrying out the obligation which we undertook in the last appropriation bill.

Mr. COLLINS. That was provided for in the last appropriation bill.

The pro forma amendment was withdrawn.

Mr. FISH. Mr. Chairman, I move to strike out the last two words. I would like to ask the chairman of the subcommittee if there are any funds provided in this section to be used at the Military Academy at West Point to finish the buildings in process of construction?

Mr. COLLINS. None. The gentleman will find a statement on page 220 of the hearings showing where this money will be expended.

Mr. FISH. No money is included in this paragraph for construction purposes at West Point.

Mr. COLLINS. The gentleman is correct.

Mr. FISH. In the balance of my time, Mr. Chairman, I would like to take the opportunity, if it is permissible, to include in the RECORD a letter written many years ago regarding the services of the Engineer Corps of the United States Army which applies with equal force to-day. Not so many days ago the Congress passed legislation creating a Public Works Administration and provided that officers of the Engineer Corps of the Army should be used on Federal public works as far as possible. There was a good deal of controversy at that time not only as to the merits of the proposition but as to the advisability of using so extensively the services of the Engineer Corps. I have just come across a letter written over 75 years ago to my grandfather, who was then in the Senate, by one of the most eminent citizens of New York State, who gives in detail the advantages of using Engineer officers on public works and protesting any attempts to displace them for political purposes. We are confronted with the same issue to-day. In view of the fact that these Engineer officers have been rendering important services to the country for over a century, both in peace and war, and are doing so at this very moment, I would like to have the Clerk, in my time, read the letter which I am sending to the desk. I believe in giving credit where credit is due. The record of the Engineer Corps speaks for itself, and the letter only adds further commendation and practical reasons for the employment of Engineer officers on public works.

The CHAIRMAN. Without objection, the Clerk will read the letter.

There was no objection.

The Clerk read as follows:

NEW YORK, *January 6, 1854.*

Hon. HAMILTON FISH,
United States Senate.

DEAR SENATOR: We are informed that a movement is on foot in Congress to displace the officers of the Army who are in charge

of public works, and to substitute civilians. Regarding such a result as a great public calamity, we venture to solicit your exertions to defeat any such scheme, and for the following reasons:

1. Because the officers of the Engineer Corps are the most competent men in the country to take charge of the public works, having received an education which expressly fits them for such employment—so much so that it is a well-known fact that their services are eagerly sought for in all difficult civil works.

2. Because it is the most economical system of management for the Government, who is thus enabled to give employment in time of peace to a body of men upon whom in time of war the efficiency of all military operations must depend.

3. Because the works themselves are better and more cheaply built when designed and constructed by scientific men, acting upon a system of scientific principles, and whose tenure of office does not depend upon every political breath that blows. Civilians would come in and go out with every change in the administration, and each new officer would bring a new plan, and the cost of changes and alterations would be greater than the necessary cost of construction on any one system.

(4) If the works are intrusted to civilians appointed by political influence and for their political services, the same system of corruption which has tainted our municipal corporations would soon be inaugurated under the General Government, and the honesty and vigilance of the most active and incorruptible Secretary of the Treasury would be utterly inadequate to withstand the universal tide of extravagance and plunder.

(5) We have had considerable experience in the way of business with the Government. We have invariably found the officers of the Army intelligent, industrious, persevering, economical, and with an eye single to the interests of the Government. The tone of honor which pervades them as a body is an effectual barrier against fraud or corruption.

Let the list of defaulters answer, and that list is small compared with the petty brands which never come to light.

We feel sure that in any measure having reference to this matter we will find your vote, as we have always found it, on the side of justice, economy, and public virtue.

We have the honor to be, with great respect,

Your friends and servants,

PETER COOPER.
COOPER & HEWITT.

The pro forma amendment was withdrawn.

The Clerk read as follows:

BARRACKS AND QUARTERS AND OTHER BUILDINGS AND UTILITIES

For all expenses incident to the construction, installation, operation, and maintenance of buildings, utilities, appurtenances, and accessories necessary for the shelter, protection, and accommodation of the Army and its personnel and property, where not specifically provided for in other appropriations, including personal services, purchase and repair of furniture for quarters for officers, warrant officers, and noncommissioned officers, and officers' messes and wall lockers and refrigerators for Government-owned buildings as may be approved by the Secretary of War, care and improvement of grounds, flooring, and framing for tents, rental of buildings, including not to exceed $900 in the District of Columbia, provided space is not available in Government-owned buildings, and grounds for military purposes and lodgings for recruits and applicants for enlistments, water supply, sewer and fire-alarm systems, fire apparatus, roads, walks, wharves, drainage, dredging channels, purchase of water, disposal of sewage, shooting galleries, ranges for small-arms target practice, field, mobile, and railway artillery practice, including flour for paste for marking targets, such ranges and galleries to be open as far as practicable to the National Guard and organized rifle clubs under regulations to be prescribed by the Secretary of War, for furnishing heat and light for the authorized allowance of quarters for officers, enlisted men, and warrant officers, including retired enlisted men when ordered to active duty, contract surgeons when stationed at and occupying public quarters at military posts, officers of the National Guard attending service and garrison schools, and for recruits, guards, hospitals, storehouses, offices, the buildings erected at private cost, in the operation of the act approved May 31, 1902 (U. S. C., title 10, sec. 1346), and buildings for a similar purpose on military reservations authorized by War Department regulations; for sale of fuel to officers; fuel and engine supplies required in the operation of modern batteries at established posts, $13,595,017, of which $2,500,000 shall be available immediately for the procurement and transportation of fuel for the service of the fiscal year 1933: *Provided*, That not more than $16,000 of the appropriations contained in this act shall be available for rent of offices outside the District of Columbia in connection with work incident to the assurance of adequate provision for the mobilization of matériel and industrial organizations essential to war-time needs: *Provided further*, That this appropriation shall be available for the rental of offices, garages, and stables for military attachés: *Provided further*, That no part of the funds herein appropriated shall be available for construction of a permanent nature of an additional building or an extension or addition to an existing building, the cost of which in any case exceeds $20,000: *Provided further*, That the monthly rental rate to be paid out of this appropriation for stabling any animal shall not exceed $15: *Provided further*, That no property shall be leased by the Secretary of War under authority of the act of July 28, 1892 (U. S. C., title 40, sec. 303), as amended, for a consideration involving an expenditure for repairs, alterations, or improvements in excess of 15 per cent of the total annual rental for such property.

Mr. GOSS. Mr. Chairman, I make a point of order against the language on page 29, lines 9 to 14, inclusive, that it is legislation on an appropriation bill and also proposes legislation regarding revenues and not expenditures.

Mr. COLLINS. Mr. Chairman, will the gentleman reserve the point of order?

Mr. GOSS. Yes; I reserve it.

Mr. COLLINS. Mr. Chairman, this proposition was called to the committee's attention by the General Accounting Office in a memorandum dated January 19, 1932. Unless this provision be adopted, the Congress will continue to have no control over the character of repairs, improvements, and additions that may be made to Government property. We felt that under such circumstances the provision ought to be carried. It is a matter relatively so trifling that I should think the Committee on Military Affairs would not wish to devote its time to. I have talked with several members of the Military Affairs Committee about it, and they think it is a very wise limitation and one that ought to be included in this bill.

Mr. STAFFORD. Mr. Chairman, will the gentleman from Connecticut yield?

Mr. GOSS. Yes; I yield.

Mr. STAFFORD. Will the gentleman kindly inform us as to the basis for the limitation of 15 per cent of the rental? Suppose the rental of a piece of property was $500, all the department could use for repairs on that property would be $75.

Mr. COLLINS. We use the rate carried in the Treasury Department bill.

Mr. STAFFORD. It seems to be a rather small sum when perhaps the additions might require an expenditure of $200, yet they would have to come to Congress for authorization to put the property in rentable condition. I am directing my inquiry largely to the ratable amount you fix as the ban above which the Secretary of War may not expend money for repairs on the property.

Mr. COLLINS. The Treasury Department bill carries a somewhat similar provision and provides a limitation of 15 per cent of the annual rental, and we are just following the Treasury Department provision.

Mr. STAFFORD. There might be one rule properly applicable to one department where the rentals may be very large and the same rule would work an injustice as to another department where the rentals were much smaller.

Mr. COLLINS. We say 15 per cent, because, as I already have stated, that rate has had the approval of the Congress in a similar case.

Mr. GOSS. But there is a difference in this connection with respect to the War Department. These funds would go into the miscellaneous receipts of the Treasury Department under this provision, whereas if the proviso were left out, all these funds would be available for the use of the War Department under "funds unappropriated."

Mr. COLLINS. I think the gentleman misconceives the purpose of this provision. The purpose is to prohibit the War Department from leasing buildings for a consideration that the lessees shall keep the buildings in repair. That is the sole purpose of it, and we think it is a very salutary provision.

Mr. STAFFORD. If the gentleman will permit, the condition set out in the query which I propounded would be met by the fact that the lease could provide that the lessee should keep the premises in repair rather than the Government.

Mr. COLLINS. Yes.

Mr. GOSS. On the other hand, if this provision be adopted, these funds would go into miscellaneous receipts of the Treasury, whereas if the proviso were not in the bill, they would be retained for the use of the Army or the War Department. Is not that true?

Mr. COLLINS. I do not think so.

Mr. GOSS. Certainly, under this provision they would go into miscellaneous receipts of the Treasury.

Mr. STAFFORD. There is nothing in the language of the proviso that changes the direction of the rentals.

Mr. GOSS. That is provided for in the law. This proviso changes the act of July 28, 1892.

Mr. STAFFORD. If the gentleman will permit, all this provision seeks to do is to forbid the department from exceeding the amount of 15 per cent of the rentals in the way of repairs; and I think, after the explanation made by the gentleman from Mississippi, it is a commendable provision.

Mr. COLLINS. That is all it does.

Mr. STAFFORD. And I hope the gentleman from Connecticut will not insist upon his point of order.

Mr. GOSS. It is an arbitrary limitation of 15 per cent.

Mr. STAFFORD. As the gentleman well knows, we often lease property and put the burden of repairs upon the lessee.

Mr. GOSS. This may affect those $50,000,000 docks of the Army in New York City, and the gentleman well knows that those piers are very expensive and there are some buildings on the piers, as the gentleman knows.

Mr. STAFFORD. Yes.

Mr. GOSS. And the way they have leased some of the buildings in the past, if they should go ahead and lease these piers in the same way, with this 15 per cent limitation, which is arbitrary, on a $50,000,000 proposition, it would not seem to me to be a wise proposal.

Mr. STAFFORD. That 15 per cent would give the War Department a leeway of $7,500,000 for repairs on a $50,000,000 valuation. I hope the gentleman will withdraw his point of order because I can see that this is a protective provision for the best interests of the Government.

Mr. GOSS. I do not look at it in that way. It seems to me it throws the money back into miscellaneous receipts of the Treasury and does not make the money available for the War Department.

Mr. STAFFORD. I think the gentleman is entirely in error on that proposition.

Mr. GOSS. Where does it say otherwise?

Mr. STAFFORD. There is nothing in the proviso that changes the disposition of the rentals. It just seeks to put a limitation of 15 per cent on the amount that may be paid for repairs.

Mr. HILL of Alabama. Referring to the act of 1892——

Mr. GOSS. As I understand the law, as construed by the Comptroller General, all cash receipts from the rental of Government-owned structures must be deposited to the credit of miscellaneous receipts.

Expenditures necessary for the maintenance and repair of the leased property, even necessitated solely by the existence of the lease, must thus be borne by appropriations for the support of the Army. Under the law as thus construed the only course which the Army can follow in justice to its own activities is to require that the lessee as a part of his rental obligation bear the cost of the maintenance and repair of the property leased. Any arbitrary limitation, such as the 15 per cent proposed, can not be intelligently applied to specific cases which may arise in the future. Each case must be determined on its merits, and the administrative authorities should not be thus hampered in the exercise of a wise discretion.

Mr. STAFFORD. Will the gentleman yield?

Mr. GOSS. I yield.

Mr. STAFFORD. The War Department and the Navy Department are seeking in premeditated fashion to relieve themselves from the scrutiny of the Comptroller General. The Comptroller General is the agent of Congress to protect the interests of the Government. I am not surprised that the War and Navy Departments are trying to get from under the protecting wing of the Comptroller General at the expense of the Treasury and the taxpayers.

Mr. GOSS. Can the gentleman give any reason why it should be 15 per cent instead of 10 per cent or 5 per cent?

Mr. STAFFORD. The gentleman from Mississippi has explained the division of expenses, and it is true that the amount that would be needed for repairs will be taken from the Army fund.

Mr. COLLINS. Mr. Chairman, I concede the point of order, and I ask unanimous consent to put in the memorandum from the comptroller.

The CHAIRMAN. The Chair sustains the point of order; and without objection, the request of the gentleman from Mississippi is granted.

The memorandum follows:

MEMORANDUM

JANUARY 19, 1932.

The leasing of public buildings to private parties at times is now in consideration that the private parties expend the value of the rental to make repairs, improvements, or additions to said public buildings, and this procedure has been supported by an opinion of the Attorney General of June 12, 1930.

The Congress clearly loses its control over the character of the repairs, improvements, and additions that may be so made, the practice referred to enabling the administrative departments to obtain such work upon the structures without limitation of the amount expended thereon and without the prior approval and consideration of the Congress as appears to have been intended by the provisions of section 3733 of the Revised Statutes of the United States, and it likewise conflicts with the provisions of sections 3617 and 3618 of the Revised Statutes that the gross amount of all moneys received from whatever source for the use of the United States shall be paid into the Treasury without deduction.

There appears some authority for the practice in so far as the War Department is concerned, by reason of the provisions of the act of July 28, 1892 (27 Stat. 321), which provides:

"That authority be, and is hereby, given to the Secretary of War, when in his discretion it will be for the public good, to lease, for a period not exceeding five years and revocable at any time, such property of the United States under his control as may not for the time be required for public use and for the leasing of which there is no authority under existing law, and such leases shall be reported annually to Congress: *Provided*, That nothing in this act contained shall be held to apply to mineral or phosphate lands."

There appears nothing in this enactment expressly authorizing or permitting the leasing of property of the United States to be otherwise than for a money consideration, particularly taken in consideration with the provisions of the Revised Statutes cited. So also the Supreme Court of the United States determined in the case of Pan American Co. *v.* United States (257 U. S. 456, 510), where a former Secretary of the Navy attempted to trade crude oil for tank structures, etc., to be erected in Hawaii, that there was no authority for such trade and that sections 3617 and 3618 of the Revised Statutes required the crude oil to be sold and the proceeds deposited in the Treasury.

It is reported that there are many such leases and thus comparatively large sums of money may be expended in the form of rentals for repairs, etc., of public buildings, over which Congress has no control as to the character or extent of the repairs.

An extension of this practice appears to have been involved in bill S. 4103, Seventy-first Congress, second session. (See also H. Rept. No. 1772 on S. 4108.)

There appears no question that proper administration of the properties of the United States would require that the rentals be in the form of cash and be deposited in the Treasury for appropriation by Congress on estimates showing the necessity, character, and extent of the repairs, etc., proposed to be made and as contemplated by the provisions of section 3733, Revised Statutes.

At the least, there should be a control by the Congress over the amount permitted to be expended on such repairs similar to the control Congress has exercised in connection with the leasing by the Treasury Department of buildings on sites not immediately required for Government uses—such as provided for in the appropriation act for the Treasury Department for repairs of public buildings—that the expenditures on this account for the fiscal year shall not "exceed 15 per cent of the annual rentals of such buildings" (fiscal year 1932, act of February 23, 1931, 46 Stat. 1231), and to obtain such control by the Congress and a limitation or restriction upon expending the rentals for repairs, etc., legislative enactment in the form of a provision to some pending bill should be as follows:

Hereafter no property shall be leased by the Secretary of War under authority of the act of July 28, 1892 (27 Stat. 321), for a consideration involving an expenditure for repairs, alterations, or improvements in excess of 15 per cent of the total annual rental for such property.

The Clerk read as follows:

For rakes, shovels, and brooms; repairs to roadway, pavements, macadam, and asphalt block; repairs to street crossings; repairs to street drains, and labor for cleaning roads, $8,469; for two-thirds of said sum, to be supplied by the United States, $5,646.

Mr. COLLINS. Mr. Chairman, I move to amend in line 15, page 29, by striking out the paragraph.

The CHAIRMAN. The Clerk will report the amendment.

The Clerk read as follows:

Amendment by Mr. COLLINS: Page 29, beginning at line 15, strike out the paragraph ending in line 22.

The amendment was agreed to.

The Clerk read as follows:

That in the expenditure of appropriations in this act the Secretary of War shall, unless in his discretion the interest of the Gov-

ernment will not permit, purchase or contract for, within the limits of the United States, only articles of the growth, production, or manufacture of the United States, notwithstanding that such articles of the growth, production, or manufacure of the United States may cost more, if such excess of cost be not unreasonable.

Mr. STAFFORD. Mr. Chairman, I move to strike out the last word. I notice in this paragraph and the one preceding there is a difference in the amount of contribution. In the first paragraph it is one-third, and in the one under consideration two-thirds. I notice further that the gentleman has gone into detail as to what these appropriations may be used for. It refers to brooms and shovels, and so forth. Will the gentleman satisfy my curiosity by stating why that difference in the contribution?

Mr. COLLINS. That is all in accordance with the contract between the War Department and private users. We carry the amount that has been agreed to. The language has been carried in its present form for a number of years.

Mr. STAFFORD. If it is the same contract, and in one instance it is one-third and the other instance two-thirds——

Mr. COLLINS. The gentleman is asking me the same question that I raised in the committee. They advised me that the division of the cost is entirely fair.

Mr. STAFFORD. Mr. Chairman, with that illuminating statement by the gentleman from Mississippi, I withdraw my pro forma amendment.

The Clerk read as follows:

For creating, maintaining, and operating at established flying schools and balloon schools courses of instruction for officers, students, and enlisted men, including cost of equipment and supplies necessary for instruction, purchase of tools, equipment, materials, machines, textbooks, books of reference, scientific and professional papers, instruments, and materials for theoretical and practical instruction; for maintenance, repair, storage, and operation of airships, war balloons, and other aerial machines, including instruments, materials, gas plants, hangars, and repair shops, and appliances of every sort and description necessary for the operation, construction, or equipment of all types of aircraft, and all necessary spare parts and equipment connected therewith and the establishment of landing and take-off runways; for purchase of supplies for securing, developing, printing, and reproducing photographs in connection with aerial photography; improvement, equipment, maintenance, and operation of plants for testing and experimental work, and procuring and introducing water, electric light and power, gas, and sewerage, including maintenance, operation, and repair of such utilities at such plants; for the procurement of helium gas; salaries and wages of civilian employees as may be necessary; transportation of materials in connection with consolidation of Air Corps activities; experimental investigation and purchase and development of new types of aircraft accessories thereto, and aviation engines, including plans, drawings, and specifications thereof, and the purchase of letters patent, applications for letters patent, licenses under letters patent and applications for letters patent; for the purchase, manufacture, and construction of airships, balloons, and other aerial machines, including instruments, gas plants, and appliances of every sort and destription necessary for the operation, construction, or equipment of all types of aircraft, and all necessary spare parts and equipment connected therewith; for the marking of military airways where the purchase of land is not involved; for the purchase, manufacture, and issue of special clothing, wearing apparel, and similar equipment for aviation purposes; for all necessary expenses connected with the sale or disposal of surplus or obsolete aeronautical equipment, and the rental of buildings, and other facilities for the handling or storage of such equipment; for the services of not more than four consulting engineers at experimental stations of the Air Corps as the Secretary of War may deem necessary, at rates of pay to be fixed by him not to exceed $50 a day for not exceeding 50 days each and necessary traveling expenses; purchase of special apparatus and appliances, repairs and replacements of same used in connection with special scientific medical research in the Air Corps; for maintenance and operation of such Air Corps printing plants outside of the District of Columbia as may be authorized in accordance with law; for publications, station libraries, special furniture, supplies and equipment for offices, shops, and laboratories; for special services, including the salvaging of wrecked aircraft, $25,307,816: *Provided*, That not to exceed $3,593,314 from this appropriation may be expended for pay of civilian employees other than those employed in experimental and research work; not exceeding $9,000 may be expended for the procurement of helium from the Bureau of Mines, of which sum such amounts as may be required may be transferred in advance to that bureau; not exceeding $2,824,397 may be expended for experimental and research work with airplanes or lighter-than-air craft and their equipment, including the pay of necessary civilian employees; not exceeding $100 may be expended for the production of lighter-than-air equipment; not less than $11,525,728 shall be expended for the production or purchase of new airplanes and their equipment, spare parts, and accessories, of which $9,017,152 shall be available exclusively for combat airplanes, their equipment, spare parts, and accessories; not less than $5,924,010 shall be expended, other than for pay of civilian employees, for aviation fuel and oil and for the repair and maintenance of airplanes and their equipment, spare parts, and accessories; and not more than $6,000 may be expended for settlement of claims (not exceeding $250 each) for damages to persons and private property resulting from the operation of aircraft at home and abroad when each claim is substantiated by a survey report of a board of officers appointed by the commanding officer of the nearest aviation post and approved by the Chief of Air Corps and the Secretary of War: *Provided further*, That the sum of $193,872 of the appropriation for Air Corps, Army, fiscal year 1929, and the sum of $158,455 of the appropriation for Air Corps, Army, fiscal year 1930, shall remain available until June 30, 1933, for the payment of obligations incurred under contracts executed prior to July 1, 1929, and July 1, 1930, respectively: *Provided further*, That none of the money appropriated in this act shall be used for the purchase of any airplane ordered after the approval of this act which is equipped or propelled by a Liberty motor or by any motor or airplane engine purchased or constructed prior to July 1, 1920.

Mr. COLLINS. Mr. Chairman, I offer the following amendment, which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. COLLINS: Page 34, line 20, after the word "aircraft" insert a comma.

The amendment was agreed to.

Mr. COLLINS. Mr. Chairman, I have two other amendments which I offer, which I send to the Clerk's desk.

The CHAIRMAN. The Clerk will report the amendments

The Clerk read as follows:

Committee amendment offered by Mr. COLLINS: Page 36, line 1, strike out "$3,593,314" and insert "$3,728,401," and in line 7, strike out "$2,824,397" and insert "$2,813,077."

Mr. COLLINS. Mr. Chairman, in pooling all travel items into one appropriation, we made the deduction from the Air Corps appropriation entirely from one subhead. The Chief of the Air Corps says the deduction should have been distributed. These two amendments are necessary to comply with his wishes. The total appropriation remains the same.

Mr. STAFFORD. Mr. Chairman, will the gentleman yield?

Mr. COLLINS. Yes.

Mr. STAFFORD. I understood that the gentleman's first amendment increased the appropriation about $130,000.

Mr. COLLINS. Yes; because we took it all off at that particular place, but the total amount transferred to the pooled item for travel will remain the same as originally proposed.

Mr. McDUFFIE. Mr. Chairman, will the gentleman yield?

Mr. COLLINS. Yes.

Mr. McDUFFIE. I notice on page 36, line 3, the language, referring to the appropriation, that not to exceed $3,593,314 of the appropriation may be expended for pay of civilian employees other than those employed in experimental and research work. The gentleman knows that at Langley Field the Government is appropriating more than a million dollars for experimental and research work in construction of aircraft. I am wondering what relation this appropriation has to that, if any, or whether the amount carried here for that work is in addition to the million dollars or more the Government is expending for this Bureau of Aeronautics, which is a national research institution, and yet one of the separate bureaus of the Government.

Mr. COLLINS. A part of this money is expended for similar purposes.

Mr. McDUFFIE. How much do they expend down there? The Budget carries more than a million for that separate bureau, but I understand some money is expended by the manufacturers of aircraft. Nevertheless the Government is expending more than a million dollars.

Mr. COLLINS. The Army and the Navy both formerly allotted funds for experimentation by that activity. I understand that now, however, they give no financial aid.

Mr. McDUFFIE. But besides appropriating a million dollars plus for that separate bureau, the National Aeronautics Bureau, or whatever the name is, we are carrying an appropriation in the Army appropriation bill and in the Navy appropriation bill.

Mr. COLLINS. That is correct.

Mr. McDUFFIE. Can the gentleman give me the total amount that Congress is expending for experimental research work at Langley Field?

Mr. COLLINS. No; I have not the figures at hand.

Mr. McDUFFIE. The reason I interrupted the gentleman—and I do not want to take up the time of the committee unnecessarily—is that the question came up in our Committee on Economy as to whether or not we would discontinue the appropriation for this bureau, which has its set-up at Langley Field. The suggestion came to us that we were appropriating only a million plus in the Independent Offices bill, and now we find that in addition to that sum, the Army bill carries a similar appropriation for such work, and evidently a goodly sum, and the Navy does likewise. If the Navy and the Army both are expending money and the Government also appropriating for this bureau, it seems to me we are carrying too much money for that institution at Langley Field. Apparently we are expending $6,000,000 for experimentation in aircraft construction which is a very large sum.

Mr. COLLINS. My information is that this activity at Langley Field is doing some very excellent work and both the Army and the Navy lean rather heavily upon it.

Mr. McDUFFIE. And it is leaning rather heavily upon the Treasury.

Mr. COLLINS. We have been very liberal in providing for experimental and research work in aeronautical development.

Mr. McDUFFIE. I am wondering if the manufacturers of these planes for the Army and the Navy could not do a little supporting themselves rather than put the whole burden on the Treasury. They sell the planes. It is true that tests are made down there, but we do not need this much money to make tests.

Mr. COLLINS. We passed a law back in 1926 that very largely is responsible for placing most of the burden upon the Government.

The CHAIRMAN. The time of the gentleman from Mississippi has expired.

Mr. STAFFORD. Mr. Chairman, I ask unanimous consent that the gentleman may have three minutes more.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. STAFFORD. Mr. Chairman, will the gentleman yield?

Mr. COLLINS. Yes.

Mr. STAFFORD. One of the reasons for my favoring the merger of the Army and the Navy Departments was, as I stated on the floor, because there could be savings to a considerable extent in the air force.

Mr. COLLINS. Including experimentation?

Mr. STAFFORD. In all experimentation work. The Navy maintains a very large plant at South Philadelphia near League Island Navy Yard, and the Army maintains a very large experiment station at McCook Field at Dayton, Ohio.

The distinguished chairman of the Economy Committee points out the experimentation at Langley Field. The Marine Corps experimentation at Quantico and other instances might be stated. I would like to inquire whether the gentleman has any information as to just the amount of money that is being used by the War Department for these respective experimentations, where a saving could be had if there was consolidation.

Mr. COLLINS. I could not give the gentleman offhand the total amount carried in this bill for experimentation of various kinds. I will say that the only experimentation item eliminated by the committee had to do with experimentation on certain types of automobiles that we felt the trade could do better than the War Department.

Mr. STAFFORD. There is no question about that.

Mr. COLLINS. That is the only item of experimentation that was eliminated.

Mr. STAFFORD. Everyone knows that the automotive industry in Detroit has the most perfect plants for experimentation.

Mr. COLLINS. We carried all the other items of experimentation, and they run into very large sums.

Mr. STAFFORD. I would like to give one other reason why I advocated a merger of the departments, because I believed a saving could be made in the amount of $100,000. What is the cost of the maintenance of the proving ground at Aberdeen? That is a large plant which was acquired during the war, many thousands of acres, to test our cannons, where they had a range of more than 30 miles.

Shortly afterwards, when the Navy Department found that the War Department had acquired this modern proving ground, they thought they must have a similar proving ground, and they secured an extensive tract of land on the Potomac for the same purpose, when the Army proving ground at Aberdeen could have been utilized, without any conflict of service at all—another instance justifying the superb recommendation of the distinguished chairman of the Committee on Appropriations. Has the gentleman any information about that?

Mr. COLLINS. It would be difficult to assemble information as to the total expenditure at the Army proving ground. We have no report that we can turn to, that would show the combined expenditures, like, for example, the annual report of the Paymaster General of the Navy.

Mr. STAFFORD. The gentleman's statement would imply that the Army has ancient and obsolete accounting methods, whereas the Navy has up-to-date accounting methods.

Mr. COLLINS. Well, I would not say that.

Mr. STAFFORD. But if direct inquiry were made of the responsible person in the War Department, that information could be obtained without question?

Mr. COLLINS. I should think so.

The CHAIRMAN. The time of the gentleman from Wisconsin has expired.

Mr. JAMES. Mr. Chairman, I rise in opposition to the amendment. I would like to call the attention of the chairman of the subcommittee to line 17, page 34. Last year the language carried was "and payment of their travel and necessary expenses as authorized by existing law."

Where is that found regarding the Air Corps this year?

Mr. COLLINS. The language is in the pooled appropriation for travel, or at least the money is there.

Mr. JAMES. What page?

Mr. COLLINS. We have passed that, I will say to the gentleman. The language to which the gentleman is referring will be found on page 14. We have passed the item.

Mr. JAMES. That is the reason it was left out regarding the Signal Corps and other branches also?

Mr. COLLINS. Yes. It is all in that one paragraph.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Mississippi.

The amendment was agreed to.

Mr. TILSON. Mr. Chairman, I move to strike out the last word, to ask the gentleman in charge of the bill about one moss-covered item that appears on page 37, the last proviso. I remember the old controversy years ago, in regard to the Liberty motor, and I suppose that having been put into the bill at that time it is still necessary and will continue to the end of the chapter.

Mr. COLLINS. It was put in by the gentleman from New York [Mr. LAGUARDIA].

Mr. TILSON. And it is still necessary, is it, and if so, how long is it expected that it must be carried?

Mr. COLLINS. There are certain of those airplane engines still on hand.

Mr. TILSON. They must be in the junk shop.

Mr. COLLINS. No. On page 1002 of the hearings we find the total on hand, all types, 6,289. We had an opportunity to sell them to Soviet Russia, or a large part of them, and there was such a hue and cry raised against it that the Government would not sell them, with the result that we have them on hand now, practically of no value, instead of Soviet Russia.

Mr. GOSS. Will the gentleman yield?

Mr. TILSON. I yield.

Mr. GOSS. Why do we use those old motors in the Christie tanks?

Mr. TILSON. I suppose they are not so dangerous if they are used in a tank on the ground.

Mr. COLLINS. It is an excellent motor, I understand, but, of course, does not compare with aviation motors of recent design. It undoubtedly has been found to be adaptable for use in tanks.

The CHAIRMAN. The time of the gentleman from Connecticut has expired.

Mr. HARDY. Mr. Chairman, I move to strike out the last line.

I have made some remarks on one or two occasions about the cost of printing. These are times when we ought to know something about the cost of things that we purchase before we purchase them.

I think it might interest this committee to know what it has cost to produce the hearings we have had on the War Department appropriation bill. I doubt whether there are three Members of the House of Representatives or men around the Capitol who know anything about what that book cost after it was produced or before, so I have asked the Public Printer to give me an estimate of what he has charged Congress for this particular book.

There are 1,522 pages in the books. They cost $15,976. That does not include the cost for the reporting, and about $1 a page should be added, as the reporting of the hearings cost from a dollar to a dollar and a half a page, so that these hearings which I hold in my hand cost $17,500 plus.

Mr. McDUFFIE. Will the gentleman yield?

Mr. HARDY. I yield.

Mr. McDUFFIE. That applies to practically every committee in the House.

Mr. HARDY. Yes.

Mr. McDUFFIE. The cost of printing and binding, it seems to me, ought to have the attention of this House.

There is a legislative committee which has spent quite as much or more, at least as much as the sum mentioned by the gentleman from Colorado, already on hearings that have been held during this session, one committee. It seems to me there ought to be somebody who would supervise, we will say, that is a better word, or restrict the publication of hearings such as those.

Mr. SNELL. Mr. Chairman, will the gentleman yield?

Mr. HARDY. I yield.

Mr. SNELL. How many copies of this hearing were printed, altogether?

Mr. McDUFFIE. I can not tell the gentleman.

Mr. HARDY. I can tell the gentleman. Seven hundred copies were printed.

Mr. McDUFFIE. Seven hundred copies. It seems to me that is just twice as many as we need. At the end of each year the Public Printer has to throw away or sell for junk a quarter of a million dollars' worth of material like this.

Mr. BARBOUR. No; he does not sell material like this. The supply of Appropriation Committee hearings is exhausted each year.

Mr. Chairman, will the gentleman from Colorado yield to me for a minute?

Mr. HARDY. I yield.

Mr. BARBOUR. The activities of the War Department cover a very broad field; and if you go into them in any detail or with any care and have printed hearings, it is bound to take up quite a number of printed pages. While these hearings might be reduced in size, I do not think the gentleman will say, if he will look them over, there has been any very great extravagance, if there has been any, in the printed hearings.

Mr. BYRNS. Mr. Chairman, I wonder what the House would say if the subcommittee which spent weeks and months investigating the various phases of this subject had failed to print their hearings for the information of the House?

Mr. BARBOUR. Time and again the chairman of the subcommittee is asked questions by the Members who want information, and he furnishes it out of the hearings. That is the official information.

Mr. HILL of Alabama. Mr. Chairman, will the gentleman yield?

Mr. HARDY. I yield.

Mr. HILL of Alabama. Has not the complaint been rather that hearings have not been available to Members in sufficient time, that they have not been published quickly enough?

Mr. BARBOUR. I do not know about that.

Mr. HASTINGS. Mr. Chairman, will the gentleman yield further?

Mr. HARDY. I yield.

Mr. HASTINGS. After the book is in type the additional number of copies do not cost very much.

Mr. HARDY. No; it is the number of pages that cost.

Mr. HASTINGS. So, to cut the number down from 700 to 350 would not result in much saving.

Mr. HARDY. No; not very much. The point I am directing attention to is what it costs to do things. I am not finding any fault with any particular pages in the hearing, although I would not be surprised if we could get out a very complete set of hearings with a less number of pages than are contained in this. I want to make note of the fact that it costs $10 a page for the printing of these hearings, and, as the gentleman from Alabama, the chairman of the Economy Committee says, the legislative committees produce as many volumes as the Subcommittees on Appropriations. It costs so much a page, and the men who have charge of handling these hearings ought to consider a little whether it is going to be worth $10 a page before they let a lot of stuff go into a hearing.

Mr. McDUFFIE. That is it exactly, and that is what I tried to say. I hope it will not be taken that I made this suggestion to the committee from any superiority of knowledge or judgment about what the committee should do. It was merely a suggestion on my part, and I hope the committee do not think I am in here to tell them how to run their own business. They ought to know it better than I do.

[Here the gavel fell.]

Mr. HARDY. Mr. Chairman, I ask unanimous consent to proceed for five additional minutes.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. HARDY. Mr. Chairman, I have sat on committees and have noticed page after page of figures put in that I am quite sure very few people, if any, ever take the trouble to scan. A set of tables and figures costs $21 a page, and when it is stretched out in long strings like this it may cost $50 or $60 a sheet.

Mr. GLOVER. Will the gentleman yield?

Mr. HARDY. Yes.

Mr. GLOVER. I heartily agree with the gentleman. I do not think there is a greater abuse being carried on in this House than that which is carried on in that way. Very recently a matter came up before a committee of which I am a member, and was referred to me. I reported that to carry out the purposes of the bill would cost $30,000 or $50,000, and that after we got it it would be worth but very little. My suggestion is that this House ought to exercise some control over this, and it can do it. We should have a rule requiring that hearings may be held but not printed unless this House authorizes the printing of them. When you leave it to every committee, and everyone conducting hearings, you will have a cost of hundreds of thousands of dollars merely for printing.

Mr. SNELL. How much does the gentleman think it would cost to have the House take the time to authorize those things?

Mr. GLOVER. We could have a rule providing that the House should authorize the printing of hearings before any money was spent on printing. The House should have a rule requiring such authorization, and it can not be done in any other way.

Mr. SNELL. You would have to have an authorization from the committee itself, and that would take more time than it would to print the hearings.

Mr. GLOVER. Does the gentleman say this House is helpless and could maintain no control over a proposition of this kind?

Mr. HARDY. The chairman of committees could save a great deal of money if they would use a little bit of thought about what the cost will be.

Mr. GLOVER. I am suggesting a way whereby you can control that.

Mr. HARDY. Until recently they had no idea what it was costing, and I am trying to show how large the cost is.

Mr. BLANTON. Will the gentleman yield?

Mr. HARDY. Yes.

Mr. BLANTON. Unless the membership has access to the evidence that comes before our committees, so it can pass upon legislation based upon hearings, you would have legislation by committees instead of legislation by the Congress. I agree with my friend that this ought to be curtailed, and it is within the province, within the jurisdiction, and within the power of committee chairmen and chairmen of subcommittees to control it. I think they are doing their best now to control it. But we do not ever want to get to the point where we have to depend upon committees for information. Every Member of the House ought to have access to every hearing on every bill.

Mr. HARDY. Surely, within reasonable bounds. I might say that the revenue bill recently brought in here, the hearings cost $11,558. The hearings on the tariff bill which the Senate and the House held a year or so ago, together with the bills that were printed, cost $430,000. It might interest you to know about the cost of printing the bills which are introduced by Members. As you know, many times bills are introduced out of courtesy. A little 2-page bill—which the introducer knows will never get anywhere except back to his constituents—costs $11.50 to print, and a 50-page bill about $259, more than $5 a page. I am not finding fault with any individual chairman. I am merely suggesting that those who have charge of this matter weigh what it will cost for printing before they order it done. If they would stop to give a little thought to it, a great deal of money could be saved. Last year the printed hearings for the Senate cost $287,674.97, for the House, $316,979.08, a total of $604,654.05.

Mr. BLANTON. Will the gentleman yield further?

Mr. HARDY. Yes.

Mr. BLANTON. The gentleman is a member of the Appropriations Committee. He knows that his committee, under the guidance of our good friend from Tennessee [JOE BYRNS] has already cut appropriation bills $161,000,000, and we are still cutting. Unless you have hearings to back up everything that that committee does and enable you to give the membership a good reason for doing it, you will find the membership coming in here and tearing the bill all to pieces and all of the savings will be cast to the winds. If the gentleman from Tennessee, with the help of my friend and other members of his committee, can save this Government $161,000,000 on the supply bills, what is a little $10,000 printing bill compared with that?

[Here the gavel fell.]

Mr. HARDY. Mr. Chairman, I ask unanimous consent to proceed for one additional minute.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. HARDY. What the gentleman from Texas says is only partially true. A great deal of the time of committees, both legislative and appropriation, is taken up in listening to people who want money appropriated and a great many of the pages of the hearings are taken up by arguments as to why more money should be appropriated.

Mr. BLANTON. My idea is to cut them right off at the cutting-off place.

[Here the gavel fell.]

Mr. COLLINS. Mr. Chairman, in these particular hearings the only matter in them about which I was in doubt as to printing pertain to the housing of the Army. We had authorized appropriations from time to time in the past involving a total expenditure of $72,127,789 for the housing of the United States Army. This year's bill carries practically the last appropriation necessary to finish that program as authorized to date. The committee felt, even though it was entirely statistical and its cost would be heavier than the cost of ordinary reading matter, that Members of the House and the general public ought to have the information as to how and where the $72,000,000 plus had been expended.

This policy would seem to be necessary if the Congress is to function properly. I will be candid and say I do not know of any place where the hearings on this bill could have been shortened in the development of the facts upon which the committee acted and upon which the House very largely must be guided. If the Congress does not care to have available to it the facts upon which the committee acts, then we should not publish the hearings. My own judgment is that the Members of this House ought to have all the facts before them in order that they properly may perform their duties upon the floor of this House as they are expected to by the people of this country. [Applause.]

Mr. CHINDBLOM. Mr. Chairman, I move to strike out the last two lines.

Discussions of the kind we have had in the last few moments are all very interesting. They show a determination and an anxiety on the part of the membership of the House to respond to the country-wide demand for retrenchment of expenditures, but these little parings and cuts of appropriations of the character we have been discussing in the last few moments will not satisfy the people. The people want a permanent reduction in the expenditures of the Federal Government which can only be secured, in my opinion, by the elimination of many of the activities in which the Federal Government is now engaged.

We give $250,000,000 a year to the States in direct appropriations of money to help them in activities which they are very loath to conduct without the assistance of the Federal Government. We give a further $15,000,000 per annum for cooperation with the States in activities that the States ought to perform. We have an enormous Department of Agriculture which does not perform any work for any territory within the exclusive jurisdiction of the United States, but which is giving assistance to the States and Territories and possessions in work which those States and Territories and possessions should conduct themselves.

I made a detailed statement on this subject in the House on March 15 last.

We are conducting numerous enterprises through bureaus and commissions as well as Cabinet departments which are not governmental or Federal in character. They are not within the purposes for which the Federal Government was established. They are not within the purposes enumerated in the Federal Constitution for the operation of the Federal Government.

The appropriation bill now before us represents a genuine Federal enterprise. National defense is one of the things directly committed to the Congress, and there are some others; but I rise to say that we will not satisfy the great demand out among the people to-day for retrenchment by small cuts and little parings here and there. We are not going to accomplish what the people want until we take hold of the entire structure of the National Government, the entire operations of the Federal administration and begin to find the things that are not properly within the scope of the Federal Government, and begin to divorce the Federal Government from those operations and from those activities.

Of course, it looks as if this cost of printing is enormous. I do not know just how much we could save. I do know that the people in the country are sending requests to us constantly for documents and for other printed material. They want to know, and have a right to know, something about the activities of the Government and the purposes and manner in which their tax payments are expended. I have risen largely to express my own personal view that if we want to satisfy the demand in the country to-day, which is

coming to us at our desks every day in hundreds and thousands of letters and telegrams, we are not going to accomplish it by a reduction of a few million dollars here and there. The people want reduction by wholesale and we can not get this except by changing the entire structure of Federal operations, and limiting those operations to the things which, distinctly and directly, are connected with the Federal Government under the Constitution of the United States. [Applause.]

Mr. WOLCOTT. Mr. Chairman, I rise in opposition to the pro forma amendment.

Mr. Chairman, I think we have all been interested in the endeavor here to-day to disseminate some knowledge among the people of what it costs the Government to have these hearings printed. A subject somewhat more germane to the War Department appropriation bill, however, are certain activities of the Seventy-first Congress which, in some particulars, are somewhat amusing to me in the face of the fact that we have been laboring here for the last four or five months trying to balance the Budget.

I quite agree with the gentleman from Colorado [Mr. HARDY] that much money could be saved in the printing of hearings, but I wonder have we taken into consideration that in the face of the fact that money has already been appropriated and spent on certain public works in certain Army posts, no moneys are now available for completing those projects.

I have in mind particularly the post in my district, Selfridge Field, where there is a piece of hard-surface road. Within the last year aprons and certain runways have been completed, ditches dug, sewers installed, grading has been done, and shoulders constructed, so that at the present time the old roadway is about 6 inches below the shoulders of the road. It is a constant menace to traffic, and it will only cost about $25,000 to resurface the road and put it in good condition, and thereby save thousands of dollars which have been so far invested in building this road. Much of this work will have to be done over if the resurfacing is not done this summer.

In the face of that situation, we have no money available to complete it. I am told that an amendment to this bill providing funds for this project will not be in order. I read in the press of last evening that the Government, in the face of our activity to balance the Budget, is handing out directly to the State of Maryland—and I like Maryland, but I think I owe a duty to my country to maintain an adequate national defense—I find that the Federal Government is donating to the State of Maryland $130,000 for the improvement of the Maryland valleys adjacent to the District line.

I ask you whether it is common sense to spend large sums of money for beautifying the city of Washington and the State of Maryland in preference to protecting our investment in Selfridge Field, which is a part of our national defense? It is somewhat ridiculous to talk about retrenchment, to talk about economy, to talk about balancing the Budget, in the face of the fact that this Government is making donations to projects which, you will admit, are not worthy of Federal aid at this particular time.

I believe we have changed our policy since the Seventy-first Congress. At that time you gentlemen who were here spent many million dollars for public works, based on the theory that that money would aid employment. You went to extremes in maintaining that policy which was presumed to be the result of sound reasoning, but at this session of Congress you have changed that policy and have gone to the other extreme of economy and retrenchment in governmental activities to the extent that your "economy complex" may result in irreparable injury to the Nation.

If we can afford to spend millions of dollars in beautifying the District of Columbia and adjacent territory, it seems to me that it is sound business to invest at least a like amount in maintaining our national defense units in proportion to our needs. It is just a question whether we will substitute airplanes and equipment necessary to an adequate air force for a few more flowers and shrubs in Rock Creek Park.

[Here the gavel fell.]

The pro forma amendment was withdrawn.

The Clerk read as follows:

For manufacture, procurement, storage and issue, including research, planning, design, development, inspection, test, alteration, maintenance, repair, and handling of ordnance material together with the machinery, supplies, and services necessary thereto; for supplies and services in connection with the general work of the Ordnance Department, comprising police and office duties, rents, tolls, fuel, light, water, advertising, stationery, typewriting and computing machines, including their exchange, and furniture, tools, and instruments of service; to provide for training and other incidental expenses of the ordnance service; for instruction purposes, other than tuition; for maintenance, repair, and operation of motor-propelled and horse-drawn freight and passenger-carrying vehicles; for ammunition for military salutes at Government establishments, and institutions to which the issues of arms for salutes are authorized; for services, material, tools, and appliances for operation of the testing machines and chemical laboratory in connection therewith; for publications for libraries of the Ordnance Department, including the Ordnance office, including subscriptions to periodicals; for services of not more than four consulting engineers as the Secretary of War may deem necessary, at rates of pay to be fixed by him not to exceed $50 per day for not exceeding 50 days each, $9,805,734: *Provided*, That $200,000 of this appropriation shall be available exclusively for the purchase of five convertible armored tanks.

Mr. ALLEN. Mr. Chairman, I offer the following amendment.

The Clerk read as follows:

Page 43, line 9, strike out all after the figures "$9,805,734," down to and including the word "tanks" in line 11.

Mr. ALLEN. Mr. Chairman, this proviso would require the expenditure of $200,000 of this appropriation exclusively for the purchase of five convertible armored tanks. The War Department has not at this time concluded the tests of tanks of this description. It is doubtful as to whether the appropriation should be spent for tanks of this design. Furthermore, it requires the purchase of a private manufacturer, whereas such tanks, or those of another type more suitable for the service, could be more economically manufactured at the Government arsenal.

Major General Hof, Chief of Ordnance, furnished the following information:

The three Christie tanks have been at Fort Benning, Ga., prior to May 4, 1932, an average of 69 days each, during which time they have been out of service under repair an average of 21 days each.

The repair on these tanks during the period has cost an average of $340.61 for new parts, and, in addition, an average of 387 man-hours of skilled repairmen.

They were, on May 7, all unserviceable for want of further repairs, the estimated cost of which is still undetermined.

I hope the chairman of the committee, Mr. COLLINS, will agree with me in this amendment and not insist on purchasing $200,000 worth of tanks of a type that is not approved by the Ordnance Department. There is nothing in the hearings that indicates that anyone connected with the War Department is in favor of this particular make of tank. We have arsenals in this country to manufacture these armored tanks. They are making experiments, and there is no good reason that I can see why there should be included in this bill an item of $200,000 to hand over to a company, without having before us evidence that that type of armored tank is superior to any that can be manufactured.

Mr. BARBOUR. The Chief of Staff says in the hearings that this tank the gentleman is referring to is the finest thing of its kind in the world.

Mr. ALLEN. Where did he say that?

Mr. BARBOUR. He made that statement before the committee.

Mr. ALLEN. Let me read from page 619 of the hearings what General Hof said.

Mr. BARBOUR. I am talking about the Chief of Staff.

Mr. ALLEN. I read from the hearings:

Mr. COLLINS. General, in that list I notice there is an item of $200,000 for tanks. Will that be for the Christie tank?

General HOF. It will be for whatever tank the War Department decides is the proper thing to spend it for, of that type. We had been thinking of manufacturing them in the arsenal rather than buying them from Christie.

Mr. COLLINS. That will be left up to the War Department?

General HOF. Yes, sir. We have a car that we have made, which has gone to the proving ground this week.

That is all that I am asking for in this amendment.

Mr. STAFFORD. General Hof is the Chief of Ordnance?

Mr. ALLEN. Yes. This Government has its own arsenals, and they can make these tanks in the arsenals. It does not look right in these times to include in this bill an item of $200,000 to hand over to a manufacturer, with evidence before us that the type of tank is not satisfactory to the War Department.

Mr. JACOBSEN. Mr. Chairman, will the gentleman yield?

Mr. ALLEN. Yes.

Mr. JACOBSEN. I think the arsenals should be used for this work. Hundreds of millions of dollars are invested in this equipment and buildings, but that is the smallest part of it. In every one of the arsenals men are employed who are looking for work. Just now we are taking up in the different departments provision for relief work and it is proposed to spend $500,000,000 for relief. Why not start in with these men and take care of their own families? These men that live and work in the arsenals are men of our own families.

The CHAIRMAN. The time of the gentleman from Illinois has expired.

Mr. CLAGUE. Mr. Chairman, I have an amendment which I send to the Clerk's desk, a perfecting amendment, which I ask to be read at this time, so that this can all be discussed at the same time.

The CHAIRMAN. The Clerk will report the amendment.

The Clerk read as follows:

Amendment offered by Mr. CLAGUE: Page 43, line 11, strike out the words "purchase of five convertible armored tanks" and insert in lieu thereof "procurement of five armored tanks."

Mr. CLAGUE. Mr. Chairman, this spring seven armored tanks were purchased. These tanks have not as yet been given a thorough test. The Chief of Ordnance, General Hof, writes me, and in fact has told me, that during the past two weeks a test was made at Fort Benning, and three of those tanks have not been found satisfactory. His statement to me is, as follows:

Last week I was present at maneuvers at Fort Benning, where three of these tanks are located. All three were disabled before the two days' test was concluded, one before the test began, and one on each of the two succeeding days. The medium tank constructed for Ordnance Department operated without mishap and with distinction over the same terrain.

I have personally been greatly taken up with the Christie tanks. I have favored them. We have now, purchased by the department, seven of these tanks. They have not as yet been given a thorough test by the department. I realize that some of the Army officers have been very much opposed to the Christie tanks. I think undue opposition by them has been manifested. In order to be perfectly fair, to get an unbiased opinion, I called up General Fuqua, Chief of Infantry, who has charge at Fort Benning, and he tells me the tanks have not as yet been given a thorough test. He further stated that it would take at least two or three months, possibly until late this fall, before the tanks could be given a thorough test, and in his opinion it is unwise to have this provision as it is in the bill.

In other words, he thought it would be better, and he suggested that the bill be amended to provide that the $200,000 could be used to "procure five armored tanks," and then the War Department would procure either by purchase or manufacture the best available tanks.

Mr. STAFFORD. Will the gentleman yield?

Mr. CLAGUE. I yield.

Mr. STAFFORD. I understood from the letter of General Hof and his personal statement to the gentleman that the Government-manufactured tank had proven satisfactory, whereas the Christie tanks had fallen down, each and every one?

Mr. CLAGUE. No.

Mr. STAFFORD. What was the reference to the Government-constructed tank?

Mr. CLAGUE. He states, "The medium tank constructed by the Ordnance Department operated without mishap and with distinction over the same terrain."

Mr. STAFFORD. Whereas the Christie tanks failed in the same test, each and every one?

Mr. CLAGUE. Well, he does not put it that way.

Mr. STAFFORD. Well, the facts are that they did.

Mr. BARBOUR. Oh, no; they did not.

Mr. STAFFORD. Well, what did the letter state?

Mr. BARBOUR. It says they passed all tests.

Mr. CLAGUE. I will read this letter again. The letter is written to me and is dated May 11, and reads as follows:

The Army appropriation bill, page 43, lines 10 and 11, provides that $200,000 of the appropriation shall be available exclusively for the purchase of convertible armored tanks. This is intended to require the purchase from Mr. Christie of tanks of his design and construction.

Seven such tanks were procured from Mr. Christie this spring and are now undergoing service test.

Last week I was present at maneuvers at Fort Benning, where three of these tanks are located. All three were disabled before the 2-day test was concluded; 1 before the test began and 1 on each of the 2 succeeding days.

Mr. STAFFORD. Do you want any more than that?

Mr. CLAGUE (continuing reading):

The medium tank constructed by the Ordnance Department operated without mishap and with distinction over the same terrain.

The proviso of lines 10 and 11 should be eliminated and the War Department will then be authorized to procure by manufacture or purchase such tanks as it deems most acceptable.

As I stated, I called up General Fuqua, and he said that the Christie tanks have not yet been given a thorough test.

The CHAIRMAN. The time of the gentleman from Minnesota has expired.

Mr. CLAGUE. Mr. Chairman, I ask unanimous consent to proceed for five additional minutes.

The CHAIRMAN. Without objection, it is so ordered.

There was no objection.

Mr. CLAGUE. He feels that he does not know as yet whether the faults that were found were simply minor faults that could be easily corrected, or whether the tanks were actually defective, and he felt that owing to the fact that we have seven of those tanks it would be unwise to purchase any more at this time.

Mr. STAFFORD. Will the gentleman yield?

Mr. CLAGUE. I yield.

Mr. STAFFORD. As to this Government-constructed tank, how does that type compare, in a general way, with the Christie type?

Mr. CLAGUE. It is a different type of tank. As I stated a moment ago, personally I have strongly favored the Christie tank, if they could do the work. We have seven of them; they have not as yet been thoroughly tested, and I do not think it would be wise to spend $200,000 more until we can give those tanks a further test.

Mr. STAFFORD. Is this the tank that went across the Hudson River some years ago?

Mr. CLAGUE. I do not know.

Mr. LAGUARDIA. Will the gentleman yield?

Mr. CLAGUE. I yield.

Mr. LAGUARDIA. The purpose of the amendment offered by the gentleman is simply to try out the seven; and if they are all right, next year we can buy more. Meantime not buy any. Is that it?

Mr. CLAGUE. Yes.

Mr. BARBOUR. And meantime Christie will be out of business.

Mr. CLAGUE. I am leaving it to the War Department.

Mr. GOSS. Will the gentleman yield?

Mr. CLAGUE. I yield.

Mr. GOSS. In the gentleman's amendment, he has stricken out that language "convertible," has he not?

Mr. CLAGUE. Yes.

Mr. GOSS. And the only convertible tank made is the Christie tank. Is that not true?

Mr. CLAGUE. That I do not know.

Mr. GOSS. The only convertible tank made is the one made by Christie.

Mr. BARBOUR. That is the only one I know of.

Mr. GOSS. So that the gentleman's amendment would allow the War Department to procure five armored tanks?

Mr. CLAGUE. Yes, sir.

Mr. GOSS. And not force them to purchase five convertible armored tanks?

Mr. CLAGUE. That is correct.

Mr. GOSS. So that during the period between now and the time the next appropriation bill is considered, they could not purchase any convertible tanks. I understand from the hearings on pages 619, 630, and 666, which I have before me, that the Ordnance Department has approved four of these tanks at Aberdeen and sent them on to Benning to the Infantry. Now, those have been secured on the pronounced O. K. from the ordnance standpoint at Aberdeen, but they have broken down in the practical running of them in Infantry work. I would state further, as I understand it, that they already have paid out of Government funds some $82,000 for the plans and drawings of these tanks which we own. Is that correct?

Mr. ALLEN. That is correct.

Mr. GOSS. So that if the Ordnance Department or the War Department decided they wanted to make some that were not convertible or were convertible, or whatever they wanted, then this appropriation would be available for the best thought in the War Department?

Mr. CLAGUE. The War Department could make their armored tanks or convertible tanks, whichever they saw fit.

Mr. DALLINGER. Will the gentleman yield?

Mr. CLAGUE. I yield.

Mr. DALLINGER. If the gentleman's amendment prevails and the Government finds it to the best interest to have tanks made in the arsenals, they can do so?

Mr. CLAGUE. They can make convertibles if they wish to after a thorough test and they are found satisfactory.

Mr. DALLINGER. That is, under the gentleman's amendment?

Mr. CLAGUE. Yes. Under my amendment.

Mr. COLLINS. Mr. Chairman, I believe it is the duty of the members of this committee to give the House all the facts in their possession so that the House may know exactly the basis for the committee's action.

In the first place this language merely provides that $200,000 of this appropriation shall be available exclusively for the purchase of five convertible armored tanks. It does not preclude the use of other moneys for the manufacture of tanks, although we assume that the department will abide by the project estimates.

The Ordnance Department has a tank more or less copied from the Christie tank. Christie has invented a tank that the Infantry branch of the Army says is perfect. The Ordnance branch does not seem to like the tank. The Tank Corps of the Infantry is using this tank and is delighted with it. We find the Ordnance branch opposed to it. We had extensive hearings on the question last year. Some of the best tank men of the country came forward and told us it was a perfect tank and the greatest invention of its kind in existence. This year our hearings were not as complete as they were last year, but we did inquire about the tanks. Mr. Wright asked General Fuqua:

What is your estimate of that tank? What do you think about it?

General Fuqua, Chief of Infantry, replied:

My estimate is that it is the best tank produced to-day. It is the best in the world to-day.

Mr. GOSS. Will the gentleman be fair?

Mr. COLLINS. I am fair. I am always fair, I will say to the gentleman from Connecticut. I have read him the exact language.

Mr. GOSS. Continue where it says, "However, it is shown."

Mr. COLLINS. I will ask the gentleman to read it in his own time and not mine. I have read the House the exact language. It is to be found at page 666 of the hearings exactly as I read.

Mr. GOSS. Part of it.

Mr. COLLINS. Furthermore, Mr. Wright said:

There is no other tank comparable to that tank in point of speed, is there?

General FUQUA. No, sir; not that I know of.

The testimony is that it makes 60 to 70 miles an hour on ordinary roads and from 35 to 40 miles per hour through woods and on its tracks.

Now, I do not know whether it is a good tank or a bad tank. I know the infantry says it is an excellent tank and the best in the world. I am willing to accept the kind of tank the using branch thinks is best. It seems to me the people who are going to use it in event of war ought to be the ones to decide what sort of instrument they should have. That is what actuated me and what actuated the other members of the committee in proposing this language.

Mr. WRIGHT. Mr. Chairman, will the gentleman yield?

Mr. COLLINS. I yield.

Mr. WRIGHT. Is it not true that in the hearings last year the Chief of the Tank Corps and the boys who actually use the tanks came before our committee and said this is the kind they want? In other words, they let us know that if they were going to be killed, they thought they should have something to say about selecting the instrumentality that killed them.

[Here the gavel fell.]

Mr. COLLINS. Mr. Chairman, I ask unanimous consent to proceed for one additional minute.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. CLAGUE. Mr. Chairman, will the gentleman yield?

Mr. COLLINS. I yield.

Mr. CLAGUE. The chairman mentioned General Fuqua. Before consenting to offer this amendment, I talked personally with General Fuqua over the phone regarding it. He stated to me to-day he thought it would be unwise to have this provision in the bill; that these tanks had not worked out satisfactorily up to this time. He said he did not know but what they could be made satisfactory, but he could not say as to that.

Mr. COLLINS. I talked to General Fuqua myself to-day.

Mr. CLAGUE. General Fuqua recommended an amendment along the lines I have suggested.

[Here the gavel fell.]

Mr. GOSS. Mr. Chairman, I offer an amendment to strike out the proviso from line 9 down to and including line 11.

The CHAIRMAN. That amendment is pending.

Mr. GOSS. I do not understand so. The gentleman did not strike out the $200,000 in his amendment.

The CHAIRMAN. The gentleman from Illinois has an amendment pending to the same effect.

Mr. GOSS. Then, Mr. Chairman, I ask recognition.

Mr. Chairman, when I interrupted the gentleman from Mississippi [Mr. COLLINS] a few minutes ago——

Mr. COLLINS. Mr. Chairman, I do not want to take the gentleman off his feet; but if the gentleman will permit, I move that all debate on this paragraph and all amendments thereto close in 15 minutes.

The motion was agreed to.

Mr. GOSS. Mr. Chairman, when I interrupted the gentleman from Mississippi [Mr. COLLINS] in his reading of the information from General Fuqua I desired to call attention to the following language which he neglected to read:

However, it has shown indications of overheating, which trouble has now been corrected.

I am reading from page 666 of the hearings.

It seems that the radiator and the cooling apparatus were not sufficient to take care of the heat of the engine, caused by the increased power and speed. Now a larger radiator has been built, and the water flowing through it has been doubled—

And so on. That was some of his complaint. On page 630 of the hearings you will find that General Hof had this to say:

Well, we had some little trouble in getting those. I am hopeful. I have a little history of that situation here. Four tanks have been delivered under dates of October 9, October 10, December 8, and December 18, and we have accepted two of them.

and we have paid 75 per cent on four of them. The drawings have all been delivered, and the spare parts have not yet been delivered. The balance of the 25 per cent, which is due on the two tanks accepted, can not be paid until the spare parts are all delivered and accepted. Acceptance tests of two other tanks are now under way at Aberdeen.

Then, further, on page 631, the gentleman from Minnesota [Mr. CLAGUE] asked General Hof in reference to these repairs which were necessary to the wheels during the test, and General Hof said:

Oh, it had to be sent back to the factory to replace the wheel, unless you have a spare wheel.

They had to send the whole tank back to the factory.

It is a hard-rubber-tired wheel. It has got to be re-tired.

I submit to the committee that inasmuch as we are restricting all appropriations for tanks this year to the extent of $200,000 and we are requiring that these be purchased from one manufacturer, we might as well name that manufacturer in the bill, and that manufacturer is Mr. Christie.

I have nothing against the Christie tank, but I say let us pause, look around, and see where this is leading us. We certainly used tanks before we bought these Christie tanks. All I am saying is why not have this money available for the purchase of armored tanks, and if these Christie tanks make good during their trial, as far as I am concerned, let us have them. We want the best, and that is all we are after.

Mr. GILBERT. Will the gentleman yield?

Mr. GOSS. Yes.

Mr. GILBERT. The adoption of the amendment does not prevent the purchase of the Christie tank?

Mr. GOSS. Oh, yes. If the amendment is adopted it strikes out the word "convertible" and that will allow other tanks to be used until and unless we found the Christie to be the best available.

Mr. GILBERT. As I understood the gentleman from Illinois, they could use Christie tanks. Is that correct?

Mr. GOSS. Yes, they could; but it does not absolutely say to the War Department that they must buy the Christie tanks until they have had further experimentation.

Mr. GILBERT. Why should this Congress, with its limited knowledge, preclude that?

Mr. GOSS. I do not know, but the bill does preclude it, and that is why we have offered an amendment to try to straighten it out. I hope the committee will adopt the amendment. I can not understand why the gentleman from Mississippi should object to the amendment.

Mr. ALLGOOD. Will the gentleman yield?

Mr. GOSS. Yes.

Mr. ALLGOOD. Is there anything in the hearings to show that tanks are available which will not overheat when running at 60 or 70 miles an hour?

Mr. GOSS. No.

Mr. ALLGOOD. Are there any other tanks available to the department?

Mr. GOSS. Other tanks are available to the War Department. There are many other brands of tanks that have been used successfully.

Mr. TABER. Will the gentleman yield?

Mr. GOSS. Yes.

Mr. TABER. The War Department now has a tank of its own which is working well.

Mr. GOSS. I understand so.

[Here the gavel fell.]

Mr. LAGUARDIA. Mr. Chairman, this provision in the bill contains a principle that is more far-reaching and more important than the tanks themselves. When it comes to ordnance and implements of war I believe Congress has adopted the policy that they should be manufactured in Government arsenals. The purpose is emphasized in what the gentleman from California, unwittingly, perhaps——

Mr. BARBOUR. No.

Mr. LAGUARDIA. Stated when he said that if we do not appropriate, then Christie will be out of business. That is the viciousness of the private manufacture of implements of war. In other words, appropriations must be made and public funds spent to keep manufacturers in business. That is why, as I understand it, Congress has adopted the policy that implements of war, cannon, tanks, and machine guns should be manufactured in Government arsenals, in keeping with the desire of the American people to take the profits out of war. When it comes to clothing, food, and commercial commodities, then I am strong for going into the market and buying them at competitive bidding. There is a sharp line of demarcation between munitions and armaments on one side and clothing, materials, and food on the other.

Under the Clague amendment you are not precluded from buying these tanks if they turn out to be all right; but when you take a complicated machine like a tank or an airplane that is new, it takes a long time to get what we call the "bugs" out of them. Why should we, during the period we are experimenting with the seven tanks we now have and getting the bugs out of them, encourage or direct by the wording of the provision now in the bill the buying of five more. It seems to me this would be most improvident and unwise.

Under the Clague amendment the Tank Corps can either buy five more or if they feel the Christie tank is all right they may buy that tank, but I say if the Christie tank or any other tank is successful—and, mark you, a tank can be used only for military purposes—if it is successful, then the Government ought to buy the patent, make the necessary arrangements and build them in the arsenals in order not to be placed in a position where we have to appropriate money or look for a war in order to keep a factory going.

Mr. GOSS. Will the gentleman yield?

Mr. LAGUARDIA. Yes.

Mr. GOSS. Does the gentleman know that we have bought these plans and the right to make the Christie tanks in our arsenals at a cost of some $82,000?

Mr. LAGUARDIA. We have that right now?

Mr. GOSS. Yes.

Mr. LAGUARDIA. Then the point is even stronger.

Mr. BARBOUR. Will the gentleman yield?

Mr. LAGUARDIA. Yes.

Mr. BARBOUR. My understanding is they have not purchased the plans. Mr. Christie says they have not, although someone connected with the War Department says they have.

Mr. TABER. General Hof, the Chief of Ordnance, told me they had.

Mr. GOSS. That is where I got my information.

Mr. LAGUARDIA. As I understand, under the law we could do that upon payment of a reasonable amount.

Mr. STAFFORD. In time of war?

Mr. LAGUARDIA. In time of war; yes. In the meantime arrangements can be made to meet the situation; but the point now before the House is more important, as I have said, than the matter of the tanks. The Clague amendment will carry out the policy we have adopted since the war, while accepting the provision in the bill will change that policy and reestablish a policy which I believe has been a curse to peace in many countries, and that is to keep factories going for the purpose of manufacturing implements of war and in order to do this to look for a war in order to bring business to such factories.

I am going to support the Clague amendment.

Mr. BARBOUR. Mr. Chairman, it is difficult to give the House a picture of this situation in five minutes. Briefly, this is the history of it:

Two years ago General Williams, then Chief of Ordnance, came before our subcommittee and asked us to provide a certain amount of money for the purchase of Christie tanks. General Williams said that he believed we should purchase four or five of these tanks in order to give them a proper service test. He said it was the most promising thing in the way of a tank he had ever seen. We provided the money in the bill to buy several of these tanks, and they bought one. Instead of buying four or five, as General Williams recommended, the War Department purchased one. Then the next year we put $200,000 in the bill again for the

purchase of Christie tanks. Everybody connected with the Tank Corps said it was the most marvelous thing that had ever been developed. When they only bought one the first year, when we had provided money for five or six, Mr. Christie had to have funds; and he sold two chassis for this marvelous tank to Soviet Russia, because our War Department would not buy them when the money had been furnished by the Congress. The next year we put that $200,000 item in again, and then we were told that they were only going to buy one.

Now, right or wrong—and I think it is wrong—a certain amount of feeling has grown up in the War Department about this matter. The Chief of Ordnance, for whom I have the highest regard, in all of his testimony before our committee has shown himself as not favorable to the Christie tank.

We brought into our hearings last year from Fort Meade the men who operate these tanks, the men who commanded our Tank Corps and operated tanks in the World War, and the men who are working on mechanization; and every one of these men testified before our committee that this tank is so far superior to everything else in the tank line that there is absolutely no comparison.

General MacArthur, Chief of Staff, when he was before our committee this year, was asked at page 12 of the hearings:

Mr. BARBOUR. You just mentioned tanks, General. What have you to say about the Christie tanks?

General MACARTHUR. The Christie tank finally passed all the tests and we have ordered seven. My opinion is that that is the best tank that has ever been developed.

And later on he said:

It is the best tank yet developed, in my opinion.

What I fear now is this. If we change this language the Christie tanks will not be purchased but something else will be secured. He is the inventor of this tank. He has produced something that no other country in the world has been able in any way to approach. It is a marvelous thing, according to what the officers of our Tank Corps tell us, and for one I want to act upon the recommendations of the men who operate these tanks instead of the Ordnance Bureau here in Washington.

Now, one may be right and the other wrong; I do not know; but as between the two, I believe the weight of the testimony is with the men in the Tank Corps who have to operate them. This is why I want to see this money spent for the Christie tank, which the Chief of Staff and other experts say is the best thing in the tank line that has been developed anywhere in the world.

I do not care what language you use so long as we secure this tank, which, according to experts, is the best of its kind that has been developed anywhere.

If you leave it to the Ordnance Department, you may not get the Christie tanks. Mr. Christie owns a small factory up in New Jersey. It is no great industrial concern; he is an inventor and has a small plant there. He is entitled to some consideration for this remarkable invention that he wants this country to have. He had to sell two tanks to the Soviet Russian Government, simply because the War Department would not spend for these tanks the money that Congress appropriated.

Mr. ALLEN. Now, the gentleman has presented the Christie side of it.

Mr. BARBOUR. I have shown, too, that some in the War Department are not favorable to the Christie tanks, but the men who are best qualified—the men of the Tank Corps—want the Christie tanks.

[Here the gavel fell.]

Mr. ALLEN. Mr. Chairman, I withdraw my amendment.

The CHAIRMAN. Without objection, the amendment of the gentleman from Illinois will be withdrawn.

There was no objection.

The CHAIRMAN. The question now is on the amendment offered by the gentleman from Minnesota.

The question was taken; and on a division (demanded by Mr. COLLINS) there were 22 ayes and 33 noes.

So the amendment was rejected.

Mr. DALLINGER. Mr. Chairman, I renew the amendment that was offered by the gentleman from Illinois [Mr. ALLEN].

The CHAIRMAN. The Clerk will report the amendment.

The Clerk read as follows:

Amendment proposed by Mr. DALLINGER: Page 43, line 9, strike out all after the figures "$9,805,724," down to and including the word "tanks," in line 11.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Massachusetts.

The question was taken; and on a division (demanded by Mr. DALLINGER) there were 15 ayes and 23 noes.

So the amendment was rejected.

Mr. SABATH. Mr. Chairman, I offer the following amendment.

The Clerk read as follows:

Page 43, strike out all after the word "than," in line 6, and down to and including the word "each," on line 9.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Illinois.

The question was taken, and the amendment was rejected.

The Clerk read as follows:

For operating, repair, and preservation of Rock Island bridges and viaduct and maintenance and repair of the arsenal street connecting the bridges, $47,000.

Mr. SABATH. Mr. Chairman, I move to strike out the last word. The amendment that I just offered proposed to strike out of the appropriation for four consulting engineers which the Secretary of War is given the right to employ at $50 a day. I should like to know from the chairman of the committee why it is necessary to engage outside engineers at the rate of $50 per day, when we spend millions and millions of dollars to educate engineers in our Military and Naval Academies and have them by the hundreds in the department? Does this mean that the engineers that we have educated are useless or incapable of performing their duties or of advising the department on these important works? I see that the chairman does not see fit to answer, and I presume he can not answer. I know it would be very hard for him to make an explanation.

Mr. COLLINS. I have a very good explanation. I do not think the money has been used in recent years. This is language that has been carried in the bill from year to year.

Mr. SABATH. Should it not be stricken out? I can not understand why we should appropriate that amount of money, especially in view of the fact that the country demands that we balance the Budget and that we do something to alleviate the pathetic conditions among the people. This afternoon I received a letter from the county commissioner of Cook County, Ill., who has charge of public welfare, stating that it is absolutely necessary that some relief be forthcoming in the near future or otherwise 100,000 families in the Chicago area will be deprived of the aid which has been given to them by Cook County.

The county has already appropriated $20,000,000, but unfortunately it was obliged to issue bonds, many of which can not be sold due to existing conditions. What is true of Cook County and of Chicago is true in every section of our country. Gentlemen, it appears to me that you do not care or you are totally oblivious to the needs of the people or you do not know what is transpiring in this country. I say in all seriousness that we should give heed and consideration to these conditions and we should not squander money under the pretense of national defense and fail to recognize the needs of millions of unemployed and starving people.

I ask unanimous consent to insert this letter, which is not a political letter, and at the same time to insert a letter that I wrote to the members of the Committee on Banking and Currency, asking their consideration of a proposition to aid the States and the municipalities, so that they could proceed to feed their hungry and starving people. I made every effort to secure a hearing from that committee but was unsuccessful. I got in touch with the members of the com-

mittee and secured their consent that a hearing might be given me. In desperation I wrote to all of the Members on the 22d of February. I received an answer from only five members of the committee. In the press yesterday it was reported that the President was coming out with a great plan to relieve the States and municipalities. Without any attempt at self-eulogy, it is obvious that he is again stealing my thunder, as he has done on several occasions before, particularly in regard to the Reconstruction Finance Corporation and the Federal reserve amendment.

Here I have been advocating the proposition for three months or more and have not received any consideration whatever. O tempora! O mores! proh pudor!

The CHAIRMAN. The gentleman from Illinois asks unanimous consent to extend his remarks in the RECORD and to print the two letters referred to by him. Is there objection?

There was no objection.

The letters are as follows:

MAY 12, 1932.

Congressman A. J. SABATH,
House Office Building, Washington, D. C.

MY DEAR CONGRESSMAN: As chairman of the bureau of public welfare committee of the county board, I have a certain responsibility for the relief work of Cook County.

At present the financing is derived from a $20,000,000 bond issue authorized by the State legislature. Twelve million five hundred thousand dollars of this money was raised through tax-anticipation warrants sold to the citizens. This $12,500,000 is exhausted. There remains to be sold $6,000,000 additional tax-anticipation warrants. It is very problematical whether the citizens of Chicago will buy these warrants. If these warrants are bought, therefore, $18,500,000 total will be realized from the bond issue. The fund will be exhausted by July 15, at which time the relief work of Cook County, supporting more than 100,000 families, totaling approximately 500,000 people, will stop.

The discontinuing of relief in Cook County is unthinkable. As I see it, Federal relief will be urgently needed both for the purchasing of the tax-anticipation warrants at the present time and for the financing of the program after July 15.

Will you not give consideration to the Federal relief bills now pending in Congress and endeavor to secure aid for Illinois?

Very truly yours,

AMELIA SEARS,
County Commissioner.

FEBRUARY 22, 1932.

DEAR COLLEAGUE: Having advocated early in 1930 the finance corporation plan and the enlargement of the power of the Federal Reserve Board, you will concede that I was not far afield in advancing remedies for the present economic crisis. I was, however, hopeful that either or both of these bills, now enacted into law, would make possible relief to some of our municipalities.

In the Reconstruction Finance Corporation we made it possible to extend relief to railroads, banks, and others. I assure you it will be much more beneficial to accord some relief to the municipalities, as any loans made to them will be repaid, so there will be no danger of the Government losing any money. By extending the relief I recommend it will be possible for many of these large cities to go on, otherwise there is a danger that they will be compelled to close their schools, discharge policemen and firemen, and restrict most of their activities. You can readily surmise what an effect it will have. By extending to them the privileges accorded to the railroads we will not only enable them to go on but make it possible for them to proceed with delayed and needed improvements, which will result in the reemployment of thousands of men now out of work and in distress.

We must not take for granted all that Secretary Mills and a few of the large bankers say. We must consider the existing conditions. Large financiers are fearful of inflation, which they believe will affect their securities and investments. If ever there was a need for inflation, this is the time. But why call it inflation? Do not the financial interests advance billions of dollars to foreign nations? Did not the call loans for speculative purposes in 1929 reach the fabulous total of $8,500,000,000, which to-day have been reduced to about $500,000,000?

Therefore, there is no danger of inflation if, in addition to the Reconstruction Finance Corporation act, we make possible, or under this act permit, loans to municipalities to the amount of $200,000,000. Remember the old adage, "A stitch in time saves nine."

Conditions in the large cities are alarming and, I repeat, something must be done or no one can foretell what may transpire. Please do not feel, therefore, that I am asking too much if I ask that a few mayors—for example, Mayor Walker, of New York; Mayor Cermak, of Chicago; Mayor Curley, of Boston; and Mayor Murphy, of Detroit—be given the opportunity to present their causes to your committee. They represent over 12,000,000 American people and cities that pay into the United States Treasury more than 70 per cent of our revenue. Therefore, I feel we can not in all justice ignore hearing them.

I have taken up this matter with the chairman, who has requested me to take up this question with you also and secure your consent for such hearings, which, I assure you, will not take up more than two and a half days. I did wish to see you personally, but due to illness in my family was obliged to leave. I will appreciate an early and favorable reply to my request.

Sincerely yours,

A. J. SABATH.

The Clerk read down to and including line 15, page 47.

Mr. COLLINS. Mr. Chairman, I move that the committee do now rise.

The motion was agreed to.

Accordingly the committee rose; and Mr. RAINEY having assumed the chair as Speaker pro tempore, Mr. COOPER of Tennessee, Chairman of the Committee of the Whole House on the state of the Union, reported that that committee had had under consideration the bill H. R. 11897 and had come to no resolution thereon.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to Mr. CONNERY, indefinitely, on account of illness in his family.

CONSENT DAY

Mr. WRIGHT. Mr. Speaker, is it in order to dispense with consent day on Monday next in order to go on with the consideration of the Army appropriation bill?

The SPEAKER pro tempore. It can be dispensed with by unanimous consent.

Mr. WRIGHT. Mr. Speaker, I ask unanimous consent that consent day be dispensed with on Monday next, and that it follow the disposition of this bill.

Mr. LAGUARDIA. Mr. Speaker, I object, because we never have yet dispensed with it.

CHILDREN FIRST

Mr. PITTENGER. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD by inserting an address delivered over the radio by Hon. William E. McEwen, of the Department of Conservation Commission of the State of Minnesota.

The SPEAKER pro tempore. Is there objection?

There was no objection.

Mr. PITTENGER. Mr. Speaker, under leave to extend my remarks in the RECORD, I include the following address by the Hon. William E. McEwen, delivered over the radio on May 12, 1932, on the subject Children First.

Mr. McEwen is chairman of the Department of Conservation Commission of the State of Minnesota. He is publisher of the Labor World, of Duluth, Minn., and was labor commissioner of the State under Gov. John A. Johnson. The address is as follows:

I come to you to-day to plead for the right of every child in America—the child of the poor and the child of the rich—to that security and protection which can only be given to him with a decent family income.

We are passing through a tragic era. It is a time that tests the mettle in human souls. Hunger and want abound everywhere. Millions of willing workers are idle and they know not where to turn to seek food, clothing, and shelter for themselves and their children. Millions of farmers can not find purchasers of their products at decent prices. Their farms are heavily mortgaged and thousands of them are being foreclosed. Business men are burdened under heavy loads of debt and expense, from which they can not escape unless they quit entirely and find refuge in bankruptcy courts. Bankers are taking heavy losses. Many of them, unable to weather the storm, go down in ruin. Capitalists and investors are losing interest and dividends on their investments. Doctors, dentists, and lawyers may have plenty to do, but their patients and clients can not pay for the services they receive.

This is a trying time. Heavy are our cares, disturbing are our troubles, and burdensome our obligations. These personal worries lead and tempt us to center too much thought upon ourselves, and while struggling for our own security we unconsciously lose our social complex.

This is evident when we note the present hysterical demand for eliminating or curtailing certain important school activities and subjects, and reducing the salaries of teachers and other public employees, just to save ourselves a few dollars in taxes without regard to their effect on education, on family life, and on living standards.

The boys and girls of this depression are to be the men and women upon whom the Nation must rely in the next generation to direct her course from the backwash of these troubled times. Here we have the obligation of training and equipping the citi-

zens of to-morrow to lead our country and its institutions over the treacherous shoals of political and economic disorder.

Shall we remain so blinded to our own temporary individual misfortunes that we fail to see and recognize the importance of preparing the children of this depression for the responsibility that will be theirs to take leadership and give direction to the destiny of the civilization, and all that goes with it, good and bad, that we shall pass on to them? This must not happen.

And yet this will happen unless a new social consciousness is aroused within us. The men and women who think only in terms of money, and tax saving and wage slashing, must not be permitted to have all their own way at the expense of the innocent boys and girls of this depression. If they do have their way now the Nation some day will be required to pay for it in one way or another, in illiteracy, poverty, disease, and crime.

The home is the first unit of society. It is the basic institution of our social order. It is the foundation on which the whole structure of society rests. From it radiates the spiritual and moral values that go to make up the human worth of our Nation. That which weakens the home saps at the vital force of society as a whole. The Nation's strength rests entirely on the security of the home.

The home is sustained by the income of the family's breadwinner. In a social order where justice prevails the income earned by the father will be sufficient to enable him to support his family in keeping with what we have come to call the American standard. What is that standard? It is this:

The home is comfortable, clean, sanitary, and wholesome. The food is nutritious, strength-building, health-giving, relishable, and quite diversified. The clothing is neat, appropriate for the varying weather, and sufficient to give decent style and comfort. The furnishings are such as to make the home more inviting to the children than anywhere else. In it will be found music, here and there works of art, a good library, wholesome magazines and other good reading matter, a radio set, and electric appliances to make home keeping and home making easier for the mother.

This is the kind of home every American father aspires to have and support. It can only be had by honest and willing workingmen when they receive good wages. They can not maintain such a home on low wages. When this home is kept up by good wages it means the family must buy more goods and more food than when wages are low. If all men and women who work for wages had been paid sufficient to support such an American home, in all probability we would not have the business depression from which we to-day suffer.

Now, what happens when wages are reduced and the income of the father is not sufficient to maintain accustomed standards in the home? When there are several children in the family, the oldest of them are forced to leave school and go to work to earn money to help make up for the loss the father has suffered through reduced wages. In a great many cases even the mother has been forced to leave home during the day and seek work in the homes of well-to-do people, to earn money in order that the family standard shall not be lowered.

Following the World War, when prices kept soaring and wages, which were supposed to have been high, were reduced, there was an unprecedented increase in the employment of children in the factories and shops of most every State in the Union. The fathers, with their lower incomes, were unable to maintain for their families their accustomed standard of living, and were compelled against their will, but by sheer necesssity, to take their children out of school and find jobs for them, or have them seek jobs for themselves.

Students of crime and family life generally agree that the alarming increase in crime among the youth of America during the past 12-year period is directly traceable to the lowering of home and living standards caused by the decline of family income. Since the depression there has been a still more marked increase in crime among the youth. This presents a serious situation that is a challenge to every man and woman concerned in the welfare and security of our Nation.

To save themselves a few immediate dollars in taxes there are well-meaning but short-sighted people who would add to the present critical youth peril by eliminating or curtailing school activities that have served in the past to give direction to the young lives of boys and girls at their play. They would do away with all recreational activities now carried on by the schools and drive boys and girls from well-directed playgrounds to the public streets and out-of-the-way places. They would have the old boy gang resurrected, with the gang leader and the evils that come in the wake of such untrained leadership, luring the boys to ways that are wayward. They would do this to save a few paltry tax dollars. They must not have their way.

It is time to invoke during this depression the unwritten law of the sea. In the face of danger and disaster on a sinking ship no man is permitted to save himself at the expense of the life of a child. Children come first on sinking ships. Children should come first in the consideration of every free government worthy of the name. The race can save itself—can lift itself higher—only as children are lifted up. In this critical period of depression, with its extreme want on one side and its extreme fortunes on the other, its innocent child victims have already suffered enough in their homes without being called on to have all their future blighted through the mad desire of selfish and visionless men and groups to be relieved of paying a few measly tax dollars into the school funds because of their temporary embarrassment.

This assault on the public schools and on the incomes of the masses of the people is a double blow to the children. To the men and women of to-day the problems of life are perplexing. What shall they be for the children when they grow up—for your children and mine? Fathers now out of employment are unable to provide for their families sufficient food to keep their young bodies strong and immune from the attacks of disease. It takes income to do this. The fathers are without incomes. When in America there is cultivated and developed the right sort of social consciousness, the relation between wages and child health, education and child welfare will be better understood.

And because we do not fully recognize this relationship many of us still cling to the old concept that the income of the wage earners should be based on the cost of food and other necessities of life. Recent reductions in prices have prompted many employers to reduce wages. They are now asking our local, school, county, State, and National governments to reduce the wages and salaries of their employees, which will give low-wage employers an additional excuse to still further reduce wages of their own employees.

All this is unsocial and uneconomic, and falls most heavily on the children. It means that they must give up many things their parents had planned for their cultural development. Young girls must go without their music. Many of them must find jobs clerking in stores for meager wages. Boys are required to give up many of their youth activities, which served so admirably in the development and building of character. What a price the wage cutters are exacting from the children!

With the improvement of machinery and the simplification of work processes low-wage employers have always sought to draw children from the home and school to their factories. They have wanted cheap labor without regard to its social costs. It was because of this practice that State legislatures have enacted laws making it unlawful to employ boys and girls under 16 years of age. These laws they have tried to weaken in their avid desire to exploit childhood for gain. In many of the Southern States the child labor laws are not applicable to children over 12 years of age.

Better than a child labor law is a decent income for fathers. No real parent will take his child from school, rob him of the opportunity to be trained and equipped for a useful and profitable life, and force him to early gainful labor, unless he is compelled by his own inability to earn sufficient money to support his family.

Back of every social and economic problem with which we are called on to deal is the question of low wages and low incomes, which first affects and weakens the home, then strikes at the school, and in rapid order hits business through a decline in buying power, starts an underconsumption of the products of farm and factory, curtails transportation, brings a decline in bank deposits, and finally is felt by the Government through the business depression and unemployment it causes. In simple language this is the sad story of to-day.

How the bankers who are leading the crusade against wages and salaries, and their supporters spread everywhere throughout the land, expect to pull our country out of the present depression surpasses understanding. Even if every industry began operating to-morrow morning with 100 per cent production there still would remain from two to three million unemployed workers in the land, with their children under the same handicaps as are all the other children whose fathers are now idle.

We are concerned about these children. America has an interest in them. How they are treated to-day, how they may be trained, their home environment, their attitude toward life and their country—all will have a tremendous influence on the national character 10 and 20 years hence.

Will these children, when they reach their majority, become loyal and patriotic citizens? Will they hold respect for our free government and its institutions? Will they revere the Constitution and uphold the majesty of the law? To what extent and in what degree will they contribute to the high citizenship expected of them? Will they have the capacity to act intelligently as voters? How will they be equipped to face the struggle of life and assist in solving the problems of government and the people?

Consider seriously these questions in the light of our present experiences, with crime highly organized, inviting new recruits to the underworld with its alluring promise of easy but hazardous gain, and with racketeering almost as general as legitimate business, the outlaws and racketeers holding human life as cheaply as fodder in a cornfield, and we may have a picture of our country 10 years hence. Good friends, can you not see that this wage, home, and child problem overshadows all other domestic and world problems? War debts may remain unpaid. The damage that made them necessary has been done. The soldiers may go without their bonus, except the sick and the maimed and the halt. The National Budget may go unbalanced, yet the Nation will still survive. But we can not return to the pathway of progress, happiness, and enduring prosperity unless and until the great millions of wealth-producing men and women are again steadily employed, earning American wages, supporting American homes, upholding American standards, and sending their children to school to become fitted for private and public duty. This is fundamental.

Raise the wage standards of the fathers and out the children will come from the factories and mills, from the shops and stores, and back they will go to the schoolrooms and the playgrounds, back to the sunshine and care-free happiness of childhood, of which countless millions have been robbed through man's greed and avarice. Mrs. Browning, in her immortal poem, gives us the picture of the children at work and sings a prayer

for the day that will make childhood free. Let me conclude by reading from it a verse or two:

"Do ye hear the children weeping, O my brothers,
Ere the sorrow comes with years?
They are leaning their young heads against their mothers,
And that can not stop their tears.
The young lambs are bleating in the meadows,
The young birds are chirping in the nest,
The young fawns are playing with the shadows,
The young flowers are blowing toward the west—
But the young, young children, O my brothers,
They are weeping bitterly!
They are weeping in the playtime of the others,
In the country of the free.

"They look up with their pale and sunken faces,
And their look is dread to see;
For they mind you of their angels in high places,
With eyes turned on Deity.
'How long,' they say, 'how long, O cruel Nation,
Will you stand, to move the world on a child's heart,
Stifle down with a mailed heel its palpitation,
And tread onward to your throne amid the mart?
Our blood splashes upward, O gold heaper,
And your purple shows your path;'
But the child's sob in the silence curses deeper
Than the strong man in his wrath!"

EXTENSION OF REMARKS—ANALYSIS OF IMPORTANT MATTERS BEFORE CONGRESS

Mr. PEAVEY. Mr. Speaker, that the people of my district in northern Wisconsin may have direct information about the important matters acted upon by this Congress, I have prepared the following brief summary or analysis of each question in the order of its consideration in the House.

HOOVER MORATORIUM

The nations of Europe have given their solemn word to repay their war loans. Neither President Hoover nor any other international spokesman should be permitted to encourage these governments to repudiate their obligations. The debts are the assets of the people of this country. They are all we have to show for the $29,000,000,000 we sunk in 1917–18 making the world safe for democracy.

I am opposed to going to war to collect this money, but no self-respecting nation will force us to such an extremity. Let those nations meet their debts and pay them as fast as they are able. That is what our American farmers and other citizens are compelled to do. Many of our citizens have lost their farms, homes, and business because they were unable to get extensions of time on their debts. There should be no further moratoriums and no cancellations of foreign debts. It is for these foreign nations to decide if they want to assume the odium of repudiation.

Now we are frankly told by Germany that she will never pay another cent of war reparations, and England has left out of her budget for this year any item for payment of her American debt. Doubtless France, Belgium, and Italy will follow the same course.

These countries were ready last December to pay their interest of $252,000,000. They had the gold in New York to do it, when President Hoover by conference and by telegram tied Congress' hands and big heartedly told our foreign debtors to keep their money.

The generosity of President Hoover will undoubtedly cost the Nation just that amount—$252,000,000. Of course, the international-controlled newspapers and New York banking houses approved the President's action, because it meant that this $252,000,000 due the Treasury of the United States could then be used by these foreign nations to pay on their private loans to New York bankers.

Mr. Speaker, our Government was exceedingly generous with the foreign nations when Congress approved settlements of these debts in the amount of $11,522,354,000, giving them 62 years in which to pay the principal, at interest rates as low as 1 per cent in the case of Italy and in no instance over 3.7 per cent, which was made in the English settlement.

Based on the 4¼ per cent rate our own country is paying on the national debts incurred to secure the money advanced these foreign countries, it means that Congress compromised and settled these obligations at 26 per cent of the total amount due from Italy and graduated each settlement up to 65 per cent with England.

When these foreign-debt settlement bills were before the House January 16 to June 2, 1926, I voted "nay" on every one of them.

I said then and I still maintain these bills were unfair and unjust; that Congress had no right to increase the burdens of the American people that the nations of Europe might improve their economic structure and build up their military and naval forces.

I am still of that opinion and will continue to oppose any further moratoriums or cancellations of foreign debts.

THE RECONSTRUCTION FINANCE CORPORATION

The Reconstruction Finance Corporation may have helped the big banks and railroads over a critical time, but it has done little or nothing for the country as a whole. The handful of seed loans peddled out to the farmers in an attempt to give the law an appearance of being a relief measure has proven to be a mere political gesture. "Hell and Maria" Dawes is here in Washington dishing out millions to the railroads and big banks with little or no publicity while the few thousand dollars being loaned to the farmers, with county and district committees to recommend, is being advertised to the heavens. All to the end that some poor farmer coerced by economic conditions is driven a little further into debt. I am opposed to relief based on more loans. I am opposed to people being coerced into debt through governmental agencies. This depression can not be solved by slashing wages of the workers or coaxing the farmers to borrow more money. Government relief to be worthy of the name must come in some form that will enable the workers to find a job and give the farmer an increase of prices for farm products that will enable him to live and pay some of the debts he now owes.

THE REVENUE BILL

Mr. Speaker, I well realize that it is of little effect for me to now point out to the Members of the House and the people of my district in northern Wisconsin that had the House leaders and majority of the Members voted as I did against the passage of the three Mellon tax bills in 1924, 1926, and 1928, reducing individual and corporation income taxes and surtaxes, we would not have our present two and one-half billion dollar deficit or our present difficulty in balancing the National Budget. These taxes during that era were not burdensome. If they had been allowed to stand, the public debt would have been reduced to around $10,000,000,000, instead of nearly $20,000,000,000 we owe to-day. If those taxes had been allowed to stand, the National Budget would balance itself.

Had the Mellon tax-reduction bills been killed, there would be no occasion to-day for discharging needed Government employees and cutting and slashing the wages of those who remain in the service. The soldiers' service certificates could easily have been paid in cash if the Mellon tax reductions had been defeated.

Every citizen knows that persons with common sense or corporations with sound judgment pay off all their debts as far as their incomes will permit. The Government, under the Mellon financial theories, did just the opposite. It lowered its tax rate and revenue therefrom at the same time it increased its expenses.

Relieving industry and wealth from their fair share of the burden of taxes under the Mellon bills was one of the prime causes of the era of inflation and exploitation of 1925 to 1929. Industry without taxes capitalized itself on a 6 per cent profit basis and sold its shares to the public to gamble on the market. The banks were drawn in. The people of every village and city in the Nation participated. It culminated in the market's explosion of 1929 and 1930 and the hard times and depression of to-day. It was greed and avariciousness gone mad. Now we are all paying the penalty for the economic crimes of a few national political and financial highbinders.

BEER TAX

Passage of the Beck-Linthicum resolution calling a constitutional convention to amend the eighteenth amendment would have met with popular approval in nearly every State of the Union. Led by the administration leaders in the

House it was defeated by a vote of 227 to 187. The Republican leaders led in the defeat of the amendment to the tax bill providing for modification of the Volstead Act so as to permit the legal manufacture of 2.75 beer on which it was proposed to put a tax of 3 cents per pint, which would have produced over $500,000,000 in revenue annually.

Congress refused to legalize beer in order to levy a tax that would bring $500,000,000 a year, and yet there is a provision in the present revenue bill taxing wort, which is used in making home brew or illegal beer, at 5 cents per gallon; and the Treasury says this item will bring in $46,000,000 annually. What a spectacle of national hypocrisy! To tax illegal beer for revenue purposes. Prohibitionist Members supported this provision, but it looks like legal nullification to me.

PHILIPPINE INDEPENDENCE

I supported the bill granting the Philippine Islands their independence because I believe the Government should redeem its promises made to the Philippine people by Admiral Dewey in 1898 when the Filipinos joined the American forces in Manila and with American guns and ammunition furnished by this Government helped drive the Spanish soldiers from the islands. It is against the fundamental principles upon which this Government was founded for one people to control another without their consent. To retain these islands against the wishes of the citizens of them who have proven themselves capable of self-government is a demoralizing influence on our own people.

Every day we retain the Philippine Islands just brings us that much nearer the time we are going to be called upon to defend them.

Philippine independence and the Goldsborough bill were the two major accomplishments of this Congress for agriculture. For years past the farmers through their national organizations have advocated Philippine independence.

To my mind, Philippine independence making it possible by tariff and other restrictions to bar or reduce importations of cheap vegetable oils used in the manufacture of oleomargarine is a long step forward in the protection of the American dairy farmer. It will help him solve his problem more than any single act of Congress. The Philippine representatives in Congress assure me they are glad and willing that this should be done. They say American financiers and American capital are solely responsible for the sale and manufacture of oleomargarine; that the Philippine people benefit little or none by this unfair and deceptive competition against American dairymen.

ECONOMY BILL

The big corporations of America have amassed huge cash surpluses and reserves, thereby insuring their officers' and directors' salaries of from $15,000 to $75,000 annually for years to come. Then by circular letter and propaganda spread from coast to coast they ask their stockholders to write their Congressmen to slash Government wages and salaries. The average wage paid all Government employees, including the Chief Executive and Members of Congress, is only $1,441 yearly.

These great industrial and political bosses would like to slash everybody's income but their own. They would like to reduce the income of Members of Congress to where ordinary citizens could not run for Congress.

This is a vital issue for the people of Wisconsin and the Nation. It goes right to the heart of our form of government. If independent and liberal-minded citizens are to be elected to represent the people in Congress they must be paid sufficient salary to enable them not only to live at home and in Washington but enough to cover all the other expenses that go with the office and enable them to save enough to pay their own campaign expenses every two years. Industrial and political bosses are ever willing to put up campaign and other expenses for candidates who will be amenable to them if elected.

People who believe in honest administration of the American idea of representative government can little afford to endanger the cornerstone of our whole system by forcing candidates for Congress to accept organization and financial support from the political bosses.

The combined salaries of the Members of the House and Senate including secretaries and clerks is less than $8,000,000 a year. This is less than one-fifth of 1 per cent of the National Budget. No farmer, workingman, or small business man in my district would pay one cent less in direct taxes were these salaries reduced by half. Nor would they pay one cent more were the salaries doubled. Few business men and no farmers or workingmen pay Federal income taxes, and the indirect taxes they pay in the form of tariff and excise fees will not be reduced.

It is well for Congress to economize in Government expenses. Every needless employee and governmental activity should be dispensed with, but this should be done in a sound businesslike way. In no case should it be done at the behest of selfish and greedy corporations who are themselves direct beneficiaries of the Government's favor.

Congressman SWING, of California, inserted in the RECORD last week identical letters as to the facts stated and the plea made for Government wage slashing by four great industrial corporations of America, all of them calling on their stockholders to write their Congressmen to reduce Government expenses by cutting Government wages. These four concerns alone circularized nearly the entire United States. They were the Standard Oil Co. of California, the E. I. du Pont Co. of Delaware, and the Commercial Investment Trust Co. of New York, and the Armour Co. of Chicago.

Scarcely a one of these concerns has reduced the price of the products it sells. Why should the Government by example help them reduce the wages paid their workers?

There are several corporations in this country that would gladly pay the entire eight million the Government pays in salaries to the Members of Congress and their secretaries would the law and the public permit it. Remember the philosophy of the great Samaritan:

No man can serve two masters; for either he will hate the one and love the other, or else he will hold to the one and despise the other.

Sixty to seventy per cent of the present Members of Congress are lawyers. Most of them find it necessary to augment their incomes by attending as much as possible to their private law practice. Many enlarge their incomes by lectures and speeches on the public platform.

If the voters of America want these representatives to remain their public servants they should pay them sufficient salary to enable them and their families to live and pay their own expenses.

No man can serve two masters.

WAR PREPAREDNESS AND NATIONAL DEFENSE

The hypocrisy of political leaders, both Republican and Democratic, as to actual economy was exposed when all voted against consolidation of the Army and Navy Department, estimated to save $100,000,000. They fought tooth and nail for every provision cutting wages and salaries, but not a cent did they want cut from the war activities of the Government.

Appropriations for support of the Army and Navy for this year are between seven and eight hundred million dollars, but economy leaders in Congress, backed by the President, are opposing any cuts for these two departments.

War preparedness and national defense seems more important to the Democratic and Republican leaders in the House than actual economy. Here was a chance to save a hundred million dollars without injuring the Government or the people, and the House leaders, aided by the President and the Republican side, turned it down cold.

Who are we afraid of that we must spend $700,000,000 in times of peace on national defense?

The whole world is economically and financially busted. Why not cut two or three hundred million of the 1933 appropriation for war preparedness and give the overburdened American taxpayer a chance to draw a free breath.

We still teach the words of the great Emancipator—

Love thy neighbor as thyself.

But the administration and political leaders here in Washington seem to think we should have a knife in one hand

and a sawed-off shotgun in the other whenever we say "hello" to our foreign neighbors.

THE LAST OF THE ESCH-CUMMINS ACT

The House now has before it a bill to repeal the recapture clause of the Esch-Cummins railroad law. People of northern Wisconsin will well remember when this law went into effect in 1920. It raised all freight and passenger rates 35 per cent. This was in addition to the rate increases made during the World War. Most of northern Wisconsin products are of a low value, heavy weight class and these high rates have forced Wisconsin shippers to patronize trucks or quit shipping. Most of them have quit.

The recapture clause was the only provision in the Esch-Cummins Act designed in the public interest. It provides that one-half of the railroads' net earnings over 6 per cent should go to the Government to be used in financing the operation of the weaker roads. There is now due the Government under this clause $361,000,000, of which $13,000,000 has been paid. The present bill would cancel this Government obligation against the railroads if the bill passes, and it is expected it will. It is equivalent to the Government making the railroads an outright donation of $248,000,000. It is a vicious bill but the railroads and their financial owners in New York appear to have a sufficient number of friends in Congress to pass it.

Wisconsin Members as well as other Representatives of the Northwest States are opposed to it. The bill comes before the House accompanied by another provision giving the Interstate Commerce Commission authority to pass on all questions pertaining to railroad mergers. This second provision is a sop to sugar coat the first provision repealing the recapture clause.

It is like a bad Indian gift. They gave this to the public to sweeten the Esch-Cummins Act of 1920 and now in 1932 they take it away.

FARM LEGISLATION

The Federal Reserve Board under President Coolidge deflated agriculture in 1921 by calling in farm credits. From that day to this under Presidents Coolidge and Hoover the Government has through supervision and direction forced the national banks of the country to invest their depositors' money in industrial stocks and bonds as well as billions of dollars in dubious foreign securities.

To-day most of the national banks are loaded up with industrial stocks and bonds and European and South American bonds. Individual investors from Maine to California have in this manner been coerced by the Government at Washington to put their savings and investments into far-away industrial, commercial, and public-utility enterprises, many of them fictitious, and all of them watered to the hilt. All of these stocks and bonds were sold through New York banks and brokers who collected fat commissions on the sales. The Nation paid a ransom of $66,000,000,000 to the greedy, unscrupulous sharks of Wall Street.

Agriculture and the normal business of the Nation are at a standstill as a consequence. Then came 1929–30, and the bubble burst. Doctors, lawyers, and business men in the country, cities, and towns were fleeced of their wealth, and savings of a lifetime were swept away into the coffers of some New York broker.

It is not strange that the people did not see and suspect this colossal deception and financial fraud. It not only had the political backing of the National Government, but the open indorsement of national political leaders. The program was fostered and sold to the people through their own civic and commercial groups and organizations, like the National Chamber of Commerce.

Thus was agriculture deflated and the sound economic structure of every community destroyed.

When the Federal Reserve Board deflated the farmer in 1921 they destroyed the farm mortgage which for a hundred years had furnished the basis of security for every community in America. Doctors, lawyers, and business men no longer loan their savings or profits to their farmer patrons, but are compelled through Federal political control and supervision exercised over national banks to invest in that class of securities recommended by the big banks in New York and Chicago. The Federal Government required each local bank to carry as collateral and bank paper, bonds, preferred and common stock, sold by New York banks and trust companies.

Thus have the funds of every community been diverted to industry and the industrial East. Now, industry is dead, because the people's money is gone.

To-day a farm mortgage is no longer an asset but a liability. Thus has the whole country been deflated by greedy and unscrupulous financial and political leaders.

The people in 1921 had no way of knowing what was behind the deflation order of that year, but the leaders in this country knew. This deflation of the American farmer will go down in history as the economic crime of 1921.

A way must be found to rehabilitate and restore confidence of the people in their respective communities. First-mortgage loans on farms and city homes should again become the safest and best security in America. The local bank should again have in its vaults not pretty certificates of stocks and bonds in some far-away enterprise in another State or foreign nation but first mortgages and notes on the farms and homes in their communities. Bank loans on stocks and bonds should again be confined to local business enterprises. When this is brought about then will civic confidence and pride be restored to every American city and town. There can be no stable or lasting prosperity until the major portion of the wealth created in each community remains to bless the people who produce it.

VETERANS' ADJUSTED COMPENSATION

The plan for immediate payment of the balance due on the soldiers' adjusted-compensation certificates has been defeated for this session. The President, at the behest of organized wealth and industry, notified congressional leaders, both Republican and Democratic, that he would veto the bill if passed. Democratic leaders in the House seeking to gain the good will and favor of the great financial leaders of the country for the coming national campaign, sent the Patman bill to the Ways and Means Committee, where the leaders delayed consideration and prolonged the hearings until the soldiers' friends in Congress were prevented from getting the matter before the House for a vote. Petition to discharge the committee can not be used to bring the bill before the House, because the leaders in the House and Senate have agreed to adjournment on June 10, and the first day the committee could be discharged and the bill brought up under the rules of the House would be June 13.

This will be a bitter disappointment to millions of veterans and their dependents. They will find it hard to understand why Congress did nothing about cashing their certificates to relieve their distress in the hour of need. National leaders in both the Republican and Democratic Parties must carry the full responsibility for refusing to pay the World War veterans the value of their certificates at this time.

MESSAGE FROM THE PRESIDENT

The President lectured Congress last week in a special message for its failure to cut governmental expenses. Before going into the merits of the lecture itself it is interesting to note a presidential edict of two weeks ago in which he stated no cuts in appropriations for the War and Navy Departments or military activities in general would be countenanced by him. Nor did he mention any reduction in the annual payment of $50,000,000 to private shipowners and operators in the form of ship subsidies.

The President in his appeal insisted that Congress reduce governmental expenditures $700,000,000. It is interesting to consider in this connection the congressional program of economy as compared with the President's plea. The House and Senate have already cut the presidential recommendations made through the Bureau of the Budget $50,000,000 in those departmental bills already acted upon by both bodies. The House has reduced appropriations by $99,000,000 below the presidential recommendations on measures now pending in the Senate, and the Senate is planning another reduction of 10 per cent flat on all other appropriations below the amount recommended by the President. This would afford a saving of $285,000,000.

The economy bill which passed the House last week includes an 11 per cent reduction in the salaries of the Members of Congress, which amounts to $1,100 annually for each Member, plus a 25 per cent reduction in mileage allowances, and an 11 per cent reduction of salaries of the employees of Congress drawing more than $2,500 per year, making a saving of $30,000,000 more. Thus we have a total saving of $464,000,000 for the House and Senate, and other savings are in the process of being made. The President claims to have already pared the Budget Bureau recommendations to Congress on appropriations $369,000,000. If he is correct in this claim, then the House and Senate have reduced governmental expenses for the year 1933 by $833,000,000, which is $133,000,000 more than the President asked that they be reduced in his message.

In the light of these figures the President's claim of national saving and general economy in Government should not impress the people of America, as history shows us in this as in nearly every other crisis Congress has been faithful to the public interest.

ST. LAWRENCE WATERWAY STILL A PROMISE

People of northern Wisconsin in 1928 voted for Herbert Hoover for President because they were assured by the press and the campaign speakers that his election would insure the immediate building of the St. Lawrence waterway. That was four years ago and not a single thing has been done since then toward consummation of this vital project.

The people of Wisconsin will, I hope, understand that the matter is entirely in the hands of the President and his State Department to negotiate a treaty with Canada.

Reams and reams of publicity have been emanating from Washington to the effect that a treaty was just around the corner. It must still be there for not one word on the subject has passed from the President to Congress since his election four years ago.

Like the platform pledge to put agriculture on a parity with industry, it is still to be redeemed.

American voters living on the farms and in the Great Lakes States will be asked to declare a moratorium on campaign promises in November, 1932.

With all the words we have in the English language it is strange that those who control our national conventions can not find some that mean what they say.

CHEAP GOVERNMENT EXPLOSIVES

My bill, H. R. 10889, providing for the transfer of powder and other explosive materials from the War Department to the Department of Agriculture for use in land clearing has been supplemented by the introduction of H. R. 12047. The new bill was introduced in order that the changes recommended by the committee might be incorporated in the bill which was favorably reported by the Johnson subcommittee to the whole Committee on Military Affairs.

Members of the whole committee have assured me that the report of the subcommittee will be accepted and the bill will be favorably reported to the House before the close of the present session.

At a hearing held on the bill April 30, nine Members of the House appeared with me in support of the bill. We were ably assisted by officers of the National Grange, Farmers' Union, National Dairy Union, and the American Farm Bureau Federation.

The bill provides for the same distribution of these Government explosives as was made from 1920 to 1926. The Government recartridges and prepares the powder ready for stump blasting and distributes it through the State agricultural colleges, who in turn send it out through the county agents.

Friends of the bill hope to get it through Congress early enough next session to make the explosives available to the farmers for land clearing next spring.

EXTENSION OF REMARKS—DISTRICT OFFICE SERVICE OF THE BUREAU OF FOREIGN AND DOMESTIC COMMERCE

Mr. BRIGGS. Mr. Speaker, the United States produces more than it consumes, and foreign markets are essential to absorbing our surplus products.

Whenever, through artificial barriers or otherwise, we experience a loss or contraction of markets at home or abroad the effect is felt severely by both agriculture and industry.

The recent tremendous decline in our foreign trade has contributed materially to existing conditions, and it is vital to the welfare of our people that every effort be made to revive our trade and regain lost markets.

The Bureau of Foreign and Domestic Commerce has done excellent work in the face of tremendous difficulties, in stemming the decline of our trade, and in helping to find markets for a great deal of our products which would otherwise have been without purchasers.

It has made its service valuable to both agriculture and industry, and, through district offices, has established contacts and rendered services of a most conspicuous character.

Just how valuable such service through district offices has been during the last fiscal year is reflected in a statement recently set forth in a letter to me from the director of the bureau, reading as follows:

DEPARTMENT OF COMMERCE,
BUREAU OF FOREIGN AND DOMESTIC COMMERCE,
Washington, January 9, 1932.

Hon. CLAY STONE BRIGGS,
House of Representatives, Washington, D. C.

MY DEAR CONGRESSMAN: Knowing your interest in the Galveston district office of this bureau, it is gratifying to be able to call to your attention, for your criticism or suggestion, the definite services that this offices has been able to extend.

During the past fiscal year, 13 firms out of approximately 35 currently contacted reported a total of new business and savings of $965,706 made possible to them entirely through our assistance and cooperation. This figure, representing an average of $74,285.07 per firm reporting, becomes significant when compared with the annual cost of maintenance ($8,000) of our Galveston branch.

This ample return on money expended was nation-wide. At the present time we are currently serving about 25,000 firms. Of these, 2,087 reported new business possible by our activities, at $57,554,812.51—a rather large total in a year that was particularly trying to industry.

This return on $5,086,660 invested, the appropriation for this bureau, approximately a return of $11 to $1 of expenditure, takes no account of the many intangible services we render, nor of our domestic commerce activities directed toward the reduction of distribution costs. Services of this nature have increased 70 per cent during the past fiscal year, and the combined receipt of requests for information, both foreign and domestic, have reached 12,600 a day.

Recently our manager in Galveston reported the inauguration of an intensive campaign to bring to the attention of the business concerns in his area the benefits of practical application of domestic research previously completed. The preparedness of our Texas office to aid in foreign-trade problems is already well known, and in confirmation we have on file flattering letters from some of the largest organizations in the State.

I am calling these details to your attention in my desire to bring to interested Members of your body a more familiar and intimate glance into our functions. The figures presented above, the only profit-and-loss statement possible of preparation, are forwarded with the belief that in these times of guarded expenditures and expansions in all lines of economic activity, the financial returns or records of a Government bureau may be, perhaps, as interesting and illuminating as those of any individual concern.

Very truly yours,

FREDERICK M. FEIKER, *Director.*

It is evident that the district-office service of the Commerce Department should not be impaired, and that adequate provision should be made for its continuation when it is making such a wonderful return to the people.

JOINT RESOLUTION PRESENTED TO THE PRESIDENT

Mr. PARSONS, from the Committee on Enrolled Bills, reported that that committee did on this day present to the President, for his approval, a joint resolution of the House of the following title:

H. J. Res. 382. Joint resolution making an additional appropriation for printing and binding for Congress for the fiscal year 1932.

ADJOURNMENT

Mr. COLLINS. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 4 o'clock and 38 minutes p. m.) the House adjourned until Monday, May 16, 1932, at 12 o'clock noon.

MOTION TO DISCHARGE A COMMITTEE FROM THE CONSIDERATION OF A BILL

(No. 8)

HOUSE OF REPRESENTATIVES,
April 12, 1932.

To the CLERK OF THE HOUSE OF REPRESENTATIVES:

Pursuant to clause 4 of Rule XXVII, I, JOHN J. O'CONNOR, move to discharge the Committee on Ways and Means from the consideration of the bill (H. R. 10017) entitled "A bill to provide additional revenue, and for other purposes," which was referred to said committee March 2, 1932, in support of which motion the undersigned Members of the House of Representatives affix their signatures, to wit:

1. John J. O'Connor.
2. William E. Hull.
3. J. Charles Linthicum.
4. Benjamin M. Golder.
5. William H. Stafford.
6. Byron B. Harlan.
7. Patrick J. Boland.
8. Stephen A. Rudd.
9. B. M. Jacobsen.
10. Harry C. Ransley.
11. James M. Beck.
12. Gerald J. Boileau.
13. James M. Fitzpatrick.
14. William N. Rogers.
15. Loring M. Black.
16. George W. Lindsay.
17. E. W. Goss.
18. Emanuel Celler.
19. Andrew L. Somers.
20. J. O. Fernandez.
21. John J. Douglass.
22. Paul H. Maloney.
23. P. H. Stewart.
24. W. G. Andrews.
25. M. L. Sweeney.
26. John J. Boylan.
27. C. H. Martin.
28. Frederick R. Lehlbach.
29. John C. Schafer.
30. William H. Sutphin.
31. M. J. Hart.
32. William L. Tierney.
33. W. J. Granfield.
34. W. F. Brunner.
35. George N. Seger.
36. T. H. Cullen.
37. William A. Pittenger.
38. J. W. McCormack.
39. James Wolfenden.
40. George P. Darrow.
41. N. Lichtenwalner.
42. Mary T. Norton.
43. W. I. Sirovich.
44. Clark Burdick.
45. H. F. Niedringhaus.
46. M. K. Reilly.
47. J. M. Evans.
48. F. B. Condon.
49. A. S. Prall.
50. J. J. Delaney.
51. J. J. Cochran.
52. A. P. Lamneck.
53. W. L. Fiesinger.
54. A. J. May.
55. James M. Mead.
56. George J. Schneider.
57. Frank Oliver.
58. Charles A. Karch.
59. Peter A. Cavicchia.
60. Charles D. Millard.
61. Edmund F. Cooke.
62. William E. Hess.
63. H. L. Englebright.
64. C. E. Hancock.
65. Augustine Lonergan.
66. R. J. Welch.
67. Guy E. Campbell.
68. William P. Connery, jr.
69. Melvin J. Maas.
70. Robert H. Clancy.
71. H. H. Peavey.
72. G. R. Withrow.
73. George H. Tinkham.
74. T. R. Amlie.
75. J. J. Connolly.
76. R. L. Bacon.
77. Anthony J. Griffin.
78. C. A. Kading.
79. F. H. LaGuardia.
80. C. F. Curry.
81. M. J. Kennedy.
82. O. L. Auf der Heide.
83. R. A. Horr.
84. William P. Cole.
85. S. W. Gambrill.
86. P. J. Carley.
87. Samuel Dickstein.
88. John W. Boehne.
89. J. A. Gavagan.
90. Fred A. Britten.
91. J. B. Hollister.
92. A. P. Andrew.
93. V. L. Palmisano.
94. E. L. Stokes.
95. Harold Knutson.
96. Sol Bloom.
97. P. J. Sullivan.
98. J. L. Whitley.
99. S. B. Pettengill.
100. J. T. Igoe.
101. L. W. Schuetz.
102. H. P. Beam.
103. F. A. Hartley, jr.
104. E. A. Kelly.
105. F. P. Kahn.
106. David Lewis.
107. S. H. Person.
108. C. J. McLeod.
109. E. F. Erk.
110. W. H. Dieterich.
111. Malcolm Baldridge.
112. L. C. Dyer.
113. C. C. Bolton.
114. H. W. Watson.
115. W. M. White.
116. Ruth Pratt.
117. Isaac Bacharach.
118. T. S. McMillan.
119. Parker Corning.
120. A. J. Sabath.
121. Oscar De Priest.
122. Carl R. Chindblom.
123. Hamilton Fish, jr.
124. Numa Montet.
125. Robert Crosser.
126. J. B. Shannon.
127. C. D. Sullivan.
128. S. H. Kunz.
129. J. E. Major.
130. H. A. Estep.
131. G. F. Brumm.
132. C. M. Turpin.
133. P. G. Holmes.
134. Edgar Howard.
135. C. L. Gifford.
136. J. W. Martin.
137. F. H. Foss.
138. W. H. Larrabee.
139. R. B. Wigglesworth.
140. R. M. Kleberg.
141. J. J. Mansfield.
142. Brent Spence.
143. P. J. Kvale.
144. C. F. Lea.
145. C. G. Bachmann.

This motion was entered upon the Journal, entered in the CONGRESSIONAL RECORD with signatures thereto, and referred to the Calendar of Motions to Discharge Committees, May 14, 1932.

COMMITTEE HEARINGS

Tentative list of committee hearings scheduled for Monday, May 16, 1932, as reported to the floor leader by clerks of the several committees:

COMMITTEE ON WAYS AND MEANS

(10 a. m.)

Hearings—Depreciated currency bills.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of Rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

562. A letter from the Secretary of War, transmitting a report dated May 12, 1932, from the Chief of Engineers, United States Army, on preliminary examination and survey of Wolf and Nonconnah Rivers, Tenn.; to the Committee on Rivers and Harbors.

563. A letter from the acting chairman of the United States Tariff Commission, transmitting a revised report on wood pulp and pulpwood showing the production during the three years 1929, 1930, and 1931; to the Committee on Ways and Means.

564. A communication from the President of the United States, transmitting a report from the General Accounting Office in compliance with section 2 of the act of July 7, 1884 (U. S. C., title 5, sec. 266) (H. Doc. No. 326); to the Committee on Appropriations and ordered to be printed.

565. A communication from the President of the United States, transmitting a supplemental estimate of appropriation for the fiscal year 1932 for the Department of Labor (H. Doc. No. 327); to the Committee on Appropriations and ordered to be printed.

566. A communication from the President of the United States, transmitting a report pursuant to the provision of section 2 of the act of July 7, 1884 (U. S. C., title 5, sec. 266), schedules covering certain claims allowed by the General Accounting Office (H. Doc. No. 328); to the Committee on Appropriations and ordered to be printed.

567. A communication from the President of the United States, transmitting an estimate of appropriations submitted by the Navy Department to pay claims under the provisions of the act of December 28, 1922 (U. S. C., title 34, sec. 599) (H. Doc. No. 329); to the Committee on Appropriations and ordered to be printed.

568. A communication from the President of the United States, transmitting a list of judgments by the Attorney General in compliance with the provisions contained in the act of September 30, 1890 (U. S. C., title 31, sec. 226) (H. Doc. No. 330); to the Committee on Appropriations and ordered to be printed.

569. A communication from the President of the United States, transmitting records of judgments rendered against the Government by the United States district courts, as submitted by the Attorney General (H. Doc. No. 331); to the Committee on Appropriations and ordered to be printed.

570. A communication from the President of the United States, transmitting estimates of appropriations submitted by the several executive departments to pay claims under the provisions of the act of December 28, 1922 (U. S. C., title 31, sec. 215) (H. Doc. No. 332); to the Committee on Appropriations and ordered to be printed.

571. A communication from the President of the United States, transmitting for the consideration of Congress estimates of appropriations submitted by the Commissioners of the District of Columbia to pay claims and causes of action which have been settled by them under the provisions of the act approved February 11, 1929 (45 Stat. 1160), as amended by the act of June 5, 1930 (46 Stat. 500), amounting to $162,169.43 (H. Doc. No. 333); to the Committee on Appropriations and ordered to be printed.

572. A communication from the President of the United States, transmitting for the consideration of Congress supplemental estimates of appropriations for the Department of Agriculture for the fiscal year 1932, amounting to $9,216.25 (H. Doc. No. 334); to the Committee on Appropriations and ordered to be printed.

573. A communication from the President of the United States, transmitting for the consideration of Congress, and without revision, a supplemental estimate of appropriation pertaining to the Legislative Establishment, Office of Architect of the Capitol, for the fiscal year 1933, in the sum of

$12,000 (H. Doc. No. 335); to the Committee on Appropriations and ordered to be printed.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of Rule XIII.

Mr. CRISP: Committee on Ways and Means. House Resolution 213. A resolution requesting the Secretary of the Treasury to furnish certain information pertaining to the investigation conducted by him relating to the importation of ammonium sulphate. (Rept. No. 1304.) Ordered to be printed.

Mr. BANKHEAD: Committee on Rules. House Resolution 215. A resolution for the consideration of H. R. 4743, a bill to amend an act entitled "An act to provide for the promotion of vocational rehabilitation of persons disabled in industry or otherwise and their return to civil employment," approved June 2, 1920, as amended; without amendment (Rept. No. 1305). Referred to the House Calendar.

Mr. SHALLENBERGER: Committee on Interstate and Foreign Commerce. House Resolution 10084. A bill authorizing the city of Omaha, Nebr., to construct, maintain, and operate a toll bridge across the Missouri River at or near O'Hern Street, South Omaha, Nebr., and to acquire, maintain, and operate the existing toll bridge across the Missouri River, between the cities of Omaha, Nebr., and Council Bluffs, Iowa; with amendment (Rept. No. 1306). Referred to the House Calendar.

Mr. HAUGEN: Committee on Agriculture. H. R. 5642. A bill to authorize and direct the transfer of Widow's Island, Me., by the Secretary of the Navy to the Secretary of Agriculture for administration as a migratory-bird refuge; without amendment (Rept. No. 1307). Referred to the Committee of the Whole House on the state of the Union.

Mr. CROSSER: Committee on Interstate and Foreign Commerce. H. R. 8681. A bill to develop American air-transport services overseas, to encourage the construction in the United States by American capital of American airships for use in foreign commerce, and to make certain provisions of the maritime law applicable to foreign commerce by airship; with amendment (Rept. No. 1308). Referred to the Committee of the Whole House on the state of the Union.

Mr. JONES: Committee on Agriculture. H. R. 10708. A bill to authorize the Secretary of Agriculture to sell the Morton Nursery, in the county of Cherry, State of Nebraska; without amendment (Rept. No. 1309). Referred to the Committee of the Whole House on the state of the Union.

Mr. PATMAN: Committee on the District of Columbia. S. 1768. An act to provide for the opening and closing of roads within the boundaries of the District of Columbia workhouse property at Occoquan, Fairfax County, Va.; without amendment (Rept. No. 1310). Referred to the Committee of the Whole House on the state of the Union.

Mr. PATMAN: Committee on the District of Columbia. S. 3911. An act to authorize the Commissioners of the District of Columbia to close Quintana Place, between Seventh Street and Seventh Place, NW.; without amendment (Rept. No. 1311). Referred to the Committee of the Whole House on the state of the Union.

Mr. PATMAN: Committee on the District of Columbia. S. 3929. An act to authorize the Commissioners of the District of Columbia to close certain alleys and to set aside land owned by the District of Columbia for alley purposes; without amendment (Rept. No. 1312). Referred to the Committee of the Whole House on the state of the Union.

Mr. PATMAN: Committee on the District of Columbia. S. 4106. An act to provide for the closing of certain streets and alleys in the District of Columbia, and for other purposes; without amendment (Rept. No. 1313). Referred to the Committee of the Whole House on the state of the Union.

Mr. PATMAN: Committee on the District of Columbia. S. 4123. An act to amend the District of Columbia traffic acts, as amended; without amendment (Rept. No. 1314). Referred to the Committee of the Whole House on the state of the Union.

Mr. SOMERS of New York: Committee on Coinage, Weights, and Measures. A report pursuant to House Resolution 72, a resolution to investigate the cause and effect of the present depressed value of silver (Rept. No. 1320). Referred to the Committee of the Whole House on the state of the Union.

REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS

Under clause 2 of Rule XIII,

Mr. PITTENGER: Committee on Claims. H. R. 1169. A bill for the relief of the Monumental Stevedore Co.; with amendment (Rept. No. 1315). Referred to the Committee of the Whole House.

Mr. BLACK: Committee on Claims. H. R. 11150. A bill for the relief of G. C. Vandover; with amendment (Rept. No. 1316). Referred to the Committee of the Whole House.

Mr. PITTENGER: Committee on Claims. S. 2991. An act for the relief of B. J. Sample; without amendment (Rept. No. 1317). Referred to the Committee of the Whole House.

Mr. MAY: Committee on Military Affairs. H. R. 2088. A bill for the relief of John J. Foley; with amendment (Rept. No. 1318). Referred to the Committee of the Whole House.

Mr. MAY: Committee on Military Affairs. H. R. 2157. A bill for the relief of Arthur I. Neville; with amendment (Rept. No. 1319). Referred to the Committee of the Whole House.

CHANGE OF REFERENCE

Under clause 2 of Rule XXII, the Committee on Military Affairs was discharged from the consideration of the bill (H. R. 11928) for the relief of Carl F. Meinecke, and the same was referred to the Committee on Interstate and Foreign Commerce.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of Rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. CELLER: A bill (H. R. 12074) to impose an excise or license tax on retail merchants in the District of Columbia, as the words "retail merchants" are used in this act; to provide for the collection of such tax, the distribution and use of the revenue derived therefrom, the administration of said law, and a penalty; to the Committee on the District of Columbia.

By Mr. NELSON of Missouri: A bill (H. R. 12075) to prohibit further appropriations for the Federal Farm Board, to prevent further attempts at stabilization of farm commodity prices, to fix a time for the repeal of the agricultural marketing act, and for other purposes; to the Committee on Agriculture.

By Mr. McKEOWN: A bill (H. R. 12076) for the conservation of oil and gas and protection of American sources thereof from injury, correlation of domestic and foreign production, and consenting to an interstate compact for such purposes; to the Committee on the Judiciary.

By Mr. MEAD: A bill (H. R. 12077) granting the consent of Congress to the Niagara Frontier Bridge Commission, its successors and assigns, to construct, maintain, and operate a toll bridge across the east branch of the Niagara River at or near the city of Tonawanda, N. Y.; to the Committee on Interstate and Foreign Commerce.

Also, a bill (H. R. 12078) granting the consent of Congress to the Niagara Frontier Bridge Commission, its successors and assigns, to construct, maintain, and operate a toll bridge across the east branch of the Niagara River at or near the city of Niagara Falls, N. Y.; to the Committee on Interstate and Foreign Commerce.

By Mr. SABATH: Resolution (H. Res. 223) to appoint a committee to ascertain or recommend the price of commodities; to the Committee on Rules.

By Mr. CROSSER: Resolution (H. Res. 224) for the consideration of H. R. 8681, a bill to develop American air-transport services overseas, to encourage the construction in the United States by American capital of American air-

ships for the use in foreign commerce, and to make certain provisions of the maritime law applicable to foreign commerce by airship; to the Committee on Rules.

By Mr. MAY: Resolution (H. Res. 225) making request to the interdepartmental committee of the Department of the Treasury and Post Office Department to carry into effect the public building appropriation act of May 25, 1926, and acts amendatory thereto, relative to the construction of public buildings outside of the District of Columbia, and making appropriations therefor, and to further carry into effect the will of the Congress as in said acts provided, and to relieve unemployment, and for other purposes; to the Committee on Public Buildings and Grounds.

By Mr. CROSSER: Joint resolution (H. J. Res. 384) proposing to amend the Constitution of the United States to authorize the Congress to reduce the daily period of time for which contracts of employment may be lawfully made; to the Committee on the Judiciary.

By Mr. SOMERS of New York: Joint resolution (H. J. Res. 385) authorizing the calling of an international monetary conference, and for other purposes; to the Committee on Foreign Affairs.

By Mr. DOUGLASS of Massachusetts: Joint resolution (H. J. Res. 386) to provide for a reward of $100,000 for information leading to the arrest and conviction of the person or persons guilty of the kidnaping or causing the death of Charles Augustus Lindbergh, jr.; to the Committee on the Judiciary.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of Rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. BRAND of Georgia: A bill (H. R. 12079) granting a pension to Albert A. Burton; to the Committee on Pensions.

By Mr. BRAND of Ohio: A bill (H. R. 12080) granting an increase of pension to Kate J. Lafferty; to the Committee on Invalid Pensions.

By Mr. BULWINKLE: A bill (H. R. 12081) granting an increase of pension to Molton P. Clark; to the Committee on Invalid Pensions.

By Mr. CONNOLLY: A bill (H. R. 12082) granting an increase of pension to Emma C. Bragg; to the Committee on Pensions.

Also, a bill (H. R. 12083) for the relief of George Harman; to the Committee on Naval Affairs.

By Mr. DOUGLAS of Arizona: A bill (H. R. 12084) for the relief of W. L. Johnson; to the Committee on the Public Lands.

By Mr. GUYER: A bill (H. R. 12085) for the relief of Isham Franklin; to the Committee on Military Affairs.

By Mr. HART: A bill (H. R. 12086) granting an increase of pension to Hattie A. Talcott; to the Committee on Invalid Pensions.

By Mr. LUDLOW: A bill (H. R. 12087) for the relief of George Curtis Wilcoxson; to the Committee on Naval Affairs.

By Mr. MARTIN of Massachusetts: A bill (H. R. 12088) for the relief of Manuel Ferreira; to the Committee on Claims.

By Mr. REED of New York: A bill (H. R. 12089) granting an increase of pension to Minnie Seeley; to the Committee on Invalid Pensions.

By Mr. SHALLENBERGER: A bill (H. R. 12090) for the relief of Karl A. Medalin; to the Committee on Claims.

By Mr. SMITH of Virginia: A bill (H. R. 12091) for the relief of William Randolph Grimes; to the Committee on Military Affairs.

By Mr. SWING: A bill (H. R. 12092) granting a pension to Kittie A. Love; to the Committee on Invalid Pensions.

By Mr. WEAVER: A bill (H. R. 12093) for the relief of L. M. Brendle; to the Committee on Claims.

PETITIONS, ETC.

Under clause 1 of Rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

7746. By Mr. BOEHNE: Petition of citizens of Spencer County, Ind., in support of House Joint Resolution 366, requesting hunting and fishing privileges on the Ohio River equal to those granted to citizens of Kentucky; to the Committee on the Judiciary.

7747. By Mr. CRAIL: Petition of P. E. Spellacy and many citizens of Los Angeles County, Calif., favoring the recognition of silver coinage, based upon a fair valuation with relation to our present circulating medium (gold) and for other purposes; to the Committee on Banking and Currency.

7748. By Mr. CULLEN: Petition of the American Society of Civil Engineers, urging the Congress of the United States to enact necessary legislation to extend Federal loan facilities to solvent States, counties, and municipalities to enable them to carry out their normal programs of necessary and productive public works; to the Committee on Appropriations.

7749. By Mr. LINDSAY: Petition of American Society of Civil Engineers, New York City, favoring legislation to extend Federal loans to solvent States, counties, and municipalities; to the Committee on Banking and Currency.

7750. By Mr. LONERGAN: Resolutions adopted at a public meeting in West Hartford, Conn., favoring disarmament and against the shipment of arms, munitions, etc., from the United States to foreign countries; to the Committee on Interstate and Foreign Commerce.

7751. By Mr. MILLARD: Resolution adopted by mayor and trustees of village of Pleasantville, Westchester County, N. Y., urging that governmental expenditures be radically reduced and that Congress pass adequate legislation effecting economies, together with legislation providing necessary revenue to balance the Budget; to the Committee on Ways and Means.

7752. By Mrs. OWEN: Resolution of Labor's Citizenship Committee, of Miami, Fla., protesting against any change in the United States Employment Service as at present constituted; to the Committee on Ways and Means.

7753. By Mr. RAINEY: Petition of E. H. Van Scoy, of Lysander, N. Y., and 65 other residents of the State of New York, favoring the Sparks-Capper bill; to the Committee on Immigration and Naturalization.

7754. By Mr. RUDD: Petition of American Society of Civil Engineers, New York City, favoring enactment of necessary legislation to extend Federal loan facilities to solvent States, counties, and municipalities; to the Committee on Banking and Currency.

7755. Also, petition of Railway Electric Supply Manufacturers Association, Chicago, Ill., favoring the balancing of the Budget; to the Committee on Appropriations.

7756. By Mr. STEWART: Resolution of the State of New Jersey, memorializing the Congress of the United States to construct a ship canal across the State of New Jersey from Raritan Bay to the Delaware River, at a point near the head of navigation; to the Committee on Rivers and Harbors.

7757. By Mr. SUTPHIN: Joint resolution by the Department of State, State of New Jersey, memorializing the Congress of the United States to construct a ship canal across the State of New Jersey, etc.; to the Committee on Rivers and Harbors.

7758. By the SPEAKER: Petition of the District of Columbia Pharmaceutical Association, supporting a 1 per cent manufacturers' sales tax; to the Committee on Ways and Means.

7759. Also, petition of Victory Post, No. 4, American Legion, Department of the District of Columbia, opposing the reduction of Federal employees' salaries; to the Committee on Economy.

SENATE

MONDAY, MAY 16, 1932

(Legislative day of Monday, May 9, 1932)

The Senate met at 11 o'clock a. m., on the expiration of the recess.

Mr. MOSES. Mr. President, I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Ashurst	Copeland	Kean	Robinson, Ark.
Austin	Couzens	Kendrick	Robinson, Ind.
Bailey	Cutting	Keyes	Sheppard
Bankhead	Davis	King	Shortridge
Barbour	Dickinson	La Follette	Smith
Barkley	Dill	Logan	Smoot
Bingham	Fletcher	Long	Steiwer
Blaine	George	McGill	Stephens
Borah	Goldsborough	McNary	Thomas, Idaho
Bratton	Hale	Metcalf	Trammell
Bulow	Harrison	Morrison	Tydings
Byrnes	Hatfield	Moses	Vandenberg
Capper	Hayden	Neely	Walcott
Caraway	Hebert	Norris	Walsh, Mass.
Carey	Howell	Oddie	Walsh, Mont.
Cohen	Hull	Patterson	Watson
Connally	Johnson	Pittman	White
Coolidge	Jones	Reed	

Mr. HULL. I desire to announce the unavoidable absence of my colleague the senior Senator from Tennessee [Mr. McKELLAR] on account of illness.

Mr. McNARY. I desire to announce that the Senator from North Dakota [Mr. FRAZIER], the Senator from Oklahoma [Mr. THOMAS], and the Senator from Montana [Mr. WHEELER] are detained in a meeting of the Committee on Indian Affairs.

I also wish to announce that the Senator from West Virginia [Mr. HATFIELD] and the Senator from Arizona [Mr. HAYDEN] are detained in a meeting of the Committee on Mines and Mining.

The VICE PRESIDENT. Seventy-one Senators have answered to their names. A quorum is present.

DEPRECIATION OF FOREIGN-CURRENCY VALUES

The VICE PRESIDENT laid before the Senate a letter from the acting chairman of the United States Tariff Commission, transmitting, as a second supplement to the material sent to the Senate on May 2 and May 9, 1932, in partial response to Senate Resolution 156, a text to accompany the tables showing the effects of depreciated currencies on the import trade of the United States, which, with the accompanying paper, was referred to the Committee on Finance.

PETITIONS AND MEMORIALS

The VICE PRESIDENT laid before the Senate a concurrent resolution adopted by the Legislature of the Territory of Hawaii, which was referred to the Committee on Territories and Insular Affairs and ordered to be printed in the RECORD, as follows:

Whereas certain measures have been introduced before the Senate of the United States in accordance with recommendations contained in a report submitted to said Senate by the Attorney General of the United States, which said report was made pursuant to a resolution of said Senate (S. Res. 134); and

Whereas said measures substantially affect the rights and privileges now enjoyed by the people of the Territory of Hawaii, which rights and privileges should not be curtailed or affected without opportunity being afforded the people of the Territory of Hawaii to be heard; and

Whereas a joint committee of the House of Representatives and of the Senate of the Legislature of the Territory of Hawaii has been appointed to study the report of said Attorney General and to make a report thereon with recommendations to said legislature; and

Whereas all facts, statistics, and other data to be prepared and compiled by said joint committee, as well as all its findings and recommendations, should be made available to the Delegate to Congress from Hawaii so as to enable him to adequately present the position of the Territory of Hawaii in relation to all matters affecting the Territory of Hawaii, now pending in Congress, or which may arise therein, prior to the commencement of the next regular session of the territorial legislature; and

Whereas it appears improbable that said joint committee will be able to complete the work committed to it prior to July 1, 1932: Now, therefore, be it

Resolved by the House of Representatives (the Senate concurring), That Congress be requested to delay all hearings upon all matters hereinbefore referred to until some date subsequent to July 1, 1932, so that the Delegate to Congress from Hawaii may be in possession of sufficient facts, statistics, and other data to more intelligently present the position of the Territory of Hawaii at any hearings which may be held before any committees or subcommittees of the Senate or of the House of Representatives of the Congress of the United States upon all matters hereinbefore referred to; and be it further

Resolved, That a certified copy of this concurrent resolution be forwarded to the President of the Senate and the Speaker of the House of Representatives of the Congress of the United States, and to the Delegate to Congress from Hawaii.

THE HOUSE OF REPRESENTATIVES OF THE
TERRITORY OF HAWAII,
Honolulu, Hawaii, April 30, 1932.

We hereby certify that the foregoing concurrent resolution was finally adopted by the House of Representatives of the Territory of Hawaii on April 30, A. D. 1932.

ROY A. VITOUSEK,
Speaker House of Representatives.
HENRY VAN GILSON,
Assistant Clerk House of Representatives.

THE SENATE OF THE TERRITORY OF HAWAII,
Honolulu, Hawaii, April 30, 1932.

We hereby certify that the foregoing concurrent resolution was adopted in the Senate of the Territory of Hawaii on April 30, A. D. 1932.

ROBERT W. SHINGLE,
President of the Senate.
ELLEN D. SMYTHE,
Clerk of the Senate.

The VICE PRESIDENT also laid before the Senate a joint resolution adopted by the Legislature of the State of New Jersey, memorializing Congress to provide for the construction of a ship canal across the State of New Jersey from Raritan Bay to the Delaware River, at a point near the head of navigation, which was referred to the Committee on Commerce. (See joint resolution printed in full when presented by Mr. BARBOUR on the 14th instant, pp. 10540–10541, CONGRESSIONAL RECORD.)

He also laid before the Senate a letter in the nature of a memorial from the Philippine Barristers' Association of California, Los Angeles, Calif., remonstrating against deferring the granting of independence to the Philippine Islands, which was ordered to lie on the table.

Mr. KEAN presented a memorial of members and friends of the South Jersey Radio Association, in the State of New Jersey, remonstrating against the imposition of a tax on amateur radio stations and operators, which was ordered to lie on the table.

Mr. TYDINGS presented a petition of sundry citizens of Baltimore, Md., favoring adoption of the so-called Bingham plan to legalize and tax 4 per cent beer so as to avoid increased taxes, which was ordered to lie on the table.

Mr. VANDENBERG presented a petition of sundry citizens of Holland, Mich., praying for retrenchment in Federal expenditures and the balancing of the Budget through the consolidation or elimination of unnecessary bureaus and services, which was referred to the Committee on Appropriations.

DISABILITY ALLOWANCE TO WORLD WAR VETERANS

Mr. ROBINSON of Indiana. Mr. President, some days ago I mentioned the unwarranted propaganda which is making the rounds against all veterans' legislation. This propaganda has not even spared the disabled soldier nor the dependents of those who are gone. At this point, and not to take any more of the time of the Senate, I desire to have incorporated in the RECORD a letter from John Thomas Taylor, vice chairman of the national legislative committee of the American Legion. Mr. Taylor's letter has to do with this very subject, and I think not only the Senate but the country ought to know something of the viciousness of the propaganda to which I have referred.

The VICE PRESIDENT. Without objection, it is so ordered.

The letter is as follows:

THE AMERICAN LEGION,
NATIONAL LEGISLATIVE COMMITTEE,
Washington, D. C., May 14, 1932.

MY DEAR SENATOR: Senators should realize that thousands of the form letters received daily on Capitol Hill are coming from factory and industrial workers, whose employers have coerced them to demand Government economy, including reduction in benefits for the disabled. Doubtless many of these letters are

from veterans, but Senators understand that many of these signers think a refusal to write would result in the loss of their jobs.

This sudden demand to cut benefits for the disabled is not spontaneous but is inspired. It is the result of propaganda, carefully organized by the same group which has always opposed beneficial legislation for veterans, whether disabled or not. The propaganda is also designed to influence the Senate against the widows and orphans bill, which has already passed the House.

In 1924, when bonus bills were pending in the Congress, those who profited from the war said to the soldiers who had fought the war to victory:

"Everything for the disabled—nothing for the able-bodied. We can never do enough for the disabled."

Now this same group which posed then as the friend of the disabled—to defeat bonus legislation—again employs its propaganda methods, this time against the disabled. Eight years ago their slogan was, "There can be no tax reduction with a bonus"—but we had both just the same. Taxes were cut more than a billion. Now it is, "We can not balance the Budget unless we cut disabled benefits." Senators should reflect upon that former error.

The American Legion at its Detroit convention did not join the demand for cashing the bonus. You probably recognize that this hostile group waited until that danger was passed before attacking the disabled in full force. Many believe this group more responsible than any other for the present deflation in security values, with the accompanying loss of Government revenues. They are using this situation, which they have created, to attack the disabled and balance the Budget at the expense of the unfortunate.

Let us consider this matter sanely and not be stampeded. If the cut in disabled benefits is just, such action will bear the light of day—it can be openly demonstrated by public hearings, where both sides will have their day in court. Let those who are flooding you with propaganda come before you openly. If they can prove their case, no harm will result from an open and honest examination of the evidence.

Remember you are dealing with men who are disabled, men definitely weighed down in life's handicap.

The Legion, therefore, as earnestly as it can, opposes what it is now proposed to do in haste—to deprive disabled soldiers, behind closed doors, of benefits which the Congress has granted during 13 years of open hearings, at which the Legion testified.

We ask of the Senate instead two things we have earned the right to ask:

1. The enactment of the bill for widows and orphans so that they may be cared for in this period of distress. The cost of this is small, but it will mean at least an existence to thousands.

2. A Senate veterans' committee, that the problems of hospitalization, of the disabled, and the widows and orphans of the dead may be studied carefully in the open, with testimony on both sides of each question. The disabled are worthy of such consideration.

The Legion welcomes a searching examination of veterans' benefits in the orderly, open manner of the Senate. But to take away, behind closed doors, disabled benefits openly obtained is unjust and un-American, and a grateful nation would not forgive such procedure. This course we emphatically protest and oppose—and the full force of the American Legion will be thrown against it.

Very sincerely yours,

JOHN THOMAS TAYLOR,
Vice Chairman National Legislative Committee.

UNITED STATES EMPLOYMENT SERVICE

Mr. DAVIS presented a letter from Lewis G. Hines, Pennsylvania director, United States Employment Service, with an accompanying letter addressed by him to Mr. John B. Andrews, secretary, American Association for Labor Legislation, New York City, N. Y., which were referred to the Committee on Education and Labor and ordered to be printed in the RECORD, as follows:

PHILADELPHIA, PA., *April 30, 1932.*

DEAR SENATOR: I have before me a copy of a letter that was addressed to Members of the House of Representatives and the United States Senate and signed by John B. Andrews, secretary, American Association for Labor Legislation, which is an attack upon the United States Employment Service.

I am inclosing herewith a copy of a letter addressed to Mr. Andrews. I feel that the criticism directed at us by Mr. Andrews is not only unwarranted but unfair and unjust. I further feel that the people of Pennsylvania are well satisfied with the character of the service we are rendering.

This knowledge comes from personal contact with the various groups and individuals throughout the State who have commended us for the splendid work we are doing. I would appreciate your careful perusal of my letter to Mr. Andrews and a further investigation on your part of the merits of the statement contained in his letter to you.

I feel that such an investigation will warrant your assuming that the splendid work of the United States Employment Service should be perpetuated.

Very truly yours,

LEWIS G. HINES,
Pennsylvania Director United States Employment Service.

PHILADELPHIA, PA., *April 30, 1932.*

MR. JOHN B. ANDREWS,
Secretary American Association for Labor Legislation,
131 East Twenty-third Street, New York City, N. Y.

DEAR MR. ANDREWS: I have before me a copy of a letter under date of April 19 addressed to the Members of the House of Representatives and the United States Senate signed by you.

This letter, an attack upon the United States Employment Service as it is now conducted, unfortunately does not set forth the nature of "the stream of complaints" which you state has reached your national headquarters from the various States, "indicating that the plan which Secretary Doak has attempted to put into effect in the last year is a serious mistake and can never be satisfactory in the various States."

I can not presume to speak for any of the States except Pennsylvania, but I can and will take exception to your criticism of our work in so far as it pertains to Pennsylvania. It would be interesting to know if any of these complaints you state have reached your headquarters emanated from Pennsylvania; and if so, if it would be possible for me to have more information regarding them in order that I might intelligently reply to them.

I invite your attention to the fact that since the inauguration of this extended service of about a year ago that we in Pennsylvania have done some very efficient and constructive employment-service work. We have cooperated with and coordinated the various employment efforts through the State, beginning with the department of labor and industry, where a splendid cooperative arrangement exists whereby jointly we conduct 13 offices throughout the entire State, assisting financially in a substantial manner in the maintenance of the same.

In addition to this we are cooperating with chambers of commerce, fraternal organizations, employer and labor groups, and soldier organizations. Apparently everyone in Pennsylvania is satisfied with the splendid arrangement that exists in this State. The finest relationship exists between ourselves and the director of employment of the department of labor and industry and the director of the Pennsylvania Employment Commission, both of whom have personally commended us and cited their satisfaction with the existing arrangements.

Such organizations as the chambers of commerce, the Pennsylvania Federation of Labor, the American Legion, the Veterans of Foreign Wars, the Disabled American War Veterans, the Jewish Welfare Association, the Knights of Columbus, the Odd Fellows, and various independent employment groups have indorsed our efforts.

I quote from a telegram received under date of February 23 from the Hon. Gifford Pinchot, Governor of Pennsylvania, wherein he says:

"I commend you personally for your cooperation and the cooperation of your staff with the agencies of the Commonwealth."

The Hon. J. Hampton Moore, mayor of Philadelphia, recently expressed himself in these words:

"The high character of the service that your organization is rendering the people of Philadelphia is well known."

More recently, in recognition of the service rendered soldier groups of Pennsylvania, the Veterans of Foreign Wars, the American Legion, and the Disabled American Veterans jointly presented this office with a token of their appreciation in the form of an American flag, for what they termed the splendid service given them. This presentation was attended by representatives of all fraternal and civic and employer and labor groups, and only modesty prohibits me from quoting the many nice things said about us at that time.

Perhaps it might be well to be more specific in regard to our actual accomplishments. Our records for the past three months indicate that 576 men and women secured employment through the exclusive efforts of the United States Employment Service, and during that time positions were found through the joint efforts of the United States Employment Service and the Department of Labor and Industry for 8,979 men and women. In addition to this, on February 1, we had the names of 7,000 disabled veterans on our lists throughout the State of Pennsylvania, and our field force of seven men has succeeded in reducing this list by a considerable number. We feel that we have accomplished very much on behalf of this type of applicant considering the many factors that enter into employment matters for them.

I am at loss to know from just what sources the "stream of complaints" mentioned in your letter should emanate. I realize that anyone doing constructive work is subject to criticism. I further realize that there are certain elements throughout the country that are definitely opposed to any movement in which they are not active participants. I recall at the time of the inauguration of this service, certain published statements of a critical nature emanating from sources which, in my opinion, were motivated by selfish, personal interests. Obviously these criticisms were not only unfair but premature, in as much as the service had not yet started.

I am satisfied with the character of the service being rendered in Pennsylvania and would welcome an opportunity to reply to the stream of complaints reaching your headquarters in so far as it pertains to Pennsylvania, and again I ask if you can give me such a list of complaints. Apparently, the criticism of our service contained in your letter of April 19 does not pertain to Pennsylvania, and I feel the various agencies and organizations I have mentioned herein will join me in this thought.

Trusting that we may be favored with a more explicit statement of the reasons for your criticism of our work, I am

Very truly yours,

LEWIS G. HINES,
Pennsylvania Director, United States Employment Service.

"EMERGENCY INDUSTRIES PRESERVATION ACT"

Mr. FLETCHER presented a resolution for an "emergency industries preservation act," adopted by a convention of 420 company members of supply and machinery associations at Cincinnati, Ohio, which was referred to the Committee on the Judiciary and ordered to be printed in the RECORD, as follows:

RESOLUTION FOR AN "EMERGENCY INDUSTRIES PRESERVATION ACT"

The 420 company members of the American Supply and Machinery Manufacturers' Association, the National Supply and Machinery Distributors' Association, the Southern Supply and Machinery Distributors' Association, in triple joint convention assembled, unanimously urge upon the President and the Congress of the United States immediate and favorable consideration of the following emergency resolution passed by their association at Cincinnati to-day:

"We believe that one of the principal causes of the present distressed condition of industry is the demoralization from reckless competition occasioned by the inability of competing sellers to cooperate lawfully and effectively, not alone in the development and use of our natural resources but equally so in the general business of manufacture and distribution.

"Destructive competition, whether due to overcapacity or to inequality of privilege under the law between buyers and sellers, destroys earning capacity and creates industrial maladjustment. Preservation of pay rolls and investments is the imperative condition—precedent to the preservation of mass purchasing power, to the permanent supply of consumer needs and to keeping open the essential source of all public taxing power. Since earning must precede spending, it is therefore the primary necessity of a nation's economic welfare.

"Court interpretation of our antitrust laws protects buyers by restricting the privileges of sellers. Sellers are thus denied equal privilege with buyers in determining economic levels of price and production. Correction of this prevailing legal emphasis upon consumer welfare must precede restoration of industrial equilibrium. Since the producing functions of capital and labor represent one-half of the entire public interest, we hold that economically the consumer is not entitled to a price that has not first afforded a fair profit to every necessary and efficient agency of both manufacture and distribution.

"We therefore urge:

"(1) That a committee be immediately appointed by Congress carefully to investigate the workings of all phases of our antitrust laws; and (without sacrificing the present needed and intended prohibitions of our antitrust laws against monopoly, oppression of competitors tending thereto, and unfair trade practices) to propose such legislation as will permit cooperative agreements between sellers to such extent as may be necessary.

"(a) To avoid destructive competition.

"(b) To avoid wastage of materials.

"(c) To help stabilize pay rolls.

"(d) To avoid the constant incentive to capital concentration otherwise inevitable.

"(e) To preserve earnings—the fountain source of all tax revenues.

"(f) To restore industrial equilibrium by restoring equality of privilege between buyer and seller.

"(g) To promote the public interest by giving balanced weight to the needs of capital and labor at least equally with that of the consumer.

"(2) That, pending this determination of the proper form of permanent legislation, Congress pass before adjournment of the present session an 'emergency industries preservation act' conveying this necessary relief temporarily under the supervision of the Federal Trade Commission and in conformity with its judgment of the public interest. We particularly point out that during the interim gross abuse of the consumer interest is practically impossible.

"In the belief that this resolution accurately reflects the views of the preponderant mass of this country's producers, distributors, and workers, we further instruct our secretaries to send a copy hereof to each Member of Congress, to the President and members of his Cabinet, to the Justices of the Supreme Court, to other trade associations, and to the trade and business press."

Respectfully and urgently submitted.

THE NATIONAL SUPPLY AND MACHINERY DISTRIBUTORS' ASSOCIATION,
H. H. KUHN, *President.*
GEORGE A. FERNLEY, *Secretary.*
THE SOUTHERN SUPPLY AND MACHINERY DISTRIBUTORS' ASSOCIATION,
FRED W. GLOVER, *President.*
ALVIN M. SMITH, *Secretary.*
THE AMERICAN SUPPLY AND MACHINERY MANUFACTURERS' ASSOCIATION,
DAVID C. JONES, *President.*
R. KENNEDY HANSON, *Secretary.*

BALANCING THE BUDGET AND TAXATION

Mr. FLETCHER presented a letter from the secretary of the Miami Beach (Fla.) Chamber of Commerce with an accompanying resolution, which were referred to the Committee on Finance and ordered to be printed in the RECORD, as follows:

MIAMI BEACH, FLA., *May 12, 1932.*

Hon. DUNCAN U. FLETCHER,
The United States Senate, Washington, D. C.

DEAR SENATOR FLETCHER: Inclosed find copy of a resolution passed this day by our board of governors and sent to the Finance Committee in Washington and which we believe will be of interest to you.

Very respectfully yours,

MIAMI BEACH CHAMBER OF COMMERCE,
CHAS. W. CHASE, Sr., *Secretary.*

Whereas we learn through the Associated Press that a saving of $200,000,000 is needed to keep the Government outlay within its Budget; and

Whereas it is certain that if appropriations now made are not reduced, many manufacturing products will be taxed to produce an amount large enough to balance the Budget, thereby creating another burden on the Nation's taxpayers; and

Whereas it is our belief that an amount equal to the $200,000,000, which is required to balance the Budget, could be raised if taxes were levied on income realized from nontaxable securities and by the taxation of salaries of employees of political subdivisions, whose salaries are now exempt; Now therefore be it

Resolved by the board of governors of the Miami Beach Chamber of Commerce, anxious to stand firmly by our President in his desire to balance the Budget, that we send the following suggestions to the Finance Committee in Washington, in the hope that it may be instrumental in assisting them to take steps that would be appreciated by the majority of the taxpayers of our country:

1. That all securities, the income of which is now regarded and recognized as nontaxable, be classified as taxable income.

2. That all city, municipal, and/or State employees, whose salaries or wages are under the present revenue act, exempt from tax be also subjected to tax in the same manner as salaries received by employees in the employ of organizations other than political subdivisions: Be it further

Resolved, That copies of this resolution be also sent to the President of the United States, to our Senators, Congressmen, president of the Chamber of Commerce of the United States and to other interested organizations throughout the country.

This resolution was adopted by the board of governors of the Miami Beach Chamber of Commerce in meeting assembled in Miami Beach, Fla., this 12th day of May, 1932.

——— ———, *President.*

Attest:

——— ———, *Secretary.*

CUSTOMS PORT OF ENTRY, ST. AUGUSTINE, FLA.

Mr. FLETCHER presented a resolution adopted by the City Commission of St. Augustine, Fla., which was referred to the Committee on Finance and ordered to be printed in the RECORD, as follows:

Resolution No. 842 (introduced by Commissioner V. J. Mickler), requesting the United States Senators from Florida and Members of the House of Representatives from Florida in the Congress of the United States to protest against the abolishing of the customs port of entry at St. Augustine, Fla.

Whereas it has been stated to the city commission of the city of St. Augustine, Fla., that the Government of the United States contemplates abolishing the United States customs port of entry at St. Augustine, Fla; and

Whereas the City Commission of the city of St. Augustine, Fla., is advised that said abolishment of said customs port of entry is contemplated in the near future; and

Whereas the City Commission of said city of St. Augustine, Fla., believes that this city is entitled to a customs port of entry, and that said customs port of entry is of a great value to the shrimp industry, which is one of the leading businesses in the city of St. Augustine, Fla.; and

Whereas the Federal Government has not only removed the United States garrison from St. Augustine and the United States wireless station but has taken away every Government operation that has ever been here, with the exception of the customs port of entry and the lighthouse; and

Whereas the city commission of the city of St. Augustine feels that the United States customs port of entry is a necessity and should not be removed or abolished from the city of St. Augustine, Fla.: Therefore be it

Resolved by the City Commission of the City of St. Augustine, as follows:

1. That the Senators and Representatives in the United States Congress from the State of Florida be, and each of them are hereby, most respectfully requested to protest against the abolishing of the United States customs port of entry at St. Augustine, Fla.

2. That the city auditor and clerk of the city of St. Augustine, Fla., immediately transmit a copy of this resolution to each of the aforesaid Members in the United States Congress.

Passed in open session of the City Commission of the city of St. Augustine, Fla., this 11th day of May, A. D. 1932.

T. ROGERO MICKLER,
Mayor-Commissioner.

Attest:

CHAS. E. KETTLE,
City Auditor and Clerk.

PROTECTION OF ANASTASIA ISLAND, FLA., FROM EROSION

Mr. FLETCHER presented resolutions adopted by the City Commission of St. Augustine, Fla., which were referred to the Committee on Commerce and ordered to be printed in the RECORD, as follows:

Resolution 843 (introduced by Commissioner Rowand), requesting the United States Senators in the United States Senate and the Congressmen in the House of Representatives from the State of Florida to introduce and seek to pass legislation appropriating moneys by the United States Government to protect Anastasia Island from erosion and to repair the jetties built some years ago by the Federal Government near the city of St. Augustine, Fla., but now in the city of St. Augustine, Fla.

Whereas the city of St. Augustine, Fla., has heretofore, through its city commission, respectfully requested the United State Senators in the United States Senate and the Representatives in the House of Representatives in the United States Congress from Florida to introduce and secure appropriate legislation in order that money may be appropriated by the Government to be used in rebuilding and repairing jetties formerly built by the United States Government near St. Augustine, Fla., but which are now within the city limits of the city of St. Augustine, Fla., on the arm of the sea of the Atlantic Ocean on the east coast of St. Augustine, Fla., on Anastasia Island; and

Whereas the city commission has called to the attention of the United States Senators from Florida in the United States Senate and the Representatives in the House of Representatives in the United States Congress from Florida to the erosion caused by the sea, damaging and injuring Government and private property on Anastasia Island in St. Augustine, St. Johns County, Fla.; and

Whereas the city commission had been informed that there are no funds available for the repair of said jetties and that the engineer's office has reported that there is not sufficient marine traffic to justify an expenditure for deepening the harbor and repairing the jetties; and

Whereas the appropriations by the United States Government in the past to St. Augustine and St. Johns County, Fla., have simply amounted in money to nothing compared with the appropriations made to other cities, districts, and towns on the east coast of Florida; and

Whereas the citizens of the city of St. Augustine, Fla., feel that they are entitled to representation and that they are entitled to protection against the ravage of the sea; and

Whereas the city of St. Augustine, Fla., has from time to time expended sums of money in attempting to check the erosions of Anastasia Island; and

Whereas a long sea wall or sea walls have been constructed on the northeast point of the arm of the sea, east of the northeast point of Anastasia Island, and there is constructed a sea wall on the east side of the Matanzas River, on the west bank of Anastasia Island, in the city limits of the city of St. Augustine, Fla., occasioning an investment in cost of many thousands of dollars by many property owners; and

Whereas there has been an expenditure by private citizens on Anastasia Island to prevent erosion by the Atlantic Ocean on the shore line in the amount of nearly $60,000; and

Whereas the expenditure by private owners in building the sea wall above mentioned along the Matanzas River occasioned the expenditure of a sum far in excess of said above expenditure and amounting to many thousands of dollars; and

Whereas the city of St. Augustine, Fla., has for the past 10 or 15 years endeavored to get such legislation and some relief from the United States Congress in respect to these objects: Therefore, be it

Resolved by the city commission of the city of St. Augustine, Fla., That the United States Senators in the United States Senate from the State of Florida, and the Representatives from Florida in the House of Representatives in the United States Congress be, and each of them is hereby requested by the city of St. Augustine, Fla., to take the following steps:

First. To obtain a survey and investigation of the repairs necessary and adequate to the jetties on Anastasia Island on the coast of the municipality of St. Augustine, Fla., and the condition of the erosion on Anastasia Island by the Atlantic Ocean, in the city of St. Augustine, Fla.

Second. That the Senators and Representatives in the United States Congress from the State of Florida, confer and consult together, and prepare and introduce such legislation as is necessary to produce an appropriation sufficient in amount to insure the repair of the United States Government jetties within the municipality of St. Augustine, Fla., and to protect the shore line of Anastasia Island within the city limits of said city of St. Augustine, Fla., from erosion by the Atlantic Ocean: Be it further

Resolved, That a copy of this resolution be sent, under the hand and seal of the city auditor and clerk, to the two United States Senators in the United States Senate from the State of Florida, and the several United States Representatives from the State of Florida, in the House of Representatives in the Congress of the United States, and that a letter be also sent under the hand and seal of the said city auditor and clerk to the said several United States Senators and the Congressmen from Florida, requesting that they acknowledge receipt of said resolution and that they give the city commission the benefit of their views upon said legislation at an early date.

Passed in open session of the city commission of the city of St. Augustine, Fla., this 11th day of May, A. D., 1932.

T. ROGERO MICKLER,
Mayor-Commissioner.

Attest:

CHARLES E. KETTLE,
City Auditor and Clerk.

EMERGENCY FINANCIAL RELIEF

Mr. FLETCHER presented a proposed plan for emergency financial relief by E. B. Clutter, of Miami, Fla., which was referred to the Committee on Banking and Currency and ordered to be printed in the RECORD, as follows:

PROPOSED PLAN FOR EMERGENCY FINANCIAL RELIEF FOR ALL SECTIONS OF THE UNITED STATES

By E. B. Clutter, Miami, Fla.

United States Congress would create a revolving fund subject to loan on a basis of $500,000 to each community with a population of 250,000 people; estimated amount of revolving fund needed, $2,400,000,000, to be loaned under the following plan:

1. All loans to be made through Federal reserve member banks, who would put up collateral for the amount which they were handling, this business to be segregated entirely from the regular banking business, and same to be handled through a special department and office in the bank to be provided for same, office to be known as the Federal relief department, and which department would be presided over by an agent appointed by the Federal reserve bank department, who would loan said funds through the advice and cooperation of the president of the bank.

2. These funds to be loaned in the amounts of $500 to $5,000 to people who could give proper security, which would include real estate, mortgages, stocks, bonds, etc.

3. Rate of interest to be charged to be 5 per cent, payable quarterly. No loans to be made for a longer period than two years. These funds to be loaned only to people who would sign an agreement and obligate legally to expend same for the following purposes:

Employment of labor, not less than 50 per cent of total loan.

Payment of taxes.

Payment of interest on mortgage loans.

The borrower to be required to file report at the end of 90 days showing that the money had been disbursed as agreed, any portion of same which had not been disbursed to be called in at the discretion of Federal agent.

4. Repayment of loan to start at the end of five months' period, 5 per cent monthly, and total loan to be paid within two years.

5. The cost of operation of this proposed plan to be taken out of the interest items collected on the loans.

6. This plan does not contemplate the financing of general business but is designed to put money into circulation through employment of labor, who would in turn automatically spend same through the channels of business and through which method general business would be immediately improved.

7. The Federal reserve agent to be appointed for each loan office to remain in charge of same and make the collections as provided, responsibility of the loans to be carried jointly by the Federal reserve system and the bank through whose cooperation the loans are to be made.

8. The Government assuming responsibility for 50 per cent of the amount loaned and retaining bank collateral for the other 50 per cent until funds are collected.

9. Each borrower of these funds to sign an application blank before a notary public detailing the use for which it is proposed to use the funds; and in case of approval of the application, then a contract to be signed in addition to the note for the loan, contract embodying the use for which the borrower would agree to expend the funds.

10. It is understood that the appointee of the Federal reserve system would be responsible to the Federal reserve governor of that district for his actions and the proper administration of this fund, the local bank cooperating by the approval of proposed loans before the Federal relief agent would give final approval to same.

It might be found desirable to expand this financing service by either reducing the number to be served by each $500,000 fund to 150,000 population, or increasing the amount for a population of 250,000 to $750,000.

The reason for having a special representative of the Government in charge of the fund is the very great necessity for a broad-minded, unprejudiced administration of the fund which would place applicants on equal footing so far as possible.

REPORTS OF COMMITTEES

Mr. PATTERSON, from the Committee on Mines and Mining, to which was referred the joint resolution (H. J. Res. 341) providing for the suspension of annual assessment work on mining claims held by location in the United

States and Alaska, reported it without amendment and submitted a report (No. 693) thereon.

Mr. STEIWER, from the Committee on Indian Affairs, to which was referred the bill (S. 4572) conferring jurisdiction upon the Court of Claims to hear and determine claims of certain bands or tribes of Indians residing in the State of Oregon, reported it with an amendment and submitted a report (No. 694) thereon.

Mr. KEAN, from the Committee on the District of Columbia, to which were referred the following bills, reported them each without amendment and submitted reports thereon:

S. 4107. An act to amend section 3 of an act, as amended, entitled "An act making it a misdemeanor in the District of Columbia to abandon or willfully neglect to provide for the support and maintenance by any person of his wife or his or her minor children in destitute or necessitous circumstances," approved June 10, 1926 (Rept. No. 695); and

H. R. 7305. An act to permit construction, maintenance, and use of certain pipe lines for petroleum and petroleum products (Rept. No. 696).

ENROLLED BILLS AND JOINT RESOLUTION PRESENTED

Mr. VANDENBERG (for Mr. WATERMAN), from the Committee on Enrolled Bills, reported that on the 14th instant that committee presented to the President of the United States the following enrolled bills and joint resolution:

S. 3584. An act to require all insurance corporations formed under the provisions of Chapter XVIII of the Code of Law of the District of Columbia to maintain their principal offices and places of business within the District of Columbia, and for other purposes;

S. 4193. An act to authorize the issuance of bonds by the St. Thomas Harbor Board, Virgin Islands, for the acquisition or construction of a graving or dry dock; and

S. J. Res. 36. Joint resolution to change the name of the island of "Porto Rico" to "Puerto Rico."

BILLS INTRODUCED

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. MORRISON:

A bill (S. 4666) relating to the rate of interest on loans to veterans under the World War adjusted compensation act, as amended; to the Committee on Finance.

By Mr. VANDENBERG:

A bill (S. 4667) to amend the act approved March 3, 1927, entitled "An act to permit the granting of Federal aid in respect of certain roads and bridges"; to the Committee on Commerce.

By Mr. THOMAS of Idaho:

A bill (S. 4668) granting an increase of pension to Alexander Wilson; to the Committee on Pensions.

By Mr. FRAZIER:

A bill (S. 4669) granting a pension to Rosalia Lange; to the Committee on Pensions.

By Mr. JOHNSON:

A bill (S. 4670) granting a pension to George M. Terrill (with accompanying papers); to the Committee on Pensions.

By Mr. NORBECK:

A bill (S. 4671) to extend the benefits of the Reconstruction Finance Corporation act, approved January 22, 1932, to the banks and agricultural credit corporations of Porto Rico; to the Committee on Banking and Currency.

By Mr. BINGHAM:

A bill (S. 4672) for the relief of Francis M. Johnston; to the Committee on Claims.

REVENUE AND TAXATION—AMENDMENTS

Mr. SHIPSTEAD submitted an amendment intended to be proposed by him to House bill 10236, the revenue and taxation bill, which was ordered to lie on the table and to be printed, as follows:

On page 245, after line 10, insert the following:

"(9) Copra; hempstead; palm nuts; kapok seed; palm nut kernels; tung nuts; rapeseed; perilla seed; sesame seed; rubber seed, 1 cent per pound. The tax on the articles described in this paragraph shall apply only with respect to the importation of such articles.

"(10) Coconut oil, the product of the Philippine Islands; palm oil; perilla and sweet almond oil; tung oil; herring oil; pilchard oil; whale oil; seal oil; sperm oil, crude, 2 cents per pound. The tax on the article described in this paragraph shall apply only with respect to the importation of such articles.

"(11) Palm-kernel oil; sunflower oil; sesame oil; rapeseed oil; olive oil; all the foregoing if in inedible form, 2 cents per pound. The tax on the articles described in this paragraph shall apply only with respect to the importation of such articles.

Mr. NORBECK submitted an amendment intended to be proposed by him to House bill 10236, the revenue and taxation bill, which was ordered to lie on the table and to be printed, as follows:

On page 245, between lines 10 and 11, insert the following new paragraph:

"(9) Butter, 8 cents per pound; oleomargarine and other butter substitutes, 8 cents per pound. The tax on the articles described in this paragraph shall apply only with respect to the importation of such articles."

RADIO DIVISION, DEPARTMENT OF COMMERCE

Mr. DILL. Mr. President, I ask unanimous consent to have inserted in the RECORD an article appearing in the Federal News of Saturday, May 14, 1932, describing the activities of the Radio Division of the Department of Commerce.

The VICE PRESIDENT. Without objection, it is so ordered.

The article is as follows:

STAFF OF UNITED STATES RADIO DIVISION HAS MANY COMPLEX DUTIES—PERSONNEL OF AGENCY INCLUDES CORPS OF TECHNICIANS WHO ARE "POLICEMEN OF THE AIR" AND MAINTAIN ORDER IN VAST AND INVOLVED USE OF THE RADIO

Behind the great and growing use of the air as a medium of transmitting radio signals and broadcasts rests the activity of the staff of the Radio Division of the Department of Commerce, comprised of men who handle a wide range of technical details and the administrative personnel in which direction of the agency's work is centered.

A review of activities by W. D. Terrell, head of the division, reveals the importance of the work done by Federal workers on duty with the unit. This review, dealing largely with work done by the division during the last fiscal year, furnishes an indication of the continuing duties of the agency, both in Washington and in the field.

INSPECTION MADE

Inspections of the radio installations on ships are made to determine that the apparatus is in good working order and in charge of competent operators. It has for its purpose, of course, the protection of life and property.

Many inspections of the radio installations on ships and the inspection of radio station on land are performed under authority of the radio act of 1927. Such inspections are in the nature of a general survey of the stations for the purpose of determining if the station inspected complies in every respect with the information furnished by the owner of the station in his application for a radio-station license. The inspection includes verification as to the power used by the station, the wave lengths, or frequencies, to which the station may be adjusted, type of apparatus, location of station, and numerous other details.

TEST CARS USED

The radio stations to be inspected are situated in all parts of the United States, Alaska, Hawaii, and Porto Rico. It is not possible with the limited inspection force of the Radio Division to inspect regularly the more than 26,000 licensed radio-transmitting stations.

With radio test cars, fully equipped with field-strength-measuring apparatus and mobile secondary standards of frequency, it was possible during the past year to make a large number of field-strength surveys to determine the service areas of broadcast stations and ascertain whether or not they render good broadcast service to radio listeners in their respective areas. With these cars it has also been possible to ascertain the energy in harmonics from broadcast and other stations, with a view to the elimination of these parasitic radiations.

Although the monitoring stations at Boston, Baltimore, Atlanta, New Orleans, Los Angeles, San Francisco, Portland, Oreg., Detroit, Chicago, and Grand Island maintain watches less than 8 hours out of the 24 during working days, these stations reported 76,447 frequency measurements during the last fiscal year, as compared with 45,695 for the previous year.

The construction work on the large frequency monitoring station at Grand Island, Nebr., was practically finished during the fiscal year. The Diesel-engine-driven generators were installed in the power house and placed in operation, and frequency-measurement work was begun.

MANY STATIONS REACHED

Highly accurate frequency measurements are being made daily on radio stations in the United States and foreign countries. Telephone and telegraph stations in Argentina, Austria, Aus-

tralia, Brazil, Belgium, Canada, Chile, Cuba, Colombia, Costa Rica, China, Czechoslovakia, Dominican Republic, England, Egypt, France, Germany, Hawaii, Holland, Indo-China, Italy, Japan, Java, Madagascar, Morocco, Mexico, Norway, New Caledonia, New Zealand, Portugal, Philippine Islands, Panama, Persia, Russia, Spain, Syria, Venezuela, and other countries are received and measured daily. At the present time, due to insufficient personnel, the station is in operation only 16 hours daily; thus full advantage can not be taken of all the facilities at the station for making frequency measurements and other observations.

At the end of the fiscal year 167 different radio stations located in foreign countries had been measured, a total of 789 measurements being made on these stations. It is interesting to note that a very large number of these stations failed to maintain their assigned operating frequencies and in many cases were observed to be causing interference with radio telephone and telegraph stations operating in the United States. In addition to the foreign stations measured 2,240 measurements were made at Grand Island on 650 individual radio telephone and telegraph stations within the continental limits of the United States.

It requires nine skilled radio engineers to intercept and measure the signals from radio telephone and telegraph stations, each watch, at Grand Island. These watches, at the present time, are of eight hours' duration, and sufficient personnel should be provided so as to make available the required number of engineers for each watch, and to have the station in operation 24 hours each day. If this were done, it would be possible to make 2,000 or more accurate measurements per month, in addition to making other observations, such as channel congestion, material broadcast, improper use of frequency assignment, and other special tests.

ENCOURAGING INCREASE

There has been an encouraging increase in the use of radio in the aeronautical service. The records of the division show that licenses were issued to 99 aeronautical stations and 17 permits have been issued for construction of aeronautical stations during the last fiscal year. When these stations are constructed there will be a total of 116 such stations as compared with 66 stations and 23 outstanding construction permits last year. Last year there were 215 planes equipped with radio. There are now 303. The above figures do not include Government stations.

The ground stations are spaced along the airways so as to insure continuous communication between aircraft in flight and the station on the ground. There is an average separation between ground stations of 200 miles so that the maximum range to be covered in communication is approximately 100 miles. Experience has shown that with this fairly close spacing of transmitters reliable communication can be conducted under any but the most adverse conditions.

Radiotelephone apparatus is most generally used. The aircraft radiophone installations are extremely simple and are controlled by a single push button so that the pilot may operate the system with a minimum of effort. Trailing antennas such as necessary when longer wave lengths are used have been eliminated, making it possible for aircraft to engage in transmission while on the ground as well as in the air. The traffic handled consists of messages relating to safety, position reports, meteorological reports, arrivals and departures, and anything pertinent to the movement of aircraft.

The past fiscal year showed increasing interest on the part of amateurs. In 1929 there were 16,829 licensed amateur radio stations, in 1930 there were 18,994, and this year there are 22,739. These figures indicate that the amateurs are by far the largest users of transmitting radio stations in the United States. In addition to the licenses issued to the amateur stations, correspondence with the radio division shows that there are more young men making inquiry with reference to obtaining such licenses than in any previous year. It is believed that this growing interest may be attributed to the use of the radiotelephone by amateurs.

AMATEURS' ACTIVITIES

"The amateurs have given much attention to attaining frequency precision and control of their apparatus," Mr. Terrell states. "The standard-frequency system sponsored by the Radio Relay League, and inaugurated last year on a nation-wide basis, has been continued during the fiscal year just ended. As high as 300 calibrations a month have been reported from this service. The benefits derived from these standard transmissions sent by the amateurs themselves are not confined to the amateurs in this country. It is reported that many foreign amateurs, particularly those in South Africa and Australia, have been utilizing these transmissions on the higher frequencies.

"With such a service regularly available, considerable interest has been evinced in the popularization of measuring equipment of a standard comparable in accuracy and stability to the transmission, and yet within the financial and constructional abilities of the average amateur. The American Radio Relay League reports that their laboratory work has resulted in the development of dynatron oscillator equipment which fulfills these specifications, affording tolerances well within 0.01 per cent and still easily constructed and calibrated.

GOOD EFFECTS CITED

"With such equipment available, together with the transmission supplied by the standard frequency stations, large numbers of amateurs have built and now possess measuring apparatus equal to that in many laboratories. The good effects have been apparent. In line with their long-established self-policing policy, the amateurs have created a system of official observing stations, the amateur stations so appointed being equipped with reasonably accurate measuring apparatus for regularly observing and reporting any off-frequency violators among the amateur ranks. The American Radio Relay League reports that approximately 100 appointments have been made.

"The communications possibilities of frequencies on the order of 56,000 kilocycles have been examined and considerable development work accomplished in the design of radio-telephone transmitters and special receivers of the superregenerative type to work on these frequencies.

"While no major emergency occurred in the United States during the last fiscal year to enable the amateurs to participate in the storm relief work for which they have been noted in recent years, greater cooperation has been afforded to more than a dozen expeditions sailing from the United States, and increased activity is reported in connection with the Naval Radio Reserve and the Army Amateur Radio System.

"The monitoring stations of the division are regularly engaged in measuring the frequencies of amateur stations. Comparatively few violations have been found and only a few have been penalized for such violations. It seems evident that the amateurs realize that their future success and public good will depend upon the operation of their stations in an orderly manner, having due regard for other users, including the broadcast listeners. When a new amateur enters the field, his transmissions are usually observed by the older amateurs who take such action as may be necessary to bring him in line with the self-policing policy of the organization."

PROHIBITION AND ECONOMIC CONDITIONS

Mr. BARBOUR. Mr. President, I am constrained to address the Senate briefly at this time on the subjects which I feel should be emphasized, particularly right now, and which I am equally sure are foremost in the thoughts of the citizens of our Nation to-day.

When the present Congress convened last December the United States, as we all know, was in the throes of a business depression and economic crisis unparalleled in our history. Millions of unemployed men and women were walking the streets. More millions were working on part time and were confronted with the imminent danger of being laid off altogether. The American people, who, especially in years of plenty, have been prone to consider their National Government as a vague and distant agency, were just beginning to turn their eyes toward Washington as the one bright ray of hope in an otherwise dark and discouraging outlook. They were beginning to turn to their National Government as the one reliable bulwark that stood between them and a total economic breakdown.

The several States were, and still are, doing their utmost for unemployment; but their resources in many instances were beginning to show depletion, and the cure lay deeper anyway than simply the ability to provide charity; for the self-respecting American people do not want charity; what they want is an opportunity to get work—not alms. Relief in the form of immediate and greatly lessened governmental expenditures, relief in the form of confidence born of a balanced Budget, help in the form of some sort of cooperation by the Federal Government with the several States in unemployment emergency relief were looked for by the American people.

Since the convening of Congress in December conditions have not improved materially, if at all; and, despite such reconstruction measures as have been enacted by the Congress in the meantime, which unquestionably have been both helpful and timely, our responsibility has not been as yet fully discharged by any means.

The depression, moreover, is not, in my opinion, being prolonged by any lack of currency and will not be relieved by any increase in currency. The depression is being prolonged, as I see it, by a lack of confidence generally. And Congress can promote the recovery of confidence only by providing immediately for the effective balancing of the Budget by drastic economies of expenditures on the one hand and levying such increases in taxes on the other as may then be necessary, which, while placing the greater proportion of the burden on those best able to bear the load, will not cripple any individual industry or business.

In other words, Mr. President, if Congress could go to the American people to-morrow with definite economies on a

large scale actually effected, and with a plan of unemployment relief and with a proper tax bill, I venture the assertion that the psychological effect upon the country would immediately be reflected in an entirely different outlook on the part of the people, an outlook which of itself would do more to cure the ills of the day than anything else could possibly do.

Mr. President, I believe that prohibition is definitely involved in the present economic situation. On every side we hear increasing dissatisfaction over the conditions that prohibition has brought about. Certainly the success or failure of any legislation can be gaged only by the extent and character of the results achieved, and no one can say that the manufacture, transportation, and sale of alcoholic beverages have been in any real sense prohibited by prohibition.

I have, Mr. President, before me statistics which the Chamber of Commerce of the State of New York recently made public in regard to the prohibition question. And I would like to cite a few of these statistics to the Senate:

In 1910, 29,710 prisoners were committed to the Federal and State prisons, while in the year 1928, 55,746 were committed to Federal and State prisons.

The same authority, which bases its statistics upon the Government's Statistical Abstract for the year 1931, shows that prisoners received from courts in Federal and State prisons increased between 1910 and 1928 from 32 prisoners for each 100,000 of population to 48 prisoners for each 100,000 of population.

The same authority quotes the Moderation League (Inc.) of New York in its survey of 403 specific towns and cities in this country as placing the arrests for drunkenness in 1914 at 531,574 and in 1926 at 559,074.

The Association Against the Prohibition Amendment reports that in 371 towns and cities in 1920 the average arrests for intoxication were approximately 70½ persons for each 100,000 of population, while in the same 371 towns and cities in 1928, the average arrests for intoxication were approximately 151⅓ for each 100,000 of population.

Prohibition has brought about one of the most dangerous and baffling problems with which legitimate American business has ever had to deal, namely, the racket. In alarmingly increasing numbers businesses are being subject to this form of persecution. In this connection, I quote again from the survey of conditions under prohibition conducted by the chamber of commerce in New York, in which it is estimated that Chicago pays an annual tribute to the racketeer of $200,000,000, New York City between $200,000,000 and $300,000,000, and other great centers of population in proportion.

The Census Bureau reports that divorces in which intoxication was listed as the sole cause increased 133 per cent from 1922 to 1929, as against a population increase of 11 per cent.

The Metropolitan Life Insurance Co. reports that deaths from alcoholism among its policyholders increased from 1.4 per 100,000 persons in 1919 to 3.4 per 100,000 persons in 1929.

Now, as to the purely financial aspect of the problem, it has cost the people of the United States $370,000,000 from 1920 to 1931 to try to enforce prohibition. And, as shown by the Crusaders in a survey recently appearing in the CONGRESSIONAL RECORD, the revenue derived by the Federal Government for alcoholic beverages in 1917 was $284,000,000 out of a total Federal revenue of $1,037,000,000 or nearly one-fourth of the entire cost of operating the Federal Government in that year.

In 1917 the tax on alcoholic beverages paid nearly one-third of the cost of operating the Federal Government. Think, Mr. President, what this revenue would mean to the Nation now! Consider also what a totally different financial condition the Treasury Department would reflect to-day had the Nation not been deprived of the $12,000,000,000 of revenue lost since prohibition went into effect.

But enough of statistics, Mr. President, though I could go on to much greater length reciting figures in substantiation of the fact that prohibition is not only an experiment we can no longer afford economically but is an experiment that has proven to be, in my judgment, anyway, harmful both civically and morally. In saying this, Mr. President, I do not bear any brief for the old saloon. I am glad it has been relegated to a deserved oblivion, for which I cheerfully give prohibition any credit due. I do say, however, that the speak-easy of to-day is an even greater menace than was the old saloon which it supplanted.

To sum up, Mr. President, I believe that if this Congress would courageously face the issue of prohibition, the problem of drastic and immediate economies in government, and of such increase, if any, in taxation as may then be necessary to balance the Budget, almost overnight we would see a return in this country of the confidence which, as I have said before, I feel, alone can cure our national economic problems.

In conclusion, I have the temerity to urge that the Congress proceed from now on with all possible dispatch and effectiveness to the end that this session, of necessity so harassed with the uncertain, may be concluded at the earliest possible date.

POLITICAL ACTIVITIES OF POST OFFICE DEPARTMENT

Mr. HARRISON obtained the floor.

Mr. NORRIS. Mr. President——

The PRESIDING OFFICER (Mr. AUSTIN in the chair). The Senator from Mississippi has the floor.

Mr. HARRISON. If the Senator from Nebraska desires to speak, I do not care to interfere with him.

The PRESIDING OFFICER. The Senator from Mississippi yields to the Senator from Nebraska.

Mr. NORRIS. Mr. President, it seems to me we ought not to pass unnoticed the speech which was made by Mr. Glover, Second Assistant Postmaster General, at a convention of postmasters held in the State of Missouri on Saturday last. I quote from his speech as reported by the New York Times, which is the same, in substance, as the report in practically all the newspapers; and so I take it that there is no doubt but that the speech was made as indicated in the news accounts. This dispatch from Springfield, Mo., dated May 14, says:

> Any Missouri postmaster who does not wish to "get out on the firing line" in support of President Hoover was invited to-day by W. Irving Glover, Second Assistant Postmaster General, to resign.
>
> "I'll be back in Washington Monday," Mr. Glover said, "and I'll be glad at that time to take the resignations of any of you postmasters who don't want to do it."
>
> * * * * * * *
>
> "You are a part of this administration," he reminded the postmasters. "When you hear anybody assailing that man Hoover remember what I said, or go and read a book, and answer them. As long as you do that you are filling the job of postmaster."

Further on he said:

> As for a suggestion that America to-day needs a great new leader, Mr. Glover said, "We don't want a leader—we've had one for years."
>
> He reminded the postmasters that this depression has not been accompanied by such strikes and riots as the one of 1894, and that England had sent MacDonald, France had sent Briand, and Italy had sent Grandi to America to confer with Mr. Hoover as a world leader.
>
> "We've got a leader," he declared. "If we don't stand back of that man, Herbert Hoover, regardless of party—then God help this country!"

Mr. President, in behalf of millions of patriotic people who desire that our Post Office Department be placed as nearly as possible upon a nonpartisan business basis, I want to protest against that speech of the Second Assistant Postmaster General. I want to denounce it, as it ought to be denounced, as unpatriotic. I do not believe any man in this civilized day wants to make of the Post Office Department a great partisan political machine. I had supposed we had passed by those barbarous, iniquitous times; I had supposed that we had partially placed our Post Office Department, the greatest institution of its kind in the world, upon a plane beyond politics—dirty politics, unreasonable and unjustifiable politics—and I believe that the utter-

ances of this man Glover, the major general of the "pie-counter brigade," are an insult to our Government, to our Post Office Department, and to all the patriotic people of our country.

What does it mean when one coming from Washington, near the top of that great department, tells the postmasters, brazenly and openly, that it is their duty to become politicians first and postmasters second? What does it mean to all the thousands and the hundreds of thousands of employees of this Government? These employees, these postmasters, are not ignoramuses. They can read between the lines. They know what that kind of a speech means. Reduced to plain English it says, "Unless you go out in this campaign and make a partisan fight for a certain man for President of the United States you will lose your jobs." It is notice to every other employee everywhere under the authority of our flag that unless he follows the dictates of the pie-counter spokesman and statesman he will either lose his job on some pretense of a technical nature, or on the expiration of his term he will stand no show for reappointment.

Mr. ROBINSON of Arkansas. Mr. President, will the Senator yield?

Mr. NORRIS. I yield to the Senator from Arkansas.

Mr. ROBINSON of Arkansas. The Senator has just referred to the declaration of the Second Assistant Postmaster General made publicly to postmasters that unless they do support the candidacy of President Hoover they will lose their positions in the public service. I desire to ask the Senator from Nebraska if he does not believe, in view of that statement, that they will certainly lose them if they do go out and take the status of partisans and there follows a change of administration?

Mr. NORRIS. That would be the natural result, I should think. I do not want to see that brought about. I have long advocated that the Post Office Department ought to be taken out of politics. Such a proclamation and such an idea, I think, receives the approval of all men who want to put our Government, and particularly that great department, on an efficient basis and raise it above the mire and dirt of men who have no interest in our Government or in the welfare of our people except to get the jobs.

Mr. ROBINSON of Arkansas. Mr. President——

Mr. NORRIS. I yield further to the Senator from Arkansas.

Mr. ROBINSON of Arkansas. Pretense has been made of placing postmasters within a kind of civil service; that is to say, the selections are presumably made as the result of an examination held under the rules of the department and the civil service. Yet, notwithstanding that fact, postmasters are being urged and required to make partisan campaign contributions. In some instances, particularly in the South, they are denied appointments, no matter how well qualified, unless they have contributed or manifest their willingness to contribute to a partisan campaign fund.

I agree with the Senator from Nebraska. It is a disgrace to the Government and a disgrace to this administration for one high in authority to intimidate postmasters in the way that was attempted by Mr. Glover.

Mr. NORRIS. Of course the intimidation, as I said before, does not stop at postmasters.

Mr. ROBINSON of Arkansas. Oh, no.

Mr. NORRIS. Where is there an official holding office but who knows that what is said to the man who is holding down a post-office job applies to him?

Mr. President, I do not desire now to take the time of the Senate to enter into a discussion upon what I believe to be the principles that should govern the appointment of postmasters and other officials. It is sufficient to say that we have passed laws making partisan political activity a crime in some instances and making it a sufficient reason for the discharge from public service of men who debase their positions and make political headquarters of their offices, which ought to be open to all the people, regardless of party.

I only want to say in conclusion that if the President of the United States wants to retain the confidence of the patriotic people of this country, he will repudiate, in the name of his administration, these sentiments expressed by the Second Assistant Postmaster General. He will not only repudiate them but, if he does what I believe is his duty, Mr. Glover himself will be a private citizen before the sun sets to-night.

REVENUE AND TAXATION

The Senate resumed the consideration of the bill (H. R. 10236) to provide revenue, equalize taxation, and for other purposes.

Mr. BORAH. Mr. President——

The PRESIDENT pro tempore. The Senator from Mississippi [Mr. HARRISON] is entitled to the floor.

Mr. HARRISON. I yield to the Senator from Idaho.

Mr. BORAH. If the Senator from Mississippi desires to speak on the bill, I would prefer that he do so.

Mr. HARRISON. I intend to speak on the bill, but I do not want to interfere with the Senator from Idaho.

Mr. BORAH. Mr. President, I shall be very brief in what I have to say. I feel the details explanatory of the proposal before the Senate have been fully presented.

I intend to support the amendment offered by the Senator from Michigan [Mr. COUZENS]. It is a drastic piece of legislation; but it seems to me that it is no more so than is necessary to meet the situation as it is now presented. It seems to me also that in view of the circumstances it is not unjust.

We have been advised by the Commander in Chief of the Army, and we all recognize it to be more or less true, that the situation which now confronts us is really that of war. All the powers of the Government are to be organized and enlisted for the purpose of controlling and directing the situation in the best interest of the public. It is necessary, therefore, that we call upon those who have the means to contribute to the Treasury of the Government in order that we may do those things which are necessary to be done.

I feel, therefore, that the amendment of the Senator from Michigan, while drastic, is necessary in the situation which now faces us. Furthermore, the tax proposed to be levied by this amendment is no more onerous than other taxes—not so much so, in my judgment—to be found in the bill. There are other taxes levied which will cause more worry, more distress, and possibly more actual suffering, than can be brought about by the amendment to which I refer. This tax can be paid with less sacrifice than other taxes found in the bill.

We are passing a tax bill which represents, not what the Congress would like to do, but what the Congress feels under the necessity of doing. Those who have great incomes must respond in accordance with their ability in the present situation. We will levy in this bill taxes which will be collected not in accordance with ability to pay, as may be said of this amendment.

Furthermore, Mr. President, the outlay of this Government in the next year, in my judgment, is going to be heavier than has been in the thought of those who framed the tax bill. Even if we succeed in passing a bill economizing on the expenditures of the Government, nevertheless the demands which are going to be made upon the Government during the next year will be, in my judgment, in excess of anything which has been yet proposed.

We are now, at this late hour, about to take up the question of Federal aid to the unemployed. Regardless of the propositions which have been made with reference to self-liquidating public improvements, and whatever there may be in that proposal, we must realize that heavier demands are going to be made upon the Government in order to organize and put into execution anything like an effective Federal unemployment program.

I call attention at this point to the statement made by the railroad brotherhoods in their plea to the President last Saturday. It is indicative of the problem which confronts us and which has confronted us for the last six months:

> Mr. President, we come to you representing large groups of laboring people of America. We have suffered for years from the deadly contraction which has been steadily throttling business activity and curtailing the movement of cars over our railroads.

Various authorities place the number of unemployed in the country at approximately 8,000,000, and the number is increasing daily. There are on the average about three additional people dependent on the support of each one of the unemployed.

In the last few years employment has declined over 30 per cent, pay rolls have declined over 50 per cent, and the prices of farm products have declined over 55 per cent—and it is getting worse. The total pay of railroad workers alone has been cut by over $1,000,000,000.

* * * * * * *

Within a short time the Congress of the United States will adjourn in order to have time to deal with political matters. Mr. President, we have come here to tell you that unless something is done to provide employment and relieve distress among the families of the unemployed we can not be responsible for the orderly operation of the railroads of this country—that we will refuse to take the responsibility for the disorder which is sure to arise if conditions continue.

Nor will we accept responsibility for the demands that will surely be made upon representatives of the Government and which we predict will be more far-reaching than any yet made, including the dole.

It would be with great reluctance that those we represent would ask for a dole. On the other hand, Mr. President, what other alternative is there available? Everything else suggested has either failed or has been denied. If something is not immediately done we will be obliged to demand a dole.

Mr. President, the railroad brotherhoods represent a body of working men who are not easily disturbed. They are men of character, men of thought and reading, and far from being in any sense agitators. I regard this statement made by the railroad brotherhoods to the President as conclusive of the proposition that the Federal Government must now assume its part in dealing with the question of unemployment. The task is ours, it will require demands on the Treasury to meet it, and the large incomes should respond to the emergency.

We can not longer expect the States or the cities or the local communities to deal with a situation which is national in all its significance, and which, in my judgment, must be dealt with as a national problem. In order to do that we must necessarily incur additional expense, regardless of what the plan may be. Some outlay upon the part of the Government must necessarily follow; and we had just as well face it, acknowledge the responsibility, and proceed to the completion of a Federal unemployment program.

While I am speaking upon this subject I may say that I trust that the committee which is now dealing with the question of unemployment will not bring before this body a bill or a program founded primarily on the idea of loans to States or cities. So far as I am concerned, I am opposed to the Federal Government shirking its responsibility and undertaking to lend to the States or the cities money with which to discharge its grave responsibility. The Federal Government owes a duty itself direct to the citizen. The responsibility is now ours, and we must meet it directly. The States have already incurred heavy responsibility, the cities have incurred heavy responsibility, and it would not be sufficient for the Government to do nothing more than to provide for loans to the States or cities.

In addition to that, Mr. President, when we make a loan to a State or to a city, we pass it beyond the power of the National Government to control. The taxing power is theirs. We can not enforce collection, we can not control the question of collection, and we can not control the question of responsibility for payment. It is a dangerous, inefficient, and unfair program, this program of loaning to the States or cities.

Furthermore, as to some cities in the United States where suffering is intense, so far as I am concerned, I would be unwilling to vote a dollar to be distributed by the class of officials now in control in those cities. I am not willing, in view of the awful conditions, to intrust them with Federal money.

The responsibility is ours, and for that reason I have no hesitancy whatever in laying even so heavy a burden upon those who have the incomes and can meet the demands of the Government. In an hour of national distress, when millions are hungry, great incomes must not complain of the heavy hand of the Government.

It is war, it is a contest for the preservation of the Government; but, furthermore, it is a contest for the preservation of the character, the physical and moral well-being of our people, and in that the Federal Government has a direct interest.

Mr. COPELAND. Mr. President, will the Senator yield?

Mr. BORAH. I yield.

Mr. COPELAND. I have heard the Senator with the greatest interest and sympathy. I would like to ask him how he would have the Federal Government distribute this direct relief, if it is not done through the States or the cities.

Mr. BORAH. I would be perfectly willing to have the Government cooperate with the States or the cities. What I am opposing is our lending money to the cities or the States to be distributed without any direction or control by the Federal Government itself.

Mr. COPELAND. Has the Senator made any study as to the amount of money needed? I have thought that $250,000,000 or $300,000,000 is hardly a drop in the bucket in the conditions of starvation and unemployment which now exist.

Mr. BORAH. I have given some thought to the amount. I quite agree with the Senator that $250,000,000 would not be sufficient if Congress is to adjourn soon.

Mr. COPELAND. I have heard the Senator with great interest and sympathy. I am sure we must do something, because all the advices I have indicate that there is an increasing need of relief in the homes of this country.

Mr. BORAH. There has been such a need for six months. We are six months behind.

Mr. COPELAND. If the Senator will yield further——

Mr. BORAH. I yield.

Mr. COPELAND. There has been no lack of effort on my part to meet the responsibility which is ours.

Mr. BORAH. Of course, I had no personal reference to the Senator.

Mr. President, we have for our great objective, in the passing of a tax bill, the balancing of the Budget. That has been made a slogan throughout the country. It is a proper thing to do. We should always keep that objective in mind. It is the goal for which we should strive. But we delude ourselves if we think we are going to balance the Budget unless we do something more than pass a tax bill.

Mr. President, with the constant fall of prices, and diminishing returns, it is impossible for anyone to give any reasonable estimate as to what will be required in order to balance the Budget. We may make a paper balance but no real balance. If we can not before we adjourn work out some reasonable plan which will stay the fall of prices and stay deflation; if we can not, in other words, aid the farmer and the business man to balance their budgets, this talk of our balancing our Budget, in my judgment, will never be realized. There is something more to balancing the Budget than estimating revenues and stopping at that. If prices continue to fall, incomes will be disappointing. We have a vastly more difficult problem before us than merely passing a tax bill.

While prices are falling, while deflation continues, while the returns to the business man continue to decrease, we may make every reasonable effort in that direction, but we can not be certain that we shall succeed.

My own view is that, in addition to levying taxes, and in addition to the curtailment of expenses, we must before we adjourn take up the question of stabilizing of prices and stabilizing the American dollar. The gold dollar is no longer an honest dollar. It is no longer a dollar to be trusted. The farmer may go to bed to-night with a thousand dollar mortgage, and, by reason of the fluctuating value of the gold dollar, he may wake up in the morning with a marked per cent added to his mortgage indebtedness. Unless we are willing to take the responsibility, either through the Federal reserve system or by some other method which the Congress may point out, or through an international conference, which I regard as most sound, to stay the constant fall of prices, we might as well abandon all thought of a

definite balancing of the Budget, or of maintaining the balance for any length of time.

I read a line here from Prof. E. W. Kemmerer, who is an advocate of the gold standard under all circumstances and at all times. He says:

> The world sooner or later must either learn how to stabilize the gold standard or devise some other monetary standard to take its place.

"Some time, sooner or later." How many suicides must be registered, how many people must go insane, how many farms must be sold under the hammer, how many businesses must close before the "some time" will arrive. Without stability in your measure of value, business can not recover and debts can not be paid.

> There is probably no defect in the world's economic organization to-day more serious than the fact that we use as our unit of value not a thing with a fixed value but a fixed weight of gold with a widely varying value. In a little less than half a century here in the United States we have seen our yardstick of value, namely, the value of a gold dollar, exhibit the following gyrations: From 1879 to 1896 it rose 27 per cent; from 1896 to 1920 it fell 70 per cent; from 1920 to September, 1927, it rose 56 per cent. If, figuratively speaking, we say that the yardstick of value was 36 inches long in 1879, when the United States returned to the gold standard, then it was 46 inches long in 1896, 13.5 inches long in 1920, and is 21 inches long to-day.

This was written some time ago, and the last figure is not absolutely correct under present circumstances.

The business world can not continue under that condition of affairs. There will ultimately be a collapse. If we have no remedy for the fluctuating value of gold which is now in hiding, now being hoarded, which cowardly retreats the minute trouble comes, it will be impossible for the business world or agriculture to recover, and the balancing of the Budget will be an iridescent dream. Business must know where it is. When a man incurs a debt he must know that what he agrees to pay is the amount he is to pay.

It has been said in answer to those who favor doing something for silver that silver fluctuates in value. I make this challenge, after some investigation which I think warrants me in doing so, that silver has never fluctuated in value to a greater degree than gold has, except when it has been legislated against. If we take the course of gold, in its value and its purchasing power, and that of silver, from the time of Abraham down to recent years, we find that the fluctuating value of silver has not been greater than that of gold at any time.

It may not be that action in regard to the silver question is the solution of better basic money, and I do not contend it is the sole solution, but if that is not the solution then the Federal Reserve Board, with its capacity to regulate, discount, and rediscount rates and the eligibility of securities, should undertake to do more than it has yet undertaken to do in order to stabilize the value of the American dollar. I believe myself in an international monetary conference. I think it the safest and surest way to deal with the question, but that it must be dealt with, who can doubt?

Therefore, Mr. President, in levying drastic taxes as are proposed in the pending amendment, we would be doing no more than calmly meeting the situation as it is, and as it now confronts us. And even so, with the levies which we shall make, as I trust, we shall not be able to meet the situation in the near future unless we associate with the tax program some plan for stabilizing the American dollar. While we are asking so much of the taxpayer we must provide him with a stable measure of value.

Mr. HARRISON. Mr. President, I want to address myself to the pending tax bill, and particularly to the pending amendment and other amendments which will be offered to the particular section of the bill under consideration.

Mr. KING. Mr. President, I suggest the absence of a quorum.

The VICE PRESIDENT. Does the Senator from Mississippi yield for that purpose?

Mr. HARRISON. I yield.

The VICE PRESIDENT. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Austin	Davis	La Follette	Shortridge
Bankhead	Dickinson	Logan	Smith
Barbour	Dill	Long	Smoot
Bingham	Frazier	McGill	Steiwer
Borah	Glenn	McNary	Stephens
Bratton	Gore	Metcalf	Thomas, Idaho
Bulkley	Hale	Morrison	Thomas, Okla.
Bulow	Harrison	Moses	Trammell
Byrnes	Hayden	Neely	Tydings
Capper	Hebert	Norris	Vandenberg
Caraway	Howell	Nye	Wagner
Carey	Hull	Oddie	Walsh, Mont.
Cohen	Johnson	Patterson	Watson
Connally	Jones	Reed	Wheeler
Coolidge	Kean	Robinson, Ark.	White
Copeland	Kendrick	Robinson, Ind.	
Couzens	Keyes	Sheppard	
Cutting	King	Shipstead	

The VICE PRESIDENT. Sixty-nine Senators have answered to their names. A quorum is present.

Mr. GORE. Mr. President, I desire to submit an amendment and ask that it be printed in the RECORD, and printed and lie on the table. There is an error in the draft of the bill as reported and this is to correct it.

The VICE PRESIDENT. Without objection, it is so ordered.

Mr. GORE'S amendment to the amendment of the committee is as follows:

> In section 12e, page 16, line 13, strike out "individual for personal services" and insert "officer, director, or employee of a corporation for personal services to such corporation."

Mr. HARRISON. Mr. President, I suppose that no committee in the House or Senate was ever confronted with a more difficult task than were the Ways and Means Committee of the House and the Finance Committee of the Senate in the drafting of the tax bill now pending before this body. Of course, some newspapers have criticized and some leaders of thought have found fault with the action of the House and Senate committees.

When conditions are sound and when prosperity hovers over the country it is not a difficult matter to reduce taxes. There may be some differences of opinion as to where to grant the reduction, but everyone likes to vote for a reduction, and so it is always a popular action of legislation. But when we are confronted, as we have been at this time, with the necessity of increasing taxes in an amount in excess of $1,000,000,000, it matters not what method we may employ, it matters not what reservoir we may tap to get the money, we are going to encounter violent opposition and receive numerous protests. But if we are right in the premise that it is necessary for the welfare of the country and for the restoration of economic conditions to pass a tax bill involving an amount of upward of $1,000,000,000 in increased taxes, then we should, as I am sure we will, meet the necessities of the case courageously and not give in to every protest or every objection that might be made.

There is not a Senator here but dislikes to impose an additional tax upon incomes, upon business, upon places of amusement, and upon any of the vast number of things that are carried in the Senate proposal or that were carried in the House proposal. We would like to pass from our lips the cup and refuse to drink; but if we are deserving of a place in the American Congress as supposed leaders of our people, then we should not shirk the responsibility even though it might mean political estrangement of friends or even political defeat.

So far as I am concerned, when I made up my mind that the Budget should be balanced and that it was one of the lanes that necessarily we must travel in order to lift the country out of the bog and restore confidence and start business on the upgrade, then I intended to follow that path no matter what the consequences were. I have received letters from my constituents protesting against this and that tax. I have had to write friends of a lifetime, both personal and political, and tell them that I had to vote a certain way, and I have told them that I intended to vote that certain way. Senators in my presence now, who served with me on the Finance Committee, know that when other members of the committee, whether of my own party or of the opposite party, voted not to impose this or that tax, I voted differently from them and cast my vote in the interest

of raising the needed revenues to balance the Budget. I did not want to do it, but I would be unworthy of my place in this body, and certainly as a representative of this side of the aisle upon the Finance Committee, if I shirked my responsibility.

Of course, we differ as to the method of raising the needed money. My friend from Michigan [Mr. COUZENS] in the committee and upon the floor has proposed to raise a very large amount by a method that would relieve the automobile people of increased taxes, and would permit an exemption from taxation to be made of admissions to theaters and other places of amusement. I have great respect for the Senator from Michigan. I think his conclusions are formed conscientiously and that he is prompted by what he thinks to be for the best interest of the country. But, much as I respect his views, I can not agree with him in the conclusions that he expressed before the committee and in his speech upon the floor of the Senate. He may be perfectly right. I may be all wrong. His business success perhaps should win for him more approval than mine.

But it does seem to me, Mr. President, in this time of economic depression, when few people are making any money, and when fortunes have been wiped out and capital becomes timorous, that I can not be entirely wrong. Of course, there are some incomes; yes; some people are receiving some income. If not, the country would be bankrupted pretty quickly. In that situation we would look to the future with no hope. But everyone within the sound of my voice knows that, generally speaking, we are in a depression of tremendous proportions, when business is hesitant, and when we must start again the wheels of industry if employment is to be had and if we are going to have any revival of business in the country. I can not believe that in such times as these the strong arm of the Government should be used in carrying out the cry of those who say, "We are going to take 77 cents out of every dollar that you make and put it in the Treasury of the United States." I can not believe that such a policy is going to make a business man feel very much like employing his capital in new and productive enterprises.

I have no fault to find with those Senators within the sound of my voice who want to take 100 per cent of a man's earnings or any other very high percentage, who believe it is going to start productive activity, that it is going to encourage the men of means to invest their capital to start the wheels of industry moving again. That is what we did in war times when the country was fired with patriotism and a desire to raise money in order to win the war.

When industries were making money, some of them making it as they had never done before, it was easy to collect taxes; it was thought perfectly proper to collect 80 cents out of a dollar in those times. But these are peace times; these are times when there is no prosperity in the country; these are times when we are looking for some ray of hope that business may again start and that labor may again be employed.

To my Democratic colleagues here I desire to quote an expression of a great man, one whom I honored and was glad to follow, whose memory is still alive in the hearts of the American people—Woodrow Wilson. He made the statement not many years ago, in one of his last messages to Congress, December 2, 1919; it was when he was trying to influence the Congress to reduce taxes and asking for a revision and simplification of our tax laws. Here is what he said:

> The Congress might well consider whether the higher rates of income and profits taxes can in peace times be effectively productive of revenue, and whether they may not, on the contrary, be destructive of business activity and productive of waste and inefficiency. There is a point at which in peace times high rates of income and profits taxes discourage energy, remove the incentive to new enterprises, encourage extravagant expenditures, and produce industrial stagnation, with consequent unemployment and other attendant evils.

Democratic Secretaries of the Treasury time after time gave utterance to similar expressions. In 1924 the platform of the Democratic Party, expressing similar views, said this:

> We refer to the Democratic revenue measure passed by the last Congress as distinguished from the Mellon tax plan as an illustration of the policy of the Democratic Party. We first made a flat reduction of 25 per cent upon the tax on all incomes payable this year, and then we so changed the proposed Mellon plan as to eliminate taxes upon the poor, reduce them upon moderate incomes, and, in a lesser degree, upon the incomes of multi-millionaires. We hold that all taxes are unnecessarily high, and pledge ourselves to further reductions.

No, Mr. President; my party has never believed in taking everything a man makes. The fathers of this Republic believed in no such idea, and I would not be devoted to it if it did. The Democratic Party believes in offering every incentive to a man to make and earn and live honestly in this day and time. This is a land of opportunity that prescribes no limit as to where a man may go or how much money he may make. My party has believed that wealth should bear the greater burden of taxation and that a man should pay according to his ability to pay. We have, however, stood in Congress time after time since 1918 fighting for a reduction in taxes, because we know that when we create a surplus in the Treasury by overtaxing the people we produce waste and extravagance, and it is wrong as a governmental principle.

Now, let us come down to the proposition of what is the very right thing to do, where we are going to draw the line in raising the income taxes, and what is the point of ability to pay. Let us trace, if you please, just for a moment, the history of the income tax law. In 1913 Congress enacted the first income tax law. We then imposed a normal income tax of 1 per cent, with a 6 per cent surtax. The surtax was not imposed until an income of $20,000 was reached. We carried the surtax up in 1916 until it reached 13 per cent, and we increased the normal tax to 2 per cent. In 1917 the normal tax was increased to 4 per cent and the surtax to 50 per cent. Then in time of war, when, of course, everybody was willing to pay, for the first and last time we imposed a normal tax running from 6 to 12 per cent and increased the surtax in the higher brackets to 65 per cent. Exemptions were lowered and earned-income features removed. My friend the Senator from Michigan [Mr. COUZENS] now says, "Let us revert in these peace days to those days of war and exact the highest tax that was ever imposed upon the American people."

In 1921 and 1922 we changed the tax law; we reduced the income taxes. In 1924 we had a fight here upon the floor of the Senate on the proposition for reduction, but we reduced them still further. The Members on this side of the aisle at that time were fighting to relieve the little fellow more than were those on the other side of the Chamber. That was one of the issues of the campaign of 1924. Then in 1926 we reduced taxes still further. Yet my friend the Senator from Michigan would have Senators now support a normal tax of 6 and 12 per cent. That is what we inveighed against in 1921, 1922, 1924, and 1926. Of course, the method by which large sums of revenue may be obtained is to tax the small taxpayer tremendously in the imposition of normal taxes.

The House, which framed the pending bill, originally placed the normal taxes as at 2, 4, and 6 per cent, and those rates were only changed in the House through the efforts of a progressive Representative from New York, a splendid young Member of that body, who made a brave fight there for some changes in the bill. How was it changed as the result of his activities? Was the rate in the lower bracket changed? No. Did he seek to increase the 3 per cent rate to 4 per cent? No. Did he seek to increase the 4 per cent rate to 5 per cent? No. But he said in the last bracket the rate ought to be 7 per cent, and so the House adopted that rate, and the bill came to the Senate with rates of 2 per cent, 4 per cent, and 7 per cent. There was no suggestion made in all the tax fight in the House that the tax rates of 1918 ought at this time to be imposed upon the American people. If any Member of that body ever thought about doing so, he offered no such amendment. If any Member there had ever dreamed about it, he refrained from making it known.

The highest rate proposed in the House was under the so-called Swing amendment, which sought to carry the

surtax rate up to 65 per cent, a plan which would have probably raised about $20,000,000 more. However, when the House came to vote on it on a roll call that proposal was defeated. In that amendment no effort was made to change the rates, as recommended by the House committee up to $100,000, it was merely to carry the rates from 40 per cent to 65 per cent on incomes above $100,000. Nobody offered a suggestion to make the normal taxes 6 per cent and 12 per cent at that time upon the American people. Nobody suggested that the exemption for dependents should be reduced $200; and yet that is what my distinguished friend from Michigan wants to do, and asks Senators on this side to follow him in doing.

Now let me tell you something, Mr. President. We have committees in this body, and the respective sides of the Chamber designate their representatives to go on those committees to try to arrive at right conclusions. If Members of the Senate do not have enough faith in their representatives thus selected they ought not to put them there.

As I said before, the Committee on Finance was confronted with a difficult task. We met the responsibility, and have brought to the Senate a bill in connection with the consideration of which partisanship never raised its head. In the committee no one ever heard of the Democratic or the Republican Party. Throughout the consideration of the bill I saw my good, young friend from Wisconsin [Mr. LA FOLLETTE] stand like a man and vote as I did to impose taxes on this and taxes on that. He did not want to do it, but he was imbued with the same high motive that I was, namely, to balance the Budget.

We had our difficulties there because there were members of the committee who believed that if they could strike out the admission tax or strike out the automobile tax or strike out this tax or the other tax they could get the sales tax. My friend from Pennsylvania [Mr. REED] comes within that classification. He made no excuses for it, but was open and courageous about it. I am telling the Senate the facts. I do not want to keep from my colleagues here anything that happened in the committee, because there were no secrets there; but some of us who were trying to perform our duty, voting for a tax upon this and a tax upon that in order to balance the Budget, had to combat many of the proposals made by my friend from Pennsylvania and other members of the committee, who held out to the end, in hope that at last, if the committee would strike out this and strike out that, they would at least be able to appease this group and that group and would be able to put on the sales tax as a matter of necessity.

Mr. LONG. Mr. President——

The VICE PRESIDENT. Does the Senator from Mississippi yield to the Senator from Louisiana?

Mr. HARRISON. I hope the Senator will let me finish, because I am carrying on a line of thought.

Mr. LONG. Very well.

Mr. HARRISON. However, I yield to the Senator.

Mr. LONG. I was merely going to ask the Senator a question. I was not in Washington at the time. Did the committee at one time vote to make the income tax 55 per cent on the larger incomes?

Mr. HARRISON. They never did.

Mr. LONG. They never did?

Mr. HARRISON. No. The newspapers which the Senator read must have been in error.

Mr. COUZENS. Mr. President——

The VICE PRESIDENT. Does the Senator from Mississippi yield to the Senator from Michigan?

Mr. HARRISON. Did I not state the fact about it, I will ask the Senator from Michigan?

Mr. COUZENS. I understood the Senator to say that the committee did not vote at one time for a 55 per cent rate on the higher incomes.

Mr. HARRISON. I understood the Senator from Louisiana to ask me if the committee did not vote for the 65 per cent rate?

Mr. LONG. No; a 55 per cent rate.

Mr. HARRISON. I misunderstood the Senator. I beg his pardon.

Mr. LONG. I was wondering what conscientious persuasion influenced the committee besides that of Mr. Ogden Mills when it went back to the 45 per cent rate.

Mr. HARRISON. If the Senator will take his seat, I will tell him why. I will come to that directly and I will be glad to answer any further questions the Senator from Louisiana or any other Senator may desire to ask me.

So we had to fight these various elements in the committee. The sales tax offered no great bugaboo to me. I do not favor it and I do not expect to vote for it here. As a practical man I recognized that the House of Representatives had defeated a general sales tax by 70 votes on one occasion and by 70 votes on another occasion; that as a result a rather hectic situation arose over there; that when they defeated it, it threw the whole House into confusion and disturbed the whole situation in the country. The House of Representatives has been condemned, I think unjustifiably so; but I may say that if the Senate does not watch out it is going to get in the same confused situation as that which confronted the House. In my opinion, if we could pass this bill as it is written, we would do more to restore confidence at this particular time than by the passage of any other measure now before the Senate. So much for that.

In 1913, as I have said, we provided a normal tax of 1 per cent, with an increase to 6 per cent starting with incomes of $20,000. With only appreciable increases, those rates were retained until we got to 1918. Then we made the rates respectively 6 per cent and 12 per cent, but from that time on we have reduced the surtaxes. In 1922 the highest surtax rate was 55 per cent, and we reduced the normal taxes to 4 and 8 per cent. The amendment of the Senator from Michigan, as compared to the Senate committee recommendation, will include at least a million more taxpayers in this country.

I have some figures here that tell a very interesting story.

Taxpayers with net incomes of less than $10,000 pay $600,000,000 in local taxes. The same group of taxpayers pay $32,000,000 in income taxes. Taxpayers with net incomes of over $10,000 pay only $323,000,000 in local taxes, while they pay $800,000,000 in income taxes. In other words, the little man back at Gulfport, Miss., or out in the cities of your State, Mr. President (Mr. JOHNSON in the chair), is helping to make the wheels turn in his little community. These men do not make much. Some of them perhaps have incomes of three or four or five thousand dollars. They contribute toward civic improvements and civic advancement. They pay the local taxes—and God knows they are heavy enough now. I do not care whether you come from Idaho or Michigan or Mississippi, the local taxes are severe, and the American people are aroused and protesting to their local governments to save them. So why do we want to burden the little fellow in that way? What prompted the committee to act in that way?

Mr. LONG. Mr. President——

The PRESIDING OFFICER (Mr. JOHNSON in the chair). Does the Senator from Mississippi yield to the Senator from Louisiana?

Mr. HARRISON. I do.

Mr. LONG. I do not want to interrupt the Senator.

Mr. HARRISON. The Senator certainly is not following his intention, then.

Mr. LONG. In view of what the Senator is saying, with which I most heartily agree, does he not think it is a hardship on that poor little man in Mississippi to put a tax on his automobile, on his radio, on his right to go to the theater, and on every little thing that he may have, outside of the clothes he wears and the grub he eats that comes off the farm?

Mr. HARRISON. Oh, yes; the Senator from Mississippi dislikes to tax his people; but the people of Mississippi are brave. They are patriotic, and they are willing to subscribe their little sums in this emergency to take care of the great

national catastrophe. I believe that the people of Louisiana, whom I know well, and among whom I have lived as a student at their State university, do not begrudge in times like these coughing up a little amount to balance the Budget. It is not the first time they have paid taxes on automobiles and admissions. They did so through the war and up until 1926. There is an admissions tax now on theater tickets of more than $3. The tax on automobiles that we propose now is not as high as it was in 1924. It is not as high as it was in 1921 and 1922. Democratic Secretaries of the Treasury have recommended, time after time, that a way to raise a part of the taxes necessary to run the Government was by imposing these nuisance taxes on jewelry, on cosmetics, on admissions, on sporting goods, automobiles, and various things like that. There has been no partisanship in that; but here is what happened in the committee and prompted them:

The Secretary of the Treasury recommended to the Ways and Means Committee normal taxes of 2, 4, and 6 per cent, as I recall. He recommended that the highest bracket should be 40 per cent. In other words, he wanted to go back to the 1924 tax law. The Ways and Means Committee did not accept that recommendation entirely. They raised the normal taxes a little bit, but they did not go higher on the surtaxes.

When the bill came before the Finance Committee of the Senate, did we show any particular favoritism to the wealth of the country? No, Mr. President. Wealth gets nothing particularly out of this bill. You who want to smite the rich of the country, and think that as a result of it industry is going to start up, labor is going to be employed, remember that in this bill we have done this. Let me cite to you four things that have been done in this bill that hit the wealthy people of the country as they have never been hit before.

One is the estate tax. Where before they had $100,000 exemption, and in the highest bracket the tax was 20 per cent, this bill graduates the estate tax up to 45 per cent, and lowers the exemption to $50,000. That is what the fellow who accumulates something and dies is going to have to pay. He is going to have to cough up pretty well, and there are some States in this country that have inheritance and estate taxes also. So he is going to be hit again.

The present law imposes normal tax rates of 1½ per cent, 3 per cent, and 5 per cent, and in the highest bracket only 20 per cent. Our committee have recommended not what the House recommended, but we say that in the first bracket there shall be a 3 per cent normal tax imposed; we say that in the next bracket there shall be a 6 per cent normal tax imposed; and we say that in the last bracket—which goes all the way through, and the man who has to pay tremendous surtaxes in the higher brackets must pay that as well—the normal tax shall be 9 per cent. So our rates are 3, 6, and 9. The rates of the present law are 1½, 3, and 5. The House rates are 2, 4, and 7. Have we shown any favoritism in that matter? On corporations we have increased the tax from 12 per cent in the present law to 14 per cent, as recommended by the committee. These taxes were written following conferences among the minority members of the committee. We have not tried to put anything over. We knew that there was a sentiment that perhaps we ought to go above $100,000 in surtaxes; so we did not stop, as the House stopped, at 40 per cent. I offered as an amendment a new schedule; and in this bill we not only carry this increase of the normal taxes to 3, 6, and 9 per cent, but we raised the surtax in the higher brackets to 45 per cent, and stopped only at $1,000,000. That was done at the suggestion of my good friend from Montana [Mr. WALSH] in a speech that he made—not the amount, I may say, but the suggestion that we ought not to stop just at $100,000—and I agreed with him on the floor one day that it ought not to stop there. We went to 45 per cent.

What does a man to-day have to pay under the Senate committee bill in the highest brackets? He has to pay the 9 per cent normal tax, and he has to pay 45 per cent surtax. In other words, he has to pay 54 per cent in the highest bracket; and yet that is not satisfactory to some people. Some other folks think they ought to have their way. A 55 per cent surtax and a 65 per cent surtax would be more pleasing to them. It was the opinion of a majority of the Finance Committee, however, and certainly the opinion of a majority of the Democratic members of that committee, that this was a very fair proposition, and that when we went to 54 per cent in the highest bracket we were doing pretty well in taking that amount from a man.

Do you know that there are some States in this country that charge as high as 15 per cent income taxes now upon their citizens? So they have to bear heavy taxation both as to State and as to Nation.

Mr. COUZENS. Mr. President——

Mr. HARRISON. I yield to the Senator from Michigan.

Mr. COUZENS. Does the Senator recall what the rates were when the Secretary of the Treasury came before the committee? What were the rates that the committee had agreed to before Mills wrote the bill?

Mr. HARRISON. Before Mr. Mills wrote the bill?

Mr. COUZENS. Yes.

Mr. HARRISON. I am glad the Senator has designated the author of the bill. The bill when it came from the House was, as I stated——

Mr. COUZENS. No; I am asking the Senator to state what the bill was when Mills appeared before the committee.

Mr. HARRISON. I understand. Of course, the Senator knows all about this; but I am stating that when the bill came from the House the normal rates were 2, 4, and 7 per cent, and we were considering that proposition, and we had adopted 3, 6, and 9 when Mr. Mills came before the committee, and then there was a feeling that the rates ought to be changed back to 4 and 8. I think somebody made that motion, and that may have been adopted for the time being; but under the pressure of the Senator from Massachusetts and myself and some others we shifted the rates back to 3, 6, and 9. Am I stating the facts?

Mr. COUZENS. The Senator is not exactly stating the facts.

Mr. HARRISON. Wherein did I not state the facts?

Mr. COUZENS. I think the Senator is overlooking something.

Mr. HARRISON. I have not overlooked much in that committee.

Mr. COUZENS. I know the Senator did not intend to mislead; but the rates were 4 and 8 per cent. They were reduced from 3, 6, and 9 to 4 and 8 per cent at the urgent request of Mr. Mills. Then——

Mr. HARRISON. The Senator is stating exactly what I said.

Mr. COUZENS. But just a minute. When Mr. Mills came before the committee he urged an entirely new schedule; and the committee adopted the schedule of 4 and 8 per cent, increasing the lower brackets from 3 to 4 and reducing the higher brackets from 9 to 8.

Mr. HARRISON. If the Senator thinks he has stated anything differently from the way I stated it, he can have his own opinion. I stated exactly that. If the Senator wants to emphasize that fact, he can state it over again.

Mr. COUZENS. No; but I want the Senator to say this——

Mr. HARRISON. I say the Senator has stated absolutely the facts.

Mr. COUZENS. I had not finished the facts.

Mr. HARRISON. Then I will not agree with the Senator yet.

Mr. COUZENS. The committee voted to accept the Mills proposal from A to Z, which was 4 and 8 per cent, and the Senator from Massachusetts will recall that I got up in committee and protested against the committee adding 1 per cent to the lower brackets and taking 1 per cent off the higher brackets, and the Senator from Massachusetts got up and supported that position, and the committee reversed itself.

Mr. HARRISON. I am glad to give to the Senator whatever glory there may be in that one act.

Mr. COUZENS. No; I am giving the glory to the Senator from Massachusetts.

Mr. HARRISON. But the Senator now is going to take away all of that glory by attempting to put on the man in the lower brackets 6 and 12 per cent normal taxes.

Mr. GLENN. Mr. President——

Mr. HARRISON. I yield to the Senator from Illinois.

Mr. GLENN. I am wondering whether the Senator from Mississippi has covered the provision about the tax upon personal services.

Mr. HARRISON. Yes. I had not finished.

Mr. GLENN. I did not want to interrupt, but I wish the Senator would refer to that.

Mr. HARRISON. I will. So we went to these normal tax rates of 3, 6, and 9 per cent, and surtaxes of 45 per cent, and 54 per cent in the highest brackets, thinking that perhaps that would satisfy the Senate and we might get together upon it. It was a compromise proposition.

Mr. CONNALLY. Mr. President——

The PRESIDING OFFICER. Does the Senator from Mississippi yield to the Senator from Texas?

Mr. HARRISON. Yes; I yield to the Senator.

Mr. CONNALLY. In connection with the question which the Senator from Michigan propounded, I think there is some error even in his statement. When Mr. Mills came up to the meeting of the committee the rates had been fixed at 4 and 8 per cent under my amendment.

Mr. HARRISON. Yes; that is true.

Mr. CONNALLY. The pending amendment was 4 and 8 per cent, but the 9 per cent was taken care of by the fact that we had increased the surtax. So it was immaterial whether we put the normal rate at 9 per cent all the way through or not, because we took care of that.

Mr. COUZENS. That is entirely correct. That was done just before Mills came up.

Mr. CONNALLY. That was voted one afternoon and Mr. Mills came up the following morning.

Mr. COUZENS. Yes; that is correct; and the Senator's amendment went all the way up to 55 per cent.

Mr. CONNALLY. Fifty-five per cent.

Mr. COUZENS. And it began with a normal tax of 4 and 8 per cent.

Mr. CONNALLY. Yes.

Mr. HARRISON. There is not any question as to that. All of us are in agreement on that. After we had finished and some Senators on the committee had voted against this excise tax and that excise tax, we found at the last that $77,000,000 more was needed to balance the Budget; and then, and only then, was it that the Senator from Texas offered the proposition to change what we had already done and passed in the committee, making the normal rates 4 and 8 per cent, and the highest surtax, I believe, 55 per cent. So when Mr. Mills came and we got into tremendous confusion, it looked as if everything was wrong. So it is Mr. Mills's plan. I am willing to give him all the credit for it.

Mr. COUZENS. So am I.

Mr. HARRISON. Yes; nobody wants to be the daddy of this proposition or any other like proposition. [Laughter.] But most of the things that Mr. Mills had recommended originally, either to the Ways and Means Committee of the House or even to the Finance Committee of the Senate, had been adopted by the Finance Committee. We had adopted his check proposition and his admissions proposition, except that we had limited the admissions tax to 45 cents, and in his recommendations he suggested starting at 10 cents.

So most of the propositions recommended had been accepted by the committee. The main difference of opinion between Mr. Mills's original recommendation and the House and the Finance Committee was respecting income taxes and surtaxes. He had recommended the 1924 rates on normal income taxes, namely, 2, 4, and 6 per cent. He had recommended only a slight change in the estate tax; and they had put on in the House a surtax of 45 per cent in the higher brackets and they had lowered the exemption to $5,000. Those were the two main propositions. Of course, when I say "the estate tax" I include the gift tax, which the House had also put in in order to buttress the collection of the estate tax.

So when Mr. Mills came before the committee with his compromise plan which had balanced the Budget, it carried with it the suggestion I have just stated, not disturbing the estate tax, in which we were very much interested, and not disturbing the surtax, which the House had refused to accept in toto.

Mr. CONNALLY. Mr. President, I know the Senator does not want to do the Secretary of the Treasury any injustice. He will recall, however, that the Secretary did insist earlier on reducing the estate tax. He protested the House rates on estate taxes.

Mr. HARRISON. There is no doubt of that. I said he never did recommend to the Ways and Means Committee the estate tax as it was adopted over there. So, with those exceptions, there was not a great difference.

We can go ahead and act on the Couzens amendment, and if that is defeated go ahead and adopt some other amendment which might be offered. But the members of the Committee on Finance feel they have done pretty well by this bill. We have given it our best attention, and with what meager ability we have we have tried to bring in a good bill.

I wish so much that the Senate, in the interest of stabilizing conditions in the country, in the interest of restoring some confidence, in the interest of the fiscal stability and soundness of our Government could accept the recommendations of the Committee on Finance. Let us vote these higher estate taxes as the committee has written them. Let us vote the higher surtaxes and normal taxes as recommended by the Finance Committee. Let us vote the administrative features, which give to the business man no particular encouragement because we have stricken from the bill or restricted the net loss and gain provisions. Citizens can not again come and against some net profits set off some net losses, as they have been doing heretofore. We have limited such action to losses for one year, and we have limited the losses which can be figured on security transactions to security gains which have been made in the past. Those things are not what the man who has a lot of money wants.

If this amendment is adopted, of course it will be great encouragement to those who are unwilling to participate in the great industrial development of this country and risk their money in productive enterprise, which would give employment to thousands and millions of people and start the wheels of progress going. There is not a man who owns a tax-exempt security or bond who will not feel he is worth more upon the enactment of a law that would take 77 cents out of every dollar one might receive.

The country is in no condition to accept such a thing as that, and we would impede progress, we would destroy the hopes of the people, we would do more harm a thousand times if we passed a bill with the idea of smiting wealth than we would dream could be done. We are all here trying to put the country back upon its feet.

I hope that Senators on this side of the aisle who have any confidence in the minority members of the Finance Committee will at least give us some encouragement in the difficult task that has been put upon us, and not, in the consideration of this bill, wipe this or that provision out, which would mean a thirty or forty million dollar deficit, and then call for us to write a new bill upon the floor of the Senate. Whatever minor changes should be made can be taken care of in the conference between the two Houses.

Mr. REED. Mr. President, I think it is only fair to say that the pending tax bill does not completely satisfy any member of the Finance Committee, and Mr. Mills made it equally clear that it was not satisfactory to him. It represents a compromise of conflicting views.

There was no particular school that had a majority in the Finance Committee. I know that was true of the Republican members. Some of them were in complete and hopeless disagreement with their brethren on that side of the table. That also seemed to be so on the Democratic side.

As a result, the committee found itself doing things, bringing about results, which bade fair to be as unwise as was the bill made up on the floor of the House of Representatives. From the way the Finance Committee was heading it seemed probable that the output of the committee would be just as disheartening to the country as was the bill that was passed by the House. At that juncture the Secretary of the Treasury came before the committee and suggested a compromise, satisfactory to nobody—which is almost the definition of a compromise, I think—but a compromise bill which embodied many of the things which the Finance Committee had put in and many of the features of the House bill, and yet one which would balance the Budget.

I suppose there was nobody on the Finance Committee who had a more bitter pill to swallow than myself, because, for reasons which I will explain in a moment, I had been urging a sales tax with all the vigor that was in me. The chairman of the committee, the Senator from Utah [Mr. SMOOT], had been urging a sales tax since long before I came to the Senate, as were some of the others of us who sincerely believe that that is the only sound method of raising Government revenue. But I will not argue that proposition at this moment.

What I say is that we had to swallow that bitter pill, we had to give up that theory, in which we believed, for the sake of averting what seemed to be almost chaos. It is all well and good to call this the Mills bill, if one wants to do that. It is a recognition of Mr. Mills's earnest effort to swallow his own convictions, and bring some kind of order out of chaos. But it is only fair to him and to the Senator from Utah and the Senator from Mississippi to acknowledge that no man is the parent of this tax bill. It is born of necessity. It has as many injustices eliminated from it as we were able, in the compromise, to eliminate. That is what the bill is.

If once we begin to tear that compromise to pieces, heaven knows what the result will be. If we should adopt the pending amendment, then the next thing would be that the automobile industry would be here urging that the special sales tax which was put on it be stricken out of the bill, and that would create a deficiency in the revenue. Then would come the entertainment people, and they would want the admissions tax stricken out. Then the telegraph and telephone companies, and one after the other of the special interests which have been taxed would come in and ask for relief, and the mangled body of the tax bill would not be recognizable by anybody. If once we begin to whack away at this compromise, the tax bill will be ruined.

Now, just a word about the pending amendment. The amendment proposes, as I understand it, to increase the rates of normal taxes in the committee bill from 3 per cent on the first $4,000 of income to 6 per cent. It doubles the tax on the smallest income.

On the next $4,000 of income, under the committee bill the tax would be 6 per cent. Under the pending amendment half of that would be taxed at 6 and the last half at 12 per cent.

The committee would tax the third $4,000 at 9 per cent. The pending amendment would tax it at 12 per cent.

The committee allows an exemption, as I recall it, of $1,000 on the unmarried man and $2,500 on the married man. This amendment, as I understand it, would leave the $1,000 on the unmarried man, as in the committee bill, but would reduce the exemption allowed to a married man from $2,500, as in the committee bill, to $2,000, as in the war-time legislation.

Mr. TRAMMELL. Mr. President, does it not also provide that the exemption on account of minors under 18 years of age shall be reduced from $400 to $200?

Mr. REED. Yes; I was coming to that. The next thing is that, in accordance with the several tax laws enacted in recent years, the committee has continued a $400 exemption for each dependent, in addition to the $2,500 allowed a married man. In other words, a man with three dependent children and a wife would be allowed an exemption of $2,500 to begin with, and an exemption of $1,200 more for his family. He would begin to pay a normal tax only when his income exceeded $3,700 a year. The same man, under the pending Couzens amendment, would begin to pay a tax when his income exceeded $2,600 a year, as against $3,700 under the committee bill. So it will be seen that the amendment would not only double his tax but would apply that doubled tax to $1,100 of the income of that particular taxpayer, which, under the committee bill, would go tax exempt.

I think that when the country as a whole realized that the committee was doing that to the very lowest income group of taxpayers, the country would resent it very bitterly. We not only would double their tax, as I have said, but would tax, under the amendment, $1,100 of income which, under the committee bill, would go tax free.

Mr. ROBINSON of Arkansas. Mr. President, will the Senator yield to me?

Mr. REED. I yield.

Mr. ROBINSON of Arkansas. Is it correct to say that the lowest normal tax under the amendment of the Senator from Michigan would be the equivalent of the highest normal tax under the bill as it passed the House?

Mr. REED. No, Mr. President; as I recall it, the highest tax under the bill as it passed the House was 7 per cent.

Mr. HARRISON. Under the bill as it was reported from the Ways and Means Committee they were the same.

Mr. REED. Yes; until Mr. LAGUARDIA went to work on it.

Mr. HARRISON. The lowest normal tax under the Couzens amendment is equivalent to the highest under the bill as it came from the Ways and Means Committee.

Mr. REED. Yes.

Mr. ROBINSON of Arkansas. The lowest normal tax under the pending amendment is 6 per cent?

Mr. REED. That is right.

Mr. ROBINSON of Arkansas. And under the bill as it passed the House it was 2 per cent?

Mr. REED. Yes; 2, 4, and 6.

Mr. ROBINSON of Arkansas. The pending amendment multiplies by three the rate on the little fellow.

Mr. REED. That is correct. At the present time the same man I speak of is taxed 1½ per cent normal tax on his first $4,000 of income, and he is allowed an exemption of $3,500 to begin with, and $400 for each child.

Mr. ROBINSON of Arkansas. What would he be taxed under the so-called Couzens amendment?

Mr. REED. It would depend upon the size of his income, naturally; but the Couzens amendment would start after he got $2,000, and would give him an allowance of $200 for each child, and then would start to tax him at 6 per cent, which is four times the tax he is paying to-day, with a much larger exemption than would be allowed under the amendment.

Mr. SMOOT. Mr. President, will the Senator yield?

Mr. REED. I yield.

Mr. SMOOT. I wish to call the attention of the Senator from Arkansas to the fact that a person with a $3,000 income, under the pending amendment, would pay a tax of $60. Under the Finance Committee original proposal it was $4. It would be about fifteen times as much under the Couzens amendment. If he had an income of $5,000, the tax under the Couzens amendment would be $180, and under the Finance Committee original proposal would be $56. In those brackets is where the greatest number of taxpayers are to be found, and there is where a great part of the revenue will be derived if the proposal of the Senator from Michigan is agreed to and the tax rates of 1918 are again put into effect.

Mr. WALSH of Montana. Mr. President——

The PRESIDING OFFICER (Mr. JOHNSON in the chair). Does the Senator from Pennsylvania yield to the Senator from Montana?

Mr. REED. Certainly.

Mr. WALSH of Montana. I inquired of the Senator the other day whether he could furnish us with figures showing the amount which would be realized from each of the brackets. It would be exceedingly interesting if we could

have the same information on the proposal of the Senator from Michigan. Reference is now made to the fact that there would be a very large number of taxpayers in those lower brackets. It would be interesting to us to know how much the "little fellows," as it has been expressed, will pay and how much the "big fellows" will pay.

Mr. COUZENS. Mr. President——

The PRESIDING OFFICER. Does the Senator from Pennsylvania yield to the Senator from Michigan?

Mr. REED. Certainly.

Mr. COUZENS. I want to draw the attention of the Senator from Montana to the fact that at page 10186 of the RECORD of May 14 he will find a complete table showing the amount of revenue to be expected from all the various groups, which, of course, shows that the largest amount of revenue, some $175,000,000, will be collected from those who have incomes of $10,000 to $25,000 a year.

Mr. WALSH of Massachusetts. Mr. President——

The PRESIDING OFFICER. Does the Senator from Pennsylvania yield to the Senator from Massachusetts?

Mr. REED. Certainly.

Mr. WALSH of Massachusetts. In view of what has been said about Secretary Mills's connection with the matter, I think it ought to appear of record that the recommendations of the Ways and Means Committee of the House and his recommendations up to the last day upon which the committee acted were normal rates of 2, 4, and 6 per cent, and that he never changed his position until the Finance Committee raised those normal rates above 2, 4, and 6.

Mr. REED. I thank the Senator. I think it is only just to Secretary Mills that we should make note of that fact.

Mr. ROBINSON of Arkansas. Mr. President——

The PRESIDING OFFICER. Does the Senator from Pennsylvania yield to the Senator from Arkansas?

Mr. REED. With pleasure.

Mr. ROBINSON of Arkansas. May I ask the Senator from Pennsylvania and the Senator from Michigan whether there is in the RECORD or whether there is available a comparison of the taxes that will be paid under the present law, under the Finance Committee bill, and under the Couzens amendment?

May I add to that question this statement: The Washington Post on a recent date published a brief comparison relating to the present law and the Finance Committee bill. It shows, for instance, that on a net income of $2,000 the present law levies a tribute of $5.63, whereas the Finance Committee bill would levy $22.50. The comparison is extended up to incomes reaching $1,000,000. What I am anxious to know now is whether there is available an extension of that comparison so as to show the amount of taxes that would be paid under the Couzens amendment.

Mr. REED. Yes; the Senator from Arkansas will find that at page 10186 of the RECORD, in Table No. 1. That takes typical incomes from $100,000 up to $1,000,000, and it is evidently calculated on the basis of a married man with no dependents.

Mr. WALSH of Massachusetts. I introduced the same table in the RECORD, and it appears in the RECORD of May 13.

Mr. ROBINSON of Arkansas. I thank the Senator. That is the information I desired.

Mr. REED. Mr. President, we have been talking about the married man with two or three children and a moderate income, the man with $3,000, $4,000, or $5,000 income. The reason why I picked him to talk about first is that his case is somewhat simpler and his number is infinitely greater than that of the big taxpayer.

But let us see what else the amendment of the Senator from Michigan would do. It would increase the tax on earnings of corporations from the present rate of 12 per cent to 18 per cent. The Finance Committee bill fixes that tax at 14 per cent, which, in my judgment, is much too high. Remember, Mr. President, that is not necessarily a tax on big men or rich men. When we see into how many different stockholdings the capital of any big corporation has been divided, when we read that the average holding of the Pennsylvania Railroad is something less than 60 shares, that the average holding of the American Telephone & Telegraph Co., or of United States Steel is much less than that, we realize, as we never did before, that most of our corporations in America are owned by thrifty people who have a few shares, and not by rich men who have thousands of shares. When we start by putting 12 or 14 or 18 per cent tax on the net earnings of corporations, we are taking money that belongs to human beings who for the most part are not rich, are not wealthy, are not in the surtax class, but who may be the holders of 2 or 3 shares, who may be the holders of 10 shares, which represent the savings of a lifetime.

And yet, because that thing in which they have their money invested is called a corporation, we propose to slap on a surtax of 18 per cent right at the beginning, if we adopt the Couzens amendment, or 14 per cent if we approve the committee proposal. Then when the money reaches the stockholder we tax it again with normal tax, and with surtax if he has enough income to get into the surtax bracket. That begins at $6,000 under the terms of the Finance Committee bill. The surtax begins to bite long before we get to the rich man.

Then what else does the amendment of the Senator from Michigan propose to do? Coupled with it will be also the provision of the Finance Committee bill limiting the right to deduct stock losses. A doctor may make $25,000 if his practice is good, and he may be unwise, and most doctors are, in matters of investment. They are almost as unwise as we lawyers are. The doctor may lose his $25,000 in December after he saved it up through the year. I do not think I am instancing an uncommon case. Under the tax bill as it stands we would tax the doctor on the $25,000 that he earned and then we would say to him, "Your money may be all gone in your business venture in the stock market, but you can not deduct it from income. You may wind up the year absolutely without a red cent, but we are going to tax you on your income and refuse to consider your losses in stocks."

The Senator from Michigan estimates that that change in the law, coupled with the high rates in his amendment, will give us $204,000,000 of additional revenue, taken from the people who have had actual losses of income on which we are impressing the tax. That $204,000,000 comes out of grief if any tax ever did, because all of it comes from people who have lost the income on which we are asking them to pay the tax. They have lost it in a perfectly legitimate business venture, and yet we still ask them to pay a part of it as if they still had it.

Further, there are administrative changes which will result in a larger income when interpreted through this schedule of rates. The estimate of the Senator from Michigan, I understand, is that for the fiscal year 1933, which is a half year's collection on account of the increased rates, there will be an additional amount of about $690,000,000 to be gathered. I have taken that up with the Treasury to see whether their figures agreed. Their answer is that they think the estimate of the Senator from Michigan is a little high. The Treasury estimates about $463,000,000 of additional revenue in the last six months of the fiscal year 1933 and about $800,000,000 additional revenue in each fiscal year thereafter. The people who are paying that income tax this year are paying about $300,000,000 into the Federal Government. This proposal, according to the estimate of the Senator from Michigan, will increase the tax of those individuals about 400 per cent and according to the Treasury estimate about 267 per cent. It seems to me that it is so essentially unfair that the mere statement of the amount of that increase on this limited group of American citizens ought to be sufficient to defeat the amendment.

Let us see what else it is going to do. We talk about "soaking the rich," and we talk about putting the high surtaxes on the rich man. But that is not what we are doing in this proposal of the Senator from Michigan. It is not the rich man who is going to pay these extortionate taxes—it is the man who is trying to get rich. It is the aggressive man who embarks in a business venture to get rich. The rich man has harbors of safety. He does not need to pay

these taxes. There are estimated to be over $20,000,000,000 of tax-exempt bonds outstanding at this minute in this country. The rich man who has won his stake and has his capital garnered in can invest in those bonds, and we know that he does it.

Mr. CONNALLY. Mr. President——

The PRESIDING OFFICER. Does the Senator from Pennsylvania yield to the Senator from Texas?

Mr. REED. I yield.

Mr. CONNALLY. Does not the Senator from Pennsylvania know, as a matter of history and as a matter of fact, that the very rich have very few investments in tax-exempt bonds, relatively speaking? It was illustrated the other day in the debate, according to the figures.

Mr. REED. If it was demonstrated that way, it was demonstrated wrong.

Mr. COUZENS. Mr. President——

The PRESIDING OFFICER. Does the Senator from Pennsylvania yield to the Senator from Michigan?

Mr. REED. Certainly.

Mr. COUZENS. I put it in the RECORD. I have a list which I got from the Treasury Department, from the Senator's own friend, showing 285 estates with returns of over $3,000,000 and an aggregate of $2,700,000,000 of assets, and only $300,000,000 of tax exempts. I will put the complete statement in the RECORD if the Senator questions the statement.

Mr. REED. I do not doubt the Senator could pick out big estates in which there were comparatively few tax exempts, but I am talking about instances like that of William Rockefeller. If I remember correctly, the figures of his estate, 90 per cent of all he had in the world, was invested in tax-free bonds.

Mr. COUZENS. There was one estate, I believe, Mr. Whitney's or Mr. Ryan's, which had a value of $135,000,000 in assets, and not a dollar in tax exempts.

Mr. REED. That may be. The Senator is more of an authority on that matter than I am.

Mr. COUZENS. I got the record from the Treasury, and the Senator certainly will not question its accuracy.

Mr. REED. One can pick out certain estates to sustain such a point as that. I say there are approximately $23,000,000,000 of tax-exempt bonds outstanding in America at this time. Somebody owns them. They are not owned by life-insurance companies or by banks.

Mr. WALSH of Montana. Mr. President——

The PRESIDING OFFICER. Does the Senator from Pennsylvania yield to the Senator from Montana?

Mr. REED. Certainly.

Mr. WALSH of Montana. I was interested in the statement made by the Senator a moment ago that the proposal offered by the Senator from Michigan is not to tax the rich but to tax the man who is trying to get rich.

Mr. REED. That is right.

Mr. WALSH of Montana. I can understand very readily that the man who has an income, we will say, of $35,000 a year might not be regarded as a very rich man.

Mr. REED. He might even be insolvent, Mr. President.

Mr. WALSH of Montana. Yes; but this proposes to tax a man who has an income of $500,000, for instance—I say, "an income."

Mr. REED. Exactly; an income.

Mr. WALSH of Montana. A net income of $500,000.

Mr. REED. Precisely.

Mr. WALSH of Montana. And the Senator thinks that such a man is one who is trying to get rich?

Mr. REED. Precisely.

Mr. WALSH of Montana. He is not rich but is trying to get rich?

Mr. REED. Precisely. The Senator's remark illustrates admirably the error that has marked the consideration of revenue bills of this kind in both Houses of Congress ever since we began to levy an income tax. The Senator says that a man with a net income of $500,000 is rich. The Senator evidently assumes that that income is from investments which that man has and that his principal must be many times the amount of his income.

Mr. President, as often as not that so-called income may represent the profit of years of activity; it may represent the accumulated fees for years of endeavor that went before. We all know of cases of lawyers who, after trying a case for years, get their fee in a lump sum, but the income taxes on it are paid during the year when it was received. We saw the Woolworth Building erected and its architect get paid a large fee in the high-tax year, I think it was, of 1919, when the United States Government took from him some sixty-odd per cent of the profits of his work.

Mr. WALSH of Montana. I am curious to know from the Senator about how much income would a man have to have in order to be rich in his estimation?

Mr. REED. I think a man with $500,000 a year regular income is a very rich man; there is no difference between us on that point; but I am trying to tell the Senate, if it will permit me to do so, some of the asylums into which the kind of rich man the Senator has in mind can go.

Mr. GLENN. Mr. President——

Mr. REED. I yield to the Senator from Illinois.

Mr. GLENN. I do not wish to interrupt, but the question I should like to ask is pertinent to this discussion. The Senator referred to a fee earned by the architect of the Woolworth Building covering perhaps several years' work.

Mr. REED. Yes; I referred to Mr. Cass Gilbert.

Mr. GLENN. Under this bill what percentage would be taken from him?

Mr. REED. I do not remember the exact amount.

Mr. GLENN. There is a provision in the bill with which I am not familiar, and I should like to ask a question about it. On page 16 it is provided that—

> (e) There shall be levied, collected, and paid for each taxable year upon the amount by which the compensation (including salaries, commissions, emoluments, and rewards) of any individual for personal services exceeds compensation at the rate of $75,000 per year, a tax of 80 per cent of such amount. The tax imposed by this subsection shall be in lieu of all other taxes under this title in respect of such amount.

Referring to the income of an architect or a lawyer or other professional man, does that mean that an architect, for instance, would be assessed 80 per cent of his compensation in excess of $75,000?

Mr. REED. Exactly. That was a last-moment inspiration put in the bill; it is not a part of Mr. Mills's compromise; and that provision would apply to architects' fees.

Mr. GLENN. I understand that the provision would apply to the case to which the Senator referred?

Mr. REED. Oh, yes.

Mr. WALSH of Montana. Mr. President——

The PRESIDING OFFICER (Mr. HEBERT in the chair). Does the Senator from Pennsylvania yield to the Senator from Montana?

Mr. REED. I yield.

Mr. WALSH of Montana. I simply want to remark in this connection, if the Senator will permit me, that the instances in which men spring suddenly from nothing to an income of $200,000 or $500,000 or a million dollars are so rare as to be properly disregarded in legislating. Mr. Cass Gilbert, for instance, has been a distinguished architect since I was a very young man. I have visited him in his office; he maintains elaborate and expensive offices in the city of New York. He has constructed works all over the country. As long ago as 1890 he was consulted concerning some public works in my State then under construction. He had, beyond any question in the world, a very large regular income before he ever became employed as architect on the construction of the Woolworth Building.

Moreover, it is the same way with lawyers. There is no lawyer who earns a fee of $100,000 or $500,000 in extraordinary cases except after he has established a reputation by years and years of experience, and each succeeding year his income usually increases to some extent. So the instances, I take it, of a man suddenly making a turn and receiving $100,000 or $500,000 in income are so rare that they may be disregarded in legislating.

Mr. GLENN. Mr. President——

The PRESIDING OFFICER. Does the Senator from Pennsylvania yield further to the Senator from Illinois?

Mr. REED. I yield.

Mr. GLENN. I should like to ask the Senator from Montana a question, and I do so merely for information. Does the Senator from Montana think there should be a discrimination as against an architect or a lawyer?

Mr. WALSH of Montana. Certainly not.

Mr. GLENN. As compared with a man who has a similar income or an income of a similar amount derived from investments; should a professional man be discriminated against by taxes at the highest rate?

Mr. WALSH of Montana. There is a provision, of course, in our revenue acts which allows a deduction from the regular rate for earned income.

Mr. GLENN. But the bill seems to do the other thing.

Mr. WALSH of Montana. No; I understand the earned income provisions are preserved.

Mr. REED. Mr. President, if I may yield to myself for a moment, I will say that the deduction for earned income has been reduced in this bill from the present $30,000 to the level of $12,000.

I am perfectly well aware that what I have been trying to say for the last 30 minutes has not made sense, because I have been interrupted so often that it has not made sense even to me. What I am trying to say is that in considering this tax bill, and in considering its predecessor tax bills, we have all along gone on the theory that what we were taxing was a regular income that kept coming in, regardless of the effort of the taxpayer. In all our debate about the high surtaxes we have talked about the rich man's income. What I am now trying to say is that the rich man has these asylums of safety to which he can go and not pay any taxes.

Mr. SMOOT. And he does go there.

Mr. REED. He does go there. And when $20,000,000,000 of tax-free securities are outstanding in America, I venture to say, whether statistics show it or not, that a very large part of them are in the hands of the rich men of the country.

I pointed out in the committee another asylum that is very much resorted to in recent years; it was not resorted to so much in the earlier years of the last decade, but in the last few years it has been very greatly resorted to. I refer to the purchase of annuities. Any rich man, not the professional man, not the Caruso, who gets his income by hard work, but the rich man whom we are trying to soak here, can go to any insurance company and buy an annuity which is absolutely tax-free to him until such time as his annuity payments have been accumulated to an amount in excess of what he paid for it in capital payments. That is to say, if some one at the age of 60 puts $1,000,000 into the Equitable Life Insurance Co. in the purchase of an annuity he can get about 10 per cent on his money for the next 10 years absolutely tax-free. It is only after those annuity payments have amounted to more than $1,000,000 that he begins to pay any income tax at all on that body of wealth. There have been hundreds of millions of those annuities bought in recent years. The business in them, I was told, is thriving mightily, I think at this minute, because of the menace of these high tax rates.

The Senator from Montana says that earned incomes of large amount are uncommon. I say that every fortune in America and every fortune in the world had its origin in just such earned income. It had to have, for only work creates value. If we should adopt the schedule of surtax rates as proposed by the amendment of the Senator from Michigan, we will take the heart out of every man of initiative and ability in America. He will point to Mr. Rockefeller and say, "Oh, yes; you let him earn his pile tax free, but you have put the Government in partnership with me and take three-fourths of all I make. If I go to work and build up a business, or if I sing like a Caruso, or if I plan buildings as can Cass Gilbert, or if I am such a doctor as is Doctor Mayo, you will take 75 per cent of the proceeds of my earnings."

Mr. LONG. Mr. President——

Mr. REED. I yield to the Senator from Louisiana.

Mr. LONG. The Senator has been interrupted so much I hesitate to interrupt him again. However, I am sure from the Senator's wide experience that, as a matter of fact, he has learned that insurance is not a sound investment except for the feature of protection. Anyone will advise you that insurance is not a good investment.

Mr. REED. No; I do not agree with that at all.

Mr. LONG. That is my understanding, based upon knowledge obtained from pretty well proven insurance men in this country.

Now, as to the tax-exempt securities, let me ask the Senator at what price during our prosperous times the United States Steel bonds, say, 5's or 6's, were selling for on the exchanges?

Mr. REED. The United States Steel Corporation has no bonds outstanding.

Mr. LONG. Then, take, for instance, the Pennsylvania Railroad. They have a bond issue—6's, I believe.

Mr. REED. They have bond issues carrying various percentages of interest, 4¼'s, 5's, and so forth.

Mr. LONG. It is my recollection that at the time its stock was considered very good, the bonds of the Pennsylvania Railroad, its 6's, were selling somewhere around par.

Mr. REED. In ordinary times the 6 per cent bonds of the Pennsylvania Railroad Co. would sell away above par.

Mr. LONG. The 5's, for instance.

Mr. REED. The last issue the Pennsylvania Railroad sold carried 4¼ per cent; but what has that got to do with it?

Mr. LONG. The point I am endeavoring to make is that the bonds of the Government, which were tax exempt, were selling away above par, although carrying 3½ per cent interest. In other words, municipal securities, public securities, that are tax exempt are in reality taxed because the holders receive far less income return from them than they receive from private securities which they buy.

Taking the State of Louisiana as an example—and I think it is a fair example—at the time it sold its bonds for 4½ per cent, private bonds which were probably just as good as any on the market were being sold carrying around 6 per cent interest. So if the securities issued by States or municipalities had not been tax exempt, money would have been taken from the States or municipalities. It would not have been taken from the man buying the tax-exempt securities.

Mr. REED. Does the Senator really mean that he thinks that the difference in the interest yield of a tax-exempt bond and the bond of a private enterprise represents the difference to the big taxpayer in the yield on the two classes of investments?

Mr. LONG. As an average proposition I would say that it would—easily.

Mr. REED. Mr. President, take a man whose income falls in the highest bracket under the Couzens amendment; the tax on him is 77 per cent. He would have to get a full taxable bond paying about 16¼ per cent to equal in net income the yield of a tax-free 4 per cent bond. Does not the Senator see how that works?

Mr. LONG. I see that; but how many securities would he have to own to do that? He would have to own several million dollars of tax-exempt securities.

Mr. REED. He would have to be a rich man.

Mr. LONG. And at his demise his estate would then naturally be subject to the inheritance tax.

Mr. REED. Of course.

Mr. LONG. So, if he had dodged the tax for so many years, he would be caught by the inheritance tax or the gift tax.

Mr. REED. Oh, no; because, in any event, whether he dodged his taxes during his life or not, his estate has to pay when he dies; but during his life he is going to make his investments, safety being considered, in such a manner as will insure the largest amount remaining in his pocket after paying his taxes, and he has either got to get a totally tax-free bond paying 4 per cent or a totally taxable bond

paying about 16¼ per cent in order to have the same amount left in his pocket after the United States has taken its cut out of the proceeds.

Mr. LONG. That may be true; I have not figured it out, and the Senator has; but does not the Senator think that nothing could be better than to make municipal securities attractive to purchasers?

Mr. REED. Oh, I have no doubt about that. The adoption of the Couzens amendment will send up the price of municipal bonds; there is no doubt about that. If it is a "market-rigging" project, if it is desired to boost municipals on the market, it is admirably calculated to do so. Correspondingly, it is going to give a sinking spell to all the taxable securities.

Mr. LONG. I know; but the point I make is, not only will it do that, which the Senator very graciously concedes, but does he not think that nothing could do more to reestablish the States and the municipalities and to make their credits marketable?

Mr. REED. Of course I want to see their credit kept good; yes; but not at the expense of all American industry in this fashion.

Mr. LOGAN. Mr. President——

The VICE PRESIDENT. Does the Senator from Pennsylvania yield to the Senator from Kentucky?

Mr. REED. I yield to the Senator.

Mr. LOGAN. I want to ask the Senator if the economic law of diminishing returns operates in fixing the rates of income taxes. I mean, is there a point at which the rate may be fixed where you will receive the most taxes; and if you go above that particular rate, the returns will diminish; and if you go below it, of course, the returns will diminish?

Mr. REED. The Senator is undoubtedly right. We have been groping for the point of maximum returns for a long time. I feel, and I believe most of the members of the committee feel, that even the rates we have put in the Finance Committee bill go too high to receive the maximum returns. We are entering the field of diminishing returns when we go even as high as the Finance Committee has gone.

Mr. LOGAN. Is it not probable that if the rates in the bill that has been reported were less we would receive more money in taxes than we will receive under those rates?

Mr. REED. Not more money for the next year or two, but in the long run more money; yes.

Mr. LOGAN. I am talking about the long run, not about temporary matters.

Mr. REED. As a temporary expedient for raising more revenue, I think the Couzens amendment would be effective. It would, in nearby years, drag into the Treasury a larger amount than the Finance Committee bill; but in the long run it would have such a deadening effect on American business, it would be so discouraging to enterprise, that I am convinced that not only would it defeat its own purpose of raising the maximum amount of money, but it would do the maximum amount of evil to American business.

Mr. LOGAN. I wondered whether there had been any data assembled about the point at which the rate could be fixed so as to produce the most revenue. If any data have been assembled on that question I should like to know where I can get them.

Mr. REED. I do not believe that anyone has ever reached a satisfactory conclusion as to that. As I say, we have been groping for it. The Finance Committee has had it in mind. We have been astonished to find, sometimes, that the reductions we have made, as in 1924, have actually brought in higher revenues than the old rates before they were reduced; but we can not tell that that is due solely to the reduction in rate, because it accompanies an increase in business activity, and no man can say how the reduction of the rate contributed to that result.

Mr. LOGAN. Let me say to the Senator that I have had some experience along that line in my own State. By reducing the rate on intangible property from an average of about $1.30 on $100 of value to 40 cents on $100 of value we actually increased the income in taxes fivefold when there was no change in the amount of property in the State, because the people assessed their property and made honest returns and paid taxes on it without seeking to evade payment; and as the rate went up people evaded the tax, just as they will all over America.

Mr. REED. The Senator has explained the process just as it has occurred and always will occur, and that is what will occur under the Couzens amendment. All the ingenuity of the tax sharps of the United States will be directed toward evasion.

Mr. KING. Mr. President, will the Senator permit an interruption?

The VICE PRESIDENT. Does the Senator from Pennsylvania yield to the Senator from Utah?

Mr. REED. I yield to the Senator.

Mr. KING. May I say that I have made some little inquiry, and my information is that we would derive perhaps $10,000,000 or less in the higher brackets—that is, between 45 and 65 per cent. I am not speaking now of the normal tax; but assuming a continuity, a regularity of the normal tax, and increasing the surtax from 45 to 65 per cent, we would only get, by reason of that, about $10,000,000. In doing that, however, we are imposing upon the smaller taxpayer, the man in the bracket from $6,000 up to $20,000 or $25,000, by far the larger part of this increase. Perhaps $140,000,000 to $200,000,000 of the increase does not come from the rich. Ten millions comes from the rich, but from $140,000,000 to $200,000,000 comes from those in the lower brackets.

Mr. REED. I think that is undoubtedly true. All I am pleading for, Mr. President, is that we shall bear in mind, at least for part of the time, that it is not the rich that we are reaching when we put on these high surtaxes. It is the men who are striving to lay by for themselves and their families a competence which can be invested and then yield income. In this country we have persistently declined to recognize that difference except to the very trivial extent of an allowance for earned income.

One thing in conclusion: I think our experience with the Government revenue this year has pointed out plainly for anybody who has an open mind that we make a mistake when we base our entire tax system on the net income of American taxpayers. We have a fluctuating base that falls off very quickly in times of depression like this. We have gone on legislating on the theory that incomes were permanent; that year by year we would have a solid, steady base upon which we could base our taxes; and this depression has proved that that is not so. We ought, in common sense, to combine with our system of income taxation some method based on something else than net income; and that is why I have in the past so strongly urged the sales tax. What the Finance Committee has done has been to reject the general sales tax and then impose a discriminatory, special, excessive sales tax on a number of businesses, picked more or less at haphazard. We have exempted the great run of American business from the tax, and we have put it all on a few businesses picked out for slaughter.

Mr. TYDINGS. Mr. President, it is not my business to run the affairs of the Senate, and I do not want to usurp the function of leadership on this side of the aisle; but it occurs to me that unless some limit is placed on debate this bill is never going to be enacted into law. The emergency is so great that, with all due respect to the leaders on both sides, I should like to submit the unanimous-consent agreement which I send to the desk.

The VICE PRESIDENT. The proposed agreement will be read for the information of the Senate.

The legislative clerk read as follows:

That, commencing Tuesday, May 17, 1932, no Senator shall speak more than twice nor longer than 30 minutes on any provision or amendment thereto contained in the pending revenue bill.

Mr. McNARY. Mr. President, in view of the absence of some Senators who are very conspicuously interested in the bill now pending, I object at the present time to the proposed agreement, and I also suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Austin	Davis	King	Shipstead
Bankhead	Dickinson	La Follette	Smith
Barbour	Dill	Logan	Smoot
Barkley	Fess	Long	Stephens
Blaine	Fletcher	McNary	Trammell
Bratton	Frazier	Metcalf	Tydings
Bulkley	Glenn	Morrison	Vandenberg
Byrns	Hale	Moses	Wagner
Capper	Harrison	Neely	Walcott
Caraway	Hawes	Norbeck	Walsh, Mass.
Carey	Hebert	Nye	Walsh, Mont.
Cohen	Howell	Patterson	Watson
Connally	Jones	Reed	White
Coolidge	Kean	Robinson, Ark.	
Copeland	Kendrick	Schall	
Couzens	Keyes	Sheppard	

The VICE PRESIDENT. Sixty-one Senators having answered to their names, there is a quorum present.

Mr. McNARY. Mr. President, a few moments ago, when the Senator from Maryland [Mr. TYDINGS] suggested a unanimous-consent agreement, I objected because of the absence of many Senators from the floor. Personally, I have no objection to the proposed agreement being restated by the clerk.

The VICE PRESIDENT. The unanimous-consent request will be restated.

The LEGISLATIVE CLERK. The Senator from Maryland offers the following:

That commencing Tuesday, May 17, 1932, no Senator shall speak more than twice nor longer than 30 minutes on any provision or amendment thereto contained in the pending revenue bill.

The VICE PRESIDENT. Is there objection?

Mr. LONG. I object.

The VICE PRESIDENT. There is objection.

RELIEF OF AGRICULTURE

Mr. HOWELL. Mr. President, I have given no little attention to agricultural statistics and have felt that I realized the situation of the farmer. However, a perusal of personal letters coming to my desk affords an intimate view of agricultural distress that is indeed revealing to me and should be available for the information of every Member of this body. Therefore I do not hesitate to call some of this correspondence to the attention of the Senate.

I hold in my hand two letters from conservative and substantial citizens in widely separated communities of my wonderfully fertile State, where, by the way, the use of artificial fertilizers is practically unknown, thus relieving the husbandman of an added expense so general in some sections of the Nation.

The first letter is from a man who has served his community in the State legislature a number of times during the past 20 years. He says in part:

I don't believe that you are fully aware of the feeling here in Nebraska at this particular time. The people seemed to have had hopes that we would have better conditions until about two weeks ago—practically everybody now seems to be discouraged and the feeling of unrest is getting stronger every day. Yesterday choice hogs were only $2.50 per hundred here, heavy hogs about $2; cattle getting cheaper every day, butterfat 12 cents, eggs 9 cents, and for what we buy the prices have not been reduced in comparison with the reduction of the prices on the products the farmer has to sell. Because people can not buy new implements the prices of repairs for machinery have advanced 25 per cent.

Because the people can not buy new agricultural implements the cost of repair parts has been increased 25 per cent.

Mortgages on farms are being foreclosed, and the banks in this country are refusing to loan money to the people to carry on their business and their farm obligations until a crop can be produced; and to make matters worse they are demanding payment of notes owed them, and in many cases it is taking stock from the farm that is needed to carry on work this summer, and can result in nothing but putting more people on the charity list than we now have.

This man lives in a small Nebraska town in the southern part of the State. He goes on to say:

The legislation enacted in Washington which helped the insurance companies, the railroads, and the banks has not reached the farming and laboring classes, and people are beginning to think that it is not going to. Can't something be done that will aid the farmer and the laboring man directly? By doing so I feel sure that it will bring about a betterment in conditions, and if we once get things moving upward I believe things will then take care of themselves. Everybody seems to have lost confidence. The feeling among the producing class is such that some plan must be devised to help them directly.

We have 200 families here that we have had to give help during the winter. We discontinued that help the first of this month, thinking that they would be able to get work; but it can not be found, and there is to be a public meeting here to-night to see what can be done to keep these people from starving.

I don't believe that Congress realizes the real condition that agriculture is in. I don't believe conditions around here are any different than anywhere else.

I feel it my duty to write you these facts and to impress upon you the need of some action on the subject before Congress adjourns.

Mr. President, I now read, in part, a letter from a banker situated in another section of the State:

As we are so close to agriculture, the writer owning 980 acres, and having farmers principally for customers of the bank, we believe we appreciate the seriousness of the situation. Our perspective is limited, but we do know conditions here.

You are undoubtedly familiar with conditions generally, but would like to call your attention to a very common condition prevailing in this locality. Let us take as an example a man operating a 160-acre farm, planted to the following crops:

60 acres corn, yielding 28 bushels per acre; at market, 20 cents		$336
60 acres wheat, yielding 18 bushels per acre; at market, 40 cents		432
35 acres oats, yielding 25 bushels per acre; at market, 20 cents		175
5 acres road and yards, without income		-----
Total income		943
Expenses:		
Taxes	$150	
Insurance, repairs, and depreciation; over	100	
Interest on $10,000 mortgage, at 5½ per cent	550	
Total expenses		800
Balance for year's labor and interest on his investment		143

An impossible amount on which to support a family.

If, by reason of advanced years or other reasons, he is not able to do the work himself, then he rents the farm and receives one-third or two-fifths of the income named without diminution of expenses, or from $50 to $60.

Conditions somewhat similar have prevailed for a number of years, so that the farmer has been compelled to use part of the reserve he may have accumulated in previous years, if he happened to be so fortunate. This reserve, however, has been exhausted in so many cases that it is only a matter of indulgence of some creditor that he is permitted to remain on the farm he has put in a lifetime accumulating.

When the dollar is used as a measure of value when considering fixed charges, income, and the market value of his land now and at the time of purchase some years ago, one is inclined to think it is high time to consider an adjustment of some kind.

Mr. President, should Congress adjourn June 10, as has been proposed, but 23 days of this session remain. We have been here since the 7th day of last December, and as no consideration whatever has been given to constructive legislation for the farmer, agriculture is not transcending the proprieties, is not assuming a privilege, but is justified in asking, when will the Senate consider constructive agricultural legislation? With but 23 days left, when are we going to act?

Mr. President, the answer should be that we will under no circumstances adjourn until such legislation is not only considered but passed by the Senate. Something to this effect was suggested by the distinguished Senator from Washington [Mr. JONES] the other day. He was, indeed, right.

Mr. President, agriculture must be rescued.

REVENUE AND TAXATION

The Senate resumed the consideration of the bill (H. R. 10236) to provide revenue, equalize taxation, and for other purposes.

Mr. LA FOLLETTE. Mr. President, I shall not detain the Senate long in discussing the pending amendment, because I recognize the fact that most Senators have already determined their course in regard to it.

At the outset I wish to say that graduated taxation based upon the ability of the taxpayer to carry the burden is recognized as sound by every student of the problem of taxa-

tion. Nevertheless, it took a long fight to establish that principle in raising revenue to meet the costs of the Federal Government and the costs of war. It required not only a long struggle in the courts but eventually it became necessary to secure the adoption of an amendment to the Constitution of the United States before we inaugurated the system of graduated income taxation in this country. Ever since it was enacted great wealth has fought in every revenue bill to keep the rates low on large incomes.

After this country entered the World War the Government was confronted by the most stupendous problem of finance and fiscal policy in all its history. My illustrious father waged one of the most dramatic battles of his long legislative career in endeavoring to secure a tax upon great wealth and war profits commensurate with the emergency which confronted the Republic. He was defeated in that effort. While income taxes were raised higher than they had ever been in this country they were not raised as high as they were in Great Britain. It was determined at that time to finance the war more largely by the issuance of bonds.

In 1916, the year before this country entered the World War, there was a per capita Federal debt in the United States of approximately $12.50. To-day, despite the reduction of that debt in the intervening years, the Federal per capita debt of every man, woman, and child in the United States, largely due to the expenditures and the cost of the war, is approximately $150. So soon as the war was over the drive began to be made under the leadership of Secretary Mellon to reduce the taxes upon great wealth in the United States. In 1921, called before an executive session of the Senate Finance Committee, Secretary Mellon was requested to outline what he would consider an ideal taxation policy for the United States. Speaking with the freedom of that executive session, he said—and while I do not quote his exact language, I quote the substance of his remarks:

> If we could do away with all the taxes that we now have—

And I digress long enough to point out he had in mind the income and the estate taxes—

> if we could wipe out all the taxes that we now have and put a tax upon all turnovers, all sales of goods, real estate, everything, I think that would spread the burden of taxation as much as it can be spread.

He concluded by saying that he would regard the sales tax or turnover tax as an ideal system of taxation.

In keeping with his outline of a sound tax policy for the Government of the United States, in every succeeding revenue bill he used the influence and the prestige of his office as Secretary of the Treasury to secure continued reduction in the taxes upon great fortunes in the United States and upon great incomes. He was the spearhead of great wealth in the fight which took place in connection with the 1926 revenue bill to repeal the Federal estate tax.

Mr. President, great wealth is wholly conscious that so long as the system of graduated taxation stays upon the statute books of the country, ultimately there may be elected to the Chamber at the other end of the Capitol and to this Chamber representatives of the people of the United States who will vote rates of taxation upon great wealth which ultimately will call upon those who made enormous fortunes out of the distress of this Republic in its hour of trial during the war, to come forward and to pay their just share of the staggering war debt, even though we have to wait for those individuals to die in order to get it.

Mr. President, as has been repeatedly referred to by other Senators in discussing the pending amendment of the senior Senator from Michigan [Mr. COUZENS], our country to-day faces an emergency as great as that of war. The pending amendment, recognizing that emergency, proposes that the rates in force during the war shall now be applied upon the net taxable income of individuals residing in the United States. The application of those rates will, even according to the low estimate made by the Treasury, enable us to reach the mythical point called a balanced Budget without the imposition of onerous taxes upon productive industry in this country.

The plea is made by the opponents of this proposal, however, that it would cause those enjoying large net taxable incomes, even in this period of depression, to go on a taxpayers' strike. We are asked to believe they would invest their fortunes in tax-exempt securities. In order to do so they would have to sell out their interests which they now hold in active industrial enterprise in this country.

This argument, Mr. President, I believe overlooks the fact that all of the tests which we have been able to secure under existing law indicate that no such migration of active capital representing ownership in industry takes place under the imposition of high taxes. Has any person learned that the active owner of capital in England under rates much higher than those proposed by the amendment of the Senator from Michigan, ever sold out his control in the industries of England and put his capital in hiding where it could not be taxed? Have we heard of any great flight of wealth from England under the tremendously high taxes which she was imposing in order to balance her budget in 1931? The answer is in the negative, Mr. President, and while I hold no brief on this floor for great wealth, I would hesitate to charge that those who have accumulated great fortunes in the United States are so craven that they would not be willing to come forward and to contribute their fair share levied on the basis of ability to pay in order to tide their Government over this great emergency.

The returns of estates under the estate tax law referred to by the Senator from Michigan [Mr. COUZENS] in the course of his remarks indicate clearly that owners of large fortunes in the United States have not to any great extent been investing the bulk of their wealth in tax-exempt securities. It is perhaps the most recent information which we have. But I wish to invite attention also to a report made by the Federal Trade Commission to the Senate in 1924 shortly after we had been imposing tremendously high income taxes, by comparison, in this country. Its report shows that for the period examined the percentage of interest on tax-exempt securities to the total taxable income of income groups of from $10,000 upward was 3.16 per cent. The report showed that the estates of decedents subject to the Federal tax for the period examined were made up of tax-exempt securities only to the extent of 7.76 per cent.

Mr. WALSH of Montana. Mr. President——

The PRESIDING OFFICER (Mr. FESS in the chair). Does the Senator from Wisconsin yield to the Senator from Montana?

Mr. LA FOLLETTE. I yield.

Mr. WALSH of Montana. May I ask the Senator from Wisconsin if that includes the period during which the 1918 tax was in operation?

Mr. LA FOLLETTE. It does not.

Mr. President, if the flight of capital from active business, envisioned by the Senator from Pennsylvania [Mr. REED] and other Senators who have opposed the Couzens amendment should take place, I wish to propound this question: To whom would they, in this depressed market, sell the ownership of the industries which they now control? In my judgment, even assuming the lack of patriotism on the part of the owners of great fortunes in America which the Senator from Pennsylvania assumes, the practical difficulty of divesting themselves of that ownership in this depressed market and reinvesting it in tax-exempt securities would be a problem which in my judgment would cause any person with a large holding of any of the so-called prime or "blue chip" stocks in American industrial corporations, to hesitate a long time before he undertook it. No, Mr. President, I think on careful analysis any person will come to the conclusion that the imposition of the rates proposed by the Senator from Michigan in this emergent situation will not cause the flight of capital from active industry in the United States.

Mr. President, the principal reason why the Congress is now confronted with raising these enormously increased

revenues for the Federal Government is that the country as a whole has been sold on the proposition of "balancing the Budget."

Personally, I do not quite understand just exactly what is meant by a "balanced Budget," whether it means that we are to attain an apparent or paper balance, and thus be able to claim that we have achieved the goal which most of the country, including the Senator from Mississippi [Mr. HARRISON], judging from his remarks this morning, now believes is necessary in order to bring back prosperity. If, however, we are actually interested in a balanced Budget not only on paper but in the Treasury of the United States, then I think we should subject the present Budget to a brief analysis.

It contains, as anticipated revenue, $250,000,000 in payments of interest and principal on the foreign debt. Is there any Senator in this Chamber who believes that we are going to obtain $250,000,000 in principal and interest on the foreign debt? The budget of Germany now being made up contains nothing for the payment of reparations; but, regardless of the outcome of the contest between Germany and France and other allies over reparations, is there any Senator, I repeat, in this Chamber who honestly believes that we are going to get $250,000,000 in actual payments on interest and principal on the foreign debt?

There is not a dollar in the Budget to meet the most emergent problem confronting the people of this country, namely, unemployment relief. In conjunction with the junior Senator from Colorado [Mr. COSTIGAN], I tried last January to direct the attention of the Senate and of the House of Representatives to the critical character of the unemployment-relief situation. After a fight on the floor of the Senate that took practically two weeks, at the end of which no Senator dared challenge the facts which we presented in the Senate, the Senate voted down a bill carrying an appropriation of $375,000,000 for unemployment relief. I repeat, Mr. President, that there is not a dollar in the Budget set-up for expenditures to meet the problem of unemployment relief.

Mr. LONG. Mr. President——

The VICE PRESIDENT. Does the Senator from Wisconsin yield to the Senator from Louisiana?

Mr. LA FOLLETTE. I yield.

Mr. LONG. I merely want to call the Senator's attention to the fact that since the La Follette-Costigan relief bill carrying an appropriation of $375,000,000 was voted down in January, there has been suggested a bill proposing a fund of over $2,000,000,000 for unemployment relief, and many of those who were then against the bill advocated by the Senator from Wisconsin are now favoring the larger appropriation.

Mr. LA FOLLETTE. The measure referred to by the Senator also includes a proposal for public works. I am now confining myself to the question of unemployment relief in relation to the present Budget which we are proposing to balance by the passage of the pending tax bill.

There is not a dollar, I repeat, set up by the Budget for expenditure for unemployment relief either in 1933 or 1934. Is there any Senator who has given this problem the slightest consideration who believes that before the fiscal year 1933 has closed the Congress will not be forced to appropriate hundreds of millions of dollars in order to relieve the distress, the hunger, and the starvation in this country? Yet the Budget has not a dollar set up in it for that purpose.

Mr. President, in January, when the Costigan-La Follette bill was reported to the Senate, as a result of the testimony of experts from all over the United States who are familiar with the unemployment problem, the Senator from Colorado and myself were convinced that at that time we were asking for an amount really less than the emergent conditions required. In the meantime the resources of cities, counties, and States, staggering under the terrible load of unemployment relief, have become exhausted. At least $500,000,000 will be needed for unemployment relief if we are to prevent starvation and want beyond the ability of human beings to bear during the two fiscal years which are proposed to be covered by the pending tax bill.

Mr. President, if we really want to balance the Budget in the Treasury and not on paper, then I say that in the exercise of sound, deliberate judgment we should impose the 1918 income-tax rates. The money so raised will be required; and may I say that, unless these rates shall be imposed, it is my judgment that Congress will be called upon to pass another tax bill before the adjournment of the next session on the 4th of March, because by that time the real situation will be apparent to everyone, even to the confirmed optimists who have contended during the last two years that the present fundamental economic disaster could be cured by the application of the hocus-pocus of psychology.

The Glass bill, now the unfinished business, carries an appropriation of $125,000,000 which is not included in the Budget it is claimed the Finance Committee's bill will balance.

The Senator from Massachusetts [Mr. WALSH] stated the other day that he feared he would be driven to support the rates contained in this amendment before the depression was over but he did not want to impose them all at once. My answer to that, Mr. President, is that the time to impose these rates is now, if it is proposed to have an actually balanced Budget.

A plea is made by the opponents of the pending amendment for the people in the low income groups in the United States. I find myself somewhat confused when the two principal opponents of this amendment, the Senator from Pennsylvania [Mr. REED] and the Senator from Massachusetts [Mr. WALSH], enter a plea for those in the low taxable income group who would be called upon to contribute under the amendment now pending, while waiting in the offing, once this amendment is defeated, are these same Senators ready to come forward with a proposal to put a sales tax on the people in the low-income groups in the United States regardless of whether they have any net taxable income or not. I am not much moved when I find Senators who are pleading for those with net taxable incomes of $2,000, $3,000, $4,000, $5,000 up to $10,000, on the ground that we should not ask them to contribute a larger amount in this emergency, in the next breath urging the Senate of the United States to adopt a general sales-tax provision which will take all the way from three hundred million to three hundred and fifty million dollars out of the low and other income groups in the United States, regardless of whether they enjoy net taxable incomes or not.

Mr. President, I am only sorry that the parliamentary situation is such that the Senate, as a whole, can not go through the experience through which the Finance Committee went before this so-called compromise bill was reported to this body. I warn the Senate now that it can not escape that experience.

When the Senate hears the arguments made against the imposition of the special taxes in the bill it will be in an entirely different frame of mind, in my judgment, toward a proposal which is designed to place the greater share of this added burden upon those who are in a position to bear it, because they are enjoying even in these depressed times net taxable incomes. And do not forget, Senators, the experience that we had in the Finance Committee concerning these special taxes. After the amendment now pending had been offered in the committee and had been voted down, we proceeded then to take up the special taxes. We found a group in the committee desirous of securing the enactment of a general sales tax using their votes in the committee to emasculate the bill in so far as its revenue-producing features were concerned, in the hope obviously that if we found a gap of two or three or four hundred million dollars in the amount the bill would raise when we had finished our work we would be driven to accept the sales tax. The committee, however, did not follow that procedure. They kept in the bill many of the special taxes in which I am sure the majority of the members of the committee who voted for them did not believe.

However, when we had finished our work, we were informed by the Treasury experts there was a gap of $79,000,000 in the amount the department estimated necessary in order to balance the Budget. The committee, though, did not react as the proponents of the sales tax had hoped. Instead of adopting the sales tax the committee turned to the amendment offered by the Senator from Texas [Mr. CONNALLY], which proposed to reenact the 1922 income-tax rates, estimated to raise an additional $100,000,000, plugged the gap, and thought its work was done. Then it was, Mr. President, that the Secretary of the Treasury rushed to the Capitol the next morning and proposed the compromise bill which is now before the Senate. I voted against it in the committee, and I shall follow the same course as this bill progresses through the Senate that I followed in the Finance Committee.

First of all, I shall vote for the amendment proposed by the Senator from Michigan because I believe that that is the only just way to raise this additional revenue; because I believe it is sound, not only in theory but in practice, and particularly do I believe it is sound in time of depression. If, however, this amendment is defeated, then I shall be forced to vote for many taxes upon industries, regardless of whether or not they are successful in this period, because I am unalterably opposed to the imposition of a sales tax, and because I know, as well as I know that I am standing on this floor, that if the sales tax is ever written into law it means the end of all graduated taxation in the United States.

Mr. LONG. Mr. President——

The VICE PRESIDENT. Does the Senator from Wisconsin yield to the Senator from Louisiana?

Mr. LA FOLLETTE. I do.

Mr. LONG. The amendment of the Senator from Michigan raises the income taxes in the lower brackets. The percentage appears to be very large, but the tax does not amount to so much per individual. I desire to ask the Senator this question: Inasmuch as the Senator's amendment proposes also to strike out the sales taxes, can the Senator from Wisconsin tell me if it is or is not a fact that the sales taxes that would be stricken out as a result of the plan of the Senator from Michigan would far exceed any increase in income taxes that is made in the lower brackets?

Mr. LA FOLLETTE. I have not made that calculation, but I think the Senator from Michigan has done so, and he no doubt will go into it before this amendment is disposed of.

The immediate issue, as I see it, is between the application of a sound principle of taxation, as embodied in the amendment of the Senator from Michigan, and the imposition of special taxes upon production, or a general sales tax.

I can not see how any Senator who has made a study of this subject can hesitate in choosing which course he will follow; but in my view there is a bigger issue involved than the one of balancing the Budget. The real issue involved is not only who shall be called upon to contribute in order to reach the position called a balanced Budget, but the issue which lies back of this contest is also, who shall pay for the war?

So far as I am concerned I shall ever cast my vote to call upon those best able to bear it to carry not only the burden of balancing the Budget but the burden of paying for the war.

I sincerely trust that the amendment offered by the Senator from Michigan will be agreed to.

The PRESIDING OFFICER (Mr. HATFIELD in the chair). The question is upon the amendment of the Senator from Michigan [Mr. COUZENS].

Mr. TYDINGS. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Ashurst	Bankhead	Bingham	Bratton
Austin	Barbour	Blaine	Broussard
Bailey	Barkley	Borah	Bulkley
Bulow	George	La Follette	Shortridge
Byrnes	Glenn	Lewis	Smith
Capper	Goldsborough	Logan	Smoot
Caraway	Gore	Long	Steiwer
Carey	Hale	McGill	Stephens
Cohen	Harrison	McNary	Thomas, Idaho
Connally	Hastings	Moses	Thomas, Okla.
Coolidge	Hatfield	Norris	Trammell
Copeland	Hayden	Nye	Tydings
Couzens	Hebert	Oddie	Vandenberg
Cutting	Hull	Patterson	Wagner
Davis	Johnson	Reed	Walsh, Mont.
Dickinson	Jones	Robinson, Ark.	Watson
Dill	Kean	Robinson, Ind.	Wheeler
Fess	Kendrick	Schall	White
Fletcher	Keyes	Sheppard	
Frazier	King	Shipstead	

The PRESIDENT pro tempore. Seventy-eight Senators having answered to their names, a quorum is present. The question is on agreeing to the amendment proposed by the Senator from Michigan [Mr. COUZENS].

Mr. BANKHEAD. Mr. President, it seems that on last Saturday, when very few Senators were present, the yeas and nays were ordered on the amendment of the Senator from Michigan, so I am informed at the desk.

The PRESIDENT pro tempore. That is true.

Mr. BANKHEAD. I ask unanimous consent to annul that order, so that I may offer an amendment to the Couzens amendment.

The PRESIDENT pro tempore. The fact that the yeas and nays have been ordered does not inhibit the Senator from offering an amendment to the amendment.

Mr. BANKHEAD. I was informed by the clerk that it did. That is the reason why I made the request.

The PRESIDENT pro tempore. Oh, no; the amendment proposed by the Senator from Michigan is pending, and the Senator from Alabama may offer an amendment to it at any time prior to the vote.

Mr. BANKHEAD. Very well. I send to the desk an amendment to the amendment, which I ask to have stated.

The PRESIDENT pro tempore. The amendment offered by the Senator from Alabama to the amendment of the Senator from Michigan will be stated.

The CHIEF CLERK. The Senator from Alabama offers the following amendment to the amendment: Strike out lines 1 to 10, inclusive, on page 1; also all of page 2 and lines 1 to 6, inclusive, on page 3, in the following words:

On page 9, strike out lines 19 to 25, both inclusive, and in lieu thereof insert the following:

"(a) 6 per cent of the first $4,000 of the amount of the net income in excess of the credits against net income provided in section 25; and

"(b) 12 per cent of the remainder of such excess amount."

Strike out lines 5 to 25, both inclusive, on page 10, all of pages 11, 12, 13, and 14, and lines 1 to 22, both inclusive, on page 15, and in lieu thereof insert the following:

"Upon a net income of $5,000 there shall be no surtax; upon net incomes in excess of $5,000 and not in excess of $6,000, 1 per cent of such excess.

"$10 upon net incomes of $6,000; and upon net incomes in excess of $6,000 and not in excess of $8,000, 2 per cent in addition of such excess.

"$50 upon net incomes of $8,000; and upon net incomes in excess of $8,000 and not in excess of $10,000, 3 per cent in addition of such excess.

"$110 upon net incomes of $10,000; and upon net incomes in excess of $10,000 and not in excess of $12,000, 4 per cent in addition of such excess.

"$190 upon net incomes of $12,000; and upon net incomes in excess of $12,000 and not in excess of $14,000, 5 per cent in addition of such excess.

"$290 upon net incomes of $14,000; and upon net incomes in excess of $14,000 and not in excess of $16,000, 6 per cent in addition of such excess.

"$410 upon net incomes of $16,000; and upon net incomes in excess of $16,000 and not in excess of $18,000, 7 per cent in addition of such excess.

"$550 upon net incomes of $18,000; and upon net incomes in excess of $18,000 and not in excess of $20,000, 8 per cent in addition of such excess.

"$710 upon net incomes of $20,000; and upon net incomes in excess of $20,000 and not in excess of $22,000, 9 per cent in addition of such excess.

"$890 upon net incomes of $22,000; and upon net incomes in excess of $22,000 and not in excess of $24,000, 10 per cent in addition of such excess."

Mr. BANKHEAD. Mr. President, I desire to make a very brief explanation of the effect of the amendment which has just been read.

Under the table inserted in the RECORD by the Senator from Michigan it appears that under the brackets contained in his amendment the returns would be $1,144,125,400.

Under the present law, according to the same calculation, the return would be $324,952,000. The effect of the amendment just submitted is to eliminate from the Couzens amendment the proposed increase in the brackets over the rates fixed by the Finance Committee in the brackets up to and including an income of $24,000. In other words, without any intention of going into a discussion of the principle and theory of the income tax law, the effect of this amendment is to leave upon the average business man in the reasonably low brackets the rate fixed by the Finance Committee in their report, up to an income of $24,000.

The effect of the amendment would be to reduce the revenue which would be derived under the Couzens amendment in the sum of $100,964,000, leaving as the gross return under the Couzens amendment, instead of $1,144,125,400, the sum of $1,043,161,400.

In short, the effect, in the brackets of the lower class, of the amendment tendered by me would be to reduce the amount which the Couzens amendment would produce in the sum of $100,964,000, and the Couzens amendment, with the amendment which I have proposed, would leave an increase over the present law, and under the provisions of the Couzens amendment, of $718,209,400. That would be the net result of the Couzens amendment with my amendment attached to it, and, in my judgment, it would result in the elimination of the nuisance and sales taxes, which are so burdensome and so unjust.

Mr. NORRIS. Mr. President, may I ask the Senator a question?

Mr. BANKHEAD. I yield.

Mr. NORRIS. I did not understand the last statement made by the Senator. Would the Senator's amendment, if agreed to, increase the revenue which would be derived by the Couzens amendment as so amended?

Mr. BANKHEAD. It would decrease it by $100,000,000 but at the same time would result in an increase over the amount collected under the present law of more than $700,000,000.

Mr. NORRIS. How much over the amount to be collected under the bill as reported by the Committee on Finance?

Mr. BANKHEAD. The bill as reported by the Committee on Finance would produce $642,864,000. The amount produced under the Couzens amendment, with the amendment which I have proposed, would be $1,043,000,000. So there would be an increase in the amount over the revenue estimated to be raised by the committee amendment of somewhere between $350,000,000 and $400,000,000.

Mr. NORRIS. If the Senate adopted the amendment of the Senator from Alabama and the Couzens amendment, how much would that decrease the revenue which would be raised under the Couzens amendment?

Mr. BANKHEAD. That would be $100,000,000, less than one-tenth of the amount which would be collected under the Couzens amendment without my amendment.

Mr. COUZENS. Mr. President, I think the Senator from Nebraska and the Senator from Alabama have either misunderstood each other or the figures are wrong. The amendment proposed by the Senator from Alabama, as I understand, would raise the amount to be collected under the Finance Committee bill $100,000,000.

Mr. BANKHEAD. No, Mr. President. The Finance Committee bill, as I have stated, would produce in round figures $642,000,000. The Couzens amendment as amended by me would produce over a billion dollars.

Mr. COUZENS. That is what I am saying, a million dollars over the amount to be collected under the Finance Committee bill.

Mr. LONG. He said a billion dollars.

Mr. COUZENS. I want to point out that in any event the amendment of the Senator from Alabama would ruin any attempt to balance the Budget without imposing sales taxes. I am not trying to do anything but balance the Budget. I am trying to harmonize the several taxes.

I contend that the reinstatement of the 1918 rates and exemptions, with which everybody has been familiar, the country having had experience under that law and knowing what it means, would mean a lesser burden on the great mass of taxpayers than they bore in 1918.

Mr. WALSH of Montana. Mr. President——

The PRESIDENT pro tempore. Does the Senator from Michigan yield to the Senator from Montana?

Mr. COUZENS. I yield.

Mr. WALSH of Montana. With the permission of the Senator, I would like to make an inquiry of the Senator from Alabama. I understood the Senator from Alabama to say that the Couzens amendment as amended by his amendment, if both were adopted, would produce revenue in the amount of from $350,000,000 to $400,000,000 in excess of that which would be produced by the bill recommended by the committee.

Mr. BANKHEAD. That is correct.

Mr. WALSH of Montana. In other words, the committee bill would produce some $600,000,000, and the Couzens amendment, as amended by the amendment tendered by the Senator from Alabama, would produce something over $1,000,000,000?

Mr. BANKHEAD. That is correct.

Mr. COUZENS. Mr. President, the Senator is in error, because our authority here, the Senator from Utah [Mr. SMOOT], says that the Senator is mistaken about the amendment resulting in the raising of that much money over the amount estimated to be raised by the Finance Committee bill, with the exemptions which the Senator attempts to make, up to $24,000.

Mr. BANKHEAD. Mr. President, I can only say to the Senator from Michigan that the figures are based upon a table made by himself and put into the RECORD by him. So if there are any errors in the figures, the Senator from Michigan is responsible for them.

Mr. COUZENS. That is wholly in error, because I did not put that table into the RECORD as my table. That was a table which came from the Joint Committee on Taxation, and the statement the Senator makes with respect to the increased revenue based on his amendment is in error.

Mr. BANKHEAD. I may have been in error, Mr. President, in stating that the Senator from Michigan put the table in, but the Senator from Louisiana [Mr. LONG] gave it to me as coming from the Senator from Michigan, and I find it in the RECORD.

Mr. LONG. Mr. President, I think there is probably just a misunderstanding between the Senators. The table was taken from several tables the Senator from Michigan offered Saturday. I took one of them and had several copies made and gave one to the Senator from Florida and another to the Senator from Alabama.

Mr. COUZENS. But the Senator from Alabama is talking about another table, which he has had prepared, showing the difference between his amendment and my amendment. That is a table for which I am in no sense responsible. I am not denying my responsibility for any table I put into the RECORD on Saturday, but I assume no responsibility for the table the Senator prepared, and on which he based the amendment which he proposes.

Mr. SMOOT. Mr. President, I may have misunderstood the Senator from Alabama; but if I understood him correctly, the amount of revenue he anticipates from his amendment is altogether beyond reason, I will say. I may have misunderstood him, but if I understood the amendment correctly, the amount of revenue he named could not possibly be raised under that amendment.

Mr. LONG. Mr. President, if the Senator will pardon one further remark, I answer the Senator from Utah by saying that here is the table, and I notice the Senator from Utah, who has been very solicitous that the little man should not be "stuck" by this bill, now appears to venture forth very patriotically to see that he does not get out in this bill. I say that with all good feeling.

Mr. SMOOT. What the Senator may say does not hurt me at all.

Mr. LONG. I am not going to take the further time of the Senator from Michigan, but the facts are that the Senator from Alabama—and he may have made some little miscalculation, but it can not be a very serious miscalculation—has simply exempted any increase in taxes on the man making less than $10,000 a year. So that the patriotism of the Senator from Pennsylvania and the Senator from Arkansas and the Senator from Utah can operate in voting for the Couzens amendment.

Mr. BANKHEAD. Mr. President——

The PRESIDENT pro tempore. Does the Senator from Michigan yield to the Senator from Alabama?

Mr. COUZENS. No; I think I had better complete my statement.

The PRESIDENT pro tempore. The Senator declines to yield.

Mr. COUZENS. I do not think the amendment of the Senator from Alabama would balance the Budget.

Mr. SMOOT. Mr. President——

The PRESIDENT pro tempore. Does the Senator from Michigan yield to the Senator from Utah?

Mr. COUZENS. I yield.

Mr. SMOOT. I want to call the attention of the Senator from Alabama to the fact that as he presented it, and as I understood it, under his amendment we would have only two collections in the year.

Mr. BANKHEAD. I recognize that under this bill all the collections would not be made prior to the 1st day of July. I do not know what the method of bookkeeping is, but in the statement made I said nothing about balancing the Budget. I indicated about how much more in the way of taxes this amendment would bring than would the bill reported by the Finance Committee.

Mr. SMOOT. It could not bring this year the amount the Senator stated, because of the fact that, the way the amendment was drawn, there would be only two collections made.

Mr. BANKHEAD. I have made no statement about that. I discussed the increase in the receipts under the two amendments.

Mr. SMOOT. We will have to take it into consideration, because we have to balance the Budget, and the Senator's amendment would not do that.

Mr. BANKHEAD. While I have the floor temporarily——

The PRESIDENT pro tempore. The Senator from Michigan has the floor.

Mr. COUZENS. Mr. President——

The PRESIDENT pro tempore. The Senator from Michigan declines to yield further.

Mr. BANKHEAD. I think in fairness the Senator ought to yield.

The PRESIDENT pro tempore. The Senator declines to yield.

Mr. COUZENS. I want to discuss for a moment some of the statements made by the Senator from Mississippi [Mr. HARRISON] and the Senator from Pennsylvania [Mr. REED], in which they showed such justifiable interest and concern over the man with an income of two, three, four, or five thousand dollars.

I yield to no man in sympathy and concern for the least privileged of our citizens. I want to ask these distinguished gentlemen, who have such a pretended concern for the men in the two, three, four, and five thousand dollar brackets, whether if we eliminated those brackets they would vote for the 65 per cent maximum.

Mr. HARRISON. If the Senator asks me, I say no.

Mr. COUZENS. Certainly the Senator would not.

Mr. BANKHEAD. Does the Senator ask me?

Mr. COUZENS. I wanted that made plain, because I knew that the Senator from Mississippi was not so much concerned about the two, three, four, or five thousand dollar man as he was about the million dollar man, who paid 65 per cent. So, in order that there may be no misunderstanding, it is not so much the great concern of the opponents of the pending amendment for the little fellow, with an income of two, three, four, or five thousand dollars, as it is their concern for the fellow who makes campaign contributions, and receives from $100,000 to $1,000,000 a year.

I will point out just why, even though the sympathy of these gentlemen were genuine, it would be false. The gentlemen who want this amendment defeated and the committee rates adopted seem to overlook the fact that the difference in yield between the Finance Committee recommendation and the 1918 rates, which I propose, is exactly $56.

The same Senators who are opposed to the amendment want a 4 per cent tax on automobiles, 4 cents a gallon on lubricating oil, a tax on radios, and a tax on many other small items which in aggregate will make more of a tax than the proposal I have made to reinstate the 1918 rates. In other words, the Senators who are opposing my amendment and standing for a 4 per cent tax on automobiles, and so forth, do not seem to recognize that a man with an income of $1,500 a year, for example, who is exempted under that plan, would have to pay $40 tax on an automobile, and there is $40 of his $56 already paid out of what his income tax would be under the other plan.

I wonder what Senators who are proposing a 4 per cent tax on automobiles, 2 per cent tax on trucks, and so on, have to say about the millions of farmers and workers who have less than $2,000 per year income? Just how could they defend their opposition to taxing in an amount of $60 the man with an income of $3,000 and proposing to tax some 40,000,000 of our citizens gainfully employed who receive less than the minimum proposed in my amendment? We must assume there are from 45,000,000 to 50,000,000 of gainfully employed American citizens. Under this proposal only 7,000,000 of them are to be taxed. Under the plan of the Finance Committee, which is so vigorously indorsed and espoused by the Senator from Mississippi [Mr. HARRISON] and the Senator from Pennsylvania [Mr. REED], there would be a tax on the other 40,000,000 citizens gainfully employed which this income tax does not reach.

Mr. President, just why all this concern about the middle-class citizen who has an income of from $3,000 up to $10,000? Are these gentlemen so concerned about the class who receive $100,000, $500,000, $600,000 a year, or are they interested in the class who receive from $3,000 to $10,000? Obviously, if they are interested in those in the lower brackets they can not possibly object to my amendment, because it taxes them less than the proposal in the bill which would impose an automobile tax, a radio tax, and an admission tax. The combination of those taxes is more than the rates in the bill would impose. Under the amendment which I have offered all of these nuisance taxes may be eliminated.

For example, taking one-half of the fiscal year 1932–33—and that is where I think confusion arises in the mind of the Senator from Alabama [Mr. BANKHEAD]. He is taking the whole year, while I am taking only half the year. We estimate that under the 1918 rates $486,000,000 of taxes will be collected in addition to the taxes collected under the existing rates. In the table which I presented last week I showed that we could balance the Budget with that increase. The Senator from Utah [Mr. SMOOT] said that estimates made by Mr. Parker, of the Joint Tax Committee, were too high, but in the schedule which I prepared the other day I did not have the $97,000,000 extra which the bill proposes to collect from brewery supplies, wort, and so forth. If we take the wort tax off of the estimate, but leave it in the bill, it would leave only $389,000,000 to be collected by adopting the 1918 rates. By the increase in rates on corporations which the committee itself proposes, there would be an aggregate of $52,000,000. Then with the higher rate which the 1918 schedule would bring in, obviously the closing of the loopholes and preventing the evasions would create a greater saving, because the greater the tax the more the saving in closing the loopholes. We have estimated that would bring in $160,000,000 additional. We cut out all taxes on production. We leave the estate-tax estimate at $10,000,000 and we take into consideration the increase on first and second class mail matter.

We include the stock-transfer tax. We increase the exemption on the admission tax from 10 cents to a minimum of 45 cents, which reduces the amount $70,000,000.

Mr. President, if there is any justification in the world for taking $70,000,000 from the people who visit the movies and pay from 10 cents to 40 cents admission, and if we do that for the purpose of taking it off of the incomes provided in this schedule, I am unable to comprehend it. In other words, the Finance Committee proposes to take $70,000,000 out of those who visit the theater and pay between 10 cents and 45 cents admission. What is that for? It is for the purpose of relieving those who receive incomes of from $3,000 to $1,000,000 and more per year. I am unable to see any justification for such tax philosophy.

Not only that, but the committee proposes to take $73,000,000 from automobile users. It is safe to say that 80 per cent of the automobiles sell for $1,000 or less. It is safe to say that probably 25,000,000 who receive less than the exemptions made in this proposal are the users of the cheap cars. In order to save those 7,000,000 citizens who receive $3,000 per year or more from having to pay an additional tax, the Finance Committee, including the Senator from Mississippi [Mr. HARRISON], propose to take $73,000,000 from the small automobile users and $70,000,000 from the people with little incomes who patronize the movies—what for? So that gentleman who can subscribe to party campaigns will be relieved from an additional tax.

Mr. President, I want to point out that there is not a Senator I know of who would object to paying $830 income tax on his salary. Why should a Senator or any other person receiving $10,000 a year object to paying $830 income tax during these particular times? The Finance Committee says $295, so under the proposal before us each Senator would have to pay about $500 more than the committee proposes. I do not assume that Senators are talking or voting against my proposal because of the tax upon themselves, so I must assume that they are talking about the men who are going to contribute to political campaigns. The reason why that occurs to me is because there is the strongest kind of coalition between the two sides of the Chamber with respect to income-tax rates. Even the Senator from Mississippi [Mr. HARRISON], able and fluent as he is, did not attempt this morning to defend charging a farmer or a little merchant struggling to get along a $40 tax on an automobile and refusing at the same time to put a tax on the people who get from $3,000 to $1,000,000 a year.

There are some Senators, including the Senator from Alabama [Mr. BANKHEAD], who said that they would vote for my amendment if we increased the exemptions. The only reason why I am as firm as I can be for the proposal as it stands is because it is a tax with which we have all had experience. It is a tax that has been on the books before. If there ever was justification for coming down into the lower brackets, it is now in preference to 1918, when the costs of living were so much higher than at present.

Everyone knows that the great volume of revenue is to be gained from the greatest number of people. No one denies that. For instance, our estimate shows that from the group with incomes of from $3,000 to $5,000 we expect under these rates to get $99,000,000. That is more out of that group than we expect to get out of the group with incomes from $1,000,000 per year up. In other words, in the group with incomes of $1,000,000 and over we expect to raise only $96,000,000, while in the group within incomes from $3,000 to $5,000 we expect to raise $99,000,000. Senators who point that out are perfectly correct. We have got to depend for this revenue upon as large a number of people as possible.

Let me refer to the brackets embracing incomes of from $5,000 to $10,000. Under this plan we expect to raise $109,620,000 in those brackets. In the brackets from $10,000 to $25,000 we expect to raise $174,960,000, or nearly twice as much as we expect to raise from the wealthy with incomes of $1,000,000 and over, according to these rates.

Everyone would like to relieve that class with incomes of $2,000, $3,000, and $5,000; but if we eliminate them we can not raise the revenue to balance the Budget and we can not eliminate the consumption and sales taxes. I submit that Senators who are proposing to increase the exemptions to a higher amount and still keep the sales tax in the bill are doing that group no good. That group, if the sales tax should be kept in the bill, will pay more than they would if we should adopt the 1918 rates. Why? Because the large revenues that we get come from the group with incomes above $2,000 and $3,000 and not from the group below $1,000, where the automobile, sales, and other similar taxes would apply.

So, Mr. President, there is no merit in the argument that we must raise the exemption from $2,000 to $2,500 or to $3,000, because should that be done it would not raise sufficient revenue to balance the Budget without imposing a consumption tax; and there is no justification for a consumption tax. Every possible effort should be made to increase consumption; every possible effort should be made to bring about the free interchange of goods; there should be no restraint on doing legal business at this particular time; and to impose a sales tax, whether it be called an excise tax or what not, would be unwise.

I want to say further that the Finance Committee pretty well recognized that fact when it first undertook to eliminate some of the taxes that were embodied in the House bill. For example, the first tax eliminated from the House bill was the tax on candy, from which it was estimated that $12,000,000 revenue could be derived. After that tax had been eliminated, the committee, when they accepted the Mills bill, with the increased tax on motor cars, lubricating oil, and so forth, eliminated the tax on toilet preparations, estimated to yield $20,000,000; on furs, estimated to yield $15,000,000; on jewelry, $15,000,000; on yachts and motor boats, $500,000; on mechanical refrigerators, $6,000,000; on sporting goods and cameras, $6,000,000; on matches, $11,000,000; on firearms, two and one-half million dollars; reduced the tax on chewing gum so as to yield $2,000,000 instead of $3,000,000, and entirely eliminated the tax on soft drinks. That shows that the committee had a conception of the unwisdom of placing a consumption tax on this group of articles.

Then, in the effort to balance the Budget, the committee adopted the rates proposed by Mr. Mills on automobiles and incomes, which, in effect, however, were less than the rates previously adopted on motion of the Senator from Texas [Mr. CONNALLY] prior to the arrival of Mr. Mills.

I say frankly I think we are going to have to come to this proposal because it is my judgment that the Senate is not going to agree to a tax on theater admissions costing from 10 to 45 cents; and I am convinced that it is not going to impose the motor-car tax or the truck tax or any of the taxes on transportation, for the very reason that it would not only affect consumption and the motor-car industry, but it would affect every automobile dealer, of whom there are thousands throughout the United States who are now on the verge of bankruptcy because of the decreased volume of business. It would also affect every gas station. So the effect of such a tax would not be confined to one State, a State that produces in the first place the motor car, but it would have a nation-wide injurious effect upon garages, oil stations, and automobile dealers. Therefore, Mr. President, it would be absolutely unsound to eliminate these income taxes with the idea of removing a brake upon business.

When the Senate finds that we have reduced the revenue by $70,000,000 in the case of admission taxes and by $73,000,000 in the case of motor-car taxes—and those taxes will be eliminated—it will return to raising the necessary revenue from the only reliable and honest source from which it can be obtained.

Mr. NORRIS. Mr. President, I want to make what I believe to be a practical suggestion. I am not in disagreement with the Senators who support the amendment to the amendment; but I believe I can convince them that it is a mistake to offer it now. Under ordinary circumstances I would most enthusiastically support it. If we were not con-

fronted with the conditions which face us and which are going to make it necessary for us to do some very painful things in the revenue bill, I would support the amendment to the amendment. I should like to give the relief that it would afford to incomes less than $10,000, but, Mr. President, much of what the Senator from Michigan has stated is true. Taxes may not have to be levied on all the particular items he has mentioned, but there will have to be levied on some of the items that we would like to take out of this bill, unless we raise the money from incomes, as provided for in his amendment to the extent at least that the amendment will raise revenue.

The Couzens amendment exempts all incomes below a net income of $2,000. In my judgment, those who have such a small income as that ought to be relieved entirely from an income tax if we were not presented with a condition where, unless we ask them to bear some of the burden under the income tax, we are going to be compelled to levy a tax on the incomes of less than $2,000. I do not see any escape from that conclusion.

But, however we may disagree about that, I want to call the attention of those who favor this amendment to the amendment to the fact that, as I look at it, we who would like to relieve as much as we can the small income-tax payers are going to divide our forces. If we follow the parliamentary tactics suggested, we will have against the Couzens amendment those who want to relieve the small taxpayer and also those who want to relieve the big taxpayer. We will have both against the amendment; the amendment will be defeated; and then opportunity, of which we ought to avail ourselves, to present the amendment which I am going to suggest to the amendment of the Senator from Alabama will probably have been lost.

Why not let us vote directly on the amendment of the Senator from Michigan? If it shall be defeated, then the Senator from Alabama or any other Senator in the Chamber can offer the Couzens amendment over again with the amendment of the Senator from Alabama. In other words, a Senator may at once offer the amendment of the Senator from Michigan with the increased rates on incomes below $10,000 stricken out. It seems to me that is plain. I should like to support such an amendment if that time comes; I should like to support the amendment to the amendment; but, feeling as I do, I can not support it as an amendment to the amendment proposed by the Senator from Michigan.

I am afraid—and I am going to submit a parliamentary inquiry to the Chair in order to obtain the opinion of the Chair—that we will lose our opportunity to do that if we follow the course of those who are behind the amendment now proposed to the so-called Couzens amendment.

Mr. KING. Mr. President, will the Senator yield?

Mr. NORRIS. Yes.

Mr. KING. In view of the statement just made by the Senator, I am a little at a loss to understand what the Bankhead amendment is. As I understand it——

Mr. NORRIS. The Bankhead amendment provides——

Mr. KING. In order that the Senator may understand my question, let me proceed for a moment.

Mr. NORRIS. Very well.

Mr. KING. I understood the Bankhead amendment to revert to the rates of the pending bill on incomes up to $24,000, and not $10,000 as suggested by the Senator.

Mr. NORRIS. It does apply to incomes up to $24,000, does it?

Mr. LONG. That is correct.

Mr. NORRIS. That is another objection to it. I thought it only applied to those up to $10,000. I am wrong about that, am I?

Mr. LONG. Yes, sir.

Mr. KING. The Bankhead amendment does not relieve any taxpayers from taxation except those under $10,000. It simply superimposes upon the Couzens amendment the provisions of the pending bill found on pages 1 and 2 and lines from 1 to 6 on page 3.

Mr. COUZENS. Mr. President, will the Senator yield?

The VICE PRESIDENT. Does the Senator from Nebraska yield to the Senator from Michigan?

Mr. NORRIS. First let me understand the amendment aright. I thought I understood that the proposed amendment attempted to strike out of the Couzens amendment everything applying to incomes of less than $10,000. Am I wrong about that?

Mr. COUZENS. The Senator is wrong, because the amendment of the Senator from Alabama proposes to eliminate all of the rates provided in my amendment up to incomes of $25,000.

Mr. NORRIS. I want to know as to that. I will ask the Senator from Alabama if that is correct?

Mr. BANKHEAD. It does eliminate the rates proposed in the pending amendment up to incomes of $25,000, but I am willing to reduce it to $10,000.

Mr. NORRIS. I want to say to the Senator that standing alone I could not support that amendment. I am willing, Mr. President, to relieve incomes below $10,000; any Senator ought to be willing to do so; but think for a moment of relieving our own incomes when we are going to levy a tax that is going to be a terrible hardship on everybody else.

Mr. COUZENS. Mr. President——

The VICE PRESIDENT. Does the Senator from Nebraska yield to the Senator from Michigan?

Mr. NORRIS. I yield.

Mr. COUZENS. I wish to point out to the Senator that the Senator from Alabama as yet is not certain how much money under his amendment, if adopted, would be lost to the Treasury, and the amendment he offers is not as yet clearly understood. His proposal is to take out of the amendment which I have proposed all the rates on pages 1 and 2 and up to line 6 on page 3, and return to the rates of the existing law—not even to return to the rates proposed when the bill was reported by the Finance Committee or those of the House bill, but to return to the rates of existing law.

Mr. NORRIS. That is still worse.

Mr. COUZENS. That is still worse.

Mr. NORRIS. Mr. President, I want, in the best of faith, to suggest to Senators who would like to go a little further than the Couzens amendment does go for the relief of persons with small incomes that they wait until we vote on the Couzens amendment. Of course, if the Couzens amendment shall be adopted it will go into the bill, and it will be too late to do it then; but it seems to me we ought to take a practical view of the parliamentary situation. On the other hand——

Mr. BARKLEY. Mr. President——

The VICE PRESIDENT. Does the Senator from Nebraska yield to the Senator from Kentucky?

Mr. NORRIS. I will yield in just a moment. On the other hand, if the Couzens amendment shall be defeated, then let an amendment be proposed—and I would support it with all the enthusiasm I possess—similar to the Couzens amendment, but with all the references in the Couzens amendment to incomes up to and including $5,000 eliminated. That will leave the pending bill before the Senate, of course, and we will only amend it, if we act according to the Couzens amendment, from $10,000 on up to $1,000,000 and over.

Mr. BARKLEY. Mr. President——

Mr. NORRIS. I yield to the Senator from Kentucky.

Mr. BARKLEY. On Saturday, in discussing the Couzens amendment, I suggested that if the present amendment were defeated that would leave the language of the bill as it stands, and any bracket might be amended if the Senate saw fit to do so. I understood that the Senator from Nebraska did not agree with that suggestion.

Mr. NORRIS. Oh, no; I do not disagree with that.

Mr. BARKLEY. The Senator's present statement indicates that he does agree with it. In ther words, if we vote down the Couzens amendment, any amendment will then be in order to the text of the bill and to any bracket in the income-tax section.

Mr. NORRIS. Oh, yes. I said on Saturday that of course any bracket in the Couzens amendment is subject to amendment just the same.

Mr. BARKLEY. Oh, yes; it is, undoubtedly; but since the same sort of an amendment can be offered to the text of the

bill in the event of the defeat of the Couzens amendment, does not that leave us in a better parliamentary situation to work out a measure based upon the language of the bill as it is brought in, rather than to try to amend the amendment of the Senator from Michigan as is proposed here?

Mr. NORRIS. I think that would depend upon the idea of Senators in voting on these amendments, as to whether they wanted to increase the rates proposed in the bill in accordance with the Couzens amendment. For one, I do. I want to do that.

Mr. BARKLEY. I understand; but the fate of the Couzens amendment, unless it is adopted, would have no effect upon the amendability of any part of the bill.

Mr. NORRIS. Oh, no; and that is the point I wanted to make. I wanted, if I could, to induce the Senators who are behind this amendment to withdraw the amendment.

Mr. HARRISON. Mr. President, may I ask the Senator a question?

The VICE PRESIDENT. Does the Senator from Nebraska yield to the Senator from Mississippi?

Mr. NORRIS. Yes; I will yield to the Senator in just a moment. Right on that point, however, let me say that I think we are going to divide our forces. Would not the Senators who are behind the so-called Bankhead amendment rather have the Couzens amendment than to have the bill as it is now?

I yield to the Senator from Mississippi.

Mr. HARRISON. Mr. President, I wanted to make a suggestion to the Senator from Nebraska. Of course, as I have expressed myself, I am opposed to the Couzens amendment and to any other amendment that changes the recommendation of the Finance Committee—namely, a 45 per cent surtax, and the normal tax that we recommend. As suggested by the Senator from Michigan, however, under the amendment offered by the Senator from Alabama we would go back to the present law as to incomes of $24,000 a year and less.

Mr. NORRIS. Yes.

Mr. HARRISON. If it was the intention of the Senator from Alabama to offer the amendment to the Senate Finance Committee recommendation—and that was what I understood him to mean; namely, on incomes of $24,000 or less to take the rates proposed by the Finance Committee, but to take the Couzens rates on incomes of $25,000 and up—this would be the situation:

The man who had an income of $23,999.99 would pay an income tax of $620; but if he had an income of $24,000 and 1 cent, or a difference of 2 cents, he would pay $1,090.

Mr. NORRIS. Yes.

Mr. HARRISON. In other words, the amendment is rather crudely drawn to meet that particular situation; and, notwithstanding the fact that I am not in sympathy with what is attempted to be done, it seems to me that there ought to be a straight vote on the Couzens amendment, which would not preclude the Senator from Alabama or any other Senator from offering his proposition afterwards, and letting the proposition come up straight.

Mr. NORRIS. The Senator from Mississippi has stated in very plain language what I have been trying to tell the Senate myself—that it is, in my judgment, a strategical mistake to offer this amendment now.

Mr. LONG. Mr. President——

The VICE PRESIDENT. Does the Senator from Nebraska yield to the Senator from Louisiana?

Mr. NORRIS. I yield.

Mr. LONG. I agree with the effort the Senator from Nebraska is making. However, I should like to call his attention to this fact:

We know that the so-called Ogden Mills effort, which anyone may support or not support, is not worrying about the taxes on the little incomes; but we have got to relieve the minds of some Senators who are of the opinion that they are fighting for the little man.

As a matter of fact—and that is why I agree to some extent with the strategy of the Senator from Alabama—if the Senator had drawn in the beginning, as he says he is now willing to do, an amendment excepting incomes up to $10,000—I understood the Senator to say that it was his intention to amend the present bill in that way—it would have meant that then we could have given some of the distinguished Senators who want to assist the lower strata of life a chance to put themselves genuinely on record. We need that chance, if I may say so to the Senator from Nebraska, so that we can remove the fog and let them put themselves on record, rather than to have the Couzens amendment voted down.

I fear that we are going to divide our forces. That is just what I am trying to avoid. It seems that there is a pretty well-organized force in favor of the Mills amendments. At one time they are undertaking to save the little man. At the same time they are slapping on his back a sales tax that is double what the income tax would be. The next time they are trying to keep the poor big man from being imposed on.

Mr. NORRIS. They do not say much about that.

Mr. LONG. No.

Mr. NORRIS. I can not speak for anybody else; but I look at things usually, I think, as the ordinary man does. I believe that the Senators who are desirous of raising the money necessary would like at the same time to raise it out of the incomes of those who can best afford it. Realizing, however, the amount that we must raise, and realizing that we will have to inflict a hardship upon somebody and that the taxes in the Couzens amendment on the man with an income of $5,000 or of $3,000 make a comparatively light levy more than it ought to be—something that I should like to eliminate if I could—unless we add something to these income taxes we are going, by some method of a sales tax or otherwise, to add to the tax of those who have still smaller incomes, as the Senator has so well pointed out.

Now, Mr. President, I desire to call attention to another tax in this bill which has not been mentioned yet. I think it is a worse tax than the tax on automobiles. I think it is a worse tax than the tax on theater tickets. It is a worse tax than almost any other tax in the bill; and I should like, if I can, to pave the way so that when we come to it we can eliminate it. I refer to the tax on checks.

I have in my office letters on this subject from representatives of cooperative organizations, mostly farmer cooperative organizations, creamery organizations, and similar cooperative organizations. I am told that one of these cooperative organizations, having its membership about equally divided between Kansas and Nebraska, has over 3,000 members who are getting checks every week. As a rule they are small checks—two, three, five, six, and seven dollars, very seldom going over $10, but sometimes going over that. In the case of this one institution this nuisance tax will result in its paying thousands and thousands of dollars; but the man who has an income of a million dollars can pay his tax of over $700,000 all with one check, and that will cost him only 2 cents.

It seems to me that is a great injustice. The tax will raise quite a sum of money; but it is coming altogether, almost 100 per cent, out of poor people whose incomes are less than $2,000, most of them on the farms, the men who have been deflated until almost all of them are nearly bankrupt.

Mr. WALSH of Massachusetts. Mr. President, will the Senator yield?

The VICE PRESIDENT. Does the Senator from Nebraska yield to the Senator from Massachusetts?

Mr. NORRIS. I yield.

Mr. WALSH of Massachusetts. I estimate the amount of tax that the cooperative organization the Senator has referred to would have to pay, if the rate levied in this bill were enacted into law, to be $3,000 a year.

Mr. NORRIS. I think the estimate is too low, although the Senator has had a better opportunity to know than I, because my information is based on the letters I get from these cooperative institutions.

Senators, nobody for a moment says that institutions of that kind ought to be taxed. You can not get a voice any-

where to be raised in favor of such a tax. It is conceded by everybody that they ought not to be taxed; and what will they do? It is almost an impossibility for these small bills to be paid in cash. Checks have to be sent through the mails as a rule. We have all been trying, I think honestly and earnestly, to relieve agriculture from the terrible dilemma in which it is placed and has been placed for several years. Now we propose in this bill—we will have to do something of that kind if we do not raise this money by income taxes—to tax the farmer cooperative organizations that for years we have been exerting our influence and appropriating money to organize, on the theory that something should be done to assist the men who work and toil in the field and produce the food we eat and the clothing we wear, not getting paid any interest on their investment, not getting paid the cost of production. We propose now to levy this unholy tax upon their already overburdened shoulders.

I do not want to deceive anybody. The Couzens amendment may be agreed to and that tax may still stay in the bill; but do not forget that unless we do increase the revenue that comes from these great incomes we will be almost without an argument when we come to the so-called nuisance taxes and try to relieve the struggling people from their great burdens.

A 2-cent tax does not mean anything to the man worth a million dollars, but 2 cents means something to the men and the women who toil 16 hours a day and get a check at the end of the week for perhaps $2.50. Put it on a percentage basis and see what you get.

So I want to call the attention of Senators to the fact that when we get through with the income-tax provisions of this bill we shall not have finished it by any means; and we ought to commence now to pave the way so that when we come to those provisions of the bill we shall not be compelled to levy taxes upon the people who do the most work and who get the least for it.

Why not give us a straight vote on the Couzens amendment? If it goes in, it will help us materially to meet the other fights that we shall have to meet before we get through this bill. If it fails, then this amendment can be offered; and while it will not go as far or raise as much money as the Couzens amendment if we leave intact the tax on incomes of $10,000 a year and up, I will give it my most hearty and enthusiastic support.

The VICE PRESIDENT. The question is on the amendment of the Senator from Alabama [Mr. BANKHEAD] to the amendment of the Senator from Michigan [Mr. COUZENS].

Mr. BANKHEAD. Mr. President, in view of the request of the Senator from Nebraska, with whose views I am very largely in accord, I am willing to withdraw the amendment if I may have unanimous consent to offer it later.

Mr. NORRIS. The Senator does not have to have such consent, unless the Couzens amendment should be agreed to.

Mr. WALSH of Montana. Mr. President, I think that is the idea the Senator has in mind, that in case the Couzens amendment should be adopted, he may have leave afterwards to offer his amendment.

The VICE PRESIDENT. Is there objection to the unanimous-consent request of the Senator from Alabama, that in case the Couzens amendment shall be agreed to, he may propose the amendment now pending to the Couzens amendment? The Chair hears no objection.

Mr. BANKHEAD. I withdraw my proposed amendment to the amendment of the Senator from Michigan.

The VICE PRESIDENT. The question now is on agreeing to the amendment offered by the Senator from Michigan [Mr. COUZENS].

Mr. HARRISON. Mr. President, if no one else desires to speak, I shall make a point of no quorum, so that Senators may be present before the vote is taken.

Mr. SMOOT. Let us have the yeas and nays.

The VICE PRESIDENT. The yeas and nays have been ordered.

Mr. HARRISON. I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Ashurst	Copeland	Hull	Pittman
Austin	Costigan	Johnson	Reed
Bailey	Couzens	Jones	Robinson, Ark.
Bankhead	Cutting	Kendrick	Robinson, Ind.
Barbour	Davis	Keyes	Schall
Barkley	Dickinson	King	Sheppard
Bingham	Dill	La Follette	Shipstead
Blaine	Fess	Lewis	Shortridge
Borah	Fletcher	Logan	Smith
Bratton	Frazier	Long	Smoot
Broussard	George	McGill	Stephens
Bulkley	Glenn	McNary	Thomas, Okla.
Bulow	Goldsborough	Metcalf	Trammell
Byrnes	Gore	Morrison	Tydings
Capper	Hale	Moses	Vandenberg
Caraway	Harrison	Norbeck	Walcott
Carey	Hastings	Norris	Walsh, Mass.
Cohen	Hayden	Nye	Walsh, Mont.
Connally	Hebert	Oddie	Watson
Coolidge	Howell	Patterson	White

The VICE PRESIDENT. Eighty Senators having answered to their names, there is a quorum present. The question is on agreeing to the amendment offered by the Senator from Michigan [Mr. COUZENS].

Mr. TRAMMELL. Mr. President, a parliamentary inquiry.

The VICE PRESIDENT. The Senator will state it.

Mr. TRAMMELL. If the Senate should adopt the amendment of the Senator from Michigan, it would then become a part of the bill; and would it be open to amendment after it had once been agreed to, without a motion to reconsider the vote, so that amendments to it might be offered?

The VICE PRESIDENT. It would not be, except under the unanimous-consent agreement given, that the Senator from Alabama might propose his amendment.

Mr. TRAMMELL. That is my view of the parliamentary situation—that it would require unanimous consent, after the amendment had once been adopted, if it should be adopted. Therefore I desire to offer an amendment, while the amendment is in order, to the amendment of the Senator from Michigan.

Mr. HARRISON. May I suggest to the Senator from Florida, who was temporarily out of the Chamber, that it was desired that there should be a straight vote on the Couzens amendment. I think the same privilege should be granted to the Senator from Florida that was granted to the Senator from Alabama. So I ask unanimous consent that after the vote is taken, if the amendment of the Senator from Michigan should be agreed to, permission shall be given to the Senator from Florida to offer his amendment.

The VICE PRESIDENT. Is there objection?

Mr. WALSH of Montana. Mr. President, let the amendment to the amendment be reported.

The VICE PRESIDENT. The amendment will be reported for the information of the Senate.

The CHIEF CLERK. The Senator from Florida offers the following amendments: On page 1 of the amendment of the Senator from Michigan, in line 3, strike out "six" and insert in lieu thereof "three"; and in line 6, as part of paragraph (b), preceding the numeral "12," insert "6 per cent upon the excess to $6,000 and."

The VICE PRESIDENT. Is there objection to the request of the Senator from Mississippi?

Mr. DILL. Mr. President——

Mr. TRAMMELL. Mr. President, may I explain the purpose of the amendment to the amendment?

The VICE PRESIDENT. The Senator from Florida has the floor.

Mr. TRAMMELL. The amendment sent to the desk by me proposes that on the first $4,000 of net income the rate shall be 3 per cent. Under the proposal of the Senator from Michigan it would be 6 per cent. Three per cent is the rate recommended by the Finance Committee on the first $4,000.

The next paragraph of the amendment proposes that on incomes of from $4,000 to $6,000 the rate shall be 6 per cent, instead of 12 per cent, as proposed by the Senator from Michigan. On net incomes over and above $6,000 the rate

would be as it is in the amendment of the Senator from Michigan, 12 per cent.

The object of my amendment I think is very apparent. It is for the purpose of endeavoring to protect those with small and medium incomes, to prevent having the enormous increase of $124,000,000 made in the taxes upon people within those brackets.

Mr. WALSH of Massachusetts. What would be the loss to the Treasury from the change proposed by the Senator from Florida?

Mr. TRAMMELL. It would amount to a reduction of $124,000,000 in the taxes on people receiving incomes of from one up to five thousand dollars a year.

Mr. WALSH of Massachusetts. So the amount that would be raised would be $124,000,000 less than the amount which would be raised under the amendment of the Senator from Michigan?

Mr. TRAMMELL. It would be that amount removed from the revenue raised on the small incomes, according to the statistics. It would remove the increase of $124,000,000, as proposed by the amendment of the Senator from Michigan, over the amount recommended by the Committee on Finance.

It would not interfere with any other provision of the bill. Of course, I am very much opposed, myself, to the reductions proposed in the exemptions. The Senator from Michigan proposes to cut the exemption from $3,500 down to $2,000 on a married man, and to reduce the exemption for minors from $400 down to $200 per annum. Anyone knows that $200 a year is not sufficient to support a minor, even to give him the necessities of life, much less to give him reasonable educational opportunities. Yet the Senator proposes to strike out $400 and to insert $200. I desire to offer an amendment to that feature of his amendment at a later time.

Mr. DILL. Why does not the Senator include that in the amendment now offered?

Mr. TRAMMELL. It is altogether a different part of the amendment of the Senator from Michigan.

Mr. DILL. The Senator ought to fix it so that it would be affected by the unanimous-consent agreement, if possible.

Mr. TRAMMELL. Of course, it is a matter of parliamentary procedure. Some may oppose the feature reducing the exemption from $2,500 down to $2,000, and think we should allow an exemption of only $200 for the support and education of minors, and others may think it ought to be $400. So the whole situation would be involved if we went to offering amendments to every feature of the amendment.

I wish to have the issue passed on as to whether or not we should raise revenue over and above the amount estimated by the Senate committee to the extent of $124,000,000 through taxes upon people in this country who have incomes of from one to five thousand dollars a year only.

Mr. HARRISON. As I understand the Senator's amendment, he resurrects the Senate Finance Committee's recommendation as to the first four thousand, of 3 per cent?

Mr. TRAMMELL. That is correct.

Mr. HARRISON. And in the $2,000 bracket he provides for 6 per cent, and above that, 9 per cent?

Mr. TRAMMELL. No; the remainder I leave just as it is set forth in the amendment proposed by the Senator from Michigan. In other words, above incomes of $6,000 the rate would go up to that proposed by the Senator from Michigan.

I think $124,000,000 is the amount that would be taken off taxpayers who have incomes of from one to five thousand dollars per annum.

Mr. COUZENS. May I ask the Senator whether he consents to the unanimous-consent agreement proposed by the Senator from Mississippi?

Mr. TRAMMELL. That is satisfactory to me. Of course, personally, and as a matter of parliamentary procedure, representing my own views, what I favor more or less is an amendment proposed by someone else. There may be very objectionable features in the amendment I offered. I much prefer trying to perfect it before having a vote upon the whole question. Some others would rather proceed the other way, perhaps.

Mr. HARRISON. Mr. President——

Mr. DILL. I object.

Mr. HARRISON. The Senator from Washington objects anyway.

The VICE PRESIDENT. The question is on the amendment proposed by the Senator from Florida [Mr. TRAMMELL] to the amendment of the Senator from Michigan [Mr. COUZENS].

Mr. TRAMMELL. I ask for the yeas and nays.

Mr. BINGHAM. Mr. President, was the request of the Senator from Mississippi granted?

The VICE PRESIDENT. It was not. Objection was made.

Mr. BINGHAM. I have an amendment lying on the desk which affects this same matter. As a part of my amendment the provision in the bill relating to normal taxes on incomes would be changed along with other items in the bill. The amendment is one relating to an alteration in the national prohibition act. It does not seem to me quite fair that it should be impossible to secure a vote on this amendment which is lying on the table, and yet I understand that if the amendment now proposed by the Senator from Michigan and about to be voted on is agreed to, then the amendment which I have on the desk will be out of order. Is that correct?

The VICE PRESIDENT. That is correct; that is, it applies to the same provision as that covered by the amendment of the Senator from Michigan.

Mr. BINGHAM. Is there no way by which a vote can be secured on some of the other amendments, such as that presented by the Senator from Florida, after the amendment of the Senator from Michigan is voted upon?

The VICE PRESIDENT. Unanimous consent was given to vote on the amendment proposed by the Senator from Alabama [Mr. BANKHEAD]. There was objection to the unanimous-consent request for a vote on the amendment offered by the Senator from Florida [Mr. TRAMMELL] in the event the Couzens amendment should be adopted. The question now is upon the amendment of the Senator from Florida to the amendment, and no further amendment is in order at this time. The yeas and nays have been demanded. Is the demand seconded?

The yeas and nays were ordered, and the Chief Clerk proceeded to call the roll.

Mr. BINGHAM (when his name was called). I have a pair with the junior Senator from Virginia [Mr. GLASS], who is necessarily absent. Not knowing how he would vote on this question, I withhold my vote.

Mr. BULOW (when his name was called). On this question I have a pair with the Senator from New Jersey [Mr. KEAN]. In his absence I withhold my vote.

Mr. McNARY (when his name was called). Upon this vote I have a pair with the senior Senator from Alabama [Mr. BLACK]. Not knowing how he would vote, I shall withhold my vote. If permitted to vote, I should vote "nay."

Mr. WALSH of Montana (when his name was called). I am paired with the Senator from Missouri [Mr. PATTERSON], who is necessarily absent. I accordingly withhold my vote.

The roll call was concluded.

Mr. BANKHEAD. I have a general pair with the senior Senator from Vermont [Mr. DALE], who is absent. Therefore I withhold my vote. If privileged to vote, I would vote "yea."

Mr. JONES. I have a general pair with the senior Senator from Virginia [Mr. SWANSON], who is necessarily absent. I do not know how he would vote on this question. If I were at liberty to vote, I would vote "nay."

Mr. HULL. I desire to announce that my colleague the senior Senator from Tennessee [Mr. McKELLAR] is detained by illness.

Mr. SHEPPARD. I wish to announce that the Senator from Alabama [Mr. BLACK], the senior Senator from Vir-

ginia [Mr. SWANSON], and the junior Senator from Virginia [Mr. GLASS] are necessarily out of the city.

Mr. FESS. I wish to announce that the Senator from Delaware [Mr. TOWNSEND] has a general pair with the Senator from Tennessee [Mr. MCKELLAR].

I also wish to announce the unavoidable absence of the Senator from Colorado [Mr. WATERMAN] and the Senator from Iowa [Mr. BROOKHART.]

The result was announced—yeas 4, nays 76, as follows:

YEAS—4

Dill	Fletcher	Long	Trammell

NAYS—76

Ashurst	Couzens	Johnson	Robinson, Ind.
Austin	Cutting	Kendrick	Schall
Bailey	Davis	Keyes	Sheppard
Barbour	Dickinson	King	Shipstead
Barkley	Fess	La Follette	Shortridge
Blaine	Frazier	Lewis	Smith
Borah	George	Logan	Smoot
Bratton	Glenn	McGill	Steiwer
Broussard	Goldsborough	Metcalf	Stephens
Bulkley	Gore	Morrison	Thomas, Idaho
Byrnes	Hale	Moses	Thomas, Okla.
Capper	Harrison	Neely	Tydings
Caraway	Hastings	Norbeck	Vandenberg
Carey	Hatfield	Norris	Wagner
Cohen	Hawes	Nye	Walcott
Connally	Hayden	Oddie	Walsh, Mass.
Coolidge	Hebert	Pittman	Watson
Copeland	Howell	Reed	Wheeler
Costigan	Hull	Robinson, Ark.	White

NOT VOTING—16

Bankhead	Bulow	Kean	Swanson
Bingham	Dale	McKellar	Townsend
Black	Glass	McNary	Walsh, Mont.
Brookhart	Jones	Patterson	Waterman

So the amendment of Mr. TRAMMELL to the amendment of Mr. COUZENS was rejected.

Mr. LONG. Mr. President, I take it that this vote clarifies the remarks of the Senator from Utah [Mr. SMOOT] and the Senator from Arkansas [Mr. ROBINSON] and the Senator from Mississippi [Mr. HARRISON]. I suppose the distinguished gentlemen who voted against excepting from the amendment of the Senator from Michigan [Mr. COUZENS] incomes up to $5,000 intended by their vote to clarify any misgivings that may have been had as to whether this would be an imposition upon men of moderate means.

Mr. HARRISON. Mr. President——

The VICE PRESIDENT. Does the Senator from Louisiana yield to the Senator from Mississippi?

Mr. LONG. I yield.

Mr. HARRISON. I will say to the Senator from Louisiana that the reason why I voted against it was because I was trying to carry out the wishes of the Senator from Louisiana and the Senator from Nebraska [Mr. NORRIS] that we would get a straight vote on the Couzens amendment. That is what prompted me to vote against the amendment of the Senator from Florida.

Mr. LONG. That may have been the Senator's reason, but the facts of the case are that I find myself, I think, reading mere words and figures from which there can be no human misconception that the Senator from Mississippi, I feel, and no doubt other Senators who have voted as he has voted, have seen some reason for changing their minds. The Couzens amendment, which simply proposes to put an income tax more or less upon the people earning incomes, has been opposed by the remarks of the Senator from Mississippi [Mr. HARRISON], the Senator from Arkansas [Mr. ROBINSON], the Senator from Utah [Mr. SMOOT], and the Senator from Pennsylvania [Mr. REED]. I believe the distinguished Senator from Pennsylvania brought out the fact that it would impose these enormous increased income taxes upon men with small incomes. Now, when the Senator from Florida [Mr. TRAMMELL] offers an amendment proposing to rescue the men with incomes of less than $5,000, following the advice I understood to have been given by the Senator from Utah [Mr. SMOOT] and his cohorts, we find that we have an amendment against which they themselves have voted.

So now there is no fog in this matter. It is simply a proposition of whether or not wealth is to be taxed, incomes are to be taxed, and if a tax is going to be levied upon the men who are making money in the United States to-day in proportion to what they are earning. That is the only issue now before the Senate. The solicitude which might have been expressed by Mr. Mills for the poor man apparently finds very little support here in this body, so that the proposal of the Senator from Michigan certainly ought not to leave any one with any misunderstanding. It is simply whether we are going to resort to a sales tax and place the burden of collecting the funds to support the Government upon the masses to bear, or whether or not we are going to allow the Government to be supported by the people who are earning the incomes. Now that these distinguished Senators have had presented to them and been given an opportunity to vote upon a proposal to except the little man, and apparently have decided not to except him, inasmuch as that is the one provision they have urged, they should see fit to support the Couzens amendment, which carries with it income taxes on the people who are earning the money in this country.

Mr. ROBINSON of Arkansas. Mr. President, it is mysterious how difficult it is for some to grasp the real issue in a proposition when it is presented. The Senator from Michigan [Mr. COUZENS] has offered a carefully framed plan for the purpose of imposing the revenue-bearing obligations principally upon income, and his plan necessarily recognizes the fact that if it is to be carried out there must be substantial increases on the smaller incomes.

Think for a moment what would happen to the plan of the Senator from Michigan if we struck from it the provision which contemplates heavy increases on the smaller incomes. Everyone here knows that the greater amount of the revenues to be raised by the plan comes in the aggregate from the lower brackets. If we strike out the proposal of the Senator from Michigan, or modify it so that only low rates would be imposed on the smaller incomes and the higher rates be carried into effect on the large incomes, the total amount of revenue raised by the plan would be comparatively small. The real test here, of course, is between the two plans, that reported by the Finance Committee and the plan offered by the Senator from Michigan. If we take most of the revenue out of the plan of the Senator from Michigan, the Senator from Michigan himself would not be for it. I see he nods his head in approval of my statement. The fair thing to do is to meet the test between the two plans, and that is what will be done as the result of the vote just taken.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Michigan, on which the yeas and nays have been ordered. The Secretary will call the roll.

The Chief Clerk proceeded to call the roll.

Mr. BANKHEAD (when his name was called). I have a pair with the senior Senator from Vermont [Mr. DALE], and therefore withhold my vote. If permitted to vote, I should vote "yea."

Mr. BINGHAM (when his name was called). I have a general pair with the junior Senator from Virginia [Mr. GLASS]. If he were present, I understand he would vote "yea." If I were permitted to vote, I should vote "nay."

Mr. BULOW (when his name was called). I have a pair with the senior Senator from New Jersey [Mr. KEAN]. I am informed that if he were present he would vote "nay." I withhold my vote. If permitted to vote, I should vote "yea."

Mr. JONES (when his name was called). I make the same announcement as before with reference to my pair, and will withhold my vote. If at liberty to vote, I should vote "yea."

Mr. MCNARY (when his name was called). On this question I have a pair with the senior Senator from Alabama [Mr. BLACK]. If he were present, he would vote "yea." If I were permitted to vote, I should vote "nay."

Mr. WALSH of Montana (when his name was called). As heretofore announced, I am paired on this question with the Senator from Missouri [Mr. PATTERSON]. In his absence

I withhold my vote. If I were permitted to vote, I should vote "yea."

The roll call was concluded.

Mr. DICKINSON. I desire to announce the pair of the Senator from Colorado [Mr. WATERMAN] with the Senator from Iowa [Mr. BROOKHART]. My understanding is that if the Senator from Colorado were present he would vote "nay," and if the Senator from Iowa were present he would vote "yea."

Mr. COUZENS (after having voted in the affirmative). I desire to change my vote from "yea" to "nay" for the purpose of filing a motion to reconsider.

Mr. HASTINGS. I desire to announce that my colleague [Mr. TOWNSEND] is paired with the senior Senator from Tennessee [Mr. MCKELLAR].

Mr. SHEPPARD. I desire to announce that the senior Senator from Alabama [Mr. BLACK], the senior Senator from Virginia [Mr. SWANSON], and the junior Senator from Virginia [Mr. GLASS] are necessarily absent, being out of the city.

The result was announced—yeas 31, nays, 49, as follows:

YEAS—31

Blaine	Cutting	McGill	Sheppard
Borah	Dill	Neely	Shipstead
Bulkley	Fletcher	Norbeck	Thomas, Idaho
Capper	Frazier	Norris	Thomas, Okla.
Caraway	Howell	Nye	Trammell
Cohen	Johnson	Pittman	Vandenberg
Connally	La Follette	Robinson, Ind.	Wheeler
Costigan	Long	Schall	

NAYS—49

Ashurst	Dickinson	Hull	Smith
Austin	Fess	Kendrick	Smoot
Bailey	George	Keyes	Steiwer
Barbour	Glenn	King	Stephens
Barkley	Goldsborough	Lewis	Tydings
Bratton	Gore	Logan	Wagner
Broussard	Hale	Metcalf	Walcott
Byrnes	Harrison	Morrison	Walsh, Mass.
Carey	Hastings	Moses	Watson
Coolidge	Hatfield	Oddie	White
Copeland	Hawes	Reed	
Couzens	Hayden	Robinson, Ark.	
Davis	Hebert	Shortridge	

NOT VOTING—16

Bankhead	Bulow	Kean	Swanson
Bingham	Dale	McKellar	Townsend
Black	Glass	McNary	Walsh, Mont.
Brookhart	Jones	Patterson	Waterman

So Mr. COUZENS's amendment was rejected.

Mr. CONNALLY. Mr. President, I desire to propound a parliamentary inquiry.

The VICE PRESIDENT. The Senator will state it.

Mr. CONNALLY. I have pending an amendment which proposes to amend not simply the Senate committee amendment but also portions of the House text. It is all comprehended in one amendment.

The VICE PRESIDENT. In the opinion of the Chair, the amendment will be in order.

Mr. CONNALLY. Mr. President, later, after the Senate completes the committee amendments, would my amendment then be in order? I do not desire to urge it now. If it is in order, I prefer to wait until a later time.

The VICE PRESIDENT. It would be in order if it proposes to strike out more than merely the Senate committee amendment. The Chair understands it proposes to strike out portions of the House text?

Mr. CONNALLY. It proposes to strike out portions of the House text and portions of the Senate committee amendment which probably will be adopted.

The VICE PRESIDENT. The Chair is of the opinion that the amendment would be in order.

Mr. CONNALLY. I will say to Senators that my amendment proposes the relevying of the 1922 tax rates as revealed on the chart hanging on the wall. In view of the vote which has just been cast, I think that after the Senate mulls over a lot of the objectionable excise taxes a little later in the bill it will be more in a frame of mind than it is at present to embrace my amendment. Therefore, I shall withhold pressing the amendment at this time, with the understanding that we will have an opportunity to return to it a little later in the consideration of the bill.

Mr. VANDENBERG. Mr. President, will the Senator yield for a question?

The VICE PRESIDENT. Does the Senator from Texas yield to the Senator from Michigan?

Mr. CONNALLY. I yield.

Mr. VANDENBERG. Let me ask the Senator, before he lays the amendment aside, what revenue the 1922 rates would produce?

Mr. CONNALLY. They would produce something like $125,000,000 more than would be produced by the bill as reported by the committee.

Mr. VANDENBERG. Is that a Treasury estimate?

Mr. CONNALLY. It is the estimate of the joint committee on taxation, which I regard as much more reliable and dependable than the estimate of the Treasury.

Mr. VANDENBERG. Has the Treasury made an estimate?

Mr. CONNALLY. I do not know that the Treasury has. I will say that this is the amendment which was adopted by the Finance Committee just before it got ready to report the bill and which was taken out of the bill because of the insistence of the Secretary of the Treasury, Mr. Mills, the following morning. The estimates are that it will raise about $125,000,000 more than the provisions of the bill as reported by the Senate committee.

Mr. SMOOT. Mr. President——

The VICE PRESIDENT. Does the Senator from Texas yield to the Senator from Utah?

Mr. CONNALLY. I yield.

Mr. SMOOT. The Treasury Department estimates that it will raise $100,000,000 more.

Mr. CONNALLY. The Treasury, I will say to the Senator from Michigan, according to the Senator from Utah, estimates that it will raise $100,000,000.

Mr. NORRIS. When was the estimate made? The hearings upon the bill ran for several weeks, and I should like to get the date so as to form a correct idea as to whether the estimate ought to be accepted and whether it is reliable or not.

Mr. MOSES. Mr. President, I wish to propound a parliamentary inquiry.

Mr. CONNALLY. I yield to the Senator for that purpose.

Mr. MOSES. If we now proceed in an orderly fashion and agree to the amendment proposed by the committee, the Senator from Texas will not be in a position to offer the amendment which he has in mind unless he completely recasts its form. He can not then offer an amendment which affects the committee amendment as agreed to by the Senate. Is not that the fact?

The VICE PRESIDENT. The Chair is of the opinion that if the amendment covers more than the committee amendment, if it covers an additional part of the House text, it is in order.

Mr. MOSES. Regardless of the time when it is offered?

The VICE PRESIDENT. Regardless of the time when it is offered.

Mr. MOSES. I have grave doubt of that, Mr. President.

The VICE PRESIDENT. The Chair has not looked up the point, but, offhand, that is his opinion.

Mr. CONNALLY. Mr. President, can either the President of the Senate or the President pro tempore give any assurance as to which will be in the chair when my amendment comes up? [Laughter.]

Mr. MOSES. I think, Mr. President, that both of us can assure the Senator from Texas that we will have agreed upon a ruling before that time comes.

Mr. FLETCHER. Had not the Senator from Texas better change the form of his amendment?

Mr. CONNALLY. I offer the amendment at this time and ask unanimous consent that it may be laid aside for the present.

Mr. MOSES. In that event the committee amendment will also have to be laid aside.

Mr. CONNALLY. The Senate may consent to lay aside the whole income-tax schedule for the present.

Mr. SMOOT. Mr. President, I think unanimous consent can be obtained to lay aside the whole income-tax schedule for the present.

Mr. CONNALLY. Well, the object of my inquiry was to try to determine the question. Now, rather than to wait, as suggested by the President pro tempore of the Senate, and have it decided after it is too late——

Mr. SMOOT. Mr. President, why can not the Senator ask to have the amendment considered right now?

Mr. CONNALLY. The Senator from Texas can ask to have it considered right now, but the Senator knows that from the temper of the Senate, in view of the last vote, that it is in no mind really to consider my amendment on its merits.

Mr. SMOOT. I think the Senate is.

Mr. CONNALLY. But after the Senate has followed the Senator from Utah around over this Chamber on these excise taxes and has had its patience galled and worn threadbare, it will be ready to go back and raise $125,000,000 under this amendment, which will hurt nobody, which will not hurt productive business or unproductive business, for that matter, but will save the imposition of a great many annoying and obnoxious taxes.

Mr. SMOOT. If the Senator's statement is correct, it seems to me we ought to decide this question now. Then, if the Senator's amendment should be adopted, perhaps the Senator can secure enough votes to take a lot of the other items out of the bill.

Mr. CONNALLY. Mr. President, I will offer my amendment now.

The VICE PRESIDENT. The Senator from Texas offers an amendment, which will be stated.

The CHIEF CLERK. The Senator from Texas offers the following amendment:

On page 9, strike out lines 19 to 25, both inclusive (relating to rates of normal tax on individuals), and insert in lieu thereof the following:

"(a) Four per cent of the first $4,000 of the amount of the net income in excess of the credits against net income provided in section 25; and

"(b) Eight per cent of the remainder of such excess amount."

On page 10, strike out lines 5 to 25, both inclusive, all of pages 11, 12, 13, and 14, and lines 1, 2, and 3 on page 15 (relating to surtax rates on individuals), and insert in lieu thereof the following:

"Upon a net income of $6,000 there shall be no surtax; upon net incomes in excess of $6,000 and not in excess of $10,000, 1 per cent of such excess.

"$40 upon net incomes of $10,000; and upon net incomes in excess of $10,000 and not in excess of $12,000, 2 per cent in addition of such excess.

"$80 upon net incomes of $12,000; and upon net incomes in excess of $12,000 and not in excess of $14,000, 3 per cent in addition of such excess.

"$140 upon net incomes of $14,000; and upon net incomes in excess of $14,000 and not in excess of $16,000, 4 per cent in addition of such excess.

"$220 upon net incomes of $16,000; and upon net incomes in excess of $16,000 and not in excess of $18,000, 5 per cent in addition of such excess.

"$320 upon net incomes of $18,000; and upon net incomes in excess of $18,000 and not in excess of $20,000, 6 per cent in addition of such excess.

"$440 upon net incomes of $20,000; and upon net incomes in excess of $20,000 and not in excess of $22,000, 8 per cent in addition of such excess.

"$600 upon net incomes of $22,000; and upon net incomes in excess of $22,000 and not in excess of $24,000, 9 per cent in addition of such excess.

"$780 upon net incomes of $24,000; and upon net incomes in excess of $24,000 and not in excess of $26,000, 10 per cent in addition of such excess.

"$980 upon net incomes of $26,000; and upon net incomes in excess of $26,000 and not in excess of $28,000, 11 per cent in addition of such excess.

"$1,200 upon net incomes of $28,000; and upon net incomes in excess of $28,000 and not in excess of $30,000, 12 per cent in addition of such excess.

"$1,440 upon net incomes of $30,000; and upon net incomes in excess of $30,000 and not in excess of $32,000, 13 per cent in addition of such excess.

"$1,700 upon net incomes of $32,000; and upon net incomes in excess of $32,000 and not in excess of $36,000, 15 per cent in addition to such excess.

"$2,300 upon net incomes of $36,000; and upon net incomes in excess of $36,000 and not in excess of $38,000, 16 per cent in addition of such excess.

"$2,620 upon net incomes of $38,000; and upon net incomes in excess of $38,000 and not in excess of $40,000, 17 per cent in addition of such excess.

"$2,960 upon net incomes of $40,000; and upon net incomes in excess of $40,000 and not in excess of $42,000, 18 per cent in addition of such excess.

"$3,320 upon net incomes of $42,000; and upon net incomes in excess of $42,000 and not in excess of $44,000, 19 per cent in addition of such excess.

"$3,700 upon net incomes of $44,000; and upon net incomes in excess of $44,000 and not in excess of $46,000, 20 per cent in addition of such excess.

"$4,100 upon net incomes of $46,000; and upon net incomes in excess of $46,000 and not in excess of $48,000, 21 per cent in addition of such excess.

"$4,520 upon net incomes of $48,000; and upon net incomes in excess of $48,000 and not in excess of $50,000, 22 per cent in addition of such excess.

"$4,960 upon net incomes of $50,000; and upon net incomes in excess of $50,000 and not in excess of $52,000, 23 per cent in addition of such excess.

"$5,420 upon net incomes of $52,000; and upon net incomes in excess of $52,000 and not in excess of $54,000, 24 per cent in addition of such excess.

"$5,900 upon net incomes of $54,000; and upon net incomes in excess of $54,000 and not in excess of $56,000, 25 per cent in addition of such excess.

"$6,400 upon net incomes of $56,000; and upon net incomes in excess of $56,000 and not in excess of $58,000, 26 per cent in addition of such excess.

"$6,920 upon net incomes of $58,000; and upon net incomes in excess of $58,000 and not in excess of $60,000, 27 per cent in addition of such excess.

"$7,460 upon net incomes of $60,000; and upon net incomes in excess of $60,000 and not in excess of $62,000, 28 per cent in addition of such excess.

"$8,020 upon net incomes of $62,000; and upon net incomes in excess of $62,000 and not in excess of $64,000, 29 per cent in addition of such excess.

"$8,600 upon net incomes of $64,000; and upon net incomes in excess of $64,000 and not in excess of $66,000, 30 per cent in addition of such excess.

"$9,200 upon net incomes of $66,000; and upon net incomes in excess of $66,000 and not in excess of $68,000, 31 per cent in addition of such excess.

"$9,820 upon net incomes of $68,000; and upon net incomes in excess of $68,000 and not in excess of $70,000, 32 per cent in addition of such excess.

"$10,460 upon net incomes of $70,000; and upon net incomes in excess of $70,000 and not in excess of $72,000, 33 per cent in addition of such excess.

"$11,120 upon net incomes of $72,000; and upon net incomes in excess of $72,000 and not in excess of $74,000, 34 per cent in addition of such excess.

"$11,800 upon net incomes of $74,000; and upon net incomes in excess of $74,000 and not in excess of $76,000, 35 per cent in addition of such excess.

"$12,500 upon net incomes of $76,000; and upon net incomes in excess of $76,000 and not in excess of $78,000, 36 per cent in addition of such excess.

"$13,220 upon net incomes of $78,000; and upon net incomes in excess of $78,000 and not in excess of $80,000, 37 per cent in addition of such excess.

"$13,960 upon net incomes of $80,000; and upon net incomes in excess of $80,000 and not in excess of $82,000, 38 per cent in addition of such excess.

"$14,720 upon net incomes of $82,000; and upon net incomes in excess of $82,000 and not in excess of $84,000, 39 per cent in addition of such excess.

"$15,500 upon net incomes of $84,000; and upon net incomes in excess of $84,000 and not in excess of $86,000, 40 per cent in addition of such excess.

"$16,300 upon net incomes of $86,000; and upon net incomes in excess of $86,000 and not in excess of $88,000, 41 per cent in addition of such excess.

"$17,120 upon net incomes of $88,000; and upon net incomes in excess of $88,000 and not in excess of $90,000, 42 per cent in addition of such excess.

"$17,960 upon net incomes of $90,000; and upon net incomes in excess of $90,000 and not in excess of $92,000, 43 per cent in addition of such excess.

"$18,820 upon net incomes of $92,000; and upon net incomes in excess of $92,000 and not in excess of $94,000, 44 per cent in addition of such excess.

"$19,700 upon net incomes of $94,000; and upon net incomes in excess of $94,000 and not in excess of $96,000, 45 per cent in addition of such excess.

"$20,600 upon net incomes of $96,000; and upon net incomes in excess of $96,000 and not in excess of $98,000, 46 per cent in addition of such excess.

"$21,520 upon net incomes of $98,000; and upon net incomes in excess of $98,000 and not in excess of $100,000, 47 per cent in addition of such excess.

"$22,460 upon net incomes of $100,000; and upon net incomes in excess of $100,000 and not in excess of $150,000, 48 per cent in addition of such excess.

"$46,460 upon net incomes of $150,000; and upon net incomes in excess of $150,000 and not in excess of $200,000, 49 per cent in addition of such excess.

"$70,960 upon net incomes of $200,000; and upon net incomes in excess of $200,000 and not in excess of $300,000, 50 per cent in addition of such excess.

"$120,960 upon net incomes of $300,000; and upon net incomes in excess of $300,000 and not in excess of $400,000, 51 per cent in addition of such excess.

"$171,960 upon net incomes of $400,000; and upon net incomes in excess of $400,000 and not in excess of $500,000, 52 per cent in addition of such excess.

"$223,960 upon net incomes of $500,000; and upon net incomes in excess of $500,000 and not in excess of $750,000, 53 per cent in addition of such excess.

"$356,460 upon net incomes of $750,000; and upon net incomes in excess of $750,000 and not in excess of $1,000,000, 54 per cent in addition of such excess.

"$491,460 upon net incomes of $1,000,000; and upon net incomes in excess of $1,000,000, 55 per cent in addition of such excess."

On page 36, strike out lines 16 to 23, both inclusive, and insert in lieu thereof the following:

"(c) In the case of a single person, a personal exemption of $1,000; or in the case of the head of a family or a married person living with husband or wife, a personal exemption of $2,500, unless the net income is in excess of $5,000, in which case the personal exemption shall be $2,000. A husband and wife living together shall receive but one personal exemption. The amount of such personal exemption shall be $2,500, unless the aggregate net income of such husband and wife is in excess of $5,000, in which case the amount of such personal exemption shall be $2,000. If such husband and wife make separate returns, the personal exemption may be taken by either or divided between them. In no case shall the reduction of the personal exemption from $2,500 to $2,000 operate to increase the tax which would be payable if the exemption were $2,500 by more than the amount of the net income in excess of $5,000."

On page 37, strike out lines 14 to 24, both inclusive, and all of page 38 (being the earned-income provisions).

During the reading of the amendment—

Mr. TYDINGS. Mr. President, evidently nobody is following the Chief Clerk, so, to save time, I move that the rest of the amendment be considered as read.

Mr. KING. No; let it be read.

The VICE PRESIDENT. Is there objection to the request of the Senator from Maryland?

Mr. LONG. I object.

After the reading of the amendment—

The VICE PRESIDENT. The question is on the amendment of the Senator from Texas.

Mr. CONNALLY. Mr. President, in raising the large amount of revenue which it is going to be necessary to raise under this bill I believe it is much sounder policy to raise that revenue out of profits than to undertake to raise it by taxing businesses or enterprises which are not producing profits.

I have proposed an amendment which will increase the revenues over the bill of the Senate committee in a calendar year by $158,000,000. In other words, the rates of normal taxes and surtaxes proposed by my amendment in operation over an entire calendar year would add $158,000,000 to the revenue. For the fiscal year 1933, however, since only six months of that period will be covered, the amendment will raise approximately $113,000,000 more than the Senate Finance Committee bill.

Mr. President and Senators, the Finance Committee of the Senate, after working with this bill for four weeks, adopted the amendment which I now offer. It was adopted late one afternoon because of the imperative necessity of raising $77,000,000 additional to the amount the bill then carried if the Budget was to be balanced. On the following morning the Secretary of the Treasury, Mr. Mills, made a call upon the Finance Committee, and the particular object of his attack was the amendment which I had offered and which had been adopted the night before.

The meeting between the committee and Secretary Mills on that morning resulted in placing the admissions tax, for instance, on admissions from 10 cents up to 45 cents. Theretofore admissions had been taxed only in the case of those costing 45 cents and above; but the Secretary of the Treasury insisted upon taxing all admissions from 45 cents down to 10 cents, and the committee followed him. He also insisted on the bank-check tax. He also insisted on a number of other forms of excise tax. The purpose of the Secretary in urging the adoption of those taxes was to get rid of the income-tax amendment which I had offered and which had been adopted by the committee.

Mr. President, Senators need not become excited about the burdens of the rates proposed in this amendment. In general, they are the same rates that we paid in 1922, with the exception that in 1922 the surtaxes stopped at incomes of $200,000, while in my amendment I have continued to graduate the surtaxes by slow degrees until they reach a rate of 55 per cent on that portion of incomes above $1,000,000.

Mr. VANDENBERG. Mr. President, will the Senator yield for a question?

Mr. CONNALLY. I yield.

Mr. VANDENBERG. I refer again to the chart which is upon the wall. Does the 1922 line upon that chart represent the Senator's amendment in the form in which he has proposed to change the 1922 law, or does it represent the 1922 law without the Senator's change?

Mr. CONNALLY. I shall say to the Senator from Michigan that the chart which I indicate by the pointer illustrates the rates carried in my amendment. The rates are identical with the 1922 rates, except for the fact that the surtaxes stopped in 1922 at $200,000. My amendment carries those surtaxes on to a million dollars, with a maximum rate of 55 per cent on that portion above a million dollars.

Mr. VANDENBERG. And the chart represents the Senator's figures?

Mr. CONNALLY. The chart represents my amendment.

Mr. VANDENBERG. I thank the Senator.

Mr. CONNALLY. Let me illustrate. Under the Senate committee bill, the person with a net income of $3,000 would pay a tax of $4. A tax of $4 on a man with a net income of $3,000 will not pay for the annoyance of filing a return.

Mr. TYDINGS. Mr. President, on the chart it is indicated that a man with that income would pay $20.

Mr. CONNALLY. I am talking about the Senate committee bill. Under the Senate Finance Committee bill a man with an income of $3,000 would pay a tax of only $4. He must keep books all the year, and go to the annoyance of filing a return, and after he has done that, he pays the small sum of $4, which would not compensate the Government for the accounting cost and auditing the return.

Under the amendment which I have offered one with an income of $3,000 would pay $20, not a burdensome tax. With a net income of $3,000, $20 is not a burdensome tax. Under the amendment of the Senator from Michigan, which was defeated, the same income-tax payer would have paid $60, whereas under my amendment he would pay $20.

Under the amendment now pending a $5,000 net income-tax payer would pay only $100, as against $180 under the amendment of the Senator from Michigan, and under the committee bill $56. I submit that a net income of $5,000 is not taxed in a burdensome manner when the taxpayer pays a hundred dollars.

Net income means income after expenses and deductions, other than the $2,500 deduction. On a $3,000 net income the tax would be computed after deducting $2,500. Four per cent on $500 would be $20. When we speak of net income the deductions allowed for married men and single men have not yet been deducted.

In the case of a net income of $10,000, under the amendment of the Senator from Michigan the taxpayer would have paid $830; under my amendment he would pay $520; under the Finance Committee bill only $295.

With a net income of $30,000, under my amendment a man would pay in taxes $3,520, a little more than 10 per cent on a $30,000 income. That is not burdensome; that is not a heavy tax. What man with an income of $30,000, in this period of depression and dire necessity, is unwilling or unable to pay the Federal Government $3,500 in the form of taxes?

Mr. GORE. What would the tax be on such an income under the Senate committee bill?

Mr. CONNALLY. It would be $3,140 against $3,520 under my amendment.

Mr. TYDINGS. The tax under the Senator's amendment would be a little less than $400 more?

Mr. CONNALLY. It would be a little less than $400 more.

Mr. GORE. What would it have been under the Couzens amendment?

Mr. CONNALLY. Forty-nine hundred dollars. With an income of $50,000, under the Couzens amendment a taxpayer would have been taxed $11,030. Under the amendment now pending, offered by me, he would be taxed $8,640. Under the Senate Finance Committee bill the tax would be $8,040.

With an income of $100,000, under the Couzens amendment a taxpayer would have been charged $35,030. Under my amendment he would pay $30,140 and under the Senate committee bill $28,440.

With an income of $200,000, under the Couzens amendment the tax would have been $101,030, under the amendment now pending the tax would be $86,040, and under the pending bill the tax would be $77,940.

I call the attention of the Senate to the fact that under the 1922 act surtaxes were not carried beyond $200,000.

Mr. TYDINGS. Mr. President, will the Senator yield?

Mr. CONNALLY. I yield.

Mr. TYDINGS. Looking at those charts, it appears that the highest income taxes ever levied were in 1918 and that of all the changes made since 1922, the rates in the pending Senate committee bill, now before the Senate, are the highest.

Mr. CONNALLY. They are higher in some cases. In 1924, for instance, the normal tax on an income of $3,000 was $8.

Mr. TYDINGS. That is the only case.

Mr. CONNALLY. Whereas under the Finance Committee bill it is only $4.

Mr. TYDINGS. Except as to the $3,000 item, the pending Senate committee rates are higher than the rates in all other years except 1918, 1919, and 1922?

Mr. CONNALLY. That seems to be correct.

Mr. TYDINGS. That was the point I wanted to make.

Mr. CONNALLY. Let me indicate to the Senate how I have graduated the surtaxes from $200,000 up.

On an income of $500,000, under the 1922 act the revenue was $260,640. My amendment would make it $263,640. But I will say to the Senator from Michigan that I was slightly in error awhile ago, because my rates on the surtaxes are a little higher than they were in 1922, and that accounts for the difference.

On an income of $1,000,000, under the amendment I have offered, a taxpayer would pay $571,140, as against $703,000 under the amendment offered by the Senator from Michigan, and as against $492,940 under the Senate Finance Committee bill.

The surtax graduation, beginning at $200,000, is by slow stages of 1 and 2 per cent at a time, so as to make the increase of the rates gradual rather than sudden, by differentiation of as much as half a million dollars.

Mr. TYDINGS. Then the Senator's amendment would produce, roughly, between $100,000,000 and $120,000,000 a year more revenue than the Senate Finance Committee bill would produce?

Mr. CONNALLY. I shall say to the Senator that I pointed out a few minutes ago that under the amendment offered by me, for a calendar year the increase over the Senate committee bill would be $158,000,000.

Mr. TYDINGS. How much over the bill as it passed the House?

Mr. CONNALLY. The bill as it passed the House and the Senate committee bill differ in all the surtaxes on incomes above $100,000. That would not mean a great amount, only about $30,000,000. The Senate committee bill, in other words, would raise about $30,000,000 annually more than would be raised under the bill as it passed the House.

Mr. President, I now want to call the attention of Members of the Senate, as briefly as I can, to some data and tables in connection with the increase in number of the income-tax payers with large incomes since the war.

It has been said in debate here repeatedly that if these high rates on incomes are put into effect, we shall dry up the sources of capital. An effort has been made to frighten us by the statement that tax-exempt securities will absorb all of the productive capital in case surtax rates are increased.

Mr. President, I hold in my hand a table, which I shall ask to have printed in the RECORD at the conclusion of my remarks.

The PRESIDING OFFICER (Mr. NYE in the chair). Is there objection? The Chair hears none, and it is so ordered.

(See Exhibit A.)

Mr. CONNALLY. Mr. President, from this table the following interesting and somewhat startling facts are made to appear. This is a table showing the number of income-tax payers with incomes from $250,000 up. In 1921 there were 84 taxpayers with incomes from $250,000 to $300,000. In 1922 the number had increased to 210. In 1923 there were 203. In 1924 there were 250. In 1925 there were 537. In 1926 there were 525. In 1927 there were 645. In 1928 there were 963, and in 1929, the last year for which figures are available, we find that there were 954 persons paying taxes on incomes between $250,000 and $300,000 a year.

Mr. President, this large and growing number of income-tax payers in the higher brackets refutes all of these claims that income taxes will either dry up the sources of revenue or drive the taxpayers into tax-exempt securities.

Let me call attention to the rates on incomes between $300,000 and $400,000. In 1921 in the United States there were 98 taxpayers with incomes from three to four hundred thousand dollars. In 1922, the very year when the rates were in effect, at the very time when Senators would have us believe incomes were driven into tax-exempt securities, or else were dried up, instead of there being 98, as there were in 1921, there were 205. Within a single year the number doubled. In 1923 we had 216. In 1924 there were 320. In 1925 they had increased to 562. In 1926 there were 576. In 1927 there were 755. In 1928 we had 1,181 income-tax payers with incomes from $300,000 to $400,000, when in 1921 we only had 98, an increase of 1,000 per cent. In 1929 the number was 1,023. Even during the panic, even during the crash on the stock exchange, the number decreased only from 1,181 to 1,023.

Let us see about the taxpayers with incomes from $400,000 to $500,000. In 1921 there were 64. In 1922 the number had increased to 104. In 1923 there were 111. In 1924 there were 137. In 1925 there were 330. In 1926 there were 316. In 1927 there were 386. In 1928 there were 575. In 1929 there were 618. The number of these large-income taxpayers, regardless of the depression and regardless of hard times, kept mounting and increasing along through the years.

Now I come to those with incomes of $500,000 to $750,000. In 1921 there were 46. In 1922 there were 122. In 1923 there were 103; in 1924, 192; in 1925, 340; in 1926, 146; in 1927, 173; in 1928, 298; and in 1929, 289.

I shall not worry the Senate with a detailed repetition of increases in the various brackets, but let me call attention to the income-tax payers with incomes of $1,000,000 to $1,500,000. In 1921 there were 12; in 1922, 37; in 1923, 39; 1924, 37; 1925, 104; 1926, 117, still increasing and growing; 1927, 138; 1928, 248, almost 100 per cent increase in a single year; and even in 1929, with the depression, there were 234 men in the United States paying taxes on incomes of between $1,000,000 and $1,500,000.

With incomes of $5,000,000 and over in 1921 we had one taxpayer in the United States. In 1922 there were 4, in 1923 there were 4, in 1924 there were 3, in 1925 there were 7, and in 1926 there were 14. In one year the income taxpayers with incomes of $5,000,000 and over had doubled. In 1927 we had 11. In 1928 there were 26, the number having more than doubled in a single year. In 1929, the year of the panic and depression, 38 individuals paid taxes on incomes of $5,000,000 and over.

The table presents some other interesting figures which I should like to submit to the Senate. There are statistics as to the net income of these classes. In 1924 the income

of individuals with incomes of $250,000 and up was $553,000,000. The increase in a single year of those paying income taxes on such incomes in 1925 was from $553,667,070 to $1,236,463,280. In other words, in one year the income of men with incomes of $250,000 and up was doubled. What happened to individuals with incomes below that amount? Did the incomes of people in ordinary circumstances increase in the same ratio? In 1924 the incomes of all others with incomes from $1,000 to $250,000 were only $20,000,000,000. In 1925 it had declined to $16,000,000,000. The small income-tax payers' incomes had declined from $20,000,000,000 to $16,000,000,000 in the entire country, and yet the income-tax payers with incomes of $250,000 and up had more than doubled in amount during that same year.

In 1929 the total income of all men paying income taxes on incomes of $250,000 and up amounted to $2,770,276,000. From 1924 to 1929 the incomes of men above $250,000 increased four times, whereas all other income-tax payers had a decline in their incomes from $20,000,000,000 in 1924 to $17,000,000,000 in 1929.

Mr. President, these figures bring graphically to the mind of the man who studies them the fact that the great fortunes, no matter how we tax them, the number of people in the United States with great fortunes and enormous incomes increase inversely as the wealth and the income of the great masses decrease. So, Mr. President, I submit this amendment in the confident belief that it will produce something like $125,000,000 more revenue than is provided for by the Finance Committee bill and at the same time it will place that burden where it can best be borne. Under these rates, if an individual does not have a profit, if he does not receive an income, the tax gatherer will not lay his hand upon him. But if he has profits, if he has income, he can pay the tax without suffering and without sacrifice.

Mr. President, whenever we levy any kind of a tax we ought always to bear in mind not only the question of securing revenue, but we have the right to bear in mind the economic effect of the particular tax which we are considering. These income-tax rates not only have the effect of securing the necessary revenue, but they have an economic aspect of discouraging the building up of these gigantic fortunes, which all of us will admit do not contribute to the economic independence or the economic freedom of our people.

In this bill the Senate is going to be presented with the alternative of taxing productive sources in the form of incomes and profits or of taxing the necessities of the people. The bill carries a burdensome tax on bank checks. All will agree that a tax upon bank checks, however necessary it may be, if we decide to levy it, has a tendency to withdraw money from the banks. We know from past experience during the Spanish-American War that it is an irritating tax, a tax which the bankers and their customers all oppose.

The measure carries in addition increased rates on first-class postage. Every letter will bear a 50 per cent increase in the tariff which it will pay. Amusements, which are perhaps more necessary to the people with distracted minds and fevered imaginations during these depressing times than they would be during ordinary times, are to be taxed because the Secretary of the Treasury before our committee laid down the principle that a man who is able to go to a picture show has an income of some kind. While the Secretary of the Treasury was urging that admission taxes upon admissions as low as 10 cents should be levied on the theory that the man who is able to go to a picture show has an income, he was protesting against the income-tax amendment which is now before the Senate.

Mr. President, the necessity of the Congress is to secure $1,000,000,000 more revenue. The Finance Committee, after a month of deliberation, had searched out practically every available source of new revenue, and when it came to the end of its deliberations we still needed nearly $100,000,000 to balance the Budget. The committee turned to the amendment now pending and adopted it. It adopted it on the theory that these rates had been in effect in 1922, that the country had lived under them, that the country had paid them, and that at this time it could bear them again, that it could better bear them than it could bear a number of the other irritating and obnoxious excise taxes.

The act of 1922 approved by the Secretary of the Treasury, Mr. Mellon, stopped at $200,000 and did not carry the surtaxes in graduated form any further. My amendment gradually increases those rates until a man with an income of $1,000,000 or more will pay 55 per cent on that portion of his income above $1,000,000. Lest some Senator become afraid that these rates will be oppressive, I want to invite the attention of the Senate to the fact that the average rate, not the extreme rate, but the average rate on the taxpayer's entire income is very much lower than would appear from hasty consideration.

In the case of taxpayers with incomes of $250,000 and up in 1920 they paid an average of 56.13 per cent; in 1921 they paid an average of 56.40 per cent; in 1922—and the figures for that year are comparable to those which would obtain under my amendment—men with incomes of $250,000 and up only paid 35.85 per cent of their income in taxes. So do not be frightened with the 55 per cent extreme surtax. That is levied only in the case of incomes above $1,000,000, and only on the excess. In the case of incomes below a million dollars the taxpayer pays rates beginning at a very small figure, so that the average rate is only 35 per cent of the entire income of all who pay income taxes on incomes above $250,000. In 1930 such a taxpayer paid only 16.63 per cent of his entire income. He paid about the same rates a corporation will pay under this bill. We propose to tax the corporation 14 per cent on its income. The men with tremendous incomes, running up into the millions, only paid in 1930 16.63 per cent of their entire income in the form of taxes. So do not be alarmed.

Mr. President, if the Senate wants a fruitful field from which revenue may be recruited I submit this amendment. The experts estimate that for the calendar year it will raise $158,000,000 more than will be raised by the bill as reported by the Senate committee, and that for the first six months of the fiscal year 1933 it will raise $123,000,000 more than will be raised by the bill reported by the Finance Committee. These rates are not oppressive when it is remembered that the average percentage of tax on income in all the higher brackets is only 35 per cent of the total income.

Mr. KING. Mr. President, will the Senator yield?

Mr. CONNALLY. I yield.

Mr. KING. I am not sure that I understood the last observation of the Senator. If I did, then it would be erroneous to assume that the tax in the highest bracket indicated on the chart to which the Senator has called attention would not be approximately $550,000, because that would be more than 35 per cent.

Mr. CONNALLY. That is explained to the Senator when I remind him that I was citing the average of the entire number and not the tax paid by particular individuals. What I said was that the total of all incomes above $250,000, all of them considered in one group, only paid 35 per cent of their total income. Of course, some of them pay less than 35 per cent, and some of them pay more than 35 per cent, as is indicated on the chart. This particular one [indicating on the chart] would pay 55 per cent, but the lower ones would pull the average down until the average tax of the taxpayer having an income of $250,000 would be 35 per cent of his total income.

Mr. KING. But, Mr. President, all income-tax payers whose income exceeds $1,000,000 would pay the five hundred and fifty and odd thousand dollars indicated on the chart.

Mr. CONNALLY. That is correct.

Mr. NORRIS. Mr. President, I hope the Senator will permit an interruption there.

Mr. CONNALLY. Certainly.

Mr. NORRIS. I think the Senator from Texas and the Senator from Utah both are wrong there. The taxpayer would pay the rate of 55 per cent only on the excess of his income above a million dollars. That would mean that the

average rate he paid on his income, of course, would be much less than that.

Mr. CONNALLY. But let me say to the Senator that there is a normal rate of 8 per cent on all incomes.

Mr. NORRIS. Yes.

Mr. CONNALLY. So it happens that in the case of a man with an income of a million dollars, when he has counted his normal rates all the way up to the surtaxes which are gradually increased, he has to pay on a million dollars $550,000.

Mr. NORRIS. That is right.

Mr. CONNALLY. On income above that he would pay 55 per cent plus 8 per cent normal tax.

Mr. NORRIS. Yes; that is right.

Mr. CONNALLY. So he would pay 63 per cent, instead of 55 per cent, on all over a million dollars of income.

Mr. NORRIS. But the point I want to make—and I think thing there is a misapprehension, or I would not have interrupted—is that $550,640 would be what he would pay on a million dollars of income; but his rate of taxation for his entire income on a percentage basis would be less than the percentage basis given, because all the way down the rate of taxation is less and the percentage he pays is less.

Mr. CONNALLY. The Senator is not quite right, and I will show him why. I tried to point it out a while ago. As I said, one can not estimate that the whole tax is 55 per cent.

Mr. NORRIS. That is the only point I want to make.

Mr. CONNALLY. Very well. But it happens that in the case of a man with an income of more than $1,000,000 he is paying not 55 per cent but 63 per cent, because there is added 8 per cent. In the case of an income of $1,000,000 it just so happens that the figures are $550,000, because the rate is about 62 per cent, but a man with an income of $30,000, for instance, would pay only 15 per cent of his income; a man with an income of $200,000 would only pay 43 per cent of his income. However, it happens that the man who has more than a $1,000,000 income does pay 55 per cent of that $1,000,000, but he is paying not on a 55 per cent basis but on a 63 per cent basis on all above a million, because added to the 55 per cent surtax is 8 per cent normal tax. Of course, the average rate is not ever as high as the highest surtax. The point the Senator from Nebraska was trying to make, and did make very clearly, is that the rate of tax on an income is never as high as the highest bracket.

Mr. NORRIS. That is right.

Mr. CONNALLY. That is the point and that is correct. But the highest bracket in this particular case instead of being 55 per cent is 63 per cent, and that explains the seeming error.

Mr. KING. Mr. President, will the Senator yield?

Mr. CONNALLY. I yield.

Mr. KING. Then the Senator from Utah was not in error in stating that the figures in the chart shown upon the wall, to which the Senator from Texas called our attention, which show a tax of $550,640 upon an income of $1,000,000 were wrong?

Mr. CONNALLY. The Senator from Utah is absolutely correct in the statement that the man with an income of $1,000,000, according to our estimates, must pay $550,000. However, the Senator from Utah asked me the question seemingly to contradict my statement that the average rate was only 35 per cent. What I said was that the average tax on all taxpayers who paid on incomes of $250,000 and above, all grouped together in one group, was 35 per cent of the income.

If the average is 35 per cent it necessarily follows that somebody is paying more than 35 per cent and that somebody else is paying less than 35 per cent, or else there could not be an average, of course, of 35 per cent of the income.

Mr. President, if there is any other question, I shall be glad to answer it. If not——

Mr. NORRIS. Mr. President, I should like to ask the Senator a question or two.

Mr. CONNALLY. I shall be glad to answer the Senator, if I can.

Mr. NORRIS. The amendment which the Senator is advocating was the one agreed to by the Finance Committee, was it not?

Mr. CONNALLY. I shall say to the Senator from Nebraska that he is correct; it was.

Mr. NORRIS. What was the vote in the committee, if the Senator can give it?

Mr. CONNALLY. I can not tell the Senator exactly.

Mr. COUZENS. The vote was 11 to 7.

Mr. CONNALLY. I believe it was 11 to 7; at any rate, it was a decisive vote.

Mr. NORRIS. When did the committee experience a change of heart?

Mr. CONNALLY. The committee did not experience a change of heart; it experienced a change of head.

Mr. NORRIS. When did the committee experience "a change of head," and why?

Mr. CONNALLY. Mr. Mills, the Secretary of the Treasury, came to the Finance Committee one morning in great agitation and perturbation and leveled an attack on what the committee had done the night before in adopting the schedule provided in this amendment. Mr. Mills came in just like a litigant who wants to compromise a suit and who is perfectly willing to compromise it if you will give him a judgment. Mr. Mills submitted a measure of compromise and asked the committee to accept his suggestion as a compromise bill. One of the conditions of his compromise was that the committee should reverse its action in adopting this amendment and go back to the provisions the Senate committee originally incorporated in the bill. Another feature of his compromise was that we should tax admissions from 10 cents up; that we should tax bank checks; and that we should put a tax on rubber.

Mr. NORRIS. I am wondering if that is the time when the newspapers announced that Mr. Mills had gone before the committee and lashed them right and left; that they had submitted to the chastisement and humbly and meekly had gone back to the place where he thought they ought to go.

Mr. CONNALLY. Let me say to the Senator that newspapers, many of them, are just like individuals. Of course, the newspaper is a mechanical contrivance; but it is animated by men, and among some newspapers there are those who fawn before power and before influence just as many individuals do. So when Mr. Mills came before the Senate Finance Committee—I hope I am not revealing any secret——

Mr. NORRIS. Oh, no; I do not think so.

Mr. CONNALLY. I hope I am not revealing any secret or violating any canons of ethics. The Senator from Utah is here, and if I do he will correct me.

Mr. SMOOT. I do not think the Senator from Texas will do so. Mr. Mills has no objection to the country knowing what his recommendations were.

Mr. CONNALLY. I say I do not want to violate any ethical considerations. I am a new member of the Senate Finance Committee and not thoroughly initiated into all its practices.

Mr. NORRIS. I have not been here very long, either, and I would not like to mislead the Senator and cause him to do something that was discourteous, of course, or violative of any rule. But I think the country ought to know the facts. Here is the great Finance Committee, which I can prove by members of the committee is the greatest committee of the Senate. They announced on a certain day—publicly announced—what they had agreed to. I am referring to the Senator's own amendment. After that announcement a good many of us who wanted to tax big incomes felt a sort of relief from the strain under which we had been suffering. The next day, however, we read how the members of the committee had been whipped and thrashed and driven around unmercifully and that they had meekly and humbly submitted to the direction of this great man who came in there. I want to know whether that is true or not?

Mr. CONNALLY. I shall enlighten the Senator in so far as I am able to do so.

A good many motives were actuating the Finance Committee. Some of the members acted from one motive, probably, and some from another. Mr. Mills did come before the committee. He did strongly and vigorously insist that this income-tax amendment ought to come out of the bill. Like the Senator from Pennsylvania [Mr. REED], he held up before the Finance Committee this bugaboo about driving all of the productive capital of the country into tax-exempt securities if we taxed the large incomes heavily through surtaxes. He said that it would have the effect of drying up the sources of capital investment, and that it would retard rather than bring back prosperity and business activity. Frankly, so far as I could see, he was more concerned in getting rid of this particular amendment than he was in anything else.

I think it is due the Senate committee to refute and deny the statements carried in many of the papers that the Senate committee was swept off its feet and was dazed and was thrown into chaos by Mr. Mills. That was not the effect at all. We had worked for a month. Many Senators were weary. The administration, through its Secretary of the Treasury, was insisting that the bill should be in this form; and most of the Senate committee members said, "Well, if the Treasury and the administration are going to insist on having the bill in this particular form, we are willing to let them take the bill. Nobody likes it. Nobody wants it. It is a makeshift and a hodgepodge of divergent views, born of the necessity of laying heavy taxes and getting the money." I think the committee as a whole took the view that if Mr. Mills wanted to father this bill, if the President over yonder in the White House wanted to father this bill and adopt it as an administration measure, the Senate committee was willing for the administration to take the responsibility.

Mr. NORRIS. Mr. President——

Mr. CONNALLY. Let me say to the Senator, however, before I yield to him that I, for one, was not willing to lay down my responsibility and shift that responsibility to the administration. I voted against what is known as the Mills compromise for that reason; but I attach no blame to the Senate committee. I think the members of the committee were actuated by the highest motives. I think they thought it was the best thing to do. I think they thought that if the Senate committee was to stand up for its own views and its own convictions it would be in a fight with the Treasury Department and with the administration; that delay might ensue and that the President—as seems to be his wont—would probably open up on the Congress, and particularly on the Senate, as delaying recovery, and try to array the country against the Congress and make the country think that the President was the only savior and the only hope for salvation of the country.

I think that kind of a mental attitude actuated the members of the Senate committee, and they said, "Well, Mr. Mills, if you have just got to have the bill this way, take it; and we reserve the right, when the bill gets into the Senate, to vote as we please."

Mr. NORRIS. Mr. President, of course, I do not insinuate that any member of the committee was moved by anything but what he considered the highest of motives. I have not said anything and I do not intend to say anything that would intimate that; but I was anxious to know how many men were whipped into line, and I should like to have the Senator tell us what the vote was when they voted the next day after the committee had received that lecture from the Secretary of the Treasury. Was the Senator the only man on the committee who held out for his convictions?

Mr. CONNALLY. Oh, no; there were four. I am not going to be led by the Senator from Nebraska into making any reflection upon the motives of the other members of the committee. I have already said to the Senator from Nebraska that I did not believe that any of the members of the committee—of the minority, especially—were whipped into line or were bulldozed by the Secretary of the Treasury.

Mr. NORRIS. Then they just thought his argument was good or was convincing?

Mr. CONNALLY. I must decline to interpret the motives of members of the committee. I am not a mind reader; I am not a soothsayer; and I refuse to let the Senator put into my mouth any imputation as against other members of the committee.

Mr. NORRIS. If the Senator will permit me, if Mr. Mills convinced anyone that he was wrong, I think it was perfectly honorable and proper that he should, of course, vote his sentiments. It is no reflection on him to have done so.

Mr. CONNALLY. I want to say, in justice to the committee, that there were several members of the committee who voted for my amendment the night before who did not really favor the amendment, but were driven to vote for it because of the necessity of getting $77,000,000, which was not then in the bill; and they thought that if we had to get it somewhere, my amendment was the best way of getting it. I think the members of the committee will bear me out in that statement.

The Senator from Nebraska, however, is a party man. When a Secretary of the Treasury of the administration, representing the President, comes into a committee room and insists to Senators in charge of legislation—the majority, the Republican majority—that such-and-such is the recommendation of the Treasury and of the White House, can not the Senator from Nebraska understand how that sort of an appeal would have a tremendous effect on party men?

Mr. NORRIS. Why, certainly I can understand that. I know that would have a wonderful effect on me, for instance, as the Senator says. [Laughter.]

Mr. CONNALLY. No; I did not mean that.

Mr. NORRIS. And I have not any doubt but that the party man would be justified in following his leader, right or wrong.

Mr. CONNALLY. I did not mean that with reference to the Senator, because he is not a member of the committee. I am talking about men who were on that committee, and who are party men, and who are administration followers. When the Secretary of the Treasury comes in and makes an appeal, and says, "The administration"—which means the President—"wants this bill, and wants it now," can not the Senator understand how that sort of an appeal would make Senators do things that perhaps they did not really want to do?

Mr. NORRIS. Does the Senator want me to answer his question?

Mr. CONNALLY. No.

Mr. NORRIS. Then I will not answer it.

Mr. CONNALLY. It is not necessary to answer it. The Senator knows that.

Mr. NORRIS. The Senator has asked me a question. Does he yield in order that I may answer it?

Mr. CONNALLY. I am glad to have the Senator answer it.

Mr. NORRIS. I think I do understand that. I will say "Yes." For instance, when there was a Democratic administration I have seen so many Democrats experience a change of heart from one evening, when a committee met, to the next morning, when they got instructions; and I am not surprised that that should happen in the Republican Party.

Mr. CONNALLY. Why, to be sure. The Senator from Texas was not trying to indicate that it would be any more influential with Republicans than with Democrats, because the same motives operate on men's minds pretty much in the same way all the time, regardless of the party to which they belong. I only suggested the particular case because that happened to be the fact for the moment; and, frankly, I think some of the minority voted as they did, as I suggested a little while ago, because they were glad to have the administration take the thing and assume responsibility for it. I think the Senator from Michigan will bear me out in that statement.

Mr. COUZENS. I can verify that; yes.

Mr. CONNALLY. I have a good witness, Mr. President. The Senator from Michigan is almost as close to the administration as the Senator from Nebraska. [Laughter.]

Mr. NORRIS. I hope the Senator will not make any invidious comparison of that kind. I did not know that there was anybody who was in the same class when it came to being close to the administration.

Mr. CONNALLY. Mr. President, in conclusion I want to suggest that when it comes to levying taxes at any time, whether in normal times or in times of depression, the soundest method of securing revenue is to tax profits, to tax those who are making money, not those who are losing money. If Senators could have sat in the Finance Committee, as we did for two long weeks, and had heard the army of witnesses who appeared before that committee, they would have been astounded at the story of business disaster and business fear and business hardship which they related. Practically every excise tax that is imposed by this bill was denounced by those whom it affected as being ruinous to their business. They cited us statistics to show where they had sustained losses. They showed us where the imposition of these taxes would hinder, hamper, and in many cases ruin their business.

If we want business recovery to come about, if we want prosperity here again, we ought to place whatever taxes are levied by this bill where they can be most easily borne. Where is that? I submit that profits can more easily bear the burden of taxation than any other source whatever. If a man makes money, if he has an actual income, he can pay a tax without any hardship, without any suffering. His business will not be injured, because he already has an exemption. He is allowed his deductions, and he pays only on the portion over and above those deductions.

I submit the proposition—academic, it is true—that there is not a fairer or a more just tax under any flag than an income tax, a tax on profits, a tax on earnings. This particular measure undertakes to balance those rates in such a way as to spread them over the entire income tax-paying group. My amendment lowers the exemption to a thousand dollars in the case of unmarried men and $2,000 for married men, with this exception: If the income is less than $5,000, the exemption is $2,500. If the income is $5,000 or over, the married man has an exemption of only $2,000.

The amendment which I propose abolishes for the time being the earned-income allowance, because that was the case in 1922; and I undertook to revive the 1922 rates just as they were administered under the law at that time because of the experience of the Treasury, because of the well-known rulings and established customs of the Treasury in administering that law; and it will be much easier for the Treasury to administer this law under the same rules and regulations.

I increase the surtaxes, which did not go further than $200,000 in 1922. If Senators will read my amendment, they will see that I graduate those rates by 1 per cent and by 2 per cent until we reach a maximum of $1,000,000, and above that amount a rate of 55 per cent. By this amendment the normal rates are changed from those appearing in the bill to 4 and 8 per cent—4 per cent on the first $4,000 of income and 8 per cent on that above. That is fair, for this reason:

It is not just to increase the surtaxes at high rates unless we are also going to increase the rates on the small taxpayer. It is not fair and it is not just; and I do not want to be in the attitude here of simply baiting the rich. Under my amendment, the man with a net income of $3,000 will pay $20. Under the Senate committee amendment he will pay only $4. I am not afraid to increase the normal rates on the men of small income in this hour of necessity.

The man of small income owes a certain duty to his Government as well as the man with a large income. I want the small income-tax payer to know that I am not afraid to tax him so long as he knows that I am also taxing the man with a big income fairly and in a just relationship to the small income-tax payer. I should be ashamed to stand in my place on this floor and dare to tax the very rich at burdensome rates unless I were willing at the same time to say to the small taxpayer, "You must increase your tax." On the other hand, I should be unjust if I were willing to tax the small taxpayer at an increased rate unless I should also be willing to increase the rates on incomes of large dimensions.

Under the rates which I propose, because of the fact of carrying normal taxes of from 4 to 8 per cent on incomes of from ten to twenty thousand dollars, a large proportion of the revenue—not all of the revenue but much of the $158,000,000 which my amendment will produce—will be from incomes of ten, fifteen, twenty-five, to fifty thousand dollars. In taxing and increasing the rates on those incomes the rates are continued on up to the higher brackets, and the proper relationship is maintained between the small taxpayer and the taxpayer with the very large income.

Mr. President, I believe that the Senate, if it adopts this amendment, may be able to dispense with some of the noxious and odious and objectionable excise taxes carried in the bill. The administration, the Treasury, and all of the public press demand that the Budget be balanced.

Mr. President, the Senate has voted down the war-time rates offered by the Senator from Michigan; but when we get to these excise taxes, we are carrying the war-time rates. We are putting back upon the shoulders of the poor the rates which they bore in 1918, and more than the rates in some cases. In 1918 times were prosperous; labor was busy; labor was receiving higher wages than it had ever received before or has received since; and the taxes in the form of excises on automobiles and movies, postage, and other forms of excise taxes could be borne much more easily by the wage earners and by the farmers and by the men of small income in 1918 than the same taxes can be borne now.

On the other hand, if a man has an income, income taxes are easier to pay now than they were even in 1918, because the dollar of a man with a large income to-day is worth twice what the same dollar was worth in 1918.

Senators may say, "You must not put on these high income taxes now, because in this terrible time of depression you must not put on taxes which approximate the war rate." My answer is that if a man does not have the income, he does not have to pay the tax. The man who has had business losses, the man who has had his earnings wiped out by losses, does not have to pay. But if he has an income, he ought to pay, and he is more able to pay if he, in fact, has an income than he was in 1918, when his dollar was worth only 50 cents compared to what it is worth now.

Mr. President, in view of the statistics and tables which I have submitted to the Senate, the claim of Senators that the imposition of this sort of surtaxes dries up the sources of capital is shown absolutely to be groundless. From 1921 until this very hour the number of millionaires with tremendous incomes has been increasing year by year, year by year, and month by month.

Not alone is that true, but the proportion of the total income of men with incomes of $250,000 and more bore a larger ratio to the incomes of all other individuals in the United States in 1930 and 1929 than at any other time in the history of this Republic. That is going on year after year, and if we do not tax these productive fortunes, if we do not tax the sources of wealth which have within them profits, then the Senate is going to be driven to taxing the necessities of life. We are going to have to tax the men who are not making money, but are losing money. We are going to have to lay the burden upon the backs of the corporations which are not paying dividends, perhaps. We are going to have to lay the heavy load of taxes where it can illy and poorly be borne.

Mr. President, I ask unanimous consent to have printed at the conclusion of my remarks a number of tables which I have submitted.

There being no objection, the matter was ordered to be printed in the RECORD, as follows:

EXHIBIT A

Yearly comparison of taxpayers in income class of $250,000 and up; also showing total taxpayers, income, and tax paid

NUMBER OF TAXPAYERS

Net income class (thousands of dollars)	1917	1918	1919	1920	1921	1922	1923
$250 and under $300	342	247	250	166	84	210	203
$300 and under $400	380	260	285	169	98	205	215
$400 and under $500	179	122	140	70	64	104	111
$500 and under $750	225	132	129	98	46	122	103
$750 and under $1,000	90	46	60	25	17	39	38
$1,000 and under $1,500	67	33	34	19	12	37	39
$1,500 and under $2,000	33	16	13	3		11	12
$2,000 and under $3,000	24	11	7	4	3	10	12
$3,000 and under $4,000	5	4	6	3	5	5	6
$4,000 and under $5,000	8	2					1
$5,000 and over	4	1	5	4	1	4	4
Total taxpayers in above classes	1,357	874	929	561	330	747	745
Taxpayers in class from $1,000 to $250,000	1,590,161	3,391,989	4,230,252	5,517,749	3,589,595	3,680,502	4,269,376
Total taxpayers	1,591,518	3,392,863	4,231,181	5,518,310	3,589,925	3,681,249	4,270,121

Net income class (thousands of dollars)	1924	1925	1926	1927	1928	1929
$250 and under $300	750	537	525	645	963	951
$300 and under $400	720	502	576	755	1,181	1,023
$400 and under $500	137	330	316	386	575	618
$500 and under $750	192	340	325	384	685	687
$750 and under $1,000	50	139	143	173	298	289
$1,000 and under $1,500	37	104	117	128	248	234
$1,500 and under $2,000	13	43	43	56	108	123
$2,000 and under $3,000	15	29	34	55	91	67
$3,000 and under $4,000	4	15	14	22	20	32
$4,000 and under $5,000	3	9	9	8	18	19
$5,000 and over	3	7	14	11	26	38
Total taxpayers in above classes	1,024	2,115	2,116	2,633	4,213	4,084
Taxpayers in class from $1,000 to $250,000	4,488,674	2,499,051	2,468,874	2,438,318	2,518,850	2,453,965
Total taxpayers	4,489,698	2,501,166	2,470,990	2,440,941	2,523,063	2,458,049

NET INCOME

Net income class (thousands of dollars)	1917	1918	1919	1920	1921	1922	1923
$250 and under $300	$83,538,347	$66,955,722	$67,904,435	$45,865,252	$22,827,560	$57,327,824	$55,401,953
$300 and under $400	130,749,858	90,420,665	96,614,153	58,252,657	33,411,137	70,101,094	75,471,811
$400 and under $500	79,155,111	54,124,763	62,456,795	31,060,895	27,931,413	46,570,981	49,097,383
$500 and under $750	136,690,441	80,377,939	76,782,508	58,890,818	28,418,867	74,463,094	62,515,897
$750 and under $1,000	77,940,829	38,697,679	51,507,883	21,072,076	14,361,559	33,202,584	32,531,312
$1,000 and under $1,500	80,413,549	39,243,038	41,668,483	21,983,642	12,844,179	43,021,214	46,811,543
$1,500 and under $2,000	56,286,944	26,878,507	22,106,906	5,087,594		18,559,813	19,963,575
$2,000 and under $3,000	58,724,464	26,777,977	17,579,035	10,863,868	6,449,919	25,025,585	28,172,015
$3,000 and under $4,000	16,898,985	14,130,796	20,670,922	9,218,058	(2)	17,568,043	20,480,040
$4,000 and under $5,000	[1] 37,269,593	30,456,524			[2] 30,117,231	(1)	36,639,702
$5,000 and over	[1] 57,242,379		50,624,899	29,919,977		[1] 37,212,333	
Total income in above classes	849,910,500	468,063,771	507,916,032	292,219,837	176,361,865	423,057,570	427,150,242
Total income in class from $1,000 to $250,000	9,743,076,652	13,324,712,219	17,183,703,628	19,936,739,533	13,233,322,705	14,710,456,869	17,070,234,377
Total taxable income, all classes	10,592,987,152	13,892,775,990	17,691,619,660	20,228,959,375	13,409,684,570	15,133,514,439	17,497,384,619

Net income class (thousands of dollars)	1924	1925	1926	1927	1928	1929
$250 and under $300	$167,981,864	$146,865,250	$143,891,155	$176,842,508	$262,179,027	$260,070,729
$300 and under $400	109,977,527	192,759,080	198,756,733	259,624,653	407,559,097	352,233,963
$400 and under $500	61,271,025	147,014,577	141,457,429	171,497,074	256,341,229	275,994,926
$500 and under $750	115,627,429	207,431,183	194,732,900	228,990,193	412,729,259	418,758,821
$750 and under $1,000	42,834,750	119,936,340	123,148,302	149,167,396	258,132,412	251,118,931
$1,000 and under $1,500	44,166,730	128,442,670	143,321,982	164,637,400	298,896,465	281,434,307
$1,500 and under $2,000	22,219,149	73,216,814	73,421,801	97,049,514	186,776,958	210,984,461
$2,000 and under $3,000	34,873,488	69,015,571	86,278,668	132,044,039	220,095,804	161,871,037
$3,000 and under $4,000	13,449,732	51,004,371	48,360,343	74,835,056	69,502,210	111,518,649
$4,000 and under $5,000	13,310,057	39,394,563	41,335,421	36,523,123	80,232,246	85,646,303
$5,000 and over	27,955,319	61,382,863	101,675,702	95,551,714	253,359,358	360,643,994
Total income in above classes	553,667,070	1,236,463,282	1,296,380,436	1,585,771,668	2,705,804,065	2,770,276,154
Total income in class from $1,000 to $250,000	20,077,730,499	16,234,756,080	15,125,252,036	16,403,293,131	18,325,830,025	17,723,215,239
Total taxable income, all classes	20,631,397,569	17,471,219,362	17,422,632,572	18,090,064,799	21,031,634,090	20,493,491,443

TOTAL TAX PAID

Net income class (thousands of dollars)	1917	1918	1919	1920	1921	1922	1923
$250 and under $300	$19,450,736	$33,241,745	$33,368,467	$22,163,748	$11,072,437	$20,212,095	$13,600,823
$300 and under $400	29,217,575	48,550,892	50,824,129	30,023,022	16,968,240	25,783,460	19,491,005
$400 and under $500	21,010,023	30,613,955	35,206,903	17,020,439	14,891,390	17,704,767	12,260,946
$500 and under $750	36,853,840	47,388,236	44,748,273	32,765,012	15,315,839	26,938,606	16,082,501
$750 and under $1,000	22,495,347	22,445,802	31,479,859	12,875,993	8,796,251	11,620,738	9,415,930
$1,000 and under $1,500	24,170,786	25,068,133	25,513,982	13,753,350	8,063,177	14,775,114	9,734,553
$1,500 and under $2,000	20,291,070	17,783,591	14,750,385	3,055,576		7,116,291	3,560,048
$2,000 and under $3,000	23,633,040	17,247,243	11,555,455	7,152,426	4,239,289	7,370,388	6,021,159
$3,000 and under $4,000	7,495,093	9,119,369	13,905,089	6,037,349	(2)	6,483,705	4,031,143
$4,000 and under $5,000	[1] 14,084,085	19,666,913				(1)	12,441,572
$5,000 and over	[1] 19,750,925		33,301,095	19,186,384	[2] 19,177,260	[1] 13,772,141	
Total tax, above classes	238,452,520	271,125,989	294,672,627	164,033,299	99,463,883	151,777,305	106,556,281
Total tax, classes from $1,000 to $250,000	436,736,930	856,595,846	974,957,477	911,020,387	619,923,223	709,280,003	557,095,221
Total tax paid	675,249,450	1,127,721,835	1,269,630,104	1,075,053,686	719,387,106	861,057,308	663,651,505

[1] Grouped.

[2] Class grouped.

Yearly comparison of taxpayers in income class of $250,000 and up; also showing total taxpayers, income, and tax paid—Continued

TOTAL TAX PAID—continued

Net income class (thousands of dollars)	1924	1925	1926	1927	1928	1929
$250 and under $300	$17,502,863	$23,897,766	$24,091,693	$29,216,739	$42,999,828	$40,053,540
$300 and under $400	29,210,041	32,361,205	32,789,498	44,317,452	63,971,203	54,284,830
$400 and under $500	17,244,950	24,247,304	22,922,177	29,432,725	44,278,641	43,050,832
$500 and under $750	31,310,571	34,897,603	33,211,688	38,596,248	72,304,774	66,897,642
$750 and under $1,000	12,219,585	19,592,670	20,833,387	25,669,143	44,056,490	39,321,268
$1,000 and under $1,500	12,745,088	20,269,479	23,104,660	28,471,058	49,983,896	43,663,389
$1,500 and under $2,000	5,457,257	12,091,522	11,876,008	16,313,262	31,951,002	34,264,015
$2,000 and under $3,000	10,270,549	10,111,438	14,853,302	21,271,277	40,026,775	26,436,699
$3,000 and under $4,000	3,607,730	8,622,846	7,996,359	12,341,256	10,779,669	18,812,187
$4,000 and under $5,000	4,274,317	6,255,757	6,951,841	4,852,405	14,345,489	13,932,532
$5,000 and over	11,060,205	10,259,250	17,175,766	15,407,979	38,053,380	53,945,184
Total tax, above classes	154,903,156	202,516,841	215,806,379	265,889,544	458,294,567	434,617,118
Total tax, classes from $1,000 to $250,000	549,362,234	532,033,342	545,633,156	564,749,890	705,959,470	567,321,029
Total tax paid	704,265,390	734,555,183	761,439,535	830,639,434	1,164,254,037	1,001,938,147

AVERAGE RATE OF PER CENT OF TAX TO NET INCOME

Net income class (thousands of dollars)	1917	1918	1919	1920	1921	1922	1923
$250 and under $300	20.79	49.65	49.14	48.32	48.50	35.26	24.55
$300 and under $400	22.34	53.69	52.61	51.54	50.79	36.78	25.71
$400 and under $500	26.54	56.56	56.37	54.80	53.31	38.02	24.93
$500 and under $750	26.96	58.96	58.28	55.64	57.41	36.17	25.72
$750 and under $1,000	28.86	58.00	61.12	61.10	61.25	35.00	28.89
$1,000 and under $1,500	30.06	63.88	61.23	62.55	62.31	34.34	20.79
$1,500 and under $2,000	36.05	66.16	66.72	60.06		38.34	17.82
$2,000 and under $3,000	40.24	64.41	65.73	65.84	65.73	29.45	21.37
$3,000 and under $4,000	44.35	64.54	67.27	65.49	(1)	36.90	19.68
$4,000 and under $5,000	[1]37.79	64.57					33.96
$5,000 and over	[1]34.50		65.77	64.13	[1]63.68	[1]37.01	

AVERAGE RATE OF PER CENT OF TAX TO NET INCOME

Net income class (thousands of dollars)	1924	1925	1926	1927	1928	1929
$250 and under $300	25.59	16.07	16.55	16.52	16.40	15.40
$300 and under $400	26.04	16.47	16.33	17.07	16.92	15.41
$400 and under $500	27.95	16.31	16.11	17.16	17.27	15.60
$500 and under $750	26.61	16.54	16.92	16.85	17.53	15.93
$750 and under $1,000	27.59	16.14	16.81	17.21	17.07	15.66
$1,000 and under $1,500	28.84	15.61	16.08	17.29	16.72	15.51
$1,500 and under $2,000	23.67	16.50	16.17	16.81	17.11	16.24
$2,000 and under $3,000	29.44	14.65	17.21	16.11	18.19	16.33
$3,000 and under $4,000	26.82	15.90	16.53	16.49	15.51	16.87
$4,000 and under $5,000	32.11	15.86	16.82	13.29	17.88	16.27
$5,000 and over	39.56	16.71	16.89	16.13	15.02	14.96

EXHIBIT B

Income tax, individual—Total tax on net incomes under prior revenue acts compared with tax under House bill and Senate Finance Committee rates

MARRIED PERSON WITH NO DEPENDENTS AND MAXIMUM EARNED INCOME ALLOWANCE

	$3,000	$5,000	$10,000	$30,000	$50,000	$100,000	$200,000	$500,000	$1,000,000
1918	60	180	830	4,930	11,030	35,030	101,030	323,030	703,030
1919	40	120	590	3,890	9,190	31,180	93,180	303,180	663,180
1922	20	100	520	3,520	8,640	30,140	86,640	280,640	550,640
1924	8	38	165	2,275	6,095	22,575	65,575	199,575	429,575
1926		17	101	1,779	4,879	16,059	41,059	116,059	241,059
1928		17	101	1,489	4,589	15,769	40,769	115,769	240,769
House bill	3	38	210	2,660	7,160	26,560	73,560	214,560	449,560
Finance Committee (original)	4	56	295	3,140	8,040	28,440	77,940	230,440	492,940
Connally amendment	20	100	520	3,520	8,640	30,140	86,640	263,640	571,140

[1] Grouped.

[2] Class grouped.

EXHIBIT C

Net income class	Estimated tax, finance bill	Estimated tax, Connally amendment
Under $1,000	$164,000	$220,000
$1,000 to $2,000	17,800,000	26,400,000
$2,000 to $3,000	18,200,000	21,200,000
$3,000 to $5,000	28,500,000	48,000,000
$5,000 to $10,000	41,000,000	69,800,000
$10,000 to $25,000	80,400,000	119,000,000
$25,000 to $50,000	93,000,000	103,200,000
$50,000 to $100,000	103,800,000	115,100,000
$100,000 to $150,000	49,300,000	57,900,000
$150,000 to $300,000	63,500,000	83,000,000
$300,000 to $500,000	35,700,000	41,500,000
$500,000 to $1,000,000	34,000,000	37,500,000
Over $1,000,000	56,300,000	58,000,000
	622,864,000	780,820,000

Added revenue for full year, $158,000,000.

Added revenue for fiscal year 1933, 3/5×$158,000,000 equals $93,000,000.

The above estimate of added revenue is on the basis of 1922 administrative provisions. The more strict provisions of the Finance Committee bill will add about $20,000,000 additional revenue, giving a total for the Connally plan of $113,000,000 more than the Finance Committee bill.

EXHIBIT D.—*Taxpayers reporting income above $250,000*

Year	Per cent of tax paid by $250,000 and up class	Number of taxpayers	Total income
1920	56.13	561	$292,219,837
1921	56.40	330	176,361,865
1922	35.85	747	423,057,571
1923	24.94	745	427,150,242
1924	27.97	1,024	553,667,070
1925	16.37	2,115	1,236,463,282
1926	16.64	2,116	1,296,389,435
1927	16.75	2,633	1,586,771,668
1928	16.93	4,213	2,705,804,065
1929	15.68	4,084	2,770,276,154
1930	16.63	1,357	875,061,048

Mr. JOHNSON. Mr. President, the address which has just been delivered by the Senator from Texas [Mr. CONNALLY] has been singularly illuminating and instructive.

Mr. CONNALLY. I thank the Senator.

Mr. JOHNSON. I have been wondering during the progress of the debate, whence came the suggestion of a tax in a bill of the moment of the one that is before us, of 10 per cent upon 10-cent movies, and not only have I been

wondering concerning it but those who live in the State from which I come, where that is one of the great industries of our territory, have been wondering as well. I have just learned from the Senator from Texas and from other Senators and from the events which have been described here.

I want to emulate the example of a distinguished Member of this body and answer, now, 11,753 telegrams which I have received from the State of California concerning the amusement tax, and I say to every movie house in the State of California, to every movie actor in Hollywood, to every artist and employee there, and to every individual who has protested against this 10 per cent tax upon a 10-cent movie, "This tax came from the Secretary of the Treasury and the President of the United States, and was levied in this bill, so far as it could be levied—according to the statements which have just been made in this body—by the Secretary of the Treasury and the President of the United States." Let all these Californians who have been kind enough to wire me in such devastating tones regarding that amusement tax understand just exactly where that tax came from and who it was put it into this tax bill.

I am unable to understand, too, how anyone, when we reach that particular part of this measure, will be able, if he votes against the amendment that is proposed, and has voted against the amendment which has been presented by the Senator from Michigan, can vote to eliminate that amusement tax. I am well aware that there are some distinguished gentlemen in this body; I know some of them, from conversations with them, who are simply awaiting the opportunity to demonstrate conclusively what a wretched assault upon a poor man's amusement a 10 per cent tax upon 10-cent movies is in a great tax bill.

I watched the votes of some of those gentlemen on the Couzens amendment. I will be glad to watch them similarly upon the amendment of the Senator from Texas; and I want them to explain, when they say that the great desideratum of every man on the face of the earth now is to balance the Budget without delay, how they can vote to eliminate an amusement tax which would bring seventy-odd millions of dollars into the Treasury of the United States, and fail to vote for the amendment of the Senator from Michigan or the amendment of the Senator from Texas.

Mr. COUZENS. Mr. President, will the Senator yield to me?

Mr. JOHNSON. I yield.

Mr. COUZENS. I would like to point out to the Senator that I think the Senator from Texas was a little too courteous. He has the southern gentleman's attitude; he treated the Secretary of the Treasury very gently. We had all admission taxes limited to 46 cents in the bill.

Mr. CONNALLY. Forty-five cents.

Mr. COUZENS. I think it was 46 cents.

Mr. CONNALLY. It was 46 cents in the bill as it passed the House, and we made it 45.

Mr. COUZENS. Very well, 45 cents. That was all fixed. I think the committee was unanimous. I do not recall any attempt in the committee to cut it any lower than that. Then we adopted Senator CONNALLY'S proposal for the income-tax rate he is now proposing, the 1922 rate. We adopted his amendment, as I remember, by a vote of 11 to 7. Then the hurry call went in. Then the Treasury was contacted, and the Secretary of the Treasury came to the committee on a Friday morning and browbeat the committee into cutting down the income taxes, and adding $70,000,000 to admission taxes.

Mr. LONG. O Mr. President, surely the Senator does not mean that the Senate was browbeaten into that?

Mr. CONNALLY. Mr. President——

Mr. JOHNSON. I yield to the Senator from Texas.

Mr. CONNALLY. If it will not be an interruption, I want to call a witness, the Senator from Michigan, to the colloquy which took place in the committee about the very matter which the Senator from California is now discussing. The question was asked of the Secretary of the Treasury whether he favored taxing admissions down to 10-cent admissions, and he said that any man who could go to a picture show had some sort of an income. Is that correct?

Mr. COUZENS. The Senator will have to excuse me. I was presiding at a meeting of the Committee on Interstate Commerce on the morning when Secretary Mills appeared before the Finance Committee.

Mr. JOHNSON. So the suggestion emanated from the Secretary of the Treasury, speaking for the President of the United States, and it was the Secretary of the Treasury, speaking for the President of the United States, who gave us this glorious tax of 10 per cent upon a 10-cent movie!

Mr. COUZENS. Mr. President, will the Senator yield again?

Mr. JOHNSON. I yield.

Mr. COUZENS. I point out another very significant thing. Included in the Secretary's proposal was a 5-cent import tax on rubber, estimated to bring in $53,000,000. That proposal was put over on the Secretary, I think. I do not believe he was conscious of the implications of it.

There were several large tire companies which had a year and a half's supply of rubber on hand. They went to the Secretary and proposed that an import tax of 5 cents on rubber would be a good tax. So that was put into the bill as reported to the Senate. Then it was discovered that that would raise the inventory value of the rubber these tire companies had on hand by $53,000,000, because they would not need to import any rubber bearing an import tax of 5 cents a pound. Of course, the committee had more sense than to adopt that, even though it was tried on us. The committee saw that the Government would not only not get any revenue from such a tax but that it would add to the inventory of the tire companies some $53,000,000.

Mr. JOHNSON. In all that I say I do not reflect, of course, upon the committee. I realize that men may, after mature deliberation of 2 weeks, 3 weeks, or 4 weeks, or a lifetime, even, reach certain conclusions, that they may embody them, even, in a written tax bill, in which, as here, the amendment of the Senator from Texas was written practically into the measure that was to be presented to the Senate by the Finance Committee. I can understand how, when the gigantic intellects of men have thus been exercised for periods of weeks or even months, it would be possible for one superman to come before them and, in the twinkling of an eye, convince them how erroneous was their judgment and how useless had been their long labors.

I read the following day concerning the proceedings. I resented what was said in the press of the country concerning the Finance Committee. Indeed, I stood upon the floor of the Senate on the very day practically that it occurred and I resented the statement made by a member of the Finance Committee that what this country needed was another Mussolini, and in my humble way and with my poor command of language I endeavored to dissent from that opinion then expressed. I did not know then what had transpired in the Finance Committee, and I complimented it upon the labor that it had done, and expressed my belief that the Finance Committee would ultimately do justice to the people of the country, all the people of the country, not only justice unto those who go to a 10-cent movie, but justice, too, to those who have incomes of $1,000,000, $2,000,000, $3,000,000, $5,000,000, or $10,000,000, as the case may be, for I can not conceive that in a time of stress like this we will divide our energies, with all the abilities that God gave us and these magnificent heads of ours crammed as they are with gray cells that enable us to act with that peculiar facility which is always, of course, characteristic of a Senator.

I believe that we will be able before we finish with this bill to do justice to every class, to all peoples, to those who have a dime in their pockets to spend for themselves and their children in a movie and to those who have incomes of $1,000,000, $2,000,000, $3,000,000, $4,000,000, or $5,000,000. With this abiding confidence that I have in the Finance Committee and in any part of the Senate, the legislative branch of this Government, whether there be a bi-partisan

alliance or whether there be not, I am sure that the Senate will ultimately do its fullest justice to all the people of this land.

Now, immediately after the transaction that occurred in the Finance Committee, I read the various reports, and I am an omnivorous reader of newspapers notwithstanding that I read some very unpleasant things at times. I read the report of what had happened, and on behalf of the Finance Committee I bitterly resented those reports. To me it was an outrageous thing that when the Finance Committee had worked so hard and done its duty so well that it should be assailed in practically every newspaper of the administration in this land as being taken by the back of the neck and twisted around on an atrocity of a bill and made to undo its work and respond to an arrogant command. I take the least offensive of these articles in order that Senators may see how all over the Nation the particular incident ran. This is from the New York Herald Tribune and it is dated May 6 of this year:

Under the spur of the alternate appeal and attack of Ogden L. Mills, Secretary of the Treasury, and the evidences of the country's keen dissatisfaction with the delays and objectionable novelties in its fluctuating program, the Senate Finance Committee largely rewrote and then put the finishing touches to-day on a tax bill which promptly received administration indorsement.

Remember, "these novelties in the fluctuating program of the Finance Committee" are thus described and they, of course, were eliminated, according to this article, by the wise advice and the marvelous prescience of the distinguished Secretary of the Treasury, and yet we have just learned here that these "novelties in its fluctuating program" were then and there adopted at his instance and at the instance of the President of the United States.

The article proceeds:

After reversing itself at the urgent behest of Secretary Mills, the committee lowered the high income-tax rates approved yesterday—

That is the Connally amendment—

and cut or added throughout the list of its tentative items, in the process of eliminating an array of small excise taxes projected by the House. The result was a measure estimated to raise $1,010,000,000 in new revenue for the Treasury in the next fiscal year. The committee counts also upon $231,000,000 in Government economies to complete the balancing of the Budget.

With unwonted restraint, the chastened committee, in executive session, heard Mr. Mills condemn the tentative bill of yesterday in the strongest terms. He objected to the whole form of the measure and declared it to be discouraging to the country and unsettling for business. Having listened to a virtual reading of the "riot act," the committee promptly got into action and accepted a compromise program which was promised the stamp of Treasury approval.

Mr. President, I read that article not because I believe it, but in order to indicate what the action taken by the Finance Committee upon the Connally amendment was as given by the newspapers of the country, and to illustrate the newspaper comment in regard to that amendment and the action of the committee.

Mr. CONNALLY. Mr. President——

The VICE PRESIDENT. Does the Senator from California yield to the Senator from Texas?

Mr. JOHNSON. Certainly.

Mr. CONNALLY. I want to be just to the Finance Committee and say to the Senator with reference to the newspaper report that the meeting of the committee was executive. The impression which the newspapers got was from the Secretary of the Treasury himself or from some spokesman of the committee who reported to the newspapers what took place in the committee meeting. I do not mean that the meeting was executive in that the proceedings were not to be given out, but I mean there were no newspaper men present when the Secretary appeared before the committee. Either the Secretary of the Treasury told the newspapers what he said to the committee or some member of the committee had to admit to the press that they had become frightened and then surrendered.

Mr. JOHNSON. The explanation of the Senator, if it is intended as an explanation, is a little worse than the accusation. After all, it makes little difference what the newspaper published. It makes little difference how anyone should characterize it. The fact is the deed was done. That fact is what interests me. That is the thing that stands out. Why its extraordinary importance at this time? I listened to at least two arguments upon the floor of the Senate to-day about the glorious work of the Finance Committee, how it had expended its time and its labors, its brain activity and the like, and how the provisions of this bill ought to be carried through by the Senate. I heard arguments of this sort this morning about standing by the committee, and I recognize that ordinarily the idea is that if the committee has worked hard and presented a measure, we should endeavor to stand by the committee when the measure comes upon the floor.

But in this instance, sir, we are really standing by the committee in its 2 or 3 or 4 weeks' work by standing by the Connally amendment, because it was adopted by the committee by a vote of 11 to 7, and, after being written in the bill, on the following day, in 15 seconds after the visit of the Secretary of the Treasury, apparently it was eliminated with but 4 dissenting votes. So the argument that was made rather eloquently to-day by two distinguished gentleman about standing by the committee has no weight in this instance and we stand by the committee when we stand by the Senator from Texas in the amendment which he has presented.

I sought to answer the 11,753 telegrams which had come to me from California upon the item relating to amusements and an amusement tax. I answer now for a brief three minutes the other telegrams, 28,764 in number, that have come to me upon other subjects from the State of California on the specific taxes that are mentioned in this bill.

There is to be raised by this bill $1,000,000,000 in round numbers for the purpose of meeting a Treasury deficit. Remember, every man of you back in the State from which I hail and in which I was born, remember every one of you why you are paying $1,000,000,000 to-day in taxes, taxes that rack you and take from you the economic security which you believed was yours. You are paying it, first, because last year $250,000,000 was yielded to Europe which Europe was about to pay to us. One-fourth of the amount that is raised by this bill we gave to Europe last year when Europe was ready to pay it to us, and we did it upon a dud and upon a pretense that never was borne out either in what was said unto the Members of the Congress of the United States or to the countries of Europe themselves.

First, it was asserted to our people and to our Congressmen in wires that they would give a moratorium to the countries that owed us abroad and these countries would grant a like moratorium to Germany. Acting upon that information conveyed to them by telegrams dispatched throughout the country, it was but natural that Members of the Senate and Members of the House responded, and responded in the affirmative to the request of the President of the United States. When we came to grant the moratorium, never forget that the unconditional reparations that were demanded by France from Germany were still demanded and were paid to France. Remember that! The predicate that was given to us in our dispatches concerning the moratorium was a predicate without foundation and which ultimately was not borne out by the subsequent events. Remember, too, that the money that Germany paid subsequently in December, $250,000,000, was paid by Germany to international bankers upon short-time credits, and it was so testified in Switzerland when the financiers met there.

So remember, you people in California who come complaining about the taxes now being levied upon you, one-fourth of the amount you are paying because you did not receive what was your due last year, $250,000,000, and remember, too, that it is asserted that next month or later in the year another moratorium of $270,000,000, because of the moratorium which we granted in December last, will be doubtless accorded, and that by virtue of the action we took last year the $270,000,000 due to us this year in all prob-

ability never will be paid. And the aggregate of these two sums is half of this extraordinary sum of $1,000,000,000 that we are to pay under this tax bill. Every dollar given Europe is now being paid by American taxpayers.

Keep in mind, people back in California who are paying the piper now, why you are paying the piper, and you can understand it by following recent events and by reading in most cursory and most casual fashion the events that are transpiring to-day.

The amendment of the Senator from Texas is fair, because it will enable us to eliminate some of the obnoxious nuisance taxes that are in this bill. I favored the amendment of the Senator from Michigan because I believed it would enable us to eliminate all of those obnoxious taxes and because I believed it to be in this time of distress an entirely fair mode of levying taxes. I favor the amendment now before us because it partially does what the amendment of the Senator from Michigan wholly did and because, as well, it is a just and equal and equitable mode of levying taxation.

Taxation, as has been repeatedly said here to-day, is after all a horrid thing. No man likes to pay taxes; much less does anyone who has the power desire to levy taxes. It is a painful thing from the standpoint of him who levies and much more painful from the standpoint of him who pays. So it is an unpleasant duty that devolves upon us in this particular conjuncture of our affairs, but a duty that must be met. The way in which we must meet it is the way that seems to each of us most just, most fair, and most equitable; and the fairest and justest and most equitable fashion in which we can levy these taxes and collect them and have the revenue that is necessary for the disposition of the Government during the coming fiscal year is first by the amendment presented by the Senator from Michigan, and, secondly, in a measure, by the amendment presented by the Senator from Texas.

The VICE PRESIDENT. The question is on the amendment offered by the Senator from Texas.

Mr. SMOOT. Mr. President, the figures which were quoted by the Senator from Texas [Mr. CONNALLY] were based upon the year 1929. I am sure that the conditions existing in the country to-day will not bring the amount of revenue indicated by the chart on the wall. For instance, in the year 1929 the net income shown by the tax returns filed amounted to $24,794,609,739. In 1930 the net income, as shown by the returns filed in that year under the same identical law as prevailed in 1929, was only $17,220,753,620. There was thus, Mr. President, a reduction in net incomes from $24,000,000,000 to $17,000,000,000 in that one year, and business has not increased since 1930. It is less to-day than it was in 1930. Again, Mr. President——

Mr. COUZENS. Mr. President, the Senator referred to the figures on the chart. The chart which has been put up on the wall does not indicate any figures as to what revenue will be received.

Mr. SMOOT. I am speaking now of the statement made by the Senator from Texas that there was no necessity for the figures which were presented by the committee.

Mr. COUZENS. But the Senator in his statement said that the amount indicated on the chart would not be realized, whereas there is no estimate on any of the charts as to the revenues that will be received.

Mr. SMOOT. Take the second chart on the wall and see what the figures are.

Mr. COUZENS. Does the Senator refer to this one [indicating].

Mr. SMOOT. Yes.

Mr. COUZENS. There it gives the amount for each bracket and not for the entire incomes. There are no estimates of total receipts based on the rates shown by the chart.

Mr. SMOOT. But I am calling attention to the difference there would be in the receipts as claimed compared with the actual receipts which would be received according to the rates indicated on the chart.

Mr. COUZENS. But there are no receipts stated on the chart.

Mr. SMOOT. What I am referring to is the basis of the receipts, namely, net income. I am calling the attention of the Senate to the fact that under the existing rates in 1929 the income-tax returns filed showed a net income of over $24,000,000,000, whereas the next year, 1930, the net income as shown by the returns dropped to $17,220,000,000.

Mr. LA FOLLETTE. Mr. President, may I ask the Senator to what he is referring?

Mr. SMOOT. I am referring to the basis on which the income taxes were paid as reported by the Treasury Department.

Mr. LA FOLLETTE. The Senator means, I understand, the total income shown by the returns filed?

Mr. SMOOT. Yes; the total net income for both years, and from such net income, of course, the taxes are collected.

Mr. LA FOLLETTE. The Senator did not refer, then, to the total taxes collected.

Mr. SMOOT. No; I referred to the net income——

Mr. LA FOLLETTE. Subject to taxation.

Mr. SMOOT. That is all. Beginning with the lowest bracket and going up to the highest.

Mr. President, under the rates as proposed by the Finance Committee in the bill reported by it, on a $3,000 net income there would be on the average a tax of $4 paid. Under the Connally amendment the tax paid would be $20. That, of course, is on a net income of $3,000.

In the next bracket, $5,000, under the Connally amendment the tax would be $100, while under the rate proposed in the bill reported by the committee it would be $56.

So, Mr. President, it can be seen that under the Connally amendment we would collect the greatest amount of revenue from the men who pay taxes on incomes of from $3,000 to $5,000 and $10,000. In the case of an income of $10,000, under the Connally amendment the tax would be $520, while under the rate provided by the bill reported by the committee it would be $295.

That is what the Connally amendment means. If that is what the Senate wants, of course it will vote for the Connally amendment.

Under the Connally amendment the highest rate on an income of $1,000,000 would be $571,140. Under the Senate committee amendment it will be noticed that the tax would be $492,940; in other words, there is not the difference in the higher brackets between the rates in the Connally amendment and those proposed by the Finance Committee; the principal difference is in the case of the lower brackets.

Mr. LONG. Mr. President——

The VICE PRESIDENT. Does the Senator from Utah yield to the Senator from Louisiana?

Mr. SMOOT. I yield.

Mr. LONG. In any event the Connally amendment will provide more revenue for the Government than any similar schedule in the Finance Committee bill, will it not?

Mr. SMOOT. Yes; but it will come from the men who make between three and five thousand dollars up to $10,000.

Mr. LONG. Is the Senator interested in excepting them from the amendment?

Mr. SMOOT. No proposal under consideration excepts them; but the Finance Committee bill taxes a man with a $3,000 income $4, while the Connally amendment would impose a tax upon him of $20. If a man has an income of $5,000, the bill as reported by the Finance Committee would tax him $56, while the Connally amendment would tax him $100.

Mr. NORRIS and Mr. COUZENS addressed the Chair.

The VICE PRESIDENT. Does the Senator from Utah yield; and if so, to whom?

Mr. SMOOT. I yield first to the Senator from Nebraska.

Mr. NORRIS. Mr. President, I want to ask the Senator from Utah if what he has stated is his objection to the Connally amendment, how would it suit the Senator if we should eliminate the brackets covering incomes of $3,000 and $5,000 and leave them just as they are left in the bill as reported from the Finance Committee? In other words, change the Connally amendment so that on the $3,000 income the tax would be $4, just as it is fixed by the bill as

reported by the Finance Committee, and in the $5,000 bracket make the tax $56 instead of $100, as provided by the Connally amendment.

Mr. SMOOT. If that should be done, we would not raise sufficient revenue to meet the expenses of the Government.

Mr. NORRIS. Probably not; but if the Senator is basing his objection to the Connally amendment on the ground he has stated, let us change the Connally amendment and let the tax imposed in those two brackets be just the same as provided in the Connally amendment. We shall not get so much money, it is true, but it would still produce more money than the committee proposition; it would levy the higher tax on the big incomes and relieve the little fellows, just as the Senator from Utah seems to desire to do.

Mr. SMOOT. The Senator from Nebraska is mistaken as to the receipts, and that is what we are figuring on securing.

Mr. NORRIS. Very well. Let the Senator, if he can, call my attention to a single bracket on the table that he holds in his hand where the Connally amendment would not produce more revenue on the same income than would the committee amendment. Will the Senator from Utah call my attention to one such case?

Mr. SMOOT. Where the Connally amendment would not produce more revenue?

Mr. NORRIS. Yes.

Mr. SMOOT. I think it would produce more all along the line.

Mr. NORRIS. Then, what I now say is, if we desire to obtain the revenue, and in order to satisfy the Senator who is interested in the little fellow who only has the small income, let us eliminate from the Connally amendment the $3,000 and $5,000 brackets, let the Connally amendment be just the same as provided in the committee amendment for those two brackets, and commence the increased rates on the $10,000 bracket, and so on up, letting the little fellow out. Would the Senator from Utah favor that?

Mr. SMOOT. I could not favor it until I knew just exactly what amount of revenue would be involved.

Mr. NORRIS. The Senator has his own table which shows exactly those figures.

Mr. SMOOT. No.

Mr. NORRIS. It is a mathematical certainty that with a net income of $10,000 the bill as reported by the Finance Committee would require the taxpayer to pay $295, while the Connally amendment would require a taxpayer having the same income to pay $520, and so on all the way through.

Mr. SMOOT. Mr. President, of course, that is true merely as to one taxpayer. I do not know how many taxpayers there are to-day who come within these brackets.

Mr. NORRIS. It would make no difference whether there should be one or whether there should be a million; every one of them would be treated just alike. All through the brackets it is just the same. Now if the Senator is really in earnest, and wants to relieve the small taxpayer, why does he not accept that kind of a suggestion?

Mr. SMOOT. Because I can not tell how many taxpayers would fall within the $10,000 bracket.

Mr. NORRIS. How did the Senator know when he prepared his committee amendment how many would fall within the bracket if he does not know now?

Mr. SMOOT. We knew from the report of the Treasury Department, which I have not with me, but it can be obtained.

Mr. NORRIS. Very well. The number of taxpayers who had a $10,000 income last year would not be the same number who have a $10,000 income this year.

Mr. SMOOT. No.

Mr. NORRIS. But if a taxpayer had a $10,000 income this year, we would know just exactly what he would have to pay to a penny.

Mr. SMOOT. Certainly; there is no question about that.

Mr. CONNALLY. Mr. President, will the Senator allow me to interrupt him right there?

The VICE PRESIDENT. Does the Senator from Utah yield to the Senator from Texas?

Mr. SMOOT. I yield.

Mr. CONNALLY. The estimates show that those with incomes of from $10,000 to $25,000 would, under the Senate committee bill, pay $80,400,000, while under my amendment they would pay $119,000,000; so in that one bracket my amendment would produce $39,000,000 more revenue than would the House bill.

The Senator from Utah complains that the taxpayer with a net income of $3,000, under my amendment, would pay $20, while the same taxpayer under the Senate committee bill would pay only $4, and yet in England the taxable income starts at $800, with a rate of 12½ per cent.

Mr. SMOOT. Yes; and it runs up to about eighty-odd per cent before they get through with the tax.

Mr. CONNALLY. The Senator from Utah is anxious to raise money for the Government.

Mr. SMOOT. We have got to get it.

Mr. CONNALLY. The Senator from Utah stands on this floor and, almost with the spirit of Al Capone, says we have got to have the money. He objects to the amendment which I offered, which taxes a man with a $3,000 income $20, when a taxpayer with a similar income in England, instead of paying $20, pays $303.

Mr. SMOOT. That may be; I have not any doubt about it, for I have examined the figures.

For instance, the income tax in England runs up to about 87 per cent.

Mr. CONNALLY. I will say to the Senator that I am not going to appear on this floor advocating taxing the big incomes without taxing the little incomes, too. My amendment starts down at the bottom, where the great number of incomes are. It does not tax them oppressively. It increases the rate; and then, after it taxes the little man, it maintains a fair relation toward the big one, and carries those rates right on through up to the top rate of 55 per cent.

I do not believe the Senator from Utah is doing himself or the committee any credit in opposing these rates on the ground that they are taxing the little man. That is not the reason.

Mr. SMOOT. Mr. President, under the Senator's provision, one-fifth of the increase will be derived from taxpayers having incomes of $5,000 and under.

Mr. CONNALLY. Why, certainly; and the reason is that there is where the bulk of the incomes are.

Mr. SMOOT. That is true.

Mr. CONNALLY. The Senator from Utah would tax moving-picture shows; and instead of taxing a small percentage, as my amendment does, he would tax everybody rather than to tax a few of these people who are able to pay and can pay a reasonable tax.

Mr. SMOOT. I would not tax admissions if it were not absolutely necessary to raise the money.

Mr. CONNALLY. May I interrupt the Senator further?

The VICE PRESIDENT. Does the Senator from Utah further yield to the Senator from Texas?

Mr. SMOOT. Yes.

Mr. CONNALLY. The normal rates of 4 and 8 per cent which the Senator from Utah is now inveighing against and opposing, as contained in my amendment, were originally urged by the Secretary of the Treasury. Is not that correct?

Mr. SMOOT. I do not recall whether they were urged by the Secretary of the Treasury or not.

Mr. CONNALLY. The Secretary of the Treasury—Mr. Mills—urged normal rates of 4 and 8 per cent, and those are the rates which produce the $20 tax on the $3,000 income. How can the Senator now oppose what the Secretary of the Treasury advocated?

Mr. SMOOT. I am calling the attention of the Senate to the facts as they exist, and where the money will come from under the Senator's amendment. That is all I am doing; and I think the Senator will admit that that is the fact.

Mr. CONNALLY. That is the fact, of course. If you have a million incomes at a dollar a head you are going to get more money than if you have one income at $100,000.

Mr. SMOOT. There is no doubt about that.

Mr. CONNALLY. Of course. That is why the bulk of the revenue comes from small incomes—because there are so many more of them, just as the Senator's tax of 10 cents on movies will get much more money; because while it is only 10 cents a head, there are millions upon millions of heads.

Mr. SMOOT. That is not the Senator's amendment. It was suggested by the Treasury; and I want to say to the Senator that the committee thought that was as easy a way of collecting money as could be found.

The Senator from California [Mr. JOHNSON] speaks about the President sending Secretary Mills up to the committee. I do not think the President had a single, solitary word to say about it. I called the matter to the Secretary's attention at the close of our meeting upon that day. I gave to the press every day a statement of just exactly what the committee did. Anything that appeared in the papers other than the mere statement of the action taken by the committee comes from the writer of the article. Ever since I have been chairman of the Finance Committee upon all occasions after the meetings were over I have told the newspaper representatives who were there just exactly what took place.

Mr. CONNALLY. That is true, Mr. President. I want to bear witness to what the Senator says.

Mr. SMOOT. The Senator knows as well as I know that the plain statement of the truth as given to the newspaper men has not always appeared in the papers.

Mr. CONNALLY. Mr. President, I want to say, so far as the Senator from Utah is concerned, that I absolve myself from any implication that the Senator from Utah has done anything with respect to these reports except what was absolutely accurate and true, because I think that is the fact. I have the highest respect for the Senator from Utah and his views. Whenever I disagree with the Senator from Utah it is with reference to his views and not with reference to his personal conduct.

Mr. SMOOT. In relation to the tax on rubber of which the Senator speaks, I want to say that the first suggestion that Secretary Mills made was for a tax of 5 cents per pound. That was his suggestion upon the day he came up to the committee.

Mr. LONG. Mr. President——

The VICE PRESIDENT. Does the Senator from Utah yield to the Senator from Louisiana?

Mr. SMOOT. I do.

Mr. LONG. How was it that the committee reversed itself? As I understood—I was not in the city at the time—they voted 11 to 7 for a 55 per cent income tax, as recommended by the Senator from Texas. That was one evening, was it not?

Mr. SMOOT. One day.

Mr. LONG. One afternoon or one night. About how long had they been laboring with this bill at the time they decided to write that into the law, and did write it into the law?

Mr. SMOOT. About three weeks, I should say.

Mr. LONG. How long did it take the committee to change its mind when Mr. Mills came down there?

Mr. SMOOT. If the Senator from Mississippi [Mr. HARRISON] were here, I would rather have him state exactly the history of the matter.

Mr. LONG. I was wondering if it was 12 hours or 40 hours. How many hours did it take the Secretary of the Treasury to change the committee's mind?

Mr. COUZENS. Twenty minutes.

Mr. LONG. Twenty minutes? I was thinking it might have been a shorter time than that. I beg the Senator's pardon. My imputation does not lie.

Mr. GEORGE. Mr. President——

The VICE PRESIDENT. Does the Senator from Utah yield to the Senator from Georgia?

Mr. GEORGE. I hope the Senator will yield to me right there, because I desire to make a statement.

Mr. SMOOT. I will.

Mr. GEORGE. I think I can make the statement with good grace, because it has long been obvious to me that I should not be able to support this bill with the unconscionable tariff rates on copper, on oil, on coal, and on lumber that were included in a tax bill in which they have no place at all.

With reference to the rates, however, and wholly aside from what any newspaper may have said about them, the committee diligently worked upon rates in this bill and finally wrote a schedule of rates after about three weeks' work. Then, Friday before we put the bill in final shape it became necessary to raise some additional revenue if certain excise taxes were thrown out, as it appeared they would be eliminated from the bill.

We then adopted the so-called Connally amendment, which incorporated the 1922 rates. We had not adopted the Connally amendment for three weeks, until the last day on which we gave consideration to the bill. Then, the following morning, Mr. Mills came before the committee at the request of members of the committee.

Mr. SMOOT. I was going to come to that, Mr. President.

Mr. GEORGE. But if the Senator will indulge me——

Mr. SMOOT. Certainly.

Mr. GEORGE. It is little less than ridiculous for Members of the Senate to stand upon this floor and intimate that the Secretary of the Treasury or anybody else came before the committee, not at the committee's request, and simply compelled the committee to take any view. Not only have I stated the exact facts thus far, but Mr. Mills did not suggest the rates that are in this bill. The Secretary of the Treasury came before the committee and suggested 4 and 8 per cent normal, just as the Senator from Texas is now suggesting; the only difference between his suggestion and that now made by the Senator from Texas being that the Senator from Texas extends the rates at the top up to $1,000,000 or $2,000,000.

That was the suggestion made by the Secretary; that is, the 4 and 8 per cent normal. The committee went back to the original schedule, the schedule by which we had been standing from the first day until Friday before we put the bill in final form Saturday, and accepted the normal rates of 3, 6, and 9 per cent against the proposal made by the Secretary of 4 and 8 per cent, and applied the maximum surtax at 45 per cent rather than 55 per cent, I believe, or 50 per cent, as proposed by the distinguished Senator from Texas; and he has quite correctly called attention to the fact that the suggestion made by Mr. Mills was 4 and 8 per cent, just as he himself is proposing in his amendment here.

I want to be perfectly fair to Mr. Mills. I have never imagined for a moment that a man of sensibility would have given any authority whatever for the perfectly asinine statements that were carried by the press on the following day. I have never charged them to Mr. Mills, and, of course, Mr. Mills did not make any such suggestions. Where the press got its information or misinformation I do not know; but Mr. Mills came before the committee particularly pointing out some administrative provisions in the bill. He particularly objected to the provision which imposed an additional penalty on consolidated returns, and which denied taxpayers the right to take security losses—that is, losses sustained in one year—as it was written in the House bill and as we had substantially agreed to take it, as I recall. We agreed upon a compromise upon that point.

Mr. Mills, be it said, also suggested the entire elimination of a number of these offensive excise taxes, and they were eliminated; but Mr. Mills's whole attitude before the committee was that from a careful study of every vote taken by the committee it was apparent that the Treasury could approve 90 per cent of what the committee had already done, but there was substantially 10 per cent with which the Treasury found itself in disagreement and believed that it had some helpful suggestions to make.

Mr. COUZENS. Mr. President——

Mr. SMOOT. I yield to the Senator from Michigan.

Mr. COUZENS. The Senator has not mentioned the fact that the Secretary brought with him a typewritten statement of the 10-cent-admissions tax and those other taxes which were later substituted, after he appeared before the committee.

Mr. GEORGE. He did. The Secretary did suggest two or three other excise taxes that we had not put in the bill; but he also suggested the elimination of a number of excise taxes that we had in the bill—for instance, a tax on matches, a tax on soap, a tax on cosmetics, and various taxes.

Mr. COUZENS. That is true.

Mr. GEORGE. He did suggest the tax on 10-cent admissions, whereas we had agreed upon a schedule of 45 cents minimum upon admissions.

Mr. REED. Mr. President, will the Senator yield?

The VICE PRESIDENT. Does the Senator from Utah yield to the Senator from Pennsylvania?

Mr. SMOOT. Yes; I yield.

Mr. REED. My recollection, if the Senator will permit me, was that the Secretary stated two alternatives and expressed no preference between them. One was a proposed increase in the tax on tobacco products, and the other was this reduction in the minimum of admissions. Is that recollection correct?

Mr. GEORGE. The Senator is quite right on that. We took one or two votes on the tobacco matter.

Mr. COUZENS. I think the Senator has made an error, because I think he suggested either the tobacco tax or the rubber tax.

Mr. SMOOT. Yes; or the automobile tax—either one.

Mr. COUZENS. Yes; and I remember that I made the motion for the tobacco tax.

Mr. REED. He offered an alternative between tobacco and something else; but I think I was wrong.

Mr. WALSH of Montana. Mr. President——

The VICE PRESIDENT. Does the Senator from Utah yield to the Senator from Montana?

Mr. SMOOT. I do.

Mr. WALSH of Montana. Before the Senator takes his seat I thought he was going to tell us how it came about that the committee reduced the maximum rate from 55 per cent to 45 per cent, and upon what consideration, after it had agreed upon 55 per cent as the maximum.

Mr. SMOOT. In what rate, Mr. President? Does the Senator mean on incomes?

Mr. WALSH of Montana. As I gather, at the time of the Secretary's last visit with the committee it had been agreed that the normal rates were to be 4 and 8 per cent and the maximum surtax rate was to be 55 per cent.

Mr. GEORGE. Fifty or fifty-five; I have forgotten how the amendment reads.

Mr. WALSH of Montana. Then the change was made in the normal tax from 4 and 8 to 3, 6, and 9, and the maximum rate was changed to 45.

Mr. GEORGE. We went back to the bill as we had worked it out before we had accepted the Connally amendment.

Mr. WALSH of Montana. What was the consideration, and upon whose motion was that change made?

Mr. GEORGE. The Secretary suggested that we take 4 and 8, rather than the committee bill as changed by the Conally amendment; and then, having suggested certain changes in the excise taxes, the special taxes, the elimination of some and the addition of others, the majority of the committee seemed to be agreed that the original committee bill, applying the original committee rates, was the better bill.

Mr. WALSH of Montana. That is, because of additional revenue that was to be secured by these special taxes?

Mr. GEORGE. Certain additional excises were added; for instance, an import tax on rubber was added, and we were first informed that it would produce $53,000,000.

Mr. WALSH of Montana. So to that extent it was an exchange of consumption taxes for an increased income tax?

Mr. GEORGE. If the Senator will permit me to state why I was in favor of that, it was because I am certain that the higher rates on large incomes, million-dollar incomes and over, are going to be almost entirely fruitless. I am sure that so far as the high brackets are concerned we have gotten all out of them we can get out of them under the bill we have adopted, if we get additional income out of the income provision. The Senator from Texas and the Senator from Michigan are both quite right.

Mr. WALSH of Montana. That may be quite right, but apparently the day before at least, the committee had concluded that it was wise to keep the rate at 55.

Mr. GEORGE. No; we had concluded to accept the Connally amendment.

Mr. WALSH of Montana. Exactly.

Mr. GEORGE. Because it would raise about a hundred million dollars additional revenue that we needed.

Mr. WALSH of Montana. That amendment fixed the highest excess rate at 55.

Mr. GEORGE. But it taxed the lower incomes at 4 and 8 also. I beg the pardon of the Senator from Utah for consuming so much of the time, but I wanted to make the statement, because I do not know that I shall take occasion to discuss the bill further.

Mr. SMOOT. Now, Mr. President, I want to call the attention of the Senate to the fact that the Senator from Mississippi [Mr. HARRISON] had a proposition worked out in detail, and I suppose every member of the committee had one of the Senator's plans. Most of the suggestions of the Senator from Mississippi were contained in the recommendations of the Secretary of the Treasury. There were some additions on the part of the Secretary, but I have checked them up, item by item, and the provisions that would raise the largest amount of money were in the suggestion made by the Senator from Mississippi.

The Senator from Georgia has stated the history of it just as I understand it.

Mr. COUZENS. Mr. President, will the Senator yield?

Mr. SMOOT. I yield.

Mr. COUZENS. Is it not a fact that the committee traded $125,000,000 of income taxes for a tax on rubber and a raise in the rate on automobiles? In other words, they traded $125,000,000 of income taxes for consumption taxes?

Mr. GEORGE. Mr. President, I would not want to say that the committee "traded," because the only trading I saw at all going on was over the tariff items on oil and copper and other things.

Mr. COUZENS. It may not have been trading——

Mr. GEORGE. I do not think there was any trading so far as the general committee was concerned.

Mr. COUZENS. We will call it "substituting," if the Senator likes that term better.

Mr. GEORGE. I did not see any trading except on oil and copper and other items of that character.

Mr. COUZENS. I do not know to whom the Senator is referring; I did not trade on any of them.

Mr. GEORGE. I am not referring to anyone, of course, as trading; the Senator knows that.

Mr. COUZENS. I am trying to say that Mr. Mills got us to take $125,000,000 off the income-tax rates and put the amount back on consumption taxes.

Mr. SMOOT. Mr. President, I do not know that it is necessary for me to say anything further. The Senate understands thoroughly what the Senator's amendment means, and what revenue, perhaps, will be raised from it. That, of course, can be estimated, just the same as any other estimate is made based upon the business which exists to-day. I think that the rates as suggested by the committee, taking everything into consideration, are what the Senate ought to agree to. It is entirely in the hands of the Senate in voting on the amendment.

I know the Senator from Texas has acted in this matter in the best of faith, and I recognize, too, that his amendment will bring more revenue, perhaps $100,000,000 more revenue, than the rates provided for in the Senate committee bill.

Mr. CONNALLY. Mr. President, will the Senator yield?

Mr. SMOOT. I yield.

Mr. CONNALLY. If the Senator from Utah admits that my amendment would bring in $100,000,000 more than the Senate committee rates, does it not follow that the Senate would be saved the necessity of putting $100,000,000 in the form of excise taxes? Is not that true?

Mr. SMOOT. We can make reductions.

Mr. CONNALLY. Yes; make reductions on consumption taxes.

Mr. SMOOT. Whatever tax the Senate decides to decrease.

Mr. GEORGE. Mr. President, I neglected to say that I voted for the Connally amendment in the committee. I voted for it because I thought it was a better amendment, everything considered. I thought it would give us a leeway, so that we might eliminate certain other of the objectionable excise taxes, and I concede that the amendment has certain virtues at the present time.

I have not thought that it is worth while going above a maximum income rate of 45 plus 9, which is 54 per cent on a million-dollar income. We could not hope to fool the country about it, because we are not going to get any substantial revenue from that bracket, there is no use trying to fool the country. But I thought that the Senator's amendment, because it would raise more revenue, and because it would apply in a lower bracket a higher normal tax, was a better provision in some respects than the provision presented by the committee.

I have no idea that the Senator from Texas himself ever thought that we would get a great deal of revenue from the higher brackets, in the higher steps above the bill that we had once agreed upon. He does not think so now, I am sure, and I think he is entirely right in assuming that we would get our revenue by starting the normal tax at a higher rate, and, of course, that rate runs all the way through.

The amendment the Senator offers is one which anyone can vote for and is at least as good as the amendment the committee has reported, the only difference being that there is a little less burden, of course, placed upon the relatively small-income taxpayers by the committee bill, that is to say, those whose incomes are relatively small measured on the old scale. They occupy a considerable picture in the whole income-tax program, because, if figures mean anything, if the information which we had in hand means anything, the great fortunes, of millions a year, have virtually faded out of the picture. There will not be any in the next two or three years, at least, whatever rate of income tax we may impose.

The House of Representatives passed a bill with the maximum tax at 40 per cent. In other words, the House applied a maximum rate of 40 per cent at $200,000, as I recollect it.

Mr. CONNALLY. One hundred thousand.

Mr. GEORGE. I thank the Senator; $100,000. The bill is going to conference anyway. It is a question of getting an income-tax schedule which will yield a fair amount of revenue now needed by the Government. It may be best to take the amendment offered by the distinguished Senator from Texas. It will give us $100,000,000 to $125,000,000 more than we will get out of the committee income-tax rate. That $100,000,000 or $125,000,000 will, of course, enable us to reduce, if not to eliminate entirely, a few more of the excise or special sales taxes.

Not only is that true, Mr. President, but the acceptance of the Connally amendment might make it unnecessary for us to face finally the question of whether we will accept a sales tax, or turnover tax. Every man on the committee, of course, will bear me out when I say that I have strongly opposed a general sales tax. I still oppose it and will continue to oppose it, and the matter of rate on a general sales or turnover tax, whether manufacturers or retail, is not important in my judgment. It is not a matter which gives me great concern. If it were proposed to write a general sales tax of one-fourth of 1 per cent, I should still oppose it, because I know that whatever advantages the sales tax, manufacturers or retail, may have as an emergency tax—and that it has certain advantages I do not undertake to controvert—whatever advantages it has, the real drive back of the demand for the sales tax is to get away from the income tax as the basic consideration in our scheme of Federal taxation.

I oppose it because I have well-grounded and definitely fixed objections to a sales tax. I do not want to enumerate them; it is wholly immaterial at this stage, at least, in the consideration of this matter. But the Connally amendment has an important bearing upon the possible decision we will be called upon to make at some subsequent stage in the consideration of the tax bill. It is not quite so high as the 1918 rates proposed by the Senator from Michigan. Even with that suggestion I have great sympathy; and if I had believed that it would raise the amount of revenue the Senator from Michigan believes it would raise, I might have been persuaded to vote for the 1918 rates, which he has proposed.

The amendment offered by the Senator from Texas has, I believe, all of the virtues and will raise quite as much revenue; if not quite so much, certainly it is a fairer levy upon the taxpayers in the lower brackets than the 1918 rates.

I have no particular quarrel with the 1918 rates; and if I believed or if I am convinced ultimately that they will produce the amount of revenue estimated by the distinguished Senator from Michigan, I may go along with those rates. I believe the Connally amendment is a fairer basis of rates. It is fairer upon those who fall in the lower brackets, but I unhesitatingly say that I shall take the 1918 rates or the Connally amendment before I will go an inch toward a general sales tax.

Without elaboration, I am opposed to the sales tax because it is an indirect tax. It breeds extravagance in government. Economy in government will disappear when we come to depend in this country upon indirect taxes exclusively. I am opposed to it because the gross income has no necessary relation whatever to the net income. I am opposed to it again because the sales tax, in whatever form, necessarily takes a higher percentage of the income of the poor and the average man than of the rich man. I am opposed to it in the fourth place because the force back of the drive is to eliminate the graduated principle from Federal taxation, not immediately but ultimately, because the old German proverb is true now as ever—He who says A must say B, and the nose of the camel under the tent virtually means the whole camel within the tent.

Mr. COUZENS. Mr. President——

The VICE PRESIDENT. Does the Senator from Georgia yield to the Senator from Michigan?

Mr. GEORGE. Certainly.

Mr. COUZENS. The Senator has perhaps seen the articles and editorials written by Arthur Brisbane, who receives a salary of $300,000 or $400,000 a year. He is the master mind behind that effort to get the camel's nose under the tent so as to get free from the income tax. I just wondered if the Senator had had occasion to observe his editorials?

Mr. GEORGE. Yes; I have noticed them.

During the delivery of Mr. GEORGE's speech—

Mr. WATSON. Mr. President, the pages of the Senate have been given tickets to the circus, half of them for to-night and half of them for to-morrow night. I ask unanimous consent that they may be excused for that purpose.

The VICE PRESIDENT. Is there objection? The Chair hears none, and it is so ordered.

Mr. SMOOT. Mr. President, I ask unanimous consent that when the Senate concludes its business to-day it shall take a recess until 12 o'clock noon to-morrow. I do this because some Senators have been unable to-day to answer their mail because of the early hour of meeting.

The VICE PRESIDENT. Is there objection? The Chair hears none, and it is so ordered.

After the conclusion of Mr. GEORGE's speech—

Mr. CONNALLY. Mr. President, the Senator from Georgia [Mr. GEORGE] quite correctly stated that he had always in the committee opposed the general sales tax. I want to suggest to other Senators similarly situated that every tax those who advocate the sales tax can take out of the bill adds to the weight of their argument later on when they come back to insist upon a sales tax to raise the needed revenue. The Senator from Georgia can best serve those who are opposed to the sales tax by voting for my amendment and thereby lessening the amount which will remain to urge the sales tax as a means of filling the deficit.

I wish to invite the attention of the Senator from Georgia and others, however, to the fact that my amendment differs wholly from the pending Finance Committee bill, not simply in the higher brackets of 55 per cent, but it increases the revenue all along the line. For example, on incomes from $1,000 to $2,000 the committee bill would raise $17,800,000, whereas my amendment would raise $26,400,000. There is an increase of over $9,000,000 in that one bracket. From incomes of $2,000 to $3,000 the Finance Committee bill would raise $18,000,000 and my amendment would raise $21,000,000. That is $3,000,000 more, and it is not an inconsiderable sum. There is almost as much there in one bracket as would be raised by the second-class postage increase provided for in the bill.

Mr. SMOOT. That is over and above the exemption?

Mr. CONNALLY. Yes; I am talking about the man who pays taxes on the amounts mentioned over and above the exemption.

On incomes of $3,000 to $5,000 the Finance Committee bill raises only $28,000,000 while my amendment would raise $48,000,000, or a difference of $20,000,000 in that one bracket.

On incomes of $5,000 to $10,000 the Finance Committee bill raises $41,000,000. The amendment which I have offered would raise $69,000,000, or $28,000,000 more right there.

On incomes of $10,000 to $25,000 the Finance Committee bill would raise $80,000,000, while my amendment would raise $119,000,000, an increase of $39,000,000 in that one bracket. On incomes of from $10,000 to $25,000 the rates are not heavy, and yet in that single bracket we would get $39,000,000 more under my amendment.

On incomes of $25,000 to $50,000 the rates are not high. The Finance Committee bill would raise $93,000,000 while my amendment would raise over $103,000,000, an increase of $10,000,000 in the single bracket on men having incomes of $25,000 to $50,000 who can pay the taxes at these moderate rates without hardship.

The next incomes are those from $50,000 to $100,000; and who is there here to hold up his hand in horror and say that a man with an income of $50,000 to $100,000 can not pay a reasonable income tax? While the Finance Committee bill would raise $103,000,000, under my amendment we would raise $115,000,000 or $12,000,000 more on incomes from $50,000 to $100,000. What I want to impress upon Senators is the fact that they need not be freightened by the 55 per cent rate proposed in my amendment because it is not simply penalizing a few men with very large incomes, but we are taxing the men with moderate incomes as well.

Then come incomes from $100,000 to $150,000, and who is there to say a man with an income like that ought not to have his income tax increased in this hour of the Nation's great need for money? It is just as important to add to the burden of men with that kind of an income as it is to tax the amusements of the common people. It is just as sound to increase the tax on a man with an income of $100,000 as it is to require the man who posts a letter in the mail to pay 50 per cent more postage upon it than he paid last year. On incomes of $100,000 to $150,000 the Finance Committee bill would raise $49,000,000, while under my amendment we would raise $57,000,000.

On incomes of $150,000 to $300,000 the committee bill would raise $63,000,000, while my amendment would raise $83,000,000. We would get $20,000,000 a year more under my amendment from incomes of $150,000 to $300,000. Why should we not do so? The great Government that has given an opportunity to make incomes of $150,000 to $300,000 is in need. It needs funds with which to maintain the agencies under which those men have prospered and under which they have grown rich.

In this hour in which the President and others say that conditions are comparable to those of war, shall the Senate hesitate to impose an income tax on the man with $150,000 to $300,000 annual income and then go out like a detective hunting for little chinchy, picayunish excise taxes to lay upon the backs of the poor and upon the backs of the needy, and yet in the name of drying up business hold back from taxing men with incomes of $150,000 to $300,000.

Incomes of $300,000 to $500,000 would yield under the Finance Committee bill $35,000,000, while under my amendment we would get $41,000,000. On incomes of $500,000 to $1,000,000 the Finance Committee bill would raise $34,000,000 while under my amendment we would raise $37,000,000.

The Senator from Georgia stated that we would not get any increased revenue in the higher brackets. We do get increased revenue in the higher bracket. There is $3,000,000 in the last one mentioned. On incomes over $1,000,000 the Finance Committee bill would raise $56,000,000 and my amendment would raise $58,000,000.

Why is it we do not get more money in the higher brackets? It is simply because there are only a few men drawing those high incomes. When we get to the $1,000,000 incomes the men having incomes in that range are relatively very few. If we get an appreciable portion of their income, we are not going to raise the total amount of revenue; but in this particular class, with incomes from $500,000 up, my amendment will get $5,000,000 more money in that one bracket than the pending committee bill. Is $5,000,000 an inconsiderable sum? We propose to raise $5,000,000 in this bill on second-class postage. In this bracket alone relating to men with incomes from $500,000 up my amendment would bring in $5,000,0000 more than the committee bill.

Mr. President, I was prompted to make these additional remarks by the suggestion of Senators that my amendment would not increase the revenue in the higher brackets. It increases the revenue in all the brackets. I am not seeking to tax the great rich and eliminate the men with the smaller and moderate incomes. The obligations due to the Government in this hour rest upon every citizen. Whenever we get above the normal exemption and begin to levy income taxes, I believe the Government is justified in increasing the rates all along the line, increasing the small man's burden and let him know that he is a part of the Government. Let him know that he has to help bear the burden. Let him feel himself conscious of the effect of taxation and thereby have his desire increased to see that our Government is run economically. Let him feel that when taxes are levied and money is spent it is his money. But I would not tax the small man without also taxing the great and powerful and rich man. If we increase the lower brackets, justice requires that we continue that same relationship and let the increased surtaxes go on up until we reach the very highest.

Mr. GEORGE. Mr. President——

The PRESIDING OFFICER (Mr. FESS in the chair). Does the Senator from Texas yield to the Senator from Georgia?

Mr. CONNALLY. Certainly.

Mr. GEORGE. I probably am responsible for some of the remarks being made by the Senator about the increases in the higher brackets. I probably misspoke myself on that point. I did not mean to say that the amendment does not affect the higher brackets, but it necessarily affects in a greater percentage the smaller brackets. I want to have the RECORD corrected in that respect.

Mr. CONNALLY. I thank the Senator. Of course, I do not want to do the Senator any injustice and I was not endeavoring to suggest that he was not correct. The point I undertook to make was that the Senator was indicating that the increase from 45 to 55 per cent did not necessarily increase the revenue, because there are fewer incomes in the higher brackets. I am pointing out that even under present conditions there is no reason why men with incomes above $1,000,000 should not pay $2,000,000 more, as provided by my amendment, than they would pay in that bracket under the Finance Committee bill.

Mr. President, in conclusion I see no reason on earth why under the bill as passed by the House, incomes, for instance, should be graduated up to $100,000 and then stop. I see no reason why under the Finance Committee bill 45 per cent should be in any particular a holy ratio. If graduated income taxes are sound, and they are sound, then there is no reason on earth for stopping the progressive tax at incomes of $100,000 a year. It should go on up and main-

tain the same fair relationship in the higher incomes. I know of nothing sacred about an income simply because it is great. All the incomes of the people of the United States in a way are sacred because they represent the earnings from their savings or from their toil, but this Government is not only going to tax income, it is going to tax in many cases the necessities of the people; it is going to tax those things which either by habit or by taste they have come to regard as necessary, even things necessary to sustain their bodies and provide comforts for their homes or the necessities of entertainment which they feel necessary for the relaxation of their minds.

Mr. President, as between these two sources of taxation I have little choice. If it comes to taxing the necessities of the people or taxing individuals having incomes, having profits, having money coming in over and above their needs or normal wants, I believe that the great bulk of the taxes ought to come out of profits, out of incomes. In fixing those taxes, I regard nothing sacred up at the top. I want to tax the small man and I want to tax the big man, to tax the small man in a small way because he is small, and to tax the great income in a greater percentage because it is great, not because of the individual who happens to possess it.

The PRESIDING OFFICER. The question is on the amendment proposed by the Senator from Texas.

Mr. LONG. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Bailey	Davis	Jones	Smith
Barkley	Dickinson	Keyes	Smoot
Bingham	Dill	King	Stephens
Blaine	Fess	La Follette	Thomas, Idaho
Bratton	Frazier	Long	Thomas, Okla.
Brookhart	George	McGill	Townsend
Broussard	Glenn	Metcalf	Trammell
Bulkley	Goldsborough	Moses	Tydings
Bulow	Gore	Norris	Vandenberg
Capper	Hale	Nye	Wagner
Carey	Harrison	Oddie	Walsh, Mass.
Cohen	Hatfield	Reed	Walsh, Mont.
Connally	Hawes	Robinson, Ind.	Watson
Copeland	Hayden	Sheppard	
Costigan	Hull	Shipstead	
Couzens	Johnson	Shortridge	

The PRESIDING OFFICER. Sixty-one Senators having answered to their names, a quorum is present.

Mr. LONG. Mr. President, I had understood from the Senator from Utah [Mr. SMOOT] that we would remain in session for an hour or so longer. I had hoped that we might recess this evening a little earlier than was contemplated. We have been here for a considerable time to-day. I am not going to make any motion to recess; I rather feel that such a suggestion should come from some of the Senators on the other side of the Chamber. However, after having conferred with many of the Senators during the day, I believe that a spirit of harmony or near harmony almost pervades the Senate.

The Senator from Georgia [Mr. GEORGE] made a very notable speech here this evening to which I am very sorry some of the Senators here and those who are absent did not have an opportunity to listen. I do not think that the other members of the Committee on Finance and of the Senate, had they knowledge of what was contained in the speech of the Senator from Georgia, would want to vote on the pending amendment until they had a chance to peruse those remarks, at least those who did not hear them.

The Senator from Georgia is a member of the Finance Committee, which reported the pending bill. I gather from his remarks that he feels that the best thing to do is to vote for the Connally amendment, although I suppose he is one of the members of the Finance Committee who voted to report the pending bill with the schedule on income taxes written as it now appears in the bill. He now says, however, after giving more or less a history of the trials and tribulations and labors of the committee, after giving us the details of the agonizing and absorbing torture which the members of the committee suffered in undertaking to arrive at a satisfactory solution of the problem presented, that, after more mature consideration and discussion, he reaches the conclusion that probably the best thing to do now would be to vote for the amendment offered by the Senator from Texas.

He goes further than that and suggests if the estimates of receipts under the amendment proposed by the Senator from Michigan [Mr. COUZENS] are as stated that probably it would be best even to adopt the schedules of that amendment, indicating, Mr. President, that the members of the Senate, after consultation with one another, are rather more inclined to yield to the general knowledge of the country than to some special knowledge that might have suddenly dawned on them through the mind and thought of the Secretary of the Treasury.

It rather seems that the hurry-up call which the Secretary of the Treasury gave himself fades into insignificance on a consideration of the normal functions of the Members of the Senate in their discussions with one another. I believe, Mr. President and Senators, that more discussion among us, more consideration of the questions involved by the 96 Members of the Senate, coming from various sections of the country, will permit us to have a better understanding. I do not see that there is anything which to-night impels us to act in a hurry about this matter, though I find myself mellowing to the demands of my fellow Members of this body to hurry these discussions which many people in the remote sections of my country would give half the earnings of their lifetime to hear. I find that several Members of this body have not spoken, and I believe that within the next two and a half hours they might decide that they want to speak.

I do not propose to be selfish about this matter. If I am asked by any of my colleagues to yield, I am going to yield to them, so that they may speak upon this subject; and by the early hours of morning they can read the lines and ciphers and signals and the logic that is contained in the addresses to which they have not had the opportunity to listen here this evening. If they have not had the opportunity to listen to them, they will have the opportunity to read them before I have surrendered the floor, I hope.

Mr. WALSH of Massachusetts. Mr. President, will the Senator yield?

Mr. LONG. Yes, sir; I gladly yield.

Mr. WALSH of Massachusetts. Do I understand that the Senator is willing to agree upon a time for a vote on this amendment to-morrow? I take it from what the Senator says that he would like to have the Members of the Senate have an opportunity to read the speech of the Senator from Georgia.

Mr. LONG. That is one of the things, Mr. President; yes, sir.

Mr. WALSH of Massachusetts. So that if we could have a vote perhaps early after meeting in the morning, it would save our remaining here to-night without a quorum.

Mr. CONNALLY. Mr. President, will the Senator yield to me to propound a unanimous-consent request?

Mr. LONG. Yes, sir.

Mr. SMOOT. Mr. President, let me ask the Senator——

The PRESIDING OFFICER. The Senator from Louisiana has the floor. Does he yield?

Mr. LONG. Yes, sir. I yield to the Senator from Texas and to the Senator from Utah if he desires me to do so.

Mr. SMOOT. I wish to ask the Senator if the unanimous-consent agreement means that we are to take a recess at this time?

Mr. CONNALLY. I had not propounded it. I was going to make a unanimous-consent request that the Senate vote to-morrow, not later than 1 o'clock, on my amendment. If the Senator from Utah wants to couple with that any other request about recessing or going on to other portions of the bill he can say so.

I propose this request, Mr. President.

The PRESIDING OFFICER. Does the Senator from Louisiana yield for that purpose?

Mr. SMOOT. I have no objection to the unanimous-consent agreement, provided we go on until 10 o'clock to-night.

Mr. CONNALLY. I make the following unanimous-consent request——

The PRESIDING OFFICER. Does the Senator from Louisiana yield for that purpose?

Mr. LONG. I yield to the Senator from Texas; yes, sir.

Mr. CONNALLY. I make the request that it be unanimously agreed that the Senate vote on my amendment not later than 1 o'clock to-morrow, and that in the meantime the Senate proceed with the bill as to other items following this one.

Mr. LONG. Mr. President, if the Senator will pardon me, I have another suggestion to make; so I will ask him to withhold that just at this moment. Then I shall be glad to yield to him.

Mr. CONNALLY. I will, of course. I made the request just to save time.

Mr. LONG. I was going to suggest that if I were convinced that enough of the Senators who have come in have been inspired by the air which has pervaded this body in the last few minutes so that the Connally amendment would be adopted to-night, I should be glad to yield the floor for that purpose. I am not yet inspired to that belief, though I think that by the time they have had an opportunity to consider what has been said here, particularly by the Senator from Georgia, and some of the things that have been said inferentially by the Senator from Utah, they will vote to adopt the Connally amendment by to-morrow.

I want to make this further suggestion: I was discussing this matter with the Senator from Mississippi [Mr. HARRISON] this afternoon. He did not exactly agree with my conclusions; but I discussed the matter with some other Senators, chiefly on the other side, and I met with a more favorable response. If we can agree on the amendment of the Senator from Texas, that is going to avoid a prolonged discussion, and it is going to mean that we should be able to go forward with this bill much more expeditiously. If, however, we are not going to agree to his amendment, it becomes apparent that those of us who wish to see a speedy enactment of this bill into law are going to have to urge that we set aside, as I understand the Finance Committee did, the income-tax and inheritance-tax schedules, and go to the excise taxes, and decide those matters, so that then we may know what in reality we are going to have to face in the way of income taxes.

Mr. SMOOT. Mr. President, will the Senator yield?

Mr. LONG. Yes, sir; I yield.

Mr. SMOOT. I desire to ask the Senator if he thinks there is a Senator in this body who has not already made up his mind as to how he is going to vote upon this question.

Mr. LONG. Mr. President, I have witnessed changes occurring here lately. I do not think the Senator from Utah has his mind made up, from the way he talks to me. I believe he is about ready to change his mind. I do not think he is nearly so bad as I thought he was on this subject. I may be wrong about that.

Mr. SMOOT. I would rather have the Senator from Utah answer that question.

Mr. LONG. I say, I may be wrong about that. I can judge only from looks and signs. I may have misjudged the Senator. I was greatly impressed by that fact, however; and I was particularly impressed by the statement of the Senator from Georgia, coming from the committee, who stood here this evening and sponsored the best interests of the country in adopting the Connally amendment, and possibly in going back and adopting the amendment proposed by the Senator from Michigan [Mr. COUZENS]. It indicates, to my mind, learned statesmanship. It indicates, to my mind, that we are beginning to see, from the influence that is pervading the country, the necessity of a fair, equitable tax bill that will raise revenue from the people who make it.

My belief is, as an example, that my interrogator, the Senator from Utah [Mr. SMOOT] is confused. He only needs time to get his sights together on this question. He has spoken of no objection that he has to the bill except that it might need some reform in the $3,000 and $5,000 income brackets. The Senator from Nebraska [Mr. NORRIS] has undertaken to compromise that matter and to point out to the Senator that an adjustment could be made of those items, and the Senator from Utah has answered him that if a change were made in those items the bill would not produce the necessary revenue. So I believe that when the Senator has slept over the night and has read his own words that to strike out even two lines of the Connally amendment would not give the revenue needed, he certainly is not going to want to strike out 60 more lines of the same amendment when he knows that to strike out two lines of the Connally amendment would not give the revenue that the Government needs.

Why, if we had stricken out the two lines, as suggested by the Senator from Nebraska, it would not have affected any schedule that has been reported by the committee of which the Senator from Utah is the chairman. It would have left the incomes of $3,000 and under $5,000 exactly as they have been reported by the Finance Committee, and if the Senator from Utah feels the necessity, as his own words—which he no doubt has already read—will show, if he feels that we can not strike out two lines of the Connally amendment, certainly he will see the necessity of taking it all.

It would be most unfortunate for this influence that might have come from the Treasury or from the White House to pervade any Member of the Senate and have him be convinced contrary to his own logic; and that is what I fear would be done here if we were to adjourn this session of the Senate until these members of the committee have had an opportunity to read their own words and thoughts, and analyze their own logic, and read the memorable statements that have been made by one another.

I think, though, that if we accept the Connally amendment, we may later on decide to go back and accept the amendment of the Senator from Michigan [Mr. COUZENS]. We may later do that, as the Senator from Georgia, who voted against it to-day, well says himself.

Mr. CONNALLY. Mr. President, will the Senator yield?

Mr. LONG. Yes.

Mr. CONNALLY. Will the Senator yield to me to propound another unanimous-consent request?

Mr. LONG. Yes, sir.

Mr. HARRISON. Mr. President, will the Senator yield?

Mr. LONG. Yes, sir.

Mr. HARRISON. Was the first unanimous-consent request presented?

Mr. LONG. I asked the Senator to withhold it for a minute.

Mr. CONNALLY. The Senator from Louisiana asked that I withhold it at the time.

Mr. President, I make the following unanimous-consent request: That for the present the Senate proceed with other provisions of the bill in the regular order, and that to-morrow, when the Senate convenes, debate be had on the pending amendment until 1.30 o'clock, and that the vote then come on my amendment.

Mr. SMOOT. Not later than 1 o'clock.

The PRESIDING OFFICER. Is there objection to the unanimous-consent request of the Senator from Texas?

Mr. TYDINGS. I object.

The PRESIDING OFFICER. Objection is heard.

Mr. TYDINGS. And, while I am on my feet, I should like to say——

Mr. LONG. I do not yield to the Senator.

Mr. TYDINGS. The Senator must yield when unanimous consent is asked.

The PRESIDING OFFICER. The Senator declines to yield.

Mr. TYDINGS. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. Does the Senator yield?

Mr. LONG. I will yield to the Senator from Maryland, Mr. President.

Mr. TYDINGS. I want to give my reasons for objecting—that we have this tax bill before us now, and the country wants it enacted into law.

The PRESIDING OFFICER. That is not a parliamentary inquiry.

Mr. TYDINGS. The Senator from Louisiana yielded to me.

The PRESIDING OFFICER. Is there objection?

Mr. LONG. Yes, sir; I have yielded to the Senator from Maryland.

Mr. TYDINGS. Have I the floor now?

Mr. LONG. I have yielded to the Senator.

The PRESIDING OFFICER. The Senator from Louisiana has the floor. He has yielded to the Senator from Maryland.

Mr. TYDINGS. All right.

My reason for objecting is that the country wants this tax bill passed speedily, and I shall object to delaying the votes upon its consideration when we have had full debate on it and the Senate is here in session and ready to have a vote.

Mr. LONG. Mr. President, I have privately interviewed the Senator from Utah [Mr. SMOOT] this evening and I have interviewed the Senator from Mississippi [Mr. HARRISON] and the junior Senator from Michigan [Mr. VANDENBERG] and some others, including the leader on the Republican side. I have said to them that if we would agree to set aside the income and inheritance taxes until we had gone into the excise taxes, as I understood the Senator from Mississippi to say the Finance Committee found it necessary to do—that is, to dispose of the sales tax and get through with it—then after we had disposed of it and gotten through with it we would be in position to consider the income taxes and the inheritance taxes, and it would not be the bone of contention that it is otherwise going to be in this bill.

I say to the Senators in charge of this bill that we ought to do one of two things if we want to see a speedy passage of this bill. When we have only 18 men on the Finance Committee who row among themselves over this bill as they have done, with only 18 of them there, sitting night after night with nothing whatever to consider except such matters as they wanted to consider themselves, and then see them take three weeks or a month, how can we expect, unless we adopt the experience of that committee, to take less than three weeks or a month to dispose of the bill?

So I was suggesting to the Senator from Utah and the other leaders on the Republican side, and I found considerable support, that the thing for us to do is to take up the automobile tax and say whether or not we are going to penalize the automobile trade, and to take up the other various and sundry taxes that have been written in and written out so fast that I am afraid to mention which ones they are because they may have been written out. I am safe in mentioning the income-tax schedules, because they have been rehearsed here, though I could have made the same mistake between nightfall and the rise of the sun had I not heard the statements made here this evening.

Let us take up the automobile tax, and let us take up the theater tax. I do not believe that the Senate, after taking up those items, is going to approve, by a jug full, all that has been done by the Finance Committee. But let us take up those taxes and pass on them, see which ones of them we are going to take, just as the Senate Finance Committee found it necessary to do. A precedent of that kind I think should be of some influence in this case.

After we have disposed of them, we will know what we have to do with the income taxes and with the inheritance taxes, and give that a little time, as the Senator from Georgia suggests. Let us have a little bit more investigation, if it has not been definitely decided on whether the Finance Committee's official staff is more correct than that of the Treasury Department, or vice versa, in order to estimate the amount of revenue that is to be had from this bill when we finally come to a consideration of the income tax and the inheritance tax provisions.

We know we need the revenue; we know the Government needs the revenue; that it can not be expected to survive and perform its functions without the revenue. If we need the revenue, why not let us agree and the committee agree to go along as has been expressed by the Senator from Georgia here this afternoon, to support this amendment, and let the amendment be adopted, and then we can go along. Otherwise we will practically have to admit here some day before very long that we will have to take up the provisions of this bill beginning with the excise taxes and go on through.

Perhaps I have restated that proposition several times, but I have done so in an undertaking to make myself clear that if we want to pass the bill and raise the revenue, as we are trying to do, the best thing that could be agreed on the two sides of this Chamber is that we will take the Connally amendment as a basis. That is the committee's basis. Let us stand by the committee; let us take its opinion of this matter as it reported at one time prior to having decided upon some change. The committee has voted, gentlemen of the Senate, 11 to 7 for the Connally amendment.

Mr. CONNALLY. Mr. President, will the Senator yield to me?

Mr. LONG. I yield.

Mr. CONNALLY. I want to say to the Senator from Louisiana that he is no more anxious to get my amendment adopted than I am myself. I disagree with the Senator, though, about the strategy of the situation, perhaps. I do not want to be put in the attitude, so far as I am concerned, of delaying action on the amendment or on the bill. We have to drive ahead here if we are to get it through. I was wondering whether the Senator would not be willing that we should go on to-night with other features of the bill and vote to-morrow at 1 o'clock on my amendment, when we would have a larger attendance, and have an hour of time for debate, in which time we could explain the amendment to those who are now absent. A great many Senators who are favorable to my amendment are extremely anxious to go ahead on other items of the bill to-night, and I am afraid we are going to lose some of those votes if we do not adopt some such course as I suggest.

Mr. LONG. What items of the bill does the Senator suggest we take up?

Mr. CONNALLY. Let us just go on with whatever is next.

Mr. LONG. The next items?

Mr. HARRISON. Mr. President, will the Senator yield to me?

Mr. LONG. I yield.

Mr. HARRISON. I am sure that everybody wants to get the bill hastened along, and I do not suppose the Senator in charge of the bill, the Senator from Utah [Mr. SMOOT] would have any objection to fixing a time for a vote on the pending amendment to-morrow, with a limitation of debate on any other amendment which might be offered to this particular provision of the bill. I think we might save time by that, and then we could go on and read the bill, because there are many, many pages which we must cover if we are to conclude the consideration of the bill.

While I am on my feet, may I be permitted to say that I would object to any unanimous consent that we withhold the consideration of the income and surtax features of the bill until the last? I told the Senator from Louisiana when I was approached on that proposition that one of the great troubles in the Committee on Finance was that there were elements in the committee working in the hope that they might get a sales-tax provision in the bill, and that they voted against the excise taxes in the bill, throwing upon some of us other and more humble members of the committee the burden of voting on those propositions in the hope of balancing the Budget. So if these provisions should be put off until the last, some of us would find ourselves in the very bad position of being forced to vote, in order to balance the Budget, for certain excise taxes, while others could say, "I am going to vote for the income tax and the surtax provision when it comes along."

It is my opinion that we ought to get rid of the surtax and income-tax provision within a reasonable time. If we do not want to vote on it now, let us set a time for a vote, fix a limited time on other amendments which might be of-

fered to it. Before we get into the excise-tax provisions, or on the nuisance taxes, we ought to have a vote upon the sales tax, so that we can determine in the beginning whether we are going to have a sales tax or whether we are not going to have a sales tax. If we are to have a sales tax, and these high surtaxes are not raised very high, then I suppose Members of the Senate would feel under more obligation, in order to balance the Budget, to vote for such excise taxes, than they would if these two propositions were held off to the last because they would say, "I intend to vote so-and-so in the future, and I will vote against this now."

Mr. COUZENS. Mr. President, will the Senator from Louisiana yield?

Mr. LONG. I yield.

Mr. COUZENS. I was going to say to the Senator from Mississippi that there is going to be a chance to vote on the income tax after the consideration of all the amendments of the bill have been concluded, because I filed a motion to reconsider, and am going to have reconsidered the vote on the 1918 rates. So we can not dispose of this section at this time.

Mr. HARRISON. I understood that the Senator had changed his vote.

Mr. COUZENS. I understood the Senator to say that we would not have a chance to consider the income tax and surtax rates until after we had concluded with this discussion; but we will have opportunity.

Mr. HARRISON. I understand. I think the income-tax provision and the surtax provision, as well as the sales tax, should be voted on before we get into the nuisance taxes.

Mr. COUZENS. I have already filed a motion to reconsider the vote on the surtax provision, and that will come up after the nuisance taxes have been voted on.

Mr. HARRISON. And under the rules of the Senate the Senator can file a motion to reconsider at the last.

Mr. SMOOT. Mr. President, will the Senator from Louisiana yield?

Mr. LONG. I yield.

Mr. SMOOT. I wanted to say to the Senator from Mississippi that his proposition was the exact one I made to the Senate, that we pass this item over for to-night and take it up to-morrow, and in the meantime, between now and 10 o'clock, we could take up other items in the bill.

Mr. CONNALLY. Routine items?

Mr. SMOOT. Yes; I really do not know why the Senator did not agree to that.

Mr. LONG. I did not understand that.

Mr. SMOOT. I put the proposition to the Senator.

Mr. TYDINGS. Mr. President, what is the point in not voting on this amendment to-night?

Mr. LONG. I want to discuss the matter. I have a right to discuss it.

Mr. TYDINGS. If the Senator wants to discuss it, let him discuss it now. I shall object to putting it over.

Mr. CONNALLY. I want to make clear my attitude, if the Senator from Louisiana will yield.

Mr. LONG. I think we understand the Senator's attitude. He would like to have me cease talking, and I prefer not to do that.

Mr. CONNALLY. I beg the Senator's pardon.

Mr. LONG. All right.

Mr. CONNALLY. My purpose was to postpone a vote until to-morrow, because there would be a larger attendance then. A great many Senators are absent, and I understood it was the object of the Senator from Louisiana to help postpone the vote until to-morrow. But I thought that we could postpone it by unanimous consent, and have an hour's debate to-morrow, and then go ahead and accommodate the Senator from Utah; and the object of the Senator from Louisiana, as well as of the Senator from Utah, would be accomplished. That was my purpose.

Mr. TYDINGS. Mr. President, will the Senator from Louisiana yield?

Mr. LONG. I yield.

Mr. TYDINGS. I do not want to interfere with any reasonable request made, but I just want to point out that if we are to have night sessions and it gets to be the order of the day that we are going to discuss only at night sessions, and not vote, I will not come to the night sessions. Further than that, I think it is an outrage to drag Members of the Senate here to night sessions unless we are going to do business. The country wants this tax bill passed, and it wants it passed quickly. I am in favor of staying with it until we do the job.

Mr. HARRISON. Mr. President, will the Senator yield?

Mr. LONG. I yield.

Mr. HARRISON. I agree thoroughly with the Senator from Maryland; but there are a lot of other items in the bill which will take discussion and consideration, and if we can save time and expedite the matter by getting a unanimous consent agreement to-night I think it would be well if we could. I am going to submit a unanimous consent request, if the Senator from Louisiana will permit. We meet at 12 o'clock to-morrow, as I understand?

Mr. SMOOT. Yes; we have to meet to-morrow at 12 o'clock.

The PRESIDING OFFICER. That is already agreed to.

Mr. HARRISON. There is a unanimous-consent agreement that we will take a recess?

Mr. SMOOT. That is correct.

Mr. HARRISON. I ask unanimous consent that at 2:30 o'clock we vote on the Connally amendment——

Mr. SMOOT. At not later than 2.30.

Mr. HARRISON. That at not later than 2.30 to-morrow we vote on the Connally amendment, and that the time after the convening of the Senate to-morrow shall be equally divided between those who favor the amendment and those who oppose the amendment; that no speech on any amendment which may be offered to the surtax or income tax provision of the bill shall be longer than 10 minutes, and that no one shall speak more than once.

Mr. LONG. I will not agree to that at all.

Mr. HARRISON. How much time does the Senator want?

Mr. LONG. I will agree to the first part of the request.

Mr. HARRISON. How much time does the Senator want?

Mr. LONG. I do not want to enter into any agreement like that. I will agree that we vote on the Connally amendment at 2.30 o'clock to-morrow.

Mr. HARRISON. I do not offer any suggestion.

Mr. LONG. I will be glad to agree to the first part of the Senator's suggestion, that we vote on the amendment at an early hour to-morrow afternoon.

Mr. HARRISON. I am perfectly willing to limit the speeches to 30 minutes, or 45 minutes, or any other time. Let us get to something real, if we are going to agree to something.

Mr. LONG. I would be glad to agree to what the Senator suggests but for this, that after we have had a speech and everybody has been shut off, and Mr. Ogden Mills comes back and has the same influence on the Members of the Senate that he had the last time, then my mouth would be closed, and I would not be able to be heard. I believe that we ought to have a right to be heard after Senators hear from the White House.

Mr. HARRISON. I have offered to divide the time equally. I have offered to make the time on any new amendment that may be offered to suit the Senator's convenience.

Mr. LONG. But one minute in the hands of the Secretary of the Treasury is worth an hour in my hands.

Mr. HARRISON. I withdraw the request for unanimous consent.

Mr. LONG. I do not want the voice of the people shut out.

Mr. SMOOT. Mr. President, will the Senator from Louisiana yield to me?

Mr. LONG. I yield.

Mr. SMOOT. Is the Senator willing now that we should pass this amendment over and spend the balance of the evening in the consideration of other matters?

Mr. HARRISON. I am going to object to any request like that.

Mr. LONG. Now, if I can harmonize these gentlemen, it will be all right. [Laughter.]

Mr. SMOOT. Go right along.

Mr. LONG. It appears that I have divided the Senators on the different sides of the aisle again, at least for the time being. The Senator from Utah did not have any more questions?

Mr. SMOOT. Not until 10 o'clock.

Mr. LONG. Mr. President, I hope that Senators will understand that I am undertaking to save them for themselves and from themselves in one respect in this matter. If I knew that when the Members of the Senate were under the power of their own logic, I would feel one way about the matter. If, on the contrary, I felt that the superabundance of logic and power of expression should descend upon them by night or by morning with the same powerful effect that it seems to have had in persuasion from the Secretary of the Treasury before, then I realize the mistake which could befall us here in this body. I have seen a chance occur here this evening; that is, I felt it, I may have imagined it, and I believe, as we view this case, and as we view the schedules and the needs of the country, and the amounts that are to be raised, we are not going off here like Sindbad the Sailor and say, "Did I say it was one week?" A puff of the pipe and then, "No; I meant a month." Then another puff on the pipe and, "I meant a year." So we are told in the fables of Sindbad the Sailor.

One day the Treasury's report is accepted, and we vote one thing. The next day we vote another. But why the hurry-up call? There were proposals in the House and in the Senate to raise these taxes on the lower brackets, and some of them were voted by various committees.

We did not hear any protest from the Secretary of the Treasury when the lower brackets were increased. There was no visit from Mr. Ogden L. Mills when the income taxes were increased on incomes of less than $6,000 from to 3 to 6 per cent or from 7 to 9 per cent. They did not know he was alive so far as that is concerned.

But lo and behold, when they came along with an amendment that reached up into the higher brackets and raised the rates from 45 per cent to 55 per cent on millionaires, then in posthaste the spirit of the Treasury descended upon them in the form of a dove and charmed them not to do any such thing as to reach into the annointed realms, into those realms of hidden riches. There had been no cry from the Treasury and no protestation from the Treasury up until that time.

Mr. President, we might as well discuss the whole bill, because one peg depends upon the other. It is a common foundation. It is one pile of brick joined together by a common course of mortar. If we remove one brick, we have to put another one in its place.

By the way, I have an amendment that is not a great deal different from the Connally amendment. I have two amendments proposed to this schedule myself, and my discussion of this particular amendment will abbreviate my discussion of my own amendments when they come up.

Mr. WATSON. Are the amendments to the Connally amendment?

Mr. LONG. No.

Mr. WATSON. They are to the provision itself?

Mr. LONG. Yes. I propose the two amendments myself. I took the $100,000, the maximum income that was considered in the calculations of the House, and I extended that up to where, on incomes around $1,000,000, we take 63 per cent and on incomes of $2,000,000 we take 65 per cent. It was not quite as drastic an amendment as the Senator from Michigan [Mr. COUZENS] has proposed. In fact, I find myself becoming a very conservative Member of this body. I find and I fear that result in undertaking to designate what I consider to be necessary in the interest of raising revenue—because I have had that problem myself of raising revenue. I know the trouble anybody has raising revenue. I was once in that dilemma myself in raising revenue for a State, and I know the difficulties and the vicissitudes and trials and turmoil that one must encounter and engender in order to raise revenues to run a goverment.

My heart goes out to those gentlemen who are undertaking to find revenues to support the Government. There is no man with whom I am in more heartfelt sympathy, no man whose experiences I can feel more and for whom I have a brotherly feeling and cooperative spirit than the man undertaking to raise revenue in this bill to support the Government. I feel that I would be recalcitrant should I allow the opportunity to pass here without contributing my advice in this dilemma at an early hour and at an early time when we have hours left to consider it, for if we had not many hours left to consider it, they probably might be wasted in the consideration of more important matters.

But if Senators are going out to the American people with two national conventions staring them in the face, when the dear people are going to convene to nominate a candidate—I hope Senators will excuse me for smiling—but when they are going before two national conventions where the people are to meet to nominate candidates and adopt platforms, how can they go before the thousands and millions of men who pay 10 cents to get into a moving-picture show and tell them they have charged them 10 per cent more for the right to go into a moving-picture show in order that the Senate may keep from having to put higher taxes in the brackets that would have yielded the necessary revenue?

While speaking in such solicitous terms about the poor man, when Senators were afraid that they might tax to the extent of $60 the man who is making $5,000, why not worry about the little Government employee who is getting only $1,400 and who is now going to have $140 taken off of his salary? Why not be a little consistent? Oh, it is going to be bad! It is going to be bad to have $60 in taxes paid by the man with a net income of $5,000. We are told a net income of $5,000 is a pitiful sum after paying all taxes and interest and charges, and then he has to pay $60 in income taxes. That is an outrageous act, and yet Senators are coming back here with an economy bill not to take $60 from the Government employee making $5,000 a year but to take $140 from the man making $1,400. What kind of consistency have we, anyway?

We do not need to cut the Government employees' salaries, and I am not going to vote for any such proposition. We do not need to cut the Government employees' salaries

Mr. WATSON. Mr. President——

The PRESIDING OFFICER. Does the Senator from Louisiana yield to the Senator from Indiana?

Mr. LONG. Certainly.

Mr. WATSON. I take for granted the Senator is entirely willing, if not anxious, to pass a tax bill?

Mr. LONG. Yes.

Mr. WATSON. If not this one, then some bill?

Mr. LONG. This one, properly amended.

Mr. WATSON. Of course, the only way we can pass the bill is to go through it and vote on its provisions, one after another.

Mr. LONG. Yes.

Mr. WATSON. The Senator a while ago stated he would be willing to submit to a unanimous-consent agreement to vote on the Connally amendment to-morrow afternoon at 2.30 o'clock.

Mr. LONG. Yes; but I am through agreeing to anything now. I am going to express my views. I am feeling the urge to talk as I progress.

Mr. WATSON. I have discovered that to be the fact.

Mr. LONG. I am becoming convinced by my own logic that it is necessary to talk a long time on this matter.

Mr. WATSON. Of course, if the Senator is anxious to pass the bill after ample discussion, the only thing to do is to vote. I am wondering whether or not the Senator would agree to a unanimous-consent understanding that we should vote on the Connally amendment to-morrow afternoon and then his amendment follow with a time fixed for the discussion of his amendment that will be satisfactory to him.

Mr. LONG. I have concluded, since I have been talking here, that we ought to keep the Senate in session until it is

too late for Senators to go and see the Secretary of the Treasury and get back here any length of time before we convene again to-morrow. I think it is necessary that we send Senators home when it is too late to see the Secretary of the Treasury to-night and that we should come back here two or three hours before they have had a chance to see him in the morning so that Senators can follow their own dictates.

Mr. WATSON. The Secretary of the Treasury is a pretty vigorous man and he might stay up late, too.

Mr. LONG. That is what I am afraid of.

Mr. WATSON. I think, if the Senator is really anxious to pass the bill—and I know he is, because he said so——

Mr. LONG. I think the Senator from Indiana and I could get together on this matter without any trouble.

Mr. WATSON. I think so, too.

Mr. LONG. However, there has been objection.

Mr. WATSON. I really do wish, in the interest of expediting and faciliting the passage of the measure, that the Senator would agree on some time to vote on the Connally amendment.

Mr. LONG. I think I am expediting the passage of the bill now. I think within a week's time the Senator will agree that what I have undertaken to do and say here to-night has been of signal service in hastening the final passage of the tax bill, because if we stay here and find ourselves in a state of harangue and confusion over whether or not we are going to adopt onerous and burdensome taxes on every little man who goes to a 10-cent moving-picture show——

Mr. SMOOT. Mr. President——

The PRESIDING OFFICER. Does the Senator from Louisiana yield to the Senator from Utah?

Mr. LONG. Certainly.

Mr. SMOOT. I have heard it said so many times that there is a tax on the 10-cent admission to a moving-picture show that I think I should correct the statement. There is no such thing proposed in the bill.

Mr. LONG. I beg to be corrected. What is it?

Mr. SMOOT. It is a tax on 11 cents and above, so that the 10-cent moving picture is not taxed according to the terms of the bill.

Mr. LONG. May the Lord bless the committee. [Laughter.] It is only on an 11-cent admission that the poor man is to be taxed.

Mr. SMOOT. We have had the 10-cent moving-picture show spoken of so many times that I am tired of it.

Mr. LONG. All right; I will amend my remarks accordingly. I was mistaken, and I shall not make a mistake of that proportion while I am discussing other items and features of the bill.

The United States is to become a tax collector from 120,000,000 people. We are going to stretch out our hands and collect taxes from 120,000,000 people. While we are talking about luxury taxes, let me say the moving-picture show is not a luxury. An automobile is not a luxury. There are not any luxuries in the bill that are being taxed. Even a glass of beer, according to the statement that has been made by the Senator from Maryland [Mr. TYDINGS], would not be a luxury if it were put in the bill. There are not any luxuries in the bill. The man who toils from sunup to sundown—Monday, Tuesday, Wednesday, Thursday, Friday, Saturday, and half of Sunday—who has no chance to go to any little place except maybe a public park or moving picture is to be taxed on an 11-cent admission ticket.

It is almost a crime—indeed, it is almost a crime to put a tax upon the little 11-cent show, because Senators say they want to keep from taxing the man who is making $1,000,000 clear or is making $5,000 clear for fear he may invest his money in municipal and State securities. I think the term "municipal" is broad enough that it covers State securities and securities of municipalities. But Senators want to tax the man who goes to the moving-picture show, and the only reason given is that it is necessary to balance the Budget; and in order to balance the Budget it becomes necessary and essential that we penalize every little man who buys a radio, every little man who buys a Ford car, every little man who carries his wife and two children to a picture show. It does not make any difference whether he has made a dime or not, he has to pay a tax. If he has anything whatever in the form of the reasonable conveniences that the world affords to-day, he has to pay a tax. And for what?

Mr. President, the reason is that the bill means, if it is enacted into law, to cram enough sales taxes into the law to form a foundation of bedrock underneath the sales-tax principle to get it embedded into the American tax system, so the Government will get more and more under the sales-tax system from day to day and from year to year until the men at the top have been relieved of paying the enormous income taxes that they should be paying and until they have done what Mr. Hearst and Mr. Brisbane said—until they have made away with the innocuous inheritance and income taxes in this country.

Taking up the amendment—by the way, Mr. President, I do not believe there is a quorum present. I suggest the absence of a quorum.

The PRESIDING OFFICER. There has been no business transacted since the last quorum call.

Mr. LONG. There has been no business transacted?

The PRESIDING OFFICER. That is correct.

Mr. SMOOT. There has been none at all.

Mr. LONG. Very well; that is all right. Let us see what is in this bill, in order that I may not misstate it. Let us see what it is proposed to tax here. I do not disagree with the tariff items in the bill. I disagree with some of the criticisms that have been made against this bill on that account. The only fault I have with the proposed tariff on oil is that it was not made high enough. The only fault I have to find with the tariff on copper is that it was not made high enough. I do not think any criticism can attach to the committee because of the tariff items in the bill. We live in a tariff world, a tariff has been put on everything we buy, and it is not fair to some of us that we be penalized by a tariff on everything we consume and have no tariff on the commodities we produce.

The items in this bill are embraced in a long list; a list long enough to go from Dan to Beersheba, stretching out all over the country. One would have to be a Philadelphia lawyer to tell on what he will have to pay taxes by the time he gets through this bill. Its provisions have got to be in the head of every man who goes to a moving-picture show or who operates one in this country. There will be many prosecutions under this book of various and sundry rules. There never was a book of rules ever published on which a man will have to keep his hand all the time to the extent he will if it shall be enacted into law. Every man in the United States living under the United States Government may be prosecuted for not paying taxes under one schedule or another, because, I presume, there is a penal clause attached to a violation of the provisions of the bill. Every law of this kind winds up with a penal provision. I have hardly ever seen a postmaster who could not be fined under the laws on the statute books for not complying with the Federal provisions regarding the reporting and keeping of funds. Scattered through the various statutes there are penal provisions. So under this bill if a man does not pay the tax on 11 cents every time he goes to a moving-picture theater he is guilty of a violation of the law.

There is a penalty for the mere failure to pay 1 or 2 copper cents—a little picayunish, chinchy business—but the Government is going into it and ransack every corner of the country to take its toll. So every little old man going into a moving-picture show, who does not know the law, is liable to be prosecuted on Monday morning, and those guilty of not paying the tax will be brought perhaps from one part of the country to the other.

Talk about Federal tyranny! There never was a worse thing than to have a multiplication of laws on top of laws. The first thing we know the Government will be prosecuting 40 or 50 people because they have not paid a copper cent or

two for going to a moving-picture show. The same thing is true of those who purchase radios. They have got to know the law; and they have got to pay the exact amount of tax that is prescribed and no less; otherwise, they will be subjected to Federal prosecution.

How much better, how much more safe and stable it would be if, instead of raising funds from the poor little fellow who it may be has not made a thousand dollars in a year, we should raise them from those of large incomes. I will tell you, Senators, that 95 per cent of the people to-day who are going to moving-picture shows did not make a thousand dollars last year; and when we put a tax on them we are putting it upon people who have not thrived instead of putting it on people who have thrived.

Senators say that it is a useless thing to put a tax on large incomes, because people are not making money. It is said there is no use putting the proposed tax on such incomes.

Mr. COUZENS. Mr. President——

The PRESIDING OFFICER. Does the Senator from Louisiana yield to the Senator from Michigan?

Mr. LONG. Yes, sir; I yield to the Senator from Michigan.

Mr. COUZENS. In the estimates made by Mr. Parker, of the general tax committee, and the estimates by the Treasury Department of the 1918 rates and of the committee rates, there was a difference. As I understand the Senator from Utah, the estimate of the Treasury Department was that $193,000,000 would be raised under the committee bill. The estimate of Mr. Parker was that some $331,000,000 would be raised under the proposed amendment which was voted down this afternoon. There is a difference in the estimates.

I move, Mr. President, that the Senate request the Treasury Department to furnish the Senate an estimate of the amounts to be raised in each of the brackets, because I am convinced from what I am able to learn that the estimates of the Treasury Department do not show the brackets in which these increases will occur. Of course, it is very important to know how the Treasury estimate is divided up between the different brackets.

So I ask unanimous consent that the Senate request the Treasury Department to furnish the Senate with an estimate of the amount to be raised in the various brackets by the 1918 schedule of rates which was debated this afternoon.

The PRESIDING OFFICER. The Senator from Michigan asks unanimous consent that the Treasury Department be requested to submit data as to the 1918 rates——

Mr. COUZENS. By brackets.

The PRESIDING OFFICER. By brackets. Is there objection? The Chair hears none, and it is so ordered.

The request of Mr. COUZENS was reduced to writing in the form of a resolution (S. Res. 214), which was considered and agreed to, as follows:

Resolved, That the Secretary of the Treasury be requested to furnish the Senate estimates for the calendar year 1932 of the revenue that would be raised by each of the income-tax brackets under the revenue act of 1918.

Mr. TYDINGS. Mr. President, now that some business has been transacted, I suggest the absence of a quorum.

Mr. LONG. Mr. President, I am willing to yield for the purpose indicated if it does not take the floor away from me.

The PRESIDING OFFICER. The Chair will state to the Senator from Louisiana that he is not compelled to yield to another Senator to raise the point as to the presence of a quorum.

Mr. LONG. I do not need a quorum. I thank the Senator from Maryland, but I refuse to yield. It does not make any difference. I do not wish to bring any Senator here against his will. Let Senators go home; but I thank the Senator from Maryland very much. I am afraid I am not going to have time enough to say what I want to say. If the Senate shall take a recess at 10 o'clock, I probably will not have gotten through. I am going through this thing alphabetically, and I have only gotten down to the "F's."

What I was undertaking to say I hoped would appeal to Senators who come from my section of the country and from the broad, open spaces as well as from the cities. We have tried to deliver this country from Federal bureaucracy in every way we could. We realize that the ordinary man does not understand the Federal Government very well. Of all the lawyers in the United States Senate to-day, Mr. President—and I am one of them; I have practiced before the Federal courts as well as before the State courts—probably a third of them understand the methods of procedure of any Federal court in which he practices. The Federal courts are looked upon as foreign soil.

I trust the Senator from Utah heard what I said. I said, and I restate it, as to the Federal rules of procedure in the Federal courts that probably not one-third of the lawyers of the Senate, I believe—and I am one of them—could to-morrow step into any district or circuit court and understand the rules under which he is going to practice without making a little preparation and looking up the procedure, because even yet the Federal courts are looked upon as foreign soil by a majority of lawyers who practice there. And when an ordinary individual is brought 100 miles away from home and taken into a Federal court he feels like he is going before some foreign tribunal. He does not understand it. If he can get off with a $50 or $75 fine he pays it, and quits.

Under the nefarious sales-tax proposal, as I see it—and I am sure other Senators do not see it that way, or they would not be for it; one or the other of us is bound to be mistaken—there is not a single man in the length and breadth of the United States who would not be amenable to indictment before the Federal courts on half a dozen occasions in a year's time.

Mr. SMOOT. The Senator is for a tariff on copper and oil, is he not?

Mr. LONG. Oh, yes; I am for a tariff on copper and oil, particularly on oil, and I am willing to vote for a tariff on copper in order to help the other man so that I can get a tariff on oil. There is a lot of criticism around here about trading. If I have got to pay a tariff on everything I am buying, I am willing for the other man to have a tariff on what he produces so that I can get one on what I produce. I realize that I can not get one unless I help the other man have his. There is now a tariff in this country on everything except a few things that the farmers produce. There is a tariff on nearly everything else. If it is going to be continued—and we know it is going to be continued; we can not stop it; we tried that for a long time, but we could not do it—if it is going to be continued, if enough votes are going to be obtained to do that, we certainly have justified our claims for a tariff on oil.

We are not going to leave one or two little picayunish things unprotected which now have no protection and which are entitled to just as much protection as anything else and choke ourselves out of getting protection. We believe in being consistent about this matter; and if we are voting for a tariff on our own products, we ought to let the other man have one, too. We are not going to stand in his light. The copper business is absolutely bankrupt in the United States to-day for no other reason in the world than that American interests own mines in Chile, where they employ slave labor for 10 cents a day, so that a man in America having to hire labor at $2 a day can not compete with the foreign copper; that is impossible.

The same thing is true of oil. I remember just as well as if it were yesterday when 28-gravity oil in this country was selling on the Gulf coast, in Louisiana and Texas, at 60 cents a barrel, and they were not running one-fifth of it; they would only run about one-fifth of the production.

Along the Gulf coast, in the Pine Island field, the Edgley field, the Goose Creek field, and the Beaumont field they paid us 60 cents a barrel and only ran one-fifth of it, while away over in California they were buying 16-gravity oil and paying $1.80 a barrel. Why? Because they had congested the Gulf ports with the Mexican and Venezuelan crude and they had to store the oil in our market until they had frozen out the oil fields in that territory. That is why we favor a tariff on oil. It is necessary in order to maintain an independent oil business in this country.

Now, let me get back to the main subject, because what I have said is a little bit out of order. I had not really come to the tariff schedules in this bill. I was discussing the point that by this bill we are calling upon 120,000,000 people to pay an income tax. It is not called an income tax, but that is the charitable thing to call it. We are calling upon 120,000,000 people to pay taxes every time they go to a moving-picture show; every time they buy an automobile; every time they buy a radio. I think under this bill one would have to pay a tax if he went to a cakewalk. It makes no difference what it is, the individual pays a tax on it. He can not get beyond the confines of meat and bread to eat and the common, ordinary drudgery of daily life without its being called a luxury.

What is a luxury? Is it a luxury for the common, ordinary poor man to go to a show, to listen to a radio, to ride in a Ford car? Is that what you call a luxury? Is that the kind of a luxury upon which you are trying to tax the common, ordinary man of this country, so that you can keep from putting a tax upon the men traveling in their yachts on the high seas, drinking their wines out of golden goblets, and living in every kind of riotous abandonment? In order to keep from putting a tax upon what keeps such a man a millionaire you have got to tax 120,000,000 people on the surface as much as 10 per cent, and higher than that in some of the other things that they may buy and commodities that they may use, you have got to do that in order to save a certain selected few.

I have not the exact figures here. I had them before me. Maybe I still have them in my pocket; but under the amendment that has been proposed here, under the exemption of $2,000 or $2,500, there are only a relatively few people taxed. I would not dispute the figures of the Senator from Utah. I believe he stated yesterday how many people would pay an income tax under this bill—only a relatively few million people.

I will not undertake to state exactly how many there are, because I might make the same proportion of errors that I made before; but only a relatively few people would be called upon to pay this tax—only a very few people; only a few million, and that is all—only a few million! But you have decided the matter—no; I stand corrected. The committee has not decided it. Mr. Mills has decided it, and the committee has accepted Mr. Mills's recommendation.

I remember, Mr. President, when I was the Governor of the State of Louisiana, that I was criticized by the press of the United States and by every political opponent I had because I had gone before the committees in the House and in the Senate of the State of Louisiana and advocated the legislation which I was sponsoring.

I remember when I was assailed by practically every newspaper published in this country, and even by the magazines, on the ground that I had become a political tyrant who dared to walk into the committee rooms of the Members of the House and of the Members of the Senate, imposing my own influence to try to get those committees to report bills upon which I had undertaken to finance or otherwise help the State. That was said to be an act of tyranny; but never had I gone to a committee when a committee had decided a matter and told a committee, "You have decided it wrongly." Never had I gone to a committee when they had made their decision and told them, "Here! You have studied this thing three weeks, but you can not do this. Back up." And they backed up so quickly that you could not even see them when they did it. Never had I done that.

Yet to-day we stand here in the United States Senate noting and witnessing the fact that a committee composed of as fine men as the sun ever shone on, with as fine motives as ever influenced men to action, with intellects that have no superior, have laboriously and consistently studied and worked upon a tax bill, and at the end of those solemn and prayerful labors they have reached the conclusion that there should be a certain list of taxes imposed in order to finance this country; and then, after that is done, we see a member of the Cabinet of the President of the United States, spurred on, as the press tells us, by the demands of the President, walk in and say, "Here! Three weeks do not mean anything to me. It makes no difference what you have decided. I have come here to tell you that the schedule you have written into this law is not the thing to do," or words to that effect. Regardless of the good motives that influenced the men to action, the pitiful result is that to-day we are here in the United States Senate undertaking to get the committee to go back and do what it decided to do itself before the Secretary of the Treasury came in and decided that it was best that it do something else.

I have listened in vain for the logic as to why that drastic, sudden reversal was made. I have listened in vain. I know personally all the Senators composing this committee; but for the life of me, Mr. President and Members of the Senate, I am unable to explain why three weeks of labor of this committee reached one result one night, and just because the Secretary of the Treasury came around the next day, and for no other particular reason except what he had to say, the committee went counter the next day.

This is not the report of a committee. I know that my friend from Utah has only the best interests of this country at heart; but this is not the report of a committee. It may come in here as the report of a committee, but it is like the preacher who bought his sermons. It is like the man who reads his prayer. It is not the report of a committee.

My distinguished friend from Mississippi [Mr. HARRISON], whom I have loved and honored and at least a part of the time obeyed for a number of years in my political beliefs and doctrines, has made a very elaborate speech here. My neighbor, who breathes the same balmy air of the coast, who lives there in that clime "Where the gray of the night joins the gold of the day," stood up here this evening and said that we ought to stand by the committee. "What boots it," said he—and I am sorry the Senator from Mississippi is not here. I wish some of my friends would send for him and ask him to be present, because I hate to have anything said in his absence that he might feel that he should hear. I so honor and respect the judgment of these men that I am now trying to follow them. I am trying to follow the judgment of the committee. I am trying to follow the deliberate opinions, the judgment of these men after labor and study. I am trying to be loyal to the committee in spite of the committee. I am trying to follow a judgment that is more mature and more capable and safer than to risk the hurry-up judgment of some man who perchance receives the call that something must be done immediately and jumps and delivers his demand without thought.

Mr. HARRISON entered the Chamber.

Mr. LONG. My friend from Mississippi having arrived, as I was saying before my friend from Mississippi entered the Chamber, I listened this morning, and I was almost convinced. No man has ever been more inspired by the logic of any man through a course of years than I have been by the logic of my friend from Mississippi. No man has ever carried the torch by night, no man has ever followed the pillar of cloud by day in the good, cold, solemn ranks of sacred democracy to my heart's delight and satisfaction more than the distinguished Senator from the State of Mississippi. No man's solemn, deliberate judgment should be more respected. No man's ideas, no man's judgment, no man's perseverance for the cause of right should appeal to the heart of patriotism more than the actions of the Senator from Mississippi. And now, as the Senator from Mississippi and the Senator from Utah hold up their banner and say, "Follow us," "follow the committee," "follow me," "follow me. We have adopted a schedule of 55 per cent. Follow me," and I turned around to follow them; lo and behold, they have left us, and nobody is left but the followers. [Laughter.] The committee has gone; and when the Senator from Mississippi comes here and says, "Stand by the committee," I am reminded of the old man who died up in East Carroll Parish. He put a little poem on the tombstone:

Remember, man, as you pass by,
So as you are so once was I.
So as I am, so you must be.
Prepare to die and follow me.

But the wife who put up the tombstone did not want to be bound by what was on it, and so as a saving grace to herself she wrote two more lines:

To follow you I'm not content
Until I know which way you went.

[Laughter on the floor and in the galleries.]

The PRESIDING OFFICER. The Chair must admonish the occupants of the galleries that there must be no demonstrations; otherwise the galleries will be cleared.

Mr. LONG. So I have tried to follow the Senator from Mississippi. You have not had anybody who has followed you longer than I have. There is not anybody that respects you more or loves you more in political circles than I do. But as I have tried to follow you, where am I going to go to find you?

I go to your own house and I knock on the door, and you say, "I am here. I will have my instructions in a minute." I go back to your house. I knock on the door again. There is nobody there. I have to go and look for you in the house of Ogden Mills for your opinion. I can not find you home. [Laughter.] You go farther away, and the farther you go the farther you get away from yourself.

I have trouble locating the committee. The farther we go, the more quizzical we become, the less presence we find.

It reminds me of the time back up in my country when one of our fellow citizens had left, one of our colored brethren, vowing vengeance against another one. He came home one Saturday night, after he had gone off and earned enough money to buy a Harrington & Richardson pistol, to get vengeance against the man who was his superior in physical virtues and power. He knocked on the door. "Who's in there?" The answer came, "Mose Jackson." "Then, Mose, let me come in. I has come here to settle matters." The voice came back, "This ain't Mose Jackson that is here now. This is where Mose lives, but Mose is out." Then the nigger said, "All right; if Mose lives there, open the door. I'm going to wait for him." He said, "I think you misunderstood me. This ain't where Mose Jackson lives; this is where Mose Jackson used to live."

"Then let me in there, if Mose Jackson ever did live there." "You must have misunderstood me, brother. Mose Jackson ain't ever lived here." [Laughter.]

So we started out with this committee. They took up their bill. "This is us. This is me." They went about two or three more days, and they said, "No; this ain't us; but this is where we was." [Laughter.] Then they went a little bit longer, and now the Senators from Utah and from Mississippi come in here and say, "No; we never was over there. [Laughter.] We has been here all the time." [Laughter.]

Oh, if we were to adopt this thing gentlemen are proposing here it would be a sad plight. It is said it would affect some little people who are making from $3,000 to $5,000 a year; that it would cost them $60 a head. If they made $5,000 the little women and children would come out to see them as they went out to the banquets, where they would not speak unless there were 250 plates at the banquet. There would be people with incomes of $5,000 who would feel the sting of the serpent of taxation, because the Government would take $60 away from the man with an income of $5,000 a year.

There is great solicitude and heartaching for the man with a net income of $5,000, who must not be taxed as much as $60, because if we tax him $60, we are going to have to increase the taxes on the millionaire by about 55 per cent. We are told that a $5,000 income must not be taxed $60 a year, and some of those who are speaking that way are negotiating to take $140 a year out of the pockets of a little Federal employee who is making but $1,400 a year. Where is the consistency in that kind of legislation? Where is the consistency? You do not mind, you have no scruples against, taking $140 off the salary of a man who is making only $1,400 a year. I have been here in Washington a little bit. I do not owe these men and women in Washington anything, not a thing on the living earth.

I do not need any votes they have; in fact, I understand they have no vote. Down my way those people have long since been trained to vote against me if they could vote within the party, and out of the party it is the same. So I have nothing to gain and nothing to lose. But I have been here long enough to know that it is almost a crime—to me it would be a crime, to others it might not be and probably would not be. I have been here long enough to tell that if Congress should clip the salary of a man in the city of Washington earning $1,200, $1,400, $1,500, $2,000, $2,500, $3,000, $3,500, I want to tell you, Mr. President and gentlemen of the Senate, it would do an act less justified by conditions than to think about trying to promote the Government business in that way. We are not asking anybody here to do anything that is going to make necessary that kind of action. This is a country for all.

Mr. President, I want to speak just a few minutes now about tax-exempt securities, which have been talked about to some extent. A great deal of talk has been indulged in about tax-exempt securities. I do not know whether that is due entirely to a lack of understanding or whether the Secretary of the Treasury is a man who will just not understand about tax-exempt securities.

It is said that if we put these taxes up very high, all the wealthy people and corporations will put their money into tax-exempt securities, that they will sell out their property and go into tax-exempt securities. They are going to sell them to the men in the bread line, and put the money in tax-exempt securities; they will have to sell them to the men in the bread line, because those are the only ones who could buy them this day and time. So they are going to sell out.

The facts are that reason and experience and history show that that is not a correct statement of the theory, that that argument is very unsound. The fact is that during these years, when there were all these tax-exempt securities, and during these years when there were all these supposed-to-be high income taxes, which were going to drive people into tax-exempt securities, during those very years, the financial interests of this country, instead of going into tax-exempt securities, put their money into enterprises which were not for the best interests of the country. It would have been a good thing if they had gone into tax-exempt securities, instead of making a chain store out of every store in this country, a chain store out of every drug store, a chain restaurant out of every restaurant, and a chain bank out of every bank.

If instead of extending themselves in every field and endeavor and enterprise and vocation, if instead of having monopolized every business, from the bootblack on up, until there was not an independent bootblack business or grocery business or dry-goods business or banking business which could exist and survive under the conditions—if instead of having monopolized all those businesses, they had contented themselves with investing in tax-exempt securities, my friends would have still been in the grocery business making a living to-day, men who have been put out by these chain stores, and so would your friends be the same way. They would have been in businesses which thrived. Oh, no; Mr. Mondell, of Wyoming, who, I believe was the floor leader over in the House of Representatives for the Republican Party, came down our way and warned the people that the big business men were going to invest all their money in tax-exempt securities. Lo and behold, instead of investing those funds in tax-exempt securites, they did no such thing. They are not going to do such a thing if this tax bill is enacted into law either. They put their funds out to monopolize and take over all business, to put up branch stores all over this country, until to-day there is not a single business on the living face of America that a young man can go into to-morrow and make a living out of. What are you going to train a boy to do? I do not know.

There is not a business on the living face of the globe that a boy can go into in America to-morrow and make a living from, and I make that statement on the floor of the Senate. I stated that 10 years ago. It is no new matter with me. Ten years ago I said that there was not a business on the face of the globe that had not been monopolized by these financial interests, extending themselves into every nook and

corner to take over every business this country has in it. I began to say that as far back as 1916, and to publish articles to that effect, which have come too true much earlier than I originally anticipated.

The best thing that could happen, the best thing that could be possible, would be to break up this infamous chain situation, that has chained this whole country, so that now they are getting their chain accountants and their chain doctors and their chain lawyers, and nobody can make a living in any kind of a business or enterprise or profession to-day unless he is a part of a chain system.

They took the little store on the corner where a man was making $5,000 a year, and turned that business into a chain store, and paid the manager of it from $20 to $25 a week. How is a man to buy an automobile on a salary like that?

I say, Mr. President, and I say to the gentlemen of the Senate, that the best thing you could do—and I am afraid if you adopt the Connally amendment or the Couzens amendment it is not going to accomplish it—the best thing that could be done is to say to bloated capital, "We have a means here of keeping you from monopolizing every business in this country, by a tax system."

Let me go farther than that, however. There is another reason why tax-exempt securities are a virtue. There may be a State in the Union, but I do not think there is one, which has not a provision in its constitution or in its statutes—and I think it will be found probably as a part of every city charter—that a municipality or a State is limited in the interest which can be charged on its bonds. I know we have that limit in the constitution of my State, and I am sure it is in the constitution or statutes of Arkansas. I am positive that it is provided in the statutes of the Eastern States, or in the constitutions of the Eastern States, that only certain limited rates of interest can be charged on bonds issued by States or subdivisions of States.

Why is there an interest rate of 5 per cent? Why is there an interest rate in some jurisdictions of 4½ per cent? Why would we say that the bonds should be sold at such rates of interest as are paid most easily under the circumstances, and at the time when offered? Why can States say, "We will pay interest charges of only 5 per cent?" It is because of the fact that the State obligations and the municipal obligations are tax-exempt.

It is not within the power of Congress to tax State securities. Congress has not any such power. It will take an amendment of the Constitution of the United States to give the Congress of the United States power to impose a tax on States. The States are sovereign. They are superior to the Federal Government in matters of that kind. The Federal Government derives whatever power it gets from the States. The States do not derive their power from the Government.

Congress has no power to tax municipal or State securities, even if it wanted to.

Congress can tax Federal Government securities, but it can not tax the securities of a State government. That is the law, and it would take an amendment to the Constitution of the United States to give Congress the power to tax State securities. But let us say, for the simple sake of argument, that to-morrow Congress would have the right to tax State securities. Let us say that Congress would have that right. If they would tax the securities of the State of New York or the city of Chicago they would take money from the city of Chicago and the State of New York for the Federal Treasury and take that money away from that State or that city. Nothing would be gained. The States would be hurt a great deal more than the revenue would amount to which would be obtained for the Federal Government. The best thing that can possibly happen is for the States and municipalities to be financed. Unless they are financed they can not carry on their work that is far more important to the average man than anything that is done by the Federal Government in the way of Federal service.

That is the reason for tax-exempt securities. I have heard a great deal of talk here about tax-exempt securities. I do not think anyone in the Senate who studies the matter a minute does not realize that tax-exempt securities are a means of assisting the State, a means of helping the business of government.

I have waited and waited and waited for somebody to say this on the floor of the Senate, but it apparently has never occurred to anybody to say it yet. What is the reason for this hubbub and hurrah about tax-exempt securities? It is the Power Trust. It is the Waterworks Trust. It is the Electric Trust. They have been trying to make it impossible for the State and city governments to finance themselves for years and years so they would have to sell out their electric-light plants to the power interests and restrain themselves from operating waterworks in the municipalities and turn them over to the private interests. They have been trying to drive the country away from tax-exempt securities, trying to keep the States and municipalities from having electric-light plants owned by the States and by the cities, and from having municipal waterworks owned by the States and the cities.

They have carried on this humdrum and claptrap and humbug all over the country, doing everything they could by their might and main to leave the municipalities in such a deplorable state that they would have to sell their properties out and go back to private operation of electric light and power and water plants. They have succeeded in a large part of the country. They have succeeded in that nefarious undertaking and enterprise. Some of our great men here in the Senate are misled by that propaganda. They are misled by that kind of talk, and unwittingly and unconsciously they are being led into advocacy of the very thing that means the breakdown of public service and the grafting into private control of every utility that is owned by the public to-day.

Let me take the little city of Lafayette, La., as a typical example of what these people will do. The city of Lafayette got into financial difficulties. That is one of many similar instances in Louisiana. I have stopped the trusts from getting these properties down in that country, or helped to stop them. I have personally stopped them in many cases where I could, having certain powers as governor of the State.

I remember when the city of Lafayette was undertaking to finance itself. The only means, apparently, by which they could finance themselves was when the Power Trust came into that town and offered to buy out the electric-power company. The same thing happened in another town of about the same size in the northern part of the State. The only thing that saved these cities from being unable to keep their properties was the fact that they could issue tax-exempt securities. The trusts had the courage and the audacity to try to slip legislation through the State legislature to keep those municipalities from having the right to issue tax-exempt securities, for no other reason in the world than that they were trying to break down the credit of the municipalities so they could no longer continue such a thing as municipal waterworks or municipal electric light and power plants in those cities.

When we sit here and talk about any such thing as tax-exempt securities I am led to state that if Senators understood them as I do they would hear certain interests say they are in favor of the suggestion that we have a chain of drug stores, a chain of restaurants, a chain of banks, a chain of everything, to the point where no boy coming out of the university with an A. B. degree, an LL. B degree, or an M. A. degree, or a Ph. D. degree can to-morrow go into any business on the face of the globe and make a living. Then let them say, "Now that we have that accomplished, let us go a little bit farther and chain down every municipal government and State government, chain them all down until we have everything in the country in the hands of the chains."

Then let them say to themselves, "What have we left upon which to base the prosperity of America to-morrow? What is there left for the citizenship of this country to-morrow?" That is the situation we have to ponder and consider in this country.

Mr. President, I have seen this thing in a little different light than others. I am a man used to following. I am a man used to organization. I am a believer in organization.

I am a believer in political organization. I believe that in organization more can be accomplished than outside of organization. I hesitate at all times to set myself in opposition to party organization or to political organization. I am an organization man in principle.

Here in this body I have sought and undertaken to follow some one or some several in any line of thought and endeavor, where other men could go, that meant we were going to give a chance to the rising young manhood and womanhood of the country. I have undertaken to find the place; I have undertaken to find the men or set of men who were going to give to the average people of the United States a distribution of the profits of the land or a distribution and an equalization in the taxes collected upon the land in such way as to distribute those burdens among the people that were best able to bear them and thus bless the entire populace with a government and with the protection of the Nation that insured employment, that insured that the men and women were treated right, that insured a land where there was real liberty and true equality of opportunities among the people.

I have sought to find that kind of leadership in the Congress. I have sought to find that kind of leadership in the United States House of Representatives. When I have so found it I have followed it as far as it was safe. I found that kind of leadership in part in the Senate Committee on Finance. I found that capable type of leadership when, by a vote of 11 to 7, after having maturely studied the tax bill, they came out here and reported that incomes above $1,000,000 should be taxed 55 per cent.

But lo and behold! No sooner do I find that shining torch of liberty, no sooner do I find that impulse of liberality, no sooner do I seek the glow that could blossom and grow and spread until they formed a light for the entire population of the country, then I see the spirit of concentration, the spirit of centralization, break forth from the Treasury Department to the United States Senate and recommend that the Senate Finance Committee should do a quick "about face," and the recommendations and the compromise suggestions from the Secretary of the Treasury prevailed against what I conceived to be and now think to have been a full shining spark that was to be seen by the people of the country to come out of the Congress.

Mr. President, I understood we would probably recess at 10 o'clock. I have only 50 minutes left, and I hope to be able to complete my remarks on the bill by the time of the recess, because I do not want to infringe upon anybody's time to-morrow. I feel there is no one who cares to take up the remainder of the time this evening; and that being the case, I hope I am not infringing upon any rights that some other Senator may feel should be his.

Mr. HARRISON. Mr. President——

The VICE PRESIDENT. Does the Senator from Louisiana yield to the Senator from Mississippi?

Mr. LONG. Certainly.

Mr. HARRISON. I suggest that if the Senator would promise the Senate he would not speak to-morrow he might get a promise of a recess now, if that is what the Senator was suggesting.

Mr. LONG. Would I have to promise not to speak to-morrow?

Mr. HARRISON. I understood the Senator to say he did not intend to do so.

Mr. LONG. No; I do not intend to speak to-morrow on this particular amendment. [Laughter.]

Mr. President, to-day when I saw the chairman of the Finance Committee get into disagreement with the ranking member of the committee on the Democratic side, I feared that I would be accused of having disturbed that harmony which has prevailed since they have been considering the matter. I do not know if all the Senators voted together on the 55 per cent proposal, whether the Senator from Mississippi [Mr. HARRISON] and the Senator from Utah [Mr. SMOOT] voted for the 55 per cent proposal in the committee or not when the vote was 11 to 7, or whether one of them voted for it and one of them voted against it.

Mr. HARRISON. Mr. President, I can tell the Senator if he really wants to know.

Mr. LONG. I thank the Senator.

Mr. HARRISON. I offered an amendment to the committee fixing the 45 per cent surtax and also an increase in the normal tax. It was adopted with 4 dissenting votes, I think. It was thought that that would be the final action. Then when we had summed up and finished our labors and certain propositions had been stricken from the bill in the form of excise taxes it was found that we needed $77,000,000 more. Then it was that the Senator from Texas [Mr. CONNALLY] offered the proposal which is now pending as an amendment, and it was adopted then as an emergency measure. I voted against it at that time for the reasons I have stated to-day.

Mr. LONG. The Senator voted against ever adopting it?

Mr. HARRISON. Oh, yes. I do not know how the Senator from Utah voted. I voted a good many times differently from him and from the others.

Mr. LONG. I am not asking the Senator from Utah how he voted unless he cares to express himself. Of course, I would yield for that purpose, but I am not asking him.

Mr. SMOOT. Mr. President, will the Senator yield?

Mr. LONG. Certainly.

Mr. SMOOT. I merely want to read a letter. It has been stated to-day many times that Secretary Mills came to the Senate to lecture the Senate Committee on Finance and force his views upon the committee.

Mr. LONG. I would like to have the attention of the Senator from Michigan [Mr. COUZENS] to this statement.

The VICE PRESIDENT. The attention of the Senator from Michigan is requested.

Mr. COUZENS. Very well.

Mr. SMOOT. I want to read a letter written April 12 1932, as follows: :

MY DEAR SENATOR SMOOT: I understand from my telephone conversation with you that the Senate Finance Committee at a meeting this morning instructed you to request the Treasury Department to submit a program of revenue legislation adequate to balance the Budget.

That action was taken by the committee, and I have the minutes here.

I wish respectfully to call to your attention that after many weeks of careful study and mature consideration, the Secretary of the Treasury submitted to the Ways and Means Committee a well-balanced program intended to provide the necessary revenue in the existing emergency. Later, when on the basis of additional information the Treasury estimates of revenue were revised, I submitted to the Ways and Means Committee some suggestions supplementing the original Treasury program.

Subsequently, the Ways and Means Committee reported out a bill constructed on somewhat different lines from the Treasury program, but nevertheless constituting a well-balanced and sound revenue measure. I then stated that while the Ways and Means Committee bill did not conform to the original proposals submitted by this department, it was acceptable to the Treasury.

On Wednesday last I appeared before the Finance Committee and expressed in detail the views of this department regarding the revenue bill which passed the House of Representatives and is now before your committee for consideration. In the exhibits attached to my formal statement submitted to the Finance Committee I set forth a summary of the Treasury recommendations, the Ways and Means Committee proposals, and the House provisions. It seems to me, therefore, that the Treasury's position has been fully presented.

If the committee desires us to recommend a complete plan as an entire substitute for the House bill, I must refer you to the program submitted to the Ways and Means Committee or to the Ways and Means Committee bill, which I declared to be acceptable to this department. Either of these plans is preferable to the measure now before you. If, however, the Senate Finance Committee decides to deal with the problem by taking the House bill as the basis of the revenue measure which it will recommend to the Senate—and I am not to be understood as opposed to such a course—then I shall, of course, be only too glad to cooperate with the committee in any way I can in attempting to perfect this measure, and shall hold myself in readiness to appear before you at any time you may call upon me.

That letter was written on the 12th of April, and on the 13th of April, at the request of the committee, Mr. Mills wrote this letter:

At the recent hearings before the Senate Finance Committee on the pending revenue bill it was pointed out that this bill might be expected to yield more revenue for the fiscal year 1934 than

was indicated by the Treasury's estimates for the fiscal year 1933. Reference was made more particularly to estimated collections from increased income, estate, and gift taxes, since estimates for the fiscal year 1933 do not reflect a full year's collections under the proposed new rates. The Treasury was requested to submit information on this point.

To estimate the revenues of the Government for the fiscal year 1934 would require forecasts, extending over a period of more than two years, at a time when the general economic situation is still affected by major elements of uncertainty. Such estimates would of necessity be subject to wide error.

The most helpful response which the Treasury can make to the committee's request is, I believe, to submit the inclosed table showing the estimated yield of changes provided for in H. R. 10236 for the fiscal year 1933 and for a full year of collections.

You will note that these estimates indicate total additional receipts in the amount of about $1,436,000,000 for the first full year of collections as compared with estimates of additional receipts for the fiscal year 1933 totaling $1,032,000,000, or an increase of about $404,000,000.

Very respectfully yours, OGDEN L. MILLS.

Then, at the request of the committee, he appeared before the committee. I have a copy of the Treasury Department estimates.

Mr. COUZENS. What is the date of that letter?

Mr. SMOOT. April 13.

Mr. TYDINGS. Mr. President, I rise to a point of order.

The VICE PRESIDENT. The Senator will state it.

Mr. TYDINGS. Can the Senator holding the floor yield for the purpose of having an entire series of letters read in his time?

The VICE PRESIDENT. Without objection, it may be done.

Mr. TYDINGS. I object.

The VICE PRESIDENT. Then the Senator may yield only for a question.

Mr. SMOOT. Mr. President, will the Senator yield?

The VICE PRESIDENT. The Senator from Maryland objected.

Mr. SMOOT. I understand that.

Mr. LONG. Mr. President, I do not need any help. I am perfectly willing to yield; that is all right.

Mr. SMOOT. I was going to ask a question of the Senator, but the Chair does not want me to do so, and, therefore, I will not ask the Senator to yield.

Mr. COUZENS. Mr. President, will the Senator yield to me?

Mr. LONG. Yes, sir.

Mr. COUZENS. Will the Senator from Utah say what caused him to read those letters? I did not get the point, being over on the other side of the Chamber.

Mr. SMOOT. Mr. President——

The VICE PRESIDENT. Does the Senator from Louisiana yield to the Senator from Utah?

Mr. LONG. Yes, sir; I yield.

Mr. SMOOT. The object of reading the letters was this: Statements have been made to-day that when the Secretary of the Treasury came before the committee, the committee accepted his statement without change; in other words, that the Secretary of the Treasury dominated the committee and virtually dictated to it just what rates should be put into the bill. The committee asked the Secretary to come down there and make suggestions.

Mr. TYDINGS. Mr. President, regular order.

The VICE PRESIDENT. The Senator from Louisiana can only yield for a question.

Mr. COUZENS. Mr. President, will the Senator from Louisiana yield to me?

The VICE PRESIDENT. The Senator can only yield for a question, if there is objection.

Mr. LONG. I yield for a question only.

The VICE PRESIDENT. The Senator from Maryland has objected to the Senator's yielding, except for a question.

Mr. LONG. I can only yield for a question under the rule.

Mr. COUZENS. Will not the Senator yield the floor to me, and then he can get it back again?

Mr. LONG. Very well; I yield the floor to the Senator from Michigan.

The VICE PRESIDENT. The Senator from Louisiana yields the floor, and the Senator from Michigan is recognized.

Mr. COUZENS. Mr. President, evidently a question has arisen which caused the Senator from Utah to read a number of communications from the Secretary of the Treasury. I remember very well several hearings we had when the Secretary of the Treasury appeared, and the Senator from Mississippi [Mr. HARRISON] requested him to submit a program. At one of the meetings the Senator from Mississippi was quite annoyed at the Secretary of the Treasury, and said that he had not fairly dealt with the committee because the Secretary did not submit a program. I think the Senator from Mississippi will verify that statement. As the result of the Senator's criticism of the Secretary, the communications the Senator from Utah has just read were written to the committee.

Mr. SMOOT. My letter to the Secretary was written, I will say to the Senator, at the request of the committee. I have just read the letter, and I have here, Mr. President, the full statement of the Budget submitted to the Ways and Means Committee of the House of Representatives and also the Budget estimates that were submitted to the Finance Committee. The Senator from Mississippi had also a Budget estimate, and more than three-fourths of the suggestions were exactly the same as those made by the Secretary of the Treasury, Mr. Mills.

Mr. HARRISON. Mr. President, will the Senator from Michigan yield?

Mr. COUZENS. I yield.

Mr. HARRISON. I do not think there is any controversy about the statement the Senator from Michigan has made. In the beginning of the hearings I asked the Secretary if he would submit a new program or whether he relied on his recommendations to the Ways and Means Committee. I did become somewhat vexed because I did not think the program was as specific as it should be.

Mr. COUZENS. Up to that point I think no criticism can be made of the Secretary of the Treasury or of the committee. But I want to say that for the benefit of the Senator from Louisiana. I submit, however, that from the time the committee went into executive session, after the close of the hearings, and particularly during the time when the committee held its meetings in the room of the Committee on Military Affairs, the Secretary of the Treasury never met with us.

Mr. SMOOT. He was never asked to do so.

Mr. COUZENS. I understand he was not asked to do so, but during all that time, when the committee for over two weeks was working morning and afternoon in executive session, they approved of the following things which were subsequently ordered out of the bill by the Secretary of the Treasury. For instance on the motion of the Senator from Mississippi we put back in the bill the 1½ per cent additional rate for filing consolidated returns, and an increase from 13½ per cent to 14 per cent on the profits of corporations was put in on motion of the Senator from Mississippi. At one time the committee took up the question of imposing an extra 1½ per cent for filing consolidated returns, but afterwards, on motion of the Senator from Mississippi, it was put back to the original figure. That is one thing the committee did after several motions had been invoked that came at the demand of the Secretary of the Treasury.

Another thing was this: After several hours of discussion and several roll calls the committee kept in the bill the tax on toilet articles. We had votes on the question of removing the tax on "dope," and perhaps some other things, but we did vote to retain the tax on toilet preparations, which would yield an estimated income of $15,000,000. After much discussion and many votes we decided to keep in the tax on furs, with some exceptions, to yield an anticipated revenue of $15,000,000. After much discussion as to what should be under the heading of sporting goods and cameras, from which it was estimated a 10 per cent tax would provide a revenue of six and a half million dollars, that tax was decided on, but it came out on the orders of the Secretary of the Terasury, as did the tax on toilet articles and furs.

I want to say further that I am giving the Secretary considerable free advertising, because all the interests that would be subject to these taxes are going to be delighted

because the Secretary of the Treasury was able to order the committee to take them out of the bill.

Then there were several votes on the tax on firearms, from which an estimated income of two and a half million dollars would be derived, but that came out. We discussed the question of a tax on matches for hours and hours, and several amendments were offered increasing or lowering the rate of tax, which was to bring in a revenue of $11,000,000. That, however, came out on the orders of the Secretary of the Treasury. Candy! I want myself to take credit for having candy taken out of the provisions of the bill, because I made the motion to bring that about, and it was done.

When the duty on chewing gum was first put at 5 per cent, it was said that Mr. Wrigley or his estate was going to pay it, and we might as well leave it in. Some one, however, was sympathetic toward Mr. Wrigley's estate, and we cut the rate down to 3 per cent, which would yield an estimated income of $1,000,000.

Then there was in the bill a tax on soft drinks, estimated to yield $10,000,000 of revenue, but that came out.

Then some amendments were made in the administrative provisions after Mr. Mills came down and gave his orders; but, worst of all, when, after several votes, the committee had decided to raise 1 cent for every 10 cents of admission charges in excess of 45 cents, which it was estimated would yield a revenue of $40,000,000, on Mr. Mills's instructions the committee made the rate 1 cent for each 10 cents on admissions over 10 cents, with an estimated yield of revenue of $110,000,000. In other words, $70,000,000 would be taken out of the pockets of the common citizen who goes to the 10-cent, 20-cent, and 30-cent shows. That tax was raised at the request of the Secretary of the Treasury.

The committee itself took out the tax on sales for future delivery on the produce market. I am not so sure about this, but I think that it was at the Secretary's request or suggestion or substitute plan or compromise, or whatever one may choose to call it, that the tax on the rentals of safety-deposit boxes was taken out, which would have yielded an estimated amount of $1,000,000.

It will be remembered that we closed the consideration of the bill on a Thursday night, and on that Thursday night the committee voted by 11 to 7 to incorporate the Connally schedule of rates. I say, without any disrespect to the Senator from Utah, that he was angry.

He pounded his desk and said, "We will have the Secretary down here"; and the next morning the Secretary was down there at 10 o'clock in the morning, with all his instructions. He had a paper in his hand. I was presiding at a meeting of the Committee on Interstate Commerce and was some 30 minutes late and did not get to the Finance Committee meeting in time to hear his statement. However, when I got to the committee room I found that all our two or three weeks' work had been cast aside and the committee had taken Mr. Mills's program. I resisted that action, all taken within less than an hour, and I asked that the Secretary be called back in the room again. He was called back. He had a paper in his hand from which he read. I said, "May not the committee have copies of these statements of yours?" and he said, "Well, I only have one copy," but he brought it over very courteously and handed it to me, and I looked at it. The committee refused to reconsider the admission taxes, for which action the Senator from California made an eloquent plea. I think for some 30 minutes he pleaded with the committee to reconsider its action; but, on a vote, the Senator from California got 6 votes for a reconsideration, while there were 12 votes against it.

Then the Secretary came over and said, "I want that paper back."

I said, "No; I want to see what this paper is." He pulled it out of my hand and said, "No; you can not have that paper." I said, "Did any of the other committee members have it?" I said, "I saw the chairman have one of these papers." He said, "I will send you a copy of it." But he did not send me a copy of it. He sent me a copy of the rates, but not the memorandum from which he read.

After nearly three weeks of hard work, the committee took the Secretary's substitute program in 30 minutes; and here is what he included in it:

He eliminated all of the taxes upon which we had spent hours and hours, and which I have previously referred to, and which are referred to in the chairman's report to the Senate on the bill. He included a manufacturers' excise tax on lubricating oil, which we also had in there. He raised the truck and automobile taxes from 3 to 4 per cent, and he added a tax of 5 cents per pound on import rubber, estimated to raise $53,000,000 of revenue.

There had been no hearings. No one had testified as to the effect that this would have upon any industry, nor had there been an opportunity of ascertaining the probable income from this tax. So I notified the Senator from Utah that we ought to have hearings, and that I would insist on hearings.

After some of the industry had protested the Senator very graciously arranged to grant hearings, but only after the bill had been reported to the Senate. After extensive hearings, this program of $53,000,000, made up of 5 cents per pound on imported rubber, was entirely revised; and the chairman, I understand, was authorized by the committee to report a substitute or a committee amendment to the rubber amendment whereby we will impose a tax of 3 cents a pound on tires and 5 cents a pound on inner tubes.

So I want to make it plain that that is the history of the tax bill after Mr. Mills came down there; and it was all done within 30 minutes.

Mr. HARRISON and Mr. LONG addressed the Chair.

The VICE PRESIDENT. Does the Senator from Michigan yield; and if so, to whom?

Mr. COUZENS. I yield to the Senator from Mississippi.

Mr. HARRISON. Mr. President, the Senator told how the committee advanced and how it retreated many times on various items, but the Senator omitted to tell about the whirligig on the tariff proposition—how many times we went up the hill and how many times we went down. Will not the Senator edify the Senate by telling what happened with reference to the tariff items?

Mr. COUZENS. I am perfectly willing to edify the Senate with respect to the tariff rates.

I remember that when it came to the question of oil there was a vote or two shy, and I think the Senators had some difficulty with the Senator from Rhode Island [Mr. METCALF], because the Senator from Rhode Island said the proposed tariff was going greatly to increase the cost of oil on the Atlantic coast. We argued for hours about whether it should be 1 cent on crude, or 1 cent on fuel, or 1 cent on gasoline, or 2½ cents on gasoline, or 3 cents on gasoline. We spent hours and hours on it, and I think we eventually bribed the Senator from Rhode Island [laughter] by saying that we would cut it in half, make it half a cent, if he would only vote for it. I did not vote for any of the rates on oil. So at last they got the Senator to switch by cutting the rate to half a cent a gallon; and that is the oil tariff.

I do not think there were any ups and downs on copper, because I voted for copper all the time.

Mr. HARRISON. Oh, yes. The Senator realizes that copper was stripped from the bill first, and then they got enough votes to put copper in.

Mr. COUZENS. But I think copper went out on a general motion, did it not?

Mr. HARRISON. No; it went out on a separate vote. There was a separate vote, and it went out.

Mr. COUZENS. The Senator from Washington [Mr. JONES] came in and was very modest, and only asked for a slight tariff on lumber.

Mr. HARRISON. Which was rejected at first, but finally was agreed upon when the other items were agreed upon.

Mr. COUZENS. Yes; and then he did not ask for any tariff on shingles or pulpwood, and as long as he was so modest we let him in.

Mr. LONG. Mr. President, it is very apparent from the statement made by the Senator from Michigan [Mr. COUZENS], which I understand is evidently consistent with

the ideas of the Senator from Mississippi [Mr. HARRISON], that after three weeks of labor on the part of the brightest minds that can be found in the Senate—and that means the world—the Secretary of the Treasury came down to the committee and undid practically everything they had done, and gave them an entirely new schedule; and, as I heard the remarks of the Senator from Michigan, he did not even have a copy to hand out to members. One of them asked for a copy, and he said, "I have not a copy. I have only one copy. I will let you look at this, but that is all." He had not even a copy to give them; and this was done in 30 minutes!

My purpose has been to rediscuss the logic of the Senators themselves in the few moments I have taken here this evening [laughter]—to rediscuss, to call back to their own minds their own logic and their own line of reasoning and their own eminent counsel.

I am standing by the committee. I believe it is the duty of the Senate to back up the committee. I will follow the advice of these distinguished men, with whom I have been closely associated here for several months, and whose lines of reasoning I know to be good. If they have been inveigled, or if they have been, I should say, consciously or unconsciously misled away from their own opinions, I believe that we who know of their sagacity and of their learning and of their skill should undertake to return to this committee, that they may return to themselves—not as the Scripture says, "Ephraim is joined unto idols; let him alone," but they have to be returned to their knowledge and to their own ideas of this matter.

We did not send the committee out to write up a bill for Mr. Mills. We could have suspended the rules of the Senate and allowed Mr. Mills to have come here and to have given us this bill direct. Why have all this money spent by the Senate in order that the Senate Finance Committee can report a bill, and after three weeks of expense and turmoil and sacrifice on the part of this committee, and their labors and their agonizing hours of toil and worry, have them come in here when they are given recommendations by the Secretary of the Treasury and reverse themselves and present something else?

The better practice, Mr. President, would be to take the direct course; and I think it is in order. If this kind of thing keeps going on in the Senate, if we continue as we have been going here, I intend to propose an amendment to the rules of the Senate, to simplify our procedure, that the member of the Cabinet be allowed to come to the Senate himself and give his recommendations or instructions to the Senate. I think we ought to apply to the Rules Committee of the Senate for the preparation of such a rule; and I will yield to a unanimous-consent agreement that we avoid this cumbersome system of having the members of the Cabinet go through the committee after the committee spent three weeks in attempting to find out something that it did not find out. In order to avoid all this cumbersome and useless task and toil, I will yield to a motion at this time to amend the rules so that we may allow the members of the Cabinet to come before the Senate and give their directions direct, or, rather, their recommendations direct, rather than having to go through three weeks of worry.

I ask the Senator from Michigan, and the Senator from Mississippi, and the Senator from Utah, why your labors for three weeks to give the Senate a bill that can properly tax wealth in this land, and the common man along with it, to be fair about it? Why these three weeks of labor if you are going to wake up some morning, bright and early, after you have already voted all these things in, after all your study, and within 30 minutes you are going to have the Secretary of the Treasury come down and say this and you vote this, and say that and you vote that, and most of the things that you have done are undone in the twinkling of an eye?

I submit, Mr. President, that we ought to amend the rules of the Senate, and I think probably it would be in the interest of expedition. There is no reason why the Secretary of the Treasury should not be down here before the balance of us. Why have him give such indirect recommendations, so effective, so logical, so speedy of determination and action, regardless of three weeks' decisions to the contrary? Why have this cumbersome operation?

We are not arguing with the committee to-day. This is not an argument with the committee. This is an argument as to whether the committee's well-founded judgment will prevail with itself and with the Senate instead of the hastily formed and rendered opinion that the Secretary of the Treasury suggests early one morning and is so hastily acceded to.

We can not balance the Budget in this way. Your country is calling you. Our people are calling us. The people of America are calling us to relieve them from the distress that has infested this entire Nation as the result of following the Cabinet officers of the present administration. Your people are asking you to deliver them from this condition that now exists. They are asking relief. Had they wanted relief from the recommendations of the Secretary of the Treasury of the United States, they would have petitioned the Secretary, or they would have petitioned the President of the United States. But they have petitioned their Congress, and those petitions have been fruitless; and now their Congress meets, and the witnesses appear not before the Secretary of the Treasury—I hope I am not making a misstatement of fact. Did the witnesses in that hearing appear and give their testimony before the Secretary of the Treasury? Were those witnesses testifying before the Secretary of the Treasury?

If they have not testified before the Secretary of the Treasury; and you, after having decided the case one way upon the basis of the sworn testimony you have heard, have in the twinkling of an eye disregarded the testimony and accepted the recommendation of another man; you have decided against those people without their right to be heard. You at least ought to have impounded the Secretary of the Treasury and allowed him to have heard witnesses in the case. It was not right to substitute judges without allowing the witnesses to be heard. It was not the right thing to go out and take this bill and rewrite the whole thing in 30 minutes' time, without anybody even having a copy, and let Mr. Mills come down here without those witnesses being heard.

Why have you taken the testimony of those witnesses for three weeks—those people standing there with their hands raised to Almighty God, swearing to testify to the truth, the whole truth, and nothing but the truth? For three weeks' time that has been done, and then you have taken the testimony and thrown it into the garbage can and asked for the recommendation of the Secretary of the Treasury—or whether you asked for it or not, you have been given the recommendation of the Secretary of the Treasury, before whom they never had the opportunity to testify.

Mr. President, I think that the members of this committee in fairness to themselves, if they are driven to abrogate their own ideas to the recommendations of the Secretary of the Treasury, owe it to themselves to call a hearing in this matter, to call the witnesses before them, and to hear the testimony as it falls from their lips, because we have spent the money of the United States to have these hearings before the Senate Finance Committee; and the Senate Finance Committee, after due and deliberate hearings, has decided the case of the people of the United States, and then, after they have heard the witnesses and decided the case of the people of the United States of America, to relieve them to some extent, we hope, at least, from the distress which now prevails, they substitute another man, who passes upon the whole business, and they have been shut out practically without a hearing. Give me a chance to go before Mr. Mills and testify when he is going to make a recommendation that is going to be substituted for a recommendation previously made by the committee. That would be my alternative for the situation.

Mr. President, we can not balance the Budget. That has become the great term, "Balance the Budget." That has become the great slogan, that comes to us in the form of a half-baked crust that is about to envelope us and be spat-

tered on us at any hour or any moment. That is a dilemma from which there is seemingly no rescue. That is a phrase which has become a nightmare, "Balance the Budget." Many of us do not know what it means yet. Balance the Budget! Balance the Budget! People have written to me about balancing the Budget. What does balancing the Budget mean? What does it mean?

We propose to assist to carry out the idea which the committee originally adopted to balance the Budget. The rates are proposed. You do not have to take the Connally amendment entirely or the Couzens amendment entirely. I have two amendments right along the same lines, not differing materially. But at least you should be fair enough with yourselves—and I know every Member of the Senate wants to be fair with himself—to take the time to review this case, read the splendid speech that has been made here this afternoon by the senior Senator from the State of Georgia.

Read the words of wisdom he uttered as a member of the Committee on Finance, his very careful, well-modulated, considered reasoning, in which remarks, as I understood him to-day, he said that possibly and most probably the best thing to do under the circumstances would be to go ahead and do as the committee started to do, and to put the Connally amendment into the bill. He would not bind himself against even the schedules proposed by the Senator from Michigan unless it should be shown that the estimates of the revenues asserted by the Senator from Michigan were found to be correct.

Let us pause here a moment. This is a government of law. Let us pause here a moment and let us think. We are asked to tax 120,000,000 people and keep them from going to moving-picture shows. We are asked to put an unjustifiable tax upon every man buying an automobile in this country. An automobile is no longer a luxury. A Ford automobile is no luxury for the ordinary man who buys one for his family. You are about to put a tax on him. You are about to put a tax on the radio. You are about to put taxes on 120,000,000 people, and call upon every one of the 120,000,000 to take knowledge and cognizance of the statutes of the United States, because they are all presumed to know the contents of the statutes.

Every living one of them who does not pay the particular levy in each and every separate instance, as prescribed in this voluminous and most nefarious bill, will be liable to indictment and prosecution before United States courts for a penal offense under the statute. You have given us something that has never been in this country before. Such a cumbersome tax system has never before been started. This is the first time we have ever gone to any such extent as this act proposes. Never before have we ever gone to anything like as far as this act undertakes to go. And why are we to do this now? There is no reason whatever, except that Mr. Mills came before the Senate Finance Committee or the House Committee on Ways and Means when the propositions were before the committees to increase the income schedules on two, three, four, five, six, seven, eight, and nine thousand dollar incomes. He had not shown his head before. But, oh, my, when they got up to the point where they raised the rate of the income tax on a man who was making a hundred thousand or two hundred thousand and ran it up to where a man who made a million dollars had to pay 55 per cent of his income in taxes, then, we are told, the S O S went out. "Call up our friend the Secretary. We have had a vote on this thing, and it is not right, and I am going to send for the Secretary of the Treasury to come down here. We will just see about this thing. He will come, in this land of the free and home of the brave, whether the committee is going to mess up things around here or not. I will send for the Secretary. He will come here. That is what I will do."

The Secretary comes. There may be some people in this country who do not admire the Secretary of the United States Treasury. There may be some who dispute his ability. But, with the admiration that I have for the members of the Senate Committee on Finance—and it is a great admiration—the way the Senate committee stopped and stood face around, right quick, double time, was a wonderful thing to behold. I am an admirer of the Secretary of the United States Treasury. He is some man; and I think that anyone who doubts the wisdom of my good friend the distinguished Senator from Utah, anyone who doubts his wisdom or his logic in sending for the Secretary of the United States Treasury on this occasion, is simply demonstrating that he is without good, clear logic. He sent for the man to deliver the goods, and he got the man who delivered the goods. There was not any question about it.

> Theirs not to reason why,
> Theirs but to do and die.
> Into the valley of death
> Rode the six hundred.

[Laughter.]

So they came out.

> Cannon to right of them,
> Cannon to left of them.

They came out with the bill. What were those cannons? "We have to balance the Budget. This thing has to be done."

Out they came with the bill.

Mr. President, back on the old farm in the parish of Winn I used to read Democratic logic from my friend the Senator from Mississippi, and think of the day when I would get enough money to go and hear him deliver another one of those speeches. I never got there. I read the logic of democracy and the great ideals of government as I used to go to the old printing office in my home town of Winnfield and read those splendid speeches on the great republican form of government by the distinguished Senator from Utah.

O Mr. President, I used to read the philippics and the famous addresses of the other celebrated and learned men of this country, and I would sit and build clay ideals before my eyes of those defenders of constitutional government, of democracy, and of liberty and people's rights. And then when I come here and find that after three weeks they decided something, that another man tells them something else, and they decide the other way in three minutes, I begin to wonder just how, just why, and I yet believe in the talents and the judgments of those men who have meant so much to this country, and will still mean so much, properly and freely exercised, freed from any recommendations whatever that come from the Secretary of the Treasury, based upon the testimony as they see it; that the judgment which they could render and which they did render and which they ought to have rendered ought to be the deliberate judgment of the Senate, and that should be the appeal to rectitude which we should follow, undertaking to guide ourselves aright, and have them go the right way themselves.

I have great charity. There is a great deal more work to be done. We are on the threshold of a decision as to whether we are going to have a change in Government or not. I read a statement from the Secretary of the Interior, Professor Wilbur, a very fine man, in which he said that this form of government we had was a monstrosity, that we ought to set up a kind of board or commission that would understand government to run things, that running around here with two Houses of Congress and all of this business of people voting, was not any government at all, and was not the idea at all. I waited to see whether or not that would be agreed to by the President of the United States. I saw no dissent from it. A few days ago I read that the President of the United States has in mind that there ought to be some war-time powers placed back in his hands to deal with the situation.

Oh, yes; that is in the paper. Why? Apparently we are going a long way toward that. Apparently we are going a long way toward that extreme, when our distinguished colleagues—as fine a set of Senators as ever sat in a deliberative body under the living, shining canopy of heaven as long as there has been one—feel, under the impulse and strain of circumstances, that they have to labor with witnesses for three weeks, and after we plead with them to return unto their own judgment, to return unto their own opinions, to

give to the people of this country what seems to be necessary and best for the welfare of the Public Treasury in all its various and sundry domestic and foreign affairs—and then a superruler tells them what to do.

We are asking them to go back and give us what they thought was for the good of this country. We must not have a government where we are going to finally vote to resort to the expedient of introducing a bill and sending for the Secretary of the Treasury or the Secretary of the Interior or for somebody else to come here and deliver us an opinion, because I believe that all of the Senators here will agree that it would be far better to dispense with testimony if the judge before whom the witnesses are testifying is not going to consider the evidence. What is the use of trying a case before a jury if the jury is not going to be the one to decide the case? We impaneled a jury, not of 12 men but of 18 or 19 men. We impaneled a jury and swore them on their oaths to try the case according to the best of their knowledge and ability; and after we had impaneled a jury to try the case and the lawyers had made the arguments, they turned and sent for another man, and he came and told them how to decide the case.

Would it not have been better, under these circumstances, to have had no testimony? Would it not have been better, under these circumstances, to have never tried the case? Would it not have been better to have let Mr. Mills come and make his decision through the Senate without these hearings and without these useless labors to which the committee has gone in an effort to decide the case?

EXECUTIVE REPORTS OF COMMITTEES

As in executive session,

Mr. AUSTIN, from the Committee on the Judiciary, reported favorably the nomination of George A. Welsh, of Pennsylvania, to be United States district judge, eastern district of Pennsylvania, to succeed J. Whitaker Thompson, appointed United States circuit judge.

Mr. ODDIE, from the Committee on Post Offices and Post Roads, reported favorably several nominations of postmasters.

Mr. STEPHENS, from the Committee on the Judiciary, reported favorably the nomination of B. B. Montgomery, of Mississippi, to be United States marshal, northern district of Mississippi, to succeed Charles R. Ligon, whose term expired May 5, 1930.

The PRESIDING OFFICER. The reports will be placed on the Executive Calendar.

ADDITIONAL BILL INTRODUCED

Mr. TYDINGS introduced a bill (S. 4673) to amend "An act to incorporate the trustees of the Female Orphan Asylum in Georgetown, and the Washington City Orphan Asylum in the District of Columbia," approved May 24, 1828, as amended by act of June 23, 1874, which was read twice by its title and referred to the Committee on the District of Columbia.

AMENDMENT TO LEGISLATIVE APPROPRIATION BILL

Mr. TYDINGS submitted an amendment providing that section 207 of the legislative appropriation bill restricting the compensation for overtime work, night work, or work on Sundays and holidays in the Government shall not apply to regular night workers in the Government Printing Office and the Bureau of Engraving and Printing, intended to be proposed by him to House bill 11267, the legislative appropriation bill for the fiscal year 1933, which was referred to the Committee on Appropriations and ordered to be printed.

BONDED CONSTRUCTION PROGRAM OF FEDERAL PUBLIC WORKS

Mr. WAGNER. Mr. President, on April 20 I addressed a letter to a number of the foremost economists of the country and to a few business men and students of industrial conditions. I asked them for a candid expression of opinion in reference to my proposal for a bonded construction program of Federal public works, previously authorized, as a means of providing employment. The replies I have received constitute a remarkable symposium on that question which is at the present time being actively considered throughout the country. It is in fact a comprehensive statement of the carefully considered view of the men who, by training and experience, have a right to be heard on the subject. It is, of course, highly gratifying to me to find that the opinion of these economists is overwhelmingly in favor of the proposal.

There are a few dissenters. A few are uncertain; but the weight of opinion is in favor of the immediate inauguration of a bonded construction program as set forth in the bill, S. 4076.

I ask leave to have printed in the RECORD, as part of these remarks, copy of my letter of inquiry and the replies which I have received.

There being no objection, the letters were ordered to be printed in the RECORD, as follows:

UNITED STATES SENATE,
COMMITTEE ON FOREIGN RELATIONS,
April 20, 1932.

MY DEAR SIR: I have introduced in the United States Senate a bill, S. 4076, the principal object of which is to have the Federal Government undertake the construction of its previously authorized public works and to finance such construction by means of a long-term bond issue. The estimated cost of such previously authorized construction is slightly in excess of $1,000,000,000.

The projects embraced within the bill are strictly limited to those undertakings which have heretofore in the usual course of legislation received Congressional authorization and Executive approval after the usual investigation and departmental recommendations. In other words, the public works contemplated by the bill are those which the Federal Government is already committed to construct, and which it normally would construct in the course of the next few years.

There is much perplexity amongst the Members of Congress concerning this proposal. My own view is that: (1) Such a program would undoubtedly provide employment, directly stimulate industries which supply the construction industry, and indirectly promote a stiffening of demand for the diversified products of farm and factory; (2) by reason of the overextended condition of private industry it is not reasonable to expect any expansion in the private construction of plant, but that the Federal Government can afford to take a long-time view of its needs and fill them at the present time when it will open necessary opportunities for employment, avoid competition with private industry for labor and materials, and secure its public works at the current, low prices; (3) a bond issue to finance the construction of these public works is justifiable in view of the long life of the projects contemplated, and such a bond issue could be readily sold and would not divert funds from private industry, since there is an almost complete absence of private long-term financing at the present time.

With respect to almost every one of these items there is a division of opinion. My purpose in writing to you is to secure the reaction of an expert, who, by his training, is especially equipped to pass judgment upon this proposal. May I, therefore, ask you to write me freely and candidly?

The national emergency is so great that I feel justified in asking you to render this public service. If you do not desire your views to be made public, I shall, of course, respect your confidence.

I am very eager to know whether I am on sound ground in advocating the proposal represented by the bill I have introduced.

Very respectfully yours,

ROBERT F. WAGNER.

NORTHWESTERN UNIVERSITY SCHOOL OF LAW,
Chicago, Ill., April 27, 1932.

DEAR SENATOR WAGNER: I have your inquiry of April 20, which I assume is a circular sent to a number of men considered qualified, raising certain questions relative to the expediency of your proposed bill (S. 4076) to have the Federal Government enter at once upon its previously authorized construction of public works, and to finance this program by means of a long-term bond issue. If I can contribute anything from an impartial viewpoint, I am only too glad to do so. As professor of industrial and constitutional law in this university, I am continually engaged in the investigation of problems similar to those arising in your proposed bill.

I have taken the liberty to discuss this measure quite fully with my colleague, Judge Andrew A. Bruce, formerly chief justice of North Dakota. We have covered every angle of the propositions advanced, and as we are not in politics, we feel we can give an unbiased answer to the questions propounded.

1. In the first place, we are convinced that your bill is probably a necessary one in these times of national emergency. You, as Senator, are in position to know more about the gravity of the situation than we are in the academic field, but we know a great deal about it. If we are to stave off a revolution, we must act promptly and wisely to provide employment and revive industry in general.

2. Posterity should pay for these long-term projects, because they are directly beneficial to it, hence a long-term bond issue would seem the desirable and just method to be employed for their financing. The currently low prices of labor and materials

work to the advantage of posterity in now engaging upon the work of construction, rather than to wait until the price level again rises.

3. The sum of $1,000,000,000, while admittedly a vast sum, would seem to be large enough to stimulate numerous lines of business, to say nothing of providing employment. Commodity prices would tend to rise in those businesses affected by governmental construction, and this would be most desirable. Competition in the labor market with private industry would be absent, because of the low state of employment in general.

4. The flotation of bonds of a long-term character would, of course, be attractive from the investors' standpoint, and there would probably be a shifting of funds from private business to these types of investment. But the advantages from other angles would seem to offset whatever harm, if any, might accrue to private investments. For, as the level of business improved through the operations of Government construction, investments in those businesses would be improved, thereby militating against their disposition. And as the bonds would be considered by the general investing public as much better than private investments, the money now being hoarded would tend, to some extent, to come back into circulation. The activities of the Reconstruction Finance Corporation have aided somewhat in this connection, as you well know.

5. Our main concern with the long-term bond issue as a method of financing the public-works construction is from the standpoint of the National Budget. Would the interest and sinking-fund provisions be so heavy as to militate against a balanced Budget? Would the added taxation necessary to take care of interest and sinking fund defeat the beneficial results from the public-works construction? A much larger sum, such as $5,000,000,000, would probably do so. We are inclined to think that your much smaller sum, relatively considered, would not defeat its own purpose in this connection.

On the whole, we much favor your bill, and believe the national emergency justifies its enactment into law. We believe it would command the approval quite generally of the electorate. It is true that its alleged benefits rest largely upon conjecture, rather than proved fact, but this is an inevitable accompaniment of proposed laws. On a careful weighing of all factors involved, plus the great emergency in which the Nation finds itself, we are fully convinced of the soundness of your proposed bill, and trust that it may be speedily enacted by Congress.

Sincerely and respectfully yours.

E. F. ALBERTSWORTH.

SETH LOW JUNIOR COLLEGE,
COLUMBIA UNIVERSITY,
Brooklyn, N. Y., April 27, 1932.

Hon. ROBERT F. WAGNER,
United States Senate, Washington, D. C.

MY DEAR SENATOR WAGNER: I have received your letter of April 20 in which you ask for my opinion concerning United States Senate bill S. 4076.

I am impressed by the fact that the economic situation of the United States appears to be getting worse as far as labor is concerned rather than better. The bill which you propose seems to me to be a minimum program for the Government to undertake at this time. The work has been authorized, and it seems to me that Congress should at once vote the necessary appropriation in the manner which your bill recommends.

The bill is constructive in that it calls for improvements which are durable, useful, and urgently needed. These public works not only give work to the construction industry, but stimulate all industries upon which the building trades depend.

The over-subscription of the $900,000,000 certificate issue, floated by the Government on March 10, assures us that the bonds of the United States Government for this purpose could be sold readily. The provision for payment of this loan will increase taxes very little in the near future, and at the same time make it possible for the Government to repay the bondholders out of enhanced national income during more prosperous years.

I can see nothing against the bill and a great many sound arguments for it. I heartily commend you for it and recommend that you move the committee to be discharged from consideration of this bill so that it may be brought to a vote on the floor of the Senate.

Very truly yours,

EDWARD J. ALLEN, *Director.*

NEW MEXICO COLLEGE OF AGRICULTURE AND
MECHANIC ARTS, SCHOOL OF GENERAL SCIENCE,
State College, N. Mex., April 28, 1932.

Senator ROBERT F. WAGNER,
United States Senate, Washington, D. C.

DEAR SIR: In answer to your letter of April 20 asking for my opinion regarding your bill S. 4076, I would say that I am in agreement with you on all three of the points which you advance as your own view concerning this proposal. However, I would like to state the following qualifications:

First. Although it is true that proceeding with these public works would indirectly provide employment to other than the construction industries, it is evident that there would be some industries now suffering from unemployment which would not be aided thereby. I presume that you feel this yourself, and that you do not offer this bill as a complete solution for the unemployment problem.

Second. "The usual investigation and departmental recommendations" which you refer to have not always protected us against "pork barrel" bills. I am in favor of the Federal Government proceeding as usual with public improvements which are really necessary, but those which are simply "pork" are an extravagance at any time and I do not think that they should be undertaken merely to provide employment.

My views are merely those of an average intelligent citizen. I can not claim to be "an expert who by his training is especially equipped to pass judgment upon this proposal." However, I feel that when the legislator requests voters to express themselves upon proposals introduced in Congress it is merely a matter of public duty for those voters to let him know what their opinions are.

Respectfully yours,

P. M. BALDWIN.

THE OHIO STATE UNIVERSITY,
Columbus, April 26, 1932.

Senator ROBERT WAGNER,
United States Senate, Washington, D. C.

DEAR SENATOR WAGNER: I find myself entirely in accord with the program suggested in your letter of April 20 in reference to carrying forward a sound Federal construction program. It seems to me a distressing circumstance that the whole country seems bent upon carrying forward in government the program of deflation already achieved in business until some such portion of Government employees are thrown out of work as already prevails in business and industry.

It seems to me that this program will certainly delay the recovery. I presume, however, that some such program will be carried out. It would be very much better to carry forward a reorganization of Government departments regarding decrease of Government expenditures at a time when business is at an up grade than to carry it forward now. The program of Government works will, however, tend to offset to some extent the depressing effect on business which the deflation of governmental expenditures will otherwise have.

Personally, I should like very much to see the Government encourage also the organization of some limited dividend corporations in the construction industry with the view of promoting large-scale operations to furnish inexpensive living quarters for the working population who will not, in the ordinary course of events, be in a position to own their homes.

This, of course, is another matter, but it is a matter of considerable interest that up to date the administration program has been largely negative and has not tended to stimulate activities which would tend to increase employment and expand purchasing power. On the contrary, the Government is yielding to the current deflation psychology and seems likely to carry out a program which will further prolong the depression.

I remember a report of a conference in administration circles occurring about the time of the American Economic Association in which it was urged that every effort be made to stimulate confidence so that people would go about satisfying their wants and buying as they do in ordinary times. A few months later, however, the Government itself falls victim to the deflation psychology which has prevailed elsewhere. It happens, of course, that the activities of government are comparatively stable. There is no such thing as volume of sales requiring more employees for producing the output such as prevails in business. The reason for deflating industrial expenditures because of a restriction of work growing out of restriction on production does not apply to government nor for the most part to educational institutions. There is some reason for salary reductions based on the consideration that prices are lower. However, even this program of reducing governmental and educational salaries moves in the direction of solidifying a lower-price scale.

I take pleasure in writing this letter, although I must confess that it seems doubtful whether the majority of business men in this area would be in accord with my view.

Very truly yours,

SPURGEON BELL, *Director.*

UNIVERSITY OF ILLINOIS,
Urbana, Ill., April 26, 1932.

Senator ROBERT F. WAGNER,
Washington, D. C.

MY DEAR SENATOR WAGNER: I am glad to write you concerning S. 4076. I am in hearty accord with your position on this measure. It seems to me that the very least that the Government can do is to carry out projects of work already authorized. I agree that the carrying out of this work would help employment, that private businesses are not likely to undertake such projects themselves at this time, and that a bond issue to finance them is entirely justified. I would go farther and say that the Government would be justified in and should undertake the construction of public works on an extensive scale. Last December I was one of some 40 economists who recommended the adoption of a public-works program costing billions. I felt then, and still do, that nothing the Government could do would be so helpful in reviving industry. For the Federal Government, at a time like this, to refrain from doing the ordinary public-works construction is to follow a policy of panic and contraction which is unsound and productive of more intense depression than that we have so far suffered from. The Government is the only agency that has both the stability and the opportunity to expand at such a time as this. Private business certainly can not do it. If the Govern-

ment refuses to expand, the least it should do, as I have already said, is to refrain from adopting a policy of contraction. Balancing the Budget is important enough; but if it is to be accomplished by methods which intensify the depression, it becomes more and more difficult each year. Balancing the Budget was certainly not regarded as a serious need when we were engaged in the World War. Our economic situation to-day is tremendously more serious than that which we faced during the war. If we could borrow many billions to fight such a war, it seems strange that we should regard it as unsound to borrow much less to help win the fight against depression.

You have probably seen Prof. Sumner Slichter's article on Balancing the Budget in one of this month's issues of the New Republic. I regarded it as sound economics and good sense and heartily subscribe to it. I wish you luck in your present effort.

Sincerely yours,

EDWARD BERMAN.

WASHINGTON, D. C., *April 26, 1932.*

Hon. ROBERT F. WAGNER,
United States Senate, Washington, D. C.

MY DEAR SENATOR WAGNER: I have your letter of April 20 in which you ask for my opinion concerning certain features and implications of United States Senate bill 4076.

Before I attempt to make complete reply to your letter I should like to have a copy of the bill in question. I ask for this because I have some reservations about the advisability of undertaking certain types of public works as depression-relief measures. Otherwise I am in full and hearty sympathy with the purposes of this proposal, particularly because it is practical from a financial point of view—that is, the amount of money to be raised through public bond issue is not beyond reason.

Sincerely yours,

O. S. BEYER.

ST. EDWARD'S UNIVERSITY,
Austin, Tex., April 26, 1932.

The Hon. ROBERT F. WAGNER,
United States Senate, Washington, D. C.

MY DEAR SENATOR WAGNER: I was very much pleased to receive your letter of recent date which was forwarded to me from Notre Dame to my present address.

I am well acquainted with your efforts to promote the passage of the bill providing for a billion-dollar bond issue to finance Federal construction. I have admired your stand and wish to express my hearty approval of the efforts you are making to do something constructive for the relief of the unemployed. I feel absolutely sure that your position is economically sound and that your proposed relief remedy is in accordance with the best thought on the matter among economists.

I wish to urge you to continue your determination to see this legislation enacted, and I hope you will not lose your courage in the face of the apparent inability of the Senate to perceive the necessity of immediate action.

Any publicity which you wish to give to my view on the matter will be quite satisfactory to me.

Very sincerely yours,

FRANCS J. BOLAND, C. S. C.,
Vice President.

YALE UNIVERSITY SCHOOL OF LAW,
New Haven, Conn., April 27, 1932.

Hon. ROBERT F. WAGNER,
United States Senate, Washington, D. C.

DEAR SENATOR WAGNER: Although I am not an expert, but only a layman, on the question submitted in your letter of April 20, I submit my view, nevertheless.

Some of the considerations against the bond issue you mention would be, as I conceive it, that it would immediately lead to a demand for an enlargement of the program, just as the veterans appear to have obtained a permanent hold on the Treasury. It would increase the public debt, not to meet already contracted expenditures, but to meet new ones. On the other hand, it would not be a wasteful expenditure, such as is represented by the public debt we now have. Having spent so many billions for destruction, which has set the world back, perhaps irretrievably, I should be willing to spend $1,000,000,000 for a constructive purpose, and risk what is involved. By the experiment, we might, in any event, learn something. It should increase purchasing power and stimulate demand for materials and labor. If it produces a slight inflation, that appears to be an objective desired by numerous economists.

Possibly the authorizing statute could provide for the retirement of the bonds, either out of the earnings of the public works (if they are revenue producing) or in the first period of prosperity (should such a period return to us). I presume that our habit of taxing excessively in times when incomes are low, and lightly in times when incomes are high, is wrong on both counts.

From my lay point of view, therefore, I should be inclined to think that the advantages of your plan outweigh the disadvantages that I apprehend, so that I should favor it. I should, however, like more closely to study the arguments that are made against it.

Very respectfully yours,

EDWIN M. BORCHARD.

THE UNIVERSITY OF WISCONSIN,
Madison, April 30, 1932.

Senator ROBERT F. WAGNER,
United States Senate, Washington, D. C.

MY DEAR SENATOR WAGNER: In your letter of April 20th you ask for an expression of opinion as to the soundness of your propcsal for a long-term bond issue to finance public works.

I am very glad indeed to state my position on the subject for whatever it may be worth. I am heartily in favor of your proposal and agree entirely with the argument in its behalf contained in your letter. I feel confident that you have the backing of the economists of the country behind your proposal.

If the public use of my name in this connection can be of any aid I shall be only too glad.

Very sincerely yours,

ELIZABETH BRANDEIS.

CLARK UNIVERSITY,
Worcester, Mass., April 22, 1932.

Senator ROBERT F. WAGNER,
United States Senate, Washington, D. C.

DEAR SIR: I have your letter of April 20, relative to Senate bill 4076. I believe that your views as expressed in this letter are thoroughly sound in stating the possibilities that might be expected from the enactment of such a measure. To be sure, any legislation, however perfectly constructed, when put into operation at such a time as this, is not only handicapped by the current pessimism, but also by the skepticism and perhaps the half-hearted administration of those who are responsible for its carrying through. But I certainly do not believe that these are sufficient reasons to discourage the attempt at a positive constructive measure such as you have proposed.

Referring to your specific statements:

I. "Such a program would undoubtedly provide employment." Employment would be immediate and direct in the particular enterprises provided for. It would stimulate related and contributory industries and would spread outward with diminishing force, to be sure, but ultimately with some degree of benefit to the most remote activities.

II. It is generally recognized that private business is overexpanded, that plant capacity exists to provide an output much in excess of the demand even in boom times. I think that you are right in believing there can be little stimulation because of the expansion of private works even if general business conditions should make a positive turn for the better.

III. I am one of those who believe that as large a proportion of public cost as possible should be met by borrowing in an emergency such as the present. Short-term bonds with provision for their retirement at a strategic time, even if they are sold in an unfavorable market, are to be preferred, I think, to additional tax burdens upon an already depressed economic system. If such a policy were once adopted and carried through it would be less difficult to utilize it in a second similar emergency. Moreover, I believe the choice of such a policy would be so apparent after one trial that there would be little doubt about its soundness in the future.

I hope your project may have a testing in this present crisis and, I may add, immediately. It would be unfortunate to postpone until the next emergency such a well-considered project as you have outlined.

Very truly yours,

S. J. BRANDENBURG.

THE UNIVERSITY OF NORTH CAROLINA,
SCHOOL OF LAW,
Chapel Hill, April 22, 1932.

Hon. ROBERT F. WAGNER,
Senate Office Building, Washington, D. C.

DEAR MR. WAGNER: A somewhat superficial consideration of the unemployment relief measures suggested in your letter of April 20 leads me to believe that they are sound and that the bill incorporating them (S. 4076) merits support. State governments are being urged to take in sail and incur no further public debt. Indeed, I understand they are being forced by bankers to do so. But only a threat of absolute bankruptcy ought to prevent the public from buying when prices are cheap and men are unemployed. If the bonds are matured, as you suggest, within the life of the contemplated projects, they would seem to be on a basis worthy of financial approval.

Yours very truly,

M. S. BRECKENRIDGE.

COLUMBIA UNIVERSITY,
SCHOOL OF BUSINESS,
New York, May 3, 1932.

Senator ROBERT F. WAGNER,
Senate Office Building, Washington, D. C.

MY DEAR SENATOR WAGNER: I received in due course your letter of April 20, 1932, requesting a statement of my position regarding the bill S. 4076, which you have introduced in the Senate with the purpose of having the Federal Government undertake the construction of certain public works which already have been investigated and authorized, for which purpose the bill would authorize the Secretary of the Treasury to borrow amounts up to $1,100,000,000 by flotation of emergency construction bonds to that amount.

I heartily approve your proposal, and I hope that it may be possible to get prompt and favorable action on it. While I believe that curative effects upon unemployment of public expenditures upon construction projects have been considerably exaggerated, I am of the opinion that such expenditures are calculated to produce some net increase in the demand for labor and some reduction therefore in the volume of unemployment. I believe that this would be the effect of such expenditures to the extent that they are financed by funds which would otherwise be spent for consumers goods or for unemployment relief. To the extent, however, that the funds borrowed would otherwise have been spent for the employment of labor I do not believe they would increase the demand for labor. The proceeds of the flotation of the proposed emergency construction bonds probably would be drawn to some extent from each of the sources mentioned. If the bonds are issued largely in small denominations I should anticipate improved chances of tapping funds which would not otherwise be expended directly in employing labor.

Although in itself the increment in the demand for labor brought about by the expenditures authorized by your bill would not be great enough to employ any very large proportion of the millions now jobless, the purchasing power put into the hands of those who were thus removed from the army of the unemployed would tend to be reflected in a general enhancement of the demand for goods, more business for merchants, manufacturers, etc. The beneficial effect, in other words, would be cumulative. Such a cumulative quickening of the processes of trade would seem all the more likely as a sequel to government spending of the sort you propose in view of the psychological effect, which I can not but believe would be good. The example set by the Federal Government would do much, I think, to improve the country's morale.

In my judgment there is little ground for apprehension as to the possibility of floating the bonds. The threefold oversubscription of the $900,000,000 certificate issue in March of this year is reassuring, if not conclusive, on that point. Indeed, it seems to me that it should be possible at the present time to finance a considerably larger issue of bonds for public works. Your bill strikes me as being a moderate, eminently feasible proposal. I am glad that you have introduced it, and I hope that it may be promptly passed.

Yours very respectfully,

PAUL F. BRISSENDEN.

GAFFNEY, S. C., *April 25, 1932.*

MY DEAR SENATOR WAGNER: Your letter of April 20 was forwarded. Your position as outlined is sound throughout, though the measure in question is not nearly big enough to meet the needs of the situation. Moreover, I should not feature the lowness of cost of present construction unless accompanied with guarantees of union scales of wages for all classes of labor in all regions. The big thing is to boost as directly and thoroughly as possible the consumer purchasing power.

Yours truly,

ARTHUR W. CALHOUN,
Professor of Economics, Limestone College.

STANFORD UNIVERSITY,
DEPARTMENT OF ECONOMICS,
Stanford University, Calif., April 27, 1932.

Senator ROBERT F. WAGNER,
Senate Committee on Foreign Relations, Washington, D. C.

MY DEAR SENATOR WAGNER: I think it highly desirable that your bill (S. 4076) be enacted. The public should be doubly a gainer. If the projects are to be carried through at all, the monetary burden, in the form of taxes to pay interest and to retire the bonds, will be relatively low if the work is begun now, as compared to the corresponding outlays necessary if the work is deferred to a time by which prices have increased more relatively than interest rates on bonds.

The immediate relief of unemployment is, in my opinion, much more important than the money economy to the taxpayers. The consequences of long unemployment or underemployment can not wholly be measured in money values. The direct, physiological injuries of undernutrition, bad housing, lack of medical care, etc., and the arresting of educational programs consequent upon reduced money income can never be remedied at all by a subsequent return of prosperity. We can arrest the evil; we can not cure the damage already done.

As decent citizens and human beings we have a duty to arrest these irremedial evils of unemployment, and the emergency is so critical that the Federal Legislature and administration can not be excused for leaving the matter to State and local action, even though local relief action might conceivably be better. We know, to a downright certainty, that State and local action has been, and will be, inadequate.

It would be desirable that your bill provide for projects widely distributed geographically and widely distributed among industries in order to minimize temporary shifts in population that would have to be readjusted as soon as the projects were completed. But since you are limited to projects already authorized, your freedom in this regard is restricted. The important matter is prompt action rather than theoretically best (?) action.

I hope you will be successful in your efforts to have the bill enacted.

Yours sincerely,

JOHN B. CANNING,
Professor of Economics.

CASE SCHOOL OF APPLIED SCIENCE,
DEPARTMENT OF ECONOMICS,
Cleveland, Ohio, April 27, 1932.

Senator ROBERT F. WAGNER,
Washington, D. C.

DEAR SIR: I am in favor of the adoption of a system of planned public works. In the present emergency your bill (S. 4076) providing for the issuance of bonds and the immediate construction of previously authorized public works, appears to be worthy of passage.

The reasons presented in the third paragraph of your letter dated April 20, 1932, are adequate. It is very difficult for private persons and corporations at the present time to borrow for purposes of construction. The Federal Government can do so to the extent of a billion dollars without greatly endangering its credit.

We are in an emergency second only to war—perhaps as bad as war. Our entire social and economic structure is threatened as a consequence of unemployment. To start the wheels of industry and to give wages to a considerable number of workers will have far-reaching, desirable, and cumulative effects. I am in favor of your measure.

Very truly yours,

FRANK T. CARLTON,
Professor of Economics.

BATES COLLEGE,
DEPARTMENT OF ECONOMICS AND SOCIOLOGY,
Lewiston, Me., April 29, 1932.

Hon. ROBERT F. WAGNER,
United States Senate, Washington, D. C.

MY DEAR SIR: I appreciate your letter in which you ask my opinion in regard to the present problem of unemployment and the part that the Federal Government may play in its solution. I am seriously concerned with the situation, and since I came to the Brookings Institution as a visiting scholar in December I have directed my attention to a consideration of various measures of relief. But I am neither an expert nor an authority in the field of economics in general nor in the narrower field of the business cycles in particular.

My only asset, if any, is a fresh approach to the question of public works and to the literature bearing on it and freedom from a firm belief one way or another and hence the possible capacity to look at the present emergency realistically and without the strong coloring of judgment by conservative or radical preconceptions.

In a few days I will send you a brief statement in which I will attempt to deal with the main features of the bill which you introduced providing for the emergency construction of public works. There is some material relating particularly to the time necessary for launching and getting public works under way that is proving most elusive, but I hope in a few days to get hold of more substantial facts that will make it possible to fix approximate time limits.

In the meantime allow me to express my hearty approval of the purpose of the bill and of the courageous attempt to develop a program of Federal relief. I believe I can say now that the main features of the bill are not only feasible and sound but in line with good public policy. My only doubts, which I will set forth later, relate to the adequacy of the proposal and to possible alternatives or supplementary measures.

With the sincerest best wishes for the success of your efforts, I am,

Respectfully yours,

J. MURRAY CARROLL.

BATES COLLEGE,
DEPARTMENT OF ECONOMICS AND SOCIOLOGY,
Lewiston, Me., May 5, 1932.

Hon. ROBERT F. WAGNER,
United States Senate, Washington, D. C.

DEAR SENATOR WAGNER: I am inclosing a brief statement dealing with the bill for the emergency construction of public works which you introduced on March 16 and on which you asked my opinion. As you will note, I feel that the proposed plan for the advance construction of public works is desirable.

I have devoted, however, my attention not so much to an examination of the various items in the program or to bringing out evidence in its favor as to consideration of the program in relation to the present emergency and supplementary measures of relief. I feel after going carefully into the literature bearing on public works and examining the history of their use here and in Europe that they have popular appeal far beyond their intrinsic worth. And I believe that the attention accorded them in local as well as in Federal planning of unemployment relief is all out of proportion to their practical importance as means of relief.

I refuse to be led away by the roseate claims that public works will restore prosperity. They might help, as indeed might any other means to maintain consumer income, but they would at best get into operation too slowly and their slow increase of employment would so likely be offset by shrinkage in other lines that they could only mitigate and not cure unemployment. Expenditure of large sums in the attempt to insure success would drain off funds needed for direct relief without reaching millions normally employed in industry.

Your plan seems to me, however, to be no grandiose scheme to restore prosperity, but rather a limited and sound measure aimed at maintaining existing employment. It seems to me, therefore, that it fits in admirably with any comprehensive plan of relief that might be developed along with or later enacted to supplement it.

For brevity's sake I have largely omitted evidence to support my main position in regard to public works, but shall be glad later to add to if you desire. The discussion of the subject in Public Works and Unemployment, published by the International Labor Office, and the chapter on Public Works in Douglass and Director's book on the Problem of Unemployment contain much supporting evidence. My own investigations into the time-lag inevitable in initiating and starting public works and into the present trend of the construction industry more fully confirm my views as to the limitations of a public-works program.

If there is anything that I can do to further your work in connection with Federal relief or if there is more concrete evidence that I can supply, I shall be most happy to be at your service.

Very respectfully yours,

J. MURRAY CARROLL.

A STATEMENT ON THE WAGNER BILL PROVIDING FOR THE EMERGENCY CONSTRUCTION OF PUBLIC WORKS

The purpose of the bill is in line with the declared policy of the Federal Government to aid in stabilizing employment. In so far as clear needs can be ascertained and construction to meet them advanced without undue haste, it seem to me wise to borrow the funds to carry on public works during the depression.

I do not think that a construction program of this kind, however, or one even as large as that proposed in the La Follette bill, should be looked upon as a cure of the depression, nor should it be considered as a complete program of relief. There is nothing in the experience with public works or in sound economic theory to warrant the belief that their extensive development at this stage of the depression will lift us out of it and restore normal employment. The larger the size of the undertakings the greater the delay or the waste from an attempt to hasten the process. Anything like a well-planned and economical program of construction will not be able to increase employment this year, and unless the depression lifts, not even the following year.

If the provisions of this bill were adopted, Federal construction could increase considerably even before fall, especially in road building, but even in road building the shrinkage of State and municipal building would offset the Federal increase. The total of Federal and State road building in 1931 was practically the same as in 1930. The $80,000,000 emergency appropriation thus evidently merely replaced an equal amount dropped by the States; there is now more likelihood that State road building will shrink much more than it did in 1931 and municipal building much more.

What is said of roads is true of public works in general. A large part of the proposed Federal construction consists of buildings, and most of these, since they involve acquisition of sites and completion of detailed plans, will not be started within a year. A rapid increase of reclamation work, of harbor improvements, and flood control, all of which involve construction and specialized equipment, can not be expected, and it is of doubtful economy to increase such works greatly in any one year. But assuming that construction of Federal buildings now under way can be accelerated somewhat, that reforestation can be undertaken on a considerable scale, and some increase can be effected in the other kinds of construction, then possibly one-half of the proposed fund might be expended before the end of the first year, leaving the rest for the second year.

Now it is obvious that an increase of Federal construction to $500,000,000 a year, about $150,000,000 above the amount spent in 1930 and 1931, would not go far in offsetting the decrease in State and municipal construction for 1932, which, it is estimated, will be not far from 50 per cent of the 1930 volume.

But all this is not an objection to the bill in question—it is rather a sound reason for urging its adoption. For if it can not hope to cure present unemployment it will go far toward preventing still more unemployment in the construction industry from accumulating. This, it seems to me, is the most desirable thing that the Federal Government can undertake.

There are certain features of the proposal naturally of less value than others. The one providing $169,000,000 for reclamation seems on first thought the most dubious. In view of the present surplus of good agricultural land the reclamation of waste lands would seem to be uneconomical and nearly equivalent now to pure make-work schemes. But, in the main, I believe the provisions for other construction are desirable and doubtless needed construction in other directions could be substituted for the reclamation project provided for in this bill.

Great objection will be raised to further borrowing by the Federal Government in view of the present difficulty to balance the Budget. The only question, however, is the degree of the emergency. Increasing evidence points to a terrible condition of unemployment distress which neither public nor private charity, as now constituted, is able to relieve. It is no exaggeration to say that the country is facing a grave danger of untold suffering and injury, unless comprehensive and adequate measures of relief are brought into action before fall. The depression may lift before then, but it is gambling with thin chances, if present indications are reliable, to base public policy on the hope of immediate recovery. Hence it follows that balancing the Budget is a secondary need, and the vital interests of the country now jeopardized is the paramount one.

Moreover, looked at sanely, there is no menace to Government credit in the sale of bonds for advance construction. If appropriations for permanent improvements were all taken care of during the present depression by the sale of bonds, it would not only make easier the balancing of the normal Budget but would be in line with sound business policy, for the credit of a business corporation is not impaired by sale of bonds for permanent improvements, provided its current income is sufficient to cover ordinary expenses. The Budget certainly should soon be balanced, but it need not and probably should not include as ordinary expense outlays for permanent additions to plant and equipment. And since the Federal reserve banks are now buying bonds to force a credit inflation, the issue of Federal bonds should be less difficult and quite in line with the desired objectives.

Before concluding this statement it may be well to discuss briefly its relation to an adequate program of relief. I have already said that the proposal in this bill or even provisions for much larger appropriations would neither cure the depression nor provide a complete measure of relief of unemployment.

Any reasonable expansion of public works, either by the Federal Government or by the Federal Government in cooperation with the States, will take care of only a small fraction of those now unemployed. Public works, I understand, have to date provided for about one-fifth of those dependent upon public relief. It will hardly be possible, in view of the present condition of the finances of State and of local government and the undesirability of loading them up with greater debts, even at favorable terms to increase the net amount of public works. It will be a great accomplishment, I believe, if public construction can be maintained at the 1930 level.

Hence, neither cure of the depression nor wholesale relief can be expected. About four-fifths of those now aided by Government and, with the probable decrease of private relief, additional numbers of the unemployed will have to be cared for by direct public charity. The great problem then facing us is one of adequate direct charity. We maintained an unreasoning hostility to unemployment insurance and now when distress has become widespread have resorted to a real dole in its worst form, that of mere pittances to millions of families without other means of support.

As a matter of fact, direct charity in cases of temporary need is not so terrible as some would have us believe. It is probably less costly than much work relief, and for most laborers employed regularly at skilled factory trades or clerical work less degrading than employment with all sorts of casual laborers on construction jobs. Adequate relief, I believe, is more important than its form. Adequate relief now means in three-fourths or more of present cases direct public and private charity. Hundreds of millions and, indeed, billions of dollars will be called for in the next few years, assuming a continuation of the depression, as has been true in England and Germany, to take care of the unemployed.

What provisions, for instance, are to be made next winter for the unemployed whom no program of public works now undertaken will relieve? Unless State and local finances can be promptly improved and a considerable increase in their tax revenues secured they will be unable to continue relief next year on the scale so far maintained. We are thus facing a great relief emergency of national proportions, and it seems to me only by national cooperation can adequate measures to cope with it be devised.

If we were certain that public work would lift us out of the depression and provide in the near future adequate relief to the unemployed, then they should by all means be provided on a large scale. But public works so far have nowhere proven practicable or sufficient to do either. What might be done with them is pure speculation in the realm of theory, where even theorists are in disagreement as to the results.

To use the resources of the Government that should be mobilized and utilized in their most effective way for relief for an experiment on a vast scale with public works is to gamble not only with social resources but with human lives. Public works should be continued in so far as present and economical plans can be developed, but chief reliance must now be placed in direct charity, and the Nation's surplus funds, fully adequate still and at command of the Government, must be directed toward this as the first and most feasible means of relief.

The first step evidently should be a prompt and comprehensive study to ascertain the need and resources to meet it. Second, should it be found that local and State resources will not be adequate to meet the emergency need, then a program of Federal aid should be developed.

This might well include the provision for continuing and increasing Federal construction work and, in particular, provision for a large fund for Federal-aid roads. Another feature of the program must be some provision for sustaining State and local construction so far as possible at the level of 1930 that more may not be added to the ranks of the unemployed. And, finally, since the greater number in need can not be reached by public works, an adequate plan for direct relief should be worked out. As indicated above, Federal aid or cooperation with the States in some way to provide it seems now imperative. Whether it shall be direct grants in aid, the bulk of the funds coming from State and local government, or some means to sustain State and local credit, such as that proposed recently by the Associated General Contractors of America, or whether the Federal Government could aid the States best by some provision for an additional tax levy to be disbursed mostly to the States somewhat as is now provided in the estate tax law, are questions worth considering. But final determination of appropriate measures should follow a careful survey of the situation. It seems to me, therefore, that the adoption of the main features of the Wagner bill and provision for an immediate survey of the need of unemployment relief and of means best suited to meet it are two steps that should be taken by the Congress before adjournment this spring.

J. MURRAY CARROLL.

COLUMBIA UNIVERSITY,
FACULTY OF POLITICAL SCIENCE,
New York, April 25, 1932.

Hon. ROBERT F. WAGNER,
United States Senate.

MY DEAR SENATOR WAGNER: The question you propound as to the advisability of borrowing to finance about $1,000,000,000 worth of public works alreday approved is a puzzling one at this particular time, and I am afraid the answer depends in part on certain conditions of which I am not in a good position to judge.

In a depression of moderate severity, with no serious threat to the public credit or the solvency of the credit system in general, I think there can be no question that such a procedure is sound; in fact, represents the only sensible way to manage the timing of needed public works. But the existing situation adds a new element—the danger to public confidence and governmental credit, the danger of lowering security values in a way that may further undermine shaky collateral values on which bank credit rests, and the doubt whether the credit system, abnormally contracted as it is and apparently unable to expand, could play its necessary part in floating a billion-dollar loan in addition to the deficit financing which will be necessary in any case. It is conceivable that, if public and private credit have reached a certain degree of shakiness, an extra billion of borrowing would do more harm than the good that could be done by the spending of the money, both being forces that would ramify out cumulatively in their effects. The crucial question is whether we are in such a state. And the answer, so far as I am concerned, is, "I don't know."

However, I doubt if the credit of the United States Government is at such a low ebb yet. And as to private credit, I should have hopes that there is unused lending or investing power which could be reached by a sound public security, through it is afraid of all industrial securities at present. And I should have some hope that, properly handled, the operation might strengthen rather than weaken banking credit. Proper handling would include not making too large demands at one time, and cooperation of regulatory authorities to see that the result should not be forced contraction of private credit. But on those matters I am not an authority.

Sincerely yours, J. M. CLARK.

THE STATE COLLEGE OF WASHINGTON,
SCHOOL OF BUSINESS ADMINISTRATION,
Pullman, Wash., May 6, 1932.

Senator ROBERT F. WAGNER,
Washington, D. C.

MY DEAR SENATOR: In reply to your letter concerning your bill (S. 4076) will say I am heartily in favor of it. Even if much of the expenditure is not directly income earning, it is a good thing. It will necessitate higher taxes and I feel the mood of the American people favors on the whole the levying of these taxes largely on the investing class. If so, investing power will be changed into consuming power and that is necessary in my opinion if we are not constantly to have excess plant in terms of its capacity to yield income on the original investment. When it can not do this, owners seem to prefer idle plant to setting prices, which will enable the plant to run at normal capacity. Instead of writing off enough of the original investment to permit full-time operation they expect wage earners to take wages low enough to permit such operation; although in some cases, e. g., steel and railroads, the wage cuts have come with no corresponding drop in prices or in rates.

My personal interest is to see continued deflation, but the interest of the country would be best served by "reflation," and your bond issue would have some tendency to bring this about. There seems little chance by Federal authority to force monopolistic and semimonopolistic industries to put their prices down, say 30 per cent, to correspond to the average drop in commodity prices. Large bond issues, soldiers' bonus notes, etc., would inflate prices of farm products and other competitive prices without, in my opinion, inflating much such things as steel prices, gasoline, coal, electricity, telephone service, tooth paste, farm machinery, house rents, etc. If this were the case these semimonopolistic prices would in effect be lowered.

Here in our town, butter, eggs, wheat, etc., are half or less what they were, and wages are down about 20 per cent; while coal, rent, telephone, gasoline, etc., are as high as ever. Those groups who have refused to liquidate are the real devils in the machinery in my opinion, and if Government regulation can not liquidate them I think the Government would be justified—times like these—in taking them over and setting prices which would permit normal operation and normal employment conditions, allowing the owners for their investment just what the plant was worth when operated at the lower prices. We need a drastic and constant redistribution of wealth and income in this country. I suggest higher inheritance taxes, somewhat higher income taxes, especially in the upper brackets, a 100 per cent tax on all advertising—including radio advertising—and a tax of $100 on the sixth one thousand of an individual's expenditure for consumption purposes; $200 for the seventh thousand for consumption purposes; $300 for the eighth thousand for consumption purposes, etc.

Such a tax would put a crimp in building million-dollar homes and yachts and spending $200,000 a year on clothes, as one young lady I know of in Chicago does.

Sincerely yours, F. W. CLOWER,
Professor of Economics, State College of Washington.

AMHERST COLLEGE,
DEPARTMENT OF MATHEMATICS,
Amherst, Mass., April 27, 1932.

Senator ROBERT F. WAGNER,
Washington, D. C.

DEAR SIR: Replying to your letter of April 20, I am in favor of the proposal represented by bill S. 4076, and consider the views expressed in paragraph 3 of your letter to be sound, considering the nature of the projects embraced within the bill as described in your paragraph 2.

It is my opinion that the employment of labor on worthwhile projects is of paramount importance at the present time.

Sincerely yours,

CHARLES W. COBB.

THE INSTITUTE OF LAW,
THE JOHNS HOPKINS UNIVERSITY,
Baltimore, Md., May 2, 1932.

Hon. ROBERT F. WAGNER,
United States Senator, Washington, D. C.

DEAR SENATOR WAGNER: I have delayed answering your letter concerning the proposed bond issue in order to give the matter about which you inquire more careful consideration than I had previously done. On the whole, I am inclined to favor your proposal, but am not sure that my opinion is of much value or that I can give good reasons for it. A year ago I should have been more enthusiastic about it than I am now. My present hesitation is due to a feeling that our greatest problem at the present time is to do what we can to keep the whole financial structure of American business and industry from collapsing, and not merely to pull ourselves out of a depression. Your measure is directed primarily to the latter, and I think it can be argued that it might do something along that line if we were not in danger of a financial collapse, as it seems to me we are. I find it difficult to judge—guess would perhaps be a better word—whether your measure would, as some feel, add to the danger of a financial breakdown. I don't believe it would, but I know others whose opinion is probably more valuable than mine who take the contrary view—hence my hesitation.

I do not fear "inflation"; on the contrary, I agree with J. M. Keynes that our greatest trouble arises from the deflation of prices, and that our first step ought to be to "undeflate" or "reinflate," of course, within sensible limits. See Keynes's article in the May Atlantic Monthly.

Sincerely yours, W. W. COOK.

PHILADELPHIA, *April 25, 1932.*

Hon. ROBERT F. WAGNER,
United States, Senate, Washington, D. C.

MY DEAR SENATOR WAGNER: Replying to your letter dated April 20, while I must disavow specialist status, I find myself in pretty complete accord with your views. If I have any reservations, it is that I think, in selecting the public work to be done in this emergency, the first question to be asked is as to how soon it can be advanced to the stage where actual orders can be placed and men thereby put to work. You will find that public buildings do not always fall in this class. The architects—perhaps properly—are so anxious to have them good looking that months and even years pass with no work afforded except to a few draftsmen.

My next query would be as to whether the proposed undertaking advanced as economically; is the improvement really needed at this time. It may be necessary to start some things that under ordinary circumstances could wait. But as between two lines of work, the one adding materially to our economic well-being and the other not so pressing, I would choose the former. In applying this distinction I would refuse Federal aid to back roads serving a few local people. But by the same token I would spend one billion on rural electrification alone without a tremor, because it would energize our agriculture, reduce costs, and, perhaps of even greater importance, make life on the farm a wholly different thing. As to floating a billion in bonds for this class of purposes I would not hesitate an instant. The problem is no longer one of stabilizing banks and avoiding railroad receivership. Unless we can get the industrial wheels turning, the fat is in the fire for all but a restricted few, and it may not go so well even with minorities.

If at any time I can assist you with your important tasks, it would be a pleasure to cooperate.

Yours very sincerely,

MORRIS LLEWELLYN COOKE.

APRIL 28, 1932.

Mr. MORRIS L. COOKE,
Philadelphia, Pa.

MY DEAR MR. COOKE: Thank you for your very encouraging letter of April 25. I should like to answer your two questions, if I may, thus:

1. The projects embraced in the bill, S. 4076, include not only buildings but every other type of Federal construction. As a result of the long-range planning law enacted during the last session of Congress, plans are actually available for the projects embraced in the bill. An analysis has been made of the time within which work can be initiated. A very substantial proportion is reported to be ready for the employment of men within three months.

2. I am personally in no position to pass judgment on each of the multitude of the projects which comprise the entire authorized program of the Federal Government. The committee charged with the consideration of the bill should, in my judgment, review these

projects and secure from the departments in whose jurisdiction they fall affirmative evidence of the present and economic need for the construction.

Very cordially yours,

ROBERT F. WAGNER.

WALWORTH CO.,
Boston, Mass., April 25, 1932.

Hon. ROBERT F. WAGNER,
Senate Office Building, Washington, D. C.

MY DEAR SENATOR: I have given careful thought to your letter of April 20. I am in thorough accord with the purpose of Senate bill 4076, which you have introduced. I am confident that the passage of this bill will do much toward relieving unemployment and hastening better conditions.

I am very strongly of the belief that if a satisfactory agreement can be reached promptly in Washington to balance our Budget on a basis which will not too seriously tax industry an immediate improvement in business conditions may be expected.

Yours very truly,

HOWARD COONLEY, *President.*

STATE OF CONNECTICUT,
DEPARTMENT OF LABOR,
Hartford, April 27, 1932.

Hon. ROBERT F. WAGNER,
United States Senate, Washington, D. C.

MY DEAR SENATOR: I have no doubt that your proposal of a bond issue to finance Federal construction of previously authorized public works would greatly help in the present emergency, and I am convinced that you are on sound ground in the three theses that you laid down in your letter of April 20.

I have previously expressed my admiration for the work you have done in connection with unemployment legislation, and I should like again to express hope that you will successfully reintroduce the bill for Federal system of employment exchanges.

Sincerely yours,

W. J. COUPER.

NORTHWESTERN UNIVERSITY,
COLLEGE OF LIBERAL ARTS,
Evanston, Ill., April 25, 1932.

Hon. ROBERT F. WAGNER,
United States Senate, Washington, D. C.

DEAR SIR: In reply to your inquiry concerning Senate bill 4076, let me say that I have not read the bill specifically, and what I have to say is based upon the propositions contained in your letter.

In regard to the whole question of the use of public funds as a cure for, or method of reducing, unemployment, I have given considerable thought. The conclusions to which my study has led me are, that unless the public funds freed at an emergency like this were in excess of the normal expenditures for public works, the program would have no effect, or as the Webbs-English writers have put it, "you would be creating as much unemployment as you would be curing."

It has been argued that both public and private business should recognize their social responsibilities in respect to continuity of employment by building up reserves to be freed at times like these. Theoretically this argument has considerable merit, but I have never been convinced that a practical plan has been proposed for putting such a program into operation.

I need not go into these arguments, as you are doubtless familiar with them. I shall, therefore, turn directly to your three propositions:

1. Assuming additional funds available, if spent now on public works, there can be no question but what the influence would be in the direction of increased business and employment. The effects of this stimulus would be felt throughout the whole business field, if the expenditures were upon a scale of sufficient magnitude.

It should be noted that your plan, instead of freeing accumulated reserves as has been proposed, is based on a proposal to mortgage the future by means of a bond issue. This apparently means that after we are out of the present depression the scale of public works program will be cut by an amount equal to the present additions. Otherwise the plan would have little merit. Unless this were done the tax burden in the subsequent period would become oppressive and tend to retard private industry.

From this point of view, I think the crux of the problem is whether Government officials will have enough restraint during the period following the depression to contract expenditures. Those who initiate the program in an emergency may not be in political power when the emergency has passed. Taxes are easier to collect then, and, human nature being as it is, it is easy to see the need for more public works, especially when additional expenditures may help to build up party or personal political strength.

2. I think you are on perfectly sound ground when you assert that private industry will not expand in times like these. Even if private industry had built up reserves for such purposes it is difficult to conceive how the present psychology would lead to an expansion program. Besides, unless the reserves had been held in cash, which would not be likely, the decline in value of so-called "gilt-edged" securities would have absorbed most of the reserves. So that I can see no great hope from private industry ever accomplishing much in this direction, especially in an emergency as extended as the present depression. Certainly there is little hope for expansion in private industry where no attempt has been made to build up reserves.

3. I believe that a bond issue to finance public works already approved would be desirable at the present time. The Federal Government could probably borrow on favorable terms at the present time, which is not true of many State and municipal governments. How large an issue the Federal Government could stand, without impairing its credit, would depend, I should think, on its ability to cut other expenditures and to balance its Budget.

My faith in such a program would be strengthened if I could see an effective way to restain public expenditures during so-called "normal times." Your plan seems to imply that after the revival of private industry, the Government would contract its works and not compete with private business for loanable funds. If you can devise a way of accomplishing this end, then I think your proposal would work as you have conceived that it would.

Unless this can be done, borrowing to make work has little to commend it. The "made work" seldom is any more effective in liquidating the loans than in the case of borrowings for the prosecution of war. We have a beautiful example, as the result of the World War, of tremendous international debts contracted to carry on war, that created nothing from which those debts might be paid. The same effect holds in many public works. They do not create an income from which the debt may be paid but add an intangible income in the way of greater general conveniences and a higher standard of living.

I have written freely, as you requested, and while in the main I favor your proposal, there are many complicating influences that are too complex to reduce to a communication of this kind.

Very truly yours,

F. S. DEIBLER.

UNIVERSITY OF MICHIGAN LAW SCHOOL,
Ann Arbor, April 26, 1932.

Hon. ROBERT F. WAGNER,
United States Senate, Washington, D. C.

MY DEAR SENATOR WAGNER: I think that you are on sound ground in advocating the proposal represented in your bill S. 4076, which you have recently introduced in the Senate. I am not quite as sure of my opinion as I perhaps would have been a year or two ago. The financial and economic crisis has now become so very acute that it seems clear that a proposal of such magnitude should be very carefully correlated with the solution of the Government's financial problem, so that the proposed bond issue may not operate to depress the market for Government securities seriously or impair the Government's credit. Subject to this general qualification and the other qualifications which are implied, it seems to me that the proposals for which you have consistently stood, as I understand it, are thoroughly sound.

I do not believe in an elaborate program of Government building of things which we can get along without simply to provide employment. Some proposals recently discussed have seemed to me to amount to no more than that and to be sheer economic waste. The Government can not afford to waste at times like these any more than anyone else. It would be much better for it to tighten its belt, balance its Budget, and appropriate directly for the relief of the needy such sums as are absolutely necessary for that purpose.

On the other hand, however, the principle that the construction of needed public works should be planned for times of depression in order to provide employment, stimulate industry, and the demand for raw materials, and take advantage of the low cost of labor and materials, seems to me thoroughly sound. It is this principle which you are advocating, if I understand your position, and I have always approved of it heartily. If the proposed public works are such as will be clearly needed on the basis of conservative estimates, I see no reason why they should not be financed by long-term bond issues. The floating of a long-term bond issue, of course, as I have already suggested, is a difficult, not to say a dangerous, undertaking under present conditions and should be studied most carefully as an integral part of the problem of public finance.

May I add in closing that I have long been impressed with the courageous and statesmanlike attention which you have been devoting to problems of this kind. People in this part of the country without regard to party have a very genuine appreciation of your services along these and related lines.

I remain, with all good wishes,

Very sincerely yours,

EDWIN D. DICKINSON.

UNIVERSITY OF ILLINOIS,
COLLEGE OF COMMERCE AND BUSINESS ADMINISTRATION,
Urbana, April 26, 1923.

In re S. 4076.

The Hon. ROBERT F. WAGNER,
United States Senate, Washington, D. C.

MY DEAR SENATOR WAGNER: It seems strange that our National Government should appropriate funds for various financial-stabilization schemes and not, at the same time, pursue a vigorous public works policy. The greatest single need to-day is for that optimism which comes when one sees his neighbors and relatives going to work again. Public works will provide jobs for many hands and directly and indirectly create purchasing power during the succeeding 12 months equal to about twice the appropriation.

I note you state that your bill does not propose any unusual projects but merely the usual types. I would go further and include in 1933 at least half of what would probably have been built in 1934 and 1935, with a definite arrangement for curtailing construction appropriations in those two later years. My suggestion is not to increase but to alter the chronological distribution of the volume of public works for the next half decade.

I trust that you will not put any minimum-wage clause into the bill. A billion dollars will do more good if distributed amongst 1,500,000 workers than if paid to only 1,000,000 men at higher hourly rates. The great need is not price stabilization; it is to increase the number of men at work.

I have just completed an article entitled "The Mountain and the Valley—A Few Notes on Economic Planning," which will appear in the July issue of the Annals of the American Academy of Political and Social Science. I can send you a carbon copy now if you desire. It emphasizes the value of a public-works program as a business stabilizer.

Would the issue of these bonds hurt our banks holding large amounts of Government bonds? I doubt it if the bonds are issued only as the work progresses. The Federal Budget would include the interest item. An increase in our national debt will not alarm investors if it is for ordinary public works and if it enables men to go back to work.

If my past writings upon this subject will be of any help to your committee I shall be glad to furnish a copy or a list. Please call upon me for any assistance that my research work on this problem will enable me to give.

Yours very truly,

FRANK G. DICKINSON.

P. S.—Dr. Rabbi Abba Hillel Silver, who appeared with you on the program of the American Association for Labor Legislation at Cleveland in December, 1930, spoke here last week.—F. G. DICKINSON.

MAY 9, 1932.

Prof. F. G. DICKINSON,
Department of Economics, University of Illinois,
Urbana, Ill.

MY DEAR PROFESSOR DICKINSON: Thank you very much for your letter of April 26 in reference to S. 4076.

I have read a number of your previous articles and should, therefore, very much appreciate your kindness if you would make available to me a copy of your new article, The Mountain and the Valley. In view of its prospective publication I shall, of course, keep it for my personal use and shall not make it public.

Very sincerely yours,

ROBERT F. WAGNER.

THE SOCIETY OF INDUSTRIAL ENGINEERS,
Chicago, Ill., April 22, 1932.

Senator ROBERT F. WAGNER,
United States Senate Committee on Foreign Relations,
Washington, D. C.

MY DEAR SENATOR WAGNER: Even prior to the present depression, economists and engineers have contended that the construction of public works should be so planned that their actual carrying out would act as a buffer or stabilizer in periods such as the present. President Hoover himself has concurred in this view.

Notwithstanding the fact that the above views are held by sound economists and engineers, we find at the present time little, if any, above-normal construction work going on in the field of public works, although there are probably more unemployed engineers than mechanical workers in the building trades than at any time during the past 50 years. Unless we proceed at once with appropriations for "work-making" construction of economic value, we will have to continue during the next year with further State and municipal appropriations to feed and house those of our population in distress. This money will be much better expended in the way of wages for engineers, draftsmen, and mechanics.

There is no question but what such construction would not only directly stimulate those industries which supply construction industry, but that it would, through the increased purchasing power of those who participated in this work, stimulate business in general.

I most heartily indorse the Senate bill (S. 4076) which you have introduced.

Very truly yours,

HUGO DIEMER,
Vice President in Charge of Education, S. I. E.

WASHINGTON, D. C., *April 23, 1932.*

Hon. ROBERT F. WAGNER,
United States Senate, Washington, D. C.

MY DEAR SENATOR: In your letter of April 20, you ask for an opinion regarding the probable effects of the enactment of S. 4076, under which the Federal Government would undertake a billion dollars' worth of already authorized public works, obtaining the funds by means of a long-term bond issue.

I am not wholly clear as to whether this financing would merely permit public construction to be carried on in a volume roughly equivalent to what it would have been had there been no depression and consequent deficit, or whether it is proposed to push forward into the next year or two construction which would normally have occurred later. In the following, the question will be taken up from both angles.

To the extent that the proposed bond issue would be used merely to keep the level of construction up to the standard of normal times, I feel that there should be no question as to the advisability and, in fact, the obligation on the part of the Government to go ahead with the work. The one thing that is most essential to the efficiency of industry and the welfare and security of the people of the country generally is the establishment of stability and continuity in the functioning of the various branches of industry, and in the employment of both capital and labor. If, as a long-run proposition, a certain proportion of our people are to devote their labor, their funds, their business enterprise to certain types of public construction, there rests on the Government a heavy responsibility to keep the volume of employment dependent on such public work as steady as possible.

It is absolutely clear that if the evils of depressions are ever to be overcome, an essential element in their conquest must be the establishment of continuity in the making of purchases throughout the economic system generally. Ways must be found by which the purchases of ultimate consumers, outlays for the replacement and expansion of private capital, and the expenditures of governments can all be kept functioning in a fairly normal way in the face of those circumstances which in times past have led to slackening and depression. Just how this can be done in all fields of industry and under all conditions is a problem which will probably take many years to work out. But a part of the solution must certainly consist in impressing on all large employers of labor and groups making extensive purchases their responsibility for contriving means by which their own fields steady operations can be obtained.

The Federal Government is the largest single employer of labor, and, directly or indirectly, the largest single purchaser of goods in the United States. There could be no more important place in which to establish the principle that at least a strenuous effort should be made to achieve continuity of employment, continuity of productive activity, depression or no depression.

Fortunately, the Federal Government, because of its unequaled credit, has it in its power to absolutely stabilize its own purchasing, at least as respects the total amount. Its only care should be not to purchase foolishly or in a way that might impair its credit. In borrowing and building needed public works, the Government would not be weakening itself. It would owe more money; but it would have more property. In future years taxes might be higher; but benefits would be accruing, and the necessity of catching up with neglected improvements would be avoided.

If the Federal Government, instead of going forward with its normal building of public works, slows down, then the Government not only will not be helping but will be intensifying the present situation. Instead of setting a good example, it will be joining in the rout. And if the country survives it will be in spite of the damage done it by its Government.

The above considerations have to do primarily with the borrowing of money to carry out a normal program such as might have been approximated in the same period had there been no depression. The question as to whether the Government should go out of its way to do work now that would otherwise be done some years hence is a more difficult one.

The object in this case would be not to give stability to Government work but to bulge it out to make up for an absence of private construction work. This is not an ideal way to prevent or cure a depression. Every effort should first be made to start up activities in each field of private and public activity in proportion to normal requirements, rather than artificially to overexpand certain selected industries.

However, the present emergency is so serious, it is necessary to pay out so much public money in actual relief, that probably considerable good could be accomplished by carrying out some public works now which would not otherwise be done until later. The next year or two will probably be the most critical, for good or bad, that American industry has ever experienced, and, it is to be hoped, ever will experience. Whether, as we might hope, enlarged expenditures for public works would aid in early recovery, or whether they would simply make somewhat less serious, worse conditions yet to come, it is probable that public work undertaken within the next two years would be of greater general benefit than would similar construction at any other time past or future. Under existing circumstances there is not much danger of too great or abnormal a stimulation to any of the industries involved, because of the very low ebb of private construction.

If much money is borrowed to construct public works, the Government should watch against further drops in the price level. The borrowing of considerable sums of money, their expenditure for public improvements, would in itself help to check the present deflation. But it might not be enough. Both to protect itself and because deflation is in itself destructive and a bar to normal business activity, the Government should be prepared to do whatever may be necessary to prevent any further appreciable drop in the price level. This would put its own investments on a sound basis, and likewise that of all private business men who might have the courage to follow the Government's lead.

Very respectfully yours,

HORACE B. DRURY.

FACTORY AND INDUSTRIAL MANAGEMENT,
Chicago, Ill., April 26, 1932.

Senator ROBERT F. WAGNER,
United States Senate, Washington, D. C.

DEAR SIR: The proposal concerning which you ask in your letter of April 20, that the Federal Government undertake the construction of previously authorized public works and finance this construction by means of a long-term bond issue, has much to be said for it. It would amount in effect to the release of a large credit which, under present emergency conditions, industry is not at present in a position to secure. This credit would, of course, in turn, provide business in a corresponding amount to private corporations and individual wage earners, thus stimulating business and tending to create a more favorable psychological reaction.

There would be, also, as you mention, the economy of purchase by the Government at present low prices and favorable labor conditions.

Against the proposal would probably have to be made the following points: First, while the bill is a more constructive and justified use of money, probably, than would be the proposed outright bond-payment plan, it would tend to have the same general effect in inflating our currency and would to that extent hasten the withdrawal by European countries of dollar investments. Second, the borrowing of $1,000,000,000 would add a large interest charge to the present annual national-debt burden. Whether this interest charge and a corresponding sinking-fund charge would be justified, would, of course, depend on the character of the public works undertaken. Not knowing these, I do not feel qualified to pass on this point.

In general, there is a danger that the release of so large an amount of money at one time would tend toward a lack of caution in the carrying forward of plans, and it is well known that many plans which appear desirable and logical, such as some of the reclamation plans, are economically unsound. Were it possible to hasten the construction of such projects as the Nicaragua Canal, which appear more or less inevitable in time, this objection might be removed, and it may not exist. Third, the bonds would presumably have to be purchased from private funds, and in this sense their efficacy would be limited to their superior power, as compared with private investment, to draw existing funds into circulation. It appears probable that the present financial emergency will either proceed to a point at which the bill would make little difference or will turn for the better before a very substantial effect could be had from the bill. Of course, there are certain to be some years of slow upswing, during which the expenditures by the Federal Government might accelerate the pick-up.

I do not pose as an expert in the economic questions here involved, although, naturally, I have a continuing interest in them. To the extent that my lay opinion is of value, it would seem to me that, granted the economic justification of the projects for which the money is to be expended, the probable advantages would outweigh the difficulties. Certainly, with such thought as I have been able to give to the question, I can see no very serious danger likely to follow the plan except the possible inflationary results, and there seem to be many arguments for a moderate controlled inflation at the present moment.

Very truly yours,

H. P. DUTTON, *Associate Editor.*

THE CORNELL LAW SCHOOL,
Ithaca, N. Y., April 28, 1932.

HON. ROBERT F. WAGNER,
United States Senate, Washington.

MY DEAR SENATOR WAGNER: I have your letter of April 20 addressed to me at George Washington University, in which you were good enough to ask for a statement of my views concerning the construction of previously authorized public works to the amount of about $1,000,000,000 financed by a bond issue. Permit me to say in response that I believe the proposal to be sound and desirable. I do not see how so substantial an increase in the effective demand for goods and services could fail to have a stimulating effect upon industry. The balancing of the Budget is, I believe, a very minor matter at this time in comparison. I should, however, consider it a still better plan to finance the expenditure by raising to approximately 100 per cent the upper brackets of the income tax.

Very respectfully,

HENRY W. EDGERTON.

NORTHWESTERN UNIVERSITY,
COLLEGE OF LIBERAL ARTS,
Evanston, Ill., April 29, 1932.

Senator ROBERT F. WAGNER,
United States Senate, Washington, D. C.

MY DEAR SENATOR WAGNER: I am so completely in agreement with you in regard to the desirability of the program contemplated by Senate bill 4076 that it would be superfluous for me to enter upon any lengthy discussion, for I could do little more than reiterate the arguments which you have yourself summarized in your letter of April 20. I think that what you propose in this bill is a thoroughly sound step to take in the present condition of the country, and I hope that you succeed in securing its adoption.

Sincerely yours,

A. R. ELLINGWOOD.

INSTITUTE FOR ECONOMIC RESEARCH,
New York, April 28, 1932.

Hon. ROBERT F. WAGNER,
United States Senate, Washington, D. C.

DEAR MR. WAGNER: Your letter of the 20th was sent to Northwestern University at Evanston and has finally reached me in New York.

I have already written you and have asked for an opportunity for a discussion of your program, in which I am greatly interested. Last summer you wrote me a letter in which you said that you were going to arrange for a conference.

I am inclosing with this an address that I made at the meeting of the American Economic Association in Washington December last. You will find my views presented in that. As I take it, they are not out of substantial harmony with your views. What I do, however, is to round them out, and it seems to me to strengthen the main thing that you are after.

* * * * * * *

Sincerely yours,

RICHARD T. ELY.

REAL ESTATE IN THE BUSINESS CYCLE

(R. T. Ely, chairman)

(In reporting the round table on the above topic, it was decided to submit for the proceedings an abstract of the paper presented by Dr. Richard T. Ely, which he entitled "The depression and the 150-year plan."—EDITOR.)

Precisely what do we mean by "depression"? We all know the manifestations of the depression. We have been suffering and suffering keenly from its effects. When I ask, "What do we mean by 'depression'?" I have in mind an analysis of one or two causes of the depression.

Our economic life is one of human relations. This is where we must begin if we are to understand our economic life. More and more economists are coming to treat economics as a science and an art dealing with human relations and with everything else subordinated to these relations. This concept, however, does not fully enter into economics; otherwise, the explanation given of the existing situation would be clearer.

We are prosperous when our relationships function easily and well, and just in proportion as these cease to function easily and smoothly, we become less prosperous. When they are violently disturbed as they are now, we have widespread unemployment and poverty. War is the greatest of all disturbers of normal economic relations, and is one of the most fundamental causes of depression. However, the depressions resulting from war very often come a considerable period after the war.

Let me enlarge a little bit this idea that economics deals with relations among men and should be developed from this point of view, making the material world of natural resources the foundation on which these relations rest. Let us consider some of the topics with which we deal in economics, for example, wages, profits, interest, debts of all kinds. What are they but relations among men? The external world may remain as it is, but it is disturbance in these relations that means poverty. When these relations again move freely and smoothly, then our wealth is increased.

Let us consider the farmer. The soil may remain just as it is, and he may have the finest equipment in the world; nevertheless, disturbed relations bring him poverty. If his farm is mortgaged too heavily, that is a relationship which brings ruin. If he sells on one price level and buys on another price level, it again disturbs relationships. If his produce does not bring a profit, then the merchants with whom he deals may fail and the failure brings ruin to bankers.

Let us approach this from a somewhat different angle. John owns 900 shares of New York Central stock and lives on the income of these shares. The income fails and an infinite train of consequences follows. John may also put up his stock as collateral for a loan. The shares fall to 25 and the loan has more value than the collateral. He must put up more collateral and to do so he has to sell other property. Thus the depression goes on and on.

Some say we have all the land we ever had; we have all our other natural resources; we have all the buildings that we ever had, etc.; we must, therefore, be as rich as ever. We are not as rich as ever, because material things are subordinate to human relations. We are poor and a great deal poorer than we were before the collapse that began in 1929.

The fundamental causes of our present distress in the United States have been strangely neglected in current discussions. These discussions concern themselves almost entirely with secondary rather than fundamental causes.

The causes are to be found first of all by researches in the field of land economics. Because we have had no satisfactory land policies for the utilization of land in city and country we have had wild fluctuations in land values. High land values have been followed by extremely low land values. We must seek the fundamental underlying causes of depression in land and what goes with land in its utilization. That is to say, improvements of every sort attached to land. This is the thesis which I present for discussion.

I have just mentioned the strange neglect of land and the movements of land values. Let me give an illustration. In 1929 there appeared a 2-volume work entitled, "Recent Economic Changes in the United States." It was a report by the committee on recent economic changes of the President's Conference on

Unemployment and included the reports of the special staff of the National Bureau of Economic Research. One purpose of the report was by means of analysis of recent economic changes to lay a basis for forecasting our economic future. The men who prepared this report stand high and the two volumes are indispensable to the student of economics. Nevertheless, in these volumes there is scarcely more than references to the land and its utilization. But even now real estate, which simply means land utilized, includes considerably over one-half of the wealth of the United States. Moreover, it is precisely in the uses of land that perhaps the most momentous changes have occurred during the present century. Is it any wonder, then, that these able men were not able to forecast the future? Mr. Walter Lippmann, in a remarkable article in the Red Book last year criticized severely these volumes because the various writers whose papers made up the volumes did not give us any forecast of coming troubles. At most a slight intimation can be found here and there of what was coming.

I am not sure that you all appreciate the harm that has been done to the economists in this country, either by absence of forecasting or what is still worse, by actual mistaken forecasting. Doubtless Hon. Frank A. Vanderlip, former president of the National City Bank, had in mind the mistakes made by those who have been working on the business cycle and forecasting the future value of securities when at a recent meeting of the Economic Club of New York, he derisively spoke of "economists formerly known as astrologers." An example of mistaken forecasting is given by one of the outstanding economists of the country, who assured us late in 1929 that the price of securities was not too high. On the contrary, he said, we were on a permanently higher price level. It is hard to overestimate the losses due to the situation that has just been briefly described.

We must begin with the land and from land and its uses go on to other economic activities and movements. This is my second thesis. The hard times began with the farmers late in 1920 and they have steadily become worse for farmers since that time. It is a question of supply and demand. For a long, long time without any satisfactory researches into supply and demand, public policies have encouraged the expansion of agriculture. As a matter of fact during our entire history policies have been such as to encourage expansion of agriculture. In November, 1931, a conference called by the United States Bureau of Agricultural Economics and the land grant colleges was held in Chicago. This conference discussed land utilization and drew up recommendations for a national land policy. The recommendations made by this conference aim to limit agricultural expansion and to bring about a satisfactory relationship between supply and demand. This marks an epoch in our history which has received little attention as a turning point in American economic policies. From the beginning of our history, then, until 1931, America's land policies have been such as to encourage agricultural expansion without limit.

I think that it is safe to say that English economic theory has in no small measure been responsible for this uncontrolled expansion and the plight of the farmer. English theory finds expression in what Malthus regarded as a fundamental law. I refer to what he calls "the law of demanders." He says that agriculture is peculiar because the demanders always so increase as to consume the entire product of agriculture, however large this may be. He went even farther than this and said the growth of population would be so great as to produce a constant pressure upon the means of subsistence and also, in consequence, an increase in land values. This gives us one expression of the English law, the law of rent, as formulated by the English classical school. All the landowner has to do is simply to wait while the value of his land goes up and he reaps an unearned increment. Strange it is that in this period of unearned decrements people still hold to this old theory.

Prof. Frank A. Fetter of Princeton University has said that it is unfortunate that in our universities and outside the universities we did not develop American economic theories. Henry Carey and others made a good beginning, but their work was looked upon askance by our academic economists and by those who controlled a large portion of the most influential periodicals. Carey taught that we did not go from better to poorer land; that values depended upon cost of reproduction and that the pressure of population on the means of subsistence became less rather than greater. There is so much chaff with the wheat in Carey's writings that what is most essential in them has been generally overlooked. Land values of the present time are in striking general harmony with the ideas of Carey and his associates rather than with those of English economists. Had we developed the economic theories of Carey and other early American economists into a system of economics which was an outgrowth of American conditions, our land policies might have been better than they have been. We might at least in some measure have escaped the disasters which have resulted from following the theories of the English classical school which they developed under the influences of their own economic life and the conditions following the Napoleonic wars.

Turning to the World War the policies of government were directed first of all to expansion of agriculture. This is natural enough under the circumstances. The area of agricultural land in cultivation underwent enormous expansion. Demand for agricultural products during the war rose enormously and the price at which land was held, sold, and mortgaged rose even more rapidly than was warranted by war prices of agricultural products. The situation of the farmer has constantly grown worse since 1920. It has been a case of increasing supply and decreasing demand. The rate of population growth has become slower and slower and agricultural productivity during the past decade has increased 50 per cent more rapidly than the growth of population. Prices of agricultural products have fallen and farm land values have gone down so rapidly that in very many cases land will not now sell for what was regarded as conservative first mortgages.

This is not a question of money. When I used to live in Madison, Wis., I had a fine little fruit orchard on my small place. The production was so great that I made myself, I fear, a nuisance to my neighbors in trying to give away plums and even apples at times. No manipulation of money, no expansion of credit, will extend the capacities of our stomachs. What folly, then, slogans like "Eat more bread!" when we produce more wheat than could possibly be met by any effective demand!

Satisfactory land policies must be based upon an economic survey of the right uses of land, and when put into effect will mean that upon a basis of classification, land that is adapted specially to forests may be put into forests, etc. Land that is good agricultural land should be used for agriculture. But in determining what is agricultural land we must be governed by prices as the result of forecasts of demand. A great deal of land should lie idle so far as present production is concerned. I can not go into this in this brief discussion.

As a result of the fall in land values, banks in the rural sections of the country have failed by the thousands and in some sections nearly all have become bankrupt. The result of all this is the diminution of purchasing power on the part of the farmers and enormous losses that have resulted to others in their relations with the farmers. Think of what it would mean to the railways of the country, which in their present acute distress are a menace to all of us, if the farmers had been prosperous during the last 10 years with the resulting increase in their passenger, but especially freight, revenues.

Let us turn to urban land. Precisely that has been happening in urban land which has happened in the case of the farm land. The same results have followed. We need smaller and smaller areas of land in the cities in proportion to the population. The rate of population growth has been slowing up; and although cities have grown at the expense of the rural sections, the area of land needed has constantly undergone a relative decrease. New York City offers striking illustrations. When it comes to housing, we have the London Terrace Apartment Building in New York City on Twenty-third Street between Ninth and Tenth Avenues. It is said that on this one block 5,000 people can be housed; whereas, when this was a part of the formerly attractive Chelsea district and single-family houses were on this block, it housed 400 people. In other words, only one-twelfth of the land area per capita is demanded under these conditions.

Turning to the office building, we have an equally striking illustration of what has been happening in the Empire State Building. It occupies somewhat over 83,000 square feet of land, or a little less than 2 acres. Probably, under conditions of construction as they existed 40 years ago it would have taken 10 times that area of land to furnish an equally satisfactory amount of office space. The result of what has happened is that city banks have been failing just as the rural banks began failing several years ago. Distress has spread from class to class.

Putting land to its right uses is taking the first big step in establishing the foundations of continuous, permanent prosperity. It is not by any means all that needs to be done, but it seems to me that this is where we should make a beginning. Doing this, we are putting ourselves in line with the forces already in operation in this country. The State of Michigan some 8 or 10 years ago began an economic survey of the land of that State not including, however, urban land. In the State of Wisconsin a good beginning has been made by the agricultural college and other State agencies. Especially, would I commend the researches of Dr. George S. Wherwein, professor in the agricultural college at the University of Wisconsin. In New York State, Gov. Franklin D. Roosevelt deserves commendation because he is working along the right lines in finding out the proper uses for land and putting land into these uses. The adoption of a constitutional amendment by the State of New York in November of this year makes it possible for the State of New York to take out of agricultural use land that has been submarginal for agriculture and to put it into the production of trees as a regular crop. The decisive vote for this constitutional amendment is a triumph for sound ideas.

Urban land economics has been strangely neglected in our country, but a good beginning has been made in the development of urban land economics. Practice is also following theory, and zoning laws and deed restrictions are steps precisely in the right direction. It is unfortunate that these movements are so extremely slow. If 10 years ago they had been vigorously pushed by the United States Government, our States and our cities, if we had put into them one-tenth of the energy that we have put into mistaken policies in trying to control the prices of agricultural products directly instead of indirectly by sound land policies, and if we had put into the promotion of land policies half the money and energy that we have put into measures that have not helped at all, we might be much farther along at the present time.

In putting land to its right uses, we are also acting in harmony with what has been done elsewhere successfully to increase prosperity; for example, in Ireland and in Germany. Such prosperity as Ireland enjoys is largely a result of her land policies which are,

in general, in line with my recommendations. What Stein and Hardenberg did early in the nineteenth century was an outstanding contribution to the prosperity that Prussia enjoyed for a hundred years. Prosperity depends primarily upon proportionality in production. Evolution is continuous and it is bound to advance beyond policies. But we should endeavor to bring our policies as rapidly as possible into harmony with the stage of economic evolution that we reach from time to time.

Recovery from depressions is, first of all, a result of the transfer of labor and capital where they exist in excess of proportionality into new lines of activity so that they may satisfy economic wants, new and old. Ever since the industrial revolution in England in the latter part of the eighteenth century, we have had periods like the present when there has been disproportionate production. England followed the laissez faire policy and the result was chapters in English economic history of great wretchedness which are a disgrace to England. In the course of time, however, an adjustment took place after endless suffering described in many treatises on economic history. It is beyond the power of the individual to make transfers of labor and capital quickly into new fields where new wants are satisfied. If we follow a laissez-faire policy, transfers are gradually made with endless suffering in a variety of ways. New occupations spring up and give employment to vast numbers. If we study the census reports of occupations, we find how they increase and afford employment. Changes in old economic activities increase employment in the long run and as a general rule. The case of the stagecoach and the railways has often been mentioned. Printing took away the occupation of a great many scribes, but has added probably a thousandfold to the number engaged in making books. We come to this old idea of the long run, but we remember that life is only a short run. A great problem, then, is making quickly enough transfers of labor and capital for human beings whose life is only a short run. The only measure that I know that is adequate to meet this situation is the establishment of a peace-time army which I have described elsewhere.

I will say just a few words in this paper about the peace-time army. We should have a permanent peace-time army of, say, 25,000 people and at the head of this army there should be a general economic staff. This peace-time army would work systematically in the noncompetitive field doing useful things to satisfy real wants. There is no limit to the things that can be done in the noncompetitive field in improving what we may call the "common wealth," the wealth of us all; reforestation, maintenance of fire lanes in our forests, cleaning up the banks of streams which supply us with water, planting these banks with trees, thereby making them beautiful parks of recreation and at the same time producing valuable products. Roadside beautification would employ a great many men and at the present time something is being done in this direction to relieve unemployment.

A great deal may be done in the way of promotion of public health; for example, we have very few convalescent homes. One of the most important things of all is the separation of grade crossings which would prevent the destruction of life and property, a destruction which is now appalling. The railways can, in no possibility, do all that needs to be done. I would take this separation of grade crossings out of the field of private industry and make it a public function. And it is not necessary to give statistics to show that this would take up all the capital and labor that could possibly be devoted to this improvement and would do so for more than a generation.

The peace-time army would be so organized that it could be expanded indefinitely. Whenever a depression occurs, this would take care of the immediate situation and in the meantime labor and capital would be finding new occupations. The pay of those in the peace-time army apart from the standing army would be somewhat like that of soldiers during the World War, with provisions for families, etc. The general staff of the peace-time army would know the qualifications of those in the Army and be ready to assist in the transfer back to industry of the soldiers in the peace-time army as adjustments were made by labor and capital. Suppose, for example, there should be a return of prosperity and the United States Steel Co. should have need of 10,000 employees of various sorts; they could turn at once to the general staff and workers could be sent to Pittsburgh or Chicago or wherever else they might be needed. This is adequate to meet the situation and would involve less expense and distress than we are now undergoing in keeping alive the unemployed. They must be kept alive, anyway, and we would have a regular, systematic means of doing this at a minimum expense. At the same time along with the relief they would be making an economic return for what they receive.

If we are wise in the use of land for forests, we must make our plans for a period of 150 years. I have called my paper "The Depression and the One Hundred and Fifty Year Plan." Is it already clear why I say "The One Hundred and Fifty Year Plan"? And, indeed, Mr. von Bethman-Hollweg, son of the old chancellor, told me a few years ago that on his estate of about 5,000 acres not far from Berlin he had a variety of oaks which grow for 250 years; in other words, a 250-year rotation. He harvests a crop of these oaks once in 250 years. There are many other cases where land utilization should be planned out for 150 years and even for more than 150 years. In the case of the urban uses of land policies should extend over centuries. It is going to take more than 150 years to carry out the plans which were made by George Washington and his associates for the city of Washington.

I have called attention, to be sure very briefly, to five things which I have outlined in the plan to deal with depressions; namely, (1) to relative oversupply of land in city and country; (2) to the inevitably resulting fall in prices; (3) to the great losses of those who have utilized the land under conditions of oversupply; (4) to the resulting diminution in purchasing power of land utilizers both in the city and in the country; (5) to the quickening of the process of transfers of labor and capital from old to new fields, and to do so especially by the creation of a peace-time army.

This plan could not prevent depressions on account of the fact already mentioned that policies have necessarily lagged behind our economic evolution. The right uses of land will do something to lessen the number of depressions, but especially will they do a great deal to lessen the severity of them when they do come. Moreover, in the peace-time army that I have described provision is made whereby it is possible to carry on during periods of depression until, through various readjustments, normal conditions once more prevail.

Doctor Ely's paper was followed by discussions by John R. Riggleman, Prof. Ernest M. Fisher, Dr. W. C. Clark, and James S. Taylor.

THE UNIVERSITY OF BUFFALO,
DEPARTMENT OF ECONOMICS,
Buffalo, N. Y., April 22, 1932.

Hon ROBERT F. WAGNER,
United States Senate, Washington, D. C.

DEAR MR. SENATOR: I am glad to answer your letter of April 20 by saying that I agree fully with the desirability of your proposals represented by the bill, S. 4076. I think there is no question that such a program as you propose would provide much-needed employment, would directly stimulate the construction industry and those industries dependent upon it, and would tend to stiffen the prices for numerous commodities and services.

The Federal Government not only can properly but should definitely take a long-time view of its construction requirements. The cost of a bond issue to finance a billion-dollar program of the kind which you suggest is actually, upon a sound economic basis, almost nothing, since the bonds could be issued as a series which would retire before the public works thus created wore out; and the lower prices at which they could now be constructed would compensate for the interest charges. Such a project would really reduce taxes in the long run, if the bulk of the construction undertaken were of the sort which you describe—projects to which the Government is committed during the next few years anyhow and which will serve useful and necessary purposes.

I take it that you have seen the article by Prof. Sumner H. Slichter, of Harvard, in the New Republic for April 20, in which he criticizes the absurd accounting philosophy of the Federal Government whereby the entire cost of new buildings and capital investments is charged to the expenses of operation, so to speak, during the year in which they are erected or completed. There is no sane reason whatever—and I believe that any competent accountant would agree with this—why a billion-dollar expenditure by the Government in such a way as you suggest, even if the public works in question were actually constructed within the next 12 months, as I should like to see happen, should be regarded as money "spent" by the present administration. It rather would amount to a capital investment made by the present administration, of which only a fractional part is to be regarded as money "spent" during each year of the life of the improvements. Such a program would not be extravagant spending but conservative capital investment at a time when it can be undertaken economically and when it will be socially and financially beneficial to the country. It is really exactly the sort of desirable thing to which the President committed himself as his policy for times of depression before the present severe depression came.

The only possible objection which I can see to such a bond issue is that if it were floated in one large amount it might, while not diverting sums from private industries, depress the present bond market somewhat. But this would be only a temporary result, and the stimulus which it soon would give to business would later bring about recovery in general security as well as commodity markets. In my opinion, such a much-needed recovery will really be hastened rather than retarded by such a project, in spite of fears on the part of many persons to the contrary.

You may use any or all of this letter in whatever way you wish.

Very sincerely yours,

RALPH C. EPSTEIN,
Professor of Economics.

NEW HAVEN, CONN., *April 25, 1932.*

Senator ROBERT F. WAGNER,
Senate Office Building, Washington, D. C.

MY DEAR SENATOR WAGNER: Although I am overwhelmed with correspondence and conferences, and am just about to go to Washington, where I shall hope to see you on Wednesday or Thursday, your letter relates to matters so imperatively important that I will make a very brief reply.

First, I think it would be a mistake to propose your bill for further Government expenditures for two reasons. One is that the psychology of the country is now in favor of balancing the Budget immediately. Personally, I think that this is a mistake and that two years should be taken instead of one to do it in. Just now it will act as a deflationary measure, which is the opposite of what we want. We should have inflation, that is reflation, first, and balancing of the Budget afterward, when it will be easy as we will have something to tax. The other reason is

even more important and that is that such measures as you propose would take too long to give the immediate relief which is needed.

I quite agree that the situation is extremely dangerous and ominous. I think I would even go farther and say that we are on the very brink. My only reason for optimism is that my visits in Washington have convinced me that Congress is alive to the danger and will do what is necessary for reflation and stabilization.

I hope that you will confer with Senator FLETCHER, who, I understand, has introduced a bill very similar to the Goldsborough bill in the House, which had elaborate hearings and has been recommended unanimously by the Committee on Banking and Currency. It seems to me that these bills are essential and afford a basis on which anything else necessary can be built. We must have an understanding of where we are going, which is indubitable.

I also think the Steagall bill for guaranteeing bank deposits is of great importance.

There is another measure worked out largely by a president of a large New York corporation, which I should like to discuss with you and which more than anything I know would give prompt relief. It is scarcely worth while in a brief letter to attempt to give you more than the idea that, like the Steagall bill, it would untie the hands and overcome the fear of the banks, where the sticking point now is.

Very sincerely yours,

IRVING FISHER.

PROFESSOR FISHER BACKS INFLATION MEASURE—HE HOLDS GOLDSBOROUGH BILL INSURES FURTHER OPEN-MARKET OPERATIONS BY RESERVE BOARD—FAVORS JOB LEGISLATION—YALE ECONOMIST, AT SENATE HEARING, APPROVES THE HOOVER PROGRAM AND WAGNER BOND PLAN

WASHINGTON, May 13.—Adoption of the Goldsborough bill, which directs the Federal Reserve Board to restore commodity prices by its control over credit and currency, was urged to-day by Prof. Irving Fisher, of Yale, before the Senate Banking and Currency Committee. He also urged legislation to create jobs for the unemployed and expressed the hope that such measures would bring an upswing.

The economic situation, Professor Fisher said, has never been as serious as in the past few weeks. The country is rapidly coming to the parting of the ways, with no very definite idea of where it is going, he declared. The indications are, he said, that there either will be a big upturn soon or further deflation, and he declared that if the latter came there was practically no bottom.

"On the other hand," he said, "it may go up. If I made a bet I would bet that it would go up."

This brighter picture, he said, was dependent in part upon the success of the present effort of the Federal reserve system, by its open-market operations, to expand credit. He felt it essential also that Congress should mandate the board, by adoption of the Goldsborough bill, to continue its present policy.

"If you do not issue this mandate, we do not know how far the board will go," he said. "In my mind, it would be disastrous if they stop now."

APPROVES STEAGALL BILL ALSO

Professor Fisher said he did not think the policy should be left to the discretion of a few men on the board. Passage of the Goldsborough bill, he said, would end the "danger" of the board's being swayed by one faction or another.

He urged reporting the bill without amendment in order to avoid any unnecessary delay.

He said some newspapers had pictured the measure as one similar to the Patman bonus payment proposal, which called for large scale currency inflation. He said he did not consider the Goldsborough bill subject to criticism on that basis.

Adoption of the Goldsborough bill, he said, should be supplemented by enactment of the Steagall bill to protect bank depositors, as an emergency measure, and legislation to make the bank reserves vary with the activity of deposits.

Another step, he said, should be legislation to provide work for the unemployed, either along the lines of the program offered by President Hoover or by bond issues for construction as suggested by Senator WAGNER and Owen D. Young.

THE NEW YORK SCHOOL OF SOCIAL WORK,
New York, April 22, 1932.

Hon. ROBERT F. WAGNER,
United States Senate, Washington, D. C.

MY DEAR SENATOR WAGNER: I have your letter of April 20, which I have read with great interest. I find myself in substantial agreement with the reasons that you give for thinking that an immediate enlargement of the construction program of the Federal Government would have a beneficial effect upon the depression and the employment situation. It seems to me, however, that the points made by you are sound only if the expansion of activity proposed in your bill is fairly immediate. Of course, I assume that that point is covered in the bill. You do not, however, mention it in your letter.

For any project of this sort to effect the ends desired, it would be necessary, I think for a very considerable part of the billion dollars to be expended within the next 12 months and the larger part of that within the next six. I do not mean to suggest that it will have no beneficial effect if spread over a longer period, but I do not believe that we could expect it to accomplish the maximum in the way of influencing present conditions unless a way is found for releasing the greater part of this sum in the comparatively near future.

Yours very sincerely,

JOHN A. FITCH.

APRIL 25, 1932.

Prof. JOHN A. FITCH,
The New York School of Social Work,
122 East Twenty-second Street, New York City.

MY DEAR PROFESSOR FITCH: Thank you very much for your letter of April 22.

I am entirely in agreement with you that the proposal contained in the construction bill is sound only if the expansion can be inaugurated in the very immediate future. That aspect of the case is very completely covered. You will recall that in the last Congress we enacted a so-called long range planning bill, which I introduced. As a result of that legislation plans are now available for all of the work embraced in the bill. According to the reports of the departments, a very great proportion of it can be instituted within three months.

Very sincerely yours,

———.

LAW SCHOOL OF HARVARD UNIVERSITY,
Cambridge, Mass., April 30, 1932.

Hon. ROBERT F. WAGNER.

DEAR SENATOR WAGNER: I have your inquiry regarding my views on your bill S. 4076, proposing the necessary steps by the Federal Government for prosecuting "the construction of its previously authorized public work."

Your proposal seems to me wholly right, and for the reasons stated by you in your letter. In the only true sense of the word, yours is a constructive program. I believe its adoption to be indispensable for the most promising attack upon the depression. I can not urge you too strongly to push your bill with every resource at your disposal.

Personally, I believe we ought to go even farther than the very limited program which you are sponsoring. I believe we ought to take up long-term improvements which a rich country, looking to its future welfare, would not be justified in delaying. Such improvements are the following:

1. Extensive afforestation.
2. River controls, so as to prevent floods, store water for irrigation and power, and improve navigation.
3. Parks and sanctuaries.
4. Adequate penal institutions.

All these seem wiser than added expenditures for highways at this time. We have enough highways for the present, their cost of maintenance is great and they worsen the conditions of the railroads.

I hope for the speedy adoption of your measure and your effective sponsorship of an even larger program of long-term improvements.

Faithfully yours,

FELIX FRANKFURTER.

MAY 3, 1932.

Prof. FELIX FRANKFURTER,
Law School of Harvard University,
Cambridge, Mass.

MY DEAR PROFESSOR FRANKFURTER: Thank you for your very encouraging letter of April 30.

The bill in its present form embraces many projects of the kind set forth in your letter. The reason for the limitation of the program is a mechanical one. We have plans available for the billion dollars' worth of construction. We have no Federal plans for anything beyond that. The delays involved in new planning are proverbial.

The projects embraced in the bill can be initiated so as to be immediately effective.

Very cordially yours,

———.

METAL TRADES DEPARTMENT,
AMERICAN FEDERATION OF LABOR,
Washington, D.C., April 22, 1932.

Hon. ROBERT F. WAGNER,
Senate Office Building, Washington, D. C.

DEAR SENATOR: I have just read your letter of April 20, requesting my opinion as to S. 4076, which you have introduced.

I have not seen a copy of the bill, but your letter indicates that the undertakings embraced in the bill are limited to those which have received congressional authorization and executive approval.

I have one criticism to offer. In view of the extent of the depression and its terrifically dislocating influence upon industrial activities, I feel that a bond issue of considerably over $1,000,000,000 would be fully justified.

The present so-called economy program to balance the Budget is meritorious, in so far as it attempts to provide that expenditures for normal governmental purposes shall be met by a paralleling Federal income. But the question of balancing the Budget has become confused with Federal expenditures. When the Nation finds that it is involved in a major emergency, then if expenditures

by the Federal Government are helpful, it would be fatal not to make use of the Nation's borrowing power if this would be advantageous.

The basic economics of the present industrial situation are self-evident. Business stagnates because money is not in circulation. Men are thrown out of employment because in other places men are unemployed, and for that reason unable to purchase.

When we faced the national emergency due to the World War the Nation did not hesitate to borrow money. We are now passing through a national emergency more dislocating in its effects upon the mass of the people than the war-time conditions; yet there seems to be a tendency in many influential quarters to reduce Federal expenditures. Business men are encouraged to look with hope to the immediate future, while at the same time the Government is curtailing its own expenditures. The Government is doing the identical thing which it advises business men is the fatal thing to do at this time.

Your bill S. 4076 has my heartiest approval because of my conviction that the economics upon which it is based are sound.

Again may I repeat my only criticism is that it would be better for the Federal Government to expend over a billion dollars at this time to carry on construction work.

Assuring you of my deep personal appreciation for the intelligent manner in which you are endeavoring to deal with this problem, I remain

Cordially and sincerely yours,

JOHN P. FREY,
Secretary-Treasurer.

NORTHWESTERN UNIVERSITY SCHOOL OF LAW,
Chicago, Ill., April 25, 1932.

Senator ROBERT F. WAGNER,
United States Senate, Washington, D. C.

DEAR SENATOR WAGNER: In reply to your letter of April 20, regarding Senate bill 4076, I am inclined to think that the sort of activity contemplated by the passage of such bill is probably the best way out of a bad condition. While I, with many others, regret to see governmental expenditures mount, my sober thinking tells me that wherever the Government can spend for a useful purpose, obtain its objects at present low costs, and at the same time afford employment and stimulation for industry, it is a sensible thing to use the credit of the Federal Government. Such a proposal as is found in your bill is so superior to doles, whether charitable or in the form of soldiers' pensions, or what not, that the preference of the one to the other ought to be an easy matter. I therefore think that your plan represents sound statesmanship from every point of view.

Very truly yours,

LEON GWEN.

THE UNIVERSITY OF VERMONT DEPARTMENT OF ECONOMICS,
Burlington, Vt., May 12, 1932.

Senator ROBERT WAGNER,
United States Senate, Washington, D. C.

MY DEAR SENATOR WAGNER: Thank you for the courtesy in sending a copy of Senate bill 4076 for my information in connection with your former inquiry as to policy of Federal borrowing to promote construction work.

As I read the provisions of the bill, it seems to me that it accomplishes the double purpose of securing definitely desirable public works and starting the wheels of construction at a time when this will promote business revival and insure employment that is more than simply "busy-work."

I have entertained definite objections to employment that carries with it the idea that it is better to keep idle men busy with nothing to show for it than to distribute money as a form of emergency relief. There may be a difference in degree but no difference in kind.

I am willing to be represented as favoring the project advanced in the bill referred to.

Very truly yours,

GEORGE G. GROAT.

YALE UNIVERSITY SCHOOL OF LAW,
New Haven, Conn., April 26, 1932.

Hon. ROBERT F. WAGNER,
Committee on Foreign Relations,
United States Senate, Washington, D. C.

DEAR SENATOR WAGNER: May I express my general agreement with your proposal? The industrial system is a going concern; and if it is to give us the goods and services which we demand, it must be kept going.

At the moment there seems to me to be far too much to do about balancing of Budget. An individual or a family can not plan very far ahead and must balance the annual Budget. A government should plan its operations in terms of a much longer time period. There should be a balancing over a period of time, but this should be long enough to comprehend the whole of the business cycle. An attempt just now to limit expenditures to what can be easily collected is likely to aggravate the trouble from which we are suffering. A cutting of the salaries of already underpaid Federal employees can help a mere pittance; but private concerns following the example are likely to cut salaries and wages materially and further impair the purchasing power of the public, and yet it is essential to maintain this purchasing power if there is to be a business recovery.

In general, I am in favor of your legislations and have only two suggestions to make. The one is that the constructive work which is financed should be of a kind which is likely to continue after the crisis. It ought not to lead to a further dislocation of industry by forcing business into unusual channels. The second is that the scheme under which the bonds are to be sold should be very carefully worked out. A great deal of thought should be given to the problem of insuring them against a loss in value in the years immediately following their issue.

With appreciation of your distinctive service, I am,

Sincerely yours,

WALTON H. HAMILTON.

NORTHWESTERN UNIVERSITY,
Evanston, Ill., May 2, 1932.

MY DEAR SENATOR: If I had the responsibility of a Congressman I should vote for your bill (S. 4076). The present deflation is abnormal, an economic disease, and a restoration of more normal price levels is a necessary treatment, without which debts can not be liquidated nor can enterprise be stimulated.

The spending by the Government of $1,000,000,000 will stimulate enterprise and the injection into our monetary system of the additional means of payment will start prices upward. Even if the effect should be a restriction upon international gold payments, I should not fear the results. The experience of England is reassuring on that point. Any tendency toward gold hoarding could be controlled and currency hoarding could hardly occur.

I believe the opinion I have expressed is shared by nearly all of my colleagues in Northwestern University, who have given expert thought to the subject.

Wishing you success with your bills (including unemployment) and congratulating you upon your opportunity for fine public service, I am,

Sincerely,

EARL DEAN HOWARD,
Professor of Economics.

Hon. ROBERT F. WAGNER,
United States Senate, Washington, D. C.

DEAR SENATOR WAGNER: I am heartily in favor of your bill S. 4076. Borrowing a billion should not frighten us. We borrowed over ten billions to fight a war which concerned us remotely. Surely we can borrow one billion in a war against destination. The ten billion was applied to destruction of property; the one billion will be applied to construction.

1. The expenditure which you propose will add not less than ten billion to the purchasing power of the country. Its fertilizing and vivifying effect will be enormous. Contractors will purchase from manufacturers who will buy raw materials and engage and pay workmen; the workmen will pay their debts; their creditors will replenish stocks; and industry now on a dead center will be in motion.

2. Private industry is now overextended. It is ridiculous to expect it to increase capital expenditures when its plant at present is being used to not more than one-third of capacity. Obviously the planners and approvers of Federal work would not have planned them if they were not to be used to full capacity. As they are needed why not provide them at the present low cost of labor and materials.

3. There is a vast amount of capital seeking investment. The Guarantee Trust Co. of this city alone has now half a billion in cash in its vaults. This cash is awaiting a safe opportunity for investment. Unless the Government, which alone can do so, offers a safe loan this cash and billions more in other banks will remain hoarded.

Our circulation of credit is congested and our life dormant and torpid for lack of free circulation.

I hope you continue to press the passage of this bill.

Sincerely yours,

HENRY T. HUNT.

DEPARTMENT OF STATISTICS,
RUSSELL SAGE FOUNDATION,
New York City, May 3, 1932.

Senator ROBERT F. WAGNER,
United States Senate Committee on Foreign Relations, Washington, D. C.

MY DEAR SENATOR WAGNER: I am sorry to have delayed answer to your letter of April 20 until now.

I gladly indorse your bill (S. 4076). I believe that the Federal Government has a primary obligation to carry out, at least the construction program previously authorized, for the sake of sustaining employment. The Federal Government, which is our largest single business establishment, seems thus far to have ignored its responsibility for doing even its share to maintain employment levels and has, therefore, contributed very largely to the depression.

I am heartily in favor of financing the construction program by means of long-term bonds. I do not believe that an issue of $1,000,000,000 worth of such long-term bonds would appreciably affect the credit status of the Federal Government. I believe, however, that action which will add so materially to the national debt should be accompanied by compensating economy in other directions. The country is in a situation which calls for emergency measures. These, in my opinion, should take the form of

strictest economy in some directions and liberal expenditure in others. Expenditures which can be curtailed without reducing employment should be withheld for the period of the emergency, while expenditures which will directly sustain or increase employment should be courageously made.

I believe that these bonds should be issued without tax-free provisions and an effort should be made to distribute them widely among persons of relatively small incomes. I believe this would have appreciable influence in withdrawing funds which are still hoarded.

Very sincerely yours,

RALPH G. HURLIN, *Director.*

WASHBURN COLLEGE,
Topeka, Kans., April 24, 1932.

Senator ROBERT F. WAGNER,
United States Senate, Washington, D. C.

MY DEAR SENATOR WAGNER: I take pleasure in replying to your letter of the 20th with regard to your bill, S. 4076.

It seems to me that from every point of view, economic, social, or other, you are on ground that is unequivocally sound. There is not the very slightest attempt to interfere with any project that in its nature can be fairly designated as a private enterprise. On the contrary, so-called private enterprise can stand only to benefit by the enhanced purchasing power that would be released by the operation of the plans proposed. It is merely a matter (isn't it?) of speeding up or anticipating by a short time a program that would be normally followed within the very near future anyway.

In the second place, and from a strictly economic point of view now, I can see no flaw in your reasoning as to the effects of the proposed program. Each of the three points you outline in your letter seems to me to stand every fair test that can be used with regard to the economic results that can be achieved. Indeed, I know of no reputable, socially minded economist to-day who has not felt that one of the sound ways of dealing with the effects of the business cycle (until we shall have learned more about its causes and found means to control it better) is your plan, viz, to step in with a soundly conceived program of necessary public works, so as to maintain economic activity until such time as private enterprise recovers its momentum, thus easing the whole of our social and economic structure from the devastating results which usually follow these recurrent business cyclones.

I should like to emphasize one point: The Federal Government in the very nature of its functions can afford to do what private enterprise may not do, and that is to take a long-time view of the situation. It is under no obligation to make profits for impatient stockholders. Its obligations can be issued on a basis of repayment over a very long period and at very low rates of interest in contemporary conditions. Current activity in the securities market is so slight that no serious obstacle may be said to exist to the financing of the proposed projects, and all the stage seems to be providentially set for the sound financing of the scheme.

May I add this: I am among those who have regarded your great struggles in the Senate during this trying period with very great admiration. Your battle for unemployment legislation marks a new approach to that difficult problem; and there are many of us who regret that your well-conceived plans, so intelligently coordinated and of such promise, were so needlessly and wantonly broken up until so little of them became the law of the United States. Keep up your good work, and I trust that the satisfaction of having done a good job for your day and age may bring you a partial reward.

Sincerely yours,

WILLIAM A. IRWIN.

UNIVERSITY OF KENTUCKY,
COLLEGE OF COMMERCE,
Lexington, April 25, 1932.

Hon. ROBERT F. WAGNER,
United States Senate,
Committee on Foreign Relations,
Washington, D. C.

MY DEAR SIR: I have read with interest your letter of April 20 and heartily agree with your reasoning concerning Senate bill 4076, which provides for the construction of public works already authorized by Congress through a long-term bond issue.

Very respectfully yours,

WALTER W. JENNINGS,
Professor of Economics.

LINFIELD COLLEGE,
DEPARTMENT OF SOCIAL SCIENCES,
McMinnville, Oreg., April 25, 1932.

Hon. ROBERT F. WAGNER,
United States Senate, Washington, D. C.

MY DEAR SENATOR WAGNER: In reply to your letter relative to the advisability of issuing bonds to finance projects already planned and otherwise provided, I desire to say that I believe it a sound economic policy to do so and at the earliest date possible. This is, of course, conditioned upon the projects being in themselves worth while.

In times of prosperity every dollar of debt possible should be paid off, so that in times of depression our Government will have a large reserve of credit with which to keep our labor engaged in productive work. As I see it, our most serious problem is the fact that we not only have lost, for the past two years, the product of some five or six million men but, in addition, have been compelled to support many of them in their unproductive idleness—a double burden.

Sincerely,

W. J. JEROME.

CARNEGIE INSTITUTE OF TECHNOLOGY,
COLLEGE OF INDUSTRIES,
Schenley Park, Pittsburgh, April 25, 1932.

Hon. ROBERT F. WAGNER,
United States Senate, Washington, D. C.

DEAR SIR: Replying to your letter of April 20, it seems to me that the plan to proceed with Government construction at this time to the extent of $1,000,000,000 is wise. The Government would profit from present low costs, and the construction industries concerned would be given much encouragement.

The bond issue of $1,000,000,000 would seem to me the proper way to pay for such construction. I can see no argument against it. While we should continue to follow a policy of debt reduction over a period of a long term of years and should accelerate the debt reduction in good times as we have recently done, we certainly should relinquish a portion of our gains in times of severe depression. This policy alone should have a stabilizing effect.

We need now cheap credit and a reduction in taxes. The latter means economy in Government, but the proposed construction program of Senate bill S. 4076 is not inconsistent with that. The economy which is possible through construction at this time should more than offset the interest burden which the bond issue would incur.

I hope that this project will be put into effect, as it can not help but be beneficial. We should not, however, expect too much from such a program, as $1,000,000,000 is a very small percentage of the normal annual production of the manufacturing industries from which a large part of the construction materials would come.

Yours very truly,

A. C. JEWETT.

STANFORD UNIVERSITY,
DEPARTMENT OF ECONOMICS,
Stanford University, Calif., April 29, 1932.

Senator ROBERT F. WAGNER,
Washington, D. C.

HONORABLE SIR: I have your letter of April 20, asking for my opinion of Senate bill 4076. I am very glad to give you my views on the matter.

I agree with you that a program of public works would furnish employment and stimulate the demand for commodities; that it is better to carry on public works at a time when the cost of construction is low than when it is high; and that a Government bond issue could be floated now without materially diverting funds from private industries.

Though I agree with you on these points, I am not able to say whether I favor Senate bill 4076, because I do not know specifically what projects it provides for. You state that it provides for projects that have been carefully investigated by various departments and that the Federal Government would normally construct in the course of the next few years. But what is the nature of these projects? Are they projects that will be self-sustaining in due course, so that there will be no burden on the Treasury? Are they projects that will furnish facilities or services that fill an economic need, and that Congress will definitely provide for when the depression has passed away? If the projects that will be undertaken are of this character and are not designed merely to "make work," I favor inaugurating them at this time or as early as possible. It is certainly much better to employ labor to construct works that are really needed, that impose no permanent burden on the taxpayers, and that may help to bring the country out of the depression, than it is to go dragging along on the trough of the depression from lack of a little stimulus, especially if the prolongation of the depression makes inevitable large expenditures for the relief of the unemployed.

Though my letter is not written for publication, you are at liberty to make such use of it as you see fit.

Very respectfully yours,

ELIOT JONES.

THE TEXAS STATE COLLEGE FOR WOMEN,
COLLEGE OF INDUSTRIAL ARTS,
Denton, Tex., April 30, 1932.

Mr. ROBERT F. WAGNER,
United States Senate, Washington, D. C.

DEAR MR. WAGNER: I have your letter of April 20, relative to Senate bill 4076. Your proposed projects do not violate any economic principle, nor do they entail any additional tax burden upon the people of this country, when viewed in their fullest perspective. Moreover, the issuance of bonds is certainly a legitimate method of obtaining funds for Government purposes. This proposal is feasible, earnest, and remedial, as all government is of no value except in so far as it functions in the interest of the people. Your proposal involves no obligation on the part of

the Government such as is involved in the proposed bonus bill of which we read so much. Certainly the issuance of $2,000,000,000 in bonds would be far more sound in principle than the issuance of $2,000,000,000 in fiat money. As I see it, your bill would anticipate the needs of the Government for public works over a course of many years and would at the same time fulfill the high purpose of assisting in the solution of the employment problem as well as contribute toward the lifting of the present financial depression. Your proposed project would entail no additional governmental debts other than those that must finally accrue anyway in the ordinary course of history. I can, therefore, see nothing unsound in your proposal.

Yours sincerely,

C. D. JUDD.

P. S.—Pardon this letter, as my secretary is only a substitute and did this poorly. Perhaps you can divine the meaning.—J.

THE NEW SCHOOL FOR SOCIAL RESEARCH,
New York, April 25, 1932.

Senator ROBERT WAGNER,
The United States Senate, Washington, D. C.

DEAR SENATOR WAGNER: Your letter of April 20 has just reached me and I hasten to reply to it because the question it raises has been in my mind since 1928 when the signs first became unmistakable that the depressed phase of the business cycle was at hand. I agree with practically all the economists of the world that public works are an important instrument in flattening out the curve of the cycle. There are reasons for believing that the cycle can not be abolished but the difference between the peak and the trough can be considerably reduced and the hardship, suffering, and consequent social disintegration made much less painful and dangerous. For this reason I am entirely in accord with your view concerning the effect of the program defined in Senate bill 4076 and the advantages of financing the enterprise through a bond issue. The action would be belated, but in my judgment, undoubtedly helpful toward recovery. Please count on me to help your proposal in every way that I am able.

Very respectfully yours,

H. W. KALLEN.

THE AMERICAN UNIVERSITY,
COLLEGE OF LIBERAL ARTS,
Washington, D. C., April 23, 1932.

Hon. ROBERT F. WAGNER,
United States Senate, Washington, D. C.

MY DEAR SENATOR WAGNER: Replying to your inquiry relating to the bill recently introduced by you (S. 4076), permit me to say that in my opinion it is sound in principle. First, it provides for legitimate improvements already approved by Congress. In the second place, it provides a safe investment for funds now lying idle. This will relieve the pressure to risk such funds in capital ventures already greatly oversupplied with the hope of securing some return. In the third place, production will yield valuable public consumption goods and at the same time avoid the unloading of goods upon an already oversupplied commodity market. In the fourth place, it will place purchasing power, so greatly needed, into the hands of the purchasing public, which when used has a tendency to clear the market and start the wheels of industry once more, an event devoutly to be wished. And finally, the borrowed funds will be replaced; that is, the bonds will be paid when industry is again active and, we sincerely hope, very well able to meet the obligation.

My sincere interest in my country's welfare causes me to thank you for this opportunity to be of even small service to you. I only regret that it is so little in this time of so great need.

Very sincerely yours,

D. O. KINSMAN.

THE UNIVERSITY OF CHICAGO,
DEPARTMENT OF ECONOMICS,
Chicago, Ill., May 8, 1932.

Hon. ROBERT F. WAGNER,
United States Senate, Washington, D. C.

DEAR SENATOR WAGNER: As an economic theorist, not to say philosophical economist, I do not pretend to keep informed about conditions in sufficient detail to consider myself an "expert" regarding current questions of legislation. However, I want to express agreement with your own position as stated in your letter of April 20. As far as I know, economists are completely agreed that the Government should spend as much and tax as little as possible, at a time such as this—using the expenditure in the way to do the most good in itself and also to point toward relieving the depression. This means using the credit of the Government up to the limit of safety, but only those in touch with actual affairs at the moment are in a position to know much about the danger point.

I am very sorry for the delay in writing you and am not unappreciative of your inquiry. My health is poor and not having anything very definite to say, I failed to realize how much time had slipped by.

Very respectfully yours,

FRANK H. KNIGHT.

LEEDS & NORTHRUP CO.,
Philadelphia, Pa., May 3, 1932.

Re: Your letter of April 20.

Hon. ROBERT F. WAGNER,
The Senate, Washington, D. C.

MY DEAR SENATOR WAGNER: Your Senate bill, S. 4076, appeals to me as a useful piece of legislation which it would be highly desirable to pass at this time. I agree with the three points in its favor made in the third paragraph of your letter. In saying this, however, I must emphatically disclaim expertness in the field of finance.

In order that my own judgment on the subject might be confirmed I asked my friend, Dr. Joseph H. Willits, of the University of Pennsylvania, for his opinion. He, in turn, referred the matter to his associate, W. N. Loucks, and I inclose a copy of Professor Loucks's reply to Doctor Willits.

I agree with the views expressed in this letter, with some hesitation, however, in regard to the paragraphs Nos. 3 and 4. The point made in No. 3 would be important only in case expenditure for new buildings, etc., is made at widely different rates in different years. If these expenditures are made at a fairly uniform rate, the annual amortization and interest charges would not differ greatly from the annual original expenditures that might be capitalized.

I think one can not properly assume that the oversubscription of the short-term loans that the Treasury is now offering can be taken as conclusive evidence that borrowings for longer terms would be subscribed to with equal freedom.

Very truly yours,

MORRIS E. LEEDS.

UNIVERSITY OF PENNSYLVANIA,
April 25, 1932.

Dr. J. H. WILLITS,
Department of Industrial Research.

MY DEAR DOCTOR WILLITS: In my opinion, Mr. Leeds's favorable reaction to the Wagner bill was quite the proper one. I believe that the three propositions by Senator WAGNER are entirely sound. There are several additional arguments which might be used in support of the bill:

1. It would seem that one of our greatest needs is for some one to start purchasing something. The reconstruction program of the Government probably has gone in the right direction, but it certainly has not gone far enough. Credit has been made easy and certain assets have been made liquid by the Glass-Steagall bill and the Reconstruction Corporation, but business men do not borrow because credit is easy; they borrow because they need credit to finance production, and there is no reason to produce unless there are orders to be filled. If orders were placed, business would take advantage of the credit facilities which have been provided. When we search for some one who can place orders, we find that the Federal Government is in the best position to do so. The purchasing power of the mass of consumers has been so widely and deeply cut into and their fear of further reductions is still so powerful that they can not and will not increase their purchases. States and cities display empty treasuries and exhausted borrowing capacities. The Federal Government has adequate credit to finance a big order and obviously it should be for construction projects of lasting value. In a sense this would complete the circle of reconstruction legislation by giving business something for which to borrow the credit which the other legislation has made available.

2. The proposed action would tend to stiffen the price level. It is difficult to see how business revival is to come as long as prices continue to fall. Senator WAGNER's proposal would tend to support prices against further declines by, first, increasing demand for a long list of construction materials and consumers' goods purchased by those given jobs on construction projects and in construction-material industries; and second, increasing the amount of credit in circulation through Government borrowing. In reality, of course, these are merely two ways of looking at the same thing. An expansion of credit in itself would be an inflationary measure, but we surely need enough inflation to keep the price level from further declining.

3. The argument that the Government should balance the Budget and should cease borrowing is fallacious for the following reason (among others): Included in the Government Budget are certain capital outlays. No business concern tries to meet capital outlays from receipts of the year during which the capital outlays occur. It is possible to make out a case for balancing the Budget in the sense of having current operating expenditures covered by current revenue receipts, but there is no logic and no business practice which requires that a budget including capital outlays should be met by current revenue receipts. A recent article by Schlicter in the New Republic develops this point.

4. Recent Federal financing shows the Government to be in a very strong position as a borrower. An issue of $900,000,000 of Treasury certificates offered by the Treasury early in March was oversubscribed three and one-half times. There would seem to be no reason why the Government could not further finance some significant expansion of its public-works program.

The only question I would raise concerning the Wagner bill is whether it goes far enough. The trough in which we find

ourselves is a deep one and it may require some drastic steps to supply any significant assistance out of it. It is possible that the Wagner bill, providing for only $1,000,000,000 to be expended, will have no perceptible effect upon business activity. For this reason I have been favoring the La Follette bill which provides for a maximum expenditure of $5,500,000,000 on public works as soon as they can be gotten under way. It is possible, of course, that even this would have no material effect, but I feel it is worth trying.

Would you have any use in this connection for a copy of my statement at the Senate committee hearing on the La Follette bill? Should you desire it, I would be glad to send a copy.

Very truly yours,

W. N. LOUCKS.

ANTIOCH COLLEGE,
Yellow Springs, Ohio, April 28, 1932.

The Hon. ROBERT F. WAGNER,
United States Senate, Washington, D. C.

MY DEAR SENATOR: Referring to your public works bill, S. 4076, may I say that I do not see how any unprejudiced person can doubt either the soundness or the wisdom of its provisions.

When you say there is division of opinion as to whether the bill, if enacted into law, would increase employment, tend to stimulate business recovery, promote desirable governmental activity to take up the slack from private industry and put idle capital to work in a productive manner, you can not be referring to the opinion of competent and authoritative economists. Practically all such economists who have devoted any study to the questions involved have favored proposals like those contained in your bill. Similarly, I know of no investigating commission that has considered public works as one of the remedies for unemployment that has not recommended such action as your bill proposes. The annual report of the director of the International Labor Office for the year 1931 reviews opinion on public works policy in various countries and strongly indorses legislation and policy along the lines contained in your bill.

So-called "made work" is justly condemned. But, as I understand your bill, it provides only for the prosecution of such necessary and desirable public works as would in any case have to be done by the Government. The saving of such necessary work for years of depression and the anticipation of future work of this kind in periods of great unemployment has been advocated by economists of every school for many years. In 1911 when I prepared the report on unemployment for the Wainwright Commission of New York State (known as the New York Commission on Employers' Liability and Unemployment) I found and reported that this was the prevailing opinion of those who had studied the subject.

That private construction and employment in private industries are not likely to expand soon without some stimulation from an expanded program of public works' construction is evident by the steady drop in employment and pay rolls during the last two years. Private business, in order to meet the problems of the depression, is compelled to curtail operations, to lay off workers and to reduce pay rolls. This intensifies the depression and the most important counteracting influence (aside from an inflation of currency) is an expanded program of necessary public works. Such a program would not only stimulate recovery, but it would leave the country with necessary productive wealth to show for the expenditure of funds, where an inflation policy, which is the alternative method of bringing recovery, may result in increasing the capacity of private industries that are already overdeveloped.

As to bond issues to finance public works of long-time duration, there can be no justifiable objection to such a method of financing. The notion that it would divert funds from private employment is absurd because the main reason for the present unemployment is because private industry is not in a position to use the available capital. There is no lack of funds, but private industry can not use them profitably. The Government, however, could use them most profitably on necessary and productive public works.

There can be no sounder use of public borrowing than for necessary public works that will provide employment in a time of depression, although it is desirable to save funds in years of prosperity for this purpose. Certainly, it is sounder to issue bonds for public works now than to appropriate $500,000,000 from the Treasury and to authorize $1,500,000,000 in bonds guaranteed by the Government for the purpose of paying interest on bonds and other debts of railroads and other business organizations that continue to lay off employees and reduce pay rolls. We shall not recover soon if the Government continues to use its money and credit to help maintain security values. What is needed is the use of public credit to provide work and wages, direct purchasing power for the ultimate consumer. This alone can bring fairly quick and constructive recovery. I am convinced that your bill is sound and wise because it works in this direction.

May I add a word about your public employment service bill. I hope you will push it vigorously and have it enacted over the President's veto, if he should veto it again. I was the first secretary of the American Association of Public Employment Offices, and I drew up the New York Employment Bureau law for the Wainwright Commission. I know from my experience with public employment offices that your bill embodies the principles and policies that all those who are expert in public employment-office management have recommended. I know also that the so-called substitute employment service which was promoted after your bill was vetoed has turned out to be a fiasco, as every informed person knew it would, and that it has resulted in useless duplication and waste of money at a time when such waste is almost criminal. Your employment service bill as well as your public works bill needs to be enacted into law if we are to have anything like a sound and constructive program for dealing with depressions and unemployment.

Very truly yours,

WM. M. LEISERSON,
Professor of Economics at Antioch College and Chairman Ohio State Commission on Unemployment Insurance.

UNIVERSITY OF KENTUCKY, COLLEGE OF COMMERCE,
BUREAU OF BUSINESS RESEARCH,
Lexington, April 26, 1932.

Senator ROBERT WAGNER,
United States Senate, Washington, D. C.

MY DEAR SENATOR WAGNER: Your letter of April 20 directed to me at Emory University has been forwarded to the University of Kentucky, where I have worked in my present capacity for four years.

In my judgment, the three propositions you lay down in your third paragraph are eminently sound from the economic point of view. I should agree whole-heartedly as a student of economics with all three propositions and particularly with the emphasis you lay upon the possibility of the Government's adoption of a long-time point of view as compared with the attitude private industry can afford to take.

It seems to me important in the interest of speaking candidly, as you request, to say that I do not believe the program you advocate should be extended to naval and military construction. But my judgment is based upon the belief that our Army and Navy are already overbuilt rather than upon economic considerations. It has not been my pleasure to read your bill (S. 4076), a copy of which I would like very much to receive, and you do not indicate whether or not naval construction in particular is contemplated in the proposal. This suggestion is offered in the interest of maintaining a right attitude toward other countries at a time when military and naval burdens throughout the world are becoming intolerable. In my judgment, the building program along that line which Congress has already authorized should probably be slowed down rather than speeded up.

You will observe that the suggestion in the preceding paragraph is that of a citizen interested in world peace rather than that of an economist. I have no particular claim to any specific knowledge concerning international relations.

Sincerely yours,

JAMES W. MARTIN, *Director.*

P. S.—Has the paper by Professor Slichter in the New Republic, April 20, come to your attention?

MAY 9, 1932.

Prof. JAMES W. MARTIN,
College of Commerce, University of Kentucky, Lexington, Ky.

MY DEAR PROFESSOR MARTIN: Thank you very much for your letter of April 26.

Inclosed herewith is a copy of S. 4076. While it includes appropriations for the War and Navy Departments, these appropriations are not of a military or naval character. The War Department appropriations are intended for the office of the Chief of Engineers, which is engaged in the entirely nonmilitary construction and improvement of rivers and harbor works. Likewise, the naval appropriation is intended for the improvement of necessary yards and docks.

Very sincerely yours,

ROBERT F. WAGNER.

DARTMOUTH COLLEGE,
DEPARTMENT OF INDUSTRIAL SOCIETY,
Hanover, N. H., April 27, 1932.

Senator ROBERT F. WAGNER,
United States Senate, Washington, D. C.

MY DEAR SENATOR WAGNER: This note is in answer to your letter of April 20, 1932, asking for my opinion as to the merits of Senate bill 4076, providing for a Federal bond issue of approximately $1,000,000,000 to finance the immediate construction of authorized public works.

I sincerely wish that I had the ability which you impute to me to pass an expert judgment upon this proposal. Unfortunately, I have not.

There is no question in my mind but that an expenditure of such a form on the part of the Federal Government upon such work—an expenditure which would place the money directly in the hands of men who are suffering from dire want because of unemployment and who would therefore use such funds immediately for the purchase of consumption goods—would tend to promote a useful stimulus to a renewal of business activity as well as to an inflation in prices.

The only question which I have in my mind is whether or not it is possible to increase the Federal debt by so much as a billion dollars at this time without causing sufficient fall in the prices of Government securities, with a consequent sympathetic reaction

in the price of all other securities, to more than discount the valuable inflationary tendencies which the proposal promises. My knowledge of the present situation of the market for Government securities is not sufficient for me to have an opinion on this latter point, which is worthy of consideration.

I should think that the most valuable opinion in the United States upon this particular subject might be had from Mr. Walter W. Stewart, of Case, Pomeroy & Co., 120 Wall Street, New York City.

Very respectfully yours,

STACY MAY.

PRINCETON UNIVERSITY,
DEPARTMENT OF ECONOMICS AND SOCIAL INSTITUTIONS,
Princeton, N. J., May 12, 1932.

Senator ROBERT F. WAGNER,
The United States Senate, Washington, D. C.

DEAR SENATOR WAGNER: Please pardon my delay in answering your interesting letter. I have been under heavy pressure of other duties, one of which necessitated an absence from town, and I have not had the time to give your questions the consideration they deserve. I am jotting down my answers now in the hope that they may be of use to you. I will ask you not to publish this letter, although I have no expectation that you would wish to.

Let me say first that in my opinion it would be good public policy in this emergency, and good economics for the Federal Government to undertake now the construction of its previously authorized public works and to finance such construction by means of a long-term bond issue. I have no objection to your including me in a public statement of the names of those who favor that. I have long been on record in favor of advance planning of such public works and launching them in time of depression in private business.

As to the specific questions Nos. 1 and 2 in your letter, I am in agreement with you. It seems to me that your conclusions on both points are logical. It is on the wisdom of a billion-dollar bond issue at this time that I hear doubts expressed by some with whom I have discussed this whole question. Their argument, in brief, is that such an issue would further reduce confidence in the business world to an extent that would retard recovery more than the demand for materials and labor resulting from the loan would stimulate it.

I must confess that I can not speak dogmatically of the net result of the execution of this proposal on "business confidence." I can see that there might be an increased uneasiness as to the soundness of the Government's fiscal position, as well as a depressing effect from the decline in bond prices which might follow a billion-dollar issue. But I can not say whether that would or would not be more than offset by the anticipation of the demand for materials and labor to be set in motion by undertaking the works. But there is a further consideration which enters into the problem, to my mind. If something like what you propose is not done there is danger that the Federal Government will have to issue bonds or pledge its credit for issues by States or municipalities for outright relief for the unemployed. That, I think, would disturb business confidence even more than an issue for public works which are clearly needed, even if they are not revenue producing. Considering all the circumstances, I would prefer to take a chance on the public-works program which you suggest.

Sincerely yours,

DAVID A. MCCABE.

NORTHWESTERN UNIVERSITY SCHOOL OF LAW,
Chicago, Ill., April 27, 1932.

Hon. ROBERT F. WAGNER,
United States Senate, Washington, D. C.

MY DEAR SENATOR WAGNER: I have received your letter of April 20, addressed to me at the University of North Carolina, in relation to your bill proposing a bond issue to finance the construction of previously authorized public works. I have no special expertness in such matters, but I am strongly impressed with the view that this would be a sound and helpful step. It seems to me a conservative way to increase in some degree the diffusion of purchasing power amongst those who are now unemployed. The present national emergency certainly reenforces the arguments with which you have supported your proposals for study of the unemployment problem.

Yours cordially,

CHARLES T. MCCORMICK,
Professor of Law.

NEW HAVEN, CONN., *April 22, 1932.*

Senator ROBERT F. WAGNER,
United States Senate, Washington, D. C.

MY DEAR SENATOR WAGNER: I am greatly pleased to receive your letter of April 20, asking for my opinions upon your bill authorizing a bond issue of $1,000,000,000 for Federal construction work. I am happy to give you my reasoned conclusions. I have prepared them in the form of a statement which I inclose.

Please send me a copy of your bill. I should like to be kept informed as to the progress of the bill and if any hearings are held I would like to learn of them If I can be of any assistance in securing the speedy adoption of this measure, I am at your service.

Sincerely yours,

ROYAL MEEKER.

STATEMENT

1. Undoubtedly the expenditure of a billion dollars by the United States Government on useful construction work would give employment to many scores of thousands not only in construction but in farming, food, textile, coal, steel, concrete, and other industries which must supply building materials and necessaries of life. Such a reasonable expansion of public construction would do more than all the plans thus far adopted to unfreeze the bankers' frozen assets and frozen feet and would start the production-consumption engine running.

The only serious doubt in my mind regarding your proposal is whether it will be possible to cut through the Gordian knot of congressional and administration opposition and engineering red tape and start the public work going before American workers, who have survived the privations imposed by the "liquidity" and "economy" programs, will be reduced to the goat-milk diet and loin-cloth wardrobe standard of living expounded by Mr. Gandhi. Thousands of bankers vociferously applaud the antiinflation doctrines expressed by Mr. Dawes. The fact that deflation has increased the value of the dollar by $1.54 since 1929 makes no impression upon these fanatical worshippers of the gold dollar as the one unchanging thing in a universe of change and decay.

2. Private enterprise is utterly unable to pull itself out of the quagmire of depression into which irresponsible banking and bunking have plunged it. Bankers are scared to lend, and they could not lend if they would because business men have become afraid to borrow; and they could not borrow if they would, because the bankers refuse to lend and demand "liquidation" of outstanding loans. The more these loans are "liquidated" the more solidly the banks' assets become frozen.

If Federal projects can be started within the next month, billions of dollars could be saved by checking the calamitous "liquidation" process which does not liquidate but only leads to bankruptcy, depreciation of capital investment, and an increase in the real burden of debts.

3. A bond issue of $1,000,000,000 at this time is certainly justifiable, if it can be quickly transformed into wages paid to workers and prices paid to distributors and producers. I would say it is a pressing necessity because of the paralysis of our production machine, because our bankers have abandoned the banking business and gone into the hoarding and pawnbroking businesses.

I am at a loss to understand the attitude of those who bellow with fright at the bugaboo of inflation at this time, when the political systems as well as the economic systems of all the nations are threatened with annihilation by the destructive power of deflation. The handwriting is on the wall. The old order has been weighed in the balance and has been found wanting. Unless you and those who think with you can check deflation, liquidation, depression, and increasing unemployment, the unstandard gold standard, our much praised banking system which doesn't "bank," and even the whole "capitalistic system" of production will be thrown into the discard, and revolutionary experiments will be forced by a long-suffering people who have got thoroughly fed up on "doles" and fending off starvation by selling apples on the street corner.

ROYAL MEEKER.

APRIL 25, 1932.

Prof. ROYAL MEEKER,
Care of Prof. Irving Fisher,
460 Prospect Street, New Haven, Conn.

MY DEAR PROFESSOR MEEKER: Thank you very much for your exceedingly enlightening statement in reference to construction.

I shall take the liberty to make use of your statement in the course of the advocacy of my bill. In accordance with your request, I am inclosing a copy of the bill.

May I say that I am contemplating an amendment providing for sinking-fund operations to retire the indebtedness over a period of 20 years beginning with the sixth year after the flotation of the bond issue? I am very much indebted to you.

Very sincerely yours,

ROBERT F. WAGNER.

HARVARD UNIVERSITY,
GRADUATE SCHOOL OF BUSINESS ADMINISTRATION,
GEORGE F. BAKER FOUNDATION,
Soldiers Field, Boston, Mass., May 3, 1932.

Senator ROBERT F. WAGNER,
Washington, D. C.

MY DEAR SENATOR: I have received your letter asking my opinions on the proposals to help the unemployment situation by large expenditures on public works.

I have indicated my views on this question in the course of an article on unemployment which appeared in the November, 1931, number of the Quarterly Journal of Economics.

The present situation raises, in my opinion, questions more of political judgment and psychology than of economic analysis. The only possibility of public works having a cumulative effect is conditioned on the simultaneous development of business confidence. If a bill was forced through Congress by the radicals, the advocates of Federal unemployment relief, of heavy taxation on business profits, and of unemployment insurance, it is quite possible that the radical victory would hurt confidence so badly that the public-works expenditures would provide only a small amount of direct employment and not stimulate business recovery.

You are, of course, Mr. Senator, in a much better position to estimate such political and psychological factors than I am. On the purely economic aspects I agree with you to the extent and with the conditions outlined in my article referred to above.

Yours very truly,

R. S. MERIAM,
Associate Professor of Business Economics.

BUREAU OF PERSONNEL ADMINISTRATION,
New York City, April 23, 1932.

Senator ROBERT F. WAGNER,
United States Senate, Washington, D. C.

DEAR SENATOR WAGNER: I assure you that I am heartily in favor of your Senate bill (S. 4076), the major object of which is to have the Federal Government undertake the construction of public works and to finance such construction by issuing long-term bonds.

Like many other economists I have believed for more than a year that the construction of public works by the Federal Government is the major remedy that should be applied at this time.

Such a program as your bill contemplates would readily provide employment gradually for increasing numbers, and directly stimulate other industries which are necessarily affiliated with the construction industry. Equally important perhaps, owing to the depressed national state of mind, would be the indirect psychological effects of such a measure in stimulating hope throughout the country.

Personally I see little hope for private industry to take the initiative in bringing us out of our present impasse.

If you have not seen it, I earnestly recommend that you read at once the article in the May Atlantic Monthly by the noted English economist, Maynard Keynes, on the world economic situation. It is a terrible indictment. Professor Keynes holds that the industrial depression is not the fundamental world problem at present at all, but that the world is in the midst of a very grave financial crisis. The article is exceedingly pessimistic, and coming from this competent analyst is enough to make serious students and honest legislators do everything possible to get us out of this dangerous condition as soon as possible.

I believe it would be a most wholesome influence operating in the direction of your bill if every Senator's attention was called to this article.

I heartily commend your bill.

Sincerely yours,

H. C. METCALF, *Director.*

P. S.— You are free to use this in any way that you think will be of service.—H. C. M.

THE JOHNS HOPKINS UNIVERSITY,
POLITICAL ECONOMY,
Baltimore, Md., April 29, 1932.

Hon. ROBERT F. WAGNER,
United States Senate, Washington, D. C.

DEAR SENATOR WAGNER: I wish to give my hearty approval of the Senate bill, S. 4076, introduced by you with the object of having needed public works pushed at this time for the benefit of the unemployed and of all industry, the necessary money to be found by a long-term bond issue. Such a project carried out in the near future will embrace a great many workers who are now entirely unemployed, and improve employment conditions in industries on reduced time, and for the workers so affected be altogether superior to mere relief, whether the relief be derived from local or wider sources.

I would like to say particularly that I believe economists of the United States have great admiration for the wisdom and persistence which you have shown in trying to deal with the unemployment problem.

Sincerely yours,

BROADUS MITCHELL.

OREGON STATE AGRICULTURAL COLLEGE,
SCHOOL OF COMMERCE,
Corvallis, April 27, 1932.

Senator ROBERT F. WAGNER,
United States Senate, Washington, D. C.

DEAR SENATOR WAGNER: I do not know the specific projects covered by Senate bill 4076, but the principle involved appeals to me. It is never an issue among economists whether or not public works ought to be undertaken in periods of depression; the issue is whether enough can be postponed or advanced to fill the gap left open by the depression. In case of projects already found valid and approved there is hardly any question.

With millions of people in distress the issue of finding the funds is of secondary importance. In the past, periods of prosperity have been essentially periods in which long-time improvements have been made, such as digging canals, building railroads, erecting plants. A billion dollars put into public works at this time would enliven industry in a way that no other relief measure possibly can. The proposed bonding of the billion dollars would not be too severe a strain on the public debt considering that almost a billion dollars have in recent years been annually retired, reducing the war-time total from 26 to 16 billion dollars.

Sincerely yours,

E. B. MITTELMAN,
Associate Professor of Economics.

THE BROOKINGS INSTITUTION,
Washington, D. C., April 26, 1932.

Hon. ROBERT F. WAGNER,
United States Senate, Washington, D. C.

DEAR SENATOR WAGNER: This is in reply to your letter of April 20, in which you asked for my advice with reference to your bill, S. 4076, to have the Federal Government undertake the construction of its previously authorized public works, and to finance such construction by means of a long-term bond issue.

I have been interested in this subject since the autumn of 1918, when I wrote a pamphlet entitled "Public Works or Public Charity." It is my considered judgment that, in general, it is wise policy to accumulate in periods of prosperity a reserve which can be used in constructing public works in time of depression. While no such reserve was accumulated during recent years of prosperity, I am still of the view that the prosecution of public works at this time would tend to alleviate the suffering that exists and at the same time give us public works of economic importance. I do not think, however, that a billion dollars would be sufficient to break the depression and to start a new forward movement. In view of the many unfavorable factors in the situation at present, I doubt indeed whether any program of public works, however large, would succeed in turning the general economic tide.

Yours very sincerely,

H. G. MOULTON, *President.*

BROOKWOOD,
Katonah, N. Y., April 27, 1932.

Senator ROBERT F. WAGNER,
United States Senate, Washington, D. C.

DEAR SIR: I am in receipt of your communication of April 20, asking my opinion of United States Senate bill 4076, the principal object of which, according to your letter, "is to have the Federal Government undertake the construction of its previously authorized public works and to finance such construction by means of a long-term bond issue," the estimated cost of such previously authorized construction being slightly in excess of $1,000,000,000.

I heartily approve of this proposal as at least one small step toward liquidating the misery which prevails among the workers of this country to-day. I believe that the extent and depth of that misery are not yet realized by many of the Members of Congress.

For example, I have just been in attendance at a conference of textile workers from various sections of the country. North Carolina, and, in the North, such important textile centers as Allentown, Paterson, New York, Woonsocket, Providence, New Bedford, etc., were represented. Delegates were present from all the various branches of this great industry, silk, wool, cotton, and hosiery.

A worker from a silk mill in Connecticut reported that weavers operating four looms, which is twice as many as they formerly operated, could make from $7 to $10 per week of 54 hours. It was reported that in the great Cheney silk mills in Manchester, Conn., the pay roll has been reduced—by short time, unemployment, and wage cuts—from $200,000 per month to $30,000 per month.

In Allentown, Pa., only seven silk mills out of 32 are working. Since the strike last summer wages have been cut from 15 to 25 per cent, and in this center the 6-loom system on silk has actually been put into effect.

In New Bedford, Mass., the great fine goods cotton center, only 7 or 8 mills out of 54 are turning out any production to speak of. In the silk mills workers have been put on eight looms and can barely make $7 in a week of 46 hours. There are numerous sweat shops in the pocketbook, pajamas, and shirt industries which have moved into this city, where girls are being paid $2 to $2.50 for a 48-hour week, and as soon as they can work rapidly enough to make $4 a week are fired to make room for cheaper workers.

The delegate from North Carolina wrote: "The workers are being exploited almost beyond endurance. Nearly all mills in North Carolina are running a 12-hour shift, two shifts per day. Many of the mills call the spinners, weavers, and card hands in at 4 o'clock in the morning for the day shift, making them clean the machines on their own time so that they will have them finished before the shift starts. Weavers on sheeting are running from 68 to 72 looms with a battery filler. The highest wage now paid for this type of weaving if $12.30 per week. Loom fixers are keeping up 125 looms to the section, doing their own warping and oiling and being forced to help weavers start up looms if they have a spare moment. Their wage is $13 per week as compared with $21.60 in 1929. On narrow sheeting many mills have the weavers running as many as 100 looms; on cotton warp with rayon filling, weavers operate as many as 36 looms where they formerly operated 4. Wages range from $10 to $16 per week, compared with $25 and $35 three years ago."

This is but a brief suggestion of the misery resulting from unemployment, short time, and wage cutting, as reported by the workers in this one industry. I could furnish similar examples from other important industries with which we are in contact through our educational work and our graduates.

The measure which you propose will, I believe, provide employment for a considerable number of additional workers, directly stimulating industries which supply the construction industry, and indirectly stepping up the demand for the products of other industries and of the farmers. In the second place, I

agree that in this matter, as in the matter of direct relief for the unemployed, we must now look to the Federal Government, since there is no indication that private industry will be able to engage in any considerable plant expansion in the near future. As a matter of fact, many private industries, including the textile industry to which I have just referred, are at present seriously overexpanded and further expansion would only add to our economic difficulty.

It seems to me also that such a bond issue as is proposed would be justified in view of the emergency and the long life of the projects contemplated, and that it does not seem at all likely that it would divert funds from private industry under present conditions.

I would add that, in my opinion, provision should be made at the earliest possible moment for new Federal construction projects, as well as for the immediate undertaking of public works which have already been authorized.

In the second place, it will be a great mistake to regard such a measure as the one here under discussion as a substitute for direct Federal relief for the unemployed. At the best it will take a considerable time to get the proposed construction projects under way, and they will provide, when operating at the fullest extent, for only a relatively small percentage of those who are unemployed and in serious difficulties. Everywhere the workers are in an increasingly desperate and ugly mood. They demand relief, and relief is needed on a scale which only Federal action, coordinated with that of the States, can meet.

I shall be very glad to have you make any use you desire, public or otherwise, of the views which I have expressed and the opinion which I have given you.

Sincerely yours,

A. J. MUSTE.

FEDERAL COUNCIL OF THE CHURCHES OF CHRIST IN AMERICA,
New York, April 23, 1932.

Hon. ROBERT F. WAGNER,
United States Senate, Washington, D. C.

MY DEAR SENATOR WAGNER: Mr. James Myers, to whom you wrote on April 20 with reference to S. 4076, is in Europe attending the International Church Conference on Unemployment, at Basel, Switzerland.

In his absence I have gone carefully over your letter. I may say that the Federal Council is committed strongly to the program of public works and to a great enlargement of Federal undertakings and appropriation to meet the present emergency of unemployment. Your letter states very closely the point of view of our group, which includes the Federal Council's Commission on the Church and Social Service and the denominational departments of social service.

May I also, in this connection, express the opinion that large appropriations for road building with the proper allocation of costs between the cooperating States and the Federal Government would seem to be a legitimate expansion of your own program and may possibly be included. When I was at Hoover Dam this last September I was interested to meet the treasurer of the six companies. The conversation turned to the present unemployment. He advocated the expenditure of possibly two billions in road construction under the general plan which I have suggested, and believed that this would so stimulate the industries involved, and through them all industries, that the depression would soon be brought to an end. This is my memory of the conversation, but the statement should not, of course, be used without his approval.

May I say also that our group vigorously supported your measures in the last Congress.

Sincerely yours,

WORTH M. TIPPY.

PURDUE UNIVERSITY,
DEPARTMENT OF HISTORY AND ECONOMICS,
Lafayette, Ind., April 26, 1932.

Hon. ROBERT F. WAGNER,
United States Senator from New York,
Senate Office Building, Washington, D. C.

MY DEAR SIR: In reply to your letter of April 20 I am very glad to comment on the problems involved in a public-works program, with the hope that I may be of some slight service. In general, my views regarding the subject correspond with yours.

Public works as a means of stabilizing business as well as providing relief to the unemployed has these theoretical advantages:

1. Since millions of dollars are being used for feeding the unemployed, the State might just as well use the labor of these men in the construction of public works.

2. The degrading effects of idleness and receipt of charity would be eliminated.

3. Approximately 50 per cent of the costs of production are labor costs.

4. The State gets the advantage of efficient workers and low cost of materials.

5. Public works should receive the support of both capital and labor, as it provides a market for both materials and labor.

6. A public-works program would start the economic ball on its way to revival.

However, the opponents of public works declare:

1. That many unnecessary projects will be started. The distribution of public construction would be according to political power and not according to the needs of the various communities.

2. The locality in need of public works may not have corresponding unemployment.

3. Many of the unemployed are unemployable.

4. The funds spent for materials are needed for food and clothing for the idle.

5. That public works would be ineffective in reviving industry. Unfortunately we do not know how much stimulation the economic machine needs to produce a noticeable acceleration. We do know that a public-works program would not retard recovery.

Bond issues as a means of financing public works, as you have pointed out, seem to be the most feasible, especially if coupled with high surtaxes. High surtaxes are very likely to assure a ready market for nontaxable Government bonds. Many municipalities have reached their legal limit in borrowing for relief, which throws the burden back to the State or Federal Government. The selling of bonds during a low price level and paying them off on a high price level has it advantages. Also a bond issue should bring some funds out of hoarding rather than divert them from legitimate use.

Allow me to suggest that the construction of homes for middle and lower classes rather than the construction of public buildings should promote the general social welfare. There would be little or no question as to the need as housing conditions for workers are generally and notoriously bad.

With the feeling that I have only stated what is commonplace to you, I am

Very respectfully yours,

W. V. OWEN,
Associate Professor of Economics.

COLUMBIA UNIVERSITY,
SCHOOL OF LAW,
New York, April 26, 1932.

Hon. ROBERT F. WAGNER,
United States Senate, Washington, D. C.

MY DEAR SENATOR WAGNER: I am much pleased to receive your letter of April 20, and much flattered by your reference to me as an expert on the problems raised by your proposal for governmental construction work financed by a bond issue. I must confess that I share some of the perplexity of Members of Congress concerning this proposal. My perplexity is no less as to other proposals put forward during the present depression.

In my judgment the proposal, in its main outline, is well calculated to produce beneficial results in relieving unemployment. If the major portion of this money be spent on building construction, it will substantially aid an industry which is very important in normal times and which is badly disorganized and sadly deflated at the present time. Even if the buildings thus constructed are not immediately necessary and do not involve an immediate saving in rental charges to governmental agencies, there is something to be said for combining unemployment relief with the erection of beautiful and permanent governmental structures. What I should fear most is that the proposal would develop into pork-barrel appropriations for improvement of waterways which are economically worthless, because of railroad or truck competition, and which have no esthetic or other permanent value.

In planning the details of this project, it seems to me highly important that the money should be spent for improvements having a probable use value at least as long as the period over which the bond issue will extend. I see no reason why we should saddle the next generation with the burdens of our unemployment.

Thanking you once more for your courtesy in seeking my suggestions, I am, with best wishes,

Sincerely yours, EDWIN W. PATTERSON.

STATE OF NEW YORK DEPARTMENT OF LABOR,
OFFICE OF INDUSTRIAL COMMISSIONER,
Albany, N. Y., April 27, 1932.

Hon. ROBERT F. WAGNER,
United States Senate, Washington, D. C.

DEAR SENATOR WAGNER: A Federal bond issue to finance construction of approved and authorized public works seems to me wise.

The balancing of the Federal Budget is of pressing importance and congressional consideration and action to this end elicits general approval. There is, and will be, sharp disagreement as to details, but this does not affect the principle involved.

But something more is needed at this time. To overcome the economic "dead center" a positive impulse is necessary to start the wheels of industry. Careful consideration of the numerous attempts made during previous crises, both here and abroad, to invigorate a static, or declining, state of industry by affecting the standard of value, or by tampering with the currency, of a nation leads to the conclusion that the effects of such action are deplorable. The heaviest burden arising from a lowered standard of value, or from a depreciated currency, in such cases is borne by the class least able to bear it. I congratulate the present Congress on resistance to proposals leading, even indirectly, to such a course.

Senate bill 4076 does not fall within such a category, nor can it be even remotely, linked with such an idea. Advance consideration of Federal construction requirements, with a view to actual construction in times of economic depression, has been long and carefully considered and has received general approbation. The time has come to swallow our words, or put the plan into effect.

I should be strongly opposed to the inclusion of anything in the nature of "made work" in such a proposal. But for projects approved upon their merits, the Federal Government would receive full value for the money expended, and such action would, in my judgment, promote industrial revival.

Very truly yours,

E. B. PATTON,
Director Division of Statistics and Information.

THE UNIVERSITY OF WISCONSIN,
DEPARTMENT OF ECONOMICS,
Madison, May 7, 1932.

Senator ROBERT WAGNER,
United States Senate, Committee on Foreign Relations, Washington, D. C.

DEAR SENATOR WAGNER: I am heartily in favor of your bill providing for a $1,000,000,000 issue of Government bonds to take care of the already authorized construction projects.

I think that your arguments are entirely sound and it seems to me that the view which is generally advanced by the opponents of such a measure, namely, that it would head off capital investment in private industry, does not apply in the present situation, since private investment is virtually reaching a standstill.

Very sincerely yours,

SELIG PERLMAN,
Professor of Economics.

THE UNIVERSITY OF WISCONSIN,
DEPARTMENT OF ECONOMICS,
Madison, April 27, 1932.

Senator ROBERT WAGNER,
United States Senate, Washington, D. C.

MY DEAR SENATOR WAGNER: I am cooperating with Professor Lescohier in getting the considered judgment of our department of economics on the matter of a bond issue with regard to which you are directing your inquiry.

We shall be pleased to reply at greater length after the special meeting of our department.

Very faithfully yours,

S. PERLMAN.

THE UNIVERSITY OF WISCONSIN LAW SCHOOL,
Madison, April 25, 1932.

Senator ROBERT F. WAGNER,
Washington, D. C.

DEAR SENATOR WAGNER: In answer to your inquiry of April 20, let me first warn you that I am not an economist but a lawyer. The study of the fields of law to which I have principally given my attention—international law, labor law, and the law of industrial combinations, as well as some experience in preparing legislation in the latter fields—qualify me to answer your questions intelligently, I hope, though hardly as an expert.

I heartily approve the principle of your bill. (I doubt where capital expenditure on reclamation and flood control is wise when we have excessive farm lands already. I also disapprove at present of capital expenditure in naval yards. But these objections probably come too late now, as the projects are already authorized.) I therefore take up the three considerations you mention, the last of them first.

(3) A bond issue is thoroughly justified. The recent experience of the Government seems to show that there would be no difficulty in marketing the bonds. I hope the bonds would not be tax-exempt. Even exemption from State taxation I believe a mistaken policy.

(2) I can see no adverse effects on private business. These expenditures would not compete with private interests; rather the reverse. Moreover, the Federal Government would be following the doctrine it has preached to local governments for the last two years and which has been approved by private industry. Municipal and State resources are now depleted. The decrease in local government construction operations this year will, it seems, no more than be offset by these enlarged operations of the Federal Government.

(1) This is, of course, the fundamental consideration, and there should be provisions to assure fullest effect as a relief measure. The act should require a maximum 40-hour or even 35-hour week and the use of hand labor rather than machines wherever the differential in cost is overbalanced by the burden of unemployment relief, thereby taken off of local governments. There should be a provision for a minimum wage, but it should be so low as to give adequate support only to a single man without dependents. (In other words, it should not be a wage so much as a form of relief.) In the case of all workers receiving less than twice the minimum wage (and in decreasing amounts in the case of those receiving up to thrice the minimum wage), the Government itself should pay an allowance for every dependent member of the worker's household to the head of the household (wife-mother usually). This should be a fixed sum (say, $2 a week for each of the first three dependents; $1.50 a week for each of the next three dependents; $1 a week for each of the next three dependents; maximum, if there are nine or more dependents, $13.50) plus a percentage of the worker's wages—say, 2 per cent to 5 per cent per dependent. Though such a scheme would present difficulties of administration, it probably would be worth its cost. I believe it would not be repugnant to the Constitution but would (1) come within the "general welfare" clause and (2) be a form of wages in Government work. Such a plan could be applied only to those persons employed directly by the Government and to those working at the place of construction, not to factory workers employed in making materials. But even so limited, the Government's expenditure will be more effective as relief than if the same sum were paid out in ordinary wages. The "family" principle is the basis of welfare work and should certainly find a place in any well-planned Government relief program. Indeed the "family wage" is in regular use in the civil service of several foreign countries. (I believe our military services give some extra allowances to married officers.)

I warmly hope your proposal carries.

You are welcome to use these views and my name as you see fit.

Very truly yours,

WILLIAM GORHAM RICE, JR.

LAW SCHOOL OF HARVARD UNIVERSITY,
Cambridge, Mass., April 29, 1932.

MY DEAR SENATOR WAGNER: Thank you for your letter of April 20, with regard to the bill (S. 4076) which you have introduced into the United States Senate, providing that the Federal Government should undertake the construction of its previously authorized public works and finance such construction by means of a long-term bond issue. Although I have no copy of the bill at hand and am unacquainted with its details, I am glad to say that in general I am heartily in favor of such a bill as you describe.

I am not an expert in economics; but I am glad to give you my personal views about the proposal embodied in the bill. As I understand, the bill does not provide for the authorization of additional public works. I do not believe that we should at this time enter upon a period of lavish spending; nor should we initiate a period of "pork barrel" expenditures. It is a time for economy rather than for extravagance. On the other hand, so long as we restrict ourselves to expenditures for such public works as are necessary and advantageous, it seems to me sound policy to enter into the building and construction of these during a period of such nation-wide unemployment as we are now undergoing. The bill which your propose, as I understand, is carefully restricted to those undertakings which have heretofore, in the normal course of legislation, received congressional authorization and executive approval after careful investigation and departmental recommendations. To provide for the construction of these admittedly advantageous public works at a time such as this seems to me a wise policy. Our Government should not be regarded as merely a business corporation whose function is to save money and show large financial returns through economy of operation. I am a stanch believer in governmental economy, particularly at this time; but the Government exists for a larger purpose than this. Surely it exists primarily to promote the public welfare; and at a time when millions of men are unable to secure work and earn sufficient to support themselves and their families, it should be the task of the Government, in so far as possible, to provide relief. I am strongly against the principle of the Government doling out charity or giving something for nothing. To do so only serves to impoverish and debase the morals of the recipients. But the Government should make every effort to provide opportunity for employment; it can not afford to ignore the want and suffering of its people when these exist on so widespread a scale as at present.

Such a program as proposed in your bill seems to me advantageous in that it provides a measure of employment at a time when lack of employment means slow starvation to many; and at the same time it must result in the stimulation of a considerable portion of industry. I do not believe the bill will solve our present troubles. Our difficulties are too deep-rooted for that; they are due, I believe, to international conditions, to America's failure to cooperate more actively in the straightening out of world problems and to the disastrous after effects of the war. But the bill, I feel sure, would help to alleviate the present acute situation, and it seems to me that the Government ought to undertake such relief.

To finance such an undertaking by means of a long-term bond issue seems to me a sound method. The benefit of such public works presumably will extend over a long period; and payment for the cost of the undertaking should, therefore, be distributed over a corresponding period of time. I suspect that such bonds could be marketed without real difficulty. It is a time when the confidence of the investing public is badly shaken in ordinary commerical securities, and I suspect that an issue of Government bonds such as these would be attractive to many who are seeking some safe security in which to invest.

Faithfully yours,

FRANCIS B. SAYRE.

Hon. ROBERT F. WAGNER,
United States Senate, Washington, D. C.

P. S.—Will you be good enough to send me a copy of the bill?—F. B. S.

COLUMBIA UNIVERSITY,
New York, April 23, 1932.

Senator ROBERT WAGNER,
Committee on Foreign Relations, United States Senate,

MY DEAR SENATOR: I beg to acknowledge your letter of April 20. The situation is indeed a difficult one, and the trouble is that

none of us can be absolutely sure that we are right in either our diagnosis or our suggested remedy. In the main, however, I think that you are on the right track. I have always felt that we should treat this emergency of peace very much as we treat the emergency of war, and that we should be perfectly justified in issuing a large emergency peace loan, as we did a Liberty war loan.

There are, of course, certain differences. When we issued the Liberty loan the banks were in good condition, everybody was optimistic and enthusiastic. To-day the situation in those respects is just the reverse. It would not be so easy to place the loan, and the issue of so large a loan would undoubtedly still further depress the market value of existing loans, thus increasing rather than decreasing our difficulties.

On the other hand, I believe that that is about the only way in which we can make a start for the better. All the efforts, and they have been well-considered ones, that are being made by the Government now, are good so far as they go, but easy money is not adequate. I doubt whether even if capital were made entirely costless—that is, if the discount rate were reduced to zero—the wheels of industry would be set in motion again at once. The industrialist to-day is more anxious about a possible market for his goods than the cost of producing those goods.

What we need, therefore, is not simply more available credit, although that is good so far as it goes, but the actual setting of the wheels of industry into motion. I do not see how there is any other recourse at present, except a program of Government outlay on a large scale.

We must, of course, distinguish between the balancing of the ordinary Budget, which is imperative, and the creation of an extraordinary or emergency Budget, and I concede that there are always strong arguments to be advanced against Government in business or Government outlays of the kind contemplated because of the inevitable waste and red tape which inhere with us in Government activity. If it were possible to have private industry initiate the movement, it would be far preferable; but under the circumstances it seems to me that the program you sketch out is on the whole the lesser of the evils.

If we are not very careful we shall see in this country an almost irresistible movement toward real inflation through fiat money. That must be prevented at all costs, and a project like yours is one of the surest antidotes to that deplorable eventuality.

As I have said at the outset, the responsibility is great, and one can not be too sure of his diagnosis, but the time has come in my opinion, for some constructive efforts on a really large scale. What has thus far been done at Washington is in the nature of a palliative. I think that we are ready now for something positive, and we must not forget the great dangers of inaction and further drifting.

You can make whatever use you want to of these lines. I have refrained hitherto from any public expression of my views because I did not want to appear to be a pessimist, and I am not a pessimist as to the final outcome, but we do need at Washington a great deal more constructive and forward-looking thinking than has yet been manifest.

Faithfully yours,

EDWIN R. A. SELIGMAN.

HARVARD UNIVERSITY,
GRADUATE SCHOOL OF BUSINESS ADMINISTRATION,
GEORGE F. BAKER FOUNDATION,
Soldiers Field, Boston, Mass., April 23, 1932.

Hon. ROBERT F. WAGNER,
United States Senate, Washington, D. C.

MY DEAR SENATOR WAGNER: At the present time there seems to be an almost universal policy on the part of private business enterprises and private individuals to spend less and less. In the case of most individuals and most enterprises this curtailed spending is probably necessary as long as business does not improve or goes from bad to worse. Unfortunately, however, the very process of spending less and less prevents business from getting better and makes it, in many cases, become worse.

Of course, if business were to receive a substantial increase in orders the whole process would suddenly be reversed. Enterprises and individuals would feel able to do some long-deferred spending and each increase in orders would produce another increase. The major economic problem which confronts the country at this moment is how to break the vicious circle of spending less and less.

The Federal reserve system, as you undoubtedly know, has recently inaugurated a bold effort to stimulate spending by attempting to make money easy. Time alone will tell how successful the Reserve Board's policy will be. Certainly in the present state of markets and confidence, many concerns will be slow to spend simply because credit happens to be cheap. The Reserve Board's policy is good as far as it goes, but it needs to be reinforced and supplemented by something else. At the same time that the Reserve Board is encouraging business to spend more, the Government in its own Budget is pursuing exactly the opposite policy. Thus there is a sharp conflict between the Reserve Board's policy and the Government's fiscal policy, and this is a serious obstacle to recovery. If the Government, through a sensible and carefully planned expansion of public works, were to give business the assurance of a substantial increase in orders, the chance of the success of the Reserve Board's policy would be greatly improved.

I am not sufficiently familiar with the specific projects covered by your bill S. 4076 to express an opinion concerning them, but I have no hestitation in indorsing the general principle of a moderate and carefully planned expansion of public works at this time.

You ask whether a bond issue to expand public works would divert funds from private industry. Such a bond issue would probably create funds for private industry. The tight credit situation which exists in many communities to-day is not the result of heavy borrowing; it is a result of heavy withdrawals of funds from the banks. As business improves and as confidence, particularly confidence in the banks, is restored, funds will flow back and credit will become easier. The best way to restore confidence is to give business more orders and hence the chance to make greater profits. The theory that public borrowing would divert funds from private industry overlooks the fact that the money borrowed by the Government would be used to buy goods and hence would increase orders and profits.

This reply to your inquiry is necessarily brief and the expression of my views is incomplete and in many respects inadequate. I have expressed myself a little more completely on this general topic in a recent article in the New Republic (issue of April 20) entitled, "Should the Budget Be Balanced?"

Respectfully yours,

SUMNER H. SLICHTER.

UNIVERSITY OF NEW HAMPSHIRE,
COLLEGE OF LIBERAL ARTS,
DEPARTMENT OF ECONOMICS,
Durham, N. H., April 25, 1932.

Senator ROBERT F. WAGNER,
United States Senate, Washington, D. C.

DEAR SENATOR WAGNER: In response to your letter of April 20, in which you lay out certain arguments in behalf of Senate bill 4076, will answer as follows:

In the early part of the depression I felt rather strongly that the Federal Government, as well as the States and municipalities, could do much to alleviate the depression by entering very extensively into the field of constructing public works. As the depression has advanced step by step until it has reached its present gigantic proportions, I have been compelled to modify my views because it is now evident to me that the Government can do very little in the present magnitude of the problem to overcome the depression. To give employment to anything like the number of men needed to be relieved is beyond the capacity of the Federal Government.

On the other hand, I view with alarm the tendency of Congress to eliminate, or practically eliminate, the building program from the present Budget for every million dollars saved in the Budget by omitting to carry out needed construction means adding to the number of unemployed, reducing business profits, keeping idle money uninvested, and actually both prolongs and deepens the depression. I feel there is no other result. For this reason I am in favor of carrying out the regular, normal, and expected construction program of the Government. That will at least free the Government from the charge that its economies have actually deepened and prolonged the business depression.

I feel that your plan is constructive. As a matter of fact, I was in favor of that line of procedure before I knew that you had introduced your bill. I believe that you are also right in financing this project on long-term bonds. I feel that will be a source for profitable investment at low interest rates on the soundest security that could be offered.

In the second place, if there are any buildings needed, this is the best time to build them. Materials, labor, and money are all cheap. The Government can get more for its money now than at any other time since before the war.

If I can be of further assistance to you, do not fail to call upon me.

Sincerely yours,

H. W. SMITH,
Professor of Economics.

THE NEW REPUBLIC,
New York City, April 22, 1932.

Senator ROBERT F. WAGNER,
Senate Office Building, Washington, D. C.

MY DEAR SENATOR WAGNER: I favor the bill for public works mentioned in your letter of April 20 and agree with all your views as to its desirability. I think it ought to be forcefully pointed out that a measure like this would strongly reinforce the efforts now being made by the Federal reserve system to expand the use of credit. We now have a large and increasing basis of credit in the hands of the banks, but the question is whether private enterprise will make sufficient use of this credit in view of the obvious lack of markets. The Federal Government is the one agency which can, if it will, borrow and spend money without regard to the demand of consumers for the product. It is therefore in the position to start a large stream of purchasing power flowing through our economic arteries. The effect of this should be helpful to employment, retail trade, the production of both producers' and consumers' goods, and commodity prices.

Sincerely yours,

GEORGE SOULE.

TRADE BOARD,
MEN'S CLOTHING INDUSTRY,
Chicago, Ill., April 27, 1932.

Hon. ROBERT F. WAGNER,
United States Senate, Washington, D. C.

MY DEAR SENATOR: I think there may be some doubt as to the effectiveness of public works as a balance wheel of business. On the other hand, I am quite convinced that, at the present time, industry generally would benefit from the immediate construction of public works such as is proposed in Senate bill No. 4076.

Certainly such a program would provide employment not only on the projects themselves but in the industries which supply the materials. This would increase the demand for various products and would probably make for a better psychology as well as better employment.

With a constantly falling price level I do not think that you can expect private industry to take the initiative either in the construction of plant or in the manufacture of plant products. The Federal Government, on the other hand, can take a long-time view and anticipate future needs not only to its own profit by virtue of present low prices but to the benefit of industries which such construction may stimulate.

I am in favor, as a matter of fact, of a bond issue in excess of that proposed, believing that the effect of such an issue would be to some extent a controlled inflation of prices which would in itself be a stimulus to business activity.

Certainly there is very little long-term financing of a private nature at the present time, the tendency being to secure the greatest possible liquidity of assets. I am inclined to think that the bond issue proposed in the bill would be purchased with funds not now in use.

Yours very truly,

B. M. SQUIRES.

THE UNIVERSITY OF CHICAGO,
THE SCHOOL OF COMMERCE AND ADMINISTRATION,
April 26, 1932.

United States Senator ROBERT F. WAGNER,
Senate Office Building, Washington, D. C.

DEAR SENATOR WAGNER: There can be no reasonable doubt concerning the soundness of your position respecting the public-works program proposed in bill S. 4076. A public-works program is essential to maintenance of employment, and it would appear to be the most feasible method to initiate recovery. Investment must be expanded before any appreciable recovery can develop, and since there is no prospect of any considerable private investment in the next half year it is all the more important that the Federal Government should develop the broadest possible program of approved projects. It does not appear to me that there are any good reasons why such a public-works program could not and should not be financed by issues of reasonably long-term bonds.

Sincerely yours,

R. W. STONE,
Professor of Economics, University of Chicago.

YALE UNIVERSITY,
SCHOOL OF LAW,
New Haven, Conn., April 23, 1932.

Hon. ROBERT F. WAGNER,
The United States Senate, Washington, D. C.

MY DEAR SIR: It is both an honor and a pleasure for me to reply to your letter of April 20 re Senate bill 4076. You will readily recognize that the views concerning your bill which I express below are manifestly those of a layman rather than those of an expert.

I am in entire sympathy with your objectives as stated in your letter respecting Senate bill 4076. I can not understand adverse criticism of them.

Subject to reservations which I offer below with greatest deference, it seems to me that your bill is wisely calculated to accomplish the desired ends.

The present propaganda, so unfortunately heralded from Washington through the press, may, I suppose, blight your attempts with this constructive measure. This is regrettable. Pathetic is it that our livelihood and savings must be forfeited to this hobgoblin. Certainly, in my opinion, no other single factor has aggravated so seriously our present emergency. Certainly, in my opinion, frightened dollars and credit will remain in hiding so long as the ballyhoo continues. For the United States Government to economize, having due regard for human beings affected, is desirable indeed; to set up a balanced Budget, to be worshiped at all events and at once is, in my opinion, exceedingly untimely.

I do not favor your proposal to "popularize" your proposed bond issue. To widely distribute such bonds would be to repeat the market story of United States Liberties following the war. A market of distressed and disappointed sellers would probably follow a comprehensive sales campaign to induce the patriotic and thrifty to buy.

Again, as to the issue being of fixed maturity: I believe the issue, as well as certain other United States issues, should be resorted to as at least one device for stabilizing the more or less violent fluctuations in our economic activity, which have recurred more or less periodically throughout our history. Briefly stated, I believe that provision should be made for serial or other retirement of such an issue in correlation with increase in volume of business as registered by some reliable index of business activity. More specifically, let the Federal Budget provide for the payment of these bonds at times and in amounts which shall be determined by reference to an index of business activity similar to the plan recently recommended for computation of legal reserves under the Federal reserve act. (I refer to report of the committee on bank reserves of the Federal reserve system and proposed amendment to section 19 of the Federal reserve act, Government Printing, 1931.)

The foregoing proposal for maturing the issue (the rate of interest being at or about what you propose) should, I submit, tend to make it attractive in its initial flotation under present conditions—assuming that the issue is not "popularized."

I am, sir, very respectfully yours,

WESLEY A. STURGES.

NEW YORK UNIVERSITY,
SCHOOL OF COMMERCE, ACCOUNTS, AND FINANCE,
New York, April 22, 1932.

Hon. ROBERT F. WAGNER,
Senate Office Building, Washington, D. C.

DEAR SENATOR WAGNER: I think you are entirely on sound ground in proposing to legislate along the lines of your bill S. 4076. All who have made any study of the effects of public works on business depression know that they stimulate activity in many industries and that a period of depression is the time when they can be done most cheaply. To carry out a program which the Federal Government has decided is necessary and to which it is already committed would be a part of sound business procedure. Every well-managed business concern which has the funds and which can use additional facilities in the coming period of prosperity does that very thing.

No nation in the world has better credit than the United States. Our abundant resources, extensive capital equipment, and skilled-labor forces make possible a much higher standard of living than we have ever enjoyed. Our known national income in 1928 amounted to $749 per capita. Assuming five persons to a family, it was possible for each family to have $3,745. Thus we could have abolished poverty in a year that was only fairly prosperous. If much more efficient use were made of our facilities, we could have a basis of wealth which could easily provide the carrying charges on a much larger program of public works than we have as yet conceived. Such works are always productive indirectly if not directly to private business. Thus the burden of taxation for interest charges and amortization is well-spent money. In view of the insecurity of many private investments, Government bonds issued for financing public works will find a ready market. They could well be in denominations for which small investors would have a demand. The savings of such investors would thus be much more secure than they are in many of the securities into which they have been pouring their money.

I am inclosing a manuscript which I prepared for an occasion. It bears not only on Federal but local public works. It is also relevant to the question of reduction of Federal salaries. I am also inclosing a copy of material on the salary question.

When it is all over it will be discovered that most of the hue and cry about the reduction of Government expenditures has not only been ill-advised but that it is mostly manufactured propaganda by a certain set of organizations whose constituents are suffering under poor leadership.

With all good wishes for your success, I remain,

Yours sincerely,

ARTHUR E. SUFFERN.

HARVARD UNIVERSITY,
DEPARTMENT OF ECONOMICS,
Cambridge, Mass., April 27, 1932.

Hon. ROBERT F. WAGNER,
United States Senate, Washington, D. C.

MY DEAR SENATOR: I have your letter of April 20 and regret that my answer has been delayed by my absence from Cambridge. I am glad to see that you continue your work toward mending the depression by careful and discriminating expenditure on public works on the part of the Federal Government. I believe you are on the right track and hope you will succeed. Your own view, as stated in the third paragraph of your letter—of which I assume you have kept a copy—seems to me well justified.

No one can be sure just how great an effect will be produced. I have no doubt that you will agree with me that this is not a panacea, but is an important step which may do considerable good, and may do good far beyond the immediate operations, for it is possible that this would help substantially toward giving the much-needed boost.

I can not pretend to be conversant with the extent of the preparations which the departments have made for carrying into effect the proposed construction. I take your word for it that adequate preparations have been made and that there is reasonable assurance of a proper expenditure of the funds. I am quite in accord with you that the proper way of financing is the issue of long-term bonds. In short, I believe you are on sound ground.

If it would be of help to you to show to others this brief statement of my attitude, you are entirely at liberty to do so.

Very truly yours,

F. W. TAUSSIG.

HARPER & BROTHERS,
New York, N. Y., April 28, 1932.

Senator ROBERT WAGNER,
United States Senate, Washington, D. C.

DEAR SENATOR WAGNER: I am very glad to have your letter of April 20, because it gives me some slight opportunity to be a little vocal and perhaps influential on a question about which I feel very deeply. And it is one also to which I have given a good deal of careful thought.

I am heartily and unqualifiedly in favor of the legislation which your letter discusses. It seems to me that the forces of recuperation at work in business alone are not and can not be sufficient to bring us out of the depression without tremendous delay and further serious deflation and writing off of values.

I am convinced that such a bond issue as you contemplate would at least help somewhat in the direction of stimulating general business and injecting a necessary larger fund of purchasing power into the hands of more consumers.

I believe that such a bond issue would probably have to carry the tax-exempt feature in order to be popular and keep its parity on the market. But I also believe that when this emergency is over we have got to lessen the volume of public bonds which carry the tax-exempt feature as in the long run this will prove too easy a way for the rich to escape taxation if the amount of such bonds increases.

I think you will be interested in the inclosed memorandum which has been prepared by a group of thoughtful citizens, all of whom are members of the Taylor Society, an international organization devoted to the extension of the science of management. You will see that the recommendations of this memorandum are along lines decidedly sympathetic to your bill. You should understand that this memorandum has been circulated for comment and criticism and has not been officially adopted by the Taylor Society. It is rather a piece of educational work by individuals sympathetic to this view.

You are certainly at liberty to make use of my name in connection with this letter if it has any possible value to you.

Cordially yours,

ORDWAY TEAD, *Editor Business Books.*

ACTION TOWARD BUSINESS RECOVERY

(The following summary of suggested action toward business recovery has been prepared by the president and the managing director of the Taylor Society with the advice of a number of business men and economists. It is presented at this time, not as an authorized pronouncement by the society, but as a challenge for approval or constructive criticism. These will be welcomed by the Taylor Society, 29 West Thirty-ninth Street, New York City.)

It is recognized that a primary cause of the depression has been the fact that purchasing power has not kept pace with production.

During the period from 1925 to 1929 there was an increasing supply of capital for investment. This was derived from profits in business, from promotion of new enterprises, and from investments of surplus by the public in general. This capital for a while was absorbed by manufacturing developments, such as the automobile, by construction activities, and by foreign investments. All of these except the last transferred money to the people who were buying goods, just as much as though it were all paid out in direct wages in operating of plants, because construction funds immediately flow to construction labor and to the purchase of materials which in turn require labor in production. Buying power also was temporarly accelerated by installment buying and credit arrangements.

But as the needs for capital became less it was used more and more for uneconomic purposes or became actually stagnant. This money which should have been directed to purchasing of goods was made unavailable. Demand for manufactured goods as well as construction became less and less. Failures of banks and business institutions took place, unemployment and distress among workers, reduction of wages among those remaining employed, and a general impairment of the standard of living.

The resultant alarming unemployment has been further increased and purchasing power further reduced by recent drastic reductions in expenditures for public improvements especially in States and municipalities.

Such a method of readjustment is destructive of the social structure and morale as well as of the business structure and morale. The seriousness of the situation is comparable to that in time of war and demands correspondingly drastic action of an emergency nature. In the present instance the drastic action should be designed deliberately to direct money and credit into channels whereby they will become both a stimulant and means to consumer purchasing instead of into channels which lead to production of materials for war.

But while accepting the lessons from the war as opposed to social progress or economic welfare we must at the same time recognize the expediency of the measures then utilized, some of which may be applicable to the present emergency. The money obtained from the sale of Liberty bonds during the war resulted in an immediate acceleration of industry and the distribution of money to persons who used it to buy goods. A policy in this present emergency similar to war action, except that funds must be directed to constructive uses instead of manufacturing products of destruction, is well worth consideration.

It would seem necessary further, if we have faith in ultimate recovery from the depression, to proceed along lines similar to those which created good business in war time; and wherever proper credit exists to borrow on the future.

Needless anxiety is often felt over an increase in Government bond issues. It must be recognized that sale of Government bonds produces simply a transfer of money from one channel to another—in the present case to the relief of unemployment. When the bonds mature, money is again transferred back to those who loaned.

The following changes in Government and banking policy are recommended not as permanent but as emergency measures for increasing consumer purchasing power and stimulating consumer buying:

1. Legitimate Government outlays should be largely increased to employ more men and put money into circulation. Instead of curtailing expenditures for public improvements and throwing more and more men out of employment, the opposite policy should be adopted. While excessive wages and salaries must be avoided, bearing in mind the present increased value of the dollar, every means possible must be found to spend money provided the expenditure can be of economic value. At present the Federal Government is actually spending a scarcely normal amount of money on public works. States and cities are cutting appropriations and throwing vast numbers of men out of employment. It is estimated, due to this widespread action, that 1,000,000 more men will be added to the ranks of the unemployed this summer. To prevent this, it appears imperative that the Federal Government and those State and municipal governments which have good credits should appropriate money for public works, for maintenance or improvements, for research, and for other purposes which result directly in economic employment. This appears to be the only feasible way to quickly reduce unemployment and increase purchasing power.

2. Government aid to States and communities. Furthermore, to assist those States and communities whose credit is too low to permit borrowing from banks, temporary loans or even donations may be provided by the Federal Government which has sufficient resources. Such loans would best be limited to projects of economic value and supervision by the Federal Government through a duly created authority carefully maintained. It is recognized that this would involve a new public policy, but the situation demands new public policy.

3. Government loans should be made in certain cases to corporate enterprises as a stimulus of industrial activity. The Reconstruction Corporation already is taking this radical step by loans to railroads. Such loans should be safeguarded as to ultimate repayment and as to the use to which they would be put, which preferably should be for operating or development expenditures rather than for refunding obligations or for unearned dividends.

4. Housing programs adjusted to a policy of betterment of living conditions for workers should be encouraged by loans of public funds. Like public-works construction, private construction provides a quick means of distributing money directly through employment and the purchase of materials, and this money is promptly put into circulation through the buying of consumers' goods. Development of extensive housing operations requires stimulation through Government assistance, possibly working through such agencies as private or cooperative limited dividend corporations.

5. Funds for these activities may be obtained primarily by borrowing on future income. That is, by security issues, but adopting a plan similar to that utilized by the Reconstruction Finance Corporation. It is recognized that this must be done with care, for, although the public debt has been reduced from twenty-six and five tenths billion in 1919 to sixteen and eight tenths billion dollars in 1931, in terms of relative wholesale prices there has been no reduction. However, the low price level of 1931 is more abnormal than the high price level of 1919, in terms of the average of the period, and there unquestionably has been a reduction of the debt sufficient to permit further borrowing for correction of a situation more threatening of social welfare than was the war. Some $750,000,000 per year have been paid by the Government for the liquidation of war bonds. Certainly with this background the strain on public credit by further borrowing for the purposes herein proposed should be less than that which will result from continuance of the depression. To withdraw money from hoarding, as planned by the President's committee, an opportunity for investment for this money must be found. It would appear that the need at the present time for safe channels for investment might counterbalance the suggested danger of lowering of bond values.

6. Value of bank assets should be stabilized. The chief objection to bond issues is the danger of lowering the values of present Government and other issues. This would further impair the security of banks and insurance companies. Some form of carefully devised guaranty or of controlled currency expansion is necessary to sustain values and enhance confidence. Some form of bank deposit insurance, for example, could be developed under a unified national banking system.

Such measures as these may appear unduly radical, but unless measures already taken by the administration and by Congress are supplemented by further action there is grave danger of another drop in all bond values. On the other hand, the expenditure of money will tend to restore business and raise price levels of consumable goods. This in turn would furnish an incentive for private interests to invest.

Bond purchases by banks lead to the expansion of bank credit which permits, as in the financing of the Reconstruction Corporation, the circulation of funds four to five times greater than the Government obligations. Purchases of securities by individuals provide a basis for credit.

7. Banks should utilize the Reconstruction Corporation and the Credit Corporation, and thereupon pursue a liberal policy of helpfulness to industry. Although the functions of these corporations and also the advantages of the Federal reserve modifications are limited by the wording of the legislation, it is necessary that they be utilized to the fullest possible extent. A broadening out by congressional action of the field covered may also be necessary.

8. Taxes must be levied upon large incomes. Sales taxes draw money from sources which intensify deflation, namely, from the rank and file of the people who must limit their purchases on account of the increased prices resulting from these taxes. Increase of income taxes of citizens of moderate means curtail their purchasing power. On the other hand, taxes upon large incomes withdraw money from excess capital investment, and, through Government expenditures, put it into circulation to relieve unemployment. Taxes levied upon large incomes may be supported by new public policy concerning the exemption of certain classes of security from taxation.

THE CORNELL LAW SCHOOL,
Ithaca, N. Y., April 27, 1932.

Hon. ROBERT F. WAGNER,
United States Senate Office Building, Washington, D. C.

MY DEAR SENATOR WAGNER: I am much interested in your letter of April 20, 1932, relating to Senate bill S. 4076. Pursuant to your request for my reaction to the proposed legislation, I submit the following observations:

1. In view of recent events, the advisability of such a program of public works should be considered not on the basis of tiding the country over a temporary depression but rather as a means of cushioning the inevitable readjustment which must ensue in a prolonged period of unsettled economic conditions and a new era of practically world-wide industrial competition. From this viewpoint, total cessation of construction of public works at this time seems impolitic and antisocial. We have already found that the public must assume the burden, either by taxation or voluntary contribution, of providing the necessities of life for the unemployed, and this sum of money is mounting up to a tremendous figure, which, if employed for needed and useful public construction, would result in political, sociological, and economic benefits far exceeding the niggardly expenditure of a like sum in the form of unemployment relief. Therefore, I am in favor of some program of public construction at this time.

2. While the limitation to construction of public works which have already received congressional and Executive authorization is a commendable feature of your bill, it seems to me that further limitations should be made. May I suggest, therefore, that in view of the burden which this will pass on to the next generation, and, further, in view of the fact that this authorization was given at a time when the United States was enjoying a large surplus income, it would be advisable to provide for some means of rechecking these authorized projects so that they should be undertaken in the order of greatest need and to assure the deletion of such as do not appear to warrant the expenditure required by a government which must exercise most careful economy in balancing its budget for probably another decade. A careful reconsideration of these projects would probably reduce the total below a billion dollars.

3. As you point out, this is a time when such a project can be financed at low interest rates and without diverting funds from commerce and industry. However, it would seem advisable to have a sinking-fund provision so that the entire repayment of this loan should not fall on the country in any one year, but should be spread over the life period of the bonds, since a conservative attitude should be taken as to the situation likely to prevail in the next two decades.

4. Provision should also be made for permitting the retiring of such an amount of this bond issue in any one year as the Government resources would permit in order to take advantage of any surplus revenues that might accrue with the return of one or two prosperous years, and thus reduce this debt as rapidly as possible.

Trusting these observations may prove of some interest to you, I am,

Very respectfully yours,

GEORGE J. THOMPSON.

P. S.—May I add that I trust you will vote against the Patman soldiers' bonus raid on the Federal Treasury.—G. J. T.

THE THOMPSON & LICHTNER CO. (INC.),
Boston, Mass., April 25, 1932.

Hon. ROBERT F. WAGNER,
United States Senate, Washington, D. C.

MY DEAR SENATOR: I am in receipt of your letter of April 20, and am glad to contribute my approval of your views.

There is one cure for the depression, and only one—and this is employment. No one can question this conclusion, but it is sadly overlooked in the mad tendency throughout the entire country to reduce public-works expenditures and thus to throw thousands and thousands of men out of work.

It would appear that the drastic reduction in public-works construction is a major factor in delaying the return of prosperity. This is not my private opinion; it is backed by conclusions reached by many of our foremost economists based on a careful examination of the facts.

The Thompson & Lichtner Co. (Inc.), of which I am president, is making a survey of the public works proposed for 1932 by the different States in comparison with those executed in 1930 and 1931. The results are not yet complete but show a marked drop for 1932. Federal public-works construction is appreciably less than normal. Furthermore, we find that many of the States are holding back their estimates for road work—and this includes my own State, Massachusetts—for passage of the Federal aid bill by Congress. They are ready to go ahead on necessary construction and employ men.

The situation in municipal construction is worse than in Federal and State. Aid from the Federal Government duly supervised is essential. It has been estimated by New York engineers that a million more idle men will be added to the ranks of unemployed through this drop in construction.

The cause of our former prosperity was productivity. America became the richest nation in the world because we produced several times more wealth per capita than any other nation. America is becoming poorer through loss of productivity.

Your statement of views is entirely sound and comprehensive. Public-works expenditures are the quickest and most direct way possible to provide employment and create purchasing power—except through the objectionable dole or bonus. The Federal Government is the only body which is now in a position to make capital investments on an adequate scale. A long-term bond issue, about which so many controversies center, would provide, in my opinion, a badly needed channel for investment of private and banking funds and by improving the status of business would tend to increase values of corporation bonds. A rise in corporate securities is predicated upon increased earnings of corporations.

The Taylor Society (New York), of which I am president, is beginning under my direction a study of the causes, during the past half century, which have brought us out of depressions or have tended to increase business prosperity. So far it appears that the prime cause of improvement in the difficult periods has been increased capital expenditures, either public or private. This has resulted in demand for goods, credit expansion, and rise in prices.

An illustration of this effect is in what Colonel Ayres terms "War prosperity." The sales of Liberty bonds resulted in an immediate acceleration of industry by distributing the money through manufacturers to those who desired to buy. In the present case funds must be directed to constructive uses instead of manufacturing products of destruction.

Those who deplore bond issues have suggested no alternative to increase purchasing power other than to strengthen the banks. And note this: The depression, because of loss of productivity, is reducing our national wealth at least $20,000,000,000 per year, in terms of 1930 values, or over $50,000,000 per day. Think of it! Five billion dollars lost in three months.

Immediate and strenuous measures evidently are necessary to increase purchasing power and start production. Prices have been reduced and attractiveness of goods emphasized, but earnings are falling faster than prices.

Your bill S. 4076 is a step in the right direction although to really turn the scale still large sums probably will be necessary.

We recognize the force of John Maynard Keyne's article in the May Atlantic that emergency action should be taken to maintain insolvency of fiduciary institutions by measures tending directly to support the value of securities. This is being done to a limited extent by the Reconstruction Finance Corporation. This, however, can be only a temporary emergency expedient and the permanent and dependable way of raising the values of securities is to restore business activity by restoring purchasing power to consumers.

You are at liberty to utilize as you see fit any of the above views and I also inclose a copy of a document on "Action toward business recovery," which you are at liberty to use in whole or in part. If I can be of further service, do not hesitate to advise me.

Yours very truly,

SANFORD E. THOMPSON.

NORTHWESTERN UNIVERSITY,
COLLEGE OF LIBERAL ARTS,
Evanston, Ill., April 28, 1932.

Hon. ROBERT F. WAGNER,
United States Senate, Washington, D. C.

MY DEAR SENATOR: In common with other students of the problem of unemployment, I have long been convinced that the Federal Government should undertake a long-range policy of construction, and arrange that plan in such a way as to provide for a considerable portion of it to be released in times of threatened emergency or business depression. If local politicians can be held in check and local interests be made to see the virtue of such a long-range policy and curb their impatience for immediate construction, such a plan should be workable.

The only hitch that I can see in this part of the plan is the difficulty encountered in New York City, namely, the slowness with which engineers and architects sometimes work through plans. But if the plans for such construction are definitely put through and approved by the proper authorities, and simply held in leash,

their release at such a time as this would have a stimulating effect many times greater than the mere value of the Government projects. Such construction projects would have a radiating influence throughout the country, and should tend to unlock confidence and money available for private construction and other forms of private industry.

Since the major part of our present Federal budget of expenditures goes for paying the costs of past destructive enterprises known as wars, and since there seems to be a determined move to increase this expensive aftermath of destruction, I strongly favor some active, positive, and constructive work on the part of the Federal Government such as undoubtedly would come if such a measure as you contemplate were passed.

Of course I am basing these opinions upon the assumption that any program of construction undertaken by the Government is really necessary, and is not merely building for the sake of building; it is predicated upon an understanding that such a building program represents ascertained needs which are likely to be needs for an indefinite period to come.

Sincerely yours,

ARTHUR J. TODD.

WASHINGTON AND LEE UNIVERSITY,
Lexington, Va., April 25, 1932.

Hon. ROBERT WAGNER,
United States Senate, Washington, D. C.

MY DEAR SENATOR WAGNER: I was interested in receiving your letter of April 20 with reference to Senate bill 4076, the object of which is to have the Federal Government undertake the construction of public works and to finance this construction by means of a long-term bond issue.

I think that the plan you suggest is feasible and that it will have some decidedly beneficial effects in our present situation. I am stating my opinion in this way because I believe the plan to be a palliative rather than a cure. It will undoubtedly help the situation over a considerable period of time, but will not in my opinion remove the fundamental causes.

Without attempting to go into detail, I would say that I think these fundamental causes lie in the international financial difficulties, in the tariff, and in our present banking organization and policy. To these I would add the present plight of the transportation agencies in the United States, which is at least a contributing cause and which will eventually lead to serious difficulty unless it is remedied.

I feel that if Congress does not deal with these fundamental problems within a reasonable time we are likely to have not only a continuation of the depression, but a more serious situation than the one with which we have had to contend for the past two years.

In this letter I have attempted only to suggest some of the fundamental conditions and causes. I am sure you already see their implications. This does not, however, detract from the valuable temporary effect of a Government building plan such as you propose.

With best wishes, I am, very sincely yours,

ROBERT H. TUCKER,
Dean of the College and Professor of Economics.

THE UNIVERSITY OF PITTSBURGH,
SCHOOL OF BUSINESS ADMINISTRATION,
DEPARTMENT OF ECONOMICS,
Pittsburgh, Pa., May 6, 1932.

Hon. ROBERT F. WAGNER,
United States Senate, Washington, D. C.

MY DEAR SENATOR: In answer to your recent letter may I say that the arguments, both industrial and fiscal, which you use to support your bill (S. 4076) are cogent ones. There seems to be valid reason to have the Federal Government undertake the construction of its previously authorized public works, and to seek to finance such construction through a long-term bond issue.

While the expenditure of about $1,000,000,000, which you estimate to be the cost of such previously authorized construction, would not be a major factor in industrial revival, it would cercertainly constitute a step in the right direction. The Federal reserve system is applying an expansionist open-market policy through the purchase of Government bonds to the extent of $100,000,000 a week. If the response of the member banks to this policy is favorable there would seem to be all the more reason for aiding this constructive procedure by stimulating public works, and encouraging the Government to intervene in a limited way as an agency for encouraging business and distributing purchasing power through employment. Indeed, the two programs should supplement each other to a degree and tend to encourage borrowing and the extension of credit.

Economy in public expenditures is vitally important, but there is danger of placing too much emphasis upon it in the present emergency. While all agree that unneeded and extravagant appropriations should be curtailed, expenditures for useful public works should be carried forward and not reduced at this time.

Business must be stimulated in the very near future, and there is no lack of necessary projects to absorb public funds economically. It certainly should be possible to agree upon the support of those undertakings to which the Federal Government is already committed, and which it would normally undertake in the near future, especially when it can be shown that such expenditure will help to start our production-consumption mechanism going again.

Very sincerely yours,

FRANCIS D. TYSON,
Professor of Economics.

NEW YORK BUILDING CONGRESS,
New York, April 26, 1932.

Hon. ROBERT F. WAGNER,
United States Senate, Washington, D. C.

MY DEAR SENATOR WAGNER: In answer to your letter of April 20, I am glad to give you my opinion of your proposal to undertake Federal construction by a long-term bond issue. Since 1914 I have followed the attempts made by States and the Federal Government to meet unemployment emergencies by the construction of public works and have regretted that in spite of the great need from time to time for giving employment in this manner, no governmental body has, to my knowledge, been courageous enough to pass legislation authorizing a bond issue. Without such long-term issue we shall always be faced with a situation similar to that we find ourselves in at the present; that is, when the employment crisis is at its worst governments find themselves less capable of meeting current financial requirements and subject to the disturbed economic conditions which militate against new undertakings. The same arguments are always proposed: That it is hard to sell bonds, it will weaken Federal or State credit, it will increase already burdensome taxes, and it will mortgage the future, all of which may be true to a certain extent but which should not stand in the way of the greater benefits to be derived by reducing unemployment, putting money in circulation over wide areas, and creating investments in buildings and roads which are, or will soon be, needed and which in themselves will tend to create the opportunity for some expansion; in other words, it is reasonable to expect by-products from such construction.

Certainly the long life of the projects would justify the spread of the initial cost over a long period. It is a sound method and one that I think will meet the favorable response of the public generally. From the point of view of speeding up construction not only contemplated but recommended by the departments and for which the Government is already committed, there appears to be no other way of securing funds except by bond issue. I firmly indorse your measure and hope you will be successful in having it adopted. Please understand that what I have said above is my own opinion and does not in any way represent an expression of the New York Building Congress.

Very truly yours,

R. G. WAGENET, *Director.*

ANN ARBOR, MICH., *April 30, 1932.*

Hon. ROBERT F. WAGNER,
United States Senate, Washington, D. C.

MY DEAR MR. WAGNER: I am complimented by your suggestion that I am sufficiently expert to comment validly about your bill for construction of works by the Federal Government. I fear, however, that my background does not qualify me any more than any intelligent man is qualified.

On the face of it your proposal does seem sound. There is no doubt but what construction work is essential to distribution, indirectly, of course, of the plentiful supply of food and clothing which are available in the country but which so many people lack. Your bill also appeals to me as sound in the sense that it is an expenditure of money for which the Government will get dollar for dollar in the way of return. As I understand it, you do not propose useless construction but only that which sooner or later the Government will have to come to. Without having heard the arguments in opposition I should say that it was a very wise proposal whose enactment is desirable.

Certainly I can say with great enthusiasm that it is so far superior to the Patman proposal for robbing widows and orphans and giving the money to husky veterans who may or may not need it that there is no comparison in the desirability of the two. It seems almost insulting to ask any Member of Congress to vote against that proposal, and yet I greatly fear that many Members will favor it for one reason or another. Of course there is no possible justification, especially at this time of financial stress, for giving money to a man simply because he was in the Army during the war. If the aid were to men who because of their participation were now in need, there might be some modicum of reason in the proposition, but to take the money which is being contributed through reducing the salaries of already underpaid schoolteachers, laborers, clerks, and everybody else and give it to men who are perfectly healthy and are perhaps receiving larger incomes than those from whom it is taken is the height of absurdity. His flat-money proposition that goes with the bonus proposition would be the beginning of a debacle such as Germany and France went through.

I repeat that whatever objections there may be to your bill it is so far superior to other proposals that I hope it will be enacted and the others killed.

Yours sincerely,

JOHN B. WAITE.

LAW SCHOOL OF HARVARD UNIVERSITY,
Cambridge, Mass., April 25, 1932.

Hon. ROBERT F. WAGNER,
United States Senate, Washington, D. C.

DEAR SIR: I have received your letter of April 20, asking my opinion as to the advisability of engaging upon a program of

public construction during the present depression and paying for the work by the issuance of bonds. I consider that both ideas are sound. I believe that the Government should do its building as much as possible during periods of depression. Also that taxes should be lowered during such periods and raised during periods of prosperity. I presume, however, that what you really want to know is whether I believe that such a program would have any appreciable effect in bringing about a return of prosperity. I do not think it would.

The great rise in the prosperity of the world during the last 400 years and particularly during the last 75 years has, in my opinion, been materially assisted by the enormous increase in the amount of money which has occurred during that period. This advance has been brought about by mining gold and the issuance of paper money, but more particularly in recent years by the great increase in the use of checks. The stage for the present depression was set when the various countries of the world struggled to get back on the gold standard, thereby inevitably bringing about a slackening of industry and a reduction in prices.

What is needed to make the next few decades prosperous is, in my opinion, a method of slowly, but steadily, increasing the amount of money in use. You will note that, though it is against my personal interest as the holder of a fixed income, I subscribe to the economic ideas of the contemporary English economists popularly set forth by H. G. Wells in the Work, Wealth, and Happiness of Mankind.

Very truly yours,

SAM B. WARNER.

UNIVERSITY OF CALIFORNIA,
Los Angeles, Calif., April 29, 1932.

Senator ROBERT F. WAGNER,
United States Senate, Washington, D. C.

DEAR SENATOR: I am glad to answer your inquiry of April 20, concerning your proposal for public works, as embodied in S. 4076. I think a billion-dollar bond issue for the purpose of underwriting public works as a stimulation to employment is both desirable and practical. I am of the opinion that such construction would have both a direct and an indirect effect upon the employment situation. It is very obvious that private industries are going to be very slow in their new developments. This fact, combined with the relatively low cost of building, would make the present an opportune time for the expansion of public works. Demand for materials and labor would inevitably result, with a beneficial effect upon commodity and labor markets.

It would seem to me perfectly legitimate to underwrite such public works through the issuance of bonds rather than through direct taxes. The investing public is very favorably disposed toward the issues of the Federal Government, and I am convinced that a great deal of idle and hoarded money would find its way into the Treasury through the sale of public-works bonds. Moreover, a bond issue would spread the financial burden over an extended period. I need hardly suggest that the Government can float its bond issues at a very insignificant rate of interest under the present conditions. The wisdom of your proposal would scarcely be questioned by economists specializing in the field of industrial relations.

Respectfully yours,

GORDON S. WATKINS,
Professor of Economics.

NEW YORK UNIVERSITY,
DEPARTMENT OF ECONOMICS,
University Heights, N. Y., April 28, 1932.

Senator ROBERT WAGNER,
United States Senate, Washington, D. C.

DEAR SENATOR WAGNER: Since I am now one of your constituents, I answer the more willingly your inquiry of April 20, addressed to me at the University of Missouri.

In general, I find myself in agreement with the purpose of your bill (S. 4076) for the relief of unemployment through the immediate initiation of an extensive public-works program. I should not ascribe to the measure, however, the potency for starting the wheels of industry moving again, which you seem to do. It is rather as a salutary form of relief work that I think the project might be justified. On this ground, however, in order that the credit of the Government might not be impaired, I should judge it advisable to limit the proposed bond issue to approximately half of the amount which your bill would authorize.

The primary reason for such restriction of the amount of the bond issue would be that undoubtedly a great many of these items which have been included in the public-works program are not such as have any economic justification in a period of world-wide retrenchment, such as that in which we now find ourselves. So long as the Federal Government does not, or until it does, undertake an active participation in the directly productive processes of industry, the margin by which the Federal Government is economically justified in facilitating private productive operations by the construction of public works made available to the community, gratis or at less than cost, is bound to be narrow. Undoubtedly, many of these public works have a beneficent purpose, but undoubtedly, also, many of them we can not afford. Australia's example should be a warning to us in this connection.

Within the foregoing limits, I heartily approve of the aims and the terms of your bill.

Yours sincerely,

MYRON W. WATKINS.

STANFORD UNIVERSITY,
DEPARTMENT OF ECONOMICS,
Stanford University, Calif., April 30, 1932.

Senator ROBERT F. WAGNER,
Washington, D. C.

MY DEAR SENATOR WAGNER: I am honored by your request for my opinion on the subject of your Senate bill (S. 4076). Let me first say (little doubt you will concur) that economic "science," sometimes so-called, can not make a definitive pronouncement on a question of the type you have under consideration. If we economists are experts, as you kindly intimate, we are far from occupying the position of experts in chemistry or physics.

Assuming the limitations or safeguards set forth in the second paragraph of your letter, my judgment is in favor of your proposal. I understand you wish to expedite construction of public works already authorized, even if at the expense of a large bond issue. I would favor this in the present juncture, and think quick action is called for. Your views, as set forth in your letter under the three numbered headings, seem sound to me.

This does not mean that I would not favor the greatest possible economies in governmental ordinary expenditures in the near future.

I am, respectfully, yours,

A. C. WHITAKER,
Professor of Economics.

ITHACA, N. Y., *April 25, 1932.*

Hon. ROBERT WAGNER,
United States Senate, Washington, D. C.

DEAR SENATOR WAGNER: On getting back to my desk this morning I find your welcome letter of April 20. As several other members of the department have opinions worth attention, I am calling a conference for to-morrow (Monday), and shall hope to write you soon after. Meantime perhaps you will send me a few copies of Senate bill 4076.

We shall all be very glad if we can be of any help to you in this important matter.

Yours sincerely,

W. F. WILLCOX.

ITHACA, N. Y., *April 25, 1932.*

Hon. ROBERT WAGNER,
United States Senate, Washington, D. C.

DEAR SENATOR WAGNER: We have just discussed your question at a luncheon meeting attended by 12 teachers of economics including ex-Congressman Jacobstein, formerly in the department at the University of Rochester and now a bank president there. No vote was taken, but no dissent was expressed from the following statement, most of which I had drafted and read to the group.

A question like yours was discussed by my friend and former colleague, Professor Slichter, now at Harvard University, in the inclosed article, with which we substantially agree.

The main advantage of the policy represented by your bill is that putting the Government into the market to purchase goods and services would tend to check the catastrophic fall in the prices first of goods and then of the securities based on those goods. That fall must be checked in order to give the financial and industrial world a chance to right itself.

Your proposal has the added advantage of committing the Government, although indirectly and tardily, to a policy urged nearly 10 years ago by a committee of which Owen Young was chairman, and which reported to the President's Conference on Unemployment of 1921. That committee investigated "methods of stabilizing business and industry so as to prevent the vast waves of suffering which result from the valleys in the so-called business cycle" (Herbert Hoover as Secretary of Commerce, March 1, 1923). In the interim nothing of importance has been done to accumulate the fund then recommended and which you now propose to secure by a bond issue. In that respect, therefore, the country is no better prepared than it was in 1921 for the terrible burden of unemployment now upon us. In another way, however, the country now is much better able to support the policy embodied in your bill. Since the peak of our national debt was reached in 1919, about two-fifths of it has been paid off and to that extent the country is in a far better position than it was to increase temporarily its debt load as you propose.

Yours sincerely,

W. F. WILLCOX.

[From the New Republic, April 20, 1932]

SHOULD THE BUDGET BE BALANCED?

American industry possesses the finest physical plant in the world, but our ability to get goods from it depends, of course, upon the skill with which we manage it. Never has this truth been more important than to-day, when we are engaging in much reckless talk about the necessity of balancing the Budget. The same brokers' letters that three years ago were urging us to buy stocks at from thirty to forty times their earnings now warn us that the country faces ruin if the Budget is not balanced by 1933, and the leaders of Congress and executive officials vie with one another in reiterating the same opinion. Speaking over the radio on March 12, Secretary of the Treasury Mills said: "There is no more important issue before the country. The foundation upon which the structure of restoring prosperity must rest is the unimpaired credit of the National Government." Two weeks later President Hoover himself in a special statement called a balanced

Budget "the very keystone of recovery," and predicted that "without it the depression will be prolonged indefinitely."

During the last 12 years the National Government has reduced its debt from $26,600,000,000 to $16,800,000,000, or at the rate of over $800,000,000 a year. The per capita debt is now 44 per cent below the 1919 peak. With the national debt far smaller than in 1919, why should there be such deep concern over the credit of the United States? Is it not high time that we throw off our hysteria and examine sanely and sensibly the extent to which it is desirable to balance the Budget? Is a balanced Budget in truth "the keystone of recovery"?

The man in the street, who knows little about public credit, foreign exchange, the gold standard, and such matters, is interested in the Budget from the standpoint of taxes. He knows that in the long run the cost of operating the Government comes out of his pocket, and a reduction in expenditures for the purpose of balancing the Budget appeals to him as a way of making taxes less than they otherwise would have to be. But is this the way to keep down taxes? It is estimated that the present income rates would yield only $867,000,000 for the year 1932–33. But in 1929–30 they yielded nearly three times as much, or $2,411,000,000. Obviously, the way to reduce taxes is to revive business. And yet how is business to be revived? A rich county in New York State, which two years ago spent over $5,000,000 on roads, plans this year to spend less than $600,000.

The president of a middle-western university writes that next year his budget must be cut by at least 10 per cent, and perhaps more. In January, 1932, the railroads spent over 40 per cent less on maintenance than in January, 1930. This morning's paper contains an editorial congratulating the town of Wellesley on reducing its expenditures. Is this the way to become prosperous? One need not be a student of economics to understand that we shall never regain prosperity by spending less and less. Prosperity can be restored only by spending more. And in this spending more must not the Government do its share and, indeed, take the lead? Surely it is far better able to risk an increase in expenditures than are most individuals and business enterprises. If the Government can give greater aid to business by spending more than by spending less, we find ourselves face to face with the surprising conclusion that the way to keep down taxes is for the Government to spend more! This may sound like Alice Through the Looking-Glass, but it is not difficult to understand and (subject to certain qualifications) it is, I think, sound economics.

But what are the arguments given in favor of balancing the Budget? Had the depression not produced an extraordinarily acute financial crisis there would be little to be said for attempting to achieve a balance in the midst of a slump. But the financial panic has to some extent made a difference. Despite the fact that the panic is subsiding and hoarding is diminishing, the public lacks confidence. In the minds of a more or less hysterical people the Budget has become a symbol, and so we must achieve a balance, it is said, in order to reassure the common man and to convince him that the country is sound. More important than this is the direct effect of the Budget upon the money market. Failure to balance the Budget would require the Government to increase its borrowings. The bond market, which is none too strong, would be put under greater pressure, the prices of Government securities and other high-grade bonds would sink, banks would suffer losses and might again be threatened with failure, enterprises which have bond issues maturing would experience trouble refunding them, receiverships would multiply, and credit would be tight. Put in more positive terms, this argument asserts that a revival of business depends upon easy money and a revival of confidence, and that these two in turn depend in large degree upon a balanced Budget. Finally, it is pointed out that foreign owners of dollar balances and American securities have anxiously been watching our "free gold" figures for months and have demonstrated that they will withdraw their funds and even sell their American securities upon any sign that we do not intend to balance the Budget. Failure to achieve a balance, by provoking large withdrawals of funds and capital, might drive us off the gold standard.

It must be conceded that, under present conditions in particular, there are substantial advantages in having a Budget which may justly be regarded as balanced. But what is a balanced Budget? Secretary Mills says: "By a balanced Budget we mean that the Government will live within its income; that current receipts will be adequate to cover current expenditures and that borrowing will not be resorted to to pay the ordinary running expenses of the Government." Let us accept this definition. But what are "the ordinary running expenses" of the Government? Are new roads, new post offices, improvements to rivers and harbors, irrigation dams? Every private business distinguishes between current expenses and capital investments. When it puts up a new building, that is not an operating expense; it is an investment, an addition to capital. A private business manager would be appalled if he were told that he must count the cost of the new building as a current expense and must regard his company as incurring a deficit unless it could pay the entire cost of the new building out of revenues earned during the year of construction. He would regard anyone who computed deficits in this manner as crazy. And yet this is precisely how the Federal Government computes its deficit. No distinction is made between current operating expenses and outlay for permanent improvements or additions to plant and equipment. New battleships, new tanks, new post offices, new roads, all count as just so much current operating expense! By all means let us give the public the balanced Budget that it desires—in the sense that all current expenses are paid out of current receipts. Let us raise enough new money by taxes to achieve a real balance, but, in determining how much we must raise, let us employ the same elementary accounting distinctions and concepts which every business uses every day. Let us not confuse current expenses with additions to plant and equipment and let us not make the ridiculous assumption that the credit of the United States will not permit it to pay for permanent improvements by issuing serial bonds which would mature faster than the improvements depreciate. Certainly the credit of the Government is good enough to permit it to finance permanent improvements by the same methods that business concerns employ.

With this as a starting point, we can consider how far it would be wise for the Government to go in stimulating business by expanding its construction program. Can not the executive officers of the Government and the leaders of the two parties in Congress agree upon a list of projects which either must or should be built by 1934, 1935, or 1936? After the list has been prepared, let them agree on the projects which could easily be constructed at once. Such an expansion of construction might perhaps come to half a billion or even a billion dollars, but it would impose no additional burden upon the taxpayers beyond interest on the investment for two or three years or less. As a matter of fact, there would probably be no additional burden at all, because the economies of construction in the midst of depression would more than offset the extra interest charges. In addition, the construction would come at a time when it would do the most good in providing employment and reviving business.

Last summer the newspapers reported that as part of the economy program an appropriation of about $50,000 to install air cooling in the White House had been stricken from the Budget. Within several years, in all probability, this item will be restored and the installation will be made. But instead of the work being done this year or next, when it would furnish much-needed employment, it will be done several years hence, when the country is again prosperous and when employment is fairly good. It will swell the demand for labor and goods, and thus accentuate the boom and the subsequent crash. Here we have epitomized the present fiscal policy of the Government. Instead of moving the construction program of 1934 and 1935 ahead to 1933, the Government is doing exactly the reverse. It is putting off, until a period of boom, work which might be done in the midst of depression.

But all of this, the reader may object, overlooks the effect of the Government's borrowing upon the banks and the money market. Would not an increase in Government borrowing delay recovery by making credit tighter? The argument that it would is a remarkable one. It overlooks the obvious but all-important fact that the Government will use the borrowed funds to buy goods. Does anyone really believe that the money market would react unfavorably to an increase in the demand for goods? It is true that, despite the fact that short-term interest rates in many places are not high, credit is tight. But it is tight, not because of a great demand for loans—for they are much less than they were a year ago—but because depositors have withdrawn their money. Credit will become easier just as rapidly as the public regains confidence in the banks and the banks regain confidence in the public. The best way to restore confidence is to give the business of the country a definite prospect of an increase in orders. The Government can create this prospect by formulating a sensible and carefully planned, but not too timid, program for expanding public works. This is why an increase in Government construction is precisely what both the money market and business in general need. Especially is this true of the long-term money market. Funds have been piling up in the short-term market, creating an abnormal spread between short-term and long-term interest rates, because enterprises have had so few orders and have been making such small profits that investors have been afraid of distant maturities.

But what of the foreign owners of dollar balances and American securities? After the alarmist speeches of Mr. CRISP, Mr. GARNER, Mr. Mills, and President Hoover, would not a modification of our fiscal policy precipitate a "flight from the dollar" which might drive us off the gold standard? No one knows. It must be conceded that our leaders by their reckless speeches have fostered a dangerous popular psychology both here and abroad—a psychology which greatly increases the difficulty of shifting to a sensible fiscal policy. But suppose that foreigners withdrew balances and sold securities on a large scale. The stock exchange might be forced to set minimum prices, the Reconstruction Finance Corporation might be compelled to come to the aid of more banks, the Government might find it necessary to control gold exports and to ration exchange, and possibly to protect the banks by a general guarantee of deposits. Some economic groups would be hard hit and the uncertainty which would at once envelop the whole economic situation would, of course, be more or less disadvantageous to all branches of business. Nevertheless, we must not overlook the fact that there would be compensating effects. How much the depreciation in the external value of the dollar would stimulate our export trade would depend upon the tariff policies of foreign countries, and whether a cheaper dollar would assist world recovery by helping our foreign debtors to pay their obligations to us would depend upon how the courts interpret the gold clause contained in most bond contracts. Of very great importance, however, would be the effect upon the internal price level. The decline in prices

would be halted and a rise would set in—an enormously powerful stimulant to all business. But the chances are that no "flight from the dollar" would occur—at least not if the modification of our policy were made in a responsible fashion and with the cooperation of both parties. The situation in America to-day is far different from that which existed when foreign balances were being withdrawn last fall. The Reconstruction Finance Corporation has been created, the Glass-Steagall bill has been passed, our banks have apparently ceased failing, and hoarded money is slowly returning. Foreign short-term balances have been substantially decreased and at the same time our "free gold" has been enormously increased—it is now believed to exceed foreign short-term balances. These changes give the Government an opportunity to alter its policy without provoking undue alarm abroad.

In contemplating the possible results of a modified fiscal policy let us not overlook the fact that our present policy also has consequences. Not far ahead of us looms a fourth winter of unemployment, with the probability that from six to nine million men will be on the streets. Between now and that time it is imperative that vigorous and courageous steps be taken to revive industry. If nothing has been done, if leadership has not been shown by either political party, if the public enters that fourth winter with a deepened sense of hopelessness and despair, the demand will no longer be for moderate and controlled inflation and we shall find ourselves back in one of the old-fashioned cheap-money fights of the nineteenth century.

Sooner or later the enormous gold mine which the world has miraculously discovered in India is bound to produce an effect. But this is a year when business is disposed to do much waiting—to wait for the outcome of tax legislation here and of elections here and in France, to wait for the results of Lausanne in June and Ottawa in July, to wait for the drop in prices to cease. Unfortunately, by waiting for the drop to cease, business causes it to continue. Under these circumstances leadership in initiating a recovery is needed from the Government. A public-construction program of a billion dollars would not in itself put more than one-eighth (possibly only one-tenth) of the unemployed back to work, but it is probably as large a program as could be satisfactorily managed on short notice. Its principal effects, however, would be indirect. By halting the drop in prices and by putting a little more profit into business, it would give many enterprises the courage to do some long-deferred spending. This in turn would gradually cause consumers to spend more rapidly, and the upward spiral would be started. Surely our leaders in Washington can visualize what a fourth winter of unmitigated unemployment would mean. Why, then, do they tempt fate by planning a Budget which will aggravate rather than diminish unemployment?

SUMNER H. SLICHTER.

WISCONSIN FREE LIBRARY COMMISSION,
Madison, April 27, 1932.

Hon. ROBERT F. WAGNER,
Senate Chamber, Washington, D. C.

DEAR SENATOR WAGNER: The $1,000,000,000 bond issue for the immediate construction of previously authorized public works which you propose seems to me well worth trying. It has been demonstrated that the measures thus far enacted have not met the situation. Although this is the time for the spring pick-up, conditions have during this month grown worse. Legislation already passed by Congress has apparently put the banks and other credit institutions of the country in better shape, but for recovery there must be a revival of industry. In 1922 recovery came through the expansion of private construction. Now there is no prospect of a boom in any industry. Public works alone hold promise of giving the necessary impetus to industry for a general recovery. Unfortunately, public works also are very much contracted this year. A $1,000,000,000 Federal program, however, would more than offset the contraction in State and local public works construction and might be sufficient to start a revival. At all events, it is worth trying.

Most sincerely,

EDWIN E. WITTE,
Chief Legislative Reference Library.

THE JOHNS HOPKINS UNIVERSITY,
Baltimore, Md., April 25, 1932.

The Hon. ROBERT F. WAGNER,
United States Senate, Washington, D. C.

DEAR SENATOR WAGNER: I have your letter of April 20. I should regard the issue of $1,000,000,000 of bonds for the construction of public works at the present time as inexpedient. The country is passing through a financial crisis, the deficit of the Federal Government is mounting daily, while Congress argues as to how to balance the Budget. In the meantime, the Federal reserve banks are valiantly struggling to reduce the rate of interest on loanable funds. As long as these conditions continue, the issue of additional United States Government bonds would, I think, serve to make more severe the difficulties which we are already facing. The immediate needs are that Congress should promptly balance the Budget and reject the bonus bill.

Sincerely yours,

GEORGE E. BARNETT.

METROPOLITAN LIFE INSURANCE CO.,
New York City, April 27, 1932.

Senator ROBERT F. WAGNER,
Washington, D. C.

MY DEAR SENATOR: Since receiving your inquiry of April 20, I have pondered the subject with considerable care; also, it is of course a subject which anyone in my position would naturally have had to be thinking about rather seriously—not only during the past several months, but also for a number of years, as a matter of fact. In reply, I find myself unable to agree with you any further than on the broad ethical desirability of providing more employment for wage earners—if and to the extent that that can be done in a manner that is economically sound.

On the major economic questions involved I certainly find myself unable to agree with you, much though I should like to do so. In regard to the bond market, my best judgment would be that any flotation of governmental issues that is not absolutely indispensable to balancing the Budget should be avoided, because I can not share your view that such issues would not encroach seriously, and perhaps dangerously, upon the supply of capital funds that private enterprise will need in order to help the country climb out of depression again. Furthermore, I feel the gravest doubts that a large enough volume of public-works projects that are economically defensible (even over the rather long run) could be discovered that would really ameliorate the country-wide condition of labor. I doubt that the volume of employment, whether direct or indirect, provided by public-works measures would be enough to make more than a small "dent" in unemployment—without going very far afield, and authorizing projects which would unjustifiably freeze up the country's labor and capital in projects that would not contribute correspondingly to the productiveness and welfare of society in general.

Regretting that I can not agree with the essentials of your proposal, I am

Very truly yours,

W. A. BERRIDGE.

THE BOWERY SAVINGS BANK,
New York, May 3, 1932.

Hon. ROBERT F. WAGNER,
United States Senate, Washington, D. C.

DEAR SENATOR WAGNER: I must confess that I am considerably confused as to the wisdom of pressing for additional expenditures by the Federal Government at this time, particularly if such expenditures will increase the national debt. In general, I think that public improvements which are going to last a long time should be paid for out of borrowed funds, especially when taxes are as heavy as they are now. But on the other hand, at the present time we are borrowing money to pay current expenses. There has never been, it seems to me, a clear-cut separation of these classes of expenditure in the Federal Budget and this should be done. I am not at all clear that isolated public works will do much to improve business conditions. It is somewhat doubtful whether the burden of paying for them will be offset by benefits which accrue. This is especially so where only a small proportion of the expenditure goes to labor.

I believe that there should be an orderly continuance of public works as required for national purposes but that any special effort to stimulate business or to give employment through public works should be separately considered after we have got our Budget balanced and we are a little clearer as to the results of recent efforts to stabilize business and to inspire better "economic feeling" instituted by the Federal Government. If we continue to find ourselves in the doldrums next year, the consideration of a broad program of public works would not only be desirable but necessary, but I would not be in favor of taking this step at this time.

Sincerely yours,

HENRY BRUÈRE.

UNIVERSITY OF COLORADO,
DEPARTMENT OF ECONOMICS, POLITICAL SCIENCE, AND SOCIOLOGY,
Boulder, Colo., May 6, 1932.

Senator ROBERT F. WAGNER,
Committee on Foreign Relations, Washington, D. C.

MY DEAR SENATOR WAGNER: I have had your letter of April 20 under consideration, but I do not find it so easy to give a definite opinion on it now as I would have felt I could some time ago. I think I may say that last year I was in complete accord with your bill and with the three reasons for it which you give in your letter, and I still think that the propositions are, in general, sound.

Some things have occurred recently, however, to make me more doubtful about the probable effects of the bond sale. I have for some time been in favor of the purchase of bonds by the Federal reserve banks, believing that such purchase would force money into circulation and would at least stop the deflation if it did not actually result in inflation. The result of the purchase of these bonds during the last few months has, however, as I think you will agree, been rather disappointing. I think now that you can not force an inflation by that means unless business is in a position to absorb the extra credit available.

I realize that this procedure of the Federal reserve banks is not exactly the same thing as your proposition, but it does make me think that the issue of a billion dollars in bonds would probably not stimulate business by the extra money available. The other phase of this proposition, however, I think is much more hopeful. I believe the best thing we could do to improve present conditions would be to increase employment and by that means extend purchasing power. Your bill would help in this line, though it would hardly be sufficient to increase purchasing power very materially.

I am considering this matter largely from the point of view of the possible relief from the depression. Of course, the mere side of giving employment is not only desirable but essential, and if the localities are not able to do it, I favor the Federal Government assisting in the work. I feel that two further points should be considered with reference to relief work by the Federal Government—a bond issue of even $1,000,000,000 would be some addition to its burdens, and the second point relates to the time it would take to put these employment projects into operation. My belief is that this depression will last another year, but after that I am hopeful we shall have decidedly better conditions unless some unforeseen event should occur in foreign affairs. If, therefore, the employment measures you contemplate could not be put into operation in the immediate future, I would be afraid that the objections to this project would almost outweigh the advantages.

I do not mind having my views made public, but as you will see, I have been unable to make a very definite or positive answer to your questions for the reason that I feel so many factors enter which have to be considered both for and against.

Very truly yours,

FREDERICK A. BUSHEE.

YALE UNIVERSITY SCHOOL OF LAW,
New Haven, Conn., April 29, 1932.

Hon. ROBERT F. WAGNER,
United States Senate, Washington, D. C.

MY DEAR SIR: I have hesitated to reply to your request for my opinion in regard to the policy of issuing bonds, to the extent of perhaps a billion dollars, for the purpose of immediately carrying on the construction of previously authorized public works, because I do not regard myself as an expert in the matter and distrust my own opinion. However, for what it is worth, my opinion is that the issuance of bonds, under present conditions, for that purpose is unsound in policy. With respect to such a proposition as this, at least, it seems to me that what is sound policy for an individual is also sound policy for the Federal Government. I am sure that in a like situation it would be very injurious for an individual to borrow money to carry out new construction. Of course, under some circumstances such borrowing for this purpose would be highly justifiable. Under present conditions of income and outgo, I think it would not be so. My belief is that under present conditions the same is true with respect to the United States Government and to its subsidiary States and municipal corporations.

Yours respectfully,

ARTHUR L. CORBIN.

YALE UNIVERSITY,
DEPARTMENT OF THE SOCIAL SCIENCES,
New Haven, Conn., April 26, 1932.

Senator ROBERT F. WAGNER,
United States Senate, Washington, D. C.

DEAR SENATOR WAGNER: Replying to your inquiry relating to bill S. 4076, I would say that I have not studied the details of the measure, but as its general nature is described by you, I regret that I could not express my approval at the present time.

It seems to me that the tender point in the present situation is the credit structure. Without support of the banks, business can not revive and the unemployed can not be given the work which will give them a living. I do not think it is practicable for the Government simply to make work by a project of public works and pay for it by the issue of bonds. Such a policy would, I am convinced, shake the credit of the Government and of our existing financial institutions so far that private business would suffer much more than would any public employees gain.

From conversation with colleagues, I am convinced that my opinion is shared by them.

I trust you will excuse the bluntness with which I state my views, as I feel sure you want them expressed with perfect frankness.

Very truly yours,

CLIVE DAY.

UNIVERSITY OF MICHIGAN,
DEPARTMENT OF ECONOMICS,
Ann Arbor, April 29, 1932.

Hon. ROBERT F. WAGNER,
United States Senate, Washington, D. C.

DEAR SENATOR WAGNER: In reply to your inquiry of April 20, relative to your S. 4076, let me say first that I have been favorably impressed with what I have heard of your previous activities in relation to the study and treatment of unemployment. Consequently I was somewhat predisposed toward any new project in the field which you might bring forward.

I also recognize many merits in this bill, as summarized by your letter. The limitation of expenditure to $1,000,000,000, to be borrowed instead of merely printed, the restriction to previously authorized works, are all conservative features which tend to inspire confidence in the economist. Your scheme would initiate a series of industrial activities, the like of which we are very sadly in need; and it might prove to be an effective impetus toward the regeneration of confidence and the improvement of prices. You can perhaps derive some supporting arguments from analogies with the last war situation, in which many billions of bonds were floated and nearly everyone was busy and happy. Mr. Keynes throws out a few suggestions of this sort in his article in the Atlantic Monthly.

Upon the whole, however, I should prefer to see the present large-scale open-market operations of the Federal Reserve Board given further opportunity to work out the beginnings of a more normal recovery, uncomplicated by such a strain on governmental finance and on the market for long-term securities as your project seems to involve. It is plausibly argued that this policy will build up reserves in the banks in such a manner as to reduce the efforts of all sorts of creditors to secure liquidation for their own protection. It is true that the provision of cheap money through the banks will not so surely and immediately put men to work as will your scheme, but if even a small start toward recovery can be secured within a few months by the more normal methods of business, I think we should get further ahead in a year's time by those methods without the complications involved in large new Government borrowings and expenditures. No doubt the public works you refer to are convenient and perhaps necessary in the long run, and no doubt costs are especially favorable just now. Nevertheless I imagine some of these projects were authorized in more rosy times, when they would naturally seem more worth while than is actually the case now.

Faithfully yours,

Z. C. DICKINSON,
Professor of Economics.

CHICAGO, *April 28, 1932.*

Hon. ROBERT F. WAGNER,
United States Senate, Washington, D. C.

MY DEAR SENATOR WAGNER: Your letter of April 20 has been forwarded to me here.

When in Washington some weeks ago, I suggested to a friend, who is a member of the House Committee on Appropriations, that it seemed to me doubtful whether increased Federal expenditures were justified under present conditions. As you know, projects for public works grow, and even though many types of structural work may be expected to have a long life, there is, in my opinion, much merit in the effort to finance such projects through current revenues rather than through long-term bond issues. The theory of long-term bond issues is that the next generation will have the benefit of the improvement and therefore should bear a part of its cost, but, as a matter of fact, with the development of new needs and with the obsolescence of many improvements that are expected to have a long life, the next generation will probably have sufficient burdens without bearing expenditures that we incur.

My personal feeling is that governmental bodies should restrict rather than increase expenditures. It is true that large expenditures for public works may have some influence in stimulating a return to better conditions, but may other factors not be the decisive ones in bringing back better industrial conditions?

Very truly yours,

WALTER F. DODD.

BROWN UNIVERSITY,
Providence, R. I., May 7, 1932.

Senator ROBERT F. WAGNER,
United States Senate, Washington.

DEAR SIR: On general principles and under the ordinary conditions of an industrial depression accompanied by great unemployment, I should distinctly favor the plan embodied in Senate bill 4076 as described by you in your letter of April 20. The present depression, however, has gone so far as to undermine confidence not only in the ability of the Government to balance its Budget, maintain its credit and the soundness of its money, but in the stability of the whole financial structure. Unless this confidence can be restored with the balancing of the Budget as the first step, no increase of expenditures on public works will, I believe, have more than a slight and temporary effect in stimulating industrial activity. Such increase might, rather, intensify distrust in the financial situation and delay industrial recovery.

The vital thing, under such conditions as exist at present, is the restoration of confidence in the financial system. In any case there will be large increase in the debt of the National Government before the balancing of the Budget is accomplished and I should hesitate at the moment to add $1,000,000,000 to this increase even for the purpose of giving employment on public works.

It is true that restoration of confidences in the financial situation will not by itself bring about industrial revival, but it is an indispensable condition of such revival. Germany, France, and England have had to face this fact.

Confidence restored, it will be time to consider whether we can hasten industrial recovery (which in any case must be slow) by borrowing money to provide for expenditures on public works.

Respectfully,

HENRY B. GARDNER.

HARVARD UNIVERSITY,
DEPARTMENT OF ECONOMICS,
Cambridge, Mass., April 26, 1932.

Senator ROBERT F. WAGNER,
United States Senate, Washington, D. C.

DEAR SENATOR WAGNER: I regret that I have not seen the bill (S. 4076) to which you refer in your letter to me of April 20. Without knowing more fully its contents it is obviously impossible for me to discuss it in detail. In general, however, I should be inclined not to favor the principle of the bill for two reasons.

First, the balancing of the Budget seems to be imperatively called for, and while for every item of expenditure which could be omitted or postponed there may seem good reason per se for continuing it, there will be no heavy reduction possible unless all are prepared to make sacrifices.

As long as I am not acquainted with the terms of the bill, I should not perhaps bring forward a second reason, but I suppose that a public works measure would provide for the continuance of grants to match State grants on road building. The road building of the last decade has been a major accomplishment, but I think its further extension can afford to wait until States and municipalities have also started to economize as well as the Federal Government.

Very sincerely yours,

EDWIN F. GAY.

THE OHIO STATE UNIVERSITY,
DEPARTMENT OF ECONOMICS,
Columbus, April 23, 1932.

Hon. ROBERT F. WAGNER,
United States Senate, Washington, D. C.

DEAR SENATOR: I have been much impressed with the efforts you have made in this and preceding sessions to secure legislation in behalf of the unemployed, and feel that you deserve commendation for these efforts.

I am not opposed in principle to provisions for aiding the unemployed by Government appropriations for necessary work, provided that steps have been taken for this purpose during times when conditions are normal and appropriations made to be used at the times when there is unemployment. I am obliged to say, however, that I think such public work is likely to be more beneficial for short terms of unemployment than as a means of curing such a depression as we are now in.

In regard to the proposals which you have made in your letter of April 20 and which are incorporated in Senate bill 4076, I have a feeling that they would not be beneficial at the present time. In my opinion, an appropriation of $1,000,000,000 to be met by an increase in the public debt would prove very unsettling to business conditions. People are greatly concerned over the growing indebtedness and the trouble which the Government has in trying to balance its Budget. Some even feel that an increase in the indebtedness might drive us off the gold standard. Under the circumstances I feel that the Government should not undertake to make large appropriations even for such a worthy cause. I believe that without this conditions will be stabilized as soon as prices in certain lines have become adjusted to price reductions which have already taken place in other lines. Large appropriations for public works would hinder such an adjustment and consequently would be unfavorable to efforts which private industry will otherwise make to resume operations.

Respectfully yours,

M. B. HAMMOND.

UNIVERSITY OF MINNESOTA,
EMPLOYMENT STABILIZATION RESEARCH INSTITUTE,
Minneapolis, April 28, 1932.

Senator ROBERT F. WAGNER,
United States Senate, Washington, D. C.

MY DEAR SENATOR WAGNER: I am sending you herewith a memorandum with respect to the question which you raised in your letter. You will notice that it is a mimeographed memorandum, and I am placing it also in the hands of other friends. You will note that in my opinion this is not an advantageous time to engage in public works on the scale which is suggested in your bill. In my view, public works can be articulated with the central banks program, but I feel that it is important to coordinate these two policies.

Very truly yours,

ALVIN H. HANSEN, *Professor of Economics.*

THE JOHNS HOPKINS UNIVERSITY,
Baltimore, Md., April 22, 1932.

The Hon. ROBERT F. WAGNER,
United States Senate, Washington, D. C.

MY DEAR SENATOR WAGNER: I am complimented that you should write me as you have done under date of April 20. The academic economists of the country—among whom I claim a modest place—are keenly aware of the earnestness and sincerity which you have shown in grappling with the current depression; and it would be unworthy for any of them to hesitate to make any contribution in however small a way by an expression of frank opinion.

The practicability of public construction in intensified form, serving to relieve the economic situation, was presented to me as a member of the committee on program of Federal public works (headed by James R. Garfield, of Cleveland), of the President's organization on unemployment relief. I gave the subject the best thought of which I am capable and eventually subscribed to the committee's report of December 16, 1931, with which you are doubtless familiar.

I believe that the opinions embodied in that report are applicable to your present project. Indeed, I wonder if the financial developments of the past months do not intensify them. The critical phase of the present situation seems to me fiscal even more than social or economic. You will understand, I do not minimize the distress of unemployment or the stagnation of business. But more critical than either of these, it seems to me, is the menace to our national solvency and to our credit structure. My feeling is that all efforts should at this time be concentrated upon their repair, and that nothing should be hazarded which might endanger the effectiveness of the remedial action in progress. It is for this reason that I find myself in bitter opposition to the bonus plan and in acquiescent mood to any measures of taxation that will balance the national budget.

I fear what I have written will be of very little help, perhaps even of little interest to you, but it will serve to convey my general feeling that, confronted as we are by a paramount requirement, it will not do to venture into uncertain efforts to accomplish minor correctives.

Very respectfully yours,

JACOB H. HOLLANDER.

DARTMOUTH COLLEGE, DEPARTMENT OF ECONOMICS,
Hanover, N. H., April 27, 1932.

The Hon. ROBERT WAGNER,
United States Senator from New York, Washington, D. C.

DEAR SENATOR WAGNER: I have your letter of April 20 asking for comments on Senate bill 4076. It is my opinion that the program laid down in this bill is an admirable one but that it is not advisable to ask for the loan of $1,000,000,000 to put your plan into execution at this time. The plan should be instituted at a time of normal business and appropriations made against the further downturn in the business cycle, then when that turn comes money previously appropriated should be used for an extensive program of public building. If your bill had been passed in a previous session when it was first introduced, enough money would have been accumulated to have been used in the present depression and expended at the present time certainly would have helped alleviate conditions in the building trades. Through them, of course, the benefits would have radiated to many other industries. However, since the bill did not pass, at the present time, I do not think it is wise to saddle the Government with any further financial obligations in the middle of this depression. It is the Government's job at the present moment to raise its income and cut its expenses. Your bill would make more difficult the latter point.

You may use this letter in any way that you see fit.

Sincerely yours,

MALCOLM KEIR.

NEW YORK UNIVERSITY,
SCHOOL OF COMMERCE, ACCOUNTS, AND FINANCE,
New York, April 22, 1932.

Hon. ROBERT F. WAGNER,
United States Senate, Washington, D. C.

MY DEAR SENATOR WAGNER: In your letter of April 20, 1932, you ask for my views of your bill to finance the construction of public works by means of a billion-dollar bond issue.

There can be no question about the very great importance of relieving unemployment. Any steps in this direction, however, should be carefully safeguarded. If general prices should remain at their present level, it seems to me entirely impossible to eliminate unemployment until wages have fallen in approximately the same proportion as commodity prices. If, therefore, the Government employs men at the old wage rates, namely, those applicable to a higher price level, the chief result is to make unemployment persist. This, of course, is the opposite of what you desire to accomplish. I am inclosing an article which appeared not long ago in the Herald Tribune, which will make my position clear in this connection.

Periods of unemployment have a habit of recurring at frequent intervals, usually once in three or four years. Most of the periods are, of course, not so lengthy or severe as the present one. However, the frequency of recurrence of these periods of idleness raises the question as to whether it is sound fiscal policy to finance unemployment relief by means of long-term bond issues. If this policy is once instituted, will it not mean that the Government will continue to go deeper and deeper into debt?

Another very important question which has been raised is the following: If bonds are sold, they must be bought by some one. Will not the bond buyers curtail their purchasing power heavily? May not this curtailment cause unemployment in other lines to about the same extent that Government construction work gives employment? The relationships involved are so intricate that I do not feel sure as to how much validity there is in the point of view just stated. I am sure, however, it is worthy of careful consideration.

At present the Nation is suffering very seriously from underproduction. The most desirable thing to do is, therefore, to stimulate production in the fields in which the unemployed usually work. To do this is, however, not a simple matter. My feeling is that the most promising method of attacking the problem is to begin by restoring the average of prices to the 1926 level. The

plan is outlined in the Goldsborough and Fletcher bills now before Congress. It seems highly probable to me that an increase in the price level would stimulate production and eliminate unemployment more rapidly than any other measure that can be adopted at the present time. The Goldsborough bill provides a simple, rapid, and effective method of restoring the price level. If such restoration were accomplished and unemployment still persisted, it would seem to me that it would then be necessary to try more difficult methods of eliminating unemployment. I am taking the liberty of inclosing a copy of a recent article of mine on How Raise the Price Level. Perhaps you may be interested in it.

Hoping that my suggestions may be of some assistance to you, I remain,

Very respectfully,

WILLFORD I. KING,
Professor of Economics.

THE JAMES MILLIKIN UNIVERSITY,
DECATUR COLLEGE AND INDUSTRIAL SCHOOL,
Decatur, Ill., April 23, 1932.

Hon. ROBERT F. WAGNER,
United States Senate, Washington, D. C.

DEAR SIR: I think we should not strive to extricate ourselves from the results of our mistakes by foisting upon future generations any more burdens.

Cut down expenses; stop pouring money into battleships and other sterile enterprises. Curtail. I answered a perfectly useless questionnaire last week, sent out by the Commissioner of Education. He wanted to know how many hours a week I worked outside of classroom, etc. Let's save the salary of the clerk who compiles such useless results.

Mused Cleveland once: "The people of the United States should erect a monument to me." "Why?" asked a curious listener. "For the things I have prevented," was his answer.

A suggestion is there for Congressmen who think their main function is to spend money, our children's as well as our own.

Sincerely yours,

ALBERT T. MILLS,
Professor History and Political Science,
Millikin University, Decatur, Ill.

UNIVERSITY OF KANSAS SCHOOL OF BUSINESS,
Lawrence, April 28, 1932.

Senator ROBERT F. WAGNER,
United States Senate, Washington, D. C.

DEAR SENATOR WAGNER: I have your letter of the 20th. I am inclined to believe that a bond issue of $1,000,000,000 for the construction of public works would not be desirable at the present time. Even though public construction has been retarded and even though there may be a sale for the contemplated bonds, I feel that the most important thing that the Federal Government can do at present is to reduce its Budget and to prevent any further expansion of the public debt. I believe that it would be demoralizing to the people of the country, rather than encouraging, for the Government to launch into a vast program of public improvements. The payment of interest on a billion dollars' worth of bonds would add materially to the budgetary needs of the country.

Private business is striving desperately to get back on its feet once more. It is not anxious to see further increases in the tax burden. While the contemplated bond issue would be a help to the construction industry, it would mean heavier taxes for everyone else. The country will show improvement as soon as private business has adjusted itself to the lower prices through curtailment of costs. In due time private business will work its way out of the situation. I can not see that it will be of any material help for the Government to engineer a plan whereby, while it helps certain industries for the time being, it adds at once to the burden and uncertainty of others.

While I do not agree with the proposal which you have in mind, I would like to add that I have always admired the forward-looking point of view which you have taken in the Senate of the United States. I believe that, among other things, you may be able to stop the useless spending of public money in connection with the Doak plan. I am not sure that public employment agencies could be of much help at present, but I am absolutely certain that the Doak-plan employment directors are making practically no return whatever for the money which is spent on them.

Respectfully yours,

FRANK T. STOCKTON.

THE UNIVERSITY OF NEBRASKA,
COLLEGE OF LAW,
Lincoln, April 28, 1932.

Hon. ROBERT F. WAGNER,
United States Senator, Capitol Building,
Washington, D. C.

DEAR SIR: Responding to your circular letter of April 20 for expressions of opinion on the advisability of passing Senate bill No. 4076, authorizing a bond issue of a billion dollars to provide for construction of public works, my opinion is that the proposal is unsound and ought not to be carried out.

My reasons may be briefly stated as follows: (1) I do not believe that the process of further plunging the Federal Government into debt is an effective method of getting out of depression. Rather, I believe further increases in public debt will so adversely affect confidence as to greatly outweigh any direct benefits from stimulated demand through such loans. What is borrowed will have to be repaid. Confidence is not built on increasing obligations; (2) the arguments mentioned in your circular favoring the proposal seem to me unsubstantial in that they apparently lose sight of the adverse effects of piling up more debts for works that are relatively unproductive.

As requested, I have given you my opinion for whatever it is worth, although not expecting that a United States Senator who has access to much information and who has already made up his mind will be likely to be swayed by it.

Yours sincerely,

LAWRENCE VOLD.

ADDRESS BY E. A. O'NEAL, PRESIDENT AMERICAN FARM BUREAU FEDERATION

Mr. THOMAS of Oklahoma. Mr. President, I ask to have printed in the RECORD an address by E. A. O'Neal, president American Farm Bureau Federation, on the N. B. C. program, May 14, 1932.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

Two months ago, on March 12, I addressed this Farm Bureau "party-line" audience from the National Broadcasting Co.'s studios in Chicago. I told you then that I was on my way to Washington to appear in your behalf before the Banking and Currency Committee of the House of Representatives.

Talking to you on March 12, I said: "It shall be my purpose to present to that committee the seasoned, balanced judgment of the membership of our great Farm Bureau organization, in the form of a program which will free our agricultural, industrial, and commercial life from the grasp of an inadequate, maladministered monetary system."

I also asked you to wire or write your Congressmen urging that they give heed to the program which you were presenting through your organization—the American Farm Bureau Federation.

Four days later I appeared before that committee, and it was my proud privilege to read into their records the messages and names of more than 9,000 "party-line" listeners, and later to forward to them many thousands additional messages I had received.

A month ago I again talked to you from the Chicago radio studios and urged you to continue to make known your wishes to your representatives in Congress by letter and telegram.

To-day I am talking to you from Washington, D. C. The battle is on. Since that hearing in March an "honest dollar" bill has been drafted. It was introduced into the House of Representatives by Congressman GOLDSBOROUGH, of Maryland.

On May 2 this bill was passed—289 voting for it, 60 opposing—a signal victory for organized agriculture and a direct result of your response to my radio plea. This bill is now before the United States Senate.

To-day I call on you for one more effort. Let every loyal Farm Bureau man and woman write at once directly to their Senators demanding action on this vital piece of legislation designed to give this Nation an "honest dollar."

In my previous radio talks I have pointed out the three points necessary to bring about a return of prosperity: First, a restoration of commodity prices. Second, equality for agriculture with all other groups; and since I last talked to you on the radio a composite bill reflecting the desires and wishes of not only the Farm Bureau but the National Grange and Farmers' Union has been introduced in the Senate by Senator MCNARY, of Oregon—in the House by Congressman FULMER, of South Carolina.

The third step in our program is yet to be taken, and that is the development of a proper program of economy and efficiency in Government—local, State, and National.

It is a proud moment, as president of the American Farm Bureau, to tell you of this tremendous progress here in Washington. Two months ago they said it couldn't be done. Politicians said, "nothing doing"; we were going into national conventions and a national political campaign. They didn't want to touch this situation; but organized agriculture has made its influence felt in Washington. Party lines have broken down. Republicans and Democrats, recognizing the tragic situation that exists throughout the Nation, have stood shoulder to shoulder, putting over the program of organized agriculture.

If you will but continue a little while longer in constantly registering your desires and wishes upon your Congressmen and Senators, we will carry through the greatest legislative program ever designed for the protection and stabilization of our basic industry—agriculture.

The immediate problem is to secure favorable senatorial action on the Goldsborough "honest dollar" bill. Passage of this legislation will help restore confidence in money as a medium of exchange by giving the United States an "honest dollar."

In this bill Congress lays down a mandate to the Federal Reserve Board to use its powers to stabilize the purchasing power of the dollar and restore commodity prices to the average level for the years 1921 to 1929. The bill has the double purpose of restoring commodity prices and of retaining that normal price level once it is attained.

The breakdown in the free exchange of goods and service, world-wide, is due to the failure of national and international monetary systems. The supply of gold, the basis of world exchange, has run low. The hardships which afflict so many millions of our people are due to failure in the monetary system.

The Right Hon. Winston Churchill in a recent address said: "The hideous processes of deflation have but to go on to isolate the nations and reduce them to the barbarism and barter of the Dark Ages * * *."

Economists tell us that the deflation of the Federal Reserve Board in 1921 brought about the confiscation of wealth from its rightful owners amounting to $40,000,000,000. The present deflation of commodity prices has resulted in the loss of more than $100,000,000,000.

Doctor Warren, of Cornell, in his February report this year estimates public and private debts in the United States to be over $200,000,000,000. How are we going to pay them?

The daily papers tell us that foreign nations are not going to pay their debts to us. How can they with our high-priced dollar, which to-day is valued at 161 in our basic commodities.

One-fourth of all the farms in Mississippi were recently foreclosed for taxes, simply because the commodities produced on the farms in that State were so low in value the farmers could not meet their fixed obligations.

In spite of all the measures that have been passed by Congress to restore confidence none of them have gone to the grass roots; none of them have helped to restore commodity prices. The report of April 29 from the Department of Agriculture gives the last farm price index as 49, a gradual decline in the farm price index.

This situation must be changed. The price level of farm commodities must be raised. Our national well-being demands it. The great Republic of France has been the wonder of the world since the French Revolution. Any study of that country shows that protection of agriculture has been the prime object of French statesmanship. On the other hand, the policy of Great Britain has been to build industry and commerce, and how she has suffered and is suffering.

If our Nation, the United States, is to return to the path of prosperity and advancement, it must enact wise laws and develop a national policy that will first of all protect and advance our agriculture.

We have made tremendous advancement in this direction. You farmers out on your own farms have done it by making your desires known to your Representatives in Washington. First came our great victory when the vicious sales-tax proposal was defeated. Then the honest dollar bill was carried with an overwhelming vote through the House of Representatives. Legislation embodying the equalization-fee proposal is now before the House and Senate. This must be pushed through to successful conclusion.

And, finally, your organization pledges itself to carry forward in its program to secure efficiency and economy in government to the end that the overwhelming tax burden of the Nation may be lightened.

We now have before us a new scheme to make the country prosperous. We are to have another billion and a half addition to the funds and credits of the Reconstruction Finance Corporation to saturate the country further with more loans. Agriculture in this scheme will get only secondary, if any, benefits. I must be frank to say that too much at Washington the Nation is sought to be healed without intensive efforts made to cure the afflictions of that greatest group in our Nation—agriculture. Until farmers get back on the purchasing line, and until they can begin paying their debts rather than incurring more, the Nation will be in a sorry plight. Some time I hope our economic doctors will learn to begin at the foundation of things—the grass roots—to cure the evils which afflict us rather than beginning at the top by the use of mere palliatives.

Approximately there are only three weeks left for this Congress to complete the legislation, such as I have described to-day. If the Congress does not apply itself, in this short time, more intently than it has thus far this session to agricultural questions, the folks out in the country will surely reflect themselves in no unmistakable way at the neglect which Congress has evidenced in regard to farm legislation. But let us keep up the fight until the last minute of the session of Congress. Let us do our part in regard to agricultural legislation, and if our officials at Washington fail to do theirs, the responsibility will not be on us.

I want you folks of the "party line" to know that the Farm Bureau is carrying forward in a glorious fashion here in Washington, but my job is just to represent you. Your Congressman and your Senator aren't interested in me. They are interested in the man back home on the farm. A letter or a telegram from you will do the job to-day.

POSITION OF MR. THOMAS OF OKLAHOMA ON IMPORTANT ISSUES AND MEASURE

Mr. THOMAS of Oklahoma. Mr. President, I ask unanimous consent to have printed in the RECORD selected extracts from the CONGRESSIONAL RECORD showing my positions and votes on some of the more important issues and measures.

There being no objection, the matter referred to was ordered to be printed in the RECORD, as follows:

[Sixty-eighth, Sixty-ninth, Seventieth, Seventy-first, and Seventy-second Congresses]

EXTRACTS FROM CONGRESSIONAL RECORD SHOWING YEA-AND-NAY VOTES CAST BY ELMER THOMAS AS A MEMBER OF THE HOUSE OF REPRESENTATIVES AND AS A UNITED STATES SENATOR UPON THE SUBJECTS OF RELIEF FOR UNEMPLOYED, ECONOMY, VETERANS' LEGISLATION, CANCELLATION OF WAR DEBTS, SMITH AND VARE CONTESTS, IMMIGRATION, CONFIRMATIONS, WALSH RESOLUTION, LAME-DUCK SESSIONS, SECRET SENATE SESSIONS, AGRICULTURE, LABOR, AND NATIONAL POLICIES

UNEMPLOYMENT

(In the Senate of the United States, Tuesday, December 22, 1931)

Mr. THOMAS of Oklahoma. What is the condition among the people of the country to-day? Men are out of work. Our men. Our neighbors. Our citizens. Honest, hard-working folk. Your constituents and mine, men who support the Government in times of peace, and men who defend it in times of war.

What is being done to either avert or relieve this pending and growing disaster?

The administration plan is for each community to solve its own problems and provide for its own distressed. If this plan fails, if communities do not provide bread and soup and flop houses, then what may happen?

* * * * * * *

In my section of the country we were blessed with bountiful crops, yet the market price was far below the cost of production. Wheat sold for less than 25 cents per bushel, cotton sold for less than 6 cents per pound, and oil sold for less than 20 cents per barrel.

Mr. President, we can not live under such conditions. We have come to the forks of the road. The highway over which we are invited to travel is a continuation of the path of liquidation and deflation and can lead only to stagnation, collapse, and chaos.

* * * * * * *

I favor a nation-wide program for necessary internal improvements to be initiated and developed to the end that "our men, our neighbors, our citizens, honest, hard-working folk," your constituents and mine, may be tided over.

S. 3045. La Follette-Costigan unemployment relief. Vote taken February 16, 1932 (paired), yes.

S. 3060. To provide national employment system. Vote taken April 12, 1930, yes.

S. J. Res. 110. To donate Federal Farm Board wheat to distressed people. Vote taken January 29, 1932, yes.

S. Res. 338. By THOMAS of Oklahoma, providing special select committee to devise plans and prepare bills for relief of the unemployed. Vote taken December 4, 1930, yes.

VETERANS' LEGISLATION

Mr. THOMAS of Oklahoma. Mr. President, the bill I am sponsoring declares an emergency in favor of soldiers called to the colors, commanded to cross the seas and to fight on foreign soil. Youth, the flower of America in 1917—veterans, maimed, gassed, diseased, ill, and unemployed in 1932.

Senators, contrast the boys who were sent away in 1917 with the multiplied thousands of veterans who, on this cold, bleak, icy day, are cold and hungry and who are wondering, hoping, and praying that the Government they gave their all to defend and protect will not deny their petition now on file with the proper branch of their Government.

* * * * * * *

Mr. President, what is government for? Is it not to help those who need help? Is it not to protect those who need protection, and to aid those who can not help themselves?

I maintain that the best national insurance we can provide is to keep America worth fighting for, to help those who can not help themselves and to care properly for those who have fought our country's battles.

H. R. 8132. Spanish-American War veterans increase in pensions. Vote taken June 2, 1930, yes.

H. R. 13174. World War veterans' bill. Vote taken June 23, 1930, yes.

H. R. 17054. To increase loan basis of adjusted-service certificates. Vote taken February 19, 1931, yes.

To pass over President's veto. Vote taken February 27, 1931, yes.

CANCELLATION OF WAR DEBTS

H. R. 6773. Italian debt settlement. Vote taken January 15, 1926, nay.

H. R. 11848. French debt settlement. Vote taken June 2, 1926, nay.

H. R. 14254. Great Britain. Vote taken February 26, 1923. (Note: Was not Member of Congress at that date.)

SMITH AND VARE CONTESTS

S. Res. 1. To give Smith, of Illinois, seat in the Senate. Vote taken January 19, 1928, nay.

S. Res. 2. To give Vare, of Pennsylvania, seat in Senate. Vote taken December 6, 1929, nay.

LABOR

S. 935. Anti-injunction bill. Vote taken March 1, 1932, yes.

H. R. 11325, Employees' compensation act. Vote taken January 17, 1927, yes.

H. R. 9463. Howell-Barkley bill providing, plan of adjusting labor disputes. Vote taken March 1, 1926, yes.

NATIONAL POLICIES

H. R. 147. Moratorium, to authorize postponement of amounts payable to United States from foreign governments during 1932. Vote taken December 22, 1931, nay.

S. 1. Reconstruction Finance Corporation, to provide emergency financing facilities for banks, railways, and other institutions. Vote taken January 11, 1932 (paired), nay.

H. R. 2667. Hawley-Smoot tariff bill. Vote taken May 19, 1930, nay.

H. R. 15593. To provide compulsory military training in schools supported by public funds. Vote taken January 29, 1931, nay.

H. R. 10286. To increase number of national reserve officers for training from 16,000 to 20,000. Vote taken February 27, 1928, yes.

S. Res. 52. Tariff rates should be reduced immediately. Vote taken January 16, 1928, yes.

AGRICULTURE

Mr. President, there are two theories as to how conditions may be helped. There is one opinion to the effect that if the big corporations, such as the railroads, the banks, the insurance companies, and the captains of industry can be made prosperous, then perchance a few crumbs from their tables may fall to those below who perform the labor, create the wealth—many of whom to-night are in want and distress.

Another theory, and the one to which I subscribe, is that if something can be done to provide work at remunerative wages and thereby reinvest buying power in the great mass of our people, then through such a plan the big corporations and the financial giants are certain to get their rewards in the form of profits and dividends.

* * * * * * *

IN SUPPORT OF SMITH AMENDMENT PROVIDING FUNDS TO BE LOANED TO FARMERS

Mr. President, the agricultural class must not be overlooked. Farmers, en masse, constitute our largest single group. Thirty million American citizens, men, women, and children, reside and live upon the farms. Add to the army of the unemployed the agricultural group and you have one-half, at least, of our total population—the farmers without buying power and the unemployed without means of support. The amendment submitted by the Senator from South Carolina is the only item in any bill having a chance of passage, which proposes even a shadow of relief for one-half the population of America.

S. Res. 91. Borah resolution limiting tariff hearings to agricultural schedules. Vote taken June 17, 1929, yes.

H. R. 7893. Cooperative marketing bill. Vote taken January 26, 1926, yes.

S. 4808. McNary-Haugen farm relief bill. Vote taken February 17, 1927, yes.

S. 1. Farm marketing relief bill. Vote taken June 14, 1929, yes

IMMIGRATION

S. 51. To limit immigration. Vote taken May 13, 1930, yes.

CONFIRMATIONS

Confirmation of George Otis Smith to be member Federal Power Commission. Vote taken December 20, 1930, nay.

Confirmation of John J. Parker to be an associate justice of the United States Supreme Court. Vote taken May 7, 1930 (paired), nay.

WALSH RESOLUTION

S. Res. 83. Walsh resolution to investigate public utilities. George of Georgia amendment to have investigation made by Federal Trade Commission. Vote taken February 15, 1928, yes.

Resolution on final passage. Vote taken February 15, 1928, yes.

"LAME-DUCK" SESSION

S. J. Res. 14. To abolish "lame-duck" sessions of Congress. Vote taken January 8, 1932, yes.

FEDERAL HUNTING LICENSES

S. 1271. Migratory bird bill, to strike out Federal hunting license requirements. Vote taken April 17, 1928, yes.

SECRET SENATE SESSIONS

S. Res. 19. To abolish secret executive sessions of the Senate. Vote taken June 18, 1929, yes.

ECONOMY

S. 4663. Appropriation of $125,000,000 for public buildings in Washington, D. C. Vote taken February 7, 1927, nay.

S. 2005. Enlargement of Capitol Grounds. Vote taken June 21, 1926, nay.

S. 4750. To spend $30,000,000 in repairing three battleships. Vote taken January 16, 1931, nay.

Amendment providing for establishment of summer White House at Mt. Weather, Va. Vote taken February 27, 1929, nay.

S. 51. To authorize construction of 150 battleships at cost of $1,000,000,000. Vote taken May 6, 1932, nay.

H. J. Res. 107. Reduction and limitation of armaments. Vote taken January 18, 1926, yes.

S. Con. Res. 1. By THOMAS of Oklahoma: Instructing committee to reduce all appropriations to essential and nonavoidable items. Resolution pending.

H. J. Res. 133. Rebating income-tax payers $160,000,000. Vote taken December 14, 1929, nay.

RECESS

Mr. SMOOT. Mr. President, I move that the Senate, in accordance with the order previously made, take a recess until 12 o'clock to-morrow.

The motion was agreed to; and the Senate (at 10 o'clock p. m.), under the order previously entered, took a recess until to-morrow, Tuesday, May 17, 1932, at 12 o'clock meridian.

HOUSE OF REPRESENTATIVES

MONDAY, MAY 16, 1932

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

Heavenly Father, the morning is Thy great gift! It is always morning where Thou art. We thank Thee for the morning star, for the morning light, and for the morning hope and promise. O fill our souls with the beauty and the glory of the daydawn. Let Thy spirit constrain us to every good word and work by permitting us to hear Thy voice, feeling Thy nearness, and being conscious of Thy power and purpose. Stand by, O Lord, ignoring our weakness, whispering peace into our breasts and inspiring us with strength and hope. Lift us up to a high realization that reality surpasses all dreams, that goodness lives on, and that love will outshine all earthly radiance forever and ever. Amen.

The Journal of the proceedings of Saturday, May 14, 1932, was read and approved.

STATUS OF OPERATING PERSONNEL OF AIRCRAFT IN NAVY AND MARINE CORPS

The SPEAKER. This is Consent Calendar day. The Clerk will call the first bill on the calendar.

The Clerk called the first bill on the Consent Calendar, H. R. 6599, to amend the act entitled "An act to authorize the construction and procurement of aircraft and aircraft equipment in the Navy and Marine Corps, and to adjust and define the status of the operating personnel in connection therewith," approved June 24, 1926, with reference to the number of enlisted pilots in the Navy.

The SPEAKER. Is there objection to the present consideration of the bill?

Mr. LAGUARDIA. Reserving the right to object, will the gentleman from Georgia give us a little explanation of this matter?

Mr. VINSON of Georgia. Mr. Speaker, this bill was reported to the House by the gentleman from New Jersey [Mr. SUTPHIN], but I will endeavor to answer any questions which the gentleman from New York may desire to ask.

Mr. LAGUARDIA. May we not let this go over until the gentleman from New Jersey is present?

Mr. VINSON of Georgia. Has the gentleman from New York any objection to the bill?

Mr. LAGUARDIA. I think that what the bill seeks to do is a matter of policy of great importance, and whether or not we should extend to a greater degree flying status to enlisted men is one which requires a great deal of thought and study.

Mr. VINSON of Georgia. The object of the bill is not to do that. The object of the bill is to do the opposite thing.

Mr. LAGUARDIA. Why?

Mr. VINSON of Georgia. Under the law to-day 30 per cent of our pilots must be enlisted men. The proposal is to change it and require only 20 per cent enlisted men, for the reason that both the Army and the Navy are experiencing considerable difficulty in complying with the law.

Mr. LAGUARDIA. I would go down to 15 per cent.

Mr. VINSON of Georgia. Well, I think 20 per cent is what the Army has. It must be borne in mind that the standard now requires 30 per cent of all pilots to be enlisted

men, and it is so drastic that the department can not get aviators.

Mr. LAGUARDIA. I agree to that.

Mr. VINSON of Georgia. The object of this bill is to make it 20 per cent instead of 30 per cent.

Mr. LAGUARDIA. I think 20 per cent is too high.

Mr. VINSON of Georgia. I suggest the gentleman let the bill be passed at 20 per cent, because it is half of the loaf which the gentleman is advocating. If 20 per cent is too high, I am willing to go along with the gentleman for a further reduction.

Mr. LAGUARDIA. Especially in naval aviation, and no one has urged it stronger than the gentleman from Georgia [Mr. VINSON] that they must also know navigation.

Mr. VINSON of Georgia. That is correct.

Mr. LAGUARDIA. And must be trained in Navy maneuvers.

Mr. VINSON of Georgia. But at the same time I do not want the aviation organization composed exclusively of graduates of the Naval Academy. I want the boy who enlisted in the Navy to have some incentive and ambition to get into the aviation branch, and this bill affords him an opportunity.

Mr. LAGUARDIA. But he must have the educational background in order to be a successful pilot.

Mr. VINSON of Georgia. That is correct. I suggest to the gentleman that we are both together in that, and that the gentleman should let this bill go through, because it is in harmony with what is in the gentleman's mind.

The SPEAKER. Is there objection to the present consideration of the bill?

There was no objection.

The Clerk read the bill, as follows:

Be it enacted, etc., That paragraph 8 of section 3 of the act of June 24, 1926 (44 Stat. L. 767; U. S. C., Supp. V, title 34, sec. 735), entitled "An act to authorize the construction and procurement of aircraft and aircraft equipment in the Navy and Marine Corps, and to adjust and define the status of the operating personnel in connection therewith," is hereby amended to read as follows: "On and after July 1, 1931, and in time of peace, not less than 20 per cent of the total number of pilots employed in aviation tactical units of the Navy and Marine Corps shall be enlisted men, except when the Secretary of the Navy shall determine that it is impracticable to secure that number of enlisted pilots."

With the following committee amendment:

Page 2, line 2, strike out "1931" and insert in lieu thereof "1932."

The committee amendment was agreed to.

The bill as amended was ordered to be engrossed and read a third time, was read the third time, and passed.

A motion to reconsider was laid on the table.

ADDITIONAL JUSTICE OF THE COURT OF APPEALS OF THE DISTRICT OF COLUMBIA

The Clerk called the next bill on the Consent Calendar, H. R. 11336, providing for an additional justice of the Court of Appeals of the District of Columbia.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the President is authorized to appoint, by and with the advice and consent of the Senate, an additional justice of the Court of Appeals of the District of Columbia, who shall possess the same powers, perform the same duties, and receive the same compensation and allowance as the present justices of said court.

SEC. 2. That whenever a vacancy shall occur in the office of justice of said court because of the death or retirement of Justice Charles H. Robb, such vacancy shall not be filled without further authorization by Congress: *Provided*, That not more than five justices of said court shall sit at any one time, to be designated by the chief justice of said court.

With the following committee amendment:

Page 2, line 4, strike out the word "chief" and insert the word "presiding."

The committee amendment was agreed to.

The bill as amended was ordered to be engrossed and read a third time, was read the third time, and passed.

A motion to reconsider was laid on the table.

MEMORIAL TO THEODORE ROOSEVELT

The Clerk called the next bill on the Consent Calendar, S. 290, to establish a memorial to Theodore Roosevelt in the National Capital.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the Director of Public Buildings and Public Parks of the National Capital be, and he is hereby, authorized to accept and receive as a gift from the Roosevelt Memorial Association (Inc.), for and in behalf of the United States, the island in the Potomac River heretofore variously known as Barbadoes, Analostan, and Masons Island, together with accretions thereto; and that, upon acceptance of this gift of land, the said island shall hereafter be known as Roosevelt Island and shall be maintained and administered by the Director of Public Buildings and Public Parks of the National Capital as a natural park for the recreation and enjoyment of the public: *Provided*, That no general plan for the development of the island be adopted without the approval of the Roosevelt Memorial Association; and that, so long as this association remains in existence, no development, inconsistent with this plan, be executed without the association's consent.

SEC. 2. That the director is hereby authorized to provide suitable means of access to and upon the said Roosevelt Island as appropriations are made available from time to time and subject to the approval of the National Capital Park and Planning Commission; and that the appropriations needed for such construction and annually for the care, maintenance, and improvement of the said lands and improvements, are hereby authorized to be made from any funds not otherwise appropriated from the Treasury of the United States.

SEC. 3. That the Director of Public Buildings and Public Parks be, and he is hereby, further authorized and directed to permit the Roosevelt Memorial Association (Inc.) to erect on said Roosevelt Island such monument or memorial and related structures as may be recommended by it and approved by the National Commission of Fine Arts and the National Capital Park and Planning Commission.

The bill was ordered to be read a third time, was read the third time, and passed.

A motion to reconsider was laid on the table.

SALE OF REAL ESTATE UNDER DECREE OF UNITED STATES COURT

The Clerk called the next bill on the Consent Calendar, H. R. 6678, amending section 1 of the act of March 3, 1893 (27 Stat. L. 751), providing for the method of selling real estate under an order or decree of any United States court.

The SPEAKER. Is there objection to the present consideration of the bill?

Mr. STAFFORD. Reserving the right to object, Mr. Speaker, I am in sympathy with the purposes of the bill. I merely wish to inquire, in case private sale can not be negotiated as provided under the terms of the bill, whether there is authorization to sell the property at public sale. I have provided an amendment to meet that emergency. In private conversation with the gentleman from Pennsylvania [Mr. COCHRAN] and the gentleman from Rhode Island [Mr. CONDON] they have informed me that they did not think it was necessary as the general law would appertain.

Mr. COCHRAN of Pennsylvania. The general law would take care of that situation. The general law is not disturbed by this act. There is simply an additional method provided; that is, a sale at private sale is authorized.

Mr. STAFFORD. Does the gentleman object to incorporating an amendment after the last proviso, reading as follows:

And provided further, That if, after the lapse of a reasonable time, no such sale can be effected, then the court may authorize a public sale as provided herein, on such terms as he may determine.

That gives the court still further authority, on such terms as he may determine. I think this would improve the general authorization.

Mr. CONDON. Mr. Speaker it would be harmless, but it would not be necessary. This is merely permissive and gives a court, in equity matters, the same authority which the court now has in bankruptcy matters. Any further amendment, while harmless, would not add anything to the bill.

Mr. STAFFORD. The purpose of the amendment was to make certain that if the sale could not be effected at private sale, then the court would be authorized, after a

reasonable time, to authorize public sale on such terms as he may determine.

With that understanding, I withdraw the reservation of objection and will offer the perfecting amendment.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That section 1 of the act of Congress approved the 3d day of March, 1893, chapter 225, be amended so as to read as follows:

"All real estate or any interest in land sold under any order or decree of any United States court shall be sold at public sale at the courthouse of the county, parish, or city in which the property, or the greater part thereof, is located, or upon the premises, as the court rendering such order or decree of sale may direct: *Provided, however*, That the court may, upon petition therefor and a hearing thereon after such notice to parties in interest as said court shall direct, if it find that the best interests of said estate will be conserved thereby, order and decree the sale of such real estate or interest in land at private sale."

With the following committee amendment:

Provided further, That the court shall appoint three disinterested persons to appraise said property and said sale shall not be confirmed for less than two-thirds of the appraised value.

The committee amendment was agreed to.

Mr. STAFFORD. Mr. Speaker, I offer an amendment to follow the committee amendment.

The Clerk read as follows:

Amendment offered by Mr. STAFFORD: *"And provided further*, That if after the lapse of a reasonable time, no such sale can be effected, then the court may authorize a public sale as provided herein, and on such terms as he may determine."

Mr. McKEOWN. Mr. Speaker, will the gentleman yield?

Mr. STAFFORD. Certainly.

Mr. McKEOWN. There is a law governing public sale. Will not this amendment complicate things?

Mr. STAFFORD. Not at all. The bill itself embodies full authorization for public sale and private sale. This really makes it more certain as to the real purpose to be attained.

Mr. LAGUARDIA. It does not complicate it at all.

The amendment was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time and passed, and a motion to reconsider laid on the table.

NATIONAL GUARD, ORGANIZED RESERVES

The Clerk called the next bill, S. 1690, to make provision for the care and treatment of members of the National Guard, Organized Reserve, Reserve Officers' Training Corps, and citizens' military training camps who are injured or contract disease while engaged in military training, and for other purposes.

Mr. LAGUARDIA. Mr. Speaker, reserving the right to object, it seems to me that here we have a situation where the War Department is recommending expenditures similar to those contained in a bill vetoed by the President a few days ago which would have given only hospitalization and treatment at Soldiers' Home to another branch of the service. Under the circumstances, I do not believe this is necessary or prudent legislation at this time. I object.

Mr. HOLADAY. Mr. Speaker, I object.

Mr. UNDERHILL. Mr. Speaker, I object.

EMERGENCY RELIEF PALO VERDE, CALIF.

The Clerk called the next bill, H. R. 11183, for emergency relief of Palo Verde Valley, Calif.

Mr. STAFFORD. Mr. Speaker, reserving the right to object, this bill makes a charge of some $70,000 upon the Treasury for rediking of the Colorado River. It is true that some damage may result to dwellers in the irrigation district, and yet it is all problematical, so far as I read the report.

Mr. SWING. Mr. Speaker, I have a later report addressed to the chairman of the committee [Mr. WILSON] in which the Secretary states unequivocally that "an emergency situation is inevitable and assistance as proposed in the bill will be essential regardless of causes for the present situation in the valley."

The cause of the present situation in the valley was an act of the United States Government itself in the building of the Laguna Dam below this valley which caused a change in the slope of the bed, or the gradient, of the river in front of this valley whereby the bed of the river was raised between 6 and 7 feet and throwing this menace upon the community. After creating this menace, the Government can not turn its back upon the situation and abandon the community to its fate without doing an immoral act.

Mr. STAFFORD. This condition is some 20 miles from where the dam was originally constructed, which is a great distance. I can understand how these dwellers would like to have the National Government do something which they should really do themselves.

Mr. SWING. There can be no question about the direct relation of cause and effect.

Mr. WILSON. Will the gentleman yield?

Mr. STAFFORD. Yes.

Mr. WILSON. The hearings and report show that an emergency exists now and these accumulations will cause damage that will cost the Government many times this amount.

Mr. STAFFORD. Why does not the locality do this work?

Mr. SWING. It is absolutely bankrupt.

The SPEAKER. Is there objection?

Mr. CLARKE of New York, Mr. MARTIN of Massachusetts, Mr. STAFFORD, and Mr. SNOW objected.

REGULATION OF THE MANUFACTURE AND SALE OF STAMPED ENVELOPES

The Clerk called the next bill, H. R. 8576, to regulate the manufacture and sale of stamped envelopes.

The SPEAKER. Is there objection?

Mr. LAGUARDIA and Mr. GOSS, objected.

PARCEL POST SERVICE

The Clerk called the next bill, H. R. 11152, to amend section 293, title 39, of the United States Code, Supplement V, to promote Parcel Post Service.

Mr. LAGUARDIA. Mr. Speaker, reserving the right to object, I shall not object if the 5-cent rate recommended by the Post Office Department is accepted.

Mr. STAFFORD. Mr. Speaker, reserving the right to object, this means that the Government will be put to further and further expense in connection with the Parcel Post Delivery Service, and I object.

Mr. EATON of Colorado, Mr. COLE of Iowa, Mr. FERNANDEZ, and Mr. MALONEY also objected.

REPEAL OF SECTION 7 OF THE POSTAL ACT

The Clerk called the next bill, S. 621, to repeal section 7 of the postal act approved May 29, 1928.

The SPEAKER. Is there objection?

Mr. LAGUARDIA, Mr. STAFFORD, and Mr. CLARKE of New York objected.

EDUCATION, MEDICAL ATTENTION, AND RELIEF OF DISTRESS OF INDIANS

The Clerk called the next bill, S. 3110, authorizing the Secretary of the Interior to arrange with States for the education, medical attention, and relief of distress of Indians, and for other purposes.

Mr. LAGUARDIA. Mr. Speaker, this inaugurates an absolutely new policy, which I fear will be very costly. I can not see any good to the Indians, and for the present I shall object.

Mr. HASTINGS, Mr. McKEOWN, and Mr. COLE of Iowa also objected.

TRANSFER OF CERTAIN SCHOOL LANDS IN NORTH DAKOTA TO THE INTERNATIONAL PEACE GARDEN

The Clerk called the next bill, H. R. 10302, to provide for the transfer of certain school lands in North Dakota to the International Peace Garden (Inc.).

The SPEAKER. Is there objection to the present consideration of the bill?

There was no objection.

Mr. HALL of North Dakota. Mr. Speaker, I ask unanimous consent to substitute for the House bill an identical Senate bill, S. 4416.

The SPEAKER. Is there objection?

There was no objection.

The Clerk read the Senate bill, as follows:

Be it enacted, etc., That notwithstanding any provision of any law of the United States to the contrary, the State of North Dakota is hereby authorized to provide by law for the transfer without cost of all of section 36, township 164 north, range 73 west, fifth principal meridian, containing 640 acres, more or less, according to the United States Government survey thereof, to the International Peace Garden (Inc.), a corporation organized and existing under the laws of the State of New York, to be used and maintained by the said International Peace Garden (Inc.), and in connection with other lands in the State of North Dakota and in the Province of Manitoba, Dominion of Canada, as a memorial to commemorate the long-existing relationship of peace and good will between the people and Governments of Canada and the United States.

The conveyance from the State of North Dakota to said International Peace Garden (Inc.) shall contain a provision that if said land shall at any time thereafter cease to be used and maintained as an international peace garden the land shall revert to the State of North Dakota, and upon reversion to the State of North Dakota said land shall become subject to the laws of the United States applying thereto to the same extent as if this act had not been enacted.

The bill was ordered to be read a third time, was read the third time, and passed.

A motion to reconsider the vote by which the bill was passed was laid on the table.

A similar House bill was laid on the table.

DEPARTURE OF CERTAIN ALIENS FROM THE UNITED STATES

The Clerk called the next bill, H. R. 7793, to secure the departure of certain aliens from the United States.

There being no objection, the bill was read, as follows:

Be it enacted, etc., That section 15 of the immigration act of 1924 be amended to read as follows:

"The admission to the United States of an alien excepted from the class of immigrants by clause (1) (except a Government official and his family), (2), (3), (4), (5), or (6) of section 3, or declared to be a nonquota immigrant by subdivision (e) of section 4, shall, be for such time as may be by regulations prescribed, and under such conditions as may be by regulations prescribed (including, when deemed necessary for the classes mentioned in clause (2), (3), (4), or (6) of section 3 and subdivision (e) of section 4, the giving of bond with sufficient surety, in such sum and containing such conditions as may be by regulations prescribed) to insure that at the expiration of such time or upon failure to maintain the status under which admitted he will depart from the United States."

The bill was ordered to be engrossed and read a third time, was read the third time and passed, and a motion to reconsider laid on the table.

LIQUIDATING BONDED AND OTHER OUTSTANDING INDEBTEDNESS OF THE FARMERS' IRRIGATION DISTRICT, NEBRASKA

The Clerk called the next bill, H. R. 10748, for liquidating bonded and other outstanding indebtedness of the farmers' irrigation district, Nebraska.

Mr. LAGUARDIA. Mr. Speaker, reserving the right to object, I would like to have this bill passed over without prejudice.

The SPEAKER. Is there objection?

Mr. GOSS. Mr. Speaker, I object.

The SPEAKER. Is there objection to the present consideration of the bill?

Mr. GOSS. Mr. Speaker, I object.

AMENDMENT OF THE RADIO ACT OF FEBRUARY 23, 1927

The Clerk called the next bill, H. R. 11155, to amend the radio act of February 23, 1927, as amended (U. S. C., Supp. V, title 47, sec. 85), and for other purposes.

The SPEAKER. Is there objection to the present consideration of the bill?

There was no objection.

The SPEAKER. Without objection, a similar Senate bill, S. 4289, will be substituted for the House bill.

There was no objection.

The Clerk read the Senate bill, as follows:

Be it enacted, etc., That section 5, subparagraph C, of the act of February 23, 1927, as amended (U. S. C., title 47, sec. 85), is amended by striking out the word "persons" after the words "issue them to such" and inserting the words "citizens of the United States," so that the amended paragraph will read: "to prescribe the qualifications of station operators, to classify them according to the duties to be performed, to fix the forms of such licenses, and to issue them to such citizens of the United States as he finds qualified."

The bill was ordered to be read a third time, was read the third time, and passed.

A motion to reconsider the vote by which the bill was passed was laid on the table.

A similar House bill was laid on the table.

APPOINTMENT OF AN ADDITIONAL DISTRICT JUDGE FOR THE DISTRICT OF NEW JERSEY

The Clerk called the next bill, H. R. 5342, to provide for the appointment of an additional district judge for the district of New Jersey.

The SPEAKER. Is there objection to the present consideration of the bill?

Mr. O'CONNOR. Mr. Speaker, reserving he right to object, is this an additional judge, or is it filling one of those temporary appointments?

Mr. SUMNERS of Texas. As the gentleman will recall, a few years ago there were some 23 or 24 judgeships provided for in an omnibus bill. This judge has recently died and left a vacancy, and this bill is to fill that vacancy. It does not create an additional judgeship.

Mr. O'CONNOR. I want to get the distinction clear. The gentleman knows my attitude in this matter.

Mr. SUMNERS of Texas. Yes.

Mr. O'CONNOR. We created certain temporary judgeships which were asked for as temporary matters. Everybody connected with the passage of the bill agreed that when those judges died, or resigned, their places would not be filled. I think that promise and understanding, in good faith, should be carried out. If New Jersey needs an additional judge, I have no objection to that, but I do object to filling these positions which were understood by everybody to be temporary, because it is a breach of faith with the Congress to come back now and ask to make those positions permanent.

Mr. STAFFORD. Will the gentleman yield?

Mr. O'CONNOR. Yes.

Mr. STAFFORD. Can not the gentleman conceive of conditions changing since the remedial legislation referred to was enacted?

Mr. O'CONNOR. Then, let them ask for an additional judge.

Mr. GOLDER. Will the gentleman yield?

Mr. O'CONNOR. Yes.

Mr. GOLDER. I may say to the gentleman that there is a pressing need for an additional judge at this time in this district.

Mr. SUMNERS of Texas. May I say to the gentleman from New York that this is the situation: When that bill was passed it was hoped, of course, there would not be any necessity to make permanent these positions. But, as a matter of fact, as vacancies have occurred through death it has not been found possible to reduce the number of judges sitting in the several districts. This judge has been sitting for a long time in this district—Hon. William A. Runyon. He has died and this has left that district with one judge less than it has been accustomed to having. This bill does not propose to add a new judge to that district but to give the district the same number of judges it has had since 1923 or 1924.

Mr. O'CONNOR. Will the appointment of the new judge be a temporary or a permanent appointment?

Mr. SUMNERS of Texas. It will not be a temporary appointment, and I think it is the unanimous opinion of the committee that the number of judges who have been sitting in this district is required by the business of the district; and while there is tremendous pressure everywhere to increase the number of judges, this bill does not increase the number of judges in this district but retains to New Jersey the same number of judges it has had for many years, and I hope the gentleman will not object.

Mr. O'CONNOR. I do not intend to object, but I want to get the matter straight and I hope the committee will follow the views of some people, because the first thing we know there will be coming in here a big omnibus bill or there will be logrolling to have every one of these 23 judgeships made permanent. That is what is going to happen.

Mr. SUMNERS of Texas. It has almost happened.

Mr. O'CONNOR. It is something that ought not to happen. If they need new judgeships, we should provide for such additional judgeships, but not make those temporary judgeships permanent.

Mr. SUMNERS of Texas. Does not the gentleman think it is six of one and half a dozen of the other?

Mr. O'CONNOR. No; I think there is an important principle involved there. When the people interested came in and asked for these temporary judgeships that was all they requested, and they should not now use any device or trick on the Congress.

The SPEAKER. Is there objection to the present consideration of the bill?

There was no objection.

The SPEAKER. Without objection, the Clerk will report a similar Senate bill (S. 1335).

There was no objection.

The Clerk read as follows:

Be it enacted, etc., That the President is authorized to appoint, by and with the advice and consent of the Senate, one additional district judge for the District Court of the United States for the District of New Jersey, who shall reside in such district, and whose compensation, duties, and powers shall be the same as now provided by law for other district judges. A vacancy occurring at any time in the office of the district judge herein provided for is authorized to be filled.

Mr. PERKINS. Mr. Speaker, I offer an amendment to the Senate bill.

The Clerk read as follows:

Amendment offered by Mr. PERKINS: "That the President of the United States be, and he is hereby, authorized and directed, by and with the advice and consent of the Senate, to appoint a judge to fill a vacancy in the District Court of the United States for the District of New Jersey, occasioned by the death of Hon. William A. Runyon, who was appointed as additional judge in said district under the provisions of the act of Congress entitled 'An act for the appointment of an additional circuit judge for the fourth judicial circuit, for the appointment of additional district judges for certain districts, providing for an annual conference of certain judges, and for other purposes,' approved September 14, 1922 (U. S. C., title 28, sec. 3). A vacancy occurring at any time in the office of district judge referred to in this act is authorized to be filled."

Mr. LAGUARDIA. Mr. Speaker, I ask recognition on the amendment.

I want to take this time to call the attention of the House to judicial "joy riding." I have here a report from the Comptroller General for the last two years, Mr. Speaker, showing that Federal judges—and I have only taken one district, which is the southern district of New York—come to New York, travel, sit a few days, go home, charge up their traveling expenses, come back, and sit for another few days more. The same condition, I am informed, exists as to the eastern district of New York, which is in Brooklyn, a part of New York, and in New Jersey, just across the Hudson River from New York City.

Here is the case of a judge in Brooklyn, the eastern district of New York, sitting in the southern district of New York for five days and charging $50 extra per diem compensation. I leave it to all my colleagues from the city of New York if there are not a million people working in Manhattan and going to their homes in Brooklyn every night.

I have here the case of a circuit judge in Connecticut, living within a few hours of New York and within commuting distance of New York, coming regularly into Manhattan and sitting as a district judge. In three years—1929 to 1931—he drew $5,800.40 extra as allowance and travel expenses.

Why, Mr. Speaker, this will show that some judges run up extra pay annually by sitting in the southern district of New York. Here is a case where a judge came all the way from the far West to the city of New York, stayed for a few days, and charged his per diem and travel allowance. I do not want to take the time of the House on consent day, and so I ask unanimous consent that I may put this statement in the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from New York?

Mr. DYER. Reserving the right to object, I would like to ask the gentleman what is his remedy for this situation? Is it not to create sufficient judges to take care of the work in the southern district of New York so as to make unnecessary the calling in of other judges?

Mr. LAGUARDIA. The remedy is, when an extra judge is required, for that judge to go to the district of New York and stay there until the work is finished.

Mr. O'CONNOR. Will the gentleman yield?

Mr. LAGUARDIA. I yield.

Mr. O'CONNOR. I do not know whether the gentleman knows it, but it is commonly stated around the court building that these judges do not come from California to New York City at the request of the New York judges. There is a standing waiting list for a chance to come to New York for a vacation, to go to the theater and to the night clubs. That is well known.

Mr. LAGUARDIA. The gentleman is putting it very bluntly.

Mr. GREEN. Will the gentleman yield?

Mr. LAGUARDIA. I yield.

Mr. GREEN. I believe the gentleman is a member of the Judiciary Committee, and I suggest that your committee bring in a bill to prohibit the payment of this mileage. The salaries of the judges can not be decreased, but everybody else is taking a cut, and there is no reason why they should not.

Mr. LAGUARDIA. I will say to the gentleman that I did introduce a resolution asking the Department of Justice for information as to the machinery of the assignment of judges and how it is worked out. The information has been furnished to the Judiciary Committee. Rest assured I am going through with it and prepare necessary legislation to prevent such abuses.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

The following is the matter referred to by Mr. LAGUARDIA:

Simon L. Adler, district judge, Rochester, N. Y.:		
Travel pay, Sept. 1, 1930, Rochester, N. Y., to New York City	$21.10	
Subsistence, Sept. 1 to 7, 1930, 7 days	70.00	
Travel pay, Sept. 12, 1930, New York City to Rochester, N. Y.; Sept. 14, 1930, Rochester, N. Y., to New York City	45.20	
Subsistence, Sept. 8 to 14, 1930, 6 days	60.00	
Travel pay, Sept. 19, 1930, New York City to Rochester, N. Y.; Sept. 21, 1930, Rochester, N. Y., to New York City	45.20	
Subsistence, Sept. 15 to 21, 1930, 6 days	60.00	
Travel pay, Oct. 2, 1930, New York City to Rochester, N. Y	24.60	
Subsistence, Oct. 1 to 2, 1930, 2 days	20.00	
Subsistence, Sept. 22 to 30, 1930, 9 days	90.00	
Travel pay, Dec. 5, 1930, Buffalo, N. Y., to New York City; Dec. 6, 1930, New York to Buffalo	46.44	
Subsistence, Dec. 5 to 6, 1930, 2 days	20.00	
Travel pay, Jan. 23, 1931, Rochester, N. Y., to New York; Jan. 24, 1931, New York City to Rochester	40.50	
Subsistence, Jan. 23 to 24, 1931, 2 days	20.00	
		$563.04
Harry B. Anderson, district judge, Memphis, Tenn.:		
Travel pay, Feb. 2 to 4, 1929, Memphis, Tenn., to New York	55.00	
Subsistence, Feb. 2 to 13, 1929, 12 days	120.00	
Travel pay, Feb. 28 to Mar. 2, 1929, New York to Memphis, Tenn	55.00	
Subsistence, Feb. 14 to Mar. 2, 1929, 17 days	170.00	
Travel pay, July 7 to 9, 1929, Memphis, Tenn., to New York	55.00	
Subsistence, July 7 to 16, 1929, 10 days	100.00	
Subsistence, July 17 to 26, 1929, 10 days	100.00	
Travel pay, July 30 to 31, 1929, New York to Memphis, Tenn	55.00	
Subsistence, July 27 to 31, 1929, 5 days	50.00	
Travel pay, Aug. 5 to 6, 1929, Memphis, Tenn., to New York; Aug. 9 to 10, 1929, New York to Memphis, Tenn	110.00	
Subsistence, Aug. 5 to 10, 1929; 6 days	60.00	

Harry B. Anderson—Continued.

Travel pay, June 26 to 30, 1931, Memphis, Tenn., to New York	$55.00	
Subsistence, June 26 to 30, 1931, 5 days	50.00	
Subsistence, July 1 to 3, 1931, 3 days	30.00	
Subsistence, July 4 to 17, 1931, 14 days	140.00	
Travel pay, Aug. 1 to 3, 1931, New York to Memphis, Tenn	55.00	
Subsistence, July 18, to Aug. 3, 1931, 17 days	170.00	
Travel pay, Aug. 15 to 17, 1931, Memphis, Tenn., to New York	55.00	
Subsistence, Aug. 16 to Sept. 4, 1931, 20 days	200.00	
Travel pay, Sept. 30 to Oct. 2, 1931, New York to Memphis, Tenn	56.00	
Subsistence, Sept. 5 to Oct. 1, 1931, 27 days	270.00	
		$2,011.00

Charles A. Boynton, district judge, El Paso, Tex.:

Travel pay, Aug. 1, 1929, El Paso, Tex., to New York City	114.64	
Subsistence, Aug. 1 to 8, 1929, 8 days	66.00	
Subsistence, Aug. 9 to 23, 1929, 15 days	150.00	
Travel pay, Sept. 4 to 6, 1929, New York to San Antonio, Tex	92.11	
Subsistence, Aug. 24 to Sept. 6, 1929, 14 days	140.00	
		562.75

Warren B. Burrows, district judge, Hartford, Conn.:

Travel pay, Dec. 2, 9, and 16, 1928, New London, Conn., to New York City; Dec. 7, 14, and 21, 1928, New York City to New London, Conn	41.43	
Subsistence, Dec. 3 to 7, Dec. 10 to 14, 1928, and Dec. 17 to 21, 1928, 15 days	150.00	
Travel pay, Feb. 23, Mar. 2, 9, and 17, 1930, New London, Conn., to New York City; Feb. 28, Mar. 7, 14, and 21, 1930, New York City to New London, Conn	59.50	
Subsistence, Feb. 24 to 28, Mar. 3 to 7, Mar. 10 to 14, and Mar. 18 to 21, 1930, 19 days	190.00	
Travel pay, Aug. 17, 1930, New London, Conn., to New York City; Aug. 22, 1930, New York City to New London, Conn	14.90	
Subsistence, Aug. 18 to 22, 1930, 5 days	50.00	
		505.83

Frederick H. Bryant, district judge, Utica, N. Y.:

Travel pay, Apr. 6, 1929, Syracuse, N. Y., to New York City; Apr. 7, 1929, New York City to Syracuse, N. Y	27.83	
Subsistence, Apr. 6 to 7, 1929, 1 day	10.00	
Travel pay, May 5, 1929, Malone, N. Y., to New York City; May 7, 1929, New York City to Malone, N. Y	36.95	
Subsistence, May 5 to 7, 1929, 3 days	12.00	
Travel pay, Dec. 1, 1929, Malone, N. Y., to New York City; Dec. 13, 1929, New York City to Malone, N. Y	37.61	
Subsistence, Dec. 1 to 13, 1929, 12 days	120.00	
Travel pay, Feb. 15 to 16, 1930, Malone, N. Y., to New York City; Feb. 28, 1930, New York City to Malone, N. Y	37.07	
Subsistence, Feb. 16 to Mar. 1, 1930, 13 days	125.00	
Travel pay, Jan. 23, 1931, Utica, N. Y., to New York City; Jan. 24, 1931, New York City to Utica, N. Y	36.12	
Subsistence, Jan. 23 to 24, 1931, 2 days	20.00	
Travel pay, Feb. 3, 1931, Malone, N. Y., to New York City; Feb. 26, 1931, New York City to Malone, N. Y	37.82	
Subsistence, Feb. 4 to 26, 1931, 22 days	220.00	
		720.40

Frank Cooper, district judge, Albany, N. Y.:

Travel pay, Apr. 6, 13, and 27, 1930, Albany, N. Y., to New York City; Apr. 10, 25, and 30, 1930, New York City to Albany, N. Y; Apr. 21, 1930, New York City to Utica, N. Y.; Apr. 22, 1930, Utica, N. Y., to New York City	72.31	
Subsistence, Apr. 6 to 13; Apr. 14 to 22; Apr. 25 and 27 to 30, 1930, 22 days	220.00	
Travel pay, May 25, 1930, Albany, N. Y., to New York City; May 28, 1930, New York City to Albany, N. Y	16.52	
Subsistence, May 25 to 28, 1930, 4 days	40.00	
		848.83

Clarence C. Galston, district judge, Brooklyn, N. Y.:

Subsistence, July 21 to 25, 1930, 5 days	50.00	
		50.00

W. I. Grubb, district judge, Birmingham, Ala.:

Travel pay, Sept. 29 to 30, 1929, New York to Huntsville, Ala	$44.43	
Subsistence, Sept. 7 to 29, 1929; 23 days	230.00	
Travel pay, June 28 to 29, 1930, New York City to Birmingham, Ala., via Washington, D. C	47.95	
Subsistence, June 15 to 27, 1930, 13 days	130.00	
		$452.38

Carroll C. Hincks, district judge, Cheshire, Conn.:

Travel pay, Jan. 24, 1931, Cheshire, Conn., to New York City; Jan. 24, 1931, New York City to Cheshire, Conn	7.62	
Subsistence, Jan. 24, 1931, 1 day	10.00	
		17.62

Edwin R. Holmes, district judge, Jackson, Miss.:

Travel pay, June 13, 14, and 15, 1929, Jackson, Miss., to New York City	62.85	
Subsistence, June 13 to 30, 1929, 18 days	180.00	
Travel pay, July 12 to 14, 1929, New York City to Jackson, Miss	62.85	
Subsistence, July 1 to 14, 1929, 14 days	140.00	
		445.70

Richard J. Hopkins, district judge, Wichita, Kans.:

Travel pay, July 4 to 8, 1931, Kansas City, Mo., to New York City	63.60	
Subsistence, July 8 to 23, 1931, 16 days	160.00	
Subsistence, July 24 to Aug. 3, 1931, 11 days	110.00	
Travel pay, Aug. 18 to 19, 1931, New York City to Kansas City, Kans	65.00	
Subsistence, Aug. 4 to 19, 1931, 16 days	160.00	
		558.60

Harland B. Howe, district judge, Burlington, Vt.:

Travel pay, Jan. 17 to 18, 1929, Burlington, Vt., to New York City; Jan. 20 to 21, 1929, New York City to Burlington, Vt	33.54	
Subsistence, Jan. 17 to 21, 1929, 2 days	20.00	
Travel pay, Feb. 2 to 3, 1929, Burlington, Vt., to New York City	17.78	
Subsistence, Feb. 3 to 11, 1929, 9 days	90.00	
Subsistence, Feb. 12 to 17, 1929, 6 days	60.00	
Travel pay, Feb. 20, 1929, New York City to Burlington, Vt	15.79	
Subsistence, Feb. 18 to 20, 1929, 3 days	30.00	
Travel pay, Mar. 16 to 17, 1929, Burlington, Vt., to New York City	18.28	
Subsistence, Mar. 17 to 28, 1929, 12 days	120.00	
Travel pay, Mar. 30, 1929, New York City to Burlington, Vt	17.46	
Subsistence, Mar. 29 to 30, 1929, 2 days	20.00	
Travel pay, Apr. 13 to 14, 1929, Burlington, Vt., to New York City	18.38	
Subsistence, Apr. 14 to 25, 1929, 12 days	120.00	
Travel pay, Apr. 27 to 28, 1929, New York City to Burlington, Vt	18.48	
Subsistence, Apr. 26 to 27, 1929, 2 days	20.00	
Travel pay, May 1, 1930, Brattleboro, Vt., to New York City; May 4, 1930, New York City to Burlington, Vt	25.07	
Subsistence, May 1 to 4, 1930, 4 days	40.00	
Travel pay, June 15 to 16, 1931, New York City to Burlington, Vt	16.77	
Subsistence, June 15, 1931, 1 day	10.00	
Subsistence, June 6 to 14, 1931, 9 days	90.00	
Travel pay, May 22 to 23, 1931, Burlington, Vt., to New York City	16.37	
Subsistence, May 23 to June 5, 1931, 14 days	140.00	
		957.92

J. C. Hutcheson, jr., district judge, Houston, Tex.:

Travel pay, Houston, Tex., to New York City	79.99	
Subsistence, Aug. 17 to 19 and Sept. 9 to 30, 1929, 24 days	240.00	
Travel pay, Oct. 18 to 19, 1929, New York City to Houston, Tex	79.42	
Subsistence, Oct. 1 to 5, 1929, 5 days	50.00	
		449.41

Albert W. Johnson, district judge, Lewisburg, Pa.:

Travel pay, Feb. 3, 1930, Lewisburg, Pa., to New York City; Feb. 7, 1930, New York City to Lewisburg, Pa	27.12	
Subsistence, Feb. 3 to 6, 1930, 4 days	40.00	
Travel pay, Apr. 17, 1930, Lewisburg, Pa., to New York City; Apr. 19, 1930, New York City to Lewisburg, Pa	28.92	
Subsistence, Apr. 17 to 19, 1931, 3 days	30.00	

Albert W. Johnson—Continued.
Travel pay, Apr. 5, 1931, Lewisburg, Pa., to New York City; Apr. 11, 1931, New York City to Lewisburg, Pa $27.27
Subsistence, Apr. 5 to 11, 1931, 7 days 70.00 $223.31

T. Blake Kennedy, district judge, Cheyenne, Wyo.:
Travel pay, Sept. 6, 1929, Cheyenne, Wyo., to New York City 92.00
Subsistence, Sept. 6 to 30, 1929, 25 days 250.00
Travel pay, Oct. 6, 1929, New York City to Cheyenne, Wyo 92.00
Subsistence, Oct. 1 to 8, 1929, 8 days 80.00
Travel pay, Aug. 30, 1930, Cheyenne, Wyo., to New York City 98.77
Subsistence, Aug. 30 to Sept. 30, 1930, 32 days 320.00
Travel pay, Oct. 2, 1930, New York City to Cheyenne, Wyo 98.77
Subsistence, Oct. 1 to 4, 1930, 4 days 40.00
Travel pay, Sept. 5, 1931, Cheyenne, Wyo., to New York City 98.25
Subsistence, Sept. 5 to 30, 1931, 26 days 260.00 1,429.79

Ira Lloyd Letts, district judge, Providence, R. I.:
Travel pay, Feb. 17 and Feb. 25, 1929, Providence, R. I., to New York City; Feb. 21 and Mar. 2, 1929, New York City to Providence, R. I 36.00
Subsistence, Feb. 17 to 21 and Feb. 25 to Mar. 2, 1929, 11 days 110.00 146.00

John E. Martineau, district judge, Little Rock, Ark.:
Travel pay, Aug. 12, 1931, Little Rock, Ark., to New York City; Sept. 21, 1931, New York City to Little Rock, Ark 132.36
Subsistence, Aug. 12 to Sept. 23, 1931, 43 days 430.00 562.36

Paul J. McCormick, district judge, Los Angeles, Calif.:
Travel pay, Sept. 6, 1929, Washington, D. C., to New York City; paid by National Commission on Law Observance and Enforcement; subsistence, Sept. 8 to 30, 1929, 23 days 230.00
Subsistence, Oct. 1 to 31, 1929, except from Oct. 13 to 17, 1929, 26 days 260.00
Travel pay, Dec. 2, 1929, New York City to Los Angeles, Calif 182.40
Subsistence, Nov. 1 to Dec. 2, 1929, 32 days 320.00
Travel pay, Sept. 25, 1930, Los Angeles, Calif., to New York City 191.03
Subsistence, Sept. 25 to 30, 1930, 5 days 50.00
Subsistence, Oct. 1 to 6, 1930, and Oct. 19 to Nov. 3, 1930, 17 days 170.00
Travel pay, Dec. 25, 1930, Washington, D. C., to New York City; Dec. 26, 1930, New York City to Washington, D. C 20.04
Subsistence, Dec. 25 to 26, 1930, 2 days 20.00 1,443.47

I. M. Meekins, district judge, Elizabeth City, N. C.:
Travel pay, July 8, 1929, Elizabeth City, N. C., to New York City; July 10 to 11, 1929, New York City to Elizabeth City, N. C 42.00
Subsistence, July 8 to 11, 1929, 4 days 40.00
Travel pay, Feb. 3, 1930, Elizabeth City, N. C., to New York City; Feb. 7, 1930, New York City to Elizabeth City, N. C 42.00
Travel pay, Feb. 9, 1930, Elizabeth City, N. C., to New York City; Feb. 28, 1930, New York City to Elizabeth City, N. C 42.00
Subsistence, Feb. 3, 1930, to Mar. 1, 1930, 28 days 280.00
Travel pay, Mar. 30, 1930, Elizabeth City, N. C., to New York City 20.72
Subsistence, Mar. 30 to 31, 1930, 2 days 20.00
Travel pay, Apr. 1, 1930, New York City to Elizabeth City, N. C 20.72
Subsistence, Apr. 1 to 2, 1930, 2 days 20.00
Travel pay, June 25 to 26, 1930, Elizabeth City, N. C., to New York City; June 27 to 28, 1930, New York City to Elizabeth City, N. C 42.19
Subsistence, June 25 to 28, 1930, 4 days 40.00
Travel pay, Oct. 2 to 3, 1930, Elizabeth City, N. C., to New York City; Oct. 3 to 4, 1930, New York City to Elizabeth City, N. C 42.10
Subsistence, Oct. 2 to 4, 1930, 3 days 30.00 681.73

Robert R. Nevin, district judge, Dayton, Ohio:
Travel pay, Sept. 8 to 9, 1931, Dayton, Ohio, to New York City; Sept. 30, 1931, and Oct. 1, 1931, New York City to Dayton, Ohio $61.86
Subsistence, Sept. 8 to Oct. 1, 1931, 24 days 238.50 $300.36

Halsted L. Ritter, district judge, Miami, Fla.:
Travel pay, Aug. 31, 1931, Miami, Fla., to New York City; Sept. 25, 1931, New York City to Miami, Fla 135.20
Subsistence, Aug. 31 to Sept. 27, 1931, 28 days 280.00
Subsistence, Sept. 29, 1931, 1 day 10.00 425.20

A. F. St. Sure, district judge, San Francisco, Calif.:
Travel pay, Sept. 24, 1930, San Francisco, Calif., to New York City and return 305.93
Travel pay, Oct. 31, 1930, New York City to San Francisco, Calif 91.50
Subsistence, Oct. 1 to Nov. 5, 1930, 36 days 360.00 757.43

J. Foster Symes, district judge, Denver, Colo.:
Travel pay, Feb. 14, 1931, Denver, Colo., to New York City; Mar. 9, 1931, New York City to Denver, Colo 188.12
Subsistence, Feb. 14 to Mar. 11, 1931, 26 days 260.00 448.12

Edwin S. Thomas, district judge, Norwalk, Conn.:
Travel pay, Jan. 20 and 31, 1929, Norwalk, Conn., to New York City; Jan. 30 and Feb. 9, 1929, New York City to Norwalk, Conn 13.58
Subsistence, Jan. 20 to 29, 1929, and Feb. 1 to Feb. 9, 1929, 20 days 200.00
Travel pay, Apr. 7, 1929, Norwalk, Conn., to New York City; Apr. 20, 1929, New York City to Norwalk, Conn 7.76
Subsistence, Apr. 7 to 20, 1929, 14 days 140.00
Travel pay, Jan. 5, 1930, Norwalk, Conn., to New York City; Feb. 15, 1930, New York City to Norwalk, Conn 8.08
Subsistence, Jan. 5, to Feb. 15, 1930, 42 days 420.00
Travel pay, Feb. 27, 1930, Norwalk, Conn., to New York City; Feb. 28, 1930, New York City to Norwalk, Conn 5.58
Subsistence, Feb. 27 to 28, 1930, 2 days 20.00
Travel pay, Aug. 18, 1930, Norwalk, Conn., to New York City; Aug. 18, 1930, New York City to Norwalk, Conn 5.46
Subsistence, Aug. 18, 1930, 1 day 10.00
Travel pay, Jan. 24, 1931, Norwalk, Conn., to New York City; Jan. 24, 1931, New York City to Norwalk, Conn 5.18
Subsistence, Jan. 24, 1931, 1 day 10.00
Travel pay, Mar. 2, 9, and 16, 1931, Norwalk, Conn., to New York City; Mar. 5, 13, and 27, 1931, New York City to Norwalk, Conn 16.68
Subsistence, Mar. 2 to 5, 1931, Mar. 9 to 13, 1931, and Mar. 16 to 27, 1931, 21 days 210.00
Travel pay, June 17, 1931, Norwalk, Conn., to New York City; June 18, 1931, New York City to Norwalk, Conn 5.96
Subsistence, June 17 to 18, 1931, 2 days 20.00 1,098.28

Julian W. Mack, circuit judge, Chicago, Ill.:
Subsistence, Jan. 1 to 4, 1929; Jan. 15 to 18, 1929; Jan. 24 to Feb. 9, 1929; Feb. 18 to 24, 1929; and Feb. 26 to Mar. 31, 1929, 66 days 660.00
Subsistence, Apr. 1 to 6, 1929, and Apr. 9 to 30, 1929; 28 days 280.00
Subsistence, May 1 to 8, 1929; May 16 to 17, 1929; and May 27 to 31, 1929; 15 days 150.00
Subsistence, June 10, 12, 17, 21, and 25, 1929, 5 days 50.00 1,140.00

John R. Hazel, district judge, Buffalo, N. Y.:
Travel pay, Apr. 30, 1929, Buffalo, N. Y., to New York City; May 2, 1929, New York City to Buffalo, N. Y 39.69
Subsistence, Apr. 30 to May 2, 1929, 3 days 30.00
Travel pay, Jan. 23, 1931, Buffalo, N. Y., to New York City; Jan. 25, 1931, New York City to Buffalo, N. Y 40.44
Subsistence, Jan. 23 to 25, 1931, 3 days 30.00 140.13

Robert T. Ervin, district judge, Mobile, Ala.:		
Travel pay, Sept. 1, 1929, Mobile, Ala., to New York City	$57.35	
Subsistence, Sept. 1 to 6, 1929, 6 days	60.00	
Travel pay, Sept. 21 to 23, 1929, New York City to Mobile, Ala	57.35	
Subsistence, Sept. 7, to 23, 1929, 17 days	170.00	
Travel pay, Aug. 22 to 23, 1931, Mobile, Ala., to New York City	57.35	
Subsistence, Aug. 22 to Sept. 5, 1931, 15 days	150.00	
		$552.05
Thomas W. Swan, circuit judge, New Haven, Conn.:		
Subsistence Jan. 2 to 31, 1929, 25 days	250.00	
Travel pay, Feb. 11, 1929, New York City to New Haven, Conn.; Feb. 13, 1929, New Haven, Conn., to New York City	6.72	
Subsistence, Feb. 1 to 28, 1929, 22 days	220.00	
Travel pay, Mar. 1, 1929, New York City to New Haven, Conn.; Mar. 4, 1929, New Haven, Conn., to New York City	10.08	
Subsistence, Mar. 1 to 31, 1929, 24 days	240.00	
Travel pay, Apr. 1, 22, and 29, 1929, New Haven, Conn., to New York City; Apr. 20 and 27, 1929, New York City to New Haven, Conn	16.80	
Subsistence, Apr. 1 to 30, 1929, 25 days	250.00	
Travel pay, May 3, 10, 17, 24, and 31, 1929, New York City to New Haven, Conn.; May 6, 13, 20, and 27, 1929, New Haven, Conn., to New York City	30.24	
Subsistence, May 1 to 31, 1929, 22 days	220.00	
Travel pay, June 3 and 10, 1929, New Haven, Conn., to New York City; June 7 and 12, 1929, New York City to New Haven, Conn	13.44	
Subsistence, June 1 to 30, 1929, 8 days	80.00	
Travel pay, July 1, 8, 15, and 22, 1929, New Haven, Conn., to New York City; July 3, 12, 19, and 26, 1929, New York City to New Haven, Conn	26.88	
Subsistence, July 1 to 31, 1929, 18 days	180.00	
Travel pay, Aug. 8, 1929, New Haven, Conn., to New York City; Aug. 9, 1929, New York City to New Haven, Conn	6.72	
Subsistence, Aug. 1 to 31, 1929, 1 day	10.00	
Travel pay, Oct. 7, 14, 21, and 28, 1929, New Haven, Conn., to New York City; Oct. 12, 18, and 25, 1929, New York City to New Haven, Conn	23.52	
Subsistence, Oct. 1 to 31, 1929, 19 days	190.00	
Travel pay, Nov. 1, 9, 15, 22, and 27, 1929, New York City to New Haven, Conn.; Nov. 4, 11, 18, 25, and 30, 1929, New Haven, Conn., to New York City	33.60	
Subsistence, Nov. 1 to 30, 1929, 20 days	200.00	
Travel pay, Dec. 31, 1929, New York City to New Haven, Conn	3.36	
Subsistence, Dec. 1 to 31, 1929, 22 days	220.00	
Travel pay, Jan. 2 and 11, 1930, New Haven, Conn., to New York City; Jan. 10, 1930, New York City to New Haven, Conn	10.08	
Subsistence, Jan. 1 to 31, 1930, 26 days	260.00	
Travel pay, Feb. 10, 17, and 24, 1930, New Haven, Conn., to New York City; Feb. 7, 15, and 21, 1930, New York City to New Haven, Conn	20.16	
Subsistence, Feb. 1 to 28, 1930, 21 days	210.00	
Travel pay, Mar. 28, 1930, New York City to New Haven, Conn.; Mar. 31, 1930, New Haven, Conn., to New York City	6.72	
Subsistence, Mar. 1 to 31, 1930, 24 days	240.00	
Travel pay, Apr. 11, 18, and 25, 1930, New York City to New Haven, Conn.; Apr. 14, 21, and 28, 1930, New Haven, Conn., to New York City	20.16	
Subsistence, Apr. 1 to 30, 1930, 23 days	230.00	
Travel pay, May 2, 9, 16, 28, and 29, 1930, New York City to New Haven, Conn.; May 5, 12, 19, and 26, 1930, New Haven, Conn., to New York City	30.24	
Subsistence, May 1 to 31, 1930, 21 days	210.00	
Travel pay, June 3, 9, 23, and 30, 1930, New Haven, Conn., to New York City; June 6, 12, and 27, 1930, New York City to New Haven, Conn	23.52	
Subsistence, June 1 to 30, 1930, 14 days	140.00	
Travel pay, Oct. 6, 14, 20, and 27, 1930, New Haven, Conn., to New York City; Oct. 10, 17, 24, and 31, 1930, New York City to New Haven, Conn	26.88	
Subsistence, Oct. 1 to 31, 1930, 19 days	190.00	
Travel pay, Nov. 5, 10, 17, 24, and 28, 1930, New Haven, Conn., to New York City; Nov. 7, 15, 21, and 26, 1930, New York City to New Haven, Conn	30.24	
Thomas W. Swan—Continued.		
Subsistence, Nov. 1 to 30, 1930, 19 days	$190.000	
Travel pay, Dec. 12 to 23, 1930, New York City to New Haven, Conn.; Dec. 15 to 27, 1930, New Haven, Conn., to New York City	13.44	
Subsistence, Dec. 1 to 31, 1930, 23 days	230.00	
Travel pay, Jan. 9, 1931, New York City to New Haven, Conn.; Jan. 12, 1931, New Haven, Conn., to New York City	6.72	
Subsistence, Jan. 1 to 31, 1931; 25 days	250.00	
Travel pay, Feb. 20, 1931, New York City to New Haven, Conn.; Feb. 23, 1931, New Haven, Conn., to New York City	6.72	
Subsistence, Feb. 1 to 28, 1931, 12 days	120.00	
Travel pay, Mar. 26, 1931, New York City to New Haven, Conn.; Mar. 30, 1931, New Haven, Conn., to New York City	6.72	
Subsistence, Mar. 1 to 31, 1931; 24 days	240.00	
Travel pay, June 1, 8, 22, and 29, 1931, New Haven, Conn., to New York City; June 5, 12, and 25, 1931, New York City to New Haven, Conn	23.52	
Subsistence, June 1 to 30, 1931, 16 days	160.00	
Travel pay, May 1, 8, 15, 22, and 29, 1931, New York City to New Haven, Conn.; May 4, 11, 18, and 25, 1931, New Haven, Conn., to New York City	30.24	
Subsistence, May 1 to 31, 1931, 21 days	210.00	
Travel pay, Apr. 13, 20, and 27, 1931, New Haven, Conn., to New York City; Apr. 10, 17, and 25, 1931, New York City to New Haven, Conn	20.16	
Subsistence, Apr. 1 to 30, 1931, 22 days	220.00	
Travel pay, July 3, 10, 17, and 23, 1931, New York City to New Haven, Conn.; July 6, 13, and 20, 1931, New Haven, Conn., to New York City	23.52	
Subsistence, July 1 to 31, 1931, 17 days	170.00	
		$5,800.40
Harrie B. Chase, circuit judge, Brattleboro, Vt.:		
Travel pay, Feb. 12, 1929, Brattleboro, Vt., to New York City; Feb. 21, 1929, New York City to Brattleboro, Vt	17.34	
Subsistence, Feb. 12 to 21, 1929, 10 days	100.00	
Travel pay, Mar. 3, 1929, Brattleboro, Vt., to New York City; Mar. 15, 1929, New York City to Brattleboro, Vt	19.44	
Subsistence, Mar. 3 to 15, 1929, 12 days	120.00	
Travel pay, Apr. 7, 1929, Brattleboro, Vt., to New York City; Apr. 18, 1929, New York City to Brattleboro, Vt	20.34	
Subsistence, Apr. 7 to 18, 1929, 12 days	120.00	
Travel pay, May 7, 1929, Brattleboro, Vt., to New York City; May 9, 1929, New York City to Brattleboro, Vt	20.09	
Subsistence, May 7 to 9, 1929, 3 days	30.00	
Travel pay, May 19, 1929, Brattleboro, Vt., to New York City; May 29 and 30, 1929, New York City to Brattleboro, Vt	21.19	
Subsistence, May 19 to 30, 1929, 12 days	120.00	
Travel pay, Sept. 3, 1929, Brattleboro, Vt., to New York City; Sept. 4, 1929, New York City to Brattleboro, Vt	21.09	
Subsistence, Sept. 3–4, 1929, 2 days	20.00	
Travel pay, Oct. 13, 1929, Brattleboro, Vt., to New York City; Oct. 24, 1929, New York City to Brattleboro, Vt	20.34	
Subsistence, Oct. 13 to 24, 1929, 12 days	120.00	
Travel pay, Oct. 28, 1929, Brattleboro, Vt., to New York City; Oct. 29, 1929, New York City to Brattleboro, Vt	22.44	
Subsistence, Oct. 28–29, 1929, 2 days	20.00	
Travel pay, Nov. 3, 1929, Brattleboro, Vt., to New York City; Nov. 21, 1929, New York City to Brattleboro, Vt	21.94	
Subsistence, Nov. 3 to 21, 1929, 19 days	190.00	
Travel pay, Dec. 8, 1929, Brattleboro, Vt., to New York City; Dec. 19, 1929, New York City to Brattleboro, Vt	19.84	
Subsistence, Dec. 8 to 19, 1929, 12 days	120.00	
Travel pay, Jan. 12, 1930, Brattleboro, Vt., to New York City; Jan 24, 1930, New York City to Brattleboro, Vt	21.05	
Subsistence, Jan. 12 to 24, 1930, 13 days	130.00	
Travel pay, Jan. 26, 1930, Brattleboro, Vt., to New York City; Jan. 31, 1930, New York City to Brattleboro, Vt	22.44	
Subsistence, Jan. 26 to 31, 1930, 6 days	60.00	
Travel pay, Feb. 16, 1930, Brattleboro, Vt., to New York City; Feb. 21, 1930, New York City to Brattleboro, Vt	22.97	
Subsistence, Feb. 16 to 21, 1930, 6 days	60.00	
Travel pay, Feb. 23, 1930, Brattleboro, Vt., to New York City; Feb. 27, 1930, New York City to Brattleboro, Vt	21.07	

Harrie B. Chase—Continued.

Subsistence, Feb. 23 to 27, 1930, 5 days	$50.00
Travel pay, Mar. 2, 1930, Brattleboro, Vt., to New York City; Mar. 9, 1930, New York City to Brattleboro, Vt	19.92
Subsistence, Mar. 2 to 9, 1930, 8 days	80.00
Travel pay, Mar. 13, 1930, Brattleboro, Vt., to New York City; Mar. 15, 1930, New York City to Brattleboro, Vt	22.94
Subsistence, Mar. 13 to 15, 1930, 3 days	30.00
Travel pay, Apr. 6, 1930, Brattleboro, Vt., to New York City; Apr. 16, 1930, New York City to Brattleboro, Vt	21.07
Subsistence, Apr. 6 to 11 and 14 to 16, 1930, 9 days	90.00
Travel pay, Apr. 20, 1930, Brattleboro, Vt., to New York City; Apr. 25, 1930, New York City to Brattleboro, Vt	20.90
Subsistence, Apr. 20 to 25, 1930, 6 days	60.00
Travel pay, May 1, 1930, Brattleboro, Vt., to New York City; May 3, 1930, New York City to Brattleboro, Vt	22.45
Subsistence, May 1 to 3, 1930, 3 days	30.00
Travel pay, May 11, 1930, Brattleboro, Vt., to New York City; May 22, 1930, New York City to Brattleboro, Vt	22.19
Subsistence, May 11 to 22, 1930, 12 days	120.00
Travel pay, June 1, 1930, Brattleboro, Vt., to New York City; June 6, 1930, New York City to Brattleboro, Vt	22.94
Subsistence, June 1 to 6, 1930, 6 days	60.00
Travel pay, June 10, 1930, Brattleboro, Vt., to New York City; June 13, 1930, New York City to Brattleboro, Vt	21.96
Subsistence, June 10 to 13, 1930, 4 days	40.00
Travel pay, Oct. 12, 1930, Brattleboro, Vt., to New York City; Oct. 17, 1930, New York to Brattleboro, Vt	22.42
Subsistence, Oct. 12 to 17, 1930, 6 days	60.00
Travel pay, Nov. 2, 1930, Brattleboro, Vt., to New York City; Nov. 7, 1930, New York City to Brattleboro, Vt	21.52
Subsistence, Nov. 2 to 7, 1930, 6 days	60.00
Travel pay, Oct. 20, 1930, Brattleboro, Vt., to New York City; Oct. 23, 1930, New York to Brattleboro, Vt	20.72
Subsistence, Oct. 20 to 23, 1930, 4 days	40.00
Travel pay, Nov. 9, 1930, Brattleboro, Vt., to New York City; Nov. 14, 1930, New York City to Brattleboro, Vt	21.92
Subsistence, Nov. 9 to 14, 1930, 6 days	60.00
Travel pay, Nov. 19, 1930, Brattleboro, Vt., to New York City; Nov. 21, 1930, New York City to Brattleboro, Vt	19.84
Subsistence, Nov. 19 to 21, 1930, 3 days	30.00
Travel pay, Nov. 30, 1930, Brattleboro, Vt., to New York City; Dec. 6, 1930, New York City to Brattleboro, Vt	22.42
Subsistence, Nov. 30 to Dec. 6, 1930, 7 days	70.00
Travel pay, Dec. 7, 1930, Brattleboro, Vt., to New York City; Dec. 13, 1930, New City to Brattleboro, Vt	19.82
Subsistence, Dec. 7 to 13, 1930, 7 days	70.00
Travel pay, Dec. 15, 1930, Brattleboro, Vt., to New York City; Dec. 17, 1930, New York City to Brattleboro, Vt	24.04
Subsistence, Dec. 15 to 17, 1930, 3 days	30.00
Travel pay, Jan. 11, 1931, Brattleboro, Vt., to New York City; Jan. 17, 1931, New York City to Brattleboro, Vt	22.94
Subsistence, Jan. 11 to 17, 1931, 7 days	70.00
Travel pay, Jan. 4, 1931, Brattleboro, Vt., to New York City; Jan. 10, 1931, New York City to Brattleboro, Vt	22.94
Subsistence, Jan. 4 to 10, 1931, 7 days	70.00
Travel pay, Jan. 20, 1931, Brattleboro, Vt., to New York City; Jan. 22, 1931, New York City to Brattleboro, Vt	23.49
Subsistence, Jan. 20 to 22, 1931, 3 days	30.00
Travel pay, Feb. 1, 1931, Brattleboro, Vt., to New York City; Feb. 7, 1931, New York City to Brattleboro, Vt	19.32
Subsistence, Feb. 1 to 7, 1931, 7 days	70.00
Travel pay, Feb. 8, 1931, Brattleboro, Vt., to New York City; Feb. 14, 1931, New York City to Brattleboro, Vt	22.44
Subsistence, Feb. 8 to 14, 1931, 7 days	70.00
Travel pay, Feb. 17, 1931, Brattleboro, Vt., to New York City; Feb. 19, 1931, New York City to Brattleboro, Vt	23.84
Subsistence, Feb. 17 to 19, 1931, 3 days	30.00
Travel pay, Mar. 8, 1931, Brattleboro, Vt., to New York City; Mar. 14, 1931, New York City to Brattleboro, Vt	22.44
Subsistence, Mar. 8 to 14, 1931, 7 days	70.00
Travel pay, Mar. 17, 1931, Brattleboro, Vt., to New York City; Mar. 19, 1931, New York City to Brattleboro, Vt	$23.04
Subsistence, Mar. 17 to 19, 1931, 3 days	30.00
Travel pay, May 17, 1931, Brattleboro, Vt., to New York City; May 23, 1931, New York City to Brattleboro, Vt	21.94
Subsistence, May 17 to 23, 1931, 7 days	70.00
Travel pay, June 28, 1931, Brattleboro, Vt., to New York City; June 30, 1931, New York City to Brattleboro, Vt	22.04
Subsistence, June 28 to 30, 1931, 3 days	30.00
Travel pay, June 7, 1931, Brattleboro, Vt., to New York City; June 11, 1931, New York City to Brattleboro, Vt	20.32
Subsistence, June 7 to 11, 1931, 5 days	50.00
Travel pay, May 31, 1931, Brattleboro, Vt., to New York City; June 5, 1931, New York City to Brattleboro, Vt	21.94
Subsistence, May 31 to June 5, 1931, 6 days	60.00
Travel pay, May 12, 1931, Brattleboro, Vt., to New York City; May 14, 1931, New York City to Brattleboro, Vt	22.04
Subsistence, May 12 to 14, 1931, 3 days	30.00
Travel pay, May 3, 1931, Brattleboro, Vt., to New York City; May 9, 1931, New York City to Brattleboro, Vt	21.94
Subsistence, May 3 to 9, 1931, 7 days	70.00
Travel pay, Apr. 28, 1931, Brattleboro, Vt., to New York City; Apr. 30, 1931, New York City to Brattleboro, Vt	22.04
Subsistence, Apr. 28 to 30, 1931, 3 days	30.00
Travel pay, Apr. 19, 1931, Brattleboro, Vt., to New York City; Apr. 25, 1931, New York City to Brattleboro, Vt	24.79
Subsistence, Apr. 19 to 25, 1931, 7 days	70.00
Travel pay, Apr. 14, 1931, Brattleboro, Vt., to New York City; Apr. 16, 1931, New York City to Brattleboro, Vt	22.04
Subsistence, Apr. 14 to 16, 1931, 3 days	30.00
Travel pay, Apr. 5, 1931, Brattleboro, Vt., to New York City; Apr. 11, 1931, New York City to Brattleboro, Vt	21.94
Subsistence, Apr. 5 to 11, 1931, 7 days	70.00
Travel pay, July 6, 1931, Brattleboro, Vt., to New York City; July 8, 1931, New York City to Brattleboro, Vt	23.04
Subsistence, July 6 to 8, 1931, 3 days	30.00
	$4,233.17
Total	27,025.28

The bill was ordered to be engrossed and read a third time, was read the third time, and passed.

A motion to reconsider was laid on the table, the House bill was laid on the table, and the title was amended.

ALTERNATE JURORS IN CERTAIN CRIMINAL CASES

The Clerk read the next bill on the Consent Calendar, H. R. 10587, to provide for alternate jurors in certain criminal cases.

The SPEAKER. Is there objection?

Mr. STAFFORD. Reserving the right to object, at the last call of the calendar this bill at my suggestion was passed over without prejudice. It involves a new policy in Federal procedure. In fact, I might say that I do not recall that this policy has ever been adopted before in State court procedure.

Since that time I have given more than passing consideration to the question whether it is constitutional to have a trial in a criminal case by a number less than 12 jurors. That question was settled for all time two years ago, on April 14, 1930, in the case of Patten against the United States in Two hundred and eighty-first United States Reports, page 727, where the court firmly held that where an accused in a trial waives the right to a trial by less than 12 jurors that that is not a violation of the constitutional privilege requiring a trial by jury.

The proposed bill seeks to create a new procedure in case a juror or jurors become ill during the trial by providing that there shall be substitute jurors impaneled to sit during the trial and fill a vacancy when it occurs.

I have no objection to the bill, but I suggest an amendment which I have thought out which recognizes the principle embodied in the decision in the case of Patten against United States, that the alternate-juror provision be adopted

only in case the accused through his counsel declines to waive in open court a trial by less than 12 in case 1 or 2 jurors become incapacitated during the trial. My amendment would follow the word "one" in line 6 of page 1 of the bill, and it would make the bill read in this way:

That whenever in the opinion of a judge of a court of the United States about to try a defendant against whom has been filed an indictment, the trial is likely to be a protracted one, and the accused through his counsel has declined in open court to waive a trial by less than 12 jurors, in the event that one and not more than two of the jurors should become incapacitated to serve, the court may cause an entry to that effect to be made upon the minutes of the court, etc.

I think that amendment would improve conditions, and it would be notice to the trial judge that it is the intention not to provide this alternate system unless the accused declines through his counsel to waive in open court a trial by less than 12, in case 1 and not more than 2 jurors should become incapacitated.

Mr. DICKSTEIN. Mr. Speaker, will the gentleman yield?

Mr. STAFFORD. Yes.

Mr. DICKSTEIN. Is not the gentleman driving away from the basic principle of our jury system, when a gentleman of his school is willing to accept a change of this nature, because the case the gentleman cites applies only where a defendant himself agrees to a trial by less than 12 jurors? Now an attempt is made to substitute this, where if he refuses to consent the court can force two or three other men on the jury after the trial has taken place.

Mr. STAFFORD. It is the purpose of the committee proposal that in case there is likely to be a protracted trial, one or two alternate jurors shall be arranged for.

Mr. O'CONNOR. Mr. Speaker, will the gentleman yield?

Mr. STAFFORD. Yes.

Mr. O'CONNOR. In connection with the gentleman's amendment, of course, I have little sympathy with the whole proposition, but if the amendment should be adopted, I suggest that the gentleman provide that the defendant shall personally in open court consent, and not through his counsel.

Mr. STAFFORD. I provide where the accused through his counsel has declined in open court to waive.

Mr. O'CONNOR. But our courts in New York have held that in this particular situation counsel can not bind the defendant. Many counsel are appointed, and have very little interest in the defendant. I suggest that the gentleman change his amendment so that the waiver must be made by the defendant personally in open court.

Mr. LAGUARDIA. In the presence of his counsel.

Mr. O'CONNOR. Yes.

Mr. DYER. Mr. Speaker, will the gentleman from Wisconsin yield?

Mr. STAFFORD. Yes. I am directing the attention of the House to a decision with which the gentleman from Missouri must be familiar, Patten against United States, where the principle is recognized that the accused can waive the right to a jury of 12 jurors and be tried by a less number. I am proposing as an amendment following the word "one" in line 6, on page 1, words to the effect that where the accused declines in open court to have a trial by less than 12, in the event 1 and not more than 2 of the jurors shall become incapacitated to serve, alternate jurors may then be used.

Mr. DYER. This bill is written upon the theory that there is no waiver.

Mr. STAFFORD. The idea is to call to the attention of the trial court that it is only to be adopted in case a waiver has been declined.

Mr. DYER. Mr. Speaker, I would not be willing to accept an amendment of that kind. If the gentleman insists, I suggest that the matter go over so that the chairman of the committee may have an opportunity to study the matter.

Mr. GAVAGAN. Mr. Speaker, I demand the regular order.

Mr. LAGUARDIA. There is going to be objection made to this bill anyway.

The SPEAKER. Is there objection?

Mr. GAVAGAN. I object.

JUVENILE OFFENDERS

The next business on the Consent Calendar was the bill (H. R. 10598) to provide for the transportation of certain juvenile offenders to States under the law of which they have committed offenses or are delinquent, and for other purposes.

The SPEAKER. Is there objection to the present consideration of the bill?

Mr. EATON of Colorado. Mr. Speaker, I reserve the right to object, and I hope that I shall not be compelled to object. I submit that this bill is only half baked. It does not go far enough. Your offenders are divided into three classes, not into two. You put the age limit at 21. There are three classes, boys and girls who are not grown, and then those who are grown, and then the real criminal. We have our institutions that we call industrial schools, then we have our reformatories, and then our penitentiaries. I submit this remedy ought to be extended so as to cover all those who might be sent to local reformatories and not merely to the industrial schools. In our State, where much of this character of law has been written, we divide them into three classes, first the juvenile, ages 16 to 18; second, those who may be sent to a reformatory, say, up to the age of 25, and after that to the penitentiary.

Mr. LAGUARDIA. The purpose of this bill is to give the State of Colorado, for instance, which led in reform of juveniles in infancy, an opportunity to have charge of the delinquent. Where a State claims a juvenile delinquent, the Federal authorities will turn him over to the authorities of that State. For instance, under the automobile law, the State would claim the delinquent, and the Federal authorities would turn the delinquent over to the State authorities.

Mr. SUMNERS of Texas. I would like to call this to the gentleman's attention. This bill does not deal primarily with the question to which the gentleman from Colorado refers.

Mr. EATON of Colorado. I understand that; but let me give the gentleman my point.

Mr. SUMNERS of Texas. I have the gentleman's point in mind. Let me give the gentleman mine. This is merely a bill to return to the custody of the States, which deal with the question to which the gentleman has referred, and has nothing to do with establishing any policy of dealing with juvenile offenders. The Attorney General came before the Committee on the Judiciary and told us they are confronted with the necessity of dealing with over 2,000 children in the course of a year. This deals only with expenditures. That is the only thing that is dealt with here. Of course, I do not mean that the humanitarian and remedial phases are not involved, but the Attorney General said he thought, and we agreed, that it is better to pay the expense of returning these juvenile offenders to the States where the offenses are committed, and let those States deal with them through the agencies to which the gentleman refers.

Mr. LAGUARDIA. I think we can meet the gentleman's objection if we will bring up the age limit to suit conditions in his State.

Mr. EATON of Colorado. I do not mean conditions in my State alone. I mean conditions in connection with what are called juvenile offenders and other offenders. If this is to be a juvenile bill, let us keep it in the juvenile class. If it is not to be a juvenile bill, if it is to meet the situation which the gentleman has mentioned, then make a bill covering the class up to age 25 through the probationary period or period during which young men may be sent to a reformatory instead of a penitentiary.

Mr. SUMNERS of Texas. We are operating under unanimous consent. It is going to be a difficult task to get this bill or any bill passed. Will the gentleman not let this bill go without amendment and let us have a chance of getting it through?

Mr. EATON of Colorado. Will the gentleman not accept an amendment in line 7 to change the "21" to "25"?

Mr. SUMNERS of Texas. I am afraid of it.

Mr. DYER. The Attorney General has recommended it strongly.

The SPEAKER. Is there objection?

Mr. EATON of Colorado. Mr. Speaker, I object.

AMENDING SUITS IN ADMIRALTY ACT

The Clerk called the next bill on the Consent Calendar, H. R. 7238, to amend section 5 of the suits in admiralty act, approved March 9, 1920.

The SPEAKER. Is there objection to the present consideration of the bill?

Mr. STAFFORD. Reserving the right to object, this is a rather important bill. On yesterday I gave some consideration to it, but in view of the fact that the report did not cite the leading decision, which the report claims makes this bill necessary, I think the gentleman from Virginia should really make some explanation as to the real purport of that decision. This is an enabling act, extending certain rights which are now barred by a decision of the Supreme Court of the United States against what was understood to be the prevailing practice in the law courts prior to that decision.

Mr. MONTAGUE. I have the case to which the gentleman refers. I thought it was cited in the report. It is the case of Johnson against United States Shipping Board and Emergency Fleet Corporation, and so forth. There are two or three cases consolidated. It is reported in Two hundred and eighteenth United States Reports, page 320.

I will state to the gentleman that, from 1920, when the suits in admiralty act was enacted, down to 1930, when the decision which the gentleman has in mind was rendered by the Supreme Court, these suits could be brought in the Court of Claims, in the district courts, and the common-law courts, and under the Tucker Act. They were suits in personem for personal injuries, damages to property, or damages to cargo. Down to 1930 there were many of these cases which the courts that I have mentioned uniformly entertained jurisdiction of. This bill is to correct that, because in 1930, to the surprise of the bar of the country—and I do not say that with any disrespect—the Supreme Court held that this suits in admiralty act was exclusive of all other remedies, and thereby plaintiffs or complainants who were prosecuting their suits then pending were cut out of any remedy whatever.

Mr. STAFFORD. Will the gentleman yield?

Mr. MONTAGUE. I will.

Mr. STAFFORD. As I understand the enabling feature of the bill, it only seeks to grant the right to institute these suits in consonance with the decision of the Supreme Court, where suits had been instituted prior to the decision?

Mr. MONTAGUE. Yes.

Mr. STAFFORD. How many suits are in question and what is the general amount of the litigation?

Mr. MONTAGUE. The total amount of the litigation is thought to be about $1,500,000.

Mr. STAFFORD. All those suits were pending at the time the Supreme Court rendered its decision?

Mr. MONTAGUE. They were.

Mr. STAFFORD. And this enabling legislation does not apply to any other suits?

Mr. MONTAGUE. None whatever.

Mr. STAFFORD. It will not revive any other suits whatsoever?

Mr. MONTAGUE. No; and the suits which were instituted prior to that time or which failed of prosecution are not included. This does not involve a burden upon the Treasury of the United States, I may also add.

Mr. STAFFORD. It does in the amount of one and one-half million dollars in the case of these other suits?

Mr. MONTAGUE. No. I would like to state that up to a few years after the operation of the Shipping Board and Emergency Fleet Corporation ships were undertaken, private insurance companies gave protection and indemnity for the losses or damages of the character of claims involved in the pending bill. In about a year or two thereafter the Shipping Board concluded that it could provide such protection better privately or through cooperation than by private insurance or indemnity companies.

Mr. STAFFORD. As I read the report, the Shipping Board has a fund set aside to pay those claims?

Mr. MONTAGUE. It has a fund set aside to pay those claims—about $4,000,000.

Mr. STAFFORD. Mr. Speaker, I withdraw the reservation of objection.

The SPEAKER. Is there objection to the present consideration of the bill?

There was no objection.

The Clerk read as follows:

Be it enacted, etc., That the suits in admiralty act (41 Stat. 525; U. S. C., title 46, secs. 741–745), approved March 9, 1920, is amended to read as follows:

"SEC. 5. That suits as herein authorized may be brought only on causes of action arising since April 6, 1917: *Provided*, That suits based on causes of action arising prior to the taking effect of this act shall be brought within one year after this act goes into effect; and all other suits hereunder shall be brought within two years after the cause of action arises: *Provided further*, That the limitations in this section contained for the commencement of suits hereunder shall not bar any suit against the United States or the United States Shipping Board Merchant Fleet Corporation, formerly known as the United States Shipping Board Emergency Fleet Corporation, brought hereunder on or before December 31, 1932, if such suit is based upon a cause of action whereon a prior suit in admiralty or an action at law or an action under the Tucker Act of March 3, 1887 (24 Stat. 505; U. S. C., title 28, sec. 250, subdiv. 1), was commenced prior to January 6, 1930, and was or may hereafter be dismissed because not commenced within the time or in the manner prescribed in this act or otherwise not commenced or prosecuted in accordance with its provisions."

With the following committee amendment:

Page 2, after line 16, insert a colon and the following: "*Provided further*, That such prior suit must have been commenced within the statutory period of limitation for common-law causes, which obtained in the court in which such prior suit was brought: *Provided further*, That there shall not be revived hereby any suit at law, in admiralty, or under the Tucker Act heretofore or hereafter dismissed for lack of prosecution after filing of suit: *And provided further*, That no interest shall be allowed on any claim prior to the time when suit on such claim is brought as authorized hereunder."

Mr. MONTAGUE. Mr. Speaker, I offer an amendment to the amendment.

The Clerk read as follows:

Amendment to the amendment offered by Mr. MONTAGUE: On page 2, line 16, after the words "*Provided further*," strike out the residue of line 16, and lines 17, 18, and 19 down to the colon, and insert:

"That such prior suit must have been commenced within the statutory period of limitation for common-law actions against the United States cognizable in the Court of Claims."

Mr. STAFFORD. Mr. Speaker, do I understand the gentleman's amendment leaves in the last proviso?

Mr. MONTAGUE. Yes. It only changes the second proviso and tries to make clearer and tighter the objection which is in the gentleman's mind, which I wish to preserve.

The amendment to the committee amendment was agreed to.

The SPEAKER. The question is on the committee amendment as amended.

The committee amendment as amended was agreed to.

Mr. BRIGGS. Mr. Speaker, I offer a clarifying amendment which is acceptable to the committee.

The Clerk read as follows:

Amendment offered by Mr. BRIGGS: Page 2, line 15, after the word "act" insert: "or where recovery was denied against the United States Shipping Board Emergency Fleet Corporation on the ground that it was acting as agent of the United States Shipping Board."

Mr. STAFFORD. Mr. Speaker, I make the point of order that the amendment is not germane. I make the further point of order no notice whatsoever was given at the time consent was granted that we were going to amplify the provisions of the bill. The gentleman's amendment enlarges the entire scope of the bill and seeks to bring in an amendment that was not considered when the consent stage was under consideration.

Mr. BRIGGS. Mr. Speaker, on the contrary, if the gentleman will pardon me, the committee felt this amendment

was right within the scope of the bill. In one case the Fleet Corporation was sued instead of the Shipping Board in a common-law action, and the Federal court held there was liability, but that the wrong party had been sued. The amendment simply provides that the right party may be sued. It was felt that such a proceeding is within the meaning of the bill, anyway, and is covered by the very terms of the bill.

Mr. STAFFORD. Mr. Speaker, I regret very much the gentleman has seen fit to press his amendment.

Mr. BRIGGS. Mr. Speaker, I do not see how a point of order can be made against the amendment. The bill itself is open to amendment.

Mr. DYER. Mr. Speaker, this is a very dangerous procedure under the consent rule. This bill is being considered under the unanimous-consent agreement and, outside of committee amendments that we had notice of, others ought not to be presented, because the committee has not had a chance to consider them.

Mr. STAFFORD. Mr. Speaker, I ask unanimous consent to withdraw my objection and put the bill back to the objection stage if the gentleman is going to insist upon his amendment.

Mr. BRIGGS. Mr. Speaker, I may state to the gentleman that the matter has been submitted to the Judiciary Committee through the chairman of the subcommittee in charge of the bill, and he stated he had no objection to the amendment offered. The United States Shipping Board, through its chairman, studied the same proposal and stated it thought it was within the meaning of the bill and had no objection to offer. This amendment clarifies the pending bill.

Mr. DYER. Mr. Speaker, I will state to the gentleman from Texas I am not arguing against his amendment, but I have been a member of the Judiciary Committee 20 years and this matter was never called to my attention at any time.

The SPEAKER. The question is on the amendment offered by the gentleman from Texas [Mr. BRIGGS].

The amendment was rejected.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider laid on the table.

AMENDMENT OF THE NATIONAL PROHIBITION ACT

The Clerk called the next bill, H. R. 258, to amend sections 22 and 39, title 2, of the national prohibition act.

The SPEAKER. Is there objection to the present consideration of the bill?

Mr. LAGUARDIA, Mr. GOSS, Mr. STAFFORD, Mr. BACON, Mr. MILLARD, and Mr. DYER objected.

AMENDMENT OF SECTION 289 OF THE CRIMINAL CODE

The Clerk called the next bill, H. R. 10589, to amend section 289 of the Criminal Code.

The SPEAKER. Is there objection to the present consideration of the bill?

Mr. LAGUARDIA. Mr. Speaker, reserving the right to object, in studying this bill after it left the committee, I noticed that the date is fixed as of January 1, 1932. It occurred to me that instead of that we might have to come back here within a few years if we provided at the time the act was committed or omitted.

Mr. SUMNERS of Texas. I raised that question in the committee, and the Attorney General said the difficulty was that they might confront the proposition that they were delegating to the several States the power to legislate for the Federal Government.

Mr. LAGUARDIA. I see the point of that objection.

Mr. O'CONNOR. Mr. Speaker, reserving the right to object, will the gentleman state briefly what this bill does?

Mr. SUMNERS of Texas. The bill seeks to make effective the laws of the States in territory with regard to which the Federal Government has exclusive jurisdiction. The plan which has been pursued heretofore has been that about every 10 years they bring in a bill making effective the laws which the legislatures of the several States have passed during the intervening 10 years. The reason why we can not make provision that the laws as they are currently enacted shall become effective, under the explanation of the Attorney General, in response to my inquiry, is that they were afraid they would be up against the proposition of attempting to delegate to the several States the right to enact laws for the Federal Government. This is the plan that has been in operation for a long time.

Mr. EATON of Colorado. I would suggest that the bill be made to be concurrent from day to day and that those words be in the bill instead of January 1, 1932.

Mr. SUMNERS of Texas. I raised that question in the committee, and the Attorney General's explanation satisfied me that it would be dangerous to attempt to do that because we might have to confront the proposition that we were delegating to the States the power to legislate for the Federal Government. This is the plan that has been in operation for a long time.

Mr. EATON of Colorado. Is not this the plan under which all the trouble arises?

Mr. SUMNERS of Texas. No; it is not. It is the best we can do about it.

The SPEAKER. Is there objection?

There was no objection.

The Clerk read the bill, as follows:

Be it enacted, etc., That section 289 of the Criminal Code (U. S. C., title 18, sec. 468) be, and it is hereby, amended to read as follows:

"SEC. 289. Whoever, within the territorial limits of any State, organized Territory, or District, but within or upon any of the places now existing or hereafter reserved or acquired, described in section 272 of the Criminal Code (U. S. C., title 18, sec. 451), shall do or omit the doing of any act or thing which is not made penal by any laws of Congress, but which if committed or omitted within the jurisdiction of the State, Territory, or District in which such place is situated, by the laws thereof in force on January 1, 1932, would be penal, shall be deemed guilty of a like offense and be subject to a like punishment; and every such State, Territorial, or District law shall, for the purposes of this section, continue in force, notwithstanding any subsequent repeal or amendment thereof by any such State, Territory, or District."

The bill was ordered to be engrossed and read a third time, was read the third time, and passed.

A motion to reconsider the vote by which the bill was passed was laid on the table.

FURTHER EXTENSION OF THE PAROLE LAWS

The Clerk called the next bill, H. R. 10599, to fix the date when sentence of imprisonment shall begin to run, providing when the allowance to a prisoner of time for good conduct shall begin to run, and further to extend the provisions of the parole laws.

The SPEAKER. Is there objection to the present consideration of the bill?

Mr. DICKSTEIN. Mr. Speaker, reserving the right to object, will the gentleman explain the purpose of this bill?

Mr. BROWNING. I will say to the gentleman from New York that the purpose of the bill, as outlined by the Attorney General, is to undertake to establish some orderly and uniform method by which sentences shall begin and end, and the further provision that the parole period shall last through the length of the term instead of being cut off by reason of good conduct.

Mr. DICKSTEIN. Does the gentleman want to take away the additional time allotted to a prisoner by the parole board?

Mr. BROWNING. This does not take away any of the time of the parole. It only provides a uniform system under which the time for serving sentences shall begin.

Mr. DICKSTEIN. Suppose a man has been waiting for trial for two or three months; he is then convicted and given a year. Would you count the time he has been in prison and could not get bail?

Mr. BROWNING. Under the bill he would not be permitted to receive any credit for the time he was awaiting trial.

Mr. DICKSTEIN. Does not the gentleman know that many of our courts are clogged with cases, so that prisoners are oftentimes compelled to wait two or three months for trial? We will assume there is then a conviction; but under this bill you would not give a prisoner any credit for that

time he spent in prison awaiting trial, through no fault of his own?

Mr. BROWNING. This bill would not permit them to get that time.

Mr. DICKSTEIN. Then, Mr. Speaker, I object.

PUNISHMENT OF CERTAIN CRIMES AGAINST THE UNITED STATES

The Clerk called the next bill, H. R. 10640, to provide for the punishment of certain crimes against the United States.

The SPEAKER. Is there objection to the present consideration of the bill?

Mr. GILBERT. Mr. Speaker, reserving the right to object, there is a series of bills amending the criminal law and it is unusual to have such bills on the Consent Calendar. I would like to know what this bill provides.

Mr. SUMNERS of Texas. This bill proposes to punish guards and employees at the prisons who aid prisoners to escape. In a sentence, that is what it intends to do.

Mr. LAGUARDIA. It also vests a warden with authority to detail his employees in case of an emergency, so that an employee can not say, under the civil service law, "My time is up; I am going home and I will be back at 11 o'clock." It gives a warden an opportunity to meet such a condition.

The SPEAKER. Is there objection?

There was no objection.

The Clerk read the bill, as follows:

Be it enacted, etc., That any person employed at any Federal penal or correctional institution as an officer or employee of the United States, who refuses or willfully and knowingly fails to perform any lawful duty of his office or employment in the prevention or suppression of any rebellion, insurrection, riot, or attempt to escape on the part of any prisoner or prisoners confined in such institution; or any such officer or employee or any other person who instigates, connives at, willfully attempts to cause, assists in, or who conspires with any other person or persons to cause any rebellion, insurrection, riot, or escape at such penal or correctional institution; or any such officer or employee or any other person who, without the knowledge or consent of the warden or superintendent of such institution, conveys or causes to be conveyed into such institution, or from place to place within such institution, or knowingly aids or assists therein, any tool, device, or substance designed to cut, abrade, or destroy the materials, or any part thereof, of which any building or buildings of such institution are constructed, or any other substance or thing designed to injure or destroy any building or buildings, or any part thereof, of such institution; or who conveys or causes to be conveyed into such institution, or from place to place within such institution, or aids or assists therein, or who conspires with any other person or persons to convey or cause to be conveyed into such institution, or from place to place within such institution, any firearm, weapon, explosive, or any lethal or poisonous gas, or any other substance or thing designed to kill, injure, or disable any officer, agent, employee, or inmate thereof, shall be punished by imprisonment for life or for any term of years, at the discretion of the court.

SEC. 2. All acts and parts of acts in conflict herewith are hereby repealed.

With the following committee amendment:

On page 1, line 7, strike out the words "rebellion, insurrection" and insert in lieu thereof the word "mutiny."

On page 2, line 1, strike out the words "rebellion, insurrection" and insert in lieu thereof the word "mutiny."

The committee amendment was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed.

A motion to reconsider the vote by which the bill was passed was laid on the table.

MISUSE OF OFFICIAL BADGES

The Clerk called the next bill, H. R. 10590, to prohibit the misuse of official insignia.

Mr. EATON of Colorado. Mr. Speaker, reserving the right to object, I want to ask the proponent of the bill how the manufacturers of this insignia are going to be protected. As I read the bill, the manufacture or sale is prohibited, except as provided here.

Mr. SUMNERS of Texas. That will be done under some sort of permission.

Mr. STAFFORD. The language of the measure is "except when and as authorized under such regulations as may be prescribed by the head of the department."

Mr. SUMNERS of Texas. Yes; I thank the gentleman.

Mr. EATON of Colorado. How are the manufacturers who may have a stock of these badges on hand going to be protected?

Mr. SUMNERS of Texas. As it is now, anybody can go down here and get a policeman's badge or any other sort of badge indicating he is an officer of the Federal Government. The abuse has become so great that it is deemed necessary to have the manufacture of these badges, which are not articles of commerce in any ordinary sense, done under some sort of permission from those who are responsible.

Mr. LAGUARDIA. I think to answer the gentleman's question specifically, first, the regulations would prescribe that in consideration of the authority to sell and make these badges, the manufacturer would consent to sell badges only upon display of credentials by the superior of that department, and the manufacturer would keep a record of the sales. Then if any were sold without authority, such sale would come within the provisions of this measure.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That hereafter the manufacture, sale, or possession of any badge, identification card, or other insignia, of the design prescribed by the head of any department or independent office of the United States for use by any officer of subordinate thereof, or of any colorable imitation thereof, is prohibited, except when and as authorized under such regulations as may be prescribed by the head of the department or independent office of which such insignia indicates the wearer is an officer or subordinate.

SEC. 2. Any person who offends against the provisions of this act shall, upon conviction, be punished by a fine not exceeding $250 or by imprisonment for not exceeding six months, or by both such fine and imprisonment.

With the following committee amendment:

Page 1, line 6, strike out the word "of" and insert the word "or."

The committee amendment was agreed to.

The bill as amended was ordered to be engrossed and read a third time, was read the third time, and passed.

A motion to reconsider was laid on the table.

COMPETENCY OF TESTIMONY OF HUSBAND AND WIFE

The Clerk called the next bill, H. R. 10596, to amend an act entitled "An act to make persons charged with crimes and offenses competent witnesses in United States and Territorial courts," approved March 16, 1878, with respect to the competency of husband and wife to testify for or against each other.

Mr. GAVAGAN. Mr. Speaker, reserving the right to object, I would like to have an explanation from the committee as to the reasons for this proposed change.

Mr. McKEOWN. I will say to the gentleman from New York that there is so much confusion about the rule throughout the country that the Attorney General brought the matter to the attention of the committee, for the reason that injustice in some cases has been done where the defendant was the only witness and she could not be called. It is felt this restriction should not be permitted to do an injustice and that the wife ought to be permitted to be a witness if she wants to. She is not compelled to testify.

Mr. GRANFIELD. The wife is to be permitted to be a witness for or against her husband.

Mr. McKEOWN. For him, and the wife is not compelled to testify, and can not testify as to any confidential communication between them. It simply gives the law the same liberal application that all our modern courts are taking in the matter.

Mr. GAVAGAN. As I read the bill, the only amendment is, on page 2, lines 14 and 15, where you provide that failure to testify will not create any presumption against the defendant.

Mr. McKEOWN. The language of the bill will be that in any such trial or proceeding the husband or wife of the accused shall be competent but not compellable to testify for or against the other, but neither shall be competent to testify as to any confidential communication made by one to

the other during marriage. And the failure to testify shall not create any presumption against the defendant.

I think this is a very fair rule.

Mr. LAGUARDIA. And, of course, it is the purpose to adopt the committee amendment?

Mr. McKEOWN. Yes.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the act entitled "An act to make persons charged with crimes and offenses competent witnesses in United States and Territorial courts," approved March 16, 1878 (U. S. C., title 28, sec. 632), be, and the same is hereby, amended so as to read as follows:

"In the trial of all indictments, informations, complaints, and other proceedings against persons charged with the commission of crimes, offenses, and misdemeanors in the United States courts, Territorial courts, and courts-martial and courts of inquiry in any State or Territory, including the District of Columbia, the person so charged shall, at his own request but not otherwise, be a competent witness. And his failure to make such request shall not create any presumption against him. In any such trial or proceeding the husband or wife of the accused shall be competent but not compellable to testify for or against the other, but neither shall be competent to testify as to any confidential communication made by one to the other during marriage."

With the following committee amendment:

Page 2, line 13, strike out "marriage'" and insert "marriage. An the failure to testify shall not create any presumption against the defendant."

The committee amendment was agreed to.

The bill, as amended, was ordered to be engrossed and read a third time, was read the third time, and passed.

A motion to reconsider was laid on the table.

AMENDING SECTION 122 OF THE JUDICIAL CODE

The Clerk read the next bill on the Consent Calendar, H. R. 10641, to amend section 122 of the Judicial Code.

The SPEAKER pro tempore (Mr. O'CONNOR). Is there objection?

Mr. GILBERT. Will the gentleman from Tennessee make a brief explanation of the bill?

Mr. BROWNING. The point is that the law provides that the senior circuit judge may preside in the absence of the chief justice of that court, but it does not provide for the senior circuit judge under like circumstances performing the ministerial duties that devolve on the presiding judge, and this authorization is asked so that the senior judge, in the absence of the presiding justice, shall have the privilege of performing the ministerial duties the same as the judge presiding over the court.

The SPEAKER. Is there objection?

There was no objection.

The Clerk read the bill, as follows:

Be it enacted, etc., That section 122 of the Judicial Code (U. S. C., title 28, sec. 219) be, and the same is hereby, amended to read as follows:

"SEC. 122. Each circuit court of appeals shall prescribe the form and style of its seal, and the form of writs and other process and procedure as may be conformable to the exercise of its jurisdiction; and shall have power to establish all rules and regulations for the conduct of the business of the court within its jurisdiction as conferred by law. In case any senior circuit judge is disabled by illness from exercising any power given, or performing any duty imposed by law, such power or duty shall be exercised or performed by the other judges of that circuit in the order of the seniority of their respective commissions."

The bill was ordered to be engrossed and read a third time, was read the third time, and passed.

A motion to reconsider was laid on the table.

AMENDING SECTION 35 OF THE CRIMINAL CODE OF THE UNITED STATES

The Clerk read the next bill on the Consent Calendar, H. R. 11084, to amend section 35 of the Criminal Code of the United States.

Mr. SUMNERS of Texas. Mr. Speaker, I ask unanimous consent that this bill go over without prejudice.

The SPEAKER pro tempore. Is there objection?

There was no objection.

AMENDING SECTION 1025 OF THE REVISED STATUTES

The Clerk read the next bill on the Consent Calendar, H. R. 10593, to amend section 1025 of the Revised Statutes of the United States.

The SPEAKER pro tempore. Is there objection?

Mr. STAFFORD. Reserving the right to object, I was under the impression that the doings in the grand-jury room were sacred, and that even the clerk or the district attorney were not privileged to disclose what occurred therein.

Mr. LAGUARDIA. Mr. Speaker, I object.

THE VIRGIN ISLANDS

The Clerk read the next bill on the calendar, S. 418, to extend the admiralty laws of the United States of America to the Virgin Islands.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That there be, and is hereby, conferred upon the judicial tribunals of the Virgin Islands jurisdiction in admiralty which shall be the same as is exercised by the United States district courts, and the practice and procedure shall be the same as in the United States district courts and all cases coming within the admiralty jurisdiction of said tribunals shall be determined in accordance with the general admiralty laws of the United States of America.

The bill was ordered to be read a third time, was read the third time, and passed.

A motion to reconsider was laid on the table.

BRIDGE ACROSS THE RIO GRANDE AT BOCA CHICA, TEX.

The Clerk read the next bill on the Consent Calendar, H. R. 11246, authorizing the Boca Chica Bridge Co., its successors and assigns, to construct, maintain, and operate a bridge across the Rio Grande at Boca Chica, Tex.

The SPEAKER pro tempore. Is there objection?

Mr. STAFFORD. Reserving the right to object, I believe the committee has by its amendment covered the objection set out by the Acting Secretary of State, that the bridge should be approved by the authorities of Mexico.

Mr. MILLIGAN. The State Department suggested such an amendment, and it has been incorporated in the bill.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That in order to facilitate international commerce, improve the postal service, and provide for military and other purposes, the Boca Chica Bridge Co., its successors and assigns, be, and is hereby, authorized to construct, maintain, and operate a bridge and approaches thereto across the Rio Grande, so far as the United States has jurisdiction over the waters of such river, at a point suitable to the interests of navigation, at Boca Chica, Tex., in accordance with the provisions of the act entitled "An act to regulate the construction of bridges over navigable waters," approved March 23, 1906, subject to the conditions and limitations contained in this act and subject to the approval of the proper authorities in the Republic of Mexico.

SEC. 2. There is hereby conferred upon the Boca Chica Bridge Co., its successors and assigns, all such rights and powers to enter upon lands and to acquire, condemn, occupy, possess, and use real estate and other property in the State of Texas needed for the location, construction, operation, and maintenance of such bridge and its approaches as are possessed by railroad corporations for railroad purposes or by bridge corporations for bridge purposes in the State of Texas upon making just compensation therefor, to be ascertained and paid according to the laws of such State, and the proceedings therefor shall be the same as in the condemnation or expropriation of property for public purposes in such State.

SEC. 3. The said Boca Chica Bridge Co., its successors and assigns, is hereby authorized to fix and charge tolls for transit over such bridge in accordance with any laws of Texas applicable thereto, and the rates of toll so fixed shall be the legal rates until changed by the Secretary of War under the authority contained in the act of March 23, 1906.

SEC. 4. The right to sell, assign, transfer, and mortgage all the rights, powers, and privileges conferred by this act is hereby granted to Boca Chica Bridge Co., its successors and assigns; and any corporation to which or any person to whom such rights, powers, and privileges may be sold, assigned, or transferred, or who shall acquire the same by mortgage foreclosure or otherwise, is hereby authorized and empowered to exercise the same as fully as though conferred herein directly upon such corporation or person.

SEC. 5. The right to alter, amend, or repeal this act is hereby expressly reserved.

The following committee amendment was agreed to:

On page 2, line 6, after the word "approval," insert "of the International Boundary Commission, United States and Mexico, El Paso, Tex., and."

The bill as amended was ordered to be engrossed and read a third time, was read the third time, and passed.

A motion to reconsider was laid on the table.

CONVEYANCE TO THE UNITED STATES OF CERTAIN LANDS IN ARIZONA

The next business on the Consent Calendar was the bill (H. R. 10926) to authorize conveyance to the United States of certain lands in the State of Arizona for use of the United States in maintaining air-navigation facilities, and for other purposes.

The SPEAKER pro tempore. Is there objection to the present consideration of the bill?

Mr. GOSS. Mr. Speaker, I reserve the right to object. Has this to do with only new air lines?

Mr. CHAVEZ. The air lines are already in existence. It happens that the State of Arizona owns the land. This bill would convey that land to the Department of Commerce so that they could carry on air navigation and give the State of Arizona new land elsewhere.

Mr. GOSS. They have beacons over certain of those airways over that route to-day?

Mr. CHAVEZ. Yes.

Mr. GOSS. And they just want to add some more, or is this outside of the new lane?

Mr. CHAVEZ. It is in existence and has been in existence for two years.

Mr. GOSS. In connection with the conveyance of this land, I notice, if they decide not to give it up, they dispose of it under applicable law. The Secretary of the Interior is authorized to accept these certain parcels now?

Mr. CHAVEZ. Yes.

Mr. GOSS. If we decide we do not want that airway, we get rid of it back to the State of Arizona?

Mr. CHAVEZ. No; it would be under the control of the public domain subject to entry. Anyone could go and apply for the land.

Mr. GOSS. This has nothing to do with the new proposed lanes out there and the discontinuance of any other lanes?

Mr. CHAVEZ. No. It refers to those already in existence.

Mr. GOSS. How much money is involved?

Mr. CHAVEZ. No money is involved.

The SPEAKER pro tempore. Is there objection to the present consideration of the bill?

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the Secretary of the Interior be, and he is hereby, authorized to accept on behalf of the United States title from the State of Arizona to all of section 18, township 22 north, range 8 west, and the northeast quarter of section 31, southeast quarter of the southeast quarter of section 30, and the west half of the northwest quarter of section 32, township 9 south, range 10 east, Gila and Salt River meridian, Arizona, and in exchange therefor may patent to the State of Arizona an approximately equal area of surveyed, unreserved, unappropriated, nonmineral public lands within the State.

The land to be acquired by the United States under this act shall be used by the Department of Commerce in maintaining air-navigation facilities. If at any time this land or any portion thereof should not be needed for such purpose the Secretary of the Interior shall, upon advice to that effect by the Secretary of Commerce, restore said land or such portion to the public domain for disposition under applicable law.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider laid on the table.

MEDICAL WORK AMONG INDIANS OF FORT PECK INDIAN RESERVATION

The next business on the Consent Calendar was the bill (H. R. 10238) creating a reimbursable fund to be used for special medical and surgical work among the Indians of the Fort Peck Indian Reservation, Mont., and for other purposes.

The SPEAKER pro tempore. Is there objection to the present consideration of the bill?

Mr. GOSS. Mr. Speaker, I reserve the right to object in order to ask the gentleman from Montana why he insists on putting $3,000 annually to defray in whole or in part the cost? If we pass the bill in its present form, we take this out of the jurisdiction of the Congress; and, on the other hand, if we simply make an appropriation for the fiscal year, I would have no objection. I do not think it is wise for the Congress to let these matters slip from under its jurisdiction.

Mr. LEAVITT. Mr. Speaker, will the gentleman yield?

Mr. GOSS. Yes.

Mr. LEAVITT. The bill, as the gentleman will notice, was introduced by me in exactly the form the gentleman suggests, but the report made upon it carries the statement that the Director of the Budget has suggested that it be written in the form in which the committee has reported it. The change was made entirely at the suggestion of the Budget and the Commissioner of Indian Affairs. Of course, I would much rather have it in its original form than have it objected to.

Mr. GOSS. So would I; because if it passes in the form it is written in to-day, we will lose control over the matter, and it is an annual appropriation from now on.

Mr. LEAVITT. As I suggest, I would rather have it in that form than to have it objected to.

Mr. GOSS. I would not object to the bill in its original form, but it is the language that makes it an annual appropriation that takes it out of the jurisdiction of the Congress to which I object.

Mr. STAFFORD. Mr. Speaker, will the gentleman yield?

Mr. GOSS. Yes.

Mr. STAFFORD. As I recall, the Commissioner of Indian Affairs pointed out that $3,000 annually might not be necessary and that the tribal funds would not be able to afford that much expenditure each year, and there should be some discretion left in the commissioner to determine just how much money should be expended for medical services for use off the reservation. They have hospitalization on the reservation. There are 2,000 residing on the reservation and a few outside. I understand this appropriation is to take care of outside medical service not under direct Government employment.

Mr. LEAVITT. In addition to that, cases occasionally arise that must be taken to a larger and better-equipped hospital than the one on the reservation.

Mr. STAFFORD. Yes; and this would leave the change somewhat in the discretion of the Commissioner of Indian Affairs.

Mr. GOSS. If the gentleman would take the annual feature out of it, I would not object. I feel constrained to object otherwise.

Mr. LEAVITT. Under those circumstances I would have to take out the word "annually."

Mr. STAFFORD. Is that in the amendment?

Mr. GOSS. Yes; strike out the word "annually," so that it would come back next year. I would rather have the control of it in Congress. Otherwise it will take it out of our hands.

Mr. STAFFORD. It is still in the control of the Congress. The amount can be controlled by the Committee on Appropriations. This is an authorization that not more than $3,000 may be utilized for this purpose.

Mr. GOSS. The gentleman knows that it will never come back.

Mr. STAFFORD. Oh, they have to come back year after year.

The SPEAKER pro tempore. Is there objection?

Mr. STAFFORD. I object to the provision on the condition suggested by the gentleman from Connecticut.

Mr. UNDERHILL. Mr. Speaker, I ask unanimous consent that the matter be passed over without prejudice.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Massachusetts?

Mr. LEAVITT. I object.

The SPEAKER pro tempore. Is there objection to the present consideration of the bill?

Mr. GOSS. Not in its present form.

The SPEAKER pro tempore. Is there objection?

Mr. GOSS. I object.

RENEWAL OF 5-YEAR GOVERNMENT INSURANCE

The Clerk called the next bill on the Consent Calendar, H. R. 8173, to provide for the renewal of 5-year level premium term Government insurance policies for an additional 5-year period without medical examination.

The SPEAKER pro tempore. Is there objection to the present consideration of the bill?

Mr. UNDERHILL. Reserving the right to object, Mr. Speaker, will the gentleman in charge of the bill explain why it is necessary to extend for five years without medical examination the provision of the law?

Mr. COOPER of Tennessee. For the reason that the 5-year level premium term, under which these policies are now issued, is now expiring, and the veterans who are now in such physical condition as to be able to stand physical examination have their right under section 310 of the act, but veterans who can not stand that medical examination, unless this time is extended, will be deprived of this Government insurance.

Mr. UNDERHILL. Then if, within the last five years, a veteran, through some fault of his own, has contracted some disease or has suffered some injury, he can receive this insurance under this bill?

Mr. COOPER of Tennessee. I do not think that is exactly the point. In the act under which these 5-year level term policies were issued, it was provided that by the expiration of that period of time the veteran should convert his insurance to some other form of policy. That is, ordinary life, endowment, 20-year pay, or so on. All of these converted forms of insurance carry a higher premium rate. It simply means that during this period of depression and unemployment, these men are not able to pay the additional premium rates and unless this same type of policy is extended for them, they will probably have no insurance.

Mr. PETTENGILL. Will the gentleman yield?

Mr. COOPER of Tennessee. I yield.

Mr. PETTENGILL. Will the gentleman state what is the position of the Veterans' Administration on this matter?

Mr. COOPER of Tennessee. The Veterans' Administration has not recommended the passage of the bill, but as I understand it, their report amounts to very little more than simply to point out that this is not the most desirable type of insurance for the veterans to carry, which is known to all of us. The same reason obtains to-day for the extension of these policies as obtained when Congress passed the law authorizing the original issuance of the policies.

Mr. PETTENGILL. The Veterans' Administration does not recommend the bill, does it?

Mr. COOPER of Tennessee. No; for the reason indicated, which is principally from an insurance standpoint. The question relates principally to the type and form of policy.

Mr. EATON of Colorado. Will the gentleman yield?

Mr. COOPER of Tennessee. I yield.

Mr. EATON of Colorado. There is an entire class. I do not know how many there are.

Mr. COOPER of Tennessee. Ninety-seven thousand men are affected.

Mr. EATON of Colorado. But in the entire class there are several hundred thousand men whose insurance is being carried, and from an actuarial standpoint there will not be any loss if they are carried along, as far as ultimate payment is concerned?

Mr. COOPER of Tennessee. That is true.

Mr. EATON of Colorado. They are already in, and if they paid their money within the year they would be carried along in the same way?

Mr. COOPER of Tennessee. That is right.

Mr. STAFFORD. Will the gentleman yield?

Mr. COOPER of Tennessee. I yield.

Mr. STAFFORD. Does this apply to cases of default prior to January 1 of this year?

Mr. COOPER of Tennessee. The expiration date is five years from the time of the issuance of the policies. On January 1 the time expired on 600 of these policies.

Mr. STAFFORD. Does this revive any policies default on which occurred prior to January 1 of this year?

Mr. COOPER of Tennessee. The date January 1 this year does not necessarily enter into the consideration of this at all. It is a question of the 5-year period from the time the policy was taken.

Mr. STAFFORD. From reading the report I thought it was only to relieve those in default since January 1 of this year.

Mr. COOPER of Tennessee. That is true—that the time began to expire January 1 of this year for a certain number and on February 1 for a certain number, and so on.

Mr. STAFFORD. Suppose a war veteran was in default prior to January 1 of this year; would this law give him any rights of restoration, regardless of his condition?

Mr. COOPER of Tennessee. If he comes under the terms of this bill and has that particular type of policy he would be taken care of.

Mr. EATON of Colorado. Were there any policies in default prior to January 1 of this year?

Mr. COOPER of Tennessee. There might have been some.

Mr. EATON of Colorado. Why should they not be covered?

Mr. COOPER of Tennessee. I think they are.

Mr. STAFFORD. We should not go back many years to cases in default, where the veteran has since contracted some disease or been injured and extend the policy to the insurable condition.

Mr. COOPER of Tennessee. That is not the point. Congress authorized the issuance of this particular type of 5-year level-term premium policies, and the men took those policies. Of course, they did not all take them on the same day. They took them at different times, as they saw fit. This 5-year period of time is expiring, and this is simply for the purpose of allowing them an additional 5-year term within which to convert those policies to some other form of Government insurance.

Mr. STAFFORD. My thought was not to extend protection to those who many years back became in default and incurred some disability on account of their own conduct.

Mr. COOPER of Tennessee. I do not think that enters into it.

Mr. GILBERT. Well, reserving the right to object, I do not see how it can help but enter into it. This rate was fixed at a smaller amount by reason of the fact that before it could be carried on they would have to be insurable every five years. Now the gentleman states the rate will be increased if they can not take this up. If they have, by reason of vicious habits within the past two years become uninsurable, why should they be included? The bill is far-reaching and carries a large amount.

Mr. EATON of Colorado. Why should this privilege be denied to many thousands on account of perhaps a few cases such as the gentleman refers to?

Mr. GILBERT. This is very far-reaching and carries a large amount, Mr. Speaker, and I ask unanimous consent that it go over.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Kentucky?

Mr. COOPER of Tennessee. Mr. Speaker, reserving the right to object, I simply point out to the gentleman that 55,500 of these policies expire on July 1. Unless we can get this bill passed and grant this relief to this number of men, it means that that number of veterans will probably lose their protection.

Mr. GILBERT. Mr. Speaker, I have such high regard for the gentleman from Tennessee, who is advocating this measure, that I withdraw my request.

Mr. COOPER of Tennessee. Mr. Speaker, I am happy to have the privilege of raising my voice in support of the passage of the bill H. R. 8173, introduced by me and reported favorably by a unanimous vote of all of the members present of the Committee on World War Veterans' Legislation. As is indicated by the report prepared by me to accompany this bill, it provides for the renewal of 5-year level-premium term Government insurance policies for an additional 5-year period at the premium rate for the attained age, without medical examination.

This bill proposes an amendment to the first paragraph of section 301 of the World War veterans' act, as amended, by adding thereto a proviso that at the expiration of the 5-year period for the 5-year convertible term contract of insurance, such policies may be renewed for a second 5-year period at the premium rate for the attained age without medical examination. Provision is also made that in case the 5-year period of any such policy has expired prior to the date of the enactment of this amendment, and the policy has not been continued in another form of Government insurance, such policy may be renewed as of the date of its expiration on the same conditions, upon the payment of back premiums within four months after such date of enactment.

The legal authority for the issuance of the 5-year level-premium term policies is found in section 301 of the World War veterans' act, 1924, as amended June 2, 1926, and May 29, 1928 (title 38, U. S. Code, Annotated, sec. 512).

Under the present law the 5-year term policy must be converted to a higher-premium policy at the expiration of that term. While the veteran who is in good health and can pass a medical examination may obtain a new 5-year term policy under section 310, World War veterans' act, 1924, as amended, the veteran who is disabled faces forfeiture of his policy.

The average age of the veteran in July, 1932, when most of these 5-year term policies must be converted, will be 41 years. The monthly premium upon the 5-year term policy at that age is 87 cents per $1,000, so that for the average-size policy of $6,800 the premium is $5.91 a month, or $71 a year. The lowest issued policy to which the 5-year term policy may be converted is the ordinary life policy. For the ordinary life policy at the age of 41 the premium per $1,000 is $2.09, or $14.21 a month on the average policy of $6,800. That means that the ordinary life policy will cost $171 a year, or exactly $100 a year more than the 5-year term policy at the same age. There are approximately 97,000 veterans affected by this bill, and this is an extremely serious matter for them, because so many are unemployed and unable, perhaps, to make their premium payments. They will be unable to carry their insurance unless they can have this extension of five years, and thus will be forced to drop their insurance and so deprive their families of the protection, or will be compelled to materially reduce the amount of insurance they are able to purchase at a higher premium rate, which will in turn greatly diminish the amount of protection which they should give their families.

The information furnished by the Veterans' Administration indicates that the expiration time on these policies is as follows: January 1, 1932, 600; February 1, 1932, 630; March 1, 1932, 1,220; April 1, 1932, 3,200; May 1, 1932, 6,100; June 1, 1932, 19,700; and July 1, 1932, 55,500.

It is understood that no renewal of a 5-year policy which has expired will be granted where permanent and total disability has intervened between date of expiration and renewal.

The passage of this legislation is recommended and respectfully urged by the American Legion, Disabled American Veterans, Veterans of Foreign Wars, and all of the service organizations. Rather extensive hearings were held on this bill by the subcommittee on insurance of the World War Veterans' Committee of the House, of which I have the honor of being chairman, and the representatives of these service organizations appeared and made most excellent statements in favor of the passage of this bill.

I sincerely hope that this bill will pass and receive Executive approval at the earliest possible time, and thereby afford this measure of relief to this large group of service men who are so justly entitled to same.

The SPEAKER pro tempore. Is there objection to the present consideration of the bill?

There was no objection.

The Clerk read the bill, as follows:

Be it enacted, etc., That the first paragraph of section 301 of the World War veterans' act, 1924, as amended (U. S. C., Supp. V, title 38, sec. 512), is hereby amended by adding the following proviso at the end thereof: "*Provided further*, That at the expiration of the 5-year period a 5-year level-premium term policy may be renewed for a second 5-year period at the premium rate for the attained age without medical examination; and in case the 5-year period of any such policy has expired prior to the date of the enactment of this amendatory proviso and the policy has not been continued in another form of Government insurance, such policy may be renewed as of the date of its expiration on the same conditions upon payment of the back premiums within four months after such date of enactment; and the Administrator of Veterans' Affairs shall cause notice to be mailed to the holder of any such policy of the provisions of this amendatory proviso."

Mr. RANKIN. Mr. Speaker, I move to strike out the last word in order to propound an inquiry to the chairman of the subcommittee, the gentleman from Tennessee [Mr. COOPER].

When this bill was before the Committee on World War Veterans' Legislation, we had no idea it would take this long to get it through Congress. I call the attention of the chairman of the subcommittee to the following provision:

Such policy may be renewed as of the date of its expiration on the same conditions upon payment of the back premiums within four months after such date of enactment.

Ought not that to be amended to make the time five months?

Mr. COOPER of Tennessee. Mr. Speaker, probably the suggestion is sound, in that more time has been required for consideration of the bill than was contemplated at the time it was introduced. As a precautionary measure, I see no objection to the suggestion offered by the chairman of the committee.

Mr. RANKIN. Then, Mr. Speaker, I move to strike out, on page 2, line 6, the word "four" and insert in lieu thereof the word "five."

The Clerk read as follows:

Amendment offered by Mr. RANKIN: Page 2, line 6, strike out the word "four" and insert in lieu thereof the word "five."

Mr. STAFFORD. Mr. Speaker, reserving the right to object, notice should have been given in advance as to the change, but it is so insignificant I will not insist. However, that is the orderly procedure.

Mr. RANKIN. I know it is, but let me say to the gentleman from Wisconsin, that in response to a question a moment ago it was stated that a certain number of policies expired on the first of January. When the bill was before the Committee on World War Veterans' Legislation, we thought we would get it through Congress and get it agreed to in time to reach them, but I am a little fearful, since it has been more than four months in reaching this stage, that without the provision of my amendment we might not reach them.

Mr. STAFFORD. I was considering, when I went over this bill very carefully, suggesting an amendment that the provisions of the bill shall extend only to those policies that have lapsed within six months prior to the enactment of the bill, but I do not press the amendment. I think, however, some such amendment should be incorporated to protect the Government and to make the bill more certain of final approval and enactment into law. I submit my proposal to the author of the bill. I am not going to press it. It was that in line 2, page 2, after the word "to" insert the words "and within six months of," so it will read:

And in case the 5-year period of any such policy has expired prior to and within six months of the date of the enactment of this amendatory proviso.

This would limit the effective date to those policies which have defaulted within six months of the passage of the bill.

The SPEAKER pro tempore. The question is on the amendment offered by the gentleman from Mississippi [Mr. RANKIN].

The amendment was agreed to.

Mr. STAFFORD. Mr. Speaker, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. STAFFORD: Page 2, line 2, after the word "to" insert the following: "and within six months of."

Mr. RANKIN. Make it five.

Mr. STAFFORD. Make it read, "and within five months of."

The Clerk read as follows:

Amendment offered by Mr. STAFFORD: Page 2, line 2, after the word "to" following the word "prior" insert the words: "and within five months of."

The amendment was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time and passed, and a motion to reconsider laid on the table.

SENTENCE OF IMPRISONMENT

Mr. BROWNING. Mr. Speaker, I ask unanimous consent to return to Calendar No. 286 (H. R. 10599), a bill to fix the date when sentence of imprisonment shall begin to run, providing when the allowance to a prisoner of time for good conduct shall begin to run, and further to extend the provision of the parole laws. The reason for it is that the gentleman from New York [Mr. DICKSTEIN], who objected to that bill, has since examined it and withdrawn his objection.

Mr. KENNEDY. Mr. Speaker, I object.

PORTRAIT OF EX-PRESIDENT COOLIDGE

The Clerk called Senate Joint Resolution 75, authorizing the Joint Committee on the Library to procure an oil portrait of former President Calvin Coolidge.

Mr. LAGUARDIA. Mr. Speaker, reserving the right to object, if the committee will accept an amendment requiring that this portrait be the work of an American artist, or an artist who is an American, I shall support the bill. Otherwise I shall object.

Mr. GILBERT. Mr. Speaker, at this time I ask unanimous consent to address the House for four minutes.

There was no objection.

Mr. GILBERT. Mr. Speaker, the Library Committee and the Committee on Accounts are the only two committees that have ministerial duties. The Committee on Accounts, as you know, has a privileged status. The Committee on the Library has no such privilege and has to put these bills on this calendar if it hopes to pass them.

The Committee on the Library has very carefully considered the request of the gentleman from New York that an amendment be incorporated in the bill requiring that this work be done by an American artist. In the opinion of the Committee on the Library, it would be a great mistake to incorporate such an amendment in the bill, because the committee believes it would serve as a precedent which, in fact, is a slur on American art. American artists do not need this protection.

Let me say to the gentleman from New York that this portrait has already been painted. It has been painted by an American artist, Charles Hopkinson, of Boston.

Mrs. KAHN. Why not have said that weeks ago? All objections to this bill would have been removed weeks ago if the statement had been made that this portrait has already been painted and painted by an American artist. Every time we would suggest an amendment of this kind we would get no satisfaction at all from the Library Committee. The gentleman from Kentucky is the first member of the committee who has said that this portrait has been painted and painted by an American artist.

Mr. GILBERT. If the lady pleases, I have made that statement. Evidently the lady did not hear it. The gentleman from New York had a doubt about that and that raised a doubt in my mind, but I find the fact is that this portrait has already been painted and has been painted by an American artist, Charles Hopkinson, of Boston. It is not right after he has won this to incorporate an amendment in the bill which practically deprives him of much honor.

Mr. LAGUARDIA. Did the gentleman say James R. Hopkinson?

Mr. GILBERT. Charles Hopkinson, of Boston.

Mr. LAGUARDIA. According to the book of the American Academy of Design, issued in 1928, I find that Charles Hopkinson is an associate academician of the American Academy of Design. He is accepted as a painter of high standard. Now, if this portrait is the work of Hopkinson, what is the objection to the amendment I have suggested?

Mr. GILBERT. It is a bad precedent and it is a slur to American art to say that an American artist can not win awards unless protected by legislation, and such would be the effect of carrying such a provision in the bill. American artists can win without that legislative protection and American artists do not want it. Therefore, why does the gentleman insist upon putting into the law that which is a reflection upon American artists?

Mr. LAGUARDIA. I will say to the gentleman that if he will walk out into the lobby he will find portraits that are not masterpieces by any means and they were painted by foreign artists. Only recently we read in the papers that another painting had been purchased by the United States Government which was not the work of an American artist. I have had such an amendment inserted in half a dozen bills during my service in the House.

Mr. GILBERT. The gentleman may have my assurance that that does not apply to this bill.

Mr. LAGUARDIA. Of course I will take the gentleman's assurance if he says it is the work of Charles Hopkinson, because he is a fellow of the National Academy of Design.

Mr. GILBERT. I checked up on that and that is true.

The SPEAKER pro tempore. Is there objection?

Mr. PETTENGILL. Mr. Speaker, reserving the right to object, I am in entire sympathy with furnishing the White House some day with a portrait of ex-President Coolidge. However, this calls for an expenditure of $2,500, and in view of the exigencies of the National Treasury, I think this is an item that should be postponed. Therefore I object.

The SPEAKER pro tempore. Three objections are required.

Mr. PETTENGILL and Mr. FULLER objected.

There being only two objections, the Clerk read the Senate joint resolution, as follows:

Resolved, etc., That the Joint Committee on the Library is hereby authorized to procure an oil portrait of former President Calvin Coolidge for the Executive Mansion, at a cost not to exceed $2,500.

The Senate joint resolution was ordered to be read a third time, was read the third time, and passed.

A motion to reconsider the vote by which the Senate joint resolution was passed was laid on the table.

SPECIAL MEDICAL AND SURGICAL WORK AMONG THE INDIANS OF THE FORT PECK INDIAN RESERVATION, MONT.

Mr. GOSS. Mr. Speaker, I ask unanimous consent to return to Calendar No. 296, H. R. 10238, creating a reimbursable fund to be used for special medical and surgical work among the Indians of the Fort Peck Indian Reservation, Mont., and for other purposes. I objected to this bill earlier in the afternoon, but since then I have had a conference with the proponent of the bill and one of the other objectors. I think there will be no further objection to the consideration of this bill.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Connecticut?

There was no objection.

The SPEAKER pro tempore. Is there objection to the present consideration of the bill?

There was no objection.

The Clerk read the bill, as follows:

Be it enacted, etc., That there is hereby authorized to be appropriated, out of the funds to the credit of the Fort Peck Indians, Montana, in what is known as the 4 per cent fund, the sum of $3,000, to be expended to pay the cost of special medical and surgical work among the Fort Peck Indians: *Provided*, That such expenditures shall be reimbursed to the fund by the Indians under such rules and regulations as the Secretary of the Interior may prescribe and shall remain available for these purposes as a continued revolving fund.

With the following committee amendment:

Strike out all after the enacting clause and insert in lieu thereof the following:

"That there is hereby authorized to be appropriated from tribal funds to the credit of the Fort Peck Indians, Montana, not to exceed the sum of $3,000 annually to defray, in whole or in part, the cost of special medical, surgical, or hospital care for indi-

vidual members of the tribe. Expenditures made shall be reimbursed to the tribal fund of said tribe under such rules and regulations as the Secretary of the Interior may prescribe."

The committee amendment was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed.

A motion to reconsider the vote by which the bill was passed was laid on the table.

Mr. EATON of Colorado. Mr. Speaker, I want to say a few words about the work of the subcommittee of the Committee on Coinage, Weights, and Measures and its able chairman, upon the result of the hearings which has placed before us House Joint Resolution 385 and a report thereon.

It was on the 5th day of January this year that I first pointed out to this House the fact that the use of silver in the money of our country had been replaced to a large extent by paper, and pointed out the extent thereof; also that in the use of silver in our money for the past one hundred and forty and odd years there has been a consumptive use of over half a billion dollars of silver and not quite half so much of gold.

And on February 26 I set before you the statute of March 3, 1897, which authorized the President of the United States to appoint commissioners for an international conference upon the subject of silver and gold and their relative value as money, which statute has never been repealed and is as operative to-day as when enacted. I desire to ask unanimous consent that there be inserted at this point the statute referred to and also sections 311 and 313 under title 31, Money and Finance, on page 995 of the United States Code.

SEC. 312.—International monetary conference commissioners: Whenever the President of the United States shall determine that the United States should be represented at any international conference called by the United States or any other country with a view to securing by international agreement a fixity of relative value between gold and silver as money by means of a common ratio between these metals, with free mintage at such ratio, he may appoint five or more commissioners to such international conference; and for compensation of said commissioners, and for all reasonable expenses connected therewith, to be approved by the Secretary of State, including the proportion to be paid by the United States of the joint expenses of any such conference, the sum of $100,000, or so much thereof as may be necessary, is appropriated. (Mar. 3, 1897, ch. 376, sec. 1, 29 Stat. 624.)

SEC. 311.—Policy of the United States: It is hereby declared to be the policy of the United States to continue the use of both gold and silver as standard money and to coin both gold and silver into money of equal intrinsic and interchangeable value, such equality to be secured through international agreement or by such safeguards of legislation as will insure the maintenance of the parity in value of the coins of the two metals and the equal power of every dollar at all times in the markets and in the payment of debts. And it is hereby further declared that the efforts of the Government should be steadily directed to the establishment of such a safe system of bimetallism as will maintain at all times the equal power of every dollar coined or issued by the United States in the markets and in the payment of debts. (Nov. 1, 1893, ch. 8, 28 Stat. 4.)

SEC. 313.—The provisions of sections 146, 313, 314, 320, 406, 408, 411, 429, 455, and 751 of this title and 51, 101, and 178 of title 12, Banks and Banking, are not intended to preclude the accomplishment of international bimetallism whenever condition shall make it expedient and practicable to secure the same by concurrent action of the leading commercial nations of the world and at a ratio which shall insure permanence of relative value between gold and silver. (Mar. 14, 1900, ch. 41, sec. 14, 31 Stat. 49.)

Mr. EATON of Colorado. At the committee hearings during the past two months there have been presented the personally expressed views of some of the best-informed men who are alive to-day who have told us about silver and gold and the use of both metals in the currency of the United States and all the other countries of the world.

Money changers, bankers, and economists, both theoretical and practical, have told facts about the use of silver as money which may be found alone in a report of the hearings before this committee. Producers, refiners, and marketers of both silver and gold prepared and produced reports which heretofore had never been compiled for the public perusal. Besides the great and distinguished men from the United States, men from England, China, and India gave the committee the benefit of their prepared statements as well as the additional information developed upon intelligent examination.

Comparatively little publicity has been given to the interesting and accurate facts which have been developed. The items have been very meager. Some days the hearing room was barely full of listeners, some interested and some merely curious.

But the members of this committee plodded on and received sufficient factual information to justify the resolution suggesting an international conference of all interested nations. It has been suggested also that if no conference is held or arranged for within, say, 60 days, then an international conference, smaller in scope, shall be held, but shall be just as important as if a larger number of nations participated.

If our Government will arrange a conference of the interested governments of North and South America, there will sit around the conference table the representatives of those countries whose knowledge of and experience in the use of silver as money, and its production both for money and commodity purposes, fully qualify them in taking proper action looking toward the solution of the money question. The conclusions reached by such a body of men concerning the very vital factor of silver in the present-day financial upheaval will be more than academic. I think it is fair to state that some bankers and money changers who deal in silver used in the world-wide business would prefer to have continued unnoticed some of the present practices in the transactions in silver in the world's business.

I think it is just as fair to state that the hearings fully justify many of the conclusions which I am told will appear in the committee's report, a copy of which, however, has not yet been made available. I am told that the committee recognizes that the situation in which silver finds itself as a money metal is attributable to governmental action and not to the abnormal increase of silver production. Debasement and demonitization of silver were legislative acts.

When the stabilization of silver as a money metal is established, one of the principal factors in the existing financial upheaval will receive its proper adjustment and cause substantial and more expeditious progress in the stabilization, not of silver alone but of commodity prices and the level thereof and thus tend to the earlier restoration of normal conditions.

There is a stagnation in the fluidity of movement of both money and credit throughout the world. Velocity has retarded to such an extent that the current of money movement has ceased in part. The same is true of credit, and to a larger degree.

The suggestion of the acceleration of circulation is found in the Glass-Steagall bill which authorized the Federal reserve system to issue a billion dollars more currency upon different securities to be designated as eligible paper with sufficient gold backing.

A later Steagall bill declaring an additional policy of the Federal reserve system is now pending in the Senate, having passed the House by a large majority. I was one of those who voted against the bill. As I saw it then and see it now, it gave legislative authority for the Secretary of the Treasury and the Federal Reserve banks and Board to set aside the gold standard without act of Congress. If that act is to be done, it is my view that it should be done directly and not indirectly, and not left to an administrative official or group of officials to do without a moment's notice. Such power was not requested by any administrative official upon whom the authority was cast.

A world conference may result in some further restoration of the confidence which is an incident and perhaps the most important incident of all money and credit movements.

Another movement which is more than a gesture has been suggested in the stabilization of silver, and that is possible whether the European countries confer or not. The United States, Canada, and Mexico are the principal silver-producing countries. Canada will produce this year between twenty and twenty-five million ounces. The United States will produce possibly thirty to thirty-five million ounces. Mexico will probably produce around 80,000,000 ounces. If the United States bought its own production of silver for a year or two at its mints, it could issue its silver certificates

therefor. The quantity per month would be added to the metal base of our money. Is not that a means of starting the fluidity of movement of money and credit which is now stopped? If the United States, Canada, and Mexico use the next year's supply of silver in their money systems for one year, and possibly for another year, who is there here to say that it will not do that very thing which all want done, namely, start the commodity prices upward and furnish more money that people can get their hands on to do their daily business?

And why can not we put that and other silver money out into circulation? Why can we not begin to use the silver dollars? Call them cartwheels or sinkers or any other name you want. As soon as they are put into circulation, of a necessity they induce more circulation. And it is new money we want. Not more debts. Not more inflation. Not more psychological statutes. But legislation which will produce new and sound metal money which will start the movement of all money and credit, and thus stabilize silver, not merely as an item, but stabilize the price of silver and every other commodity which is included in the list of the Bureau of Labor Statistics.

INTERNATIONAL TECHNICAL COMMITTEE OF AERIAL LEGAL EXPERTS

The Clerk called House Joint Resolution 193, providing for an annual appropriation to meet the quota of the United States toward the expenses of the International Technical Committee of Aerial Legal Experts.

The SPEAKER pro tempore. Is there objection to the present consideration of the resolution?

Mr. PETTENGILL and Mr. McREYNOLDS objected.

BRIDGE ACROSS THE DES MOINES RIVER

The Clerk called the next bill, H. R. 9385, authorizing Roy H. Campbell, Charles H. Brown, G. H. Wilsey, and Dr. H. O. Strosnider, their heirs, legal representatives, and assigns, to construct, maintain, and operate a bridge across the Des Moines River at or near St. Francisville, Mo.

The SPEAKER pro tempore. Is there objection to the present consideration of the bill?

Mr. LAGUARDIA. Mr. Speaker, I object.

The SPEAKER pro tempore. Three objections are required.

There being only one objection, the Clerk read the bill, as follows:

Be it enacted, etc., That in order to facilitate interstate commerce, improve the Postal Service, and provide for military and other purposes, Roy H. Campbell, Charles H. Brown, G. H. Wilsey, and Dr. H. O. Strosnider, their heirs, legal representatives, and assigns, be, and are hereby, authorized to construct, maintain, and operate a bridge and approaches thereto across the Des Moines River, at a point suitable to the interests of navigation, at or near St. Francisville, Mo., in accordance with the provisions of the act entitled "An act to regulate the construction of bridges over navigable waters," approved March 23, 1906, and subject to the conditions and limitations contained in this act.

SEC. 2. There is hereby conferred upon Roy H. Campbell, Charles H. Brown, G. H. Wilsey, and Dr. H. O. Strosnider, their heirs, legal representatives, and assigns, all such rights and powers to enter upon lands and to acquire, condemn, occupy, possess, and use real estate and other property needed for the location, construction, operation, and maintenance of such bridge and its approaches as are possessed by railroad corporations for railroad purposes or by bridge corporations for bridge purposes in the State in which such real estate or other property is situated, upon making just compensation therefor, to be ascertained and paid according to the laws of such State, and the proceedings therefor shall be the same as in the condemnation or expropriation of property for public purposes in such State.

SEC. 3. The said Roy H. Campbell, Charles H. Brown, G. H. Wilsey, and Dr. H. O. Strosnider, their heirs, legal representatives, and assigns, are hereby authorized to fix and charge tolls for transit over such bridge, and the rates of toll so fixed shall be the legal rates until changed by the Secretary of War under the authority contained in the act of March 23, 1906.

SEC. 4. After the completion of such bridge, as determined by the Secretary of War, either the State of Missouri, the State of Iowa, any public agency or political subdivision of either of such States, within or adjoining which any part of such bridge is located, or any two or more of them jointly, may at any time acquire and take over all right, title, and interest in such bridge and its approaches, and any interest in real property necessary therefor, by purchase or by condemnation or expropriation, in accordance with the laws of either of such States governing the acquisition of private property for public purposes by condemnation or expropriation. If at any time after the expiration of five years after the completion of such bridge the same is acquired by condemnation or expropriation, the amount of damages or compensation to be allowed shall not include good will, going value, or prospective revenues or profits, but shall be limited to the sum of (1) the actual cost of constructing such bridge and its approaches, less a reasonable deduction for actual depreciation in value; (2) the actual cost of acquiring such interests in real property; (3) actual financing and promotion costs not to exceed 10 per cent of the sum of the cost of constructing the bridge and its approaches and acquiring such interests in real property; and (4) actual expenditures for necessary improvements.

SEC. 5. If such bridge shall at any time be taken over or acquired by the States or public agencies or political subdivisions thereof, or by either of them, as provided in section 4 of this act, and if tolls are thereafter charged for the use thereof, the rates of toll shall be so adjusted as to provide a fund sufficient to pay for the reasonable cost of maintaining, repairing, and operating the bridge and its approaches under economical management, and to provide a sinking fund sufficient to amortize the amount paid therefor, including reasonable interest and financing cost, as soon as possible under reasonable charges, but within a period of not to exceed 20 years from the date of acquiring the same. After a sinking fund sufficient for such amortization shall have been so provided, such bridge shall thereafter be maintained and operated free of tolls, or the rates of toll shall thereafter be so adjusted as to provide a fund of not to exceed the amount necessary for the proper maintenance, repair, and operation of the bridge and its approaches under economical management. An accurate record of the amount paid for acquiring the bridge and its approaches, the actual expenditures for maintaining, repairing, and operating the same and of the daily tolls collected, shall be kept and shall be available for the information of all persons interested.

SEC. 6. The said Roy H. Campbell, Charles H. Brown, G. H. Wilsey, and Dr. H. O. Strosnider, their heirs, legal representatives, and assigns, shall within 90 days after the completion of such bridge file with the Secretary of War and with the highway departments of the States of Missouri and Iowa a sworn itemized statement showing the actual original cost of constructing the bridge and its approaches, the actual cost of acquiring any interest in real property necessary therefor, and the actual financing and promotion costs. The Secretary of War may, and upon request of the highway department of either of such States shall, at any time within three years after the completion of such bridge, investigate such costs and determine the accuracy and the reasonableness of the costs alleged in the statement of costs so filed, and shall make a finding of the actual and reasonable costs of constructing, financing, and promoting such bridge; for the purpose of such investigation the said Roy H. Campbell, Charles H. Brown, G. H. Wilsey, and Dr. H. O. Strosnider, their heirs, legal representatives, and assigns, shall make available all of its records in connection with the construction, financing, and promotion thereof. The findings of the Secretary of War as to the reasonable costs of the construction, financing, and promotion of the bridge shall be conclusive for the purposes mentioned in section 4 of this act, subject only to review in a court of equity for fraud or gross mistake.

SEC. 7. The right to sell, assign, transfer, and mortgage all the rights, powers, and privileges conferred by this act is hereby granted to Roy H. Campbell, Charles H. Brown, G. H. Wilsey, and Dr. H. O. Strosnider, their heirs, legal representatives, and assigns, and any corporation to which or any person to whom such rights, powers, and privileges may be sold, assigned, or transferred, or who shall acquire the same by mortgage foreclosure or otherwise, is hereby authorized and empowered to exercise the same as fully as though conferred herein directly upon such corporation or person.

SEC. 8. The right to alter, amend, or repeal this act is hereby expressly reserved.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed.

A motion to reconsider the vote by which the bill was passed was laid on the table.

SENTENCE OF IMPRISONMENT

Mr. BROWNING. Mr. Speaker, I ask unanimous consent to return to Calendar No. 286, the bill (H. R. 10599) to fix the date when sentence of imprisonment shall begin to run, providing when the allowance to a prisoner of time for good conduct shall begin to run, and further to extend the provisions of the parole laws. Both of the gentlemen from New York, who have heretofore objected, assure me they are willing for the measure to be considered.

The SPEAKER pro tempore (Mr. O'CONNOR). Is there objection to the request of the gentleman from Tennessee?

There was no objection.

The Clerk read the title of the bill.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the sentence of imprisonment of any person convicted of a crime in a court of the United States shall

commence to run from the date on which such person is received at the penitentiary, reformatory, or jail for service of said sentence: *Provided*, That if any such person shall be committed to a jail or other place of detention to await transportation to the place at which his sentence is to be served, the sentence of such person shall commence to run from the date on which he is received at such jail or other place of detention. No sentence shall prescribe any other method of computing the term.

SEC. 2. That with respect to Federal prisoners sentenced after this act shall become effective, deductions from the term of sentence for good conduct, as provided for by section 1 of the act of June 21, 1902 (32 Stat. 397; U. S. C., title 18, sec. 710), shall be computed beginning with the day on which the sentence commences to run.

SEC. 3. That any prisoner hereafter sentenced, who may be paroled under authority of the parole laws, shall continue on parole until the expiration of the maximum term or terms specified in his sentence without deduction of such allowance for good conduct as is or may hereafter be provided for by law.

SEC. 4. Any prisoner who shall have served the term or terms for which he shall hereafter be sentenced, less deductions allowed therefrom for good conduct, shall upon release be treated as if released on parole and shall be subject to all provisions of law relating to the parole of United States prisoners until the expiration of the maximum term or terms specified in his sentence: *Provided*, That this section shall not operate to prevent delivery of a prisoner to the authorities of any State otherwise entitled to his custody.

SEC. 5. All laws and parts of laws in conflict herewith are hereby repealed.

SEC. 6. This act shall take effect 30 days after its approval.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed.

A motion to reconsider was laid on the table.

AMERICAN MERCHANT MARINE

The Clerk called the next bill, H. R. 6710, to repeal certain laws providing that certain aliens who have filed declarations of intention to become citizens of the United States shall be considered citizens for the purposes of service and protection on American vessels.

Mr. CARTER of California. Mr. Speaker, I object.

OIL AND GAS PROSPECTING PERMITS

The Clerk called the next bill, H. R. 11639, to authorize extensions of time on oil and gas prospecting permits, and for other purposes.

Mr. STAFFORD. Mr. Speaker, reserving the right to object, I would like to inquire of the proponent of the bill whether some limitation should not be placed in section 2 as to granting this extension privilege to permits which have already expired. Certainly it is not the thought of the gentleman from Wyoming that every permit that has expired in the history of the Government should be revived, and yet this is within the scope of the language of the measure as written.

Mr. CARTER of Wyoming. Mr. Speaker, it is not the intention to revive every permit. It is to extend to those that would have been extended by the Secretary of the Interior had the law of 1928 not expired. The law of 1928 granted a 2-year extension. There are some permits where they have spent $50,000 or $100,000. There are quite a number of permits of this kind where they have not gone ahead because they wanted to conform with the conservation program of the Government.

Mr. STAFFORD. Would the gentleman have any objection to striking out the word "already," on page 2, line 4, and inserting a clause, after the word "expired," "within two years after the date of the enactment hereof."

Mr. EATON of Colorado. Will the gentleman yield?

Mr. STAFFORD. Yes.

Mr. EATON of Colorado. Answering for the committee, I think such an amendment should not be placed in the bill, for the reason it has been the policy of the Interior Department for about three years to cause the holders of permits not to do any further development work. This was started in 1929; more than three years have elapsed, and a number of these permits have expired. This is in line with their policy of keeping the permits alive, but permitting the people whose permits have expired to get the benefit of the work they have done until such time as the Department of the Interior is going to permit them to work further under their permits.

Mr. STAFFORD. What is the oldest date of these permits where work has not been performed under such oil leases?

Mr. EATON of Colorado. It would probably go back five or six or seven years, because the policy of delaying the work on all new prospecting was started in 1929.

Mr. COLTON. And may I say that this work is really in the interest of conservation.

Mr. STAFFORD. I understand that full well. I am only seeking to learn whether it is the policy to keep hanging in the air permits on which no work is done year after year. The gentleman has cited the fact that some permits have been issued and no work has been done on them for six or seven years.

Mr. EATON of Colorado. No; not for six or seven years, but since this policy went into effect in 1929, and in the extension of time there was a provision that no work should be done for a certain period. A number of these permits have expired, and it is only fair and right and equitable that the time be extended to some time in the future so permittees may go ahead with the work that has been started.

Mr. STAFFORD. Then would the gentleman have any objection to making it within three years of the date of the enactment hereof?

Mr. EATON of Colorado. I would hesitate to change the language of the department, because this is in the exact language of the previous statutes for extensions that have been made from time to time ever since the leasing act of February 25, 1920, went into effect.

Mr. CARTER of Wyoming. Will the gentleman yield?

Mr. STAFFORD. Yes; I yield to the author of the bill.

Mr. CARTER of Wyoming. Many of these extensions that were granted were granted with the understanding that they would not do any drilling during this conservation period, and now that this conservation period is still in force and effect they want extensions for a term of years while the conservation period is still in effect.

Mr. STAFFORD. Mr. Speaker, I withdraw the reservation of objection.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That any oil or gas prospecting permit issued under the act of February 25, 1920 (41 Stat. 437), or extended under the act of January 11, 1922 (42 Stat. 356), or as further extended under the acts of April 5, 1926 (44 Stat. 236), March 9, 1928 (45 Stat. 252), and the act of January 23, 1930 (46 Stat. 58), may be extended by the Secretary of the Interior for an additional period of three years in his discretion, on such conditions as he may prescribe.

SEC. 2. Upon application to the Secretary of the Interior, and subject to valid intervening rights and to the provisions of section 1 of this act, any permit which has already expired because of lack of authority under existing law to make further extensions may be extended for a period of three years from the date of the passage of this act.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed.

A motion to reconsider was laid on the table.

ACCEPTANCE OF A PARCEL OF LAND FOR PARK PURPOSES. CHICKAMAUGA-CHATTANOOGA NATIONAL MILITARY PARK

The Clerk read the next bill on the Consent Calendar, H. R. 9058, to authorize the Secretary of War to accept, on behalf of the United States, a tract or parcel of land for park purposes to the Chickamauga-Chattanooga National Military Park.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the Secretary of War is hereby authorized to accept on behalf of the United States, for park purposes, as a part of Chickamauga-Chattanooga National Military Park, a certain tract or parcel of land lying and being in the third civil district of Hamilton County, Tenn., on Signal Mountain; being the property of the town of Signal Mountain, and situated within the limits of said town, and known as Signal Mountain Park.

SEC. 2. The Secretary of War is empowered, within his discretion, to permit the erection on said property of any marker, monument, or ornamental design by the citizens of the town of Signal Mountain at their expense.

With the following committee amendment, which was agreed to:

Page 1, line 6, after the word "land," insert "not less than 2 acres in area."

The bill as amended was ordered to be engrossed and read a third time, was read the third time, and passed.

A motion to reconsider was laid on the table.

AMENDING THE WORLD WAR VETERANS' ACT, 1924, AS AMENDED

The Clerk read the next bill on the Consent Calendar, H. R. 7440, to amend the World War veterans' act, 1924, as amended.

Mr. FULLER. Mr. Speaker, I ask unanimous consent to substitute an identical Senate bill, S. 2955.

The SPEAKER pro tempore. Is there objection?

There was no objection.

The Clerk read the Senate bill, as follows:

Be it enacted, etc., That section 202 (12) of the World War veterans' act, 1924, as amended, is hereby further amended to read as follows:

"SEC. 12. Where the disabled person is a patient in a hospital, or where for any other reason the disabled person and his wife are not living together, or where the children are not in the custody of the disabled person, the amount of the compensation may be apportioned as may be prescribed by regulations. Retired pay payable under Public Act No. 506, Seventieth Congress, approved May 24, 1928, may be apportioned in the same form and manner as compensation is apportioned under the provisions of this section."

The Senate bill was ordered to be read a third time, was read the third time, and passed.

A motion to reconsider was laid on the table.

The House bill was laid on the table.

AUTHORIZING THE SALE OF INTEREST IN LANDS DEVISED TO THE UNITED STATES BY SOPHIE CHANQUET

The Clerk read the next bill on the Consent Calendar, S. 694, to authorize the sale of interest in lands devised to the United States under the will of Sophie Chanquet.

The SPEAKER pro tempore. Is there objection?

Mr. STAFFORD. This is a case where certain lands were devised to the Veterans' Bureau, but the Veterans' Bureau is not a distinct entity of the Government, and it seeks to have granted authority to the head of the Administration of Veterans' Affairs to accept what he considers a fair amount for the undivided interest in the property. I do not think there should be any objection to the bill.

The SPEAKER pro tempore. Is there objection?

There was no objection.

The Clerk read the bill, as follows:

Be it enacted, etc., That the Administrator of Veterans' Affairs is hereby authorized to sell all right, title, and interest acquired by the United States under the will of Sophie Chanquet, deceased, in lands situate in the counties of Alameda and San Francisco, State of California, upon such terms and after such public notice by advertisement as he may deem best for the public interest, and to make, execute, and deliver all needful conveyances. The net proceeds of such sale shall be paid into the Treasury of the United States as miscellaneous receipts.

The bill was ordered to be read a third time, was read the third time, and passed.

A motion to reconsider was laid on the table.

INTERNATIONAL CONGRESS OF ARCHITECTS

The Clerk read the next bill on the Consent Calendar, H. R. 9892, to provide that the United States extend to foreign governments invitations to participate in the International Congress of Architects to be held in the United States during the calendar year 1933, and to authorize an appropriation to assist in meeting the expenses of the session.

The SPEAKER pro tempore. Is there objection?

Mr. KENNEDY. I object.

AUTHORIZING THE SECRETARY OF THE NAVY TO FIX THE CLOTHING ALLOWANCE FOR ENLISTED MEN OF THE NAVY

The Clerk called the next bill, H. R. 6735, to fix the clothing allowance for enlisted men of the Navy.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That hereafter the Secretary of the Navy may prescribe the money value of clothing, bedding, and outfits in kind which may be issued to enlisted men in their first enlistment in the Navy.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed.

A motion to reconsider was laid on the table.

BRIDGE ACROSS THE RIO GRANDE AT FORT HANCOCK, TEX.

The Clerk read the next bill on the Consent Calendar, H. R. 10585, authorizing the Fort Hancock-Porvenir Bridge Co., its successors and assigns, to construct, maintain, and operate a bridge across the Rio Grande at Fort Hancock, Tex.

The SPEAKER pro tempore. Is there objection?

Mr. LAGUARDIA. Reserving the right to object, may I call the attention of the gentleman to an international bridge act, which passed the House in the Seventy-first Congress? It is Public Act 403, Seventy-first Congress, creating the Great Lakes Bridge Commission, authorizing the commission and its successors to construct and operate a bridge across the river at Port Huron, Mich.

That to me represents an ideal bridge act for an international bridge. I submit it to the Committee on Interstate and Foreign Commerce to see if it is possible to extend it to this instance.

Mr. MILLIGAN. I disagree with the gentleman. I think it is the worst bridge bill ever passed in this House.

Mr. STAFFORD. We should test the bill by its works. Has any bridge been built under it?

Mr. MILLIGAN. No; and they are back here now with three amendments.

Mr. LAGUARDIA. This is the ideal model bill for an international bridge.

Mr. MILLIGAN. I am sure if the gentleman had been in the committee when the hearings were had he would not make that statement.

The SPEAKER pro tempore. Is there objection?

There was no objection.

The Clerk read the bill, as follows:

Be it enacted, etc., That in order to facilitate international commerce, improve the Postal Service, and provide for military and other purposes, the Fort Hancock-Porvenir Bridge Co., its successors and assigns, be, and is hereby, authorized to construct, maintain, and operate a bridge and approaches thereto across the Rio Grande, so far as the United States has jurisdiction over the waters of such river, at a point suitable to the interests of navigation, at Fort Hancock, Tex., in accordance with the provisions of the act entitled "An act to regulate the construction of bridges over navigable waters," approved March 23, 1906, subject to the conditions and limitations contained in this act and subject to the approval of the proper authorities in the Republic of Mexico.

SEC. 2. There is hereby conferred upon the Fort Hancock-Porvenir Bridge Co., its successors and assigns, all such rights and powers to enter upon lands and to acquire, condemn, occupy, possess, and use real estate and other property in the State of Texas needed for the location, construction, operation, and maintenance of such bridge and its approaches as are possessed by railroad corporations for railroad purposes or by bridge corporations for bridge purposes in the State of Texas, upon making just compensation therefor, to be ascertained and paid according to the laws of such State, and the proceedings therefor shall be the same as in the condemnation or expropriation of property for public purposes in such State.

SEC. 3. The said Fort Hancock-Porvenir Bridge Co., its successors and assigns, is hereby authorized to fix and charge tolls for transit over such bridge in accordance with any laws of Texas applicable thereto, and the rates of toll so fixed shall be the legal rates until changed by the Secretary of War under the authority contained in the act of March 23, 1906.

SEC. 4. The right to sell, assign, transfer, and mortgage all the rights, powers, and privileges conferred by this act is hereby granted to Fort Hancock-Porvenir Bridge Co., its successors and assigns; and any corporation to which or any person to whom such rights, powers, and privileges may be sold, assigned, or transferred, or who shall acquire the same by mortgage foreclosure or otherwise, is hereby authorized and empowered to exercise the same as fully as though conferred herein directly upon such corporation or person.

SEC. 5. The right to alter, amend, or repeal this Act is hereby expressly reserved.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider laid on the table.

EXTRA PAY, SPANISH-AMERICAN WAR VETERANS

The next business on the Consent Calendar was the bill (H. R. 7232) providing for settlement of claims of officers and enlisted men for extra pay provided by act of January 12, 1899.

The SPEAKER pro tempore. Is there objection to the present consideration of the bill?

Mr. LAGUARDIA. Mr. Speaker, I reserve the right to object. It has occurred to me that most of the Spanish-American War veterans are now enjoying very generous pensions. This bill would open the door to over 7,000 claims under an act passed January 12, 1899. Is not that going a little too far?

Mr. TARVER. Mr. Speaker, I ask unanimous consent to proceed for five minutes on this bill. It is a matter of general importance and I would like to explain it.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Georgia?

There was no objection.

Mr. TARVER. Mr. Speaker, the act of January 12, 1899, provided for the payment of two and one month's extra pay, depending on whether their service was abroad or at home, to veterans of the Spanish-American War and the Philippine insurrection after they were mustered out, and the act of March 2, 1899, subsequently passed, provided for the enlistment for the period of emergency of 35,000 additional volunteers. When these men enlisted under the act of March 2, 1899, first began to file their claims for this one and two months' extra pay, depending upon whether they served at home or abroad, the Assistant Comptroller of the Treasury held that the act of January 12, 1899, was retroactive only in operation and did not apply to men who enlisted after the passage of that act. However, in 1904 the Court of Claims in the case of Pierson against United States held that the act was prospective in operation, and did apply to men enlisted under the act of March 2, 1899, and since that time all claims filed by that class of claimants have been paid.

The only men enlisted under the act of March 2, 1899, who have not been paid this extra amount are those who were diligent in the prosecution of their claims and who filed them immediately after discharge, and had them erroneously disallowed as the Comptroller General in his report shows. The question now is whether or not the United States shall insist on their claims being barred by reason of the fact that an erroneous decision was made in their cases and not appealed from or shall accord to these men the same consideration that has since that time been accorded to their comrades who enlisted under the same act of Congress and who have been more fortunate in that they delayed filing their claims until the law was properly construed.

Mr. LAGUARDIA. Mr. Speaker, will the gentleman yield?

Mr. TARVER. Yes.

Mr. LAGUARDIA. I fear that any objection would be very difficult just now, because a few moments ago we passed a bill reported out from our committee granting permission to sue in admiralty to shipowners exactly in the same position as these men.

Mr. TARVER. There is no reasonable ground of objection to this bill. The United States Government does not want to plead either the statute of limitations or bankruptcy, I presume, as against a just debt.

Mr. STAFFORD. How come that these Spanish-American War veterans have had these claims all these years and no action has been taken by Congress heretofore?

Mr. TARVER. I am sorry to state to the gentleman that I have not been here all of these years and I could not answer the question.

Mr. STAFFORD. I know the gentleman is very active in his friendship to the veterans, but there have been a few here when the gentleman was not who were also friendly to the Spanish-American War veterans.

Mr. TARVER. I am sure that is true; but that fact is not any reason for denying these men justice now.

Mr. STAFFORD. Have these claims, to the gentleman's knowledge, been collected by claim agents?

Mr. TARVER. No claim agent is involved in this matter. This is a matter of as much interest to other Members of the House as it is to me. These veterans are scattered throughout the United States, and the Comptroller General in his report says the claims are just, and if they had not been disallowed at a time when the law was erroneously construed would be allowed now.

Mr. STAFFORD. What amount is involved in these seven thousand and odd claims?

Mr. TARVER. He estimates that there are about 7,000 claims which may be filed under this bill. The amount involved I am unable to say. It is not shown by the report. The bill carries no immediate appropriation. It simply directs the consideration of these claims, after which the Congress would have to pass an appropriation for those allowed.

Mr. COLE of Iowa. How much can anyone recover under this?

Mr. TARVER. Either the one or two months' extra pay.

The SPEAKER pro tempore. Is there objection to the present consideration of the bill?

Mr. PETTENGILL. Reserving the right to object, does the gentleman construe the bill as making it mandatory on the General Accounting Office to settle these claims, or is there a discretion vested in the office?

Mr. TARVER. There is no discretion vested in the office except to determine whether or not these men come within the provisions of the law. There ought not to be. If, as a matter of law, they are entitled to this extra pay, they should be allowed the extra pay, and there should be no discretion vested in the Accounting Office.

Mr. PETTENGILL. I withdraw the reservation of objection.

The SPEAKER pro tempore. Is there objection?

There was no objection.

The Clerk read the bill, as follows:

Be it enacted, etc., That the General Accounting Office is authorized and directed to receive and settle claims of officers and enlisted men who were appointed or enlisted in the Army under the act of March 2, 1899 (30 Stat. L. 979), for one or two months' extra pay provided by the act of January 12, 1899 (30 Stat. L. 784), notwithstanding the disallowance of their claims for such extra pay by the former accounting officers of the Treasury.

With the following committee amendment:

On line 8, after the comma, following the parenthesis, insert "as amended."

The committee amendment was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed.

A motion to reconsider was laid on the table.

AMENDING ACT OF MARCH 13, 1924

The Clerk called the next bill on the Consent Calendar, S. 2986, to amend the act of March 13, 1924 (43 Stat. L. 21), so as to permit the Flathead, Kootenai, and Upper Pend d'Oreille Tribes or Nations of Indians to file suit thereunder.

The SPEAKER pro tempore. Is there objection to the present consideration of the bill?

Mr. LAGUARDIA. Mr. Speaker, I object.

AMENDING SECTION 35 OF JUDICIAL CODE

The Clerk called the next bill on the Consent Calendar, H. R. 8577, to amend section 95 of the Judicial Code, as amended.

The SPEAKER pro tempore. Is there objection to the present consideration of the bill?

Mr. GILBERT. Mr. Speaker, reserving the right to object, I would like to have some explanation about this bill.

Mr. ROGERS. Mr. Speaker, this bill is designed simply to provide for the holding of an additional term of the United States district court in the district of New Hampshire.

Under the law at present terms of the United States district court in that State are held at Concord, the capital of the State, and at Littleton, which is nearly 100 miles north of Concord. Those are the only two places at the present time in which terms of the United States district court are held.

Personally speaking, being a practicing attorney in the State of New Hampshire, I would just as soon have the terms held all the time at Concord, the capital of the State, where my office is located, but the fact remains that the city of Manchester, which is by far the largest city in the

State of New Hampshire, having about 77,000 inhabitants, as compared with 25,000 at Concord, and the city of Nashua, which is located still farther south of Concord, the second largest city, having a population of over 30,000, and other cities south and east of Concord, from which, under present conditions, the greater part of the work for the district court of the district of New Hampshire comes, ought to be given some opportunity to have facilities furnished whereby terms of the district court may be held in the largest city—that is, the city of Manchester.

It carries with it no expense whatsoever, and simply provides an opportunity of holding court in that city.

Mr. GILBERT. It will require additional clerks, will it not?

Mr. ROGERS. It will require no additional clerks and no additional officers.

Mr. STAFFORD. Will the gentleman yield?

Mr. ROGERS. I yield.

Mr. STAFFORD. There are some States, such as Indiana, for instance, where it is the policy to have the sessions of the United States district court held only in Indianapolis and not in any surrounding cities. Is it the sense of the bar of the State of New Hampshire that the trial of cases should be centered in one place, or scattered throughout the State?

Mr. ROGERS. In answer to that, of course, I can not speak for the bar of the State, but as far as I know, it is the sentiment of all the practicing attorneys whom I do know, and a great many of them have spoken to me about it, and I think my colleague on the other side of the aisle, the gentleman from New Hampshire [Mr. WASON], would fully agree with me, that in New Hampshire there ought to be facilities in the northern part of the State, in the central part of the State, and an additional place in the city of Manchester, which is south of the capital, and which is the largest city of the State. It would be better for the bench, the bar, and the litigants.

Mr. STAFFORD. What is the farthest distance between the city of Nashua and where it is proposed to hold these sittings, at Manchester and Littleton?

Mr. ROGERS. It is nearly 100 miles north of Concord to Littleton, but Nashua is about 40 miles farther south. Portsmouth, I should say, is about 50 miles east of there. There are several cities south and east which would be greatly accommodated if facilities can be provided at Manchester, and there will not be one cent of expense involved.

Mr. PETTENGILL. Will the gentleman yield?

Mr. ROGERS. I yield.

Mr. PETTENGILL. Would the gentleman explain why the matter was not referred to the Department of Justice? There is nothing in the report from the Department of Justice.

Mr. ROGERS. All I can say about it is that this is a matter which was being considered by my predecessor, the late Congressman Hale, at the time of his death. He was a member of the New Hampshire bar, on the other side of the House, a man for whom the entire bar had great respect. He knew it was the consensus of opinion of the bar of the State that opportunity should be had to hold court in the city of Manchester. I simply took it up where he left it off and introduced the bill.

Mr. STAFFORD. From the knowledge which the gentleman has, as a practicing attorney in New Hampshire, there is no objection from the New Hampshire bar?

Mr. ROGERS. I think the New Hampshire bar would be very substantially for it. I have heard no objection to it.

Mr. LAGUARDIA. Mr. Speaker, reserving the right to object, I would like to ask the gentleman what is the population of Littleton?

Mr. ROGERS. It is a town. It is not a city.

Mr. LAGUARDIA. Exactly. It occurred to me when we considered the bill in committee that the term of court in Littleton ought to be wiped out, because it really serves no useful purpose. I can see the reason for it at Concord and, of course, at Manchester, but there is no good reason why they should hold a term of court at Littleton.

Mr. ROGERS. I may say to the gentleman that I think ultimately that will probably come about.

Mr. LAGUARDIA. As a matter of fact, it is the judge's home town?

Mr. ROGERS. No. The judge lives farther north than that.

Mr. LAGUARDIA. There must be some peculiar reason why they have a term of court at Littleton.

Mr. ROGERS. It has simply been held there for years.

The SPEAKER pro tempore. Is there objection?

Mr. SPARKS. Mr. Speaker, reserving the right to object, as I understand it, Manchester already has accommodations for holding Federal court, so it would not involve the Government in any additional expense to hold court at Manchester.

Mr. ROGERS. I do not understand that it would.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That section 95 of the Judicial Code (U. S. C., sec. 175), as amended by an act approved February 28, 1926, is further amended to read as follows:

"The State of New Hampshire shall constitute one judicial district to be known as the district of New Hampshire. Terms of the district court shall be held at Concord on the first Tuesday in January and on the first Wednesday after the first Monday in September; at Manchester on the fourth Tuesday in March; and at Littleton on the second Tuesday in October."

With the following committee amendments:

Page 1, line 3, strike out "Code (U. S. C., sec. 175), as amended by an act approved February 28, 1926, is further amended to read as follows" and insert in lieu thereof the following: "Code, as amended (U. S. C., title 28, sec. 175), is amended to read as follows."

On page 2, line 3, after the word "October," insert a colon and the following: "*Provided*, That a suitable and convenient place for holding court at Manchester shall be provided and furnished without expense to the United States until a Federal building containing quarters for the court is erected at such place."

The committee amendments were agreed to.

Mr. ROGERS. Mr. Speaker, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. ROGERS: Page 2, lines 1 to 7, inclusive, after the word "September," strike out the remainder of the paragraph and insert in lieu thereof the following: "At Littleton on the second Tuesday of October; and at Manchester on the fourth Tuesday of March: *Provided*, That a suitable and convenient place for holding court at said Manchester shall be provided and furnished without expense to the United States until a Federal building containing quarters for the court is erected at such place."

Mr. LAGUARDIA. Mr. Speaker, I rise in opposition to the amendment. What does the gentleman's amendment do?

Mr. ROGERS. The amendment does not in any way change the substantial part of the bill. It is simply offered to correct a possibility of misunderstanding in the remainder or the bill. The amendment is offered to clarify the bill.

The SPEAKER pro tempore. The question is on the amendment offered by the gentleman from New Hampshire.

The amendment was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider laid on the table.

Mr. FULBRIGHT. Mr. Speaker, I ask unanimous consent to proceed out of order for five minutes.

Mr. BALDRIGE. Mr. Speaker, I object.

ALTERNATE JURORS

Mr. SUMNERS of Texas. Mr. Speaker, I ask unanimous consent to return to Calendar No. 281, the bill (H. R. 10587) to provide for alternate jurors in certain criminal cases.

The SPEAKER. Is there objection to the request of the gentleman from Texas to return to Calendar No. 281?

There was no objection.

The Clerk read the title of the bill.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That whenever, in the opinion of a judge of a court of the United States about to try a defendant against whom has been filed any indictment, the trial is likely to be a protracted one, the court may cause an entry to that effect to

be made in the minutes of the court, and thereupon, immediately after the jury is impaneled and sworn, the court may direct the calling of one or two additional jurors, in its discretion, to be known as alternate jurors. Such jurors must be drawn from the same source, and in the same manner, and have the same qualifications as the jurors already sworn, and be subject to the same examination and challenges: *Provided*, That the prosecution shall be entitled to one and the defendant to two peremptory challenges to such alternate jurors. Such alternate jurors shall be seated near, with equal power and facilities for seeing and hearing the proceedings in the case, and shall take the same oath as the jurors already selected and must attend at all times upon the trial of the cause in company with the other jurors. They shall obey the orders of and be bound by the admonition of the court upon each adjournment of the court; but if the regular jurors are ordered to be kept in custody during the trial of the cause, such alternate jurors shall also be kept in confinement with the other jurors, and except, as hereinafter provided, shall be discharged upon the final submission of the case to the jury. If, before the final submission of the case, a juror die, or become ill, so as to be unable to perform his duty, the court may order him to be discharged and draw the name of an alternate, who shall then take his place in the jury box and be subject to the same rules and regulations as though he had been selected as one of the original jurors.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider laid on the table.

CONSERVATION OF WILD LIFE

The Clerk called the next bill, S. 263, to promote the conservation of wild life, fish, and game, and for other purposes.

Mr. LAGUARDIA. Mr. Speaker, reserving the right to object, the hearings on this bill are not ready, and I am informed they will not be ready until May 23, 1932. I therefore ask that it may go over without prejudice.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

BOWDOIN WELL, MONTANA

The Clerk called the next bill, H. R. 9369, to set aside certain lands around the abandoned Bowdoin well, Montana, for recreational purposes, under a permit to Phillips County Post, No. 57, of the American Legion, Department of Montana.

Mr. LAGUARDIA. Mr. Speaker, reserving the right to object, I certainly object to the subleasing feature of the bill. If you want to give a permit to this post of the American Legion to enter the park and use its natural hot water, there is no objection; but the bill goes further and permits the post to sublease this concession to any private interest. It looks now as if the whole thing were set.

Mr. LEAVITT. Mr. Speaker, if the gentleman will permit, only under such rules and regulations as may be prescribed by the Secretary of the Interior.

Mr. LAGUARDIA. But why give them as a matter of right permission to do something which perhaps would not be consented to if the House thoroughly knew all the facts?

Mr. LEAVITT. The American Legion has made some little development there. Of course, that particular feature is one the American Legion is not very much interested in. Perhaps the gentleman's objection could be met by offering an amendment to strike out that part of the bill.

Mr. LAGUARDIA. Mr. Speaker, I ask unanimous consent that the bill go over without prejudice.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

INCORPORATION OF DISABLED AMERICAN VETERANS OF THE WORLD WAR

The Clerk called the next bill, H. R. 4738, to incorporate the Disabled American Veterans of the World War.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the following persons, to wit, Robert S. Marx, of Ohio; William J. Donovan, of New York; H. G. Lightner, of Kentucky; A. B. Powell, of Alabama; Glenn E. Miner, of Arizona; George H. H. Pratt, of Arkansas; Volney P. Mooney, jr., of California; A. E. Sherlock, of Colorado; Peter Nugent, of Connecticut; Miles H. Draper, of Florida; William E. Tate, of Georgia; Jesse J. McQueen, of Idaho; Herman H. Weimer, of Illinois; S. G. Smelser, of Indiana; Henry J. Bitters, of Iowa; E. C. Moore, of Kansas; L. C. Mayeaux, of Louisiana; F. J. McCarthy, of Maine; George W. Golden, of Maryland; J W. McQueen, of Missouri; Leon C. Waite, of Massachusetts; L. E. Sharp, of Michigan; George E. Leach, of Minnesota; Quintus E. Camp, of Mississippi; John W. Mahan, of Montana; Leonard D. Densmore, of Nebraska; I. A. Lougaris, of Nevada; E. P. Badger, of New Hampshire; W. J. Dodd, of New Jersey; Carl F. Whittaker, of New Mexico; Malcolm Smith, of North Carolina; H. J. Muehlenbein, of North Dakota; Fletcher Riley, of Oklahoma; Lile Dailey, of Oregon; J. J. O'Leary, of Pennsylvania; Arthur Cole, of Rhode Island; G. G Blackman, of South Carolina; Albert Haugse, of South Dakota; Reuben D. Hays, of Tennessee; M. A. Harlan, of Texas; Gaylen S. Young, of Utah; Malvern S. Ellis, of Vermont; George D. Simmons, of Virginia; Miles Price, of Washington; W. J. O'Neil, of West Virginia; Rev. G. Stearns, of Wisconsin; and such persons as may be chosen who are members of the Disabled American Veterans of the World War, and their successors, are hereby created and declared to be a body corporate. The name of this corporation shall be the "Disabled American Veterans of the World War."

SEC. 2. That said persons named in section 1, and such other persons as may be selected from among the membership of the Disabled American Veterans of the World War, an unincorporated patriotic society of the wounded and disabled soldiers, sailors, and marines of the Great War of 1917–18, are hereby authorized to meet to complete the organization of said corporation by the selection of officers, the adoption of a constitution and by-laws, and to do all other things necessary to carry into effect the provisions of this act, at which meeting any person duly accredited as a delegate from any local or State organizations of the existing unincorporated organization known as the Disabled American Veterans of the World War shall be permitted to participate in the proceedings thereof.

SEC. 3. That the purposes of this corporation shall be:

To uphold and maintain the Constitution and the laws of the United States, to realize the true American ideals and aims for which those eligible to membership fought; to advance the interests and work for the betterment of all wounded, injured, and disabled veterans of the World War; to cooperate with the United States Veterans' Administration and all other public and private agencies devoted to the cause of improving and advancing the condition, health, and interests of wounded, injured, or disabled veterans of the World War; to stimulate a feeling of mutual devotion, helpfulness, and comradeship among all wounded, injured, or disabled veterans of the World War; and to encourage in all people that spirit of understanding which will guard against future wars.

SEC. 4. That the corporation created by this act shall have the following powers: To have perpetual succession with power to sue and be sued in courts of law and equity; to receive, hold, own, use, and dispose of such real estate and personal property as shall be necessary for its corporate purposes; to adopt a corporate seal and alter the same at pleasure; to adopt a constitution, by-laws, and regulations to carry out its purposes, not inconsistent with the laws of the United States or any State; to use in carrying out the purposes of the corporation such emblems and badges as it may adopt; to establish and maintain offices for the conduct of its business; to establish State and Territorial organizations and local chapter or post organizations; to publish a newspaper or other publications devoted to the purposes of the corporation; and generally to do any all such acts and things as may be necessary and proper in carrying into effect the purposes of the corporation.

SEC. 5. That no person shall be a member of this corporation unless he—

Any man or woman who was wounded, gassed, injured, or disabled in line of duty while in the service of either the military or naval forces of the United States between the dates of April 6, 1917, and July 2, 1921, and who was in the service between the dates of April 6, 1917, and November 11, 1918, and who received an honorable discharge is elegible for membership in the Disabled American Veterans. Others who were disabled while serving with any of the armed forces of the nations associated with the United States during the World War and who are now American citizens and were honorably discharged, are also eligible. There are no honorary members.

SEC. 6. That the organization shall be nonpolitical, nonsectarian, as an organization shall not promote the candidacy of any persons seeking public office.

SEC. 7. That said corporation may acquire any or all of the assets of the existing unincorporated national organization known as the Disabled American Veterans of the World War, upon discharging or satisfactorily providing for the payment and discharge of all its liabilities.

SEC. 8. That said corporation and its State and local subdivisions shall have the sole and exclusive right to have and to use in carrying out its purposes the name the "Disabled Veterans of the World War."

SEC. 9. That the said corporation shall, on or before the 1st day of January in each year, make and transmit to the Congress a report of its proceedings for the preceding calendar year, including a full and complete report of its receipts and expenditures: *Provided, however*, That said report shall not be printed as a public document.

SEC. 10. That as a condition precedent to the exercise of any power or privilege herein granted or conferred the Disabled American Veterans of the World War shall file in the office of the secretary of each State in which posts, chapters, or subdivisions thereof

may be organized the name and post-office address of an authorized agent in such State upon whom legal process or demands against the Disabled American Veterans of the World War may be served.

SEC. 11. That the right to repeal, alter, or amend this act at any time is hereby expressly reserved.

Mr. STAFFORD. Will the gentleman yield?

Mr. BACHMANN. Yes.

Mr. STAFFORD. I would like to inquire of the gentleman as to the reason why in section 8 you grant to this new corporation, to be known as the Disabled American Veterans of the World War, the sole and exclusive right to have and to use in carrying out its purpose the name the "Disabled Veterans of the World War"?

Mr. BACHMANN. Because only disabled veterans can become members of this organization. In addition to that, it is to prevent these other organizations that are not authentic from going about the country and collecting money in the name of the Disabled Veterans of the World War.

Mr. STAFFORD. So virtually they have two names, one the titular name which we grant here, the Disabled American Veterans of the World War and, as provided in section 8, they are to be permitted to use a dual name in order to prevent any other corporation from using it, the name of Disabled Veterans of the World War.

Mr. BACHMANN. That is what they are—disabled veterans.

Mr. STAFFORD. We are designating this corporation as the Disabled American Veterans of the World War, while in section 8 it is provided that said corporation shall have the sole and exclusive right to have and to use in carrying out its purposes the name the "Disabled Veterans of the World War."

Mr. BACHMANN. Yes; that is to prevent these other organizations from running about over the country and misrepresenting this organization for the collection of money and raising funds.

Mr. STAFFORD. Why not include some other name? Why not say they can not use the title "disabled veterans of foreign wars"? If you are going to provide any such provision as this, why not incorporate the entire category of names that might be coined?

Mr. BACHMANN. That is the only name that seems to be necessary.

Mr. STAFFORD. I think it is an incongruity that should not be recognized.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed.

A motion to reconsider the vote by which the bill was passed was laid on the table.

NAMING OF SUBCONTRACTORS BY CONTRACTORS ON PUBLIC-BUILDING PROJECTS

The Clerk called the next bill, H. R. 9921, to require contractors on public-building projects to name their subcontractors, material men, and supply men, and for other purposes.

The SPEAKER. Is there objection to the present consideration of the bill?

Mr. KENNEDY. Mr. Speaker, I object.

GRASSHOPPER CONTROL

Mr. BUCHANAN. Mr. Speaker, I move to suspend the rules and pass Senate Joint Resolution 149, making funds available for grasshopper control, with an amendment.

The Clerk read as follows:

Strike out all after the enacting clause of the Senate joint resolution and insert:

"That for the application of such methods of control of grasshoppers as, in the judgment of the Secretary of Agriculture, may be necessary, in cooperation with such authorities of the States concerned, organizations, or individuals as the Secretary may deem necessary to accomplish such purposes, including the employment of persons and means in the District of Columbia and elsewhere, printing, rent outside of the District of Columbia, and for other expenses, the sum of $1,000,000 is hereby appropriated, to be immediately available and to be expended by the Secretary of Agriculture, of which sum not to exceed $8,000 may be expended for personal services in the District of Columbia: *Provided*, That except for general administration and supervision, in the discretion of the Secretary of Agriculture, expenditures under this appropriation shall be limited to the purchase and transportation of poisoned bait, or materials for its manufacture, and that the cooperating States shall be responsible for the local distribution and utilization of such bait, including full labor costs: *Provided further*, That in the discretion of the Secretary of Agriculture no part of this appropriation shall be expended for grasshopper control in any State until such State has provided necessary organization for the cooperation herein indicated: *And provided further*, That in no event shall the Federal Government be liable to any State or any political subdivision thereof, or to any organization, individual, firm, or corporation, for any damages resulting from the spreading or application of the poisoned bait herein appropriated for."

The SPEAKER. Is a second demanded?

Mr. WARREN. Mr. Speaker, I make the point of no quorum.

The SPEAKER. The Chair will count. [After counting.] One hundred and eighty-seven Members are present, not a quorum.

Mr. WARREN. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 75]

Abernethy	Drane	Johnson, Tex.	Ragon
Aldrich	Eaton, N. J.	Johnson, Wash.	Ransley
Auf der Heide	Erk	Kelly, Pa.	Reid, Ill.
Bacharach	Estep	Kendall	Schuetz
Beam	Fish	Kinzer	Seger
Beck	Freeman	Kleberg	Shannon
Blanton	French	Kunz	Smith, Idaho
Bohn	Gambrill	Kurtz	Somers, N. Y.
Boylan	Gasque	Lambertson	Stevenson
Brand, Ohio	Gibson	Lamneck	Stewart
Cary	Gifford	Lea	Sullivan, Pa.
Chapman	Gillen	Lehlbach	Thatcher
Chase	Goldsborough	Lewis	Thurston
Chavez	Griffin	Lichtenwalner	Tierney
Clancy	Hancock, N. Y.	Linthicum	Tilson
Collier	Hancock, N. C.	McDuffie	Tucker
Connery	Hartley	Martin, Oreg.	Underhill
Connolly	Haugen	Murphy	Watson
Cooper, Ohio	Hogg, W. Va.	Nelson, Wis.	Withrow
Corning	Hope	Overton	Wolfenden
Crosser	Hornor	Owen	Wood, Ga.
Crump	Hull, William E.	Patterson	Wood, Ind.
De Priest	Igoe	Polk	Yon
Dieterich	Jeffers	Pou	
Dominick	Jenkins	Prall	
Douglas, Ariz.	Johnson, Ill.	Purnell	

The SPEAKER. Three hundred and thirty-one Members have answered to their names; a quorum is present.

Mr. BYRNS. Mr. Speaker, I move to dispense with further proceedings under the call.

The motion was agreed to.

Mr. BYRNS. Mr. Speaker, I demand a second.

Mr. BUCHANAN. Mr. Speaker, I ask unanimous consent that a second may be considered as ordered.

Mr. BYRNS. Mr. Speaker, I object.

The SPEAKER appointed as tellers Mr. BYRNS and Mr. BUCHANAN.

Mr. BANKHEAD. Mr. Speaker, inasmuch as this procedure has not been invoked during this session of Congress, I submit this parliamentary inquiry.

The gentleman from Texas [Mr. BUCHANAN] submitted a unanimous-consent request that a second be considered as ordered for the consideration of this bill under suspension of the rules. Thereupon the gentleman from Tennessee [Mr. BYRNS] objected. The effect of this, by a teller vote, as I understand the rules, is that those who favor consideration of the bill under suspension of the rules will pass through the tellers in the first instance, and those who are opposed to its consideration will pass through in opposition.

The SPEAKER. The gentleman has stated the parliamentary situation correctly.

The House divided; and the tellers reported that there were—ayes 99, noes 137.

So a second was refused.

FEDERAL INTERMEDIATE-CREDIT BANKS

Mr. STEAGALL. Mr. Speaker, I move to suspend the rules and pass the bill (S. 2409) to amend Title II of the Federal farm loan act in regard to Federal intermediate-credit banks, and for other purposes.

The Clerk read the bill, as follows:

Be it enacted, etc., That section 202 (a) of Title II of the Federal farm loan act, as amended (U. S. C., title 12, ch. 8, sec. 1031), is hereby amended by substituting a semicolon for the period at the end of clause (3) and adding thereto the following new matter: "and to accept drafts or bills of exchange issued or drawn by any such association when secured by warehouse receipts and/or shipping documents covering staple agricultural products as herein provided."

SEC. 2. Section 205 of Title II of the Federal farm loan act, as amended (U. S. C., title 12, ch. 8, sec. 1061), is hereby amended by adding at the end thereof the following new matter: "In the event that there shall be an impairment of the paid-in capital of any Federal intermediate-credit bank, the Farm Loan Board, at such time or times as it deems advisable, may determine and assess the amount thereof against the other Federal intermediate-credit banks on such equitable basis of apportionment as it shall prescribe. Each bank against which such an assessment is made shall, out of its surplus and/or to an extent up to 50 per cent of its net earnings, in accordance with the terms of such assessment, pay the amount thereof as soon as possible to the bank having the impairment. In such event payments into the surplus fund and payments of the franchise tax prescribed by this chapter shall be determined on the basis of the net earnings remaining after providing for the payment of any such assessment."

SEC. 3. Section 206 (b) of Title II of the Federal farm loan act, as amended (U. S. C., title 12, ch. 8, sec. 1072), is hereby amended (effective January 1, 1932) by striking out the first two sentences of said section and substituting therefor the following new matter: "After all necessary expenses of a Federal intermediate-credit bank have been paid or provided for, the net earnings shall be paid into a surplus fund until it shall amount to 100 per cent of the subscribed capital stock of such bank, and thereafter 50 per cent of such earnings shall be paid into the surplus. Whenever the surplus thus paid in shall have been impaired it shall be fully restored before payment of the franchise tax herein prescribed. After the aforesaid requirements of this section have been fully met and, except as otherwise provided in this act, 50 per cent of the net earnings shall be paid to the United States as a franchise tax."

SEC. 4. Section 207 of Title II of the Federal farm loan act, as amended (U. S. C., title 12, ch. 8, sec. 1081), is hereby amended by striking out the period at the end thereof and substituting a colon, together with a proviso as follows: "*Provided*, That in view of the liability of all Federal intermediate-credit banks for the debentures and other such obligations of each bank under this act, the banks shall, in accordance with rules, regulations, and orders of the Federal Farm Loan Board, enter into adequate agreements and arrangements among themselves by which funds shall be transferred and/or made available from time to time for the payment of all such debentures and other such obligations and the interest thereon when due in accordance with the terms thereof."

SEC. 5. The second paragraph of section 13 (a) of the Federal reserve act, as amended (U. S. C., title 12, ch. 3, 349), is hereby amended by adding thereto a new sentence as follows: "Any Federal reserve bank may also, subject to regulations and limitations to be prescribed by the Federal Reserve Board, discount notes payable to and bearing the indorsement of any Federal intermediate-credit bank, covering loans or advances made by such bank pursuant to the provisions of section 202 (a) of Title II of the Federal farm loan act, as amended (U. S. C., title 12, ch. 8, sec. 1031), which have maturities at the time of discount of not more than nine months, exclusive of days of grace, and which are secured by notes, drafts, or bills of exchange eligible for rediscount by Federal reserve banks."

SEC. 6. The seventh paragraph of section 13 of the Federal reserve act, as amended (U. S. C., title 12, ch. 3, sec. 347), is hereby amended by changing the period at the end thereof to a comma and adding thereto the words "or by the deposit or pledge of debentures or other such obligations of Federal intermediate-credit banks which are eligible for purchase by Federal reserve banks under section 13 (a) of this act."

Mr. CHINDBLOM. Mr. Speaker, I ask unanimous consent that before proceeding with the demand for a second the gentleman from Alabama [Mr. STEAGALL] may have 10 minutes in which to explain to the House the purpose of this bill and the necessity for its immediate consideration; and may I say in explanation of the request that it has not been possible to get a copy of the report within the last few minutes.

The SPEAKER. The gentleman from Illinois asks unanimous consent that before a second is ordered the gentleman from Alabama [Mr. STEAGALL] may have 10 minutes in which to explain the bill. Is there objection?

Mr. McFADDEN. Mr. Speaker, reserving the right to object, I would not lose my right to demand a second if the request is granted?

The SPEAKER. The gentleman's request does not preclude the gentleman from demanding a second. Is there objection to the request of the gentleman from Illinois?

There was no objection.

Mr. STEAGALL. Mr. Speaker, there is not anything in this bill to which many Members of the House will object. It is true the bill is somewhat technical and it is also true that a mere casual reading might not fully inform a Member who had never given the legislation any study. The measure is not such as to cause Members of the House alarm.

It comes before the House with a unanimous report from the Committee on Banking and Currency, with possibly one exception. The bill has passed the Senate; and if it is proper to say so, I may add, without any objection from the members of the Banking and Currency Committee of that body or from the membership of that body at large. It represents an effort of farm organizations and Members of the House to enlarge the service rendered to agriculture by the intermediate-credit banks. The first four sections relate to the Federal farm loan act. The first section permits intermediate-credit banks to purchase acceptances secured by warehouse receipts or documents covering farm products. This would give the banks the benefit of the accepted rate of interest, which is usually lower than interest paid on debentures of the banks.

Section 2 provides for assessing all the banks to take care of any possible impairment of the capital of any one of the 12 banks. This is only a simplification of methods for doing what must be done under existing law.

The third section fixes the distribution of earnings of the banks, so as to require the accumulation of surplus equal to capital before paying earnings into the Treasury as a franchise tax.

Section 4 only provides in detail for transfer of funds from one of the banks to another to meet any obligation for which each of the 12 banks is responsible. There is no difference of opinion as to these sections.

There are only two provisions in the bill about which there is any controversy. Is not that right, may I ask the gentleman from Pennsylvania [Mr. McFADDEN]?

Mr. McFADDEN. Yes.

Mr. STEAGALL. These are two provisions which amend the Federal reserve act; and in view of the fact that the gentleman from Pennsylvania has just assented to my statement, I shall limit my remarks to the two sections to which I have referred. The first of these is section 5.

Any Federal reserve bank may also, subject to regulations and limitations to be prescribed by the Federal Reserve Board, discount notes payable to and bearing the indorsement of any Federal intermediate-credit bank, covering loans or advances made by such bank pursuant to the provisions of section 202 (a) of Title II of the Federal farm loan act, as amended (U. S. C., title 12, ch. 8, sec. 1031), which have maturities at the time of discount of not more than nine months, exclusive of days of grace, and which are secured by notes, drafts, or bills of exchange eligible for rediscount by Federal reserve banks.

The Federal reserve banks are permitted under existing law to rediscount the very kind of paper, notes, drafts, or bills of exchange that are provided for in this bill if offered by member banks.

The Federal reserve banks may rediscount for the intermediate-credit banks this same class of notes, drafts, bills of exchange, if purchased by the intermediate-credit banks.

The purpose of the amendment is to permit Federal reserve banks to rediscount the same notes, drafts, bills of exchange held by intermediate-credit banks covering loans and advances made directly by intermediate-credit banks to agricultural corporations and banks and other financial institutions to which intermediate-credit banks are permitted to make direct loans.

It is simply a piece of lost machinery in the intermediate-credit banks that we are attempting to supply.

I will say that with possibly one exception I have not heard of anybody who is opposed to that provision of the bill.

Mr. LUCE. Will the gentleman yield?

Mr. STEAGALL. I yield?

Mr. LUCE. Is it not a fact that the measure is recommended by the Secretary of the Treasury?

Mr. STEAGALL. Yes.

Mr. LUCE. And by the Federal Farm Board and the Farm Loan Board?

Mr. STEAGALL. Yes.

Mr. LUCE. And the Federal Reserve Board?

Mr. STEAGALL. Yes; and I was going to state also the American Farm Bureau Federation, the Grange, and all the farm organizations in the country that are interested in enlarging and improving the facilities of the intermediate-credit banks.

Mr. SNELL. Will the gentleman yield?

Mr. STEAGALL. I will.

Mr. SNELL. The report does not say that the measure is recommended by the Secretary of the Treasury or the Federal Reserve Board.

Mr. STEAGALL. I think the gentleman should be willing to accept the statement of the distinguished gentleman from Massachusetts that there are such indorsements of the bill. I will say that we have them in the files.

Mr. SNELL. The gentleman misapprehended the purport of my question. I simply could not find it in the report, and I wanted to be sure that the measure had those recommendations. I have told various Members on this side that such was the case, but they questioned my statement, and I did not see it in the report, and wondered why it was not in the report.

Mr. STEAGALL. The gentleman knows the haste with which these reports are sometimes prepared, and I do not think it is absolutely necessary that Congress should have the indorsement of people on the outside, nor of the heads of departments and boards. It is a fact, however, that this measure is indorsed by the Secretary of the Treasury, by the Federal Farm Board, by the Federal Reserve Board, and the farm organizations of the country.

Now, there is another provision, and that is banks that have debentures and obligations of the intermediate-credit banks may use them for rediscount for 15-day loans by the Federal reserve banks. These obligations are secured by every one of the 12 intermediate-credit banks. The stock is owned by the Government of the United States, $60,000,000 of it, and half of that stock is now held in the Treasury for the support of the obligations of the intermediate-credit banks.

These obligations may be purchased now from Federal reserve banks. They are as sound and desirable as commercial paper, which the banks are permitted to accept for advances under existing law. They are secured by the entire 12 banks, and the Government owns the capital in those banks. The provision would make these securities more desirable by member banks and reduce the interest which is paid by farmer borrowers.

The SPEAKER. Is a second demanded?

Mr. McFADDEN. Mr. Speaker, I demand a second.

Mr. STEAGALL. I ask unanimous consent that a second be considered as ordered.

The SPEAKER. Is there objection?

There was no objection.

Mr. STEAGALL. Mr. Speaker, inasmuch as I have just discussed the bill, I will allow the gentleman from Pennsylvania to proceed.

Mr. McFADDEN. Mr. Speaker, I desire particularly to call the attention of Members of the House to the provisions of this bill which permit the rediscount of notes secured by intermediate-credit debentures with the Federal reserve banks. I raise no objection to that provision, but I do raise a serious objection to the provision which authorizes the issuance of Federal reserve notes on 15-day loans secured by these intermediate-credit debentures. Recently under the Steagall-Glass bill we permitted the substitution of Government bonds for gold or eligible paper as security for the issuance of Federal reserve notes. We are now placing these intermediate-credit borrowings in the form of debentures in exactly the same position that we give to Government bonds. Is there going to be no end to the weakening of securities which we place back of the issuance of Federal reserve notes? Here is a second attempt now. What do we find? We find that the gold movement out of this country is beginning again and that confidence in the American dollar is being again questioned everywhere. Such proposals as these are the items which go to bring about distrust. I think it is a very serious question which is before us at this time—giving the right to the Federal reserve system to issue their note when secured by intermediate-credit debentures. I think you are going a long way when you permit under the Steagall bill the substitution of Government bonds for gold. Here is an attempt to take another class of bonds and make them also eligible when attached to a 15-day note of a bank. That is my objection to this bill. I have tried to make a simple explanation of it. If you want to go ahead and continue to weaken the American dollar, this is one of the finest ways in the world to do it.

Mr. CELLER. Mr. Speaker, will the gentleman yield?

Mr. McFADDEN. Yes.

Mr. CELLER. Would the gentleman say that intermediate-acceptance notes are any worse or better than ordinary commercial paper eligible for rediscount, which is the basis of Federal reserve notes?

Mr. McFADDEN. I think when you authorize the issuance of debentures as security for the issuance of Federal reserve notes, you are going a long way. It is simply another step in the direction of cheapening and bringing discredit upon the American dollar.

Mr. STAFFORD. Mr. Speaker, will the gentleman yield?

Mr. McFADDEN. Yes.

Mr. STAFFORD. So far as commercial paper is concerned, the Federal reserve bank is not privileged to issue Federal reserve notes except on 90-day paper. Here, however, you are authorizing the issuance on notes of these banks of nine months' duration. What is the reason for the discrimination?

Mr. McFADDEN. The argument presented is to make more salable the securities of the intermediate-credit banks. I think when you give eligibility to the intermediate-credit securities in Federal reserve you are going as far as you should go. I do not think they should have this additional authority to place them as security for Federal reserve notes, and I think you are dignifying the intermediate-credit instruments to a great extent when you make them eligible for rediscount, but you should not go beyond that.

Mr. STAFFORD. There is no liquidity as far as these notes are concerned—the Federal intermediate notes.

Mr. McFADDEN. We are destroying all elements of liquidity by placing long-time Government securities and debentures back of Federal reserve notes.

Mr. STAFFORD. This does nothing more than give an impetus to the withdrawal of more gold. Last week $74,000,000 of gold was driven out of the country by virtue of the Goldsborough bill.

Mr. McFADDEN. The gentleman is correct.

Mr. ARENTZ. Mr. Speaker, will the gentleman yield?

Mr. McFADDEN. Yes.

Mr. ARENTZ. The gentleman refers to section 6, line 19, where these words occur:

> Or by the deposit or pledge of debentures or such other obligations of Federal intermediate-credit banks which are eligible for purchase by Federal reserve banks under section 13 (a) of this act.

Mr. McFADDEN. I refer to the clause which amends section 13 of the Federal reserve act, which is as follows. It is short, and I shall read it for the information of the House. The present law reads as follows:

> Any Federal reserve bank may make advances to its member banks on their promissory notes for a period of not exceeding 15 days at rates to be established by such Federal reserve banks, subject to the review and determination of the Federal Reserve Board, provided such promissory notes are secured by such notes, drafts, bills of exchange, or bankers' acceptances as are eligible for rediscount or for purchase by Federal reserve banks under the provisions of this act, or by the deposit or pledge of bonds or notes of the United States.

The proposed amendment adds the following language:

> Or by the deposit or pledge of debentures or such other obligations of Federal intermediate-credit banks which are eligible for purchase by Federal reserve banks under section 13 (a) of this act.

To make it clear to you again, I have no objection to the Federal reserve buying as eligible these acceptances of the intermediate-credit banks. The thing I am objecting to is the placing of these debenture obligations issued by the 12 intermediate-credit banks as security for the note of member banks with the Federal reserve, which can be used as the basis for the issuance of Federal reserve notes.

Mr. BEEDY. Mr. Speaker, will the gentleman yield?

Mr. McFADDEN. Yes.

Mr. BEEDY. I wish the gentleman would explain to the House what difference, if any, there is between an intermediate-credit bank bond, the stock of which banks is owned by the Government of the United States, and a Government bond.

Mr. McFADDEN. The gentleman has explained that very clearly himself. They are intermediate debentures. Government bonds are Government bonds, direct borrowings of the United States.

Mr. BEEDY. And intermediate-credit bank bonds are Government bonds, are they not?

Mr. McFADDEN. No; they are not.

Mr. BEEDY. The Government owns all the stock of the bank.

Mr. McFADDEN. That is true.

Mr. BEEDY. What is the difference in the right to eligibility?

Mr. STAFFORD. And they do not bear the same price on the market at all.

Mr. BEEDY. I am not talking about the price. I am asking what the difference is between the securities.

Mr. CLARKE of New York. One is the parent and the other is the grandparent.

Mr. CHINDBLOM. Will the gentleman yield?

Mr. McFADDEN. I yield.

Mr. CHINDBLOM. It seems apparent to me that the bonds of the intermediate credit banks are something entirely different from the capital stock of the intermediate-credit banks.

Mr. McFADDEN. The gentleman is entirely correct.

Mr. STRONG of Kansas. They are guaranteed by banks owned by the Government.

Mr. CHINDBLOM. I want to ask the gentleman this question: Would the gentleman be in favor of passing this bill if section 6 were omitted?

Mr. McFADDEN. I would say it would be less objectionable.

Mr. CHINDBLOM. Of course it can not be amended under suspension of the rules.

Mr. HART. Will the gentleman yield?

Mr. McFADDEN. I yield.

Mr. HART. Does this bill not broaden the class of paper which the Federal intermediate-credit banks may use?

Mr. McFADDEN. It broadens the class of paper which the Federal reserve can use.

Mr. HART. Title II of the Federal farm loan act does not empower the Federal intermediate-credit banks to accept drafts and bills of exchange. I understand this does.

Mr. McFADDEN. The Federal intermediate-credit system can do those things now. This gives them eligibility in the Federal reserve, and it also permits these debentures to be used when attached to member banks' 15-day notes, to be used as security back of Federal reserve note issues instead of gold or eligible paper as at present.

Mr. HART. This is encouraging the sale of shipping documents to the intermediate-credit banks in place of through the regular banking channels.

Mr. McFADDEN. I have no objection to that.

Mr. HART. That is what it does.

Mr. McFADDEN. My objection goes to the question of the security back of the Federal reserve issues.

Mr. GARBER. Will the gentleman yield?

Mr. McFADDEN. I yield.

Mr. GARBER. What are the restrictions upon the issuance of bonds by the intermediate-credit banks?

Mr. McFADDEN. They are issued with the approval of the board and of the Secretary of the Treasury.

Mr. PARSONS. Will the gentleman yield?

Mr. McFADDEN. I yield.

Mr. PARSONS. This does not make it mandatory upon this board to issue currency and use this as security—issue notes as security, with these debentures?

Mr. McFADDEN. It gives them the right to do it.

Mr. PARSONS. It gives them the right to do it. Does the gentleman think the Federal Reserve Board will engage in any of that practice?

Mr. McFADDEN. I will say to the gentleman, under the right given by the Glass-Steagall bill it was found necessary in Federal reserve operations last week to release $97,000,000 worth of gold and substitute Government bonds back of Federal reserve notes. That apparently was made necessary because of the demands from abroad for the shipment of our gold abroad.

Mr. STEAGALL. Will the gentleman yield?

Mr. McFADDEN. I will say in that connection, in addition to that, the records show that France can still draw from her deposits in the United States, aside from the gold which may now be earmarked, $500,000,000 more.

Mr. CELLER. Will the gentleman yield?

Mr. McFADDEN. I yield.

Mr. CELLER. I take it that the gentleman's objection is to the fact that we are increasing the base of nonliquid assets, as a basis for the issuance of the Federal reserve currency, in the sense that these debentures are not self-liquid. Would not that objection also hold on the Glass-Steagall provisions, which provide that these Government bonds may be used as a base?

Mr. McFADDEN. To that extent; but this is a different security than Government bonds.

Mr. CELLER. So that the gentleman's objection is that we further increase the nonliquidity of these bases for Federal reserve currency?

Mr. McFADDEN. Yes. I will say that the action on these two amendments, this one and the Steagall-Glass bill, is to repeal the liquidity provision of the Federal reserve act, the main thing that was the argument for the creation of the Federal reserve act—elasticity. Now, we are going back to the Government bond secured circulating medium, and in this instance we are substituting for the Government bond the bond of the intermediate-credit system.

Mr. CELLER. Would not the 15-day provision set up enough safeguards there, in the sense that the Federal reserve could only hold these for 15 days, and they would not be used as a basis for a currency issue?

Mr. McFADDEN. I think it is very questionable.

Mr. CHINDBLOM. Will the gentleman yield?

Mr. McFADDEN. I yield.

Mr. CHINDBLOM. Of course, it is only 15-day paper, but if they are not taken up in 15 days they may not be renewed. There is nothing to compel the borrower to renew the paper, and the Federal Reserve Board will have it on its hands.

Mr. McFADDEN. The gentleman is quite correct.

Mr. CELLER. But it is not likely that the Federal reserve will use that as a basis for an issue of currency?

Mr. McFADDEN. It is an easing up on the security back of the Federal reserve currency issues.

Mr. STEAGALL. Will the gentleman yield?

Mr. McFADDEN. I yield.

Mr. STEAGALL. I am sure the gentleman does not wish to mislead the House. Surely the gentleman could not justify the statement that this bill seeks to substitute the debentures of intermediate-credit banks for Government bonds as the basis of note issue?

Mr. McFADDEN. No. I have not stated that.

Mr. STEAGALL. But a moment ago the gentleman did state that.

Mr. McFADDEN. I said it gave the right for the Federal reserve banks or board to use these as security for the issuance of Federal reserve notes in lieu of eligible paper or gold, just in the same manner that it permits them now to use Government securities and gold.

Mr. STEAGALL. Does the gentleman know how many obligations of the intermediate credit banks are outstanding to-day?

Mr. McFADDEN. I do not know the exact amount. Perhaps the gentleman can tell us.

Mr. STEAGALL. I will say that they now have $141,000,000 worth of loans outstanding. The gentleman speaks of danger to the currency of this country by permitting a few million dollars of debentures of these banks to be used as basis for 15-day loans to member banks of the Federal reserve system——

Mr. McFADDEN. The gentleman can use some of his own time.

I also want to call attention to the fact that all of these newly created agencies, Government or otherwise, are now coming to the United States Treasury for help.

What does it resolve itself into? It means we are turning over to the Public Treasury of the United States the mistakes of bankers, the frozen assets in the banks, the slow assets, and the bad assets. And what are we doing? The Treasury of the United States is issuing Government tax-free bonds which are being bought by those people in the United States who are fortunate enough to have money.

What is going to be the ultimate result if we keep on? It means the Treasury of the United States is going to become the liquidating agent of the banks, the railroads, and business generally.

Here is one of the opportunities to call a halt on unsound legislation.

Mr. STEAGALL. Mr. Speaker, will the gentleman yield?

Mr. McFADDEN. The gentleman has time; why does he not use it?

Mr. WOODRUFF. Mr. Speaker, will the gentleman yield?

Mr. McFADDEN. I yield.

Mr. WOODRUFF. Am I correct in my understanding that when a loan is applied for to the intermediate-credit bank the applicant for the loan submits with his application his notes and warehouse receipts?

Mr. McFADDEN. Fifteen-day notes with warehouse receipts attached. I have no objection to the Federal reserve rediscounting that paper. I have objection to their using that paper as security for the issuance of Federal reserve notes.

Mr. WOODRUFF. All right. Am I also correct in assuming that when the intermediate-credit bank passes that loan on to the Federal reserve bank that the application carries with it the warehouse receipts?

Mr. McFADDEN. All of the papers.

Mr. WOODRUFF. All of the papers. Will the gentleman care to assume that the security back of this particular loan——

Mr. McFADDEN. If the gentleman will permit, these debentures of the intermediate-credit banks carry, of course, all of the security of the intermediate-credit system. Their debentures themselves would be attached to a 15-day note and would be subject to rediscount by a member bank and then subject to be put up as security back of the Federal reserve notes when so discounted.

Mr. WOODRUFF. Let me understand what the situation is. A member bank sends a commercial note through to the Federal reserve bank for rediscount. A merchant goes to his local bank, gives his note for a loan, and the banker passes it on by the Federal reserve bank, and upon that document currency is issued, is it not?

Mr. McFADDEN. On a 15-day note?

Mr. WOODRUFF. I am not speaking of a 15-day note. I am speaking of the average commercial transaction, which runs for three months.

Mr. McFADDEN. There is a distinction between the 15-day borrowings and the transactions the gentleman refers to.

Mr. WOODRUFF. I am trying to learn whether or not I should vote for this bill, and what I am trying to get at is this: Is not the security to the Federal reserve bank under the provisions of this bill just as good and just as safe as is the ordinary commercial transaction that goes from the merchant through his member bank to the Federal reserve bank?

Mr. STRONG of Kansas. It is just as good.

Mr. McFADDEN. That is not the question.

Mr. WOODRUFF. It is better.

Mr. McFADDEN. It is a question of the placing of these intermediate-credit debentures, when discounted by a member bank, back of the Federal reserve note issues I am referring to.

Mr. WOODRUFF. Yes; but back of and with those debentures is the warehouse receipt given on necessities of life, actually in existence and which can be sold in the open market whenever the loan is in default. There can not be any better security for a loan, in my opinion.

Mr. McFADDEN. Mr. Speaker, I reserve the balance of my time.

Mr. STEAGALL. Mr. Speaker, I yield five minutes to the gentleman from Kansas [Mr. STRONG].

Mr. STRONG of Kansas. Mr. Speaker, this is an attempt to make it possible for the Federal reserve system to extend its powers of rediscount privileges to those besides the holders of Government bonds. The intermediate-credit banks are owned by the Government. The intermediate-credit banks lend money on cotton, wheat, and other agricultural products. Such commodities are often put in warehouses and warehouse receipts are given for them. Agricultural marketing associations borrow on them of the intermediate-credit banks. The intermediate-credit bank desires credit at low rates of interest, which is seldom obtainable except through the Federal reserve system. If this bill becomes law, they can take such paper secured by such warehouse receipts and by guaranteeing them to the Federal reserve system rediscount them and thus secure needed credit.

Now, my friends, there is no better security. It is just a question of whether you want to let somebody in this country get the privilege of the Federal reserve system besides the big bankers and their clients.

Mr. WOODRUFF. Mr. Speaker, will the gentleman yield?

Mr. STRONG of Kansas. I yield.

Mr. WOODRUFF. As a matter of fact, does not that constitute the finest security that could be offered to the Federal reserve bank?

Mr. STRONG of Kansas. Absolutely, because back of these warehouse receipts there is absolute property, protected and stored in these warehouses, with also the guaranty of these intermediate-credit banks that are owned by the Government.

Mr. McFADDEN. Will the gentleman yield?

Mr. STRONG of Kansas. Yes.

Mr. McFADDEN. The gentleman, I am sure, will recall that it was stated to the committee that the intermediate-credit banks were having difficulty in selling these bonds.

Mr. STRONG of Kansas. Of course; what institution is not? That is the reason we want to let them be so rediscounted. That is true.

Mr. McFADDEN. The gentleman has made a very important statement in that respect.

Mr. HART. Will the gentleman yield?

Mr. STRONG of Kansas. Yes.

Mr. HART. Suppose those documents represented 16-cent cotton?

Mr. STRONG of Kansas. Then they would put them up and probably borrow on its value plus the guaranty of the bank.

Mr. WOODRUFF. Will the gentleman yield?

Mr. STRONG of Kansas. Yes.

Mr. WOODRUFF. The market on cotton would not change very materially in 15 days, would it?

Mr. STRONG of Kansas. No; and the guaranty of these banks is behind all such transactions, and these banks are owned by the Government.

The Federal Reserve Board, the Farm Loan Board, and the intermediate-credit banks are all for this bill. Who is against it? My friend from Pennsylvania is talking as though he represents the Federal reserve banks and the

Federal Reserve Board, but he is not. They are in favor of this bill.

Mr. CELLER. Will the gentleman yield?

Mr. STRONG of Kansas. Yes.

Mr. CELLER. Are they in favor also of using those debentures and the notes appended to them as a basis for the issuance of Federal currency?

Mr. STRONG of Kansas. That is what this bill is for, and they are in favor of the bill.

Mr. HASTINGS. I wish the gentleman would make it clear that this bill has passed the Senate.

Mr. STRONG of Kansas. Oh, yes.

Mr. STEAGALL. It passed the Senate unanimously after full explanation.

Mr. STRONG of Kansas. Everybody is for this bill except my friend from Pennsylvania.

Mr. HASTINGS. I wanted it to appear that the Senate committee had examined this bill thoroughly and approved it.

Mr. STRONG of Kansas. Thank you; the Senate has done so.

Mr. RAMSEYER. Will the gentleman yield?

Mr. STRONG of Kansas. Yes.

Mr. RAMSEYER. The purpose of this bill is to help the intermediate-credit banks?

Mr. STRONG of Kansas. Certainly. It will enable them to rediscount their paper, which will help agriculture of all kinds. Why should we have a banking system in this country if it is not to extend credit based on and secured by food products?

Mr. RAMSEYER. This makes farm paper eligible for rediscount in the Federal reserve banks?

Mr. STRONG of Kansas. Absolutely.

Mr. CHINDBLOM. Will the gentleman yield?

Mr. STRONG of Kansas. Yes.

Mr. CHINDBLOM. The discussion of this bill in the Senate on April 25 covers about one column on pages 9136 and 9137. The statements made by the Senator in charge of the bill agree entirely with the statements so far made by the gentleman from Kansas, and he added this:

> The bill will result, if enacted, in a lowering of rates of interest—I can not tell the Senator the exact amount of saving in interest rates—but it will lower the cost of obtaining money.

Why will it lower the rates of interest?

Mr. STRONG of Kansas. Because they can rediscount their paper through the Federal reserve system to better advantage than at the banks. They will thus secure the same rediscounts that other lines of business and industry secure.

[Here the gavel fell.]

Mr. STEAGALL. Mr. Speaker, I yield five minutes to the gentleman from Massachusetts [Mr. LUCE].

Mr. LUCE. Mr. Speaker, this bill was put in the hands of the Senate chairman of the Committee on Banking and Currency by the Farm Loan Board. It was sent to the Secretary of the Treasury, who examined it, apparently with thoroughness, and a detailed discussion of it appears in the report accompanying the Senate bill. The Secretary concluded by saying:

> The department recommends that the bill be enacted into law.

While part of his language has been incorporated in the House report, it is worth while to repeat about three sentences. Speaking of the securities of the intermediate-credit banks, he said:

> These are high-grade investments, and member banks would purchase them in greater volume if they could be used as a basis for temporary credit with the Federal reserve bank in the event of some emergency or need for funds. It is believed they would not be used in this manner to any great extent, but the fact that they could be would be very valuable in the sale of debentures and would greatly facilitate the operations of the Federal intermediate-credit banks in extending credit to agriculture.

Mr. MORTON D. HULL. Will the gentleman yield?

Mr. LUCE. Yes.

Mr. MORTON D. HULL. Would not the same result be accomplished by increasing the capital of the intermediate-credit banks now owned by the Government?

Mr. LUCE. That is possible; but the financial agencies of the Government have recommended this way of proceeding.

Mr. SNELL. I understand the gentleman to say this had the unqualified approval of Secretary Mellon.

Mr. LUCE. He says:

> The department recommends that the bill be enacted into law.
> Respectfully,
> A. W. MELLON,
> *Secretary of the Treasury.*

Mr. CELLER. Will the gentleman yield?

Mr. LUCE. Yes.

Mr. CELLER. Will the gentleman explain briefly that section of the bill which provides that in the event there shall be an impairment of the paid-in capital of any Federal intermediate-credit bank, the Federal Farm Loan Board, at such time or times as it deems advisable, may determine and assess the amount thereof against the other Federal intermediate-credit banks.

Mr. LUCE. The same principle is applied in the structure of the Federal farm loan system, but the limitations of five minutes would not allow me to go beyond that statement.

Mr. VINSON of Kentucky. Will the gentleman yield?

Mr. LUCE. Yes.

Mr. VINSON of Kentucky. Is the question of the expansion of currency involved in section 6?

Mr. LUCE. It permits the same kind of expansion of currency that was contemplated by the Glass-Steagall bill, meeting the desires of the administration of our finance.

Now, Mr. Speaker, the only objection to this bill comes from our colleague from Pennsylvania. He has a perfect right to disagree with every financial officer of the Government, and it is his duty on this floor to present his views; but when we must choose between his theory of finance and that of those who for the moment are intrusted with the financial administration of this country, it seems to me wise and prudent to follow our financial officials, the Secretary of the Treasury and the boards with which he is associated.

Possibly my friend's theories of finance are correct, possibly he is justified in opposing everything that the administration is trying to do; but so long as we have this administration, so long as we are trusting the administration to carry us through this whirlpool of disaster, let us do what the administration says it is desirable to do. [Applause.]

Mr. STEAGALL. Mr. Speaker, I yield three minutes to the gentleman from Illinois [Mr. SABATH].

Mr. SABATH. Mr. Speaker, I shall support the measure not because this bill has been indorsed by the "greatest Secretary of the Treasury since Alexander Hamilton," ex-Secretary Andrew Mellon, who has left the country with a two and a half billion dollar deficit on its hands to join the nobility and the high financiers of Great Britain, but because I am hoping that the committee will bring in a bill that will authorize the rediscount of safe short-term municipal securities.

Mr. Speaker, ladies and gentlemen of the House, I regret exceedingly that I can not quite grasp the position or the arguments of the gentleman from Pennsylvania [Mr. MCFADDEN], first, that the bill would aid the American bankers, and second, that it would cheapen the American dollar. Surely, he does not wish to have the House infer that his great friend, ex-Secretary Mellon, and his national and international banker friends and their representatives of the administration, are approving any legislation that would reduce or cheapen the gold dollar so much beloved by them. [Applause.]

And as to the Federal reserve crew, that is, I meant to say the Federal Reserve Board, the gentleman from Pennsylvania should not fear, and I know that I am not afraid, that the Federal Reserve Board will go too far in rediscounting any paper that would have a tendency to lower the value of the gold dollar or that would in any way cause the slightest inflation. The gentleman should know that the reverse of this is true. He should know that if the Federal Reserve Board had used its prerogatives under the power which it possessed of rediscounting finance corporation paper, as it should have done in the years of 1930 and

1931 to stimulate the credit of the business of the Nation, we would not be to-day in such serious and intolerable difficulties. I am not afraid that the Federal Reserve Board will go too far in rediscounting any paper. Gentlemen should realize that the Federal Reserve Board wants to have the dollar as high as possible.

Mr. McFADDEN. Will the gentleman yield?

Mr. SABATH. Yes.

Mr. McFADDEN. I am not objecting to the rediscounting of this paper. I am objecting to intermediate-credit bank debentures being placed back of the issue of Federal reserve notes.

Mr. SABATH. I am not afraid of that. The gentleman, who is as well informed as any man as to the policy of the Federal Reserve Board, understands the influence of its governor, Eugene Meyer, and understands that he, notwithstanding any act of Congress, will do nothing that would lower the value of the gold dollar. Not only do I not fear the effects of rediscounting the paper of the intermediate-credit banks, but, as I have stated before, I would look with favor upon any measure that would compel the Federal reserve banks to rediscount the securities of the municipalities and other good securities in order to expand the credit that is so greatly needed for the resumption of business.

It is my honest belief that by accepting such securities for rediscount to the extent of $500,000,000 we would save the cities millions and millions of dollars which is being extracted from them by the high financiers in high interest rates. To-day many of the short-term municipality securities, including tax-anticipating assessment warrants, are being sold at more than 20 per cent below their face value; and therefore the cities are being foreclosed from proceeding with many of their much-needed improvements which would give employment to thousands now walking the streets. It would help reestablish credit and, to some extent at least, would help revive business. It would not be necessary for the cities to discharge their school teachers, firemen, and, in some cases, their policemen.

It would also enable them to provide for their needy unemployed citizens. I believe that this would be much more helpful and beneficial than the plan advocated by many others on the other side of the Capitol that the Government should feed and provide bread for the hungry, and I disagree with the gentleman from Idaho, Mr. BORAH, on the other side of the Capitol, when he asserted early this afternoon that the Government should directly aid the idle because the local officials could not be trusted.

I myself have much more confidence in the officials of our municipalities than I have in many of the bureau autocrats of the Federal Government, and therefore I shall continue to advocate not doles but loans to the municipalities to aid them in their efforts to take care of the unemployed, and I am satisfied that all such loans would be repaid.

I concede that the crisis and the conditions by which people have been thrown out of employment were due to the misrule of the Federal Government, but notwithstanding that fact, I feel that if temporary financial aid were given the majority of the municipalities would prefer that than any form of charity from the Federal Government. But that the unemployed must be taken care of and that the hungry must be fed are conditions that can not be evaded, and I appeal to you not to minimize the need and the danger in this regard.

Mr. STEAGALL. Mr. Speaker, I had forgotten for the moment my friend from Pennsylvania when I proceeded upon the idea that this would not involve the House in any considerable discussion or loss of time. Let me again assure the House that there are no jokers in this bill.

This is a measure fathered by the farm organizations of the country for the purpose of getting a little recognition through reduced interest rates for farmers who borrow of the intermediate-credit banks. These banks have now only something like $150,000,000 of loans, and, of course, there can be no danger of loading down the Federal reserve system or degrading the currency of the country because of the small issue of notes that may be issued by Federal reserve banks through the use of the obligations of intermediate-credit banks.

The notes would have back of them the obligations of the intermediate-credit banks. These obligations are now eligible for purchase by the Federal reserve banks. The notes which the intermediate-credit banks take are eligible for purchase and the notes securing the loans of the intermediate credit banks are eligible for discount by the Federal reserve banks. Each of the 12 intermediate-credit banks stands back of the obligations or debentures of the other 11 banks. As the gentleman pointed out, these debentures are better than the notes that are now made eligible for rediscount at Federal reserve banks. The institutions issuing them are controlled and supervised by the Government. There could never be any danger of fraud or unfair dealing. Their use is only permitted. Federal reserve banks would not be required to accept them. They could not be used in large amounts, and in all probability never would be——

The Treasury of the United States owns the stock of the 12 intermediate banks—$30,000,000 of the stock is held to protect the securities of the intermediate-credit banks. There is no danger in that. The intermediate-credit banks have not come to unload any kind of securities that are undesirable, as suggested by my friend the gentleman from Pennsylvania [Mr. McFADDEN]. They are banks the stock in which is owned by the Treasury of the United States, and it is utterly without foundation to argue that institutions owned by the Government of the United States are trying to degrade the currency issued by the Federal reserve banks. Surely, Members of the House will not be influenced or frightened by such argument——

Mr. VINSON of Kentucky. Will the gentleman yield?

Mr. STEAGALL. I yield.

Mr. VINSON of Kentucky. Does the Secretary of the Treasury in any place in his letter indicate that the Federal reserve notes that may be issued on the debentures of the intermediate-credit banks would be designated as fiat money?

Mr. STEAGALL. No; it is no more fiat money than any currency that has been issued by the Federal reserve banks. The notes would be protected, not only by the security, the money in the Treasury to the credit of these banks, the capital of the banks, the assets of the 12 banks, but it must also be protected by 40 per cent gold, like the other currency issued by Federal reserve banks——

Mr. CELLER. Will the gentleman yield?

Mr. STEAGALL. I yield.

Mr. CELLER. Would it be possible that the Federal farm banks would ask for the same privilege as the intermediate-credit banks are asking?

Mr. STEAGALL. I will say that that is beside the question. It would not present a similar situation in any sense of the word. Such a proposal would not bear any legitimate relation to the proposal in this bill in so far as the merits of the legislation are concerned. But no such proposal has ever been made, nor will it ever be. The Federal land banks loan money upon real estate on long-time, amortized payments and are fundamentally different.

Mr. CHINDBLOM. Will the gentleman yield?

Mr. STEAGALL. I yield to the gentleman from Illinois.

Mr. CHINDBLOM. The discussion in the Senate gives me the impression that the main benefit expected from this legislation was that the interest rate would be lowered.

Mr. STEAGALL. Absolutely. Would you not rather have these obligations held by the Federal reserve system, as collateral, than the junk gathered up from the four corners of the earth as they have been doing in recent years? [Applause.]

[Here the gavel fell.]

Mr. McFADDEN. Mr. Speaker, in the short time I have I want to make clear to the membership of the House that this provision of section 13 in the Federal reserve act, as now to be amended, allowing member banks to rediscount for a period of 15 days, provides that the security shall be debenture bonds.

We never have permitted this under the law heretofore, and it has been very much discussed; it is serving banks for

speculative purposes. Section 13, providing for 15 days' time, is where money is released for speculative purposes to the big banks. You are now going to permit member banks to borrow from the Federal reserve bank under this provision on their note for 15 days, secured by intermediate-credit bonds, and making these notes eligible as security in part back of Federal reserve notes. That is all I have to say about it.

The SPEAKER. All time has expired. The question is on suspending the rules and passing the bill.

The question was taken; and, in the opinion of the Chair, two-thirds having voted in favor thereof, the rules were suspended and the bill was passed.

CLEARING TITLE TO CERTAIN LAND IN LENAWEE COUNTY, MICH.

The SPEAKER. The Chair is about to recognize the gentleman from Michigan, Mr. MICHENER, to ask unanimous consent for the consideration of a bill which has been drawn to his attention, which is represented to be and which the Chair believes to be of an emergency nature. That is the reason for recognizing the gentleman at this time.

Mr. MICHENER. Mr. Speaker, I ask unanimous consent for the present consideration of the bill (S. 4148) to permit the United States to be made a party defendant in certain cases, an identical House bill having been reported favorably by the Committee on the Judiciary of the House and now being on the calendar.

The Clerk read the title of the bill.

The SPEAKER. Is there objection?

Mr. STAFFORD. Mr. Speaker, I think we should have the full bill read, so that we may know what it is about.

The SPEAKER. Without objection, the Clerk will read the bill.

There was no objection, and the Clerk read the Senate bill, as follows:

Be it enacted, etc., That the consent of the United States is given to be named a party in any suit which is now pending, or which may hereafter be brought in the courts of the State of Michigan having jurisdiction of the subject matter, for the purpose of clearing the title to, and removing liens from, all those pieces or parcels of land situate and being in the county of Lenawee and State of Michigan, described as follows, to wit:

The west half northwest quarter section 35, township 5 south, range 4 east, containing 80 acres of land, be the same more or less. Also that tract beginning at the northwest corner of Maumee and Boughton Streets in the village of Tecumseh, thence along the west line of said Maumee Street north to the corner of Lave Baxter, jr.'s land, thence west along said Baxter's land to the mill pond, thence southwardly along the east side of said mill pond to said Boughton Street, thence along the north line of said Boughton Street to the place of beginning, containing about 30 acres of land, be the same more or less. Also village lot 130; and also that tract of land beginning at the southwest corner of said village lot 130 and on the east line of Mill Street; thence along the east line of said last-mentioned street, southwardly to the line between village lots 126 and 127, thence along the said line last mentioned eastwardly to the east line of said lots; thence eastwardly to the line between village lots 139 and 140; thence along said lots to Maumee Street; thence north along the west line of said street to the line between village lots 133 and 134; thence along the south line of said lot 133 and of lots 132, 131, and 130 to the place of beginning, containing about 10 acres of land, be the same more or less.

SEC. 2. Service upon the United States shall be made by serving the process of the court, with a copy of the bill of complaint, upon the United States attorney for the eastern district of Michigan, and by sending copies of the process and bill, by registered mail, to the Attorney General of the United States, at Washington, D. C. The United States shall have 30 days after service as above provided, or such further time as the court may allow, within which to appear and answer, disclaim, plead, or demur.

SEC. 3. The final judgment or decree of the court in any suit brought under this act shall have the same effect respecting the discharge of a purported mortgage given by Joseph W. Brown and Cornelia T. Brown, his wife, of the first part, to United States of America of the second part, dated November 21, 1835, and recorded on December 30, 1835, in the register of deeds' office of Lenawee County, Mich., in Liber B of Mortgages, at page 447, as may be provided with respect to such matters by the law of the State of Michigan.

SEC. 4. No judgment for costs or other money judgment shall be rendered against the United States in any suit or proceeding which may be brought under the provisions of this act. Nor shall the United States be or become liable for the payment of the costs of any such suit or proceeding or any part thereof.

Mr. MICHENER. Mr. Speaker, in 1835, practically 100 years ago, a justice of the peace in the State of Michigan for some unknown cause drew a mortgage running from Joseph W. Brown and wife to the United States of America in the sum of $2,000. That mortgage was placed of record in the county register of deeds' office and it has been there ever since. A search has been made to find why it was placed there. An inquiry has been made of the several departments. A search has been made of the district attorney's office in the eastern district of Michigan, where any proceeding would be found affecting the land. As stated in the report, no facts can be ascertained as to who gave the mortgage or why. The presumption is that a country justice of the peace—and you gentlemen from the city do not appreciate just what that means—at that time, 100 years ago, probably wanted to secure somebody or some part of the Government for a payment for something, and took a mortgage on a farm and recorded it, and it has been forgotten ever since. It has no force or effect. The United States Government makes no claim. I took the matter up with the Attorney General to be sure. There is no way whereby that cloud may be removed from that land except by congressional legislation. There are two methods. Congress may pass a bill directing the Treasurer of the United States to execute a discharge of the mortgage. I did not pursue that course because by doing so the Congress would be discharging an obligation without investigation. This bill follows a similar bill passed in the last session at the instance of the gentleman from South Carolina [Mr. DOMINICK], who had a somewhat similar proposition. It simply provides that in the State court, where a suit is now pending to clear the title to this property, a State process may be served upon the district attorney, and also upon the Attorney General of the United States, and those officials may then plead as they see fit. The local court may then proceed to judgment the same as it does in ordinary cases in which it has jurisdiction.

Mr. DYER. Mr. Speaker, if the gentleman will permit, I suggest that he is taking more time than the bill is worth.

Mr. MICHENER. The gentleman from Michigan does not want to consume the time of the House. He knows that this is a meritorious bill, the purpose of which is to remove a cloud from the title to land. That there is no other method whereby this cloud may be removed. That the United States Government has no pecuniary interest in the subject matter, and it is regrettable that this course is necessary and that the time of the Congress must be consumed in this way, and if the House desires no further information, and if there is no objection to the consideration of the bill, the gentleman from Michigan is pleased and will not indulge in further explanation.

The SPEAKER. Is there objection to the present consideration of the bill?

There was no objection.

The bill was ordered to be read a third time, was read the third time, and passed.

A motion to reconsider the vote by which the bill was passed was laid on the table. A similar House bill (H. R. 10625) was laid on the table.

The SPEAKER. Without objection, the bill H. R. 8931 will be laid on the table, a similar bill having been passed this afternoon.

POLITICS AND THE POST OFFICE

Mr. FULBRIGHT. Mr. Speaker, I ask unanimous consent to address the House for five minutes.

The SPEAKER. Is there objection?

Mr. STAFFORD. Mr. Speaker, reserving the right to object, is the House going to return to the Consent Calendar this afternoon?

The SPEAKER. The Chair thinks not. It is late in the afternoon, and two or three gentlemen have spoken to the Chair about addressing the House for a few minutes. Is there objection to the request of the gentleman from Missouri?

There was no objection.

Mr. FULBRIGHT. Mr. Speaker, last Saturday in Springfield, Mo., a convention of the postmasters of my State was assembled. At that convention an official representative of the administration was present and addressed the convention. If the Associated Press carries a correct report of what he said, then certain statements were made that ought to command the attention of every thoughtful, patriotic citizen of the country, as well as their condemnation.

Mr. SABATH. Mr. Speaker, will the gentleman yield and give us the name and title of that gentleman?

Mr. FULBRIGHT. I propose to do it in the course of my remarks. From the Washington Star, carrying Associated Press dispatches, I read the following:

[Washington Star, Sunday, May 15]

GLOVER WARNS POSTMASTERS TO BECOME HOOVER BOOSTERS—GLAD TO TAKE RESIGNATIONS OF THOSE WHO BALK AT TAKING A HAND—"FILLING JOB" IF THEY DEFEND AND SUPPORT PRESIDENT, MISSOURIANS TOLD

SPRINGFIELD, Mo., May 14.—Urging Missouri postmasters to defend and support Herbert Hoover, W. Irving Glover, Second Assistant Postmaster General, told the Postmasters' State convention here to-day that "as long as you do that, you are filling the job of postmaster."

"You are a part of this administration," he said. "It is best for us to get out on the firing line. I shall be back in Washington Monday, and I will be glad to take the resignations of any of you postmasters who do not want to do it."

[Applause.]

The gentlemen on the Republican side who are cheering are perhaps just as much responsible for that statement as was the Second Assistant Postmaster General. [Applause.]

If that statement is true, and was made without the knowledge of the President, then it is the duty of the President of the United States to remove Mr. Glover from office. [Applause.] I say further, that if that statement was made with the knowledge and approval of the President of the United States, the conduct of the President is more reprehensible than that of the man who gave utterance to the statement. [Applause.]

If this statement was made with the approval of the President of the United States, it means that indirectly he is willing that his campaign be financed out of the Treasury of the United States and at the expense of the overburdened taxpayers of the country. This, of course, is entirely in keeping with the President's brand of economy. [Applause.]

If that statement be true, it means that the President intends to create out of the Post Office Department a political machine to advance his own particular interests as a candidate. If that be true, he expects those men from now until the November election to devote their time to political purposes instead of serving the people by whom they are paid. [Applause.]

The gentlemen who are applauding on the Republican side of the House sat mute when the President's political message was read a few days ago, which condemned them in just about as strong terms as I am condemning him. [Applause and laughter.] The righteous wrath of an indignant people will mete out the proper condemnation and punishment to those who would prostitute the welfare of the country for political gain. [Applause.]

The SPEAKER. The time of the gentleman from Missouri has expired.

Mr. FULBRIGHT. Mr. Speaker, I ask unanimous consent to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from Missouri?

Mr. WILLIAMSON. Mr. Speaker, I object.

GRASSHOPPER CONTROL

Mr. BURTNESS. Mr. Speaker, I ask unanimous consent to address the House for five minutes.

Mr. GREEN. Mr. Speaker, reserving the right to object, and I shall not object, we should have considered the bill and should consider reimbursement.

Mr. SCHAFER. Mr. Speaker, I demand the regular order.

The SPEAKER. Is there objection to the request of the gentleman from North Dakota?

There was no objection.

Mr. BURTNESS. Mr. Speaker, I have asked for this time at the suggestion of a number of the Members from the eight States which were tremendously interested in the proposal to appropriate $1,000,000 for grasshopper control, which the House refused to give consideration to this afternoon by a vote of 137 to 99.

Before making a few comments with reference to it, I want to take the opportunity on behalf of the membership from those States to thank the Speaker of the House [Mr. GARNER] for the consideration which he gave to us, and the fact that he exercised the somewhat unusual prerogative of giving us the opportunity to attempt to suspend the rules and pass the resolution that was involved. We are indebted to him for his fairness and sympathetic consideration.

We are tremendously disappointed in the result; we feel we have been unjustly treated. I would not be here speaking to you now if I did not firmly believe that many voted against the consideration of the resolution upon the theory that the danger alleged to be confronting those eight States is more or less of a joke. I say with all the earnestness that I possess that it is no joke but actually a menacing and tragic calamity. If any of you have seen the pictures that were taken last year when the migration of the grasshoppers came agross the plains and wiped out every spear of green grass and other vegetation that existed, over broad areas, and left little or nothing but the rails and ties along the railroad tracks, you would realize that it is no joke, either to the farmers who are living there or to the business men in the towns, who are dependent upon the welfare of the farmers.

Neither is it a small matter or a joke to the industrial interests of this great country. I call attention to the fact that the demand for legislation of the kind which we brought here this afternoon has come more from the metropolitan newspapers of large centers like Minneapolis and St. Paul than from individual farmers or the small newspaper in the country districts, because the editors in those centers, business men, wholesalers, bankers, and other of such cities as Minneapolis and St. Paul, even those of the cities of Milwaukee and Chicago, realize that unless some crops are raised out in that section they are not going to be able to collect their bills from local merchants and implement dealers. Even the city of New York depends in large part on the buying power of agriculture in the Great Plains States.

I was surprised and astonished at the fact that the chairman of the great Appropriations Committee of this House, who comes from a section where much Federal aid has been given in years past to control agricultural pests which infest his territory from time to time, should assume leadership of the opposition and bring into play the power and influence of his high office to refuse to consider a second as being consented to, and compel the membership of the House to vote upon the question as to whether or not there should be consideration for it. Did he fear the strength of our case? Is he unwilling to listen to our prayer for relief? I was also surprised at the membership of a great many other States that have benefited from time to time from appropriations of that sort, for the protection of their people, walking between the tellers in the belief that it was a joke, but walking between the tellers in such a way as to result in preventing consideration of the matter. I tell you, gentleman, that was neither fair nor just.

The SPEAKER. The time of the gentleman from North Dakota has expired.

Mr. WILLIAMSON. Mr. Speaker, I ask unanimous consent that the gentleman be allowed to proceed for five additional minutes.

Mr. KENNEDY. Mr. Speaker, I object.

Mr. BURTNESS. Mr. Speaker, I ask unanimous consent to revise and extend my remarks, to include some figures or tabulations with reference to appropriations for a number of items, such as the Japanese beetle, the gypsy moth, the

European corn borer, and items of that sort which I regard as similar in principle.

The SPEAKER. Is there objection to the request of the gentleman from North Dakota?

Mr. COCHRAN of Missouri. Mr. Speaker, reserving the right to object, I would like to know what it is the gentleman desires to put in the RECORD.

Mr. BURTNESS. Merely some figures with reference to other appropriations that have been made from time to time which I regard as precedents.

Mr. COCHRAN of Missouri. I certainly do not propose to object to anything the gentleman wants to put in, but I call the gentleman's attention to the fact that half a dozen Members objected when the gentleman from Missouri [Mr. FULBRIGHT] asked permission to extend his remarks upon the conclusion of his speech. Mr. Speaker, I withdraw my objection.

Mr. BURTNESS. We would not ask for this if we were not confronted with a serious emergency situation. The unprecedented drought of the past two years destroyed most of our crops. The dry weather did more than that. It resulted in a tremendous increase in grasshoppers last year. The grasshoppers laid their eggs by the billions! As much as 12,000 eggs have been found in 1 square foot of soil. Just think what that means. Entomologists say that at least 90 per cent of the eggs came through the winter in a fertile condition. The gentleman from South Dakota [Mr. CHRISTOPHERSON] has shown many of you the eggs and young hoppers in a handful of dirt sent to him from that State. A similar experiment was conducted by Mr. J. G. Haney, of Grand Forks, N. Dak., who is in charge of the experimental stations of the International Harvester Co. in the Northwest. He placed some dirt taken from near a fence row in a jar and connected that jar in turn with one in which he placed some green grass and left it in his office. In a short time the grasshoppers hatched out and soon went into the next jar and began to eat. I have no idea how many there were, but the two jars finally became practically filled with hoppers.

I am reliably informed of another incident in my State which would be amusing were it not so tragic in its possibilities with reference to our crops. A number of stumps were dug up and split and thrown into the basement with a view of using them later for firewood. In a couple of weeks when the owner had occasion to go to the basement, he found it swarming with young hoppers. Obviously the dirt still clinging to the stumps had been full of eggs laid there last fall.

Not only are the farmers and business men throughout the country tremendously interested in protecting the crops that we hope to raise in these States but the Government itself is directly interested therein. I refer, of course, to the fact that the Government in the making of seed loans in former years and crop-production loans this year has taken crop mortgages for the amounts so loaned. The Government has something like $36,000,000 invested in such loans in the infested States at this time, and its only security is a chattel mortgage upon the crops, coupled, of course, with the individual responsibility of the borrower who signed the notes.

We talk these days about economy and I yield to no one in my desire to reduce expenditures and to balance the Budget. I contend, however, that it would be economy for the Government to grant this appropriation and thus in a practical way protect and safeguard the security which it now has upon the crops to be grown this season. The Government has credit; the individual farmers have none. The States have no funds available. The time is too short to call special sessions of the legislature to provide for the issuance of bonds even in those few cases where that would be permitted under the State constitution. It would also be a very expensive procedure. Some counties could raise the funds, but a majority thereof can not do so, for they have had no crops for two years and a large amount of taxes due them can not be collected. You can appreciate the additional poor relief that such counties have had to expend, particularly during the last year.

In our emergency, therefore, we have asked the Government to help out, and it alone can head an organization which will make eradication efforts effective. Piece-meal work by scattered counties will not do the job and would result in much waste of effort.

When we were before the Agricultural Committee, some of the members asked about State cooperation. Just now we can not furnish such cooperation by contributing 50 per cent or some other percentage for the payment of the ingredients, but we do propose to cooperate in a very practical way, and our expense in so doing will be reasonably commensurate with what we are asking the Government to furnish. Our counties and other municipalities will take full charge and pay for all expenses involved in mixing the bran, molasses, banana oil, arsenic, or other ingredients, so that the work will be done properly. Most of this will be under the direction of the county agents. Each State has organized for that portion of the job. The farmers themselves will go to the mixing points, which in most cases will probably be at the county-seat towns, and obtain the mixture. The work of spreading the poison will be done by the farmers, and from personal experience I know that it is quite some job. It is impossible to estimate the total expense of all this work, but, as already stated, it will amount to a large sum and, in my judgment, be fairly commensurate with the contribution of the Federal Government.

If the Members of the House do not change their attitude expressed by their vote this afternoon, there will be some of us who will adopt a different position with reference to items carried in the appropriation bill for the Department of Agriculture next December. We will be forced to be here to object to further expenditures for the European corn borer which presumably has meant considerable to States like Ohio, Michigan, Pennsylvania, Indiana, and New York. We will be compelled to oppose expenditures for the pink bollworm in which the cotton States are interested. We will not be kindly disposed to further expenditures to eradicate the gypsy moth in New England, New Jersey, and New York; the Japanese beetle in Pennsylvania, Maryland, Virginia, Massachusetts, Connecticut, Rhode Island, New York, and the District of Columbia, or the phony-peach eradication work in Georgia, Alabama, and other States. On principle this work is identical to that which we have now asked for.

In the matter of tick eradication, causing so-called tick or Texas fever, the Government has spent $11,700,000 during the last 26 years. Large expenditures have also been incurred in the eradication of foot-and-mouth disease wherever same has occurred. This money has been expended in the States of you men from the South, and you can well imagine our disappointment when we saw you a few minutes ago vote against consideration of the resolution in which we are so much interested. The prosperity of our country as a whole depends upon the prosperity of each and every section thereof. Our interests are mutual, and we should be treated alike by the Federal Government.

I append hereto a tabulation showing appropriations made in recent years for various purposes, and I ask the membership of the House to ask themselves the question whether, in view of all the precedents, it is now fair or just to deny the modest request which we are making when we are confronted with a most serious emergency.

We hope to have an opportunity to bring the item before you again at an early date, and I feel that it will then be approved by a substantial majority. This will probably come on a vote to agree to the Senate amendment on the annual agricultural appropriation bill. Such amendment has already been approved by the House conferees, but as it is new legislation they must bring it to the House for a separate vote.

Plant quarantine and control administration—Certain appropriations for eradication and control of insect pests

	Fiscal year	Amount
European corn borer.		
For special clean-up campaign in Ohio, Michigan, Pennsylvania, Indiana, and New York	1927	$10,000,000
For control and prevention of spread	1920–1932	8,000,000
Total		18,000,000
Pink bollworm:		
For special clean-up campaign, including compensation for noncotton zones in Texas and Arizona	1923	200,000
For special clean-up campaign, including compensation for noncotton zones in Texas only (appropriated but not expended)	1928	5,000,000
For special clean-up campaign in Arizona	1930	587,500
Compensation for losses, nonproduction of cotton, noncotton zone in Arizona	1931	675,000
For prevention of spread of pink bollworm	1917–1932	6,872,590
Total		13,335,090
Research	1929–1932	142,280
Thurberia cotton weevil: Control and prevention of spread in Arizona	1928–1932	170,260
Mediterranean fruit fly:		
Eradication in Florida	1929–30	4,250,000
Do	1930	1,290,000
Do	1931	1,740,000
Total		7,280,000
Research	1931–32	467,205
Gypsy moth: Control and prevention of spread in New England, New Jersey, and New York	1910–1932	10,634,015
Japanese and Asiatic beetles: Control and prevention of spread in New Jersey, Pennsylvania, Maryland, Massachusetts, Connecticut, Rhode Island, New York, District of Columbia, and Virginia		4,500,000
Date scale: Eradication and control in California and Arizona	1921–1932	412,600
Mexican fruit worm:		
Eradication and preventing of spread in Texas	1928–1932	456,100
Research	1928–1932	175,568
Total		631,668
Citrus canker eradication:		
Georgia, Florida, Alabama, Mississippi, Louisiana, and Texas (eradication work finished in Georgia in 1917)	1915	35,000
Do	1916	[1] 300,000
Do	1917	250,000
Do	1918	[1] 180,000
Do	1918	250,000
Do	1919	250,000
Do	1920	196,320
Do	1921	109,720
Do	1922–1932	684,540
Total		2,255,580
White-pine blister rust:		
For control work in California and Pacific Northwest	1916–17	[1] 20,000
Do	1918–1932	5,148,175
Total		5,168,175
Sugar-beet leaf hopper:		
Control of leaf hopper disease on sugar beets and various truck crops	1929	14,100
Do	1930	215,900
Do	1931	215,900
Do	1932	215,900
Total		661,800
Phony-peach eradication: Eradication work authorized for Georgia, and Alabama, and scout work in various other States	1930–1932	283,011
Barberry eradication: Eradication work in the 13 barberry States (Colorado, Illinois, Indiana, Iowa, Michigan, Minnesota, Montana, Nebraska, North Dakota, Ohio, South Dakota, Wisconsin, and Wyoming)	1918–1932	4,385,086
Foot-and-mouth disease:		
Eradication of foot-and-mouth disease wherever it occurred; last important outbreaks—		
California	1924–25	3,041,442
Texas	1924–25	726,062

[1] Deficiency.

Tick eradication: Eradication of tick causing so-called tick (or Texas) fever in cattle from Southern States: Work begun in 1906 and continued to date. Approximate average annual expenditure, $450,000; 26 years (1906–1932), $11,700,000.

Mr. NELSON. of Missouri. Mr. Speaker, I ask unanimous consent to revise and extend my remarks.

The SPEAKER. Is there objection?

There was no objection.

Mr. NELSON of Missouri. Mr. Speaker, "As long as you do that, you are filling the job of postmaster." According to an Associated Press dispatch, this statement was made to a State convention of postmasters at Springfield, Mo., the speaker being W. Irving Glover, Second Assistant Postmaster General, after he had urged postmasters to defend and support Herbert Hoover. "You are a part of this administration," the dispatch quotes Mr. Glover as saying; "it is best for us to get out on the firing line. I shall be back in Washington Monday and I will be glad to take the resignation of any of you postmasters who do not want to do it."

Comment upon the preceding statement from a member of the Hoover administration, and at a time when the President has been represented by his press agents as having put politics aside, should not be necessary. So putrid with politics is the Glover statement that it stinks for itself. It is offensive to the nostrils of every fair and decent man or woman and deserves the censure which it must everywhere receive.

Think of it! Think of a high public official advising those in places of trust and responsibility that as long as they are supporting Herbert Hoover, they are "filling the job of postmaster." Surely this is a new and strange standard of efficiency. If the President does not severely reprimand a representative of his administration for such talk, and especially at such a time of stress as this, or if he does not actually demand his resignation, the American people, regardless of party, will be grievously disappointed.

I can not imagine the Republican postmasters in the district which I have the honor to represent doing the bidding of such a boss; nor will there be one who will send in his resignation because of his refusal to play politics instead of looking after the duties of his office. Take my home city, Columbia, Mo., for instance. In my greatest flight of imagination I can not picture Postmaster Frederick W. Niedermeyer standing in the lobby meeting men and women who come for their mail and telling them that he hopes they are for Hoover, and saying to them, in the words of Mr. Glover:

> We have got a leader. We have had one for years. If we do not stand back of that man Hoover, regardless of party, God help this country!

Think what the effect would be as soon as the new letter postage becomes effective should this same postmaster say to the farm woman who comes to exchange the price of a dozen eggs for two postage stamps when told, "By all means you should support Mr. Hoover." Figure how it would work with the farmer when handed an envelope containing a check for a shipment of hogs which had netted only about 2½ cents per pound to be admonished that he must "stand by Mr. Hoover." And let us not forget the unemployed man who comes for a letter in reply to one written in the hope of securing work elsewhere when, upon receiving the stereotyped reply that the company was letting off men rather than taking on others, he is called aside and advised, "Keep on voting for Candidate Hoover."

Surely these are strange days. Not so long ago postmasters were admonished against political activity. Now they are told that it is best to "get out on the firing line" for Hoover, and are warned that if they do not do so their resignations will be accepted. Think of a high official threatening postmasters with the loss of their jobs, and at a time when with millions of men and women out of work a job is a job, if they refuse to do his political bidding. As the New York Times commented, when the Postmaster General announced that it was Mr. Hoover's intention to seek renomination, "The mask comes off the political-patronage machine."

As is clear to all thinking people, the Second Assistant Postmaster General has violated the most common rules of good principle, and even of good politics. The speech will not soon be forgiven nor forgotten. It marks a low and unworthy effort on the part of one who has discredited his official position.

Mr. DYER. Mr. Speaker, I ask unanimous consent to proceed for two minutes?

The SPEAKER. Is there objection?

There was no objection.

Mr. DYER. Mr. Speaker, I only want to make a statement in answer to the statement made by my colleague from Missouri in reference to a speech of the Assistant Postmaster General at Springfield, Mo., some days ago. I have just called the Assistant Postmaster General and talked with him personally. He told me that he made no statement urging the postmasters to get behind Mr. Hoover to help him be reelected to the presidency. All that he said was that it is the duty of every American citizen, be he Republican or Democrat, to support the President in these trying times and help us get through this perilous condition.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to Mr. PRALL, indefinitely, on account of illness.

SENATE JOINT RESOLUTION REFERRED

A joint resolution of the Senate of the following title was taken from the Speaker's table and, under the rule, referred as follows:

S. J. Res. 149. Joint resolution making funds available for grasshopper control; to the Committee on Appropriations.

ADJOURNMENT

Mr. WARREN. Mr. Speaker, I move the House do now adjourn.

The motion was agreed to; accordingly (at 4 o'clock and 27 minutes, p. m.) the House adjourned until to-morrow, Tuesday, May 17, 1932, at 12 o'clock noon.

COMMITTEE HEARINGS

Tentative list of committee hearings scheduled for Tuesday, May 17, 1932, as reported to the floor leader by clerks of the several committees:

WAYS AND MEANS

(10 a. m.)

Hearings—depreciated currency bills.

PATENTS

(10 a. m.)

Hearings—general revision of design copyright law.

PUBLIC LANDS

(10.30 a. m.)

Hearings—grazing bills.

RIVERS AND HARBORS

(10.30 a. m.)

Hearings—South Carolina and Monroe Harbor, Mich., projects.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of Rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

574. A letter from the acting chairman of United States Tariff Commission, transmitting a second supplement to the material sent to the Senate on May 2 and May 9 showing the effects of depreciated currencies on the import trade of the United States; to the Committee on Ways and Means.

575. A letter from the Secretary of War, transmitting a report dated May 12, 1932, from the Chief of Engineers, United States Army, on preliminary examination and survey of Houston ship channel; to the Committee on Rivers and Harbors.

576. A letter from the Secretary of War, transmitting a report dated May 13, 1932, from the Chief of Engineers, United States Army, on preliminary examination and survey of Sabine-Neches Waterway, Tex.; to the Committee on Rivers and Harbors.

577. A communication from the President of the United States, transmitting for the consideration of Congress supplemental estimates of appropriations for the fiscal years ending June 30, 1931 and 1932, for the Veterans' Administration, as follows: Army and Navy pensions, $12,750,000; military and naval insurance, $4,233,000; and State and Territorial homes for disabled soldiers and sailors, $98,280, all pertaining to the fiscal year 1932; and $25,480 for State and Territorial homes for disabled soldiers and sailors, fiscal year 1931 (H. Doc. No. 336); to the Committee on Appropriations and ordered to be printed.

578. A communication from the President of the United States, transmitting for the consideration of Congress a supplemental estimate of appropriation for the Department of Labor, salaries and expenses, Bureau of Immigration, for the fiscal year 1932 (H. Doc. No. 337); to the Committee on Appropriations and ordered to be printed.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of Rule XIII,

Mr. GREEN: Joint Committee on the Disposition of Useless Executive Papers. A report on the disposition of useless papers in the Department of the Interior (Rept. No. 1321). Ordered to be printed.

Mr. PEAVEY: Committee on Indian Affairs. H. R. 127. A bill to amend an act approved May 14, 1926 (44 Stat. 555), entitled "An act authorizing the Chippewa Indians of Minnesota to submit claims to the Court of Claims"; with amendment (Rept. No. 1325). Referred to the Committee of the Whole House on the state of the Union.

Mr. PITTENGER: Committee on Claims. H. R. 8374. A bill to authorize the settlement, allowance, and payment of certain claims, and for other purposes; with amendment (Rept. No. 1326). Referred to the Committee of the Whole House on the state of the Union.

REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS

Under clause 2 of Rule XIII,

Mr. MARTIN of Oregon: Committee on War Claims. H. R. 5140. A bill for the relief of the estate of John T. Lynch, deceased; without amendment (Rept. No. 1322). Referred to the Committee of the Whole House.

Mr. CAVICCHIA: Committee on War Claims. H. R. 5361. A bill for the relief of the Fred G. Clark Co.; without amendment (Rept. No. 1323). Referred to the Committee of the Whole House.

Mr. CLARK of North Carolina: Committee on Claims. H. R. 11194. A bill for the relief of Lizzie Pittman; with amendment (Rept. No. 1324). Referred to the Committee of the Whole House.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of Rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. SIROVICH: A bill (H. R. 12094) to amend and consolidate the acts respecting copyright and to codify and amend common-law rights of authors in their writings; to the Committee on Patents.

By Mr. HOWARD: A bill (H. R. 12095) providing for the service of process in actions involving Indian affairs instituted in the courts of the United States; to the Committee on Indian Affairs.

By Mrs. NORTON: A bill (H. R. 12096) to authorize the closing of certain streets in the District of Columbia rendered useless or unnecessary, and for other purposes; to the Committee on the District of Columbia.

By Mr. BLACK: A bill (H. R. 12097) for the relief of distress due to unemployment, to create a committee for Federal, State, and local cooperation in placing qualified unemployed persons on unoccupied farms for the purpose of growing subsistence food crops during the continuance of the unemployment emergency; to the Committee on Labor.

By Mr. HAWLEY: A bill (H. R. 12098) providing for construction of south jetty, Umpqua River; to the Committee on Rivers and Harbors.

By Mr. BYRNS: A bill (H. R. 12099) to authorize the design, construction, and procurement of one detachable-

combination aircraft suitable for transport purposes for the Army Air Corps; to the Committee on Military Affairs.

By Mr. CROSS (by request): A bill (H. R. 12100) to amend the organic act of Porto Rico, approved March 2, 1917, providing for equal protection to voters on all election boards; to the Committee on Insular Affairs.

By Mr. SABATH: Resolution (H. Res. 226) investigating the expenditures of the Post Office Department; to the Committee on Rules.

By Mr. PETTENGILL: Joint resolution (H. J. Res. 387) directing the President of the United States of America to proclaim October 11 of each year General Pulaski's Memorial Day for the observance and commemoration of the death of Brig. Gen. Casimir Pulaski; to the Committee on the Judiciary.

By Mr. ANDREWS of New York: Joint resolution (H. J. Res. 388) creating a joint congressional committee to discuss with a legislative committee of the State of New York the subject matter of the transfer of the control of the management, operation, and improvement of the barge canals of the State of New York to the Federal Government, and for other purposes; to the Committee on Rules.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of Rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. CARY: A bill (H. R. 12101) granting a pension to Otilie Freidrich; to the Committee on Invalid Pensions.

By Mr. COCHRAN of Pennsylvania: A bill (H. R. 12102) granting a pension to Ellen Sexton; to the Committee on Pensions.

By Mr. CRAIL: A bill (H. R. 12103) for the relief of Edward W. Easton; to the Committee on Naval Affairs.

By Mr. CROSS: A bill (H. R. 12104) granting a pension to William Porter Bible; to the Committee on Pensions.

By Mr. DAVENPORT: A bill (H. R. 12105) for the relief of Harriet V. Schindler; to the Committee on Claims.

By Mr. DAVIS: A bill (H. R. 12106) granting an increase of pension to Delia Honey; to the Committee on Invalid Pensions.

By Mr. DIES: A bill (H. R. 12107) granting a pension to Susan Jane Perego; to the Committee on Invalid Pensions.

By Mr. FINLEY: A bill (H. R. 12108) granting a pension to William J. Disney; to the Committee on Pensions.

By Mrs. KAHN: A bill (H. R. 12109) for the relief of Lilly Bundgard and Gloria Bundgard; to the Committee on Claims.

Also, a bill (H. R. 12110) for the relief of W. P. Fuller & Co.; to the Committee on Claims.

By Mr. KENNEDY: A bill (H. R. 12111) for the relief of Edward C. Little; to the Committee on Naval Affairs.

By Mr. KVALE: A bill (H. R. 12112) granting a pension to Mary C. Miller; to the Committee on Invalid Pensions.

By Mr. LICHTENWALNER: A bill (H. R. 12113) for the relief of Franklin Lewis Woodruff; to the Committee on Naval Affairs.

By Mr. McCLINTOCK of Ohio: A bill (H. R. 12114) granting an increase of pension to Rachel Ann Barr; to the Committee on Invalid Pensions.

By Mrs. NORTON: A bill (H. R. 12115) to authorize the Philadelphia, Baltimore & Washington Railroad Co. to extend its present track connection with the United States navy yard so as to provide adequate railroad facilities in connection with the development of Buzzards Point as an industrial area in the District of Columbia, and for other purposes; to the Committee on the District of Columbia.

By Mr. PALMISANO: A bill (H. R. 12116) granting a pension to Annie Murray; to the Committee on Invalid Pensions.

Also, a bill (H. R. 12117) for the relief of Annie I. Hissey; to the Committee on Claims.

By Mr. RAMSEYER: A bill (H. R. 12118) granting an increase of pension to William D. Wheaton; to the Committee on Pensions.

By Mr. SMITH of Idaho: A bill (H. R. 12119) granting a pension to Charles Wolf; to the Committee on Pensions.

By Mr. SPENCE: A bill (H. R. 12120) granting an increase of pension to Catherine J. Cummings; to the Committee on Invalid Pensions.

By Mr. STRONG of Pennsylvania: A bill (H. R. 12121) for the relief of William Conner Erdice; to the Committee on War Claims.

By Mr. SWING: A bill (H. R. 12122) granting a pension to Deborah Hacklander; to the Committee on Pensions.

By Mr. TIERNEY: A bill (H. R. 12123) for the reinstatement of Warren F. Porter in the United States Navy; to the Committee on Naval Affairs.

PETITIONS, ETC.

Under clause 1 of Rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

7760. By Mr. BOYLAN: Letter from the New York State Credit Union League, New York City, N. Y., favoring Senate bill 1153, which will permit the organization of credit unions in the District of Columbia; to the Committee on the District of Columbia.

7761. Also, resolution unanimously adopted by the New York Chapter of the Knights of Columbus, New York City, favoring the amendment of the resolution introduced by Congressman LICHTENWALNER concerning recognition of military status of persons who honorably served with the American Red Cross and kindred American organizations with the United States forces, and for other purposes; to the Committee on Military Affairs.

7762. By Mr. CONDON (by request): Petition of Robert Stewart and 25 other citizens of Rhode Island, opposing repeal, resubmission, or modification of the eighteenth amendment; to the Committee on the Judiciary.

7763. By Mr. DARROW: Resolution of the Vessel Owners and Captains' Association of Philadelphia, Pa., regarding the proposal to consolidate and coordinate the United States Steamboat Inspection Service and the Bureau of Navigation; to the Committee on Interstate and Foreign Commerce.

7764. By Mr. DAVENPORT: Petition of Mrs. A. Gulion, 154 Grove Place, Utica, N. Y., and 35 other citizens of Utica, protesting against compulsory Sunday observance; to the Committee on the District of Columbia.

7765. By Mr. FIESINGER: Resolution adopted by the honorable council of the village of Berlin Heights, Ohio, favoring the regulation of busses and trucks on interstate highways; to the Committee on Interstate and Foreign Commerce.

7766. By Mr. KENNEDY: Petition of the New York Chapter of the Knights of Columbus, opposing the passage of House bill 11082; to the Committee on Education.

7767. By Mr. KLEBERG: Petition of 202 citizens of San Antonio, Tex., opposing the passage of House bill 8092 and Senate bill 1202; to the Committee on the District of Columbia.

7768. Also, petition of 30 citizens of Corpus Christi, Tex., opposing the passage of Senate bill 1202; to the Committee on the District of Columbia.

7769. By Mr. KVALE: Petition of Spooner Farm Bureau Unit, Baudette, Minn., urging enactment of Senate bill 1197; to the Committee on Banking and Currency.

7770. Also, petition of Minneapolis Central Labor Union, opposing passage of Senate bill 3847; to the Committee on Labor.

7771. Also, petition of Local, No. 238, Farmers Union, Bird Island, Minn., urging enactment of Senate bill 2487 and House bill 7797; to the Committee on Agriculture.

7772. Also, petition of Local, No. 238, Farmers Union, Bird Island, Minn., urging enactment of Senate bill 1197; to the Committee on Banking and Currency.

7773. By Mr. LINDSAY: Petition of American Hotel Association of the United States and Canada, favoring the repeal of the eighteenth amendment and the resubmission of a referendum vote by the people; to the Committee on the Judiciary.

7774. Also, petition of New York State Credit Union League, New York City, favoring the passage of Senate bill 1153; to the Committee on the District of Columbia.

7775. Also, petition of Atlas Steel Casting Co., Buffalo, N. Y., favoring the balancing the Budget through a general sales tax; to the Committee on Ways and Means.

7776. By Mr. MEAD: Petition of the American Supply & Machinery Manufacturers Association, regarding the resolution for an emergency industries preservation act; to the Committee on Ways and Means.

7777. Also, petition of Railway Electric Supply Manufacturers' Association, regarding the balancing of the Federal Budget; to the Committee on Ways and Means.

7778. By Mr. RUDD: Petition of New York State Credit Union League, New York City, favoring the passage of Senate bill 1153, for the organization of credit unions in the District of Columbia; to the Committee on the District of Columbia.

7779. Also, petition of American Hotel Association, New York City, favoring the resubmission of the prohibition question to the States; to the Committee on the Judiciary.

7780. By the SPEAKER: Petition of City Council of the City of Chicago, recommending that Federal taxes be reduced to the extent of at least 20 per cent; to the Committee on Ways and Means.

SENATE

TUESDAY, MAY 17, 1932

(Legislative day of Monday, May 9, 1932)

The Senate met at 12 o'clock meridian, on the expiration of the recess.

The VICE PRESIDENT. The Senate will receive a message from the House of Representatives.

MESSAGE FROM THE HOUSE

A message from the House of Representatives by Mr. Chaffee, one of its clerks, announced that the House had passed without amendment the following bills and joint resolution of the Senate:

S. 290. An act to establish a memorial to Theodore Roosevelt in the National Capital;

S. 418. An act to extend the admiralty laws of the United States of America to the Virgin Islands;

S. 694. An act to authorize the sale of interest in lands devised to the United States under the will of Sophie Chanquet;

S. 2409. An act to amend Title II of the Federal farm loan act in regard to Federal intermediate-credit banks, and for other purposes;

S. 2955. An act to amend the World War veterans' act, 1924, as amended;

S. 4148. An act to permit the United States to be made a party defendant in certain cases;

S. 4289. An act to amend the act of February 23, 1927, as amended (U. S. C., title 47, sec. 85), and for other purposes;

S. 4416. An act to provide for the transfer of certain school lands in North Dakota to the International Peace Garden (Inc.); and

S. J. Res. 75. Joint resolution authorizing the Joint Committee on the Library to procure an oil portrait of former President Calvin Coolidge.

The message also announced that the House had passed the bill (S. 1335) to provide for the appointment of an additional district judge for the district of New Jersey, with amendments, in which it requested the concurrence of the Senate.

The message further announced that the House had passed the following bills, in which it requested the concurrence of the Senate:

H. R. 4738. An act to incorporate the Disabled American Veterans of the World War;

H. R. 6599. An act to amend the act entitled "An act to authorize the construction and procurement of aircraft and aircraft equipment in the Navy and Marine Corps, and to adjust and define the status of the operating personnel in connection therewith," approved June 24, 1926, with reference to the number of enlisted pilots in the Navy;

H. R. 6678. An act amending section 1 of the act of March 3, 1893 (27 Stat. L. 751), providing for the method of selling real estate under an order or decree of any United States court;

H. R. 6735. An act to authorize the Secretary of the Navy to fix the clothing allowance for enlisted men of the Navy;

H. R. 7232. An act providing for settlement of claims of officers and enlisted men for extra pay provided by act of January 12, 1899;

H. R. 7238. An act to amend section 5 of the suits in admiralty act, approved March 9, 1920;

H. R. 7793. An act to secure the departure of certain aliens from the United States;

H. R. 8173. An act to provide for the renewal of 5-year level-premium term Government insurance policies for an additional 5-year period without medical examination;

H. R. 8577. An act to amend section 95 of the Judicial Code, as amended;

H. R. 9058. An act to authorize the Secretary of War to accept on behalf of the United States a tract or parcel of land for park purposes to the Chickamauga-Chattanooga National Military Park;

H. R. 9385. An act authorizing Roy H. Campbell, Charles H. Brown, G. H. Wilsey, and Dr. H. O. Strosnider, their heirs, legal representatives, and assigns, to construct, maintain, and operate a bridge across the Des Moines River at or near St. Francisville, Mo.;

H. R. 10238. An act creating a reimbursable fund to be used for special medical and surgical work among the Indians of the Fort Peck Indian Reservation, Mont., and for other purposes;

H. R. 10585. An act authorizing the Fort Hancock-Porvenir Bridge Co., its successors and assigns, to construct, maintain, and operate a bridge across the Rio Grande at Fort Hancock, Tex.;

H. R. 10587. An act to provide for alternate jurors in certain criminal cases;

H. R. 10589. An act to amend section 289 of the Criminal Code;

H. R. 10590. An act to prohibit the misuse of official insignia;

H. R. 10596. An act to amend an act entitled "An act to make persons charged with crimes and offenses competent witnesses in United States and Territorial courts," approved March 16, 1878, with respect to the competency of husband and wife to testify for or against each other;

H. R. 10599. An act to fix the date when sentence of imprisonment shall begin to run, providing when the allowance to a prisoner of time for good conduct shall begin to run, and further to extend the provisions of the parole laws;

H. R. 10640. An act to provide for the punishment of certain crimes against the United States;

H. R. 10641. An act to amend section 122 of the Judicial Code;

H. R. 10926. An act to authorize the conveyance to the United States of certain lands in the State of Arizona for use of the United States in maintaining air-navigation facilities, and for other purposes;

H. R. 11246. An act authorizing the Boca Chica Bridge Co., its successors and assigns, to construct, maintain, and operate a bridge across the Rio Grande at Boca Chica, Tex.;

H. R. 11336. An act providing for an additional justice of the Court of Appeals of the District of Columbia; and

H. R. 11639. An act to authorize extensions of time on oil and gas prospecting permits, and for other purposes.

THE JOURNAL

Mr. FESS. Mr. President, I ask unanimous consent for the approval of the Journal for the calendar days of May 9 to May 14, both inclusive.

The VICE PRESIDENT. Without objection, it is so ordered.

CALL OF THE ROLL

Mr. FESS. Mr. President, I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Ashurst	Cutting	Kendrick	Sheppard
Austin	Davis	Keyes	Shipstead
Bailey	Dickinson	King	Shortridge
Bankhead	Dill	La Follette	Smith
Barkley	Fess	Logan	Smoot
Bingham	Fletcher	Long	Stephens
Blaine	Frazier	McGill	Thomas, Idaho
Borah	George	McNary	Thomas, Okla.
Bratton	Glenn	Metcalf	Townsend
Brookhart	Goldsborough	Morrison	Trammell
Broussard	Gore	Moses	Tydings
Bulkley	Hale	Neely	Vandenberg
Bulow	Harrison	Norbeck	Wagner
Capper	Hastings	Norris	Walcott
Caraway	Hatfield	Nye	Walsh, Mass.
Carey	Hawes	Oddie	Walsh, Mont.
Cohen	Hayden	Patterson	Watson
Connally	Hebert	Pittman	Wheeler
Coolidge	Howell	Reed	White
Copeland	Hull	Robinson, Ark.	
Costigan	Johnson	Robinson, Ind.	
Couzens	Jones	Schall	

Mr. HULL. I desire to announce the unavoidable absence of my colleague the senior Senator from Tennessee [Mr. McKELLAR] on account of illness.

The VICE PRESIDENT. Eighty-five Senators have answered to their names. A quorum is present.

EFFECT OF DEPRECIATED FOREIGN CURRENCY VALUES ON IMPORTS

The VICE PRESIDENT laid before the Senate a letter from the chairman of the United States Tariff Commission, transmitting, in further compliance with Senate Resolution No. 95, a textual summary as supplemental to the report (mainly statistical) already submitted to the Senate on April 20, 1932, on the subject of wood pulp and pulpwood, which, with the accompanying paper, was referred to the Committee on Finance.

EXTENSION OF RECONSTRUCTION CORPORATION ACT TO PORTO RICO

The VICE PRESIDENT laid before the Senate a letter from the president of the Senate and speaker of the House of Representatives of Porto Rico, transmitting a certified copy of a concurrent resolution adopted by the Legislature of Porto Rico, which, with the accompanying resolution, was referred to the Committee on Banking and Currency and ordered to be printed in the RECORD, as follows:

SENADO DE PUERTO RICO,
San Juan, Porto Rico, April 15, 1932.

Hon. CHARLES CURTIS,
President of the United States Senate,
Washington, D. C.

DEAR MR. CURTIS: We have the honor to inclose herewith a certified copy of a concurrent resolution passed by the Senate and the House of Representatives of Porto Rico, entitled "Requesting the President and the Congress of the United States of America to extend to Porto Rico the act creating the Finance Reconstruction Corporation."

In connection with that resolution of the Legislature of Porto Rico, we take the liberty of informing you that on February 17, 1932, we sent a cablegram to His Excellency Herbert Clark Hoover, President of the United States, petitioning him to recommend the extension to Porto Rico of the act of Congress in question; but under date of February 23, 1932, the Secretary of War, Hon. Patrick J. Hurley, by direction of the President, advised us that inasmuch as the bill in question had already become law, the initiation of steps looking to its revision was not deemed advisable at the present time. But with all the respect due the Chief Magistrate of the Republic, we wish to state that our objective could be reached through the enactment of a special law extending to Porto Rico the provisions of said legislation.

Our idea in regard to the extension to Porto Rico of the provisions of this wise legislation is to have a separate bill introduced in Congress, which may read as follows:

"*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled:*

"SECTION 1. That the benefits of 'An act to provide emergency financing facilities for financial institutions, to aid in financing agriculture, commerce, and industry, and for other purposes,' known as the Reconstruction Finance Corporation act, are hereby extended to Porto Rico."

By the enactment of such a special law, the difficulties anticipated by the President could be obviated, and our case would be satisfactorily covered.

Very respectfully yours,

L. SANCHEZ MORALES,
President of the Senate.
MANUEL F. RONY,
Speaker House of Representatives.

I, José Muñoz Rivera, secretary of the Senate of Porto Rico, do hereby certify that the following concurrent resolution was unanimously approved by the Senate of Porto Rico on March 2, 1932, and by the House of Representatives on April 1, 1932:

"Concurrent resolution requesting the President and the Congress of the United States of America to extend to Porto Rico the act creating the Finance Reconstruction Corporation

"Whereas on January 22, 1932, the Congress of the United States approved H. R. 7360, creating the Finance Reconstruction Corporation, to provide financial facilities to agriculture, commerce, and industry;

"Whereas the benefits that said act will report to the United States will be efficacious because of the great facilities the act provides to industry, commerce, and agriculture, the chief sources of the Nation's business and progress;

"Whereas said powerful organization, with its adequate resources, is prepared to strengthen credit by giving vitality to financial institutions, industry, agriculture, and commerce, and by supplying power to create new activities relieving the problem of unemployment;

"Whereas for many years the financial condition of Porto Rico has been critical, it being difficult to obtain cash to finance business, several banks having been forced to close, thus augmenting the crisis, creating difficulties for labor, and obstructing the finances of industry, commerce, and agriculture in Porto Rico;

"Whereas the present condition of business will not permit industry, commerce, and agriculture in Porto Rico to pay the rate of interest demanded of them, it having been claimed that the market conditions for the agricultural products of the country will not permit cane planters to cover cost of production;

"Whereas the true husbandmen of the principal industry of cane sugar claim that the sugar-market outlook is quite discouraging, and that the situation created will not allow them to increase the efficiency of production, this condition causing a great increase of the unemployment existing at present in the country;

"Whereas the Legislature of Porto Rico offers to exempt from all kinds of taxes all such negotiable instruments as may be issued in good faith for the purpose of obtaining additional cash from the continental United States, at a low rate of interest and on easy payments, and offers to authorize the treasurer of Porto Rico to accept such documents as collateral to secure deposits of the insular government of Porto Rico: Now, therefore, be it

"*Resolved by the Senate of Porto Rico (the House of Representatives concurring):*

"SECTION 1. To request the President of the United States of America and the other authorities concerned with the execution of legislation creating the Finance Reconstruction Corporation to have such legislation made extensive to the island; and in case that in construing said legislation Porto Rico is not considered as included, to request the President of the United States of America to forward to Congress a special message asking that said legislation be extended to Porto Rico.

"SEC. 2. That upon approval the original of this resolution be forwarded to His Excellency, the President of the United States, and a copy thereof to the President of the Senate and the Speaker of the House of Representatives, the chairman of the Finance Reconstruction Corporation Board, the Resident Commissioner for Porto Rico in Washington, Senator BINGHAM, General PARKER, Hon. HENRY B. STEAGALL (president of the House Committee on Banks), Hon. PETER NORBECK (president of the Senate Committee on Banks), and all members of the Committees on Banks of the Senate and of the House of Representatives for their knowledge and action."

For transmittal to His Excellency CHARLES CURTIS, President of the United States Senate, as provided in the second paragraph of said concurrent resolution, I have hereunto set my hand and caused to be affixed the seal of the Senate of Porto Rico on this the 5th day of April, A. D. 1932.

[SEAL.]

JOSÉ MUÑOZ RIVERA,
Secretary of the Senate.

PETITIONS AND MEMORIALS

The VICE PRESIDENT laid before the Senate the memorial of the Council of the City of Los Angeles, Calif., favoring a bond issue of not less than $5,000,000,000 for public improvements, to relieve unemployment, which was referred to the Committee on Finance.

He also laid before the Senate a telegram from Oceanic Chapter, Daughters of the American Revolution, of Pittsburg, Kans., favoring the maintenance of the strength of the Army and the Navy, which was referred to the Committee on Appropriations.

He also laid before the Senate a resolution adopted at a mass meeting held under the auspices of the San Francisco (Calif.) Chamber of Commerce, favoring the balancing of the Budget and retrenchment in governmental expenditures "to the end that the recovery of business and the consequent increase in employment may not be unnecessarily delayed by undue heavy tax burdens," which was referred to the Committee on Appropriations.

He also laid before the Senate a resolution adopted by the City Council of Chicago, Ill., favoring retrenchment and the reduction of Federal taxes to the extent of at least 20 per cent, which was referred to the Committee on Appropriations.

He also laid before the Senate a letter in the nature of a petition from the board of directors of the Chamber of Commerce of West Point and Clay County, Miss., praying that public expenditures "be cut around a billion dollars per annum, that revenue should be provided promptly * * *, and with as little hardship on business activities as possible, and that Congress should adjourn," which was referred to the Committee on Appropriations.

He also laid before the Senate resolutions adopted by the District of Columbia Pharmaceutical Association on the 10th instant, favoring the imposition of a general manufacturers' sales tax of 1 per cent in the pending tax bill to balance the Budget, etc., which were ordered to lie on the table.

He also laid before the Senate a telegram from Col. Allan M. Pope, president Investment Bankers' Association of America, embodying resolutions adopted by that association at White Sulphur Springs, W. Va., favoring elimination of bonds from the application of section 23 (r) of the pending revenue bill, limiting deductibility of losses as recommended to Senate Finance Committee by the Secretary of the Treasury, and the further amendment of that section so as to "remove the discrimination against dealers in securities as compared with all other classes of merchants with regard to deducting all security losses in the ordinary course of business," which was ordered to lie on the table.

He also laid before the Senate a telegram from Frank Scheffey, White Sulphur Springs, W. Va., calling attention to the telegram from Colonel Pope just above referred to relative to limitation on stock or bond losses, etc., which was ordered to lie on the table.

Mr. WALSH of Massachusetts presented the petition of Maynard Post, No. 1812, Veterans of Foreign Wars, of Maynard, Mass., praying for the passage of legislation providing for the immediate cash payment of World War veterans' adjusted-compensation certificates (bonus), which was referred to the Committee on Finance.

He also presented letters in the nature of memorials from Katherine Fay, of Wellesley Hills, and 20 other citizens, in the State of Massachusetts, remonstrating against the passage of legislation providing for the cash payment of World War veterans' adjusted-compensation certificates (bonus), which were referred to the Committee on Finance.

He also presented papers in the nature of petitions from 375 citizens of the State of Massachusetts, praying for the modification of the Volstead Act and the repeal of the eighteenth amendment of the Constitution, which were referred to the Committee on the Judiciary.

He also presented papers in the nature of memorials from 35 citizens of the State of Massachusetts, remonstrating against modification of the Volstead Act or the repeal of the eighteenth amendment of the Constitution, which were referred to the Committee on the Judiciary.

He also presented papers in the nature of petitions from 166 citizens of the State of Massachusetts praying for the balancing of the Budget, the reduction of governmental expenditures, the enactment of fair sales and stamp taxes, the amendment of the Volstead act, and the taxation of light wine and beer, which were referred to the Committee on Appropriations.

He also presented letters in the nature of petitions from 300 citizens of the State of Massachusetts, praying for the passage of legislation to balance the Budget, which were referred to the Committee on Appropriations.

He also presented a petition of 60 citizens of Northbridge, Mass., praying for support of the President's economy program, which was referred to the Committee on Appropriations.

He also presented petitions of 68 citizens of the State of Massachusetts praying for the passage of House bill 9891, providing a system of pensions for railroad employees, which were referred to the Committee on Interstate Commerce.

Mr. WALCOTT presented the memorial of the Council of Catholic Women, signed by Zita Hefferman, secretary; Torrington Chapter, Mount St. Joseph Alumnae, signed by Mrs. James Gelson, regent; St. Francis Ladies T. A. B., signed by Mrs. Catherine Duplain, president; the Ladies Auxiliary, Ancient Order of Hibernians, signed by Bridget Owens, president; and members of the Daughters of Isabella, by Mrs. Mary Leahy, regent, all of Torrington, Conn., remonstrating against the passage of Senate bill 4436, to amend section 305 (a) of the tariff act of 1930, and sections 211, 245, and 312 of the Criminal Code, as amended, relating to birth-control information, which was referred to the Committee on the Judiciary.

He also presented the memorial of the Grand Division, Sons of Temperance of Connecticut, of South Manchester, Conn., remonstrating against the holding of a referendum on the eighteenth amendment of the Constitution, which was referred to the Committee on the Judiciary.

He also presented a petition of sundry citizens of Stamford, Conn., praying for the passage of legislation to provide for the exclusion of aliens in the count of population for the apportionment of Representatives in Congress, which was referred to the Committee on the Judiciary.

He also presented a resolution adopted by Rau-Locke Post, No. 8, American Legion, Department of Connecticut, of Hartford, Conn., remonstrating against the enactment of legislation to curtail the benefits accorded World War veterans, their widows and dependents, which was referred to the Committee on Finance.

He also presented a resolution adopted by Rau-Locke Post, No. 8, American Legion, Department of Connecticut, of Hartford, Conn., protesting against the action of the Navy Department in curtailing summer training cruises for the Naval Reserve, which was referred to the Committee on Naval Affairs.

He also presented a paper in the nature of a petition from the Manufacturers Association, of Windsor Locks, Conn., praying for reduction of governmental expenditures and the levying of sufficient taxes to balance the Budget, which was referred to the Committee on Appropriations.

He also presented the petition of the Ladies' Aid Society, South Park Methodist Church, of Hartford, Conn., praying for the passage of legislation providing for an investigation of the motion-picture industry and the regulation of certain practices therein, which was referred to the Committee on Interstate Commerce.

He also presented memorials of the Hartford County Amateur Radio Association (Inc.), of Elmwood; the Twin City Radio Club of Connecticut, of New Haven; and the Amateur Radio Research Club, of New London; all in the State of Connecticut, remonstrating against the passage of legislation to impose a fee on amateur radio operators and stations, which were referred to the Committee on Interstate Commerce.

He also presented the petition of the Norwalk-Westport Branch, American Association of University Women, of Rowayton, Conn., praying for the passage of legislation providing for Federal aid in maternity and infancy hygiene, which was ordered to lie on the table.

He also presented a resolution adopted by Avon Grange, of Avon, Conn., remonstrating against the imposition of taxes on the automobile industry, which was ordered to lie on the table.

He also presented letters in the nature of memorials from the mayor and council of the city of Torrington; Portland Lodge, No. 85, Independent Order of Odd Fellows, of Portland; the Connecticut Baptist Convention, of Hartford; Martha Washington Chapter, No. 32, Order of Eastern Star, of Ansonia; Old Well Lodge, No. 108, Free and Accepted Masons, of South Norwalk; James G. Blaine Council, No. 1, Junior Order United American Mechanics, of Stamford; Wooster Lodge, No. 37, Independent Order of Odd Fellows, of New Canaan; and Congregation Mishkan Israel, of

New Haven, all in the State of Connecticut, remonstrating against the passage of Senate bill 4080, providing for the discontinuance of the printing of return cards on stamped envelopes, which were referred to the Committee on Post Offices and Post Roads.

TAX ON MOTOR VEHICLES

Mr. VANDENBERG. Mr. President, owing to the limitation upon the time permitted for the presentation before the Finance Committee of the case against special and discriminatory and discouraging taxes upon motor vehicles, it was impossible to submit a disclosure of the complete protest. I have subsequently submitted to the Senate the exhibits which demonstrate the unequivocal opposition of organized agriculture to this impost. I now submit a letter from the National Publishers Association, a letter which was in evidence before the House Ways and Means Committee, showing the similar opposition of publications in the United States, with a total circulation of 60,000,000 copies per issue. Here again is a key group which believes that a discriminatory consumption tax upon automotion will be a direct and specific barrier to the stimulation of economic recovery. We dare not overlook the fact that balancing the Federal Budget is only part of our responsibility. It is equally vital that we should help the citizen to balance his own budget. I shall prove at the appropriate time that there is more hope for economic recovery in the average citizen's behalf through the ramifying economic stimulation of an unhampered automotive trade than from any other source. The attitude of the National Publishers Association is just one more among many demonstrations. I ask that the letter be printed in the RECORD.

The VICE PRESIDENT. Without objection, it is so ordered.

The letter is as follows:

NATIONAL PUBLISHERS ASSOCIATION,
January 22, 1932.

Hon. JAMES W. COLLIER,
Chairman House Committee on Ways and Means,
Washington, D. C.

DEAR MR. COLLIER: The National Publishers' Association, representing the general magazines, business papers, agricultural and religious journals, respectfully submits to your honorable committee its opposition to the proposed Federal excise tax on automobiles. The membership of our association represents a circulation of 60,000,000 copies per issue.

The publishing industry has been hard hit by the current economic depression. We find it essential to preserve every possible source of revenue in order that we may maintain our service of information and education to the public. Receipts from general advertising have appreciably diminished in all classes of publications. It is imperative to the welfare of the individual publications that there should be no further shrinkage in the volume of advertising.

President Hoover has said: "Advertising has truly become one of the vital forces in our entire industrial and commercial system. And beyond this, it has in its repercussions set many currents moving of wider influence than even the economic life of our people. It is now fixed as an integral part of this complex of civilization which we have built up. One profound economic effect of advertising is ofttimes overlooked—its influence upon production. The general knowledge and rapid distribution of an article, which can only be accomplished through advertising, creates large production and thus lower costs and prices. Modern advertising is the handmaiden of mass production."

The automobile industry which has always been among the largest users of advertising space has recently shown signs of an upward turn—a most encouraging trend for the publishing industry and other industries. The advertising pages of the periodicals and newspapers are as carefully studied as news and editorial features, for they carry messages of interest direct to the American people. It is admitted that advertising has contributed in no small measure to the tremendous growth of the automotive industry. There is reason to believe that the marked curtailment of expenditures which will inevitably follow the imposition of excessive tax burdens will be reflected in advertising volume.

The advertising programs of automobile manufacturers have been projected months ahead based on price considerations which did not include the addition of an excise tax. Forced reductions in proposed advertising expenditures would be disastrous for publishers who are counting heavily on this class of business to lift them from the depression. If cancellations of advertising contracts follow the proposed tax increase the havoc will be felt far beyond the borders of the publishing industry. Months of preparation which necessarily precede a sales campaign will go for naught and the losses to publishers and others will be incalculable.

Very truly yours,

A. C. PEARSON, *President.*

THE REMONETIZATION OF SILVER

Mr. WHEELER presented petitions signed by Mrs. Ole Trang, secretary, and 28 members of Ossette Farmers' Union, Local No. 339, of Ossette, Lustre, Avondale, and Richland, in the State of Montana, and of 23 farmers and business men of Garvin and McClain Counties, in the State of Oklahoma, praying for the passage of the legislation known as the Wheeler silver remonetization bill, which were referred to the Committee on Finance and ordered to be printed in the RECORD, without the signatures, as follows:

OSSETTE FARMERS' UNION, LOCAL 339,
Lustre, Mont., April 30, 1932.

Hon. SENATOR WHEELER:

We, the members of Ossette Farmers' Union, Local No. 339, hereby petition your support of the Wheeler bill, S. 2487.

MAYSVILLE, ROUTE 1, OKLA.

Hon. BURTON K. WHEELER,
Washington, D. C.:

We, the undersigned farmers and business men of Garvin and McClain Counties, would like to see the bill S. 2487 passed during this session of Congress.

"TRUTH ABOUT SILVER"

Mr. THOMAS of Idaho. Mr. President, I present a letter written by Mr. Charles W. Beale and appearing in the Wallace Miner, Wallace, Idaho, on Thursday, May 12, 1932, relative to silver, which I ask may be printed in the RECORD and referred to the Committee on Banking and Currency.

There being no objection, the letter was referred to the Committee on Banking and Currency and ordered to be printed in the RECORD, as follows:

TRUTH ABOUT SILVER—FALLACIOUS STATEMENTS ABOUT MONEY AND CIRCULATION EXPOSED BY C. W. BEALE

WALLACE, IDAHO, *May 10, 1932.*

To the EDITOR OF THE WALLACE MINER:

There was published in last Sunday's Spokesman-Review a letter of Mark Sullivan entitled "No signs of radicalism in either of old parties," in which he gave considerable space to a discussion of "two kinds of money in field." One he named "currency" and the other "credit."

Without questioning the integrity of Mr. Sullivan but in justice to those who do not agree with him, it is thought his statement as to "credit money" should not pass unchallenged.

Credit is not money. Credit creates debt. Credit is not defined as money in Webster's New International Dictionary, but there has been quoted therein the following statement of Locke: "Credit is nothing but the expectation of money within some limited time."

Upon an examination of the report of the Comptroller of the Currency of the date of December 7, 1931, it will be found that on June 30, 1931, the 22,071 reporting banks in the United States had issued deposit receipts to their depositors in the aggregate sum of $52,036,000,000 and that the cash in the vaults of those banks on that day amounted only to $884,327,000, or less than 1¾ cents in cash in those banks with which to pay each dollar of indebtedness to their depositors.

That appalling and intolerable situation is a complete refutation of the claim that the supply of money in the United States is sufficient for the business requirements and necessities of the people of this country.

It is difficult to understand why writers for the eastern newspapers and magazines upon the subject of money always support the cause of the bankers, always advocate borrowing from the bankers and paying the bankers interest, instead of furthering legislation that, without the interposition of bankers and the payment to them of interest, would place in circulation as money nature's silver deposits, and why those writers ignore the welfare of the people and combat every plan for the remonetization of silver, whereby the prosperity of the people would be promoted, their surplus consumed, the prices of their produce and products increased, and the markets for such produce and products expanded.

The American people need more silver dollars and not more debts, and if their supply of money is not soon increased the Government of these United States will be subjected to the supreme test of increased depression, deprivation, distress, and dissatisfaction.

Then the newspaper columnists may see this absorbing economic problem from a different viewpoint.

It is estimated the interest-bearing debts in the United States aggregate about $150,000,000,000 and that there is not in existence in this country a greater amount of money than necessary to pay one year's interest on that vast indebtedness. Instead of increasing the supply of money the Reconstruction Finance Corporation will create debts to the amount of $4,000,000,000. That corporation in the first instance borrows from the Treasury of the United States and the people $2,000,000,000, and when that sum has been loaned there will be added another $2,000,000,000 of debts.

The statement that the supporters of silver remonetization are repudiators and the charge that they advocate the coinage of

debased money and favor the payment of debts in 50-cent dollars is groundless and false.

The proponents of silver would not like to have their debts paid in "debased money" or "50-cent dollars." Nor do they wish the debtors in this country to be longer forced to pay their creditors in dollars of increased purchasing power over the dollars borrowed, to the unconscionable enrichment of those creditors, or to be longer required to expend two or three times more effort and to market two or three times more produce to obtain the dollars with which to pay their debts than would have been required of them at the time of contracting those debts.

Silver money is not "debased money" any more than gold money is "debased money."

Silver dollars are not "50-cent dollars" any more than gold dollars are "50-cent dollars."

Money is the creature of law and any substance, even gold, which by virtue of an act of Congress exists as money to-day, to-morrow by an act of Congress may be demonetized.

Had gold been demonetized and thereby its consumption limited to use in the arts, the 23.22 grains of fine gold in the gold dollar, which circulate as a dollar, would not have been worth 50 cents. Those grains of gold pass as a dollar by reason of an act of Congress and not because they would have a commercial value of a dollar in the event of the demonetization of gold.

It is just as legal, fair, and honest to make 412.5 grains of silver 0.900 fine a dollar as it is to make 25.8 grains of gold 0.900 fine a dollar. And based upon the commercial value of demonetized gold and the commercial value of demonetized silver the remonetized gold dollar would not have a greater intrinsic value than the remonetized silver dollar.

The Glass-Steagall bill authorizes the issuance by the Government of Federal reserve notes, paper promises to pay, upon obligations of the United States, also paper promises to pay.

If a silver dollar, having in itself an intrinsic value, is a "50-cent dollar," why is not the dollar in a Federal reserve note, having no intrinsic value, based upon a Government obligation also having no intrinsic value, a "50-cent dollar"?

For permission to put that Federal reserve note in circulation the circulating bank must have in reserve 40 cents in gold for each dollar of such note.

By referring to the Senator PITTMAN bill, S. No. 3606, it will be found that it provides for the sale of the silver bullion produced in the United States, in payment for which there is to be issued by the Government $10, $5, and $1 silver certificates, being legal tender in payment of all debts, public and private, except where otherwise provided in the contract. The selling price of such silver bullion is the market price at the time of the sale, that is to say, when silver is worth 33⅓ cents an ounce a dollar silver certificate will be issued for 3 ounces of silver. In other words, back of that dollar silver certificate there is a dollar of intrinsic value in the 3 ounces of silver deposited in the Treasury of the United States.

There are no facts to support the contention that the dollar silver certificate, which is redeemable in silver of an intrinsic value of $1, is a "50-cent dollar." There would be more justification in the assertion that the dollar in the Federal reserve note, which is based upon gold of an intrinsic value of 40 cents, is a "40-cent dollar."

In the event of the remonetization of silver by law the silver and gold standard units of value would be maintained at a parity, and thereby the commercial values of silver and gold would be held at the same ratio as that provided by the act of Congress remonetizing silver.

There is nothing in the economic history of this country to support the claim that the inflation of our currency by remonetization of silver would cause gold to take its flight to foreign countries or throw us off the gold basis or involve the scramble for gold to pay maturing obligations.

Nor is there any merit in the repeated statement that the American people should not again adopt bimetallism on account of existing contracts payable in gold. After they had returned to the double standard there would be just as much gold in this country for the payment of gold contracts as before, and the debtors' ability to pay such contracts would be greatly increased by such restoration.

As a matter of fact, the practice in this country of inserting the gold clause into contracts is a mere form, and payments of such contracts are not made in gold. Their payment in gold could not be enforced for the simple reason there is not sufficient gold to pay them.

Do you know of an instance in the last 15 years in which a note or mortgage payable in gold was actually paid with gold, or where a decree of foreclosure on a mortgage payable in gold was discharged with gold, or where an individual paid gold for a bond issued by our Government or by any foreign country, or where a banker paid a depositor's check with gold?

In fact, even the interest on registered United States gold bonds is not paid with gold but by a check or draft drawn on the United States Treasury.

In her deposits of silver nature has provided ample wealth for the restoration of values, the return of prosperity, and relief from human hunger and distress.

Yours truly,

CHARLES W. BEALE.

THE ECONOMIC SITUATION

Mr. SCHALL. Mr. President, in to-day's mail there came to me from just one of the ordinary men a very well-written letter, which I ask permission to have printed in the RECORD.

There being no objection, the letter was ordered to be published in the RECORD, as follows:

MINNEAPOLIS, MINN., *May 9, 1932.*

Hon. HENRIK SHIPSTEAD,
Hon. THOMAS D. SCHALL,
Hon. W. I. NOLAN,
Washington, D.C.

DEAR SIRS: There is and was perhaps never a time in the history of our Government when the Senators and Congressmen are so much in need of clear and honest thinking as now. Perhaps much which they may do now will spell the ruin or safety of our Government and people in the future.

You are no doubt being besieged with requests from one small group after another to extend them special favors at the expense of our whole Nation. These minority or small groups have many angles of reaching you through their propaganda. These groups reach you mostly through their chambers of commerce and newspapers.

You very seldom hear from the average citizen unless it be at the polls. I classify myself as an average citizen, because I am not so situated as to be asking you for any special favors. I am just an ordinary workingman, and I am not working for either the State or Federal Government. But I am trying to do some honest and fair thinking after reading both sides of any question that may come up, and so are my good neighbors, as is evident from their conversation as we get together on our way to and from work.

I am convinced, and so is practically every man I meet, that this is a trying year on everybody, and it is up to our Congress to save us from further despair. We do not feel that this can be accomplished through means of cutting wages and thereby impairing our social standards; nor do we feel that it is to be accomplished through the cutting down or out of various appropriations which affect the general good of our Nation and which has taken years to build up and only to be thrown into the waste heap overnight. I am thinking particularly now of the Smith-Hughes bill, which helps our various small communities throughout the State and Nation to carry on additional work along trade lines in high schools and colleges in such subjects as agriculture, manual training, domestic science, etc. I have seen articles by New York newspapers to the effect that why should their people and State, through Federal taxes, help to educate the people and children of some other States. Personally, I feel this to be very selfish on their part to think and act this way, especially so when they of New York like to go to other States for the investment of their surplus capital and to extract large sums of money from these same States in the form of big dividends.

It is not necessary to cut out anything if our Congress will but have the courage to tax the wealth which we have. It is said by authority that there are upward of $60,000,000,000 surplus in the corporations of America, one-third of which is placed in nontaxable securities. If this money was in the hands of the people to whom it rightfully belongs in the form of dividends we would not be experiencing the trouble we are going through to-day. Why should not insurance policies be taxed? At the present time it seems to be an avenue of escaping Federal taxes. It has been uncovered in several of the larger cities of America, where banks and trust companies are holding in trust large estates which have been escaping taxation for over 30 years, an amount running into several billions of dollars. If banks can collect 4 cents a check on checking accounts, why can not Uncle Sam dip into this racket also? If it is fair for banks, it is certainly fair for the Government. If it is fair for the commission houses to put on a tax for every exchange or transfer of a stock certificate or bond, it certainly is fair for Uncle Sam. If a man can earn $100,000 he is certainly entitled to it; but is not the government of society that helped him make it possible to be deserving of some of it? Yes; and when a man can earn more than $100,000 this government of society is certainly deserving of a decidedly larger share of the second one hundred thousand.

After all, it all hinges upon two main principles we are all agreed on in our neighborhood and they are—

First. That the man should be taxed according to his ability to pay and he should consider it a duty and a privilege to pay his just share.

Second. That the Government is responsible to see that every man who wants to work shall have that privilege.

A fair and correct taxation scheme will bring this about. You will find that all other arguments are but cross currents to these two points. If these two principles are kept in mind in drawing up taxes there will be no question about the distribution of our wealth. At the present time our wealth is neither fairly nor safely distributed for either the rich or the poor. When you men will distribute our wealth through taxation according to ability to pay, you will have solved all future depressions, unemployment, and social unrest. This does not necessarily mean that we would have to tax wealth to distribute it evenly among us. No; but to tax wealth so as to give every man the right to earn a living in a decent and self-respecting way if he chooses so to do. Congress owes this obligation to its people.

There is something deeper in the success of our national life than just economics for you men to study; you have the social well-being of all people to keep in mind. And if we have certain groups that are out to exploit other groups or the Nation for personal profit and gain, it is up to you as our representative and not theirs to redistribute this gain through taxation because of their ability to pay. Landowners can not stand this burden any longer; they must have help from the vast hidden wealth put up in securities of all kinds.

If Congress wants to do some cutting of expenses, there are many places other than on the Federal employees working for less than four or five thousand dollars a year. I may be wrong, but I never could see any just reason for this Tyson bill which gives to some of our former Army and Navy officers the right to draw fabulous pension salaries for the rest of their life from the Government, while they are holding down other big fat jobs as well. I am personally acquainted with some former officers who are drawing a nice neat sum from the Government every month anywhere from $150 to $280 a month for the rest of their life while they are, at the same time, working at another job for the Government or some one else at a very good living salary. These men are not disabled men either; to see them play golf and to hear them talk about themselves they never felt better in all their life. Their rights and privileges should not be any greater than those of any other soldier or sailor. At the presenet time it looks like class legislation. This bill is in for criticism among my acquaintances.

My rambling remarks may not be worth much, because you have undoubtedly heard them all before, but I just want you to know that we at home here are trying to do constructive thinking regardless of what the Journal, Tribune, or Star has to say about it, and hereafter we propose to use the ballot box effectively in search for leaders who will place their country above party, right above might, and the greatest good to the greatest number above selfishness and greed of minority groups. We do not care to hear evasive answers to questions nor apologies nor side stepping issues with lame apologies. We want our leaders to hit right square on the head of the nail from now on.

When all this has been done and kept constantly before Congress there will be no more depressions, hard times, and social unrest and we will then come closer to the ideals the fathers of our country really had in mind when they established this Republic.

You were elected because of the boasted ability and fearless statesmanship you were supposed to have. We back home are all waiting for that demonstration. What we need is a Congress of Andrew Jacksons.

Have you the vision? If so, then march fearlessly forward and the victory of the life beautiful is yours.

Yours truly,

CARL E. NELSON.

P. S.—Do not construe this letter as an opposition to the bonus. Our neighborhood is for the bonus. Intelligent thinking is not against it.

REPORTS OF COMMITTEES

Mr. BORAH, from the Committee on Foreign Relations, to which was referred the joint resolution (S. J. Res. 124) to provide for the determination of claims for damages sustained by the fluctuation of the water levels of Lake of the Woods in certain cases, and for other purposes, reported it without amendment and submitted a report (No. 698) thereon.

He also, from the same committee, to which was referred the resolution (S. Res. 181) directing the Secretary of State to transmit to the agent of the United States all claims and notices of claims of American nationals against the Government of Germany under the treaty of Berlin of August 25, 1921, reported it without amendment and submitted a report (No. 697) thereon.

Mr. VANDENBERG, from the Committee on Commerce, to which was referred the bill (S. 4667) to amend the act approved March 3, 1927, entitled "An act to permit the granting of Federal aid in respect of certain roads and bridges," reported it without amendment and submitted a report (No. 699) thereon.

Mr. KING, from the Committee on the District of Columbia, to which was referred the bill (H. R. 5651) to amend chapter 15 of the Code of Law for the District of Columbia relating to the condemnation of land for public use, reported it with amendments and submitted a report (No. 700) thereon.

BILLS AND JOINT RESOLUTION INTRODUCED

Bills and a joint resolution were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. WALSH of Montana:

A bill (S. 4674) authorizing the Secretary of the Interior to issue patents to school sections 16 and 36, granted to the States by the act approved February 22, 1889, by the act approved January 25, 1927 (44 Stat. 1026), and by any other act of Congress; to the Committee on Public Lands and Surveys.

By Mr. HULL:

A bill (S. 4675) granting a pension to Phoebe Neal; to the Committee on Pensions.

By Mr. HASTINGS:

A bill (S. 4676) granting an increase in pension to Mary J. Baugh (with accompanying papers); to the Committee on Pensions.

A bill (S. 4677) for the relief of George H. Bennett, jr., William D. Clark, J. Howard Crossland, Henry F. Curlett, Jacob E. Keim, Harry C. Nickle, and J. Harry Nickle (with accompanying papers); to the Committee on Claims.

By Mr. DAVIS:

A bill (S. 4678) for the relief of F. S. Wertz & Son; to the Committee on Claims.

By Mr. LONG:

A bill (S. 4679) authorizing the Louisiana Highway Commission to construct, maintain, and operate a free highway bridge across the Pearl River at or near Pearlington, Miss.; to the Committee on Commerce.

By Mr. JOHNSON:

A bill (S. 4680) to extend certain provisions of the river and harbor act of March 3, 1899, to the Virgin Islands; to the Committee on Commerce.

By Mr. WATSON:

A bill (S. 4681) granting an increase of pension to Barbra Fair (with accompanying papers); to the Committee on Pensions.

By Mr. HATFIELD:

A joint resolution (S. J. Res. 160) to amend Public Resolution No. 11, Seventy-second Congress, approved March 3, 1932; to the Committee on Agriculture and Forestry.

REWARD FOR INFORMATION IN THE LINDBERGH TRAGEDY

Mr. WALSH of Massachusetts. Mr. President, I introduce, upon request, a joint resolution, similar to one introduced by Representative JOHN J. DOUGLASS, of Massachusetts, on May 14, providing a reward for information leading to the arrest or conviction of the person or persons guilty of the kidnaping or causing the death of the Lindbergh baby, which I ask may be appropriately referred.

The joint resolution (S. J. Res. 159) providing a reward for information leading to the arrest and conviction of the person or persons guilty of the kidnaping or causing the death of Charles Augustus Lindbergh, jr., was read twice by its title and referred to the Committee on the Judiciary.

Mr. WALSH of Massachusetts. I present an accompanying statement by Representative JOHN J. DOUGLASS, a Member of the House of Representatives from Massachusetts, which I ask may be printed in the RECORD and referred with the joint resolution.

There being no objection, the statement was referred to the Committee on the Judiciary, to accompany the joint resolution, and ordered to be printed in the RECORD, as follows:

STATEMENT OF REPRESENTATIVE JOHN J. DOUGLASS, A MEMBER OF THE HOUSE OF REPRESENTATIVES FROM MASSACHUSETTS

On yesterday (May 14, 1932) I introduced in the House of Representatives a joint resolution providing for the payment out of Federal funds of $100,000 reward to those responsible for the capture of the Lindbergh baby kidnap-murderers.

My measure, I believe, is sound and the most effective and economical way to bring the perpetrators of the atrocious crime to justice, since I am confident that among those of the dastardly ilk responsible for the child kidnap-murder will emerge some disgruntled creature who will prove his mettle by turning "stool pigeon," with the reward proposed as a "bait." Furthermore, it will inspire people everywhere to exert their wits and energies to uncover the killers.

A $100,000 reward can in no sense be regarded as an extravagance, even at this time when everyone with the interests of the country at heart is striving to effect economies in governmental expenditures, Federal, State, and local. Already the Treasury Department alone has expended about $100,000 with its Coast Guard

activities, telegraph tolls, and printing of posters. This not to mention the expenditures of the various other thousands employed in Federal law-enforcement agencies which have been ordered by the President to press the search unceasingly until the killers are captured. In my home city of Boston itself the police have spent many hundreds of dollars running down clues but with futile result, while vast sums of money have been expended by the States of New Jersey, New York, and other jurisdictions.

The great effort being made in the Lindbergh baby criminal hunt involves much more than uncovering the particular perpetrators of the recent crime. Every right-minded person realizes the security of every mother's child is at stake and that the challenge of kidnapers must be met to bring about their elimination from society. If this is not done it will be an admission that our law-enforcement machinery has broken down and has allowed criminals of the worst type to take the saddle.

HOUSE BILLS REFERRED

The following bills were severally read twice by their titles and referred or placed on the calendar as indicated:

H. R. 4738. An act to incorporate the Disabled American Veterans of the World War;

H. R. 6678. An act amending section 1 of the act of March 3, 1893 (27 Stat. L. 751), providing for the method of selling real estate under an order or decree of any United States court;

H. R. 7238. An act to amend section 5 of the suits in admiralty act, approved March 9, 1920;

H. R. 8577. An act to amend section 95 of the Judicial Code, as amended;

H. R. 10587. An act to provide for alternate jurors in certain criminal cases;

H. R. 10589. An act to amend section 289 of the Criminal Code;

H. R. 10596. An act to amend an act entitled "An act to make persons charged with crimes and offenses competent witnesses in United States and Territorial Courts," approved March 16, 1878, with respect to the competency of husband and wife to testify for or against each other;

H. R. 10599. An act to fix the date when sentence of imprisonment shall begin to run, providing when allowance to a prisoner of time for good conduct shall begin to run, and further to extend the provisions of the parole laws;

H. R. 10640. An act to provide for the punishment of certain crimes against the United States;

H. R. 10641. An act to amend section 122 of the Judicial Code; and

H. R. 11336. An act providing for an additional justice of the Court of Appeals of the District of Columbia; to the Committee on the Judiciary.

H. R. 6599. An act to amend the act entitled "An act to authorize the construction and procurement of aircraft and aircraft equipment in the Navy and Marine Corps, and to adjust and define the status of the operating personnel in connection therewith," approved June 24, 1926, with reference to the number of enlisted pilots in the Navy; and

H. R. 6735. An act to authorize the Secretary of the Navy to fix the clothing allowance for enlisted men of the Navy; to the Committee on Naval Affairs.

H. R. 7232. An act providing for settlement of claims of officers and enlisted men for extra pay provided by act of January 12, 1899; and

H. R. 9058. An act to authorize the Secretary of War to accept on behalf of the United States a tract or parcel of land for park purposes, to the Chickamauga-Chattanooga National Military Park; to the Committee on Military Affairs.

H. R. 7793. An act to secure the departure of certain aliens from the United States; to the Committee on Immigration.

H. R. 8173. An act to provide for the renewal of 5-year level premium term Government insurance policies for an additional 5-year period without medical examination; to the Committee on Finance.

H. R. 9385. An act authorizing Roy H. Campbell, Charles H. Brown, G. H. Wilsey, and Dr. H. O. Strosnider, their heirs, legal representatives, and assigns, to construct, maintain, and operate a bridge across the Des Moines River at or near St. Francisville, Mo.; and

H. R. 11246. An act authorizing the Boca Chica Bridge Co., its successors and assigns, to construct, maintain, and operate a bridge across the Rio Grande at Boca Chica, Tex.; to the Committee on Commerce.

H. R. 10238. An act creating a reimbursable fund to be used for special medical and surgical work among the Indians of the Fort Peck Indian Reservation, Mont., and for other purposes; to the Committee on Indian Affairs.

H. R. 11639. An act to authorize extensions of time on oil and gas prospecting permits, and for other purposes; to the Committee on Public Lands and Surveys.

H. R. 10585. An act authorizing the Fort Hancock-Porvenir Bridge Co., its successors and assigns, to construct, maintain, and operate a bridge across the Rio Grande at Fort Hancock, Tex.;

H. R. 10590. An act to prohibit the misuse of official insignia; and

H. R. 10926. An act to authorize conveyance to the United States of certain lands in the State of Arizona for use of the United States in maintaining air-navigation facilities, and for other purposes; to the calendar.

RUSSIA'S DISARMAMENT PROPOSALS

Mr. DILL. Mr. President, I ask unanimous consent to have printed in the RECORD a statement by Sidney Strong entitled "Russia's Disarmament Proposals Five Years Ago."

The VICE PRESIDENT. Without objection, leave is granted.

The statement is as follows:

RUSSIA'S DISARMAMENT PROPOSALS FIVE YEARS AGO

By Sidney Strong

It is now five years since Russia made her total-disarmament proposals, to be carried out generally, and with immediate speed. The statesmen of Christendom turned them down. At that time, I gathered for a full page of a daily paper on the Pacific coast the opinions of 60 American citizens, on What I Think of the Proposals and What I Think America Should Do. I happened to find this in my scrapbook, and am reproducing some of them, below. They furnish interesting reading. The arguments hold just as well now as five years ago.

It is not too late for the disarmament conference to turn to total disarmament. There may be a deadlock. I am praying for it. Some delegates may be big and farsighted enough to lead out in proclaiming that the only way to real peace for mankind is total disarmament. (I heard no woman's voice.)

Since listening to the last three days' discussion I am more than ever convinced of the wisdom and sanity of total disarmament now. Why not be realists enough to realize that there can be no real cure of war by reduction and limitation of arms, but real peace can come only by total disarmament, immediately undertaken? Germany was nearly disarmed in 1919. This shows what can be done. It was done in 90 days. There are brains enough to do a complete and general job of disarmament, in six months—a period of time that is liable to be spent by the conference in flatteries, wranglings, talking in a circle. Mankind wants a real peace, not a mere shifting of positions, in military strength. Are not our leaders (the cream of them are in Geneva this week) brave and big enough to make a dash for total disarmament?

Yours for total disarmament now,

SYDNEY STRONG.

(Care American Express, Geneva.)

WHAT I THINK OF THE RUSSIAN PROPOSALS, AND WHAT AMERICA SHOULD DO—OPINIONS 5 YEARS OLD BUT STILL GOOD

Devere Allen: "As a 110 per cent American it pains me to think that we could profit from following a suggestion emanating from another country, and Russia in particular. It is such a sensible proposal I fear Russia will only have her labor for her pains."

Clement M. Biddle: "This proposal tends to upset the world's greatest bar to progress—complacency. * * * America should install some twentieth-century thinkers in her State Department."

Norman B. Barr: "It is the greatest opportunity to eliminate war that has ever been offered in the history of the world. The United States should offer its cooperation."

W. E. B. Du Bois: "I am glad of Russia's proposal. I think America should offer to disarm with the rest of the powers."

M. O. Evans: "God called Israel out of Egypt to teach the world religion. And here at last comes 'Bolshevik' Russia with a real proposal far in advance of any that has ever been made in the interests of peace and human well-being."

William Floyd: "Armaments are absurd for any nation except the few big powers. Small powers waste their income building forts and ships which can be destroyed in a week. Great powers are secure only in their imagination. Combinations can defeat any one nation. Peace has not followed armaments. * * * Russia's plan is new, courageous, logical. It should be adopted by all nations. No one will suffer. Every country will be at least as safe as now."

S. Louise Foulkes: "America should have been first to propose this. 'Hats off' to Russia—manifesting greater enlightenment, as shown in these proposals, than other so-called Christian nations."

Kate Crane-Gartz: "Regret that America did not have the foresight nor sense to initiate the movement first."

Austin E. Griffiths: "The proposals should be taken most seriously."

Jane Garrott: "One of the noblest gestures ever made by any government in the history of the world. * * * Those delegates who rebuffed Russia do not represent the common people of the world. * * * If we are ever moved to support another disarmament conference, let us at least be sure that we are not supporting a body that should be called a conference for the continuance of armaments."

Allen Hayes: "With Russia's disarmament proposal the moral leadership of the world passes definitely into her hands. The people of the United States are called upon to rescue their government from the clutches of big business—operating through organizations of politicians—and fall into line behind Russia, with the declaration: 'We are as a nation forever done with war.'"

John Haynes Holmes: "Hurrah for Russia! The Bolsheviki called the bluff in magnificent fashion and the result is what we see. If ever the lid was ripped off hypocrisy and ineptitude, it was done this time. Hurrah for Russia again."

David Starr Jordan: I think of Russia's proposals in the nature of a bluff. America ought to accept them, but will not, because we have so much money in armament and the details of imperialism. A big navy is a gigantic national adornment. Why should not the biggest spend most on navies or diamonds?"

Frederick J. Libby: "Reports from Geneva indicate that Russia is constantly working toward disarmament by any practicable plan available. The conference between Briand and Livitnoff is particularly encouraging."

W. D. Lane: "This proposal says, 'If you are really serious about putting an end to war; if you are really ready to quit fighting, you will have no further need of armies and navies. Scrap your navies and disband your armies * * *.' With whatever scorn or contempt the proposal may be treated, it will not down. It will continue to haunt all peace conferences. It is the acid test of any proposition for permanent peace."

Edward Laird Mills: "I believe Russia's proposals are sincere and should receive serious consideration."

John Orth: "A tremendous proposal. Have we the faith and courage to second it? For, if not, we must take the consequences."

William Pickens: "The Russians are right: That the way to disarm is to disarm—not to reduce the number and caliber of guns. America should make a like proposal to all the nations and endeavor to bring the only stable peace, a peace without threats."

Henry W. Pinkham: "The United States ought to follow suit."

J. Henry Scattergood: "The first proposal of its kind in all history made by the responsible government of a great people. It will ever stand as a challenge to the powers. Its purpose finds a friendly response among millions of people. The clear-cut Russian proposal is a great stimulus toward the new vision of a greater statecraft."

S. A. Stockwell: "Greatest contribution to world peace ever made, and goes to the root of the diabolical evil. The United States should immediately cooperate in this venture for a warless world."

Fred. W. Shorter: "I believe Russia is sincere. At the same time, she probably expected to get a little fun out of the squirming of the hypocritical representatives of the other big nations."

Upton Sinclair: "Get on the band wagon."

Norman Thomas: "A challenge of immense value. The United States should at once agree to come in with other nations to make general disarmament effective. If not, why not?"

Harry F. Ward: "The challenge is the test of the governments of the world. We should at once accept the principle of total disarmament within a period of five years and invite the other nations to a conference to sign agreements to accomplish it in progressive steps."

Theodore K. Vogler: "Never before has America had such a glorious opportunity to go the whole way and, with Russia, declare, in deed as in word, that she is in earnest about following the Prince of Peace."

Lydia G. Wentworth: "Russia's proposal gives an intelligent response that no halfway measures will suffice to eradicate a crime."

Robert Whitaker: "Her proposals are stated with the utmost frankness. Their first objective was to show up the capitalistic peace talk for what it is—bunk and worse. Beyond this Russia is willing to go any distance the Allies will go for world peace. America ought to second this, or make a better one of her own. She will do neither, because Wall Street governs."

Lincoln Wirt: "Did a peal of derisive laughter sweep the world when Russia challenged the League of Nations to disarm? Yet, one remembers that the scoffers of long ago once said, 'Can anything good come out of Nazareth?' If Russia is bluffing, why not call her bluff?"

COMMENT

Instead of heading toward a deadlock—a logical conclusion of endless whittling down arguments over qualitative and quantitative reduction—why not turn to total disarmament now—and see how quickly the peoples of the world will brighten up.

REVENUE AND TAXATION

The Senate resumed the consideration of the bill (H. R. 10236) to provide revenue, equalize taxation, and for other purposes.

The VICE PRESIDENT. The question is on agreeing to the amendment of the Senator from Texas [Mr. CONNALLY].

Mr. CONNALLY. Mr. President, I desire to detain the Senate only a few moments. My reason for consuming any time at this moment is because so many Senators are now present who were absent yesterday when the amendment was discussed.

The amendment will raise $113,000,000 for the fiscal year 1933 more than the Senate Finance Committee bill will raise on incomes. For a full calendar year the amendment will raise $158,000,000 additional revenue. Let me say to Senators that unless we raise this additional amount in these income-tax brackets, we are going to have to raise it somewhere else.

Senators who are interested in keeping the tax on admissions from 10 cents up will not vote for this amendment because to adopt it would offer some hope of removing that objectionable tax. Let me suggest to Senators that those who are advocating the sales tax should not vote for this amendment because the more decreases we make in the bill, the stronger will be their argument in favor of the sales tax.

Senators who are in favor of a tax on bank checks ought not to vote for this amendment because it offers the only hope of taking out of the bill the obnoxious tax on bank checks. Senators who are opposed to the tax on bank checks ought to vote for the amendment because it will afford a means of removing that tax. Senators who are objecting to the increase in postal rates ought to support my amendment because if they do not it is inevitable that we have got to place increased taxes on first and second class mail matter.

Senators who do not want to see a tobacco tax adopted ought to vote for the amendment because the Secretary of the Treasury, when before the Finance Committee urging that this amendment be defeated, offered as one of the alternatives for securing this amount of revenue a tax on tobacco products.

Mr. HOWELL. Mr. President——

The VICE PRESIDENT. Does the Senator from Texas yield to the Senator from Nebraska?

Mr. CONNALLY. Certainly.

Mr. HOWELL. Did I understand the able Senator from Texas to say that there is no other source of income that we can tax and thereby make up the difference?

Mr. CONNALLY. No; the Senator from Texas did not say that. The Senator from Texas said, with reference to items now in the bill, that unless Senators vote for this amendment whereby $113,000,000 additional revenue will be secured, the objectionable taxes, such as the sales tax, taxes on picture shows, on bank checks, on admissions, on tobacco, and the postal-rate increases, can not all be discarded. That is what I said.

Mr. HOWELL. But, Mr. President, I want to suggest to the Senator that there are other sources of revenue that have not been touched in this bill.

Mr. CONNALLY. I shall be glad to have the Senator's suggestion, and I am sure the Senator from Utah, the leader on the other side in charge of this bill, will be glad to learn of any untouched sources of revenue.

Mr. HOWELL. Mr. President——

The VICE PRESIDENT. Does the Senator from Texas yield to the Senator from Nebraska to make a statement?

Mr. CONNALLY. I yield.

Mr. HOWELL. It will be recognized as a fact that the pyramiding of holding companies in connection with the power industry is evidence of tremendous earnings, and it is a fact that the earnings of the operating power companies have been least affected of any industry in the country. Assuming the gross income of power companies in 1929 to be

100, they were $102.2 in 1930, 101½ in 1931, and for the first three months of this year they were 99.71.

Here is a source of income that we can tap without the tax being passed on to the people. We can take it out of the exorbitant profits of these operating power companies. I have an amendment pending proposing to impose a 3 per cent tax on gross income, to be payable from net income and not otherwise. That tax would raise between fifty million and sixty million dollars.

It must be remembered that the power companies all have rates fixed by the operation of law, and whereas their costs of operation since 1920 as compared with 1930 have fallen 44 per cent—I am talking now about the cost of generation and distribution which has fallen 44 per cent—their rates have not fallen comparably. The consequence is that here is a source of income which can be taxed and which will produce from fifty million to sixty million dollars if we have the will to do such a thing as that.

Mr. CONNALLY. Mr. President——

Mr. HOWELL. If any Senator——

Mr. CONNALLY. I did not intend to interrupt the Senator; I thought he was through.

Mr. SMOOT. Mr. President——

The VICE PRESIDENT. Does the Senator from Texas yield to the Senator from Utah?

Mr. CONNALLY. I want the Senator from Nebraska to conclude, if he has not concluded.

Mr. HOWELL. I have concluded my statement, but if there be any question to be asked I shall be delighted to answer it.

Mr. CONNALLY. Mr. President, let me say to the Senator from Nebraska that when we reach that portion of the bill to which his amendment is applicable I shall be very glad to consider the amendment; we can debate it at that time; but I am anxious to conclude this particular amendment and to get a vote on it.

However, let me say to the Senator from Nebraska if he entertains the views which he has just stated, one way to reach the incomes and profits of the power companies is by taxing as proposed in this particular amendment the incomes derived from those corporations by their stockholders. The surtax rate carried in my amendment will increase the taxes of the owners of those properties for it is higher than the surtax rate of the pending bill. So the Senator has now an opportunity at this very moment of evincing his earnestness and his sincerity in trying to reach those very incomes by voting for this amendment; and when we reach the point in the bill where the Senator's amendment is applicable and germane, we shall be glad, I am sure, to consider the Senator's amendment at that time. It is unfortunate, however, that the Senator did not present his amendment to the Finance Committee.

Mr. HOWELL. I did present it to the Finance Committee.

Mr. CONNALLY. Then, it is unfortunate that the Senator did not persuade the Secretary of the Treasury of his party to adopt it and to urge it upon the Senate committee. I am in hearty sympathy with the purpose of the Senator's amendment, I will say to the Senator, according to his explanation; I have not studied it. However, Mr. President, in conclusion I will——

Mr. HOWELL. Mr. President——

Mr. CONNALLY. Does the Senator from Nebraska desire to say a word further?

Mr. HOWELL. May I interpolate just a word?

The VICE PRESIDENT. Does the Senator from Texas yield to the Senator from Nebraska?

Mr. CONNALLY. I yield.

Mr. HOWELL. The tax I propose may be placed upon the power companies without affecting their dividends. Take, for instance, the Potomac Electric Power Co. of this city; they have the lowest rates in the United States. Their rate this year is 3.9 cents as a maximum. Last year it was 4.2 cents; and last year, after paying all the costs of operation and maintenance, depreciation, and taxes, and after a return of 7½ per cent upon the rate base allowed by the Public Utilities Commission of this city, there still remained over a million dollars; and we would take but $300,000 of that $1,000,000 if we applied this tax. In other words, there were excess earnings of a million dollars over and above a fair return.

Mr. CONNALLY. Is the Senator from Nebraska against my amendment?

Mr. HOWELL. I hesitate about increasing the rates in the lower brackets unless they are increased in the upper brackets.

Mr. CONNALLY. Let me say to the Senator that my amendment increases the rate in the higher brackets from 45 to 55 per cent. I am willing to tax the big man and also tax the little man in a fair relationship. I am willing to tax the little man, and this amendment maintains the same relationship through all the brackets. If the Senator has the feeling that he has expressed he can not afford to vote against this amendment.

Senators are talking about reducing Federal expenses; they are talking about reducing the salaries of employees of the Government, of the clerks in the departments. Mr. President, how can Senators justify cutting down the salaries of clerks and employees unless they are willing to make those who pay taxes on large incomes bear a fair increase in their tax?

My amendment starts at $2,500, and on a $3,000 net income the taxpayer will pay only $20. That is graduated up until it reaches a maximum surtax rate of 55 per cent on incomes above $1,000,000.

I submit this amendment, Mr. President, with the statement that it increases the rate in all brackets and not simply in the higher brackets. It increases the tax on small incomes in a fair relationship and proportion to the tax on the large incomes. It will raise $113,000,000 additional revenue, and, unless it shall be adopted, before this bill shall be finished the Senate will be going about with a fine-tooth comb and a microscope hunting additional sources of revenue. The Senate has either got to put this tax on those who can pay or it is going to have to put taxes on the necessities of the people, on the wants of the people, on the appetites of the people, on the amusements of the people, on the tobacco of the people, on bank checks, which will be a clog and discouragement to the revival of business.

Mr. President and Senators, I submit this amendment in the confident hope that if the Senate will adopt it, it will save itself many weary hours later on in the consideration of this bill when it comes to wrestle with the numerous objectionable and obnoxious excise taxes in various forms which the bill contains. I am willing to have a vote on the amendment.

The VICE PRESIDENT. The question is on the amendment offered by the Senator from Texas.

Mr. TRAMMELL obtained the floor.

Mr. SMOOT. Mr. President, will the Senator yield for just a moment?

The VICE PRESIDENT. Does the Senator from Florida yield to the Senator from Utah?

Mr. TRAMMELL. I yield.

Mr. SMOOT. Mr. President, the Senator from Texas has stated that the estimated yield from his amendment over and above the yield which would be produced by the provision reported by the Senate Committee on Finance is $113,000,000.

Mr. CONNALLY. That is for the fiscal year 1933.

Mr. SMOOT. Yes; that is as I understood the Senator. Last evening after the Senator had made the statement, I desired to know what the estimate of the Treasury was in relation to this same amendment. I am now informed by the department that their estimate is that the additional yield would be from $65,000,000 to $75,000,000. The department thinks that $75,000,000 would be the very outside estimate and that $65,000,000, more than likely, would be the amount of revenue realized.

Mr. CONNALLY. Mr. President——

The VICE PRESIDENT. Does the Senator from Florida yield to the Senator from Texas?

Mr. TRAMMELL. I yield.

Mr. CONNALLY. The Senator from Utah will recall that the estimates of the Treasury Department for many years past have not proven to be accurate in the light of subsequent developments. The Senator's statement, however, rather than being an argument against this amendment is an argument in its favor. It dispels the fear that some have expressed that the rates in the amendment are so high that they will hurt business. But suppose the amendment produces only $75,000,000 additional revenue, that is for only six months of the year, and I have every reason to believe that for the full calendar year the amendment will produce far in excess of $100,000,000.

Mr. TRAMMELL. Mr. President, as I expressed myself in regard to the Couzens amendment, I think it is very unfortunate we have to pounce on people having small and medium net incomes and seek to get such an enormous increase in revenue out of that group of our citizens. The pending amendment, of course, contemplates an increase of something like 50 to 100 per cent in the taxes upon people who receive net incomes, we will say, of from one to six or seven thousand dollars. I think a tabulation would support that statement. I realize, however, that we are in desperation when it comes to the matter of securing revenue, and we have, under those circumstances, to merge our views and our preferences and our sentiments to quite an extent and of necessity select the objects for taxation which may serve best the revenue requirements under the existing distressing situation.

I very much regret that it is necessary to resort to such an increase in the rate of taxation in the lower income brackets. I wish that some other source of revenue might be discovered other than this particular source and that we might not have to obtain revenue in this way.

I am going to offer an amendment to the amendment touching on the question of earned income. It seems that Senators who are so desirous to increase the income-tax rate have in mind and in contemplation making it as hard as possible for people who are in the lower brackets of net income derived from salaries. It is bad enough, of course, to make these enormous increases in the rates of taxation upon that class of taxpayers, but the Couzens amendment proposed—and so does the amendment of the Senator from Texas [Mr. CONNALLY]—that the earned-income provision which has been carried in the law for a good many years shall be repealed. In other words, a person who makes an income from his own labor and industry is to have no advantage whatever in the matter of paying taxes in the lower brackets, but he is to pay just the same as the person who has an income derived from capital invested.

The Congress has heretofore adopted and carried in the law for many years the policy that earned income up to a given amount should be allowed a deduction of 25 per cent. We ascertain what the net income is, what the tax would be, and then a person who has made this income from his own labor and his industry is allowed a deduction of 25 per cent of the amount of the tax up to a net income of $10,000, I think it is, under the present law.

The Finance Committee has sought to reduce this deduction, and carries in its bill a provision that there shall be a deduction of 12½ per cent only. The present law provides for a 25 per cent deduction. Now the Senator from Texas [Mr. CONNALLY] comes along and would strike out altogether the allowance on account of earned income.

I believe that the policy that has prevailed for many years is a very righteous and just policy; that in the lower brackets of incomes, especially, we should give a little different consideration to earnings received from a person's labor and industry than that which we give to earnings purely upon capital investment.

I am therefore going to move, on page 10 of the amendment proposed by the Senator from Texas, that lines 5 and 6 be stricken out. I offer that amendment. Those two lines deal entirely with the matter of the repeal of the earned-income deduction.

The VICE PRESIDENT. The amendment offered by the Senator from Florida to the amendment of the Senator from Texas will be stated.

The CHIEF CLERK. On page 10 of the amendment of the Senator from Texas it is proposed to strike out lines 5 and 6, which read:

On page 37 strike out lines 14 to 24, both inclusive, and all of page 38 (being the earned-income provisions).

The VICE PRESIDENT. The question is on the amendment offered by the Senator from Florida to the amendment of the Senator from Texas.

The amendment to the amendment was rejected.

The VICE PRESIDENT. The question is on the amendment of the Senator from Texas [Mr. CONNALLY].

Mr. SMOOT and others called for the yeas and nays, and they were ordered.

The VICE PRESIDENT. The clerk will call the roll.

The Chief Clerk proceeded to call the roll.

Mr. BANKHEAD (when his name was called). I have a general pair with the senior Senator from Vermont [Mr. DALE]. Not knowing how he would vote, I withhold my vote.

Mr. BULOW (when his name was called). On this question I have a pair with the senior Senator from New Jersey [Mr. KEAN], who is absent. If he were present, he would vote "nay," and if I were at liberty to vote I should vote "yea."

Mrs. CARAWAY (when her name was called). On this question I have a general pair with the senior Senator from Colorado [Mr. WATERMAN]. I understand that if he were present he would vote "nay." If I were at liberty to vote, I should vote "yea."

Mr. McNARY (when his name was called). On this question I have a pair with the senior Senator from Alabama [Mr. BLACK]. Therefore I withhold my vote.

Mr. NORBECK (when his name was called). On this question I have a pair with the junior Senator from South Carolina [Mr. BYRNES], and therefore withhold my vote. If the Senator from South Carolina were present, he would vote "nay," and if I were at liberty to vote I should vote "yea."

Mr. TOWNSEND (when his name was called). I have a general pair with the senior Senator from Tennessee [Mr. McKELLAR]. I transfer that pair to the junior Senator from Oregon [Mr. STEIWER], and will vote. I vote "nay."

The roll call was concluded.

Mr. JONES. I have a pair with the senior Senator from Virginia [Mr. SWANSON], who is necessarily absent. I do not know how he would vote on this question, and therefore withhold my vote. If at liberty to vote, I should vote "yea."

Mr. BINGHAM. I have a general pair with the junior Senator from Virginia [Mr. GLASS], who is necessarily absent. In his absence, and not knowing how he would vote, I withhold my vote.

Mr. NEELY. On this question I am paired with the junior Senator from New Jersey [Mr. BARBOUR], who is necessarily absent. If he were present, he would vote "nay," and if I were at liberty to vote I should vote "yea."

Mr. CONNALLY (after having voted in the affirmative). Pending the announcement of the roll call, I desire to propound a parliamentary inquiry.

The VICE PRESIDENT. The Senator will state it.

Mr. CONNALLY. At a future stage of the bill, would an amendment substantially like this amendment, but varying in some details, be in order?

The VICE PRESIDENT. That would depend upon whether or not it covered items in the Senate amendments which had been agreed to by the Senate. If so, it would not be in order.

Mr. CONNALLY. I therefore change my vote from "yea" to "nay" for the purpose of being in a position to move a reconsideration at a later stage.

Mr. SHEPPARD. I desire to announce that the Senator from Illinois [Mr. LEWIS] is necessarily detained from the Senate on official business, and that the Senator from Alabama [Mr. BLACK], the Senators from Virginia [Mr. SWANSON] and [Mr. GLASS], and the Senator from South Carolina [Mr. BYRNES] are necessarily absent from the city.

The result was announced—yeas 31, nays 46, as follows:

YEAS—31

Blaine	Couzens	La Follette	Sheppard
Borah	Cutting	Long	Shipstead
Bratton	Dill	McGill	Thomas, Okla.
Brookhart	Frazier	Norris	Trammell
Bulkley	George	Nye	Vandenberg
Capper	Howell	Pittman	Walsh, Mont.
Cohen	Hull	Robinson, Ind.	Wheeler
Costigan	Johnson	Schall	

NAYS—46

Ashurst	Fletcher	Keyes	Smoot
Austin	Glenn	King	Stephens
Bailey	Goldsborough	Logan	Thomas, Idaho
Barkley	Gore	Metcalf	Townsend
Broussard	Hale	Morrison	Tydings
Carey	Harrison	Moses	Wagner
Connally	Hastings	Oddie	Walcott
Coolidge	Hatfield	Patterson	Walsh, Mass.
Copeland	Hawes	Reed	Watson
Davis	Hayden	Robinson, Ark.	White
Dickinson	Hebert	Shortridge	
Fess	Kendrick	Smith	

NOT VOTING—19

Bankhead	Byrnes	Kean	Norbeck
Barbour	Caraway	Lewis	Steiwer
Bingham	Dale	McKellar	Swanson
Black	Glass	McNary	Waterman
Bulow	Jones	Neely	

So Mr. CONNALLY'S amendment was rejected.

THE STOP-ROOSEVELT MOVEMENT

Mr. WHEELER. Mr. President, out of order, I send to the desk an editorial from the Philadelphia Record, an independent paper published in the city of Philadelphia, and ask that it be read by the clerk.

The PRESIDING OFFICER (Mr. FESS in the chair). Without objection, the editorial will be read.

The Chief Clerk proceeded to read the editorial.

Mr. SMOOT. Mr. President, was unanimous consent given for the reading of this article?

The PRESIDING OFFICER. It was. The Chair stated that without objection it would be read.

Mr. SMOOT. I have no objection to putting it in the RECORD, but if I had known what it is I should have objected to its reading.

The PRESIDING OFFICER. The clerk will continue the reading of the editorial.

The Chief Clerk resumed and concluded the reading of the editorial, which is as follows:

[From the Philadelphia Record of May 16, 1932]

THE STOP-ROOSEVELT MOVEMENT MAY YET STOP THE DEMOCRATIC PARTY

In 1800 a Nation aroused by the violation of fundamental American liberties swept the Federalists out of office and placed Thomas Jefferson in the White House.

Not since that time has the Democratic Party had a greater opportunity than the one offered it by the presidential elections next November.

The great masses of this Nation are ready to register—on the third anniversary of the stock-market crash—their dissatisfaction with the Hoover do-nothingism that has impoverished business and left 10,000,000 unemployed facing starvation.

What will the Democratic Party do with this opportunity?

The national convention is six weeks off and although Gov. Franklin D. Roosevelt is overwhelmingly in the lead, a movement continues to block his candidacy, deadlock the convention, and embitter the party on the eve of what can be its most successful campaign.

No one doubts that a majority of the party rank and file favor Roosevelt. It is known that his nomination will bring the party valuable support from the progressive wing of the Republicans. There is even talk of a third party to join the Democrats in support of Roosevelt.

Yet a small band of influential and wealthy men, setting themselves up as dictators of the party, still seek to set aside the popular choice and replace him with a candidate of their own choosing.

The Nation may yet see a repetition, this time at the Democratic Convention, of the venal, back-room methods used to nominate Harding at the Republican Convention in 1920.

Party majorities will be set aside while a small group bargain and trade to nominate their own man.

That man will be a conservative, a blank check, an unknown dark horse, a Hoovercrat.

Democrats, it has been said, have a talent for snatching defeat from the jaws of victory.

That familiar blundering will be repeated if the party goes before the Nation next November by opposing Hoover with a Hoovercrat.

Progressive Republicans, although disgruntled with Hoover policies, will stay within the Republican fold. Many ordinarily independent voters will stay at home. Others will throw away their vote in desperation to one or other of the minority parties.

And Hoover may be reelected.

The Nation asks progressive policies in the White House instead of do-nothingism. It wants relief for the unemployed. It needs inflation. It demands an end of Government for and by privilege.

Roosevelt, the progressive, is the party's one chance to meet that need. The opposition given him by Raskob and Shouse attests to his liberalism.

If the Democratic Party permits a small group of dictators to stop Roosevelt, stopping Roosevelt will also stop the Democratic Party next November and save Hooverism from defeat.

TWO-THIRDS RULE OF DEMOCRATIC NATIONAL CONVENTION

Mr. ASHURST. Mr. President, I regret to take even one minute from the discussion of the tax bill, but apropos of the article just read I wish to say that a number of Democratic Senators have already been chosen to be delegates to the coming Democratic National Convention. I hope—and I now use the Senate as a sounding board for the purpose of expressing that hope—that they will make it their business to adopt a rule so that hereafter the archaic, un-American, unrepublican rule of two-thirds in the national convention will be abolished. That two-thirds rule cost the Democrats the Presidency twice in the history of this Republic. It does not belong in a democratic republic. The two-thirds rule does not belong to a Democratic convention. The Senators here who are delegates to that convention will make the greatest contribution to the party they can make if they abolish that archaic rule.

Mr. DILL. Mr. President, will the Senator yield?

Mr. ASHURST. I yield.

Mr. DILL. I would like to ask the Senator how he would go about to secure the abolition of the two-thirds rule. If we attempt to change a rule when there is a fight on, we are accused of changing the rule while the game is going on.

Mr. ASHURST. No sportsman—and every Democrat must be a good sportsman or he would not be a Democrat—no sportsman, no fair man, ever changes the rules in the middle of the game. But the first resolution introduced in the coming Democratic convention ought to be one to the effect that hereafter a majority shall be sufficient to nominate a candidate in a Democratic National Convention.

Mr. SMOOT. Mr. President, may we not proceed with the tax bill?

Mr. DILL. The Senator from Arizona has the floor, and I wanted to ask him another question.

The PRESIDING OFFICER. Does the Senator from Arizona yield to the Senator from Washington?

Mr. ASHURST. I shall not take much time. This matter is as important as the tax bill.

Mr. DILL. The Senator knows that the delegates to the convention are chosen with the understanding that there is a two-thirds rule. The coming convention will be confronted with what every Democratic convention meets, namely, if we attempt to change the rule to affect the procedure of this convention, those delegates who are in the minority will say that it is in the interest of the candidate who is in the lead. I wondered what the Senator's practical suggestion would be as to how we might best go about eliminating the two-thirds rule.

Mr. ASHURST. My suggestion is that no sooner than our friend the Senator from Kentucky [Mr. BARKLEY] makes his keynote address a resolution be introduced declaring it to be the sense of the convention that hereafter a majority shall be sufficient to nominate a candidate.

Mr. DILL. But the Senator knows that no rule this convention would adopt could affect another convention because each convention makes its own rules.

Mr. ASHURST. It might not be legally binding, but it would be an expression of the opinion of a most important body of men upon a great question.

The PRESIDING OFFICER. The clerk will state the next amendment.

Mr. ASHURST. I say again that I have no disposition to delay the progress of the tax bill. In fact, I am going to withhold the delivery of five or six protracted speeches I intended to deliver, in order that we may speed up the tax bill. But no Senator must exhibit an impatience or an irritation this morning when I am talking upon the very important question of trying to urge Senators who are delegates to get rid of a body of death that has clung to us for a hundred years. Senators must not be irritated when I am making this great contribution to my party when I ask them to change an archaic rule and take this body of death—this two-thirds rule—from about our necks.

Mr. BAILEY. Mr. President, I wish to say just this, that the Democratic Party is not going to get anywhere in the way of nominating anybody for the Presidency, or electing anybody President, or defeating anybody for the Presidency, by interrupting the processes of legislation here which are designed to balance the Budget, when the whole American structure is at stake, and time is of the essence of the project.

Mr. SMITH. Mr. President, I just want to reply to my good friend from North Carolina by saying that there is more hope for Democratic victory from ultimately balancing the Budget than from what we are doing now.

REVENUE AND TAXATION

The Senate resumed the consideration of the bill (H. R. 10236) to provide revenue, equalize taxation, and for other purposes.

Mr. LONG. Mr. President, I wish to send to the desk an amendment to the schedule we are now considering, and ask to have it read to the Senate.

The PRESIDING OFFICER. The clerk will report the amendment offered by the Senator from Louisiana.

The CHIEF CLERK. The Senator from Louisiana [Mr. LONG] offers the following amendment:

Strike out lines 8 to 25, both inclusive, on page 10, all of pages 11, 12, 13, and 14, and lines 1 to 22, both inclusive, on page 15, and in lieu thereof insert the following:

"$110 upon net incomes of $10,000; and upon net incomes in excess of $10,000 and not in excess of $12,000, 4 per cent in addition of such excess.

"$190 upon net incomes of $12,000; and upon net incomes in excess of $12,000 and not in excess of $14,000, 5 per cent in addition of such excess.

"$290 upon net incomes of $14,000; and upon net incomes in excess of $14,000 and not in excess of $16,000, 6 per cent in addition of such excess.

"$410 upon net incomes of $16,000; and upon net incomes in excess of $16,000 and not in excess of $18,000, 7 per cent in addition of such excess.

"$550 upon net incomes of $18,000; and upon net incomes in excess of $18,000 and not in excess of $20,000, 8 per cent in addition of such excess.

"$710 upon net incomes of $20,000; and upon net incomes in excess of $20,000 and not in excess of $22,000, 9 per cent in addition of such excess.

"$890 upon net incomes of $22,000; and upon net incomes in excess of $22,000 and not in excess of $24,000, 10 per cent in addition of such excess.

"$1,090 upon net incomes of $24,000; and upon net incomes in excess of $24,000 and not in excess of $26,000, 11 per cent in addition of such excess.

"$1,310 upon net incomes of $26,000; and upon net incomes in excess of $26,000 and not in excess of $28,000, 12 per cent in addition of such excess.

"$1,550 upon net incomes of $28,000; and upon net incomes in excess of $28,000 and not in excess of $30,000, 13 per cent in addition of such excess.

"$1,810 upon net incomes of $30,000; and upon net incomes in excess of $30,000 and not in excess of $32,000, 14 per cent in addition of such excess.

"$2,090 upon net incomes of $32,000; and upon net incomes in excess of $32,000 and not in excess of $34,000, 15 per cent in addition of such excess.

"$2,390 upon net incomes of $34,000; and upon net incomes in excess of $34,000 and not in excess of $36,000, 16 per cent in addition of such excess.

"$2,710 upon net incomes of $36,000; and upon net incomes in excess of $36,000 and not in excess of $38,000, 17 per cent in addition of such excess.

"$3,050 upon net incomes of $38,000; and upon net incomes in excess of $38,000 and not in excess of $40,000, 18 per cent in addition of such excess.

"$3,410 upon net incomes of $40,000; and upon net incomes in excess of $40,000 and not in excess of $42,000, 19 per cent in addition of such excess.

"$3,790 upon net incomes of $42,000; and upon net incomes in excess of $42,000 and not in excess of $44,000, 20 per cent in addition of such excess.

"$4,190 upon net incomes of $44,000; and upon net incomes in excess of $44,000 and not in excess of $46,000, 21 per cent in addition of such excess.

"$4,610 upon net incomes of $46,000; and upon net incomes in excess of $46,000 and not in excess of $48,000, 22 per cent in addition of such excess.

"$5,050 upon net incomes of $48,000; and upon net incomes in excess of $48,000 and not in excess of $50,000, 23 per cent in addition of such excess.

"$5,510 upon net incomes of $50,000; and upon net incomes in excess of $50,000 and not in excess of $52,000, 24 per cent in addition of such excess.

"$5,990 upon net incomes of $52,000; and upon net incomes in excess of $52,000 and not in excess of $54,000, 25 per cent in addition of such excess.

"$6,490 upon net incomes of $54,000; and upon net incomes in excess of $54,000 and not in excess of $56,000, 26 per cent in addition of such excess.

"$7,010 upon net incomes of $56,000; and upon net incomes in excess of $56,000 and not in excess of $58,000, 27 per cent in addition of such excess.

"$7,550 upon net incomes of $58,000; and upon net incomes in excess of $58,000 and not in excess of $60,000, 28 per cent in addition of such excess.

"$8,110 upon net incomes of $60,000; and upon net incomes in excess of $60,000 and not in excess of $62,000, 29 per cent in addition of such excess.

"$8,690 upon net incomes of $62,000; and upon net incomes in excess of $62,000 and not in excess of $64,000, 30 per cent in addition of such excess.

"$9,290 upon net incomes of $64,000; and upon net incomes in excess of $64,000 and not in excess of $66,000, 31 per cent in addition of such excess.

"$9,910 upon net incomes of $66,000; and upon net incomes in excess of $66,000 and not in excess of $68,000, 32 per cent in addition of such excess.

"$10,550 upon net incomes of $68,000; and upon net incomes in excess of $68,000 and not in excess of $70,000, 33 per cent in addition of such excess.

"$11,210 upon net incomes of $70,000; and upon net incomes in excess of $70,000 and not in excess of $72,000, 34 per cent in addition of such excess.

"$11,890 upon net incomes of $72,000; and upon net incomes in excess of $72,000 and not in excess of $74,000, 35 per cent in addition of such excess.

"$12,590 upon net incomes of $74,000; and upon net incomes in excess of $74,000 and not in excess of $76,000, 36 per cent in addition of such excess.

"$13,310 upon net incomes of $76,000; and upon net incomes in excess of $76,000 and not in excess of $78,000, 37 per cent in addition of such excess.

"$14,050 upon net incomes of $78,000; and upon net incomes in excess of $78,000 and not in excess of $80,000, 38 per cent in addition of such excess.

"$14,810 upon net incomes of $80,000; and upon net incomes in excess of $80,000 and not in excess of $82,000, 39 per cent in addition of such excess.

"$15,590 upon net incomes of $82,000; and upon net incomes in excess of $82,000 and not in excess of $84,000, 40 per cent in addition of such excess.

"$16,390 upon net incomes of $84,000; and upon net incomes in excess of $84,000 and not in excess of $86,000, 41 per cent in addition of such excess.

"$17,210 upon net incomes of $86,000; and upon net incomes in excess of $86,000 and not in excess of $88,000, 42 per cent in addition of such excess.

"$18,050 upon net incomes of $88,000; and upon net incomes in excess of $88,000 and not in excess of $90,000, 43 per cent in addition of such excess.

"$18,910 upon net incomes of $90,000; and upon net incomes in excess of $90,000 and not in excess of $92,000, 44 per cent in addition of such excess.

"$19,790 upon net incomes of $92,000; and upon net incomes in excess of $92,000 and not in excess of $94,000, 45 per cent in addition of such excess.

"$20,690 upon net incomes of $94,000; and upon net incomes in excess of $94,000 and not in excess of $96,000, 46 per cent in addition of such excess.

"$21,610 upon net incomes of $96,000; and upon net incomes in excess of $96,000 and not in excess of $98,000, 47 per cent in addition of such excess.

"$22,550 upon net incomes of $98,000; and upon net incomes in excess of $98,000 and not in excess of $100,000, 48 per cent in addition of such excess.

"$23,510 upon net incomes of $100,000; and upon net incomes in excess of $100,000 and not in excess of $150,000, 52 per cent in addition of such excess.

"$49,510 upon net incomes of $150,000; and upon net incomes in excess of $150,000 and not in excess of $200,000, 56 per cent in addition of such excess.

"$77,510 upon net incomes of $200,000; and upon net incomes in excess of $200,000 and not in excess of $300,000, 60 per cent in addition of such excess.

"$137,510 upon net incomes of $300,000; and upon net incomes in excess of $300,000 and not in excess of $500,000, 63 per cent in addition of such excess.

"$263,510 upon net incomes of $500,000; and upon net incomes in excess of $500,000 and not in excess of $1,000,000, 64 per cent in addition of such excess.

"$583,510 upon net incomes of $1,000,000; and upon net incomes in excess of $1,000,000, 65 per cent in addition of such excess."

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Louisiana.

Mr. LONG. Mr. President, the amendment which I have sent to the desk I wish to explain briefly.

I have undertaken to make it possible for everybody believing in the Couzens amendment, but who has some misgivings as to the irregularities, as he sees them, in the lower brackets, in the brackets below $10,000, to vote for this amendment, and to harmonize whatever divergencies of opinion there may be on this score.

The senior Senator from Massachusetts [Mr. WALSH] and others have informed me that they have made certain increases in the lower brackets which they thought were as high as the lower brackets should go. That is in the ordinary tax before we reach the surtax. Under the Finance Committee bill we reach the surtax at incomes of $6,000. These Senators thought the lower incomes had been increased as high as they should go in the matter of taxation. The Senator from Albama [Mr. BANKHEAD], in offering his amendment yesterday, thought we ought not to begin revising the Finance Committee's schedule until we passed incomes of $25,000. The Senator from Alabama, however, and the Senator from Florida [Mr. TRAMMELL] both said that if we would have excepted incomes up to $10,000 they would have felt more friendly toward the Couzens amendment.

I have looked over the matter, and I find that as between the Couzens amendment and the Connally amendment the Couzens amendment would yield a great deal more revenue than the Connally amendment. The amendment which I have proposed will yield more money, I believe, than the Connally amendment but less money than the Couzens amendment. I have undertaken to find in the RECORD the table which was offered by the Senator from Michigan [Mr. COUZENS], which was made up by the joint Finance Committee, showing what his schedules would produce, but I have not been able to locate it.

Mr. SMOOT. I will find it for the Senator.

Mr. LONG. I thank the Senator. It will be shown, as I shall illustrate from my amendment, that the real substantial increase in incomes, contrary to what has been expressed in the Senate, does not come from the lower brackets so much. It comes from the incomes around $10,000 to $30,000.

The Senator from Utah has kindly located the table for me, and I shall read from Table No. 1, I believe it is.

Mr. COUZENS. Mr. President, is the Senator looking for the amount of return in each bracket?

Mr. LONG. Yes.

Mr. COUZENS. That will be found on page 10186 in Table 2.

Mr. LONG. I have it now, and I thank the Senator.

Mr. HARRISON. Mr. President——

The PRESIDING OFFICER. Does the Senator from Louisiana yield to the Senator from Mississippi?

Mr. LONG. Certainly.

Mr. HARRISON. I want to get clear in my mind what the Senator's amendment would accomplish. He takes the Couzens rates on incomes over $10,000 and does not disturb anything below that?

Mr. LONG. That is correct. In order to illustrate how much this will yield——

Mr. NORRIS. Mr. President, may I interrupt the Senator at that point?

Mr. LONG. Certainly.

Mr. NORRIS. When the Senator said he does not disturb anything below $10,000, does he mean he takes the committee bill on incomes below $10,000?

Mr. LONG. Yes.

Mr. NORRIS. So the Senator's amendment follows the committee proposal on incomes up to $10,000 and the Couzens amendment from there on?

Mr. LONG. Yes.

Mr. COUZENS. Mr. President, has the Senator had an estimate made of what loss of revenue would result from that plan?

Mr. LONG. No; but I can come pretty close to it.

Mr. COUZENS. That is a very important thing.

Mr. LONG. Yes; it is. It will yield more revenue than the Connally amendment, I think. I mean it will increase the amount of Federal Treasury receipts. From the Senator's table, I can come within a few dollars of what it would mean. I say "a few dollars," but I mean a few million. We are so used to talking about millions of dollars that I use that expression as it is generally used and am not as careful in its use as I would be unless I were drawing papers in a suit for damages where I am not restrained by anything except my conscience.

On incomes up to $1,000, the Couzens amendment would increase the revenue $400,000. The Couzens amendment would increase the revenue on incomes from $1,000 to $2,000 by $23,000,000. On incomes from $2,000 to $3,000 the Couzens amendment only increases the revenue $31,000,000. That is about $55,000,000 total up to that point.

On incomes from $3,000 to $5,000 the Couzens amendment would increase the revenue $65,000,000, which makes a total of somewhere around $100,000,000 of revenue to be obtained on incomes up to $5,000. On incomes from $5,000 to $10,000 the Couzens amendment would increase the revenue about $70,000,000. The Couzens amendment accordingly would increase the revenue, according to the estimate, $392,000,000 over the Senate Finance Committee proposal. Is not that correct, may I ask the Senator from Michigan?

Mr. COUZENS. My amendment would have increased it $331,000,000, but the Senator is throwing away too many millions of dollars.

Mr. LONG. I am perfectly willing to do that. I thoroughly agree that we are losing more than we should lose, but it is better to put $160,000,000 into the Treasury with the Senator's schedule of rates than to put nothing in there with his schedule of rates.

Mr. NORRIS. In other words, as I understand the Senator from Louisiana, he supported the Couzens amendment?

Mr. LONG. Yes.

Mr. NORRIS. He supported the Connally amendment?

Mr. LONG. Yes.

Mr. NORRIS. So that he has done all he could with the Senator from Michigan [Mr. COUZENS] and with the Senator from Texas [Mr. CONNALLY] to increase the revenue upon the lower brackets. He failed in that, and now the Senator proposes to get what is left of the Couzens amendment that has not already been voted away?

Mr. LONG. Yes. Not only do I propose that—and I am sorry the Senator from Michigan has left the Chamber because I wanted to say something that I am sure would interest him. I have undertaken to secure the adoption of the Couzens schedule from top to bottom. That has been voted down. Then I undertook to secure the adoption of the Connally schedule, and that was voted down. The reasons which have been urged by some have been that they were unwilling to increase the taxes on incomes in the lower brackets. Therefore, I have now come back to the only place from which we can start to raise revenue for the Government at this time.

Mr. President, here is the situation in which we find ourselves. There is no one in the Senate who can vote against my amendment on the ground that it is going to affect in the slightest the man with a small income. It will give to the Government something like $150,000,000 to $160,000,000 more revenue. It does not to the slightest extent take from

the bill one single dime that is reported by the Finance Committee. I can see how some Senators can honestly differ about voting on increased taxes on incomes in the lower brackets. I can understand how some Senators could honestly and conscientiously entertain the school of thought that the lower incomes should be taxed as little as possible. That is a proper thought. If the Government need only $160,000,000 that is what we ought to do. If we needed only $160,000,000 then in my opinion what we ought to do is to raise it from the higher brackets. But when we have gone through the tax bill—and this is what I wanted to impress upon the Senator from Michigan—and have only $160,000,000 under the Couzens amendment then it will be time enough for us to say if we have been unable to raise the revenue needed in that way, and if we have been so unable, we had better go back and insert the lower brackets as proposed in the Couzens amendment.

We are going finally to reach this kind of a situation. There are many men writing editorials in the newspapers to-day and many men in the Treasury Department to-day who are clamoring because they do not want the schedule of rates proposed by the Senator from Michigan because of the fact, they will say, that it raises the taxes on some of the smaller incomes. As a matter of fact, it does not raise any tax on small incomes, because eliminating the sales-tax scheme will mean a net saving to every one of the small income-tax payers. But to get away from that claptrap I have proposed that we amend the bill and this schedule and eliminate those items up to $10,000, and after having eliminated the items up to $10,000 then let us take the amendment proposed by the Senator from Michigan and go right on up with the brackets until we have reached the needed amount of revenue for the country.

Mr. President, this is what the opposition might well term "the millionaires' schedule," but it is not in reality any such thing. The man making $10,000, $12,000, $25,000, $40,000, $50,000, or $100,000 pays the bulk of the tax.

Under my amendment the amount of revenue received from men whose incomes are from $10,000 to $25,000 is increased by over $80,000,000. Under the amendment of the Senate Finance Committee it would be $174,000,000.

The amount of revenue from men whose incomes run from $25,000 to $50,000 will be increased from $93,000,000 to $129,000,000.

On incomes from $50,000 to $100,000 the increase is from $103,000,000 to $135,000,000.

On incomes from $100,000 to $150,000 the increase is from $49,000,000 to $70,000,000.

On incomes from $150,000 to $300,000 the increase is from $37,000,000 to $63,000,000.

On incomes from $300,000 to $500,000 the increase is from $35,000,000 to $59,000,000.

On incomes from $500,000 to $1,000,000 the increase is from $34,000,000 to $60,000,000.

On incomes over $1,000,000 the increase is from $56,000,000 to $96,000,000.

That is the amendment which I have proposed in order to consolidate the various and sundry items. I voted for the amendment of the Senator from Texas [Mr. CONNALLY]. I voted for the amendment of the Senator from Michigan [Mr. COUZENS]. I would be willing to accept the amendment of the Senator from Michigan with the amendment proposed by the Senator from Florida [Mr. TRAMMELL]. But we are here with our forces about to be divided. We are here with one side opposing this effort because they want to keep any taxes from being paid by the wealthy interests of the country if it can be avoided. That is their line of thought. They do not want to put any taxes on the big fortunes of the country that can be avoided. That is the extreme group advocating the sales-tax idea. The sales-tax idea is the income tax upside down. It is simply a tax placed upon the masses to relieve the classes and the millionaires of having to pay the normal surtax that they otherwise would be expected to contribute to the support of the Government.

Mr. President, what is the excuse for not getting together upon some reasonable increase in these rates? What are we going to gain by not doing it? What is the reason why we should not eliminate, if we can not get the bill otherwise? When we have eliminated the incomes up to $10,000 and have gone through this bill on that theory, and then when we reach automobile taxes and radio taxes and theater taxes the very men who are opposed to the schedule proposed by the Senator from Michigan will be in favor of taking the brackets proposed by him and putting them in this bill, because of the fact that they will see that it is not going to save the wealthy interests of this country to hide behind a smoke screen and they might as well come out in the open and vote for the Couzens amendment. That is what I think will be the result in the consideration of this bill.

Mr. President, I have, I think, pretty well covered the bill, and I think the Senate understands the bill. I have pretty well covered the reasons for the bill; but I wonder what we are going to do when we go back to our people, with two national party conventions rapidly approaching, if we have avoided placing the taxes of this country where there are profits fairly to sustain them.

The Senator from North Carolina [Mr. BAILEY] says that the Democratic Party can do more good by passing this bill and balancing the Budget than in any other way; that that will be of greater service to the party than anything else we can do. Mr. President, if we pass the right kind of a bill and the Democrats stand as they ought to stand, we will do great service to the party; but we can do nothing worse for the Democratic Party than to swallow hook, line, and sinker the bill which has been handed us by the Republican Secretary of the Treasury and admit to the world at large that we are mere spokesmen of the Secretary of the Treasury of the United States. Where would the Democratic Party be if we were to swallow this thing that has come out of the Senate Finance Committee?

Talk about being a Democratic Party document, when we are told that it came from the Republican Secretary of the Treasury! After the committee had spent three weeks writing a bill of their own and after all the evidence had been submitted they concluded that they would let him come to the committee room, and in the twinkling of an eye they changed it. What is the use of having two conventions? Why not hold them both at the same time? Why run around over this country for three weeks and talk about helping the Democratic Party? If there is going to be any credit to anybody by passing this particular creation it is going to be credit reflected upon the Republican Party, and the Democratic Party is going to share whatever blame there may be for this obnoxious hybrid that has come here as the result of the representations and the demands of the Treasury Department.

I agree with the Senator from North Carolina that it will be a good thing for the Democratic Party to pass a tax bill, but only if the Democrats stand here for the right kind of a bill. What credit is going to accrue to the Democratic Party when they will have to come out and say, "We wrote a tax bill which was adopted in the Finance Committee, but the Republican Secretary of the Treasury told us to do something else, and we did what he told us to do"? What kind of a claim will that be to make?

Mr. LOGAN. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Will the Senator from Louisiana yield to the Senator from Kentucky?

Mr. LONG. I yield to the Senator from Kentucky?

Mr. LOGAN. The Senator seems to be proceeding upon the idea that the Senate Finance Committee drafted this bill. The Senator overlooks the fact that all revenue bills must originate in the House of Representatives, and that the Democratic House of Representatives passed this bill with lower rates than the Senate Finance Committee has reported to the Senate.

Mr. LONG. The Senator is mistaken in what he understood me to say. I am sure the Senator was not here last

evening when I spoke for a few minutes on this matter. Was the Senator present yesterday evening?

Mr. LOGAN. I did not hear the speech of the Senator from Louisiana, but I understood that it occupied more than a few minutes.

Mr. LONG. That is merely a question of opinion. I should like to tell the Senator from Kentucky what happened. The Senator from Mississippi and the Senator from Michigan and the Senator from Utah, as the Senator from Kentucky can read in the RECORD, told the story. I do not believe my distinguished friend from Illinois [Mr. LEWIS] was here and listened to the speech I made.

Mr. LEWIS. It is always a great loss not to hear the Senator.

Mr. LONG. It was a very learned speech; I myself made it. [Laughter in the galleries.]

The PRESIDING OFFICER. The Chair must admonish the galleries again that there must be no demonstration. If the rules of the Senate are not respected, the doorkeepers will take notice, and the galleries will be cleared.

Mr. LONG. Mr. President, what I was saying in answer to my friend the distinguished Senator from Kentucky is that the Finance Committee, after working three weeks and hearing witnesses, adopted a certain income-tax schedule, namely, the rates embraced in the so-called Connally amendment. They wrote those rates in the bill and announced that the bill would be reported to the Senate. After they had worked three weeks framing that bill, and when they had wound up their labors by adopting the schedule of income-tax rates proposed by the Senator from Texas, the chairman of the committee, the Senator from Utah—and he will not dispute this—said, "I am going to send for the Secretary of the Treasury," or words to that effect; and so, after the committee had worked for three weeks and had adopted the schedule of rates contained in the Connally amendment, the next morning the Secretary of the Treasury appeared on the scene, and in 20 minutes they undid what they had taken three weeks to do. Yet some Senators talk about our action on this bill reflecting credit on the Democratic Party. When you go out before the people with this kind of a monstrous hybrid they will say to you, "You can not claim any credit for this kind of a thing."

Mr. President, are we going before the people as a party and tell them that we are going to swap them something, that we are going to swap an untrained Texas Spanish mustang for a horse that is worn out? "We are going to swap the devil for the witch. You can get out the frying pan, but you must fall into the fire."

A great party convention will soon be called to assemble, to meditate, and to deliberate relative to the welfare of the people. They will pass a resolution viewing with alarm something that has happened, acknowledging with regret something that has not happened, and then "whereas" and "therefore be it resolved that we commend the Democratic Party and censure the Republican Party by reason of the action of the Democratic Party and by reason of the action of the Republican Party." The sole issue tendered in this bill which the Senator from North Carolina mentioned is that we yielded the stand of the Democratic Party and adopted whatever the Republican Party told us to do. The only ones who did not seem to be in the conference were the people of the United States. The two parties were in perfect harmony.

Mr. President, I myself have certain conceptions about this tax bill. For a number of months I have been in failing health; I have been an overworked man; I have felt that I should avoid any effort in public affairs that I could possibly escape. One of the main reasons why I came to Washington was in order that I might get some relief from the tantalizing publicity of American affairs. I did not want to go where I would be in the midst of domestic issues. So I came to Washington, where I knew I would be farther away from America than I could be on some foreign shore; not that I do not respect this as a good part of America but in its general routine the heart of America is felt less here than at any place I have ever been. I have never had money enough to go very far, but the heart of America is felt less right here in good old Washington, D. C., than at any other place I have ever been, so much so that here on the floor of the Senate, Mr. President, one of the leading Democrats has arisen and said that if we want to help the party out we should pass this tax bill in the quickest possible way.

I am going to be honest with the people of the United States. If the Democratic Party passes this tax bill I am not going to go out before the people of the United States and say that they ought to condemn the Republican Party and that they ought to uphold the hands of the Democratic Members of the Senate for what they have done. I am going to be honest with them. I am going to tell them that we yielded to the opinions of the Republican Secretary of the Treasury; and there is any credit due for this thing, it should be given to the Republican Party. I am not going to go out and tell them one thing when I know another thing to be true.

Some wonder why Louisiana is the leading Democratic State. It is because the leadership of the Democracy of that State has never deceived the people on the issues. It has never talked one way and voted another. The party leadership in the State of Louisiana has never talked one way and done the other thing; it has never made fish of one and fowl of another; and if we are here trying to surrender the Democratic Party to the Republican administration, then let us know what we are doing and be honest about it. If we are here to surrender the Democratic Party to the Republican administration, then let us say, "All right." We had a tax bill which the Democrats adopted, the committee took three weeks to frame it, but it was the votes of the Democrats—for, as I understand, in the vote of 11 to 7 by which the Connally amendment was adopted in committee a majority of those in the affirmative were Democrats—that made possible the amendment and made possible the report of the bill by the Senate Finance Committee.

Mr. President, if we Democrats say that the ideas and the principles of Mr. Ogden L. Mills and of the Republican administration are better on snap judgment than three weeks' work that has been done by a committee over which the Democratic Party was in a position to assert absolute dominance, then how are we going before the people of the United States and make any issue, except to say, "if we can follow the Republican Cabinet and can follow the White House, then there is no reason why the people of the United States should not follow the Republican administration in the coming political campaign."

So far as the United States Senate is concerned—and I will be a member of the resolutions committee when the Democratic convention meets in Chicago—I am going to say if the Democrats stand back of this bill and the Democratic Party succeeds in the coming election that it will disown the actions of the Democracy of the United States Senate. I shall go before the people and advocate something else and refuse to claim that the Democratic Party in this Senate has done anything that will reflect good credit upon it if we stand here and adopt Ogden L. Mills's income-tax schedule and allow wealth to hide while taxes are imposed upon every little man who has 11 cents to spend to go to a moving-picture show.

I have a right to speak for the Democracy of this country because I unquestionably represent a State, without any challenge about it, that is a Democratic State, because I unquestionably represent a party without any challenge about my representing it. I was twice unanimously elected the national Democratic committeeman of the State of Louisiana. I was elected to the United States Senate from that State without any opposition whatever in the ranks of any opposing party or independent candidates. I have been the governor of my State, and I can say that the rank and file of the great State of Louisiana—and the same kind of people live everywhere else—are not concerned in this bill from the standpoint of any credit that it is going to gain us in partisan politics. But when we get to the merits

of this bill and then begin to consider what we have done and what we are not doing we have a pitiful spectacle presented to us.

Here is Democracy's opportunity. Here is the opportunity to be of service to the people. Here is the chance for this party to have been of service to the people of the United States. Here is our chance to have been of help to the poor man. Here is our chance to have relieved him of the burdens and to have given him the benefits of a government that could have promoted the enterprises and furnished the conveniences and the facilities needed by every man, woman, and child in this country. I say, Mr. President and my friends in the Senate, that the Democratic Party never has had the chance it has to-day to be of service to the American people. It does not need to put anybody else in the White House to do it. It can do it now, because the President of the United States would not and could not afford to veto this revenue bill when it comes to him from the Senate. We can do it now. There are enough Senators over there on the Republican side who are in favor of this kind of legislation that if the Democratic membership of the Senate so willed they could pass a bill here that would give exactly everything that the people are clamoring for to-day. We can not disown it, and I am not going to go out to fool the people of this country about it.

I tell you that the Democratic Party to-day can write this tax bill any way it wants to. The Democratic Party can write this bill to-day if it wants to; but, instead of doing that, it has seen fit to bow low in humble submission to receive the benedictions of the Republican administration.

I am not going out to the people of the United States to tell them anything that is not true about this matter. We have no issue on this proposition. The condition we have on it is that the Democratic Party has thought more of the opinions and recommendations and dictates and demands of the Secretary of the Treasury of the United States than it has of its own. That is the condition we are in.

I do not have, and I think from what I have said no one will glean that I have, any personal animus toward my associates of the party. I am undertaking to advise them as I would be advised. I am undertaking to tell them as I would be told that it is up to the Democratic Party to amend this bill in such a way as to place the burdens of taxes upon the wealth of this country rather than where they are now. I guess I do not understand some principles of party politics. I can not understand how anybody can stand up here in the Senate of the United States, or over in the lower House of Congress either, and deliver a long political harangue attacking the President of the United States, and attacking the Republican administration, and attacking the messages of the President of the United States, and then come right in here and stand right by every one of these bills, and then get up and make another partisan speech.

I would not be sincere if I did that kind of a thing. I know they are very likely sincere, but I want to tell you it is time for this political humbugging to stop—this thing of getting up on the floor of the United States Senate and making a long-winded political speech about Hoover or Hooverism, and coming back here in the United States Senate and voting for everything that Hoover and Hooverism stand for. It is time that you found out that the people back at the fork of the creek are not any such mugwumps as you think they are. They are not fooled by that claptrap. That is why we have lost.

I have sat here, since I have been in the United States Senate and listened to speeches condemning the President of the United States in the most vicious and caustic terms, blaming him for what he is and for what he ought to be blamed; and when those who make the speeches formulate a plan of their own to rescue this country from Hooverism and bring it into the Senate, the administration supporters do not have to do anything but send one of Hoover's disciples down there, and they rewrite the bill, and the Democrats come in here with it just as they say, and then they go out and tell the country that we ought to make a swap between parties! [Laughter.]

There is something above party politics in this country. Our friends on the Democratic and Republican sides have found that out. It has been well expressed by the Senator from Utah [Mr. SMOOT], the Senator from Mississippi [Mr. HARRISON], the Senator from Arkansas [Mr. ROBINSON], and the senior Senator from Indiana [Mr. WATSON], that there is something above party politics. They have managed to sink into the depths of water below which nothing can be seen every feeling of partisan politics and to stand against a bill or against any amendment that is going to levy any taxes upon the big fortunes of this country. That is a lofty, all-pervading act of patriotism on the part of those men.

I heard one outside the Senate some days ago say, "Partisan though I admit myself to be." He is the only one who ever admitted himself to be partisan when it comes to a bill of this kind. But they have submerged their feelings. Abel and Cain have become the same man when it comes to a bill that taxes wealth.

You can not get them together on the tariff, maybe. You can not get them together on prohibition, or on child welware, or on laws to cure unemployment; but, bless my heart, when they come in here with a bill that proposes to save the wealth of the land from being imposed upon with the kind of taxes we think they should have, the partisanship is sunk and there is never anything to interfere.

That is called a commendable attitude, and I call it a commendable attitude. If I felt the way that they feel about this kind of legislation, I would regard it as commendable. In order that Mammon might be served and never touched, if I believed that it was a bad thing to touch these higher incomes, I would commend the patriotic impulses which have actuated these men and which have caused them so magnanimously to agree.

Mr. President, Voltaire said something that always impressed me. He said that if there were no God it would be necessary to create one. A man ought to be given a belief that he has some place to go; that somewhere "at the end of the rainbow there is happiness." He ought to be given a right to believe that somehow, somewhere, he has a place to go. You have not any right to lock the door and tell the man that there is no place he can go; but you are doing it here in Congress to-day. You have locked the common people of the United States out of the house. They can not go to the Democrats, because they are just as bad here as the Republicans are. They can not go to the Republicans, because they have what they have, anyway, and we are not offering anything whatever to the people. I want to say, since this matter of partisan politics is brought up here in the Senate while I am discussing this amendment, that we do not give a tinker's rap of our finger, we do not care one continental about winning the election this fall if we are going to have what we have here, anyway, when it is over. We do not care whether or not we have any particular success down in my part of the country. We want a chance. We want something done for the poor people of this country and for the business people of this country. We want something besides speeches. We have had enough of them.

Mr. President, I want to read something that I ran across. I intended to wait a few minutes, but I may read it again before I conclude if I should take occasion to stay here for a few minutes longer. I want to read an address of Daniel Webster in commemoration of the first settlement of New England, delivered at Plymouth, December 29, 1820.

I have read you from Bryan. I have read you from Roosevelt. I have even read you from Hoover. I have read you from every statesman this country has ever had. I have read you from the Bible. I have read you from the publications. I have read you from Lord Bacon. Now I want to read a few lines that I ran across that Daniel Webster delivered in an address of December 22, 1820. Here are those few lines. Said Webster:

> The freest government, if it could exist, would not be long acceptable if the tendencies of the law were to create a rapid accumulation of property in few hands and to render the great mass of the population dependent and penniless. In such a case the popular power would be likely to break in upon the rights of property, or else the influence of property to limit and control

the exercise of popular power. Universal suffrage, for example, could not long exist in a community where there was a great inequality of property.

Hear these words of Webster, who must be condemned as fifty times the socialist that I could be condemned for anything that I have said here on the floor of the Senate or anywhere else.

Hear these words of Webster. They do not mean anything unless you want to hear them. These are words which are to be found in the Scriptures, these are words to be found in all English law writers, these are words to be found in what has been written and delivered by practically every statesman from Lincoln on up, and back as far as we know of the country. The statement continues:

> The holders of estates would be obliged in such case, either in some way to restrain the right of suffrage, or else such right of suffrage would soon divide the property. In the nature of things, those who have not property, and see their neighbors possess much more than they think them to need, can not be favorable to laws made for the protection of property. When this class becomes numerous, it grows clamorous. It looks on property as its prey and plunder, and is naturally ready, at all times, for violence and revolution.

That is just what happened in Russia. Webster says that when this class becomes numerous, it grows clamorous. How numerous has the class become in America to-day, when it can be said that 80 per cent of the people of this country combined do not own 5 per cent of the wealth of the United States to-day? That is the condition pictured by Daniel Webster.

Mr. President, I want to say that I have no intention of referring to any member of the party at this time, but I am going to read from a letter of William Jennings Bryan dated September 22, 1908, published in the Commoner on October 2, 1908:

> [From the Commoner, October 2, 1908]
>
> DETROIT, MICH., *September 22, 1908.*
>
> Hon. THEODORE ROOSEVELT,
> *President of the United States.*
>
> DEAR SIR: In a statement given out by you yesterday and published in this morning's papers, you indorse a charge made against Governor Haskell, of Oklahoma, to the effect that he was once in the employ of the Standard Oil Co., and as such employee was connected with an attempt to bribe or influence Attorney General Monnett, of Ohio, to dismiss suits pending against the Standard Oil Co. In indorsing this charge you attack the Democratic Party and its candidate, saying that "Governor Haskell stands high in the councils of Mr. Bryan and is the treasurer of his national campaign committee."
>
> Your charge is so serious that I can not allow it to go unnoticed. Governor Haskell has denied that he was ever employed by the Standard Oil Co. in any capacity or ever connected in any way with it or with the transaction upon which your charge is based.
>
> Governor Haskell demanded an investigation at the time the charge was first made, offering to appear and testify, and he demands an investigation now. I agree with you that if Governor Haskell is guilty as charged, he is unfit to be connected with the Democratic National Committee, and I am sure you will agree with me that if he is innocent he deserves to be exonerated from so damning an accusation.
>
> WILLIAM J. BRYAN.

That was the opinion of William Jennings Bryan as to what could be expected of a member of a party employed by the Standard Oil Co. and engaged in questionable compromises of lawsuits. That was the opinion of William Jennings Bryan at that day and time. That is my belief now. I have taken my lines and symbols and signals from such doctrine as is there enunciated.

Mr. President, having covered this matter, we now come to a banner, since this matter was brought up by the Senator from Arizona [Mr. ASHURST] and the Senator from North Carolina [Mr. BAILEY]. I have in my hand a reproduction of an advertisement used in the last presidential campaign. It has a picture of the President of the United States in the center of it. It is headed "For Home and Happiness, Vote for Hoover." Underneath that is this:

> There is no guaranty against poverty equal to a job for every man. That is the primary purpose of the economic policies we advocate.
>
> HERBERT HOOVER.

Another statement signed by the President, or at least made by the President, is to this effect:

> Our purpose is to build in this Nation a human society, not an economic system. We wish to insure the efficiency and productivity of our country, but its final purpose is happier homes.

To-day I see in the paper that our last standard bearer of democracy, the Hon. Alfred Emanuel Smith, whom I supported in the last political campaign, heading the party in my State, which gave him its biggest vote—to-day I see in the paper that Mr. Smith gives the program which he wishes the Democratic Party to follow here in Congress. He advocates the sales tax, just as Hoover advocates it. He advocates everything that is now being advocated by the Republican Party.

During that campaign I thought that it would mean a great deal for the people of this country to elect the Democratic candidate instead of the Republican candidate. I must now confess, from the present actions of that kind of leadership, from the announcements which are being made by Mr. Smith, Mr. Baruch, and Mr. Young, that I do not think it would have made as much difference as I thought it would had we elected the Democratic standard bearer instead of the present President. The fact of the matter is that I do not know that it would have made any difference. I am not going to be caught going out in another political campaign, invading States surrounding my State, or in any other place, telling the people anything contrary to the facts of politics.

We have our chance here now, if we want to do anything, to do it. We lack but one or two votes of having a majority of the Senate sitting on the Democratic side, and we know that there are enough votes on the Republican side so that we could pass the Couzens amendment, or could pass a law taxing the wealthy interests of this country to support this Government, without any trouble whatever. We are not going to be able to go out and humbug and hoodwink the people and convince them that there is no blame on the party whatever for not having passed this thing, because we received our orders from the White House on this side of the Chamber, when Mr. Ogden L. Mills came before the Senate Committee on Finance. We can not say that the Republicans could do any better than take their instructions from the Cabinet officers of the present Republican administration. There is no use messing with this thing. There is no use going out to the people and trying to tell them anything else, and I am not going to tell them anything else.

I do not know of a time when I was guilty of standing on a political stump and telling the people one thing when I knew that something else was true, and I am not going to tell the people of the United States that the United States Senate could have done better had it had another vote or two on this side of the aisle, because in my opinion we have the opportunity here now; and the pitiful thing about the whole matter is that we are here to-day fighting with our backs to the wall, trying to enact into law what the Senate Finance Committee thought was necessary to be enacted into law. We are trying here to-day to enact into law what we know and have from the lips of the members of the Senate Finance Committee they thought was necessary at the time when they had the pending bill under consideration, and now we are back before our people with this kind of a proposition.

I say, Mr. President and Members of the Senate, that we ought to do our duty by the people here regardless of any supposed-to-be party loyalty to back up the recommendations of the Secretary of the Treasury, particularly such peculiar kind of party loyalty as that which comes from the Democratic side of this Chamber. I do not see it. I can not see it.

The Senator from Michigan [Mr. COUZENS] proposed to balance the Budget. He submitted a very finely worked out and carefully analyzed schedule. He proposed to balance the Budget in a fair way and in a rightful way. I supported the amendment of the Senator from Michigan. I supported the amendment of the Senator from Texas. Those amendments would have placed the burden of this Government upon the man who is making the money. I liked the Couzens

amendment better than I liked the Connally amendment. I think the amendment which I have now offered is probably a little bit better than the Connally amendment and not so good as the Couzens amendment.

The amendment which I have offered, however, leaves no man the excuse to vote against this schedule, and I warn my friends in the Senate, I would not want to have this facing me in a campaign in the fall of the year. I know the Senator from Mississippi says—and I am saying this in reply to what he has said—that we ought to forget our political life and our political hopes, and put this bill across. But he is advising you to make a peculiar kind of a sacrifice. He is advising you to offer yourselves upon the altar of sacrifice for very, very poor reasons, in my opinion. He may think they are lofty reasons and purposes, but I do not think so.

I am advising you against that kind of political suicide. I am advising you to save yourselves by saving the people of this country. I am advising you to take something that is popular with the people of this country, because they think that the profits of this land ought to support these various and sundry heavy costs of government.

Mr. President, I think I have explained the pending bill pretty thoroughly. I have explained the party loyalty supposed to be required. I have undertaken to disillusion anyone feeling that he owed certain party loyalty on the Democratic side and on the Republican side.

My amendment follows the Finance Committee's schedule up to incomes of $10,000, and on incomes above $10,000 it follows the schedules of the Couzens amendment. It leaves only the little man, or the man making less than $10,000, out of any increase above that provided by the Senate Finance Committee bill. It can not be said that the Government would lose a dime of revenue which would be collected under the Senate Finance Committee bill, because on incomes below $10,000 we would not disturb the recommendations of the Senate Finance Committee. It can not be said that the little man would be hurt, because we do not begin to make any increase above those recommended by the Finance Committee until we reach incomes of $10,000.

I submit that, stripped of all verbiage and pretense, this amendment is an undertaking to reconcile and harmonize whatever views one may have on balancing the Budget, on supporting this Government, and on avoiding the onerous type of taxes which must of necessity be placed upon the people unless we do balance the Budget, as the Senator from Michigan says.

But here is a prophecy that I will make, and I will stake my political life on this prophecy coming true. If you vote the schedule I am now advocating and put a tax on all incomes above $10,000, it will not be a week, it will not be two days, before those gentlemen who have appeared to be so solicitous about the little man will come right back here and tell you to go ahead and put the income tax on the balance of them that were included in the Couzens amendment. All in the world you have to do is to clear that fog away and they will come right back here on their bended knees and say, "Let us take it all and be through with it." Once we adopt this schedule, I know the votes will come to include everything from $10,000 down. If we adopt the schedule from $10,000 up, there will be no quibbling about it at all when we get a little farther along. It will be said, "All right, let us put it on from $10,000 down."

Once we put it in the higher brackets the interests of the Secretary of the Treasury will be extinct. He will have lost the cheap glory that he had in mind, because what he is concerned about is protecting the big fortunes. Once we place this tax to support the Government on incomes above $10,000 he will lose his interest in the matter.

That would include the Members of Congress. I have thought it best to start the schedule so that it would include the Members of Congress, so that no one could charge that I had any objection to paying the tax myself. Personally, I am not of the type of people who believe the salaries of Congressmen are too high. I do not believe it. I do not believe the salaries of Senators are too high. I am not afraid to tell the people of Louisiana, as I told them when I was a candidate for the United States Senate, that a man sitting in the United States Senate who is capable of sitting there ought to draw a salary much larger than Senators are being paid now. I am not a bit afraid of my people. My people and the people of all other parts of the United States understand the situation, and if the Congressmen of the country would simply insist upon that kind of salaries there would be no objection. But I have included the salaries of Congressmen so that point might not be eliminated and everyone might bear his just share of taxes under the schedule. I have eliminated the little men, and now I ask the Members of the Senate, Senators of the 48 States, to adopt this schedule.

I do not want this inserted in the RECORD again, Mr. President, but I am going to reread just a line or two from Daniel Webster. He said:

> The holders of estates would be obliged, in such case, either in some way to restrain the right of suffrage or else such right of suffrage would soon divide the property. In the nature of things, those who have not property and see their neighbors possess much more than they think them to need, can not be favorable to laws made for the protection of property.
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> * * * * * * *
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> The freest government, if it could exist, would not be long acceptable if the tendencies of the law were to create a rapid accumulation of property in few hands and to render the great mass of the population dependent and penniless.

The great publication in the home city of my friend the Senator from Illinois [Mr. LEWIS] is the Chicago Tribune. I do not understand the Senator owes the Tribune anything for his seat here; they did not at least contribute to it. But, to-day, when everyone is being denounced as a communist who undertakes to preserve fortunes in this land, if they will read a little bit they will find that there is no classification that can be excepted from the people.

We are undertaking by this means to preserve fortunes that are alive and able to contribute to the support of the Government. The revenue is needed and can not be long withheld. We should not go out and tax the theater goer, the automobile rider, the man owning a radio; and we should not go into these enormous and nefarious sales-tax provisions so that the poor man who may have only $1.50 to spend must nevertheless pay the bulk of the Government taxes, notwithstanding the fact that he is probably penniless at the time. We should not undertake to put on that kind of a tax. We ought to be willing to adopt tax schedules that will place the tax upon the man who is making the profits. When we go back with the Democratic Party or the Republican Party to the people let us understand things. Let us understand how they stood here.

Mr. President, I may have taken more time, perhaps, than some may think I ought to take. It may be that everybody wants to see us get through with the tax bill in order that we can make way for the national conventions. But I believe, and I say, that it is better that we stand here until the national convention meets and adjourns and has to meet again, if it is necessary. It is better that we stand here until the convention meets in June and carry this document before the Democratic National Convention when it meets in Chicago. I am not sure but what we may do that. I am not so sure about this thing. I am going to take my time on this matter. I am not so sure about what we are going to do about it.

I think before we allow the Democratic Party to commit suicide for themselves and the balance of us here in the Senate, we may have to have a little delay on the matter. We may have to consider the matter further. I would be unwilling to see the Senators on this side of the aisle surrender; in fact, I would hate to see them do it because I like them all, I love them all. They might have to surrender and I might be willing to see them surrender and be willing to see them hang themselves, but I am not willing to see them hang the Democratic Party.

I am not willing to see them make this issue if I can prevent them from doing it. Owing to party responsibility,

I am not willing to see them bind the Democratic Party with a thing of this kind. I think if it becomes necessary because the last candidate for the Presidency of the United States on the Democratic ticket has come out for the Baruch plan—if the action he has taken to-day is going to mean the Democratic Party declaration—then I think we had better fight this thing through a little bit longer and debate these provisions until we have reached a sane and sensible solution.

I regard this as a fight for principle, and I had rather hold this thing down to a safe and sane consideration for the next 30 days until the Chicago convention can meet and the Democratic Party can be purged of that idea. I had rather hold on here and give the people a chance for the party to force a revision of this Mills substitute, so that the Democratic Party at least would not be bound down and hidebound to the kind of an abject surrender that we have made here. We have been in this deplorable state for a long time. I want to state to gentlemen of the Senate that this bill is going to make things worse in the country than they are now. I am going to say to you that adopting this plan is not going to help. It is going to make conditions in this country worse eventually than they are now. It is not going to help things one single solitary bit. It is going to mean that we have barred the door against additional recovery of this country. It is going to mean that Senators have become set on the sales-tax policy that is going to mean a greater concentration of wealth than we ought to have in this country. It is going to mean they have undertaken to write into the law the bedrock foundation of the sales-tax substitute which Mr. Hearst says is the beginning of the destruction of income and estate taxes in this country.

If we do this thing and require it to go into the party and make it a party proposition, I must say to you that I think we would be better served. If the time comes we are not getting any relief from either of the parties, then, of course, that is a matter to be thought of in some other way.

Mr. President, I hope Members on this side of the Chamber, the Democratic side of the Chamber, will not feel that they are bound through party loyalty to support the committee plan. It does not come from their party. It came from the Secretary of the Treasury of the United States after it had been repudiated by the members of the Finance Committee. It does not come from your party. It means the acceptance of a party that has been willing to meet, so far as the committee is concerned, all the demands of the Secretary of the Treasury, and it certainly means no more than that. If we raise revenue from the country, the means by which it can be raised are provided in the Couzens amendment, and I have proposed the nearest acceptable substitute that I see that can be said to be possible under the circumstances.

During the delivery of Mr. LONG's speech,

Mr. COUZENS. Mr. President, will the Senator yield to me for a moment?

Mr. LONG. Yes, sir.

Mr. COUZENS. I merely ask the Senator to yield in order that I may enter a motion to reconsider. On yesterday, as is shown by the CONGRESSIONAL RECORD on page 10276, in connection with the vote taken on my amendment, I made the statement before the result was announced, that I changed my vote from "yea" to "nay" for the purpose of filing a motion to reconsider. I now serve notice and file the motion to reconsider the vote by which the amendment was rejected. The motion to reconsider will be brought up at a later date.

The PRESIDING OFFICER. The motion will be properly entered.

After the conclusion of Mr. LONG's speech,

Mr. NORRIS. Mr. President, I regret very much that the Senate did not agree to the Couzens amendment. When the Couzens amendment was rejected I felt that those who were opposing it would probably feel that they would be justified in agreeing to the rates proposed in the so-called Connally amendment. It seemed to me it was a fair compromise, that men who disagree and honestly disagree as to what the rates should be, all realizing that some increase must take place and that we must find some place to raise the additional revenue to keep our Government running, would not insist that they should have their own way, that they should refuse to make any compromise, that they should refuse to give what seemed to me to be consideration to a fair effort by which the disagreeing minds and the divergent views of Senators could be harmonized and an agreement reached.

I was very much disappointed that the Connally amendment was defeated by practically the same vote that defeated the Couzens amendment. It was an indication to me that the vote in the Senate had been practically divided on the Couzens amendment and that those who were opposed to it were going to refuse, being in the majority, any compromise whatever; that they were going to have their own way, and since they had the votes they were going to keep them together and vote down any amendment that did not agree with their own ideas as to what the schedules under this provision of the bill should be.

To my mind it was not what we ought to expect in this terrible crisis which has been likened by many to the conditions that prevailed during the war; that we should stubbornly refuse to surrender any of our views, and that if we had the necessary votes we should arbitrarily drive the steam roller over all resistance.

I am not questioning the motives of those Senators who voted against the Couzens amendment, but I do believe that, regardless of what they thought, regardless of their own convictions, they ought to face the situation as it seems to me we must face it and realize that none of us can have our own way, and none of us will be satisfied with whatever bill we may finally pass. We ought to meet each other in a spirit of compromise, with the idea, after all, of reaching a conclusion that will be the most satisfactory that can be reached. However, if a majority of the Senate cruelly drive over the minority, without ever once extending any proposition of compromise, saying "We have the force; we have the votes; we are going to put the bill through," they may do it; they probably will do it; but any legislature on earth that follows such a course and carries it out will eventually find itself meeting with greater resistance outside and beyond its halls than it meets within them.

Many Senators spoke and I presume voted against the Couzens amendment and the Connally amendment on the ground, so they said, that they levied too high a tax upon the small incomes. I said when one of those amendments was pending that I should like to relieve some of the lower incomes, and would be in favor of doing it in ordinary times, but that we were not confronted with ordinary conditions; that we were confronted with an emergency; that we were confronted with the fact that our Government is paying out more money than it is taking in, and that if we continue that policy indefinitely it will mean national bankruptcy; so that all of us, rich and poor alike, ought to be willing to make a sacrifice for the common benefit of our country and really for the benefit of civilization. Therefore, it seems to me that the taxes proposed to be levied upon the comparatively small income, under the circumstances, were justified.

I heard the Senator from Utah arguing against the Connally amendment on the ground that it put too much of a burden upon the small incomes. Now he is confronted with an amendment that is relieved of that objection; now he is confronted with an amendment that proposes to levy upon small incomes the same taxes as those in the bill he favors. The taxes on the $3,000 income and on the $5,000 income are left at the same rates reported by the Finance Committee. So the Senator from Utah can not now say that he is opposed to this amendment because it will hurt the little fellow. If he is opposed to this amendment, then it must be because it hurts the big fellow. The Senator from Utah is not alone in his position. I am assuming that Senators who argued against the Connally amendment on the ground that it imposed too great a burden upon the man of small income were in earnest, that they meant it, that they were sincere; but if that be the reason they opposed the Connally amendment they can not argue it now against

the pending amendment, for it has been relieved of that objection.

I should like to call the attention of the Senate to a comparison of the burdens proposed to be laid by this amendment and those imposed by the British law. We ought to have a good deal of respect for the British law. We have a man in the White House who has lived under British law much of his life, and I should think these comparisons would appeal to him and through him to his Secretary of the Treasury, who, after all, seems to be the power that has put the present rates in this bill, because the evidence stands here undisputed that the rates provided by the Connally amendment at one time were the rates put into the bill by the Finance Committee. The only evidence of there being any argument for a change is that the Secretary of the Treasury appeared and in a few minutes the judgment of the Finance Committee, which was reached after two or three weeks of honest debate, was set aside, and now on the floor of the Senate stands undefended by the members of the Finance Committee who once voted to put those rates in and then voted to take them out of the bill. There is only one reason—that is, Mr. Mills. That is the first reason, and the second reason is Mr. Mills. He has put the rates into the bill after the committee itself, after great deliberation, had adopted the Connally rates.

Under this amendment, if it and the bill should become law in the form now pending, the tax to be paid on a net income of $3,000 in the United States would be $4. If, however, the taxpayer with the same net income lived in England he would have to pay $303. Mr. Hoover got out of Great Britain just in time.

If a taxpayer in the United States has a net income of $5,000 and this amendment and the bill should become law, he would have to pay a tax of $100; but if the taxpayer lived under the British flag he would on the same net income have to pay $703. So those of our people who love the British system can know that the great British statesmen, whom so many of our people like to emulate and praise, have enacted a law that taxes British citizens having net incomes of $5,000 more than seven times as much as the American taxpayer would be taxed if this amendment were agreed to.

When we reach the $10,000 class of incomes, taking in Senators and Representatives, the difference is not so great, but still the rate under this amendment would not be sufficiently high to reach the British rate. If this amendment and this bill should become law in the form now pending, a man with a net income of $10,000 in the United States would have to pay $830 tax; but if he lived in England and had the same net income under the British flag he would have to pay $1,828, or more than twice as much. Yet there are those in this country who will in flaming headlines reaching across the pages of the daily newspapers hurl the taunt at those of us who favor this amendment that we are Bolshevists, that we are socialists, and that we are trying to "soak the rich." In answer to such a taunt it seems to me we might well hurl back into their faces the charge that they want to "sock the poor." That is their doctrine. Levy the burdens of taxation upon those who toil, upon the poor man, upon the men who produce our food and our clothing, who erect our public buildings and pave our streets; "sock the poor" is the slogan; "sock the poor, they are used to it; they have always been socked and they will not complain. Save the rich; they are not used to it, and it would discommode them if we should fail to leave them more than $500,000 or $600,000 net after they have paid their taxes."

What about the man with a $30,000 income. Under this amendment, if adopted, he would pay $4,930, leaving him net, after he has paid his expenses and his taxes $25,000. Suppose he lived in England, the rulers and lawmakers of which country nobody here would say are Bolsheviks, what would be pay there? He pays $4,930 in the United States, but in Great Britain on the same net income he would pay $9,475.

Suppose he had an income of $50,000 net; under the pending amendment he would pay a tax of $11,030, leaving him $39,000, in round numbers, with which to support his children, if he had any, to pay his dues to his club, to buy a few golf balls, and a few other necessary things for pleasure and comfort and luxury. Suppose, however, he lived in Great Britain. With a net income of $50,000, under British law he would pay $19,425 tax.

I wonder if he can say that those who advocate this amendment are unreasonable, are unfair, considering the emergency which confronts the country, when we are relieving our people with comparatively large incomes from millions of dollars that they would have to pay if they lived under the British flag.

Suppose the taxpayer had a net income of $100,000. Under this amendment he would have to pay $35,030 tax; but if he lived in Great Britain he would have to pay $47,738 under British law.

Are we afraid of these rates? Have men stopped doing business under other flags where they pay higher rates? Is there any justification, therefore, in saying that if we adopt an amendment of this kind our people will go out of business?

They seem to be getting along better recently in Great Britain than they did a few years ago. They are boasting of a returning prosperity there under these rates that I have been stating to you.

Mr. CONNALLY. Mr. President——

The PRESIDING OFFICER (Mr. PATTERSON in the chair). Does the Senator from Nebraska yield to the Senator from Texas?

Mr. NORRIS. I yield.

Mr. CONNALLY. While the Senator is discussing that matter, I desire to point out to him that the rates carried in my amendment were in operation in 1922 and 1923. The total net income of taxpayers in 1922 was twenty-one billions; and in 1923, under the "oppressive" rates carried in my amendment, that net income had increased to twenty-four billions, showing that business thrived and prospered.

Mr. NORRIS. It increased a little over $3,000,000,000.

Mr. CONNALLY. And finally, in 1923, because of the excess of revenue, the Treasury recommended a retroactive refund.

Mr. NORRIS. And we passed it.

Mr. CONNALLY. And Congress adopted it; all of which controverts absolutely the claim that the rates carried in my amendment were oppressive, or in any wise inconvenient. Business lived under them, thrived and prospered, and we had to hand back a refund of taxes.

Mr. NORRIS. I thank the Senator for the information he has conveyed; but it is only another demonstration that this cry that men are going to cease to do business is without foundation.

Mr. President, I appeal to Senators. If we are acting in good faith, and are opposed to these other amendments that have been voted down because we have sympathy for the men and the women who toil, and the men and the women who have small incomes, now is the time and here is the place to vote our sentiments by adopting this amendment.

I say to you, Senators, that we will soon reach a point in the bill where we will all be anxious to relieve our people from some of the oppressive nuisance taxes that are contained in this bill. Unless we do something now, unless we increase the rates on big incomes, when that time comes we are going to be confronted with the argument, "We must have these oppressive nuisance taxes. We must burden the poor. We must add more burdens to those who toil and those who sweat. We can not help it. We do not want to, but there is no other avenue of escape."

This amendment presents the avenue. This amendment shows us the road of escape when the time comes that we are going to be told over and over again, "Balance the Budget! Balance the Budget! Balance the Budget! Do it to-day. Do not wait until to-morrow. Do not talk about it. Just adopt what is sent to us by Mr. Mills. Swallow it all—hook, line, and sinker. We must do it, or the Budget will not be balanced."

Our opportunity to relieve ourselves of that situation is before us now; and unless we take advantage of it, it will be too late later on.

The PRESIDING OFFICER. The question is on the amendment of the Senator from Louisiana [Mr. LONG].

Mr. NORRIS. I call for the yeas and nays.

Mr. THOMAS of Oklahoma. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Ashurst	Cutting	Jones	Robinson, Ind.
Austin	Davis	Kendrick	Schall
Bailey	Dickinson	Keyes	Sheppard
Bankhead	Dill	King	Shipstead
Barkley	Fess	La Follette	Shortridge
Bingham	Fletcher	Lewis	Smith
Blaine	Frazier	Logan	Smoot
Borah	George	Long	Steiwer
Bratton	Glenn	McGill	Stephens
Brookhart	Goldsborough	McNary	Thomas, Okla.
Broussard	Gore	Morrison	Townsend
Bulkley	Hale	Moses	Tydings
Bulow	Harrison	Neely	Vandenberg
Capper	Hastings	Norbeck	Wagner
Caraway	Hatfield	Norris	Walcott
Carey	Hawes	Nye	Walsh, Mass.
Cohen	Hayden	Oddie	Walsh, Mont.
Connally	Hebert	Patterson	Watson
Coolidge	Howell	Pittman	Wheeler
Copeland	Hull	Reed	White
Couzens	Johnson	Robinson, Ark.	

The VICE PRESIDENT. Eighty-three Senators have answered to their names. A quorum is present. The question is on the amendment of the Senator from Louisiana [Mr. LONG].

MESSAGES FROM THE PRESIDENT—APPROVAL OF BILL AND JOINT RESOLUTION

Several messages in writing from the President of the United States were communicated to the Senate by Mr. Latta, one of his secretaries, who also announced that the President had approved and signed the following joint resolution and act:

On May 13, 1932:

S. J. Res. 50. Joint resolution to authorize the Commissioners of the District of Columbia to close upper Water Street between Twenty-second and Twenty-third Streets.

On May 14, 1932:

S. 2775. An act to amend an act entitled "An act to incorporate the Masonic Mutual Relief Association of the District of Columbia," approved March 3, 1869, as amended.

RELIEF OF AGRICULTURE

Mr. HOWELL. Mr. President, previous to August, 1931, the rate on wheat from central points in Nebraska to Chicago was 44 per cent higher than in 1914. On August 1, 1931, in view of the deplorable economic situation of agriculture, the Interstate Commerce Commission prescribed a new rate on wheat from central Nebraska points to Chicago but 9.3 per cent higher than the rate prevailing in 1914. However, the western railroads, notwithstanding the condition of agriculture, would not bow to the judgment of the Interstate Commerce Commission, but appealed to the courts; and as a result on February 20, 1932, the former 44 per cent higher rate than in 1914 was reinstated by judicial order.

Notwithstanding this fact the railroads have made an application for a 10 per cent increase in the present rate on wheat, and hearings are now in progress in Chicago before a representative of the Interstate Commerce Commission. Should this increase be allowed, the rate on wheat from Grand Island to Chicago will be increased to 58.4 per cent higher than the rate prevailing in 1914. Compare this treatment of the farmer in this country respecting wheat tariffs with that accorded the farmer in Canada. There the wheat tariffs prevailing prior to the war are still practically in effect. This is evidenced by the following facts:

Port Arthur on Lake Superior is a market and shipping point for wheat from western Canada. Omaha, Nebr., is a market for wheat for points west in Nebraska and Wyoming. Hazelridge, Manitoba, is 400 miles west of Port Arthur. Sidney, Nebr., is 405 miles west of Omaha, Nebr. Now compare the cost of shipping a thousand bushels of wheat from these two points to market. From Hazelridge it costs $84. From Sidney, Nebr., 5 miles further away from Omaha than is Hazelridge from Port Arthur, it costs $163.

Again, Marquette, Manitoba, is 449 miles from Port Arthur, the almost identical distance of Oliver, Nebr., from Omaha, yet to ship a thousand bushels of wheat from Oliver to Omaha costs $189, while from Marquette to Port Arthur it is less than half of that. It is but $90.

From Brandon, Manitoba, it is 553 miles to Port Arthur. From Red Butte, Wyo., it is 555 miles to Omaha, but 2 miles more, yet it cost $288 to transport a thousand bushels of wheat from Red Butte to Omaha, as against but $96 from Brandon to Port Arthur—two-thirds less.

Mr. President, at this point I ask to have a table printed in the RECORD.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

Cost of shipping 1,000 bushels of wheat from points in Canada to Port Arthur, Canada, as compared with cost for equal distances from points in Wyoming and Nebraska to Omaha, Nebr.

Canadian points to Port Arthur	Distance	Cost per 1,000 bushels	Wyoming and Nebraska points to Omaha	Distance	Cost per 1,000 bushels
	Miles			*Miles*	
Rennie, Manitoba	346	$84	Brule, Nebr	341	$129
Hazelridge, Manitoba.	400	84	Sidney, Nebr	405	153
Marquette, Manitoba.	449	90	Oliver, Nebr	448	189
Austin, Manitoba	505	96	Cheyenne, Wyo	507	198
Brandon, Manitoba	553	96	Red Butte, Wyo	555	288
Virden, Manitoba	617	108	Medicine Bow, Wyo	620	288
Wapella, Saskatchewan.	655	108	Walcott, Wyo	659	288

Mr. HOWELL. Mr. President, in view of the fact that the farmer to-day is receiving but half for a bushel of wheat as compared with prices prior to the war, and that he is paying 15 per cent more for the things he buys as compared with prices before the war, should it be a matter of surprise that the farmer is writhing under the transportation rates he is paying to-day? And not only that, but with the possibility of a 10 per cent increase in such rates.

Mr. President, something must be done to relieve the situation. We must adopt some constructive measure for the relief of agriculture, so that the farmer can afford to pay freight rates prescribed by operation of law. It is proposed that we adjourn on June 10. That means there are but 22 days remaining of this session. But, notwithstanding this proposal, we should make a high resolve that we will not adjourn until constructive farm legislation is passed—not merely by the Senate but by the House also. We must redeem the pledges of the two great political parties made in 1928. Agriculture must be rescued.

REVENUE AND TAXATION

The Senate resumed the consideration of the bill (H. R. 10236) to provide revenue, equalize taxation, and for other purposes.

The VICE PRESIDENT. The question is on agreeing to the amendment of the Senator from Louisiana [Mr. LONG].

Mr. SMOOT. I ask for the yeas and nays.

The yeas and nays were ordered, and the Chief Clerk proceeded to call the roll.

Mr. BRATTON (when Mr. BANKHEAD'S name was called). The junior Senator from Alabama [Mr. BANKHEAD] is necessarily absent from the Chamber. He has a pair with the senior Senator from Vermont [Mr. DALE]. If the junior Senator from Alabama were present, he would vote "yea."

Mr. BULOW (when his name was called). I have a pair with the Senator from New Jersey [Mr. KEAN]. In his absence I withhold my vote. If I were at liberty to vote, I would vote "yea."

Mrs. CARAWAY (when her name was called). I have a general pair with the senior Senator from Colorado [Mr. WATERMAN]. I understand that if he were present he would vote "nay." If I were permitted to vote, I would vote "yea."

Mr. McNARY (when his name was called). On this vote I have a pair with the senior Senator from Alabama [Mr. BLACK]. Not knowing how he would vote, I withhold my vote. If permitted to vote, I would vote "nay."

Mr. TOWNSEND (when his name was called). I have a general pair with the senior Senator from Tennessee [Mr. MCKELLAR]. Not knowing how he would vote on this question, I withhold my vote. If permitted to vote, I would vote "nay."

Mr. WHEELER (when his name was called). I have a general pair with the junior Senator from Idaho [Mr. THOMAS]. If that Senator were present, I understand he would vote "nay." If I were permitted to vote, I would vote "yea."

The roll call was concluded.

Mr. JONES. Making the same announcement as I have made heretofore with reference to my pair, I withhold my vote. If permitted to vote, I would vote "yea."

Mr. BINGHAM. I have a general pair with the junior Senator from Virginia [Mr. GLASS], which I transfer to the senior Senator from Rhode Island [Mr. METCALF], and vote "nay."

Mr. NORBECK. On this question I have a pair with the junior Senator from South Carolina [Mr. BYRNES], and in his absence I withhold my vote. If permitted to vote, I would vote "yea;" and I understand that if present and voting, the junior Senator from South Carolina would vote "nay."

Mr. NEELY. On this vote I have a pair with the Senator from New Jersey [Mr. BARBOUR]. I understand that if he were present he would vote "nay." If I were at liberty to vote, I would vote "yea."

Mr. SHEPPARD. I desire to announce that the Senator from Florida [Mr. TRAMMELL], the Senator from Colorado [Mr. COSTIGAN], and the Senator from Illinois [Mr. LEWIS] are necessarily detained on official business.

I also wish to announce that the junior Senator from Virginia [Mr. GLASS], the Senator from South Carolina [Mr. BYRNES], the senior Senator from Virginia [Mr. SWANSON], and the Senator from Alabama [Mr. BLACK] are necessarily out of the city.

The result was announced—yeas 24, nays 49, as follows:

YEAS—24

Blaine	Connally	Johnson	Robinson, Ind.
Borah	Couzens	La Follette	Schall
Brookhart	Cutting	Long	Sheppard
Bulkley	Dill	McGill	Shipstead
Capper	Frazier	Norris	Thomas, Okla.
Cohen	Howell	Nye	Walsh, Mont.

NAYS—49

Ashurst	Fletcher	Kendrick	Smoot
Austin	George	Keyes	Steiwer
Bailey	Glenn	King	Stephens
Barkley	Goldsborough	Logan	Tydings
Bingham	Gore	Morrison	Vandenberg
Bratton	Hale	Moses	Wagner
Broussard	Harrison	Oddie	Walcott
Carey	Hastings	Patterson	Walsh, Mass.
Coolidge	Hatfield	Pittman	Watson
Copeland	Hawes	Reed	White
Davis	Hayden	Robinson, Ark.	
Dickinson	Hebert	Shortridge	
Fess	Hull	Smith	

NOT VOTING—23

Bankhead	Costigan	McKellar	Thomas, Idaho
Barbour	Dale	McNary	Townsend
Black	Glass	Metcalf	Trammell
Bulow	Jones	Neely	Waterman
Byrnes	Kean	Norbeck	Wheeler
Caraway	Lewis	Swanson	

So Mr. LONG's amendment was rejected.

Mr. LONG. Mr. President, a parliamentary inquiry.

The VICE PRESIDENT. The Senator will state it.

Mr. LONG. There seems to have been considerable confusion between the Vice President and the President pro tempore. Do I understand that if we go ahead with the present income-tax schedule and adopt the schedule of income taxes, then the motion to reconsider the vote by which the amendment of the Senator from Michigan [Mr. COUZENS] was rejected and the motion to reconsider the vote by which the amendment of the Senator from Texas [Mr. CONNALLY] was rejected would be available?

The VICE PRESIDENT. If the committee amendments are agreed to, then the Connally amendment and the Couzens amendment would not be in order as affecting those provisions but would be in order as to House provisions or the provisions not adopted.

Mr. JOHNSON. Mr. President, I did not understand the Vice President's ruling. Was it that the amendments referred to would not be in order?

The VICE PRESIDENT. They would not be in order as to amendments adopted by the Senate but would be in order as to any provisions not adopted or the House text.

Mr. JOHNSON. As I follow the ruling, with my apologies to the President for the query, if the Senate adopts the schedule now contained in the bill, then the motion to reconsider would not be in order subsequently upon the amendments presented by the Senator from Michigan and the Senator from Texas?

The VICE PRESIDENT. They would be in order on anything not touched by the committee amendments; but if the committee amendments were agreed to, they would not be in order.

Mr. JOHNSON. But the committee amendments touch the very subject.

The VICE PRESIDENT. Certainly; but they would be voted on after the motions to reconsider had been entered and before the vote had been taken.

Mr. COUZENS. If the committee amendments are agreed to, I shall enter a motion to reconsider the votes by which they are agreed to, and that will be in order.

Mr. CONNALLY. Mr. President, I desire to enter a motion to reconsider the vote by which my amendment was rejected.

The VICE PRESIDENT. The motion will be entered. The clerk will state the next amendment of the Committee on Finance.

The next amendment of the Committee on Finance was, under the heading "Subtitle B—General provisions, Part I—Rates of tax—Section 11. Normal tax on individuals," on page 9, line 19, before the word "of," to strike out "2 per cent" and insert "3 per cent," so as to read:

(a) 3 per cent of the first $4,000 of the amount of the net income in excess of the credits against net income provided in section 25.

The amendment was agreed to.

The next amendment was, on page 9, line 22, before the word "of," to strike out "4 per cent" and insert "6 per cent," so as to read:

(b) 6 per cent of the next $4,000 of such excess amount; and.

The amendment was agreed to.

Mr. SMOOT. Mr. President, I want to inquire whether the amendment found on page 8, line 2, was agreed to?

The VICE PRESIDENT. That amendment was agreed to.

The next amendment of the Committee on Finance was, on page 9, line 24, before the word "of," to strike out "7 per cent" and insert "9 per cent," so as to read:

(c) 9 per cent of the remainder of such excess amount.

The amendment was agreed to.

Mr. COUZENS. Mr. President, I desire to enter a motion to reconsider the votes by which the committee amendments on page 9 of the pending bill were adopted.

The VICE PRESIDENT. The motion will be entered. The clerk will state the next committee amendment.

The next amendment of the Committee on Finance was, in section 12, surtax on individuals, at the top of page 15, to strike out:

$20,160 upon net incomes of $100,000; and upon net incomes in excess of $100,000, 40 per cent in addition of such excess.

The amendment was agreed to.

The next amendment was, on page 15, after line 3, to insert:

$20,160 upon net incomes of $100,000; and upon net incomes in excess of $100,000 and not in excess of $150,000, 40 per cent in addition of such excess.

The amendment was agreed to.

The next amendment was, on page 15, after line 6, to insert:

$40,160 upon net incomes of $150,000; and upon net incomes in excess of $150,000 and not in excess of $250,000, 41 per cent in addition of such excess.

The amendment was agreed to.

The next amendment was, on page 15, after line 9, to insert:

$81,160 upon net incomes of $250,000; and upon net incomes in excess of $250,000 and not in excess of $500,000, 42 per cent in addition of such excess.

The amendment was agreed to.

The next amendment was, on page 15, after line 12, to insert:

$136,160 upon net incomes of $500,000; and upon net incomes in excess of $500,000 and not in excess of $750,000, 43 per cent in addition of such excess.

The amendment was agreed to.

The next amendment was, on page 15, after line 15, to insert:

$293,660 upon net incomes of $750,000; and upon net incomes in excess of $750,000 and not in excess of $1,000,000, 44 per cent in addition of such excess.

The amendment was agreed to.

The next amendment was, on page 15, after line 19, to insert:

$403,660 upon net incomes of $1,000,000; and upon net incomes in excess of $1,000,000, 45 per cent in addition of such excess.

The amendment was agreed to.

Mr. COUZENS. Mr. President, I desire to enter a motion now to reconsider the votes by which the committee amendments just agreed to, on page 15, were adopted.

The VICE PRESIDENT. The motion will be entered.

The next amendment of the Committee on Finance was, on page 16, line 3, after the word "than," to strike out "$25,000" and insert "$20,000," and in line 6, after the word "than," to strike out "$25,000" and insert "$20,000," so as to read:

(c) Capital net gains and losses: For rate and computation of tax in lieu of normal and surtax in case of net incomes of not less than $20,000, approximately, or in case of net incomes, excluding items of capital gain, capital loss, and capital deductions, of not less than $20,000, approximately, see section 101.

The amendment was agreed to.

The next amendment was, on page 16, after line 9, to insert:

(e) There shall be levied, collected, and paid for each taxable year upon the amount by which the compensation (including salaries, commissions, emoluments, and rewards) of any individual for personal services exceeds compensation at the rate of $75,000 per year, a tax of 80 per cent of such amount. The tax imposed by this subsection shall be in lieu of all other taxes under this title in respect of such amount.

Mr. HARRISON. Mr. President, the Senator from Oklahoma [Mr. GORE] is interested in this amendment. He had to leave and asked that it might be passed over. He was going to catch a train at a certain time and wanted it to go over for the present.

Mr. REED. The Senator from Oklahoma has just entered the Chamber.

The VICE PRESIDENT. Let the amendment be restated.

The amendment was again stated.

Mr. GORE. Mr. President, I have to leave the city in a few moments. In fact, I had already started to the station. I shall return Friday morning. I would like to have unanimous consent to pass this amendment over until that time. It might lead to some debate.

Mr. SMOOT. I have no objection.

The VICE PRESIDENT. Is there objection? The Chair hears none, and, without objection, the amendment is passed over.

Mr. COUZENS. Mr. President, I desire to enter a motion to reconsider the votes by which the committee amendments on page 16 were agreed to. If the Senator from Utah is willing to have all these amendments go over for later action, I shall not enter these motions; otherwise, I am going to enter a motion to reconsider all votes by which these amendments are adopted, so I shall not lose any possible right I might otherwise have.

Mr. SMOOT. I have no objection, of course. I think the Senator knows what the amendment means. If the rate of 12½ per cent is adopted, there is no question but what we would have to——

Mr. COUZENS. I understand the purpose of the amendment. I enter the motion so I shall have my legislative rights technically preserved.

Mr. REED. Mr. President, a parliamentary inquiry.

The VICE PRESIDENT. The Senator will state it.

Mr. REED. Why should not the motion to reconsider be voted on at this time?

Mr. COUZENS. Because I am not ready to vote on it just at this time. I want to know what the outcome of the other votes may be.

Mr. REED. If the motion is made, the Senate should vote on it at this time.

The VICE PRESIDENT. The Senator from Michigan may enter his motion. The clerk will state the next amendment.

The next amendment of the Committee on Finance was, in section 13, tax on corporations, on page 16, line 20, before the word "of," to strike out "13½ per cent" and insert "14 per cent"; and in line 21, after the words "excess of the," to strike out "credits" and insert "credit," so as to read:

(a) Rate of tax: There shall be levied, collected, and paid for each taxable year upon the net income of every corporation a tax of 14 per cent of the amount of the net income in excess of the credit against net income provided in section 26.

Mr. REED. Mr. President, the amendment just stated is the rate of tax upon corporations. It reminds me that in speaking yesterday I made an erroneous statement about the amendment of the Senator from Michigan [Mr. COUZENS]. I said his amendment contemplated an increase in the corporation tax to 18 per cent. That is a suggestion which was made in the course of the debate between the Senator from Michigan and some other Senator; but it was not, as I then supposed, a part of the amendment offered by him yesterday. In justice to him I want to make this correction.

Mr. WALSH of Massachusetts. Mr. President, I think the Senator in charge of the bill ought to explain the reason which prompted the committee to increase the rate to 14 per cent.

Mr. SMOOT. Mr. President, the main and perhaps only reason was that it required a rate of 14 per cent to raise sufficient money to meet the obligations of the Government.

Mr. WALSH of Massachusetts. I think also the committee was actuated by a purpose to increase the tax on corporations because of the elimination of the tax upon dividends.

Mr. SMOOT. That was one of the reasons, too.

The VICE PRESIDENT. The question is on agreeing to the amendment of the committee on page 16, lines 20 and 21.

The amendment was agreed to.

The next amendment of the Committee on Finance was, on page 17, line 23, after the word "whatever" and the period, to insert "In the case of Presidents of the United States and judges of courts of the United States taking office after the date of the enactment of this act the compensation received as such shall be included in gross income; and all acts fixing the compensation of such Presidents and judges are hereby amended accordingly," so as to read:

SEC. 22. GROSS INCOME

(a) General definition: "Gross income" includes gains, profits, and income derived from salaries, wages, or compensation for personal service, of whatever kind and in whatever form paid, or from professions, vocations, trades, businesses, commerce, or sales, or dealings in property, whether real or personal, growing out of the ownership or use of or interest in such property; also from interest, rent, dividends, securities, or the transaction of any business carried on for gain or profit, or gains or profits and income derived from any source whatever. In the case of Presidents of the United States and judges of courts of the United States taking office after the date of the enactment of this act

the compensation received as such shall be included in gross income; and all acts fixing the compensation of such Presidents and judges are hereby amended accordingly.

The amendment was agreed to.

The next amendment was, on page 20, after line 12, to strike out:

(6) Pensions and World War compensation payments: Amounts received as compensation, family allotments, and allowances under the provisions of the war risk insurance and the vocational rehabilitation acts or the World War veterans' act, 1924, or as pensions from the United States for service of the beneficiary or another in the military or naval forces of the United States in time of war, or as a State pension for services rendered by the beneficiary or another for which the State is paying a pension.

The amendment was agreed to.

The next amendment was, on page 21, after line 2, to strike out "Earned income from sources without the United States," so as to read:

(7) Miscellaneous items: The following items, to the extent provided in section 116:
Salaries of certain Territorial employees;
The income of foreign governments;
Income of States, municipalities, and other political subdivisions;
Receipts of shipowners' mutual protection and indemnity associations;
Dividends from China trade act corporations.

The amendment was agreed to.

The next amendment was, on page 22, line 21, after the word "equity" and the period, to insert "The amount by which the compensation (including salary) of any person for personal services exceeds compensation at the rate of $75,000 per year shall not be deductible under this subsection," so as to read:

SEC. 23. DEDUCTIONS FROM GROSS INCOME

In computing net income there shall be allowed as deductions:
(a) Expenses: All the ordinary and necessary expenses paid or incurred during the taxable year in carrying on any trade or business, including a reasonable allowance for salaries or other compensation for personal services actually rendered; traveling expenses (including the entire amount expended for meals and lodging) while away from home in the pursuit of a trade or business; and rentals or other payments required to be made as a condition to the continued use or possession, for purposes of the trade or business, of property to which the taxpayer has not taken or is not taking title or in which he has no equity. The amount by which the compensation (including salary) of any person for personal services exceeds compensation at the rate of $75,000 per year shall not be deductible under this subsection.

Mr. REED. Mr. President, that is a part of the proposal of the Senator from Oklahoma [Mr. GORE] and ought to go over with the other.

The PRESIDENT pro tempore. Without objection, the amendment will be passed over.

The next amendment of the Committee on Finance was, on page 23, line 16, after the word "have," to insert "to any extent," so as to read:

(c) Taxes generally: Taxes paid or accrued within the taxable year, except—
(1) income, war-profits, and excess-profits taxes imposed by the authority of the United States;
(2) income, war-profits, and excess-profits taxes imposed by the authority of any foreign country or possession of the United States; but this deduction shall be allowed in the case of a taxpayer who does not signify in his return his desire to have to any extent the benefits of section 131 (relating to credit for taxes of foreign countries and possessions of the United States); and
(3) taxes assessed against local benefits of a kind tending to increase the value of the property assessed; but this paragraph shall not exclude the allowance as a deduction of so much of such taxes as is properly allocable to maintenance or interest charges.
For the purpose of this subsection, estate, inheritance, legacy, and succession taxes accrue on the due date thereof, except as otherwise provided by the law of the jurisdiction imposing such taxes, and shall be allowed as a deduction only to the estate.

The amendment was agreed to.

The next amendment was, on page 24, line 13, after the word "in," to strike out "subsections (r), (s), and (a)," and insert "subsection (r)," so as to read.

(e) Losses by individuals: Subject to the limitations provided in subsection (r) of this section, in the case of an individual, losses sustained during the taxable year and not compensated for by insurance or otherwise.

The amendment was agreed to.

The next amendment was, on page 24, line 23, after the word "theft" and the period, to insert "No loss shall be allowed as a deduction under this paragraph if at the time of the filing of the return such loss has been claimed as a deduction for estate tax purposes in the estate tax return," so as to read:

(3) Of property not connected with the trade or business, if the loss arises from fires, storms, shipwreck, or other casualty, or from theft. No loss shall be allowed as a deduction under this paragraph if at the time of the filing of the return such loss has been claimed as a deduction for estate-tax purposes in the estate-tax return.

The amendment was agreed to.

The next amendment was, on page 25, line 4, after the word "in," to strike out "subsections (r), (s), and (t)" and insert "subsection (r)," so as to read:

(f) Losses by corporations: Subject to the limitations provided in subsection (r) of this section, in the case of a corporation, losses sustained during the taxable year and not compensated for by insurance or otherwise.

The amendment was agreed to.

The next amendment was, on page 25, line 13, after the word "on," to strike out "sale" and insert "wash sales," so as to read:

(h) Loss on wash sales of stock or securities: For disallowance of loss reduction in the case of sales of stock or securities where within 30 days before or after the date of the sale the taxpayer has acquired substantially identical property, see section 118.

The amendment was agreed to.

The next amendment was, on page 26, line 20, after the words "result of," to insert "operations or of"; on page 27, line 10, after the word "depletion," to strike out "in case of sulphur and of oil and gas wells"; and in line 12, after the figure "(3)," to insert "and (4)," so as to read:

(1) Depletion: In the case of mines, oil and gas wells, other natural deposits, and timber a reasonable allowance for depletion and for depreciation of improvements, according to the peculiar conditions in each case; such reasonable allowance in all cases to be made under rules and regulations to be prescribed by the commissioner, with the approval of the Secretary. In any case in which it is ascertained as a result of operations or of development work that the recoverable units are greater or less than the prior estimate thereof, then such prior estimate (but not the basis for depletion) shall be revised and the allowance under this subsection for subsequent taxable years shall be based upon such revised estimate. In the case of leases the deductions shall be equitably apportioned between the lessor and lessee. In the case of property held by one person for life with remainder to another person the deduction shall be computed as if the life tenant were the absolute owner of the property and shall be allowed to the life tenant. In the case of property held in trust the allowable deduction shall be apportioned between the income beneficiaries and the trustee in accordance with the pertinent provisions of the instrument creating the trust, or in the absence of such provisions on the basis of the trust income allocable to each. (For percentage depletion, see section 114 (b), (3), and (4).)

The amendment was agreed to.

The next amendment was, on page 31, line 2, after the word "made" and the period, to insert:

Any deduction allowable under section 23 (q) of the revenue act of 1928 which under such section was apportioned to any taxable year subsequent to the taxable year 1931 shall be allowed as a deduction in the years to which so apportioned to the extent allowable under such section if it had remained in force with respect to such year.

So as to read:

(q) Pension trusts: An employer establishing or maintaining a pension trust to provide for the payment of reasonable pensions to his employees (if such trust is exempt from tax under section 165, relating to trusts created for the exclusive benefit of employees) shall be allowed as a deduction (in addition to the contributions to such trust during the taxable year to cover the pension liability accruing during the year, allowed as a deduction under subsection (a) of this section) a reasonable amount transferred or paid into such trust during the taxable year in excess of such contributions, but only if such amount (1) has not theretofore been allowable as a deduction, and (2) is apportioned in equal parts over a period of 10 consecutive years beginning with the year in which the transfer or payment is made. Any deduction allowable under section 23 (q) of the revenue act of 1928 which under such section was apportioned to any taxable year subsequent to the taxable year 1931 shall be allowed as a deduc-

tion in the years to which so apportioned to the extent allowable under such section if it had remained in force with respect to such year.

The amendment was agreed to.

The next amendment was, on page 31, after line 7, to strike out:

(r) Limitation on stock losses: Losses from sales or exchanges of stocks and bonds (as defined in subsection (v) of this section) which are not capital assets (as defined in section 101) shall be allowed only to the extent of the gains from such sales or exchanges. This subsection shall not apply to a dealer in securities in respect of transactions in the ordinary course of his business with his customers.

(s) Same—Capital assets: Losses from sales or exchanges of stocks and bonds (as defined in subsection (v) of this section) which are capital assets (as defined in section 101) shall be allowed only to the extent of the gains from such sales or exchanges.

(t) Same—Offsets:

(1) Losses disallowed as a deduction by subsection (r) shall, for the purposes of this title, be considered as losses from sales or exchanges of stocks or bonds which are capital assets.

(2) Losses disallowed as a deduction by subsection (s) shall, for the purposes of this title, be considered as losses from sales or exchanges of stocks and bonds which are not capital assets. In no case shall this paragraph operate to make the tax less than a tax computed without regard to the provisions of subsections (r) and (s) and this subsection.

And in lieu thereof to insert:

(r) Limitation on stock losses: (1) Losses from sales or exchanges of stocks and bonds (as defined in subsec. (t) of this section) which are not capital assets (as defined in sec. 101) shall be allowed only to the extent of the gains from such sales or exchanges.

(2) Losses disallowed as a deduction by paragraph (1), computed without regard to any losses sustained during the preceding taxable year, shall, to an amount not in excess of the taxpayer's net income for the taxable year, be considered for the purposes of this title as losses sustained in the succeeding taxable year from sales or exchanges of stocks or bonds which are not capital assets.

(3) This subsection shall not apply to a dealer in securities in respect of transactions in the ordinary course of his business with his customers, nor to a bank or trust company incorporated under the laws of the United States or of any State or Territory.

The PRESIDENT pro tempore. The Chair is informed that the senior Senator from Rhode Island [Mr. METCALF] is interested in that amendment, and in his behalf the Chair asks unanimous consent that it may be passed over. Without objection, that order will be entered.

The reading of the bill was resumed.

The next amendment was, on page 33, line 11, after the word "subsections," to strike out "(r), (s), (t), and (u)" and insert "(r) and (s)," so as to read:

(t) Definition of stocks and bonds: As used in subsections (r) and (s), the term "stocks and bonds" means (1) shares of stock in any corporation, or (2) rights to subscribe for or to receive such shares, or (3) bonds, debentures, notes, or certificates or other evidences of indebtedness issued by any corporation (other than a government or political subdivision thereof), with interest coupons or in registered form, or (4) certificates of profit, or of interest in property or accumulations, in any investment trust or similar organization holding or dealing in any of the instruments mentioned or described in this subsection, regardless of whether or not such investment trust or similar organization constitutes a corporation within the meaning of this act.

The PRESIDENT pro tempore. That amendment will be passed over under the same order.

The reading of the bill was resumed.

The next amendment was, on page 35, line 7, after "143 (a)," to strike out "(4)" and insert "(3)," so as to read:

(c) Tax withheld on tax-free covenant bonds: For tax withheld on tax-free covenant bonds see section 143 (a) (3).

The amendment was agreed to.

The next amendment was, on page 35, after line 23, to strike out:

For the taxable years 1932 and 1933 the credit allowed under this subsection shall be limited to the amount received as dividends from a domestic corporation which is subject to taxation under this title, the gross income of which for the taxable year preceding the year in which the dividend was paid did not exceed $25,000.

So as to read:

SEC. 25. CREDITS OF INDIVIDUAL AGAINST NET INCOME

There shall be allowed for the purpose of the normal tax, but not for the surtax, the following credits against the net income:

(a) Dividends: The amount received as dividends—

(1) From a domestic corporation which is subject to taxation under this title; or

(2) From a foreign corporation when it is shown to the satifaction of the commissioner that more than 50 per cent of the gross income of such foreign corporation for the 3-year period ending with the close of its taxable year preceding the declaration of such dividends (or for such part of such period as the corporation has been in existence) was derived from sources within the United States as determined under the provisions of section 119.

The credit allowed by this subsection shall not be allowed in respect of dividends received from a corporation organized under the China trade act, 1922, or from a corporation which under section 251 is taxable only on its gross income from sources within the United States by reason of its receiving a large percentage of its gross income from sources within a possession of the United States.

The amendment was agreed to.

Mr. SMOOT. I ask unanimous consent that all amendments such as the one on line 7, page 35, which are of a mere formal nature, made necessary on account of amendments already agreed to, may be agreed to en bloc.

The PRESIDENT pro tempore. The amendments referred to, as the Chair understands, are merely amendments to perfect the print?

Mr. SMOOT. That is all; but there are quite a number of them.

The PRESIDENT pro tempore. Is there objection? The Chair hears none, and all pro forma amendments to perfect the print of the bill are agreed to.

The reading of the bill was resumed.

The next amendment was, in section 26, "Credits of corporation against net income," on page 39, after line 1, to strike out:

For the purpose only of the tax imposed by section 13 there shall be allowed the following credits:

(a) The amount received as interest upon obligations of the United States which is included in gross income under section 22; and

(b) In the case of a domestic corporation the net income of which is $10,000 or less, a specific credit of $1,000; but if the net income is more than $10,000 the tax imposed by section 13 shall not exceed the tax which would be payable if the $1,000 credit were allowed, plus the amount of the net income in excess of $10,000.

And in lieu thereof to insert:

For the purpose only of the tax imposed by section 13 there shall be allowed as a credit against net income the amount received as interest upon obligations of the United States which is included in gross income under section 22.

The amendment was agreed to.

The next amendment was, on page 43, line 16, after the word "full" and the period, to insert:

This subsection shall not apply to the transmission at death of installment obligations if there is filed with the commissioner, at such time as he may by regulation prescribe, a bond in such amount and with such sureties as he may deem necessary, conditioned upon the return as income, by the person receiving any payment on such obligations, of the same proportion of such payment as would be returnable as income by the decedent if he had lived and had received such payment.

So as to read:

(d) Gain or loss upon disposition of installment obligations: If an installment obligation is satisfied at other than its face value or distributed, transmitted, sold, or otherwise disposed of, gain or loss shall result to the extent of the difference between the basis of the obligation and (1) in the case of satisfaction at other than face value or a sale or exchange—the amount realized, or (2) in case of a distribution, transmission, or disposition otherwise than by sale or exchange—the fair market value of the obligation at the time of such distribution, transmission, or disposition. The basis of the obligation shall be the excess of the face value of the obligation over an amount equal to the income which would be returnable were the obligation satisfied in full. This subsection shall not apply to the transmission at death of installment obligations if there is filed with the commissioner, at such time as he may by regulation prescribe, a bond in such amount and with such sureties as he may deem necessary, conditioned upon the return as income, by the person receiving any payment on such obligations, of the same proportion of such payment as would be returnable as income by the decedent if he had lived and had received such payment.

Mr. COUZENS. Mr. President, I think the Senator from Pennsylvania had better explain that amendment to the Senate, because it was put in at his suggestion, as I recall.

Mr. REED. Mr. President, I think it is covered by the report, but this is the situation: At the time of the Florida

land boom attention was called to the fact that it was very common to sell real estate with a small down payment, and it was not at all certain that the subsequent payments on such installment sales would ever actually be realized. Under the law, however, as it then stood the whole amount of the stated purchase was treated as if it were actually in hand for the purpose of calculating the vendor's profit. We first provided that if less than 25 per cent was received in the down payment the subsequent installments should be disregarded for the purpose of the calculation of capital gain or profit until they were actually received. Subsequently we changed that and provided that if less than 40 per cent was received the subsequent installments should not be treated as income until the year in which they were actually received by the taxpayer. That is the law to-day. But here is the trouble: The law provides, as the Senator will see on page 43, line 12, that in case the vendor sells those purchase-money obligations and thus actually realizes the cash on them, at the time he so transmits them, they shall be treated as being paid in full to him and his profit on the sale shall be calculated and a tax paid on it. It has been held by the department, and possibly even by the courts, that upon one's death the transmission of those future notes, notes due in the future, to one's executors or administrators, constitutes a transmission within the meaning of line 12 on page 43, and therefore the estate has to pay an income tax upon the profits of such sale of real estate at the time the notes were transmitted to the personal representative upon death.

Furthermore, in calculating the estate tax the present value of those installment notes is included in the gross estate. We have the curious result that the executor has to pay income tax on that part of the notes that represents profit and has to pay an estate tax on the whole of the present value of those notes; and yet, as a matter of fact, the purchaser of the property, the maker of the note, may default in the payment, and we have got the executor paying both the estate tax and an income tax on an obligation that subsequently is found to be perfectly worthless.

Mr. HARRISON. Mr. President, will the Senator permit me to interrupt him?

Mr. REED. Certainly.

Mr. HARRISON. In other words, it puts the estate in the same condition as though the man had lived.

Mr. REED. In a nutshell, that is what the Finanace Committee has done. It puts the executors or administrators in exactly the same position as the decedent would have been in if he had lived. It seems to be just.

The PRESIDENT pro tempore. The question is on agreeing to the amendment.

The amendment was agreed to.

The reading of the bill was resumed. The next amendment was, on page 46, line 18, after the word "dependents," to strike out the comma and "and the specific credit for corporations," so as to read:

(e) Reduction of credits against net income: In the case of a return made for a fractional part of a year, except a return made under subsection (a), on account of a change in the accounting period, the personal exemption and credit for dependents shall be reduced respectively to amounts which bear the same ratio to the full credits provided as the number of months in the period for which return is made bears to 12 months.

The amendment was agreed to.

The next amendment was, in section 103, exemptions from tax on corporations, on page 63, after line 4, to strike out—

(11) Farmers' or other mutual hail, cyclone, casualty, or fire insurance companies or associations (including interinsurers and reciprocal underwriters) the income of which is used or held for the purpose of paying losses of expenses.

And in lieu thereof to insert:

(11) Mutual hail, cyclone, casualty, or fire insurance companies or associations (including interinsurers and reciprocal underwriters) of the type commonly known as "farmers," "county," "town," or "local" mutuals, the income of which is used or held for the purpose of paying losses or expenses.

Mr. LA FOLLETTE. Mr. President, I want to urge upon the Senate the rejection of the committee amendment. When this matter was reached in the committee this amendment was put in the bill without thorough discussion. It now develops that to adopt the committee amendment would restrict the exemption which mutual insurance companies have enjoyed under the law for a great many years. The language inserted by the committee is very restrictive in its operation, because the term "commonly known as 'farmers,' 'county,' 'town,' or 'local' mutuals" leaves the interpretation of exactly what that language means to the Treasury Department. Strictly interpreted, it will mean that exemptions which this type of insurance company has enjoyed at the hands of Congress and the Government will be drastically restricted.

There are many of these mutual insurance companies operated entirely for the benefit of the policyholders which not only extend beyond the confines of one county, but, I am informed, do business in two or more States. Obviously, then, the language of the committee amendment would remove the exemption which these companies have previously enjoyed, and would, in the present situation of business generally, be a handicap, which I think the Senate should consider very carefully before imposing it upon these companies.

Mr. VANDENBERG and Mr. COPELAND addressed the Chair.

The PRESIDENT pro tempore. Does the Senator from Wisconsin yield; and if so, to whom?

Mr. LA FOLLETTE. I yield first to the Senator from Michigan.

Mr. VANDENBERG. I call the Senator's attention further to the fact that it is feared by many of these mutuals that the recitation of these terms confines the definition to each single word; in other words, a farmers' mutual as such, if it happened to lap over into town and have a few risks in town, would cease to be covered by the individual word itself.

Mr. LA FOLLETTE. I thank the Senator for his interruption. I had intended to point out the difficulty of construction in regard to the language as the Senator interprets it. I now yield to the Senator from New York.

Mr. COPELAND. I assume that the Senator has no desire to tax the ordinary cooperative farmers' local insurance companies. Am I right in that?

Mr. LA FOLLETTE. Mr. President, what I am urging the Senate to do is to reject the committee amendment and to retain the existing law, which passed the House and which came to our committee, and which, as I said a moment ago, was amended in the committee, as I believe, without a full understanding on the part of the committee of the effect of the language proposed.

Mr. COPELAND. Will the Senator yield further?

Mr. LA FOLLETTE. I yield.

Mr. COPELAND. Let me call the Senator's attention to page 155, line 17. Does the Senator feel there is any relationship between subsection (a) there and the paragraph we are now discussing?

Mr. LA FOLLETTE. No, Mr. President; but there is another amendment on page 157 proposed by the committee, in lines 9 to 12, which has some relation to this paragraph, and which I intend to discuss when we reach that place in the bill.

Mr. COPELAND. I should like to be clear in my mind as to the attitude of the Senator toward cooperative farm insurance companies.

Mr. LA FOLLETTE. Mr. President, if I had my way about it, I would provide the same kind of a flat exemption in the law for farmers' mutual insurance companies as is now enjoyed by the mutual savings banks and other cooperative enterprises; but the section of the existing law now sought to be amended by the committee has been on the statute books and has been interpreted. I am not seeking at this time further to extend the exemptions granted to this type of insurance company beyond those which Congress has already determined as a matter of permanent policy in previous legislation.

Mr. COPELAND. Will the Senator advise me further, if I were to follow the Senator and vote against the amendment offered by the committee and for the retention of the lan-

guage stricken out immediately before it, whether these cooperative farmer insurance companies would be protected, as no doubt the Senator desires to have them?

Mr. LA FOLLETTE. They would have a workable exemption under the law as it has been; and, so far as I am informed, they are perfectly willing to accept the existing law and the interpretations which have been placed upon it by the Treasury Department.

Mr. COPELAND. I thank the Senator, but I want to be very sure about the matter. I am not well informed on the subject; but we have a number of such insurance companies in my State, and I know they are all very much agitated, and have written in great distress.

Mr. LA FOLLETTE. I am satisfied that the communications which the Senator has received are due to the two committee amendments that I have referred to—the one on page 63 and the one on page 157.

To be frank with the Senator, these companies have had considerable controversy with the department under the existing law. They feel that after having struggled for some time to secure interpretations of the language, they can go on with the existing law successfully; but they are convinced that the enactment of this committee amendment will take away from this mutual type of insurance company an exemption which Congress intended that it should have, and that especially in these depressed times of business it would work a hardship upon many of them, which might be very unfortunate in its outcome.

Mr. KING. Mr. President, will the Senator yield?

Mr. LA FOLLETTE. I yield.

Mr. KING. I ask for information. I was not in the committee during the discussion of this measure; but my understanding is that the amendment was designed for the purpose of reaching what many denominate factory insurance companies. That is to say, some very rich men associate themselves with a number of farmers, and they do some farm insurance business, and they insure large buildings, factories, and so forth, not only in cities and counties but throughout the State. They have made a large amount of money, and accumulated very large surpluses; and the amendment, as I understand, was to prevent them from escaping.

Mr. LA FOLLETTE. Obviously, any mutual insurance company which comes under the terminology of the existing law is not a company organized for profit on the part of the stockholders. It is organized and managed and run by the officials of the company merely as trustees for the policyholders; and I am satisfied that it was the intent of Congress to grant exemption to that type of insurance company. I am informed, I believe reliably, that it was the understanding of the committee at the time this original language was written into the law, and that the briefs filed with the committee and the arguments made at that time show conclusively that it was the understanding of the committee and of Congress at the time the legislation was written.

I wish to make one further point concerning this matter, and it seems to me a rather important one.

No such amendment as this was suggested when the bill was in the Ways and Means Committee. It was not proposed while the bill was in the process of passing through the House of Representatives. No such suggestion was made by the Treasury or by anyone else prior to the hearings before the Finance Committee. The mutual companies that have enjoyed this exemption under the law had no notice that anyone in the Treasury or elsewhere contemplated any change in the existing law. They had no opportunity to present their case or to argue this question either before the Ways and Means Committee or in the House of Representatives or in the hearings before the Finance Committee.

Mr. SMITH and Mr. COUZENS addressed the chair.

The PRESIDENT pro tempore. Does the Senator from Wisconsin yield to the Senator from South Carolina?

Mr. LA FOLLETTE. I yield.

Mr. SMITH. Has the Senator before him the existing law in reference to this matter?

Mr. LA FOLLETTE. The existing law is paragraph (11), which the committee proposes to strike out, and to insert the new language in italics immediately below it on page 63.

Mr. SMITH. I have that before me. That is the law that is now on the statute books?

Mr. LA FOLLETTE. It is.

Mr. SMITH. The Senator will recall that this very matter came up once before; and it was the expression of this body that the exemption of the companies contemplated under this section (11) that has been stricken out should be reinstated, and no tax was to be imposed on this character of mutual insurance company.

I have not had time to look up the matter as it occurred here on the floor, but there was a provision in that bill by which certain companies could be taxed. On a motion that I made, it was stricken out; and the law as it now stands was the expression of this body that where a company was organized for mutual protection, not for profit, it should be exempt from the tax.

I do not think it is a proper thing for us to attempt to evade the purpose of this body under the original law by incorporating language which might receive an interpretation which would curtail the operation of these mutual benefit companies.

Mr. COUZENS. Mr. President——

Mr. LA FOLLETTE. I now yield to the Senator from Michigan.

Mr. COUZENS. The Senator knows that the committee made numerous efforts to close up loopholes and opportunities for evasion.

Mr. LA FOLLETTE. That is correct.

Mr. COUZENS. If the Senator will look at the committee report on page 23, I wonder if he will not find an explanation of this amendment in the following language:

> The provisions of the existing law if subject to the interpretation sometimes contended for would result in the exemption of virtually all mutual property insurance companies without regard to their character or manner of organization and operation.

Does the Senator have in mind the kind of companies that have been escaping taxation which the committee intended to reach?

Mr. LA FOLLETTE. According to the statements of the experts in the committee, as I recall, they sought to reach what are commonly called class mutuals, and this amendment was designed to accomplish that purpose. It is the contention of those who have been familiar with this legislation, however, that it was the intent of Congress in adopting this legislation to give exemption to mutual insurance companies organized for the protection of property on a purely mutual basis, and that the adoption of the language suggested by the committee will so restrict the application of that exemption that it will result in many of these farmers' and other mutuals being deprived of this exemption, and thus made subject to the tax, which it is my contention was never the intent of Congress.

For instance, in Iowa there is a mutual insurance company which operates in several States of the Union—at least two States. Obviously, the language recommended by the committee would not permit that company to enjoy the exemption which it has enjoyed under the existing law. To my mind, it is absolutely unjust to companies of this type to attempt to withdraw their present exemption by committee amendment, without any hearing, without their having any opportunity to present their case to the committees of either branch of Congress. It seems to me it is a method of procedure that is absolutely unjustified.

Mr. COUZENS. I think the catch in the existing law is in the words "or other." The Senator, in expressing himself a moment ago, referred to farmers' mutuals or others. If he will observe the language stricken from the bill, it says "farmers' or other mutual hail, cyclone, casualty, or fire insurance companies or associations," and so forth. It is apparent that others, such as factory mutuals and any other kind of mutuals are able to escape taxation under the present language of the law, and the amendment of the committee was for the purpose of confining the benefits of this act to strictly farmer mutuals.

Mr. LA FOLLETTE. Yes, Mr. President; but it is the contention of the people who are engaged in this type of insurance business that it was the intent of Congress to grant exemption, as the language does, to other mutual hail, cyclone, casualty, or fire insurance companies or associations. They claim it was all threshed out in the committee at the time the language was worked out; and they contend that in the closing hours of the consideration of this bill, without giving them any opportunity to present their case to the committee, to withdraw that privilege which they have enjoyed all these years at a time like this, when, as everyone knows, even the insurance companies have been experiencing difficulty, is unwarranted and unjustified procedure.

Mr. COUZENS. Mr. President, will the Senator yield further?

Mr. LA FOLLETTE. I yield further.

Mr. COUZENS. But the Senator will observe that all fire-insurance companies and all mutuals are exempted; and why should not life-insurance companies be exempted? Why should the fire companies have an advantage over the life-insurance companies and be exempted from taxation?

Mr. LA FOLLETTE. There is not any contention, as I understand the proposal, that they should be given any wider or more liberal exemption than they have enjoyed under existing law.

Mr. COUZENS. That is quite true; but they have been getting something that Congress did not intend.

Mr. LA FOLLETTE. They say it is not true, Mr. President. They say that Congress fully understood the meaning of this language at the time it was enacted, and they protest most vehemently against being denied the opportunity to present that evidence to the Finance Committee in an orderly way.

Mr. HEBERT and Mr. REED addressed the Chair.

The PRESIDENT pro tempore. Does the Senator from Wisconsin yield and, if so, to whom?

Mr. LA FOLLETTE. I yield to the Senator from Rhode Island.

Mr. HEBERT. Mr. President, the difficulty with all these provisions affecting mutual fire and casualty companies as they are now existing in the bill is that for the same kind of business, for the same degree of protection, a tax approximately six times as great will be levied upon the mutual companies as is levied upon other classes of companies. The language of the bill is so drawn as to produce that effect. In other words, the whole thing is inartificially drawn and should be modified.

Mr. SHIPSTEAD. Is the Senator speaking of the committee amendment?

Mr. HEBERT. I have not proposed any amendment. Right now it is a difficult matter to propose the right sort of an amendment which would take care of this problem. I may say that representations have been made to me by the officials of some of the companies that had they known there was any intention of changing the law, they would have appeared before the committee and suggested the proper form of an amendment.

Mr. REED. Mr. President, will the Senator from Wisconsin yield to me?

Mr. LA FOLLETTE. I yield.

Mr. REED. I think there is force in what has been said by the Senator from Wisconsin and the Senator from Rhode Island, that this change has been made without an opportunity given to these people to explain their view of the matter, and I was wondering whether the Senator would be willing to pass this amendment over for the present, and perhaps we can arrange for the Finance Committee or a subcommittee of it to give a hearing to these people, and see what is the justice of the matter.

Mr. LA FOLLETTE. I would be perfectly willing to do that, if it is also understood that the amendment on page 157, in lines 8 to 12, would also be passed over.

Mr. REED. That is a part of the same proposition. I think that ought to go over.

Mr. COUZENS. I think that is a fair proposal.

Mr. SMOOT. I am perfectly willing that both of the amendments should go over.

The PRESIDENT pro tempore. The Chair understands the amendment on page 157, referred to by the Senator from Wisconsin, is to be also passed over.

Then, without objection, the amendment on page 157, beginning with line 8 and running through line 12, and the amendment on page 63, beginning with line 5 and running through line 15, will be passed over.

Mr. LA FOLLETTE. I also ask that the amendment in lines 15 to 17, on page 156, be passed over.

The PRESIDENT pro tempore. Without objection, that amendment will be included in the order to pass over.

Mr. NORRIS. Mr. President, I just came into the Chamber and notice there is talk about passing over language on page 157. I have an amendment which I want to offer.

Mr. SMOOT. The amendment on page 157 has been passed over.

Mr. NORRIS. My amendment has not been printed. It is to be inserted on page 65, but it is not an amendment to a committee amendment. Has there been an agreement about considering committee amendments first?

The PRESIDENT pro tempore. No; not about going through the bill for action on committee amendments. No agreement was entered into with reference to dealing with committee amendments first.

Mr. NORRIS. Mr. President, I would be prepared to take this amendment up now if I could have time enough to send to my office for material I want to use.

The PRESIDENT pro tempore. It will be in order, but the Chair may suggest that the Senator may offer the amendment and have it pending, and in the meantime we may go on while the Senator awaits the arrival of his material.

Mr. NORRIS. I will offer it, and let it go over.

The PRESIDENT pro tempore. The Senator may offer it, and it will be regarded as pending, and in the meantime the Senate may take up the next amendment and proceed until the Senator has his material in hand. The clerk will state the amendment of the Senator.

The CHIEF CLERK. On page 65, line 3, after the word "purchases," the Senator from Nebraska [Mr. NORRIS] proposes to insert the following proviso:

Provided, That any such association shall not be denied exemption because it does not keep ledger accounts with nonmembers of the business it transacts with such nonmembers, but it shall only be required to keep such records of its business with nonmembers as will show the actual business done with such nonmembers and the profit, if any, derived therefrom: *And provided further*, That from the profit, if any, derived from its business with nonmembers there shall be deducted the proportionate losses, if any, properly chargeable to said nonmembers in the fiscal year of the association in which such business is transacted, and the remaining profit, if any, derived from the business of such nonmember in such fiscal year of the association shall be divided equally between the nonmembers and the association.

The PRESIDENT pro tempore. That amendment will be regarded as pending and will be taken up for consideration when the Senator from Nebraska has his material ready.

Mr. NORRIS. Mr. President, this amendment comes as a result of an investigation made by the Committee on Agriculture and Forestry of a resolution pending before that committee, which was referred to a subcommittee. Evidence was taken, and the subcommittee reached the conclusion that this amendment was necessary in order to give these cooperative organizations an exemption which the law intended they should have, and so reported to the full committee, and suggested to the full committee that this amendment which has just been read be offered. The Committee on Agriculture and Forestry unanimously adopted the amendment, and I am presenting it as an amendment proposed by the Committee on Agriculture and Forestry. I will be ready to take it up at almost any time that suits the convenience of the chairman of the Committee on Finance.

The PRESIDENT pro tempore. Through the understanding which the Chair has, the rights of the Senator from Nebraska are fully protected with reference to the amendment.

PROGRAMS OF THE PRESIDENT AND GOVERNOR SMITH

Mr. TYDINGS. Mr. President, I have to ask pardon of the Senate for digressing about five minutes from the consideration of the tax bill because of a statement which has just come into my hands, issued by the present occupant of the chair, able and far-seeing and excellent judge of men, the senior Senator from New Hampshire [Mr. MOSES].

This statement concerns a speech made last night by the Hon. Alfred E. Smith, and in the course of the statement issued by the Senator from New Hampshire, which is very short, we find this sentence:

> The fact that this program—
>
> Meaning Smith's—
>
> is clearly akin to most of the program which President Hoover has been trying to enforce upon Congress for six months or more, that it comes a year after it was promised, that it shows a misunderstanding of some of the President's important proposals, is not necessarily of moment—except that it proves that Mr. Smith can recognize a program when he sees it.

That is very complimentary to Mr. Smith, and I appreciate the good wishes of the Senator from New Hampshire in congratulating Mr. Smith. But since Mr. Smith came out for beer and wine, and for the repeal of the eighteenth amendment, and for a public-works program, and for no further relief to the veterans, and for a debt moratorium on foreign loans for 20 years, I do not know but that we are, in turn, entitled to congratulate Mr. Hoover that he and Mr. Smith have so much in common, as pointed out by the statement issued by the Senator from New Hampshire.

If Mr. Hoover has ever said anything about beer and wine since I have been in the Senate, certainly I have not heard of it, and I do not think any Member of the Senate has heard of it, nor has the country. If he has taken any stand on the eighteenth amendment, I have never heard of it, and only two days ago he denounced the public-works program, and in its place advised, seemingly, although the statement seemed to me to be ambiguous, that he favored semipublic works—that is, the building of bridges by private concerns and corporations, and the like—which would liquidate the bonds which the Government would have to float in order to get the money to lend.

If Mr. Hoover has ever pointed out that the veterans should not have their bonus, or that there should be no further drain for veterans upon the Treasury at this time, with any language comparable to that of Mr. Smith, I have not read it.

Mr. REED. Mr. President, did not the Senator read the President's speech to the American Legion convention last summer?

Mr. TYDINGS. About what?

Mr. REED. About the bonus.

Mr. TYDINGS. What did he say?

Mr. REED. I do not recall his words particularly, but he made a special trip to the convention to plead with the Legion not to ask for the bonus, and as a result the Legion did not ask for it.

Mr. TYDINGS. As a result?

Mr. REED. Yes; as a result.

Mr. TYDINGS. I will say to the Senator that if he will read the proceedings of that convention, he will find that Mr. Hoover's speech was not the main factor in getting the veterans upon record in opposition. But be that as it may, I would like to ask what there is in common between Mr. Smith's speech of last night and President Hoover's program?

Mr. COUZENS. Mr. President, will the Senator yield?

Mr. TYDINGS. I yield.

Mr. COUZENS. I have not heard of Mr. Hoover coming out for a sales tax yet. Would not the Senator from Maryland ask the President whether he is in favor of the sales tax?

Mr. TYDINGS. I would like to have that included.

Mr. COUZENS. I did not know that there was any accord between President Hoover and Mr. Smith. The Senator from New Hampshire says there is. But I have not seen anything from the President indorsing the sales tax yet.

Mr. TYDINGS. It strikes me that the Senator from New Hampshire is more interested in corralling those who might like Mr. Smith to vote for Mr. Hoover than he is in pointing out the real facts of Mr. Smith's speech, because Mr. Smith had the courage to tell where he stood on every one of the big questions, whether we agree or disagree with him, and, so far as I have been able to hear here in the Senate, I have never heard any statement from the White House on the question of whether we could tax beer and wine and use the money so raised in place of some of the taxes in this bill, and I have never heard of him presenting a public-works program. I do not know, and nobody else in the Senate can tell me to-night, where Mr. Hoover stands on the eighteenth amendment. I ask anybody to tell me who knows.

Mr. NORRIS. Mr. President——

Mr. TYDINGS. I yield.

Mr. NORRIS. I am not going to answer that question; but I want to refer to the answer made by the Senator from Michigan as to the sales tax.

Mr. TYDINGS. I yield to the Senator.

Mr. NORRIS. As I understand, the Secretary of the Treasury indorsed the bill which passed the House, which had in it the sales tax, and I presume, of course, he was speaking for the administration.

Mr. TYDINGS. That is typical of presidential candor, I might say to the Senator from Nebraska. I think that is a fair implication.

Mr. SMOOT and Mr. WHEELER addressed the Chair.

The PRESIDENT pro tempore. Does the Senator from Maryland yield, and if so, to whom?

Mr. TYDINGS. I yield for a question to the Senator from Utah.

Mr. SMOOT. I was wondering whether we had not gone far enough into the prohibition question, and whether we could not return to the consideration of the tax bill.

Mr. TYDINGS. Not quite. There is nothing more important before the people at this time than to stop misrepresentations of fact. There have been too many men elected to the White House because the public mind has been so befuddled about the real issue. I ask the question again, Is there anyone in this Chamber who knows where the President stands on the legalization of beer and wine, or upon the eighteenth amendment? Is there anyone who can give me an answer to that question? If there is no one who can, I commend to the President the candor of Mr. Smith, who was not afraid to say where he stood upon that question.

Mr. SMOOT. I do not know myself, but if I did know, I would not take the time now to state it.

Mr. TYDINGS. No; and I do not think we will find out until after the Republican convention meets in Chicago. But I do think that a statement of Mr. Smith being in accord with Mr. Hoover is about as ludicrous a thing as ever could be published. There is nothing in common between them. One man is frank, candid, straightforward, and has a program. There is not a Senator here who can tell me what the other man's program is, not one.

Mr. WHEELER. Mr. President, will the Senator yield?

Mr. TYDINGS. I yield.

Mr. WHEELER. I will tell the Senator what part of his program is. I read a statement made by one of his spokesmen last night. According to the Philadelphia Record, Ray Lyman Wilbur, Secretary of the Interior, made this statement:

> The depression and unemployment, after all, may be a good thing for the children. Adversity keeps parents in closer contact with their progeny.

Consequently the program of the present President is to bring about this depression because of the fact that he

is so interested in children, and he thinks it would be such a good thing for them. I am sure Mr. Smith does not agree with him with reference to that. [Laughter.]

Mr. TYDINGS. Mr. President, I want to conclude with this statement. I say with all sincerity that I regret injecting a partisan thing like this into this debate, but I feel that it is deserving of public condemnation here on this floor, and that if we had at the other end of Pennsylvania Avenue the type of candor and frankness and leadership which the defeated candidate for the Presidency uttered over the radio a few nights ago, in my judgment we would have a program in this country which would do more to settle the present depression than anything we could do.

Mr. SMOOT. Mr. President, now that the Senator has nominated Mr. Smith for the Presidency let us proceed with the tax bill.

Mr. TYDINGS. Mr. President, I have not nominated Mr. Smith for the Presidency. I simply tried to put him in the hall of fame, where he deserves to be put as an honest man in an era of muddling and evasion and equivocation.

Mr. WHEELER. Mr. President, while I am not going to attempt to continue the argument, yet I do think it is interesting to invite attention to what the Secretary of the Interior stated last night in his speech. I am going to ask that the whole article containing Mr. Wilbur's statement before 3,000 experts attending the Fifty-ninth Annual National Conference on Social Work at Convention Hall in Philadelphia last night be printed in the RECORD.

The PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. NORRIS. Mr. President I want to make an inquiry. I could not hear the Senator from Montana. Did he ask to have inserted in the RECORD the Philadelphia Record statement of Secretary Wilbur?

Mr. WHEELER. Yes.

Mr. NORRIS. I was going to do it. I am glad the Senator has done so.

The article is as follows:

[From the Philadelphia Record, May 17, 1932]

DEPRESSION GOOD FOR THE CHILDREN, WILBUR ASSURES—POVERTY SOFTENS UNKIND PARENTS' HEARTS, HE DECLARES

The depression and unemployment, after all, may be a good thing for the children. Adversity keeps parents in closer contact with their progeny.

Above the gnashing of teeth and the wails of the distressed the voice of Ray Lyman Wilbur, Secretary of the United States Department of the Interior, rose last night to express this thought.

The children, he believes, will profit rather than suffer.

Wilbur addressed the 3,000 experts here attending the Fifty-ninth Annual National Conference on Social Work. He spoke at Convention Hall.

TWELVE MAIN DIVISIONS

The meetings, which will last through the week, will engage the interests of 12 main divisions of social-service workers and 30 other groups whose activities are closely allied to social-service endeavors.

Discussions and conferences by the score are on the program.

Wilbur's discussion seemed to contradict the unhappy reports of social-service workers who see babies starving and falling heir to ills of the depression which will affect them as well as future generations.

Out of the magic of his imagination Wilbur produced the evidence which makes the depression and unemployment look like a boon. How much of his theory, if any, came from the White House the Secretary did not say.

But, to start with, misfortune, he pointed out, had made the present generation child conscious.

AH, FOR ADVERSITY

"With prosperity," he said, "many parents unload their responsibilities for their children onto others. With adversity the home takes its more normal place.

"The reduced mortality rate for infants and for children reported for the past winter certainly does not harmonize with the dire prophecies of those who are inclined to see both 'blue' and 'red' in the present situation.

"The interest of thousands of keen and well-trained people through our country in seeing that our children are properly fed and cared for has given many of them better and more suitable food than in past good times."

OUR EYES ARE BAD

"This depression has made us sensitive to conditions which with prosperity would have escaped our notice. We need a new perspective instead of continuing to work up and down the old track. My diagnosis is that our present civilization is broken out with the hives. They irritate and bother us. They show us that we need some changes in our physical organization, but they are not evidence of a fatal or fundamental weakness.

"Hives are as transitory as they are annoying, if proper living is had and appropriate remedies are taken. National emergencies force realities upon us.

"In this present one we are now passing from the whining and 'blame some one else' period to one of counting our blessings and getting ready to meet the situation."

CHILDREN, BE THANKFUL

"I think we can say that this national emergency is being met in so far as children are concerned in new and satisfactory ways.

"If this national emergency will teach us that there is no possible method of replacing the family and the home and that our economic and social scheme should include in it those factors that will do the most for the home, it will be worth the price. Home means so much. Yet it is a hideous hole for millions of children. Low prices favor the efforts to blot out slums and transitional areas."

Concurrent with his views on the effects of the depression upon children, Wilbur last night viewed the depression itself as a sequel to the insanity of a great war, the normal processes of society having been temporarily halted and deranged.

Youthful crime he viewed as the result of a breakdown in the normal conditions of the home.

CONDEMNS JUVENILE COURTS

The Secretary condemned the juvenile-court system as an attempt to make the legal and penal system apply to children.

"It does not and will not," he said. "We must view children from entirely fresh viewpoints. The wildest horses, properly trained and guided, often make the best horses to ride. The child with daring qualities offers the most promise, if properly directed. What we classify as misbehavior at the present time may become qualities that can be turned to use instead of misuse."

Wilbur viewed with abhorrence "the more widespread tendency" to gambling by both adults and youth.

IT'S DEMORALIZING

"It is one of the most demoralizing factors in our present American life," he said. "The gambling spirit gives just the wrong turn to growing children, who need to think in terms of security, stability, and honest endeavor, rather than of chance."

The session followed a dinner at the Benjamin Franklin Hotel attended by social workers from all sections of the country. The seating was arranged to bring widely separated groups together at each table.

Among the speakers was Alexander Johnson, of New York, "grand old man" of social work. Johnson, 85, the oldest living member of the conference, was once its president. He has never missed an annual meeting.

United States Senator EDWARD P. COSTIGAN, author of the most seriously considered Federal relief legislation, addressed the conference and brought word that in Congress there is overwhelming sentiment for favorable enactment of relief bills. He predicted success before the close of the session.

FAVORS DIRECT AID

Senator COSTIGAN favors two kinds of relief legislation, he told the workers here—the first in the shape of direct aid to the States and municipalities; the second the creation of vast units of public work.

He said that human suffering during the past winter was beyond the limits of the average imagination, "and, to our enduring shame, some Americans have fallen prey to starvation."

The close alliance of the church has given religious workers an important part in the conference this week, and, according to James P. Lichtenberger, professor of sociology at the University of Pennsylvania, the church has too long attempted to stem the tide of social change.

EXPRESSES DIVORCE ATTITUDE

Doctor Lichtenberger propounded his views on the attitude of the church toward divorce before a group of clergymen representing the Federal Council of the Churches of Christ in America at the Friends Meeting House, 20 South Twelfth Street, yesterday.

This church conference of social work is in session in conjunction with the National Conference of Social Work.

"Despite reactionary legislation of ecclesiastical bodies," he declared, "I am convinced that the revised ethical religous concepts representing the real prophetic elements of the church are emphasizing the spiritual value of marriage, involving intolerance of evils formerly endured.

"The church should direct the new social order instead of trying to stem the tide. There is no institution more sacred than the human spirit—even the institution of marriage. The marriage of two people out of harmony is an outrage to the human spirit."

"HIGHER IDEALS" NEEDED

"Higher ideals of domestic happiness are needed, even if it requires a divorce as a means of moral sanitation.

"Divorce in itself is not the breaking up of marriage; it is only the aftermath.

"The new social order is demanding the liberalization of divorce laws in order to eliminate the subterfuge, the collusion, the necessity of committing misdemeanors in order to win freedom from a marriage that has broken the human spirit.

"Legal separation—the compromise so often recommended by the clergy—will not restore both parties to the unfortunate contract to a new chance at happiness. Only a divorce can do that, and the church must eventually recognize this necessity."

GIRLS' SOCIETY MEETS

The Girls' Friendly Society, meeting as part of the National Conference of Social Work, held an afternoon session at the Pennsylvania Hotel.

Miss Mary Van Kleeck, director of the industrial-studies department of the Russell Sage Foundation, the chief speaker, declared that strikes necessarily must be a part of the tremendous drop in wage scales.

"Society is directly responsible for labor conditions," she declared, "and if militia and State police are called out to combat strikes that are bound to occur, we are all responsible. The proper social organization has not been provided. In order to work out a better system of living the sense of possession now actuating our motives must be changed."

WORKERS WILL SHARE

Miss Van Kleeck, who has recently completed a national survey of the unemployed, declared she had found an eagerness on the part of workers to share their jobs with the idle.

"They were willing to reduce their scale of living and to work part time, so that all may live, but they will rebel against longer hours at minimum wages.

"Where are our leaders?"

E. C. Lindeman, professor of social philosophy in the New York School of Social Work, declared America to-day is suffering from a dearth of "real men" at the helm of industry.

"Old leadership is disappearing as old families die off," Professor Lindeman said at the section on neighborhood and community life.

"Individual leadership has greatly diminished. Those who lead now have not been equipped through experience, because their time and energy have been used in developing industry.

"Individual leadership in community and national life is passing. Control of the community is passing to two types of gangs—respectable and outlaws."

BOTH FUNCTION "UNDERGROUND"

Explaining his reference to gang control, Professor Lindeman insisted there is "not much difference between respectable and outlaw gangs as they really function. Both work for their own profit and both work mostly underground. They don't like discussion and manage affairs otherwise."

Ann Laws Calley, executive secretary of the Philadelphia Shut-in Society, in a paper presented before the committee on handicapped, declared that despite popular belief "the handicapped are our most neglected and our neediest group."

"Our public attitude is itself the worst and most stubborn handicap of the handicapped," said Miss Calley. "We think of brooms and rug weaving and caning for the blind, pencils and shoestrings for the maimed. We have assumptions that there is something somewhere for each kind of disability. Of course, there are homes, almshouses, and asylums, and something is done for some of each kind of disability. The truth is, however, that taken as a whole the handicapped are neglected.

SUGGEST WAY TO HELP

"How can we release their usable talents? Very simply; let every business and office employing 10 or more people give a job to one or more such workers. No; this is not charity. These people are capable, they will render a good day's work for the wages they get. They stick to the job, they are loyal, they reduce turnover, they are good help."

Miss Bessie E. Trout, of the New York Children's Aid Society, in a defense of family life, declared that "the new freedom" for children, such as urban life, the automobile, and motion pictures, have complicated child rearing.

"As never before we recognize the importance of the child's emotional life, starting in infancy and continuing through growth," said Miss Trout. "Knowledge of these emotional needs is yet inadequate, but we do know that he needs love—as a plant needs sunlight; he must feel that he is wanted by those about him, and have a sense of permanency, or security, in his setting. His development calls for understanding of his personality, its limits and abilities, with insight which allows freedom but gives guidance. For his growth and adjustment to society, as it is, he must have, too, responsibility in proportion to years and ability. These are a part of his preparation for life and his capacity to enjoy life. An environment from which a child may partake of love, be a part, and benefit from understanding guidance we believe is best found in the family."

Arthur Dunham, director of special studies for the Family Welfare Association of America, discussed the coordination of private and public relief.

"The private family society has a unique and valuable contribution to make, in terms of pioneering, experimentation, the development of family case-work services, and a contribution to community education and planning," Dunham said. "But the facts show that our basic relief pattern is public and that unless we can develop sound and efficient public relief services over the country as a whole, we are lost as far as doing a good job of family social work or relief administration throughout the United States is concerned.

"We need to embody in our public relief laws not the spirit of deference and coercion, not the implication that the American ideal is fulfilled if 'no one is starving,' but a clear and unmistakable expression of the conviction that there is a minimum level of human well-being below which no family, no man or woman or child may be allowed to fall, and that the end of all public relief and family service is opening up of opportunity and the restoration of the individual to his own normal place in the community."

Frank P. Mitchell, a Y. M. C. A. secretary from Baltimore, speaking before the Seaman's Agencies, pointed out that the jobless man who is given relief should be made to feel some return is expected from him.

"The principle is generally acknowledged that straight relief without some service return from the individual is unsatisfactory," Mitchell said. "It robs a man of his self-respect and produces morbidity. To provide some kind of constructive work to be done in return for the help received accomplishes three things:

"1. The man retains his self-respect.

"2. The loafer type, who never work when they can get something for nothing, are eliminated.

"3. If properly used, the labor expended contributes to the health, happiness, and comfort of the community."

REVENUE AND TAXATION

The Senate resumed the consideration of the bill (H. R. 10236) to provide revenue, equalize taxation, and for other purposes.

The PRESIDENT pro tempore. The clerk will state the next amendment.

The next amendment of the Committee on Finance was, on page 72, line 19, after the word "corporation," to insert "accumulated after February 28, 1913," so as to read:

(c) Gain from exchanges not solely in kind: (1) If an exchange would be within the provisions of subsection (b) (1), (2), (3), or (5) of this section if it were not for the fact that the property received in exchange consists not only of property permitted by such paragraph to be received without the recognition of gain, but also of other property or money, then the gain, if any, to the recipient shall be recognized, but in an amount not in excess of the sum of such money and the fair market value of such other property.

(2) If a distribution made in pursuance of a plan of reorganization is within the provisions of paragraph (1) of this subsection but has the effect of the distribution of a taxable dividend, then there shall be taxed as a dividend to each distributee such an amount of the gain recognized under paragraph (1) as is not in excess of his ratable share of the undistributed earnings and profits of the corporation accumulated after February 28, 1913. The remainder, if any, of the gain recognized under paragraph (1) shall be taxed as a gain from the exchange of property.

The amendment was agreed to.

The next amendment was, on page 81, line 7, after the word "surplus," to insert "or as a contribution to capital," so as to read:

(8) Property acquired by issuance of stock or as paid-in surplus: If the property was acquired after December 31, 1920, by a corporation—

(A) by the issuance of its stock or securities in connection with a transaction described in section 112 (b) (5) (including, also, cases where part of the consideration for the transfer of such property to the corporation was property or money, in addition to such stock or securities), or

(B) as paid-in surplus or as a contribution to capital,

then the basis shall be the same as it would be in the hands of the transferor, increased in the amount of gain or decreased in the amount of loss recognized to the transferor upon such transfer under the law applicable to the year in which the transfer was made.

The amendment was agreed to.

The next amendment was, on page 83, line 21, after the word "determined," to insert "and adjusted," so as to read:

(12) Property acquired during affiliation: In the case of property acquired by a corporation during a period of affiliation, from a corporation with which it was affiliated, the basis of such property after such period of affiliation shall be determined, in accordance with regulations prescribed by the commissioner with the approval of the Secretary, without regard to intercompany transactions in respect of which gain or loss was not recognized. For the purposes of this paragraph, the term "period of affiliation" means the period during which such corporations were affiliated (determined in accordance with the law applicable thereto) but does not include any taxable year beginning on or after January 1, 1922, unless a consolidated return was made, nor any taxable year after the taxable year 1928. The basis in case of property acquired by a corporation during any period, in the taxable year 1929 or any subsequent taxable year in respect of which a consolidated return is made by such corporation under section 141 of this act or the revenue act of 1928, shall be determined and adjusted in accordance with regulations prescribed under section 141(b) of this act or the revenue act of 1928.

The amendment was agreed to.

The next amendment was, on page 84, after line 19, to strike out:

(B) In respect of any period since February 28, 1913, for exhaustion, wear and tear, obsolescence, amortization, and depletion (computed without regard to discovery value or percentage depletion), to the extent allowed (but not less than the amount allowable) under this act or prior income tax laws.

And in lieu thereof to insert:

(B) In respect of any period since February 28, 1913, for exhaustion, wear and tear, obsolescence, amortization, and depletion, to the extent allowed (but not less than the amount allowable) under this act or prior income tax laws. Where for any taxable year prior to the taxable year 1932 the depletion allowance was based on discovery value or a percentage of income, then the adjustment for depletion for such year shall be based on the depletion which would have been allowable for such year if computed without reference to discovery value or a percentage of income.

Mr. SMOOT. Mr. President, the Senator from Idaho [Mr. THOMAS] was called from the Chamber and will not be here until to-morrow morning. He asked that this amendment might go over. I am willing that it should go over. The same request applies to the amendments on pages 88 and 89.

The PRESIDENT pro tempore. Without objection, the amendments will be passed over, and the clerk will state the next amendment.

The next amendment of the Committee on Finance was, on page 90, line 10, after the word "profits," to insert "accumulated after February 28, 1913," so as to read:

SEC. 115. DISTRIBUTIONS BY CORPORATIONS

(a) Definition of dividend: The term "dividend" when used in this title (except in section 203 (a) (4) and section 208 (c) (1), relating to insurance companies) means any distribution made by a corporation to its shareholders, whether in money or in other property, out of its earnings or profits accumulated after February 28, 1913.

The amendment was agreed to.

The next amendment was, on page 90, line 14, after the word "profits" and the period, to insert "any earnings or profits accumulated, or increase in value of property accrued, before March 1, 1913, may be distributed exempt from tax, after the earnings and profits accumulated after February 28, 1913, have been distributed, but any such tax-free distribution shall be applied against and reduce the basis of the stock provided in section 113," so as to read:

(b) Source of distributions: For the purposes of this act every distribution is made out of earnings or profits to the extent thereof, and from the most recently accumulated earnings or profits. Any earnings or profits accumulated, or increase in value of property accrued, before March 1, 1913, may be distributed exempt from tax, after the earnings and profits accumulated after February 28, 1913, have been distributed, but any such tax-free distribution shall be applied against and reduce the basis of the stock provided in section 113.

The amendment was agreed to.

The next amendment was, on page 91, line 15, after the word "shareholders," to insert "is not out of increase in value of property accrued before March 1, 1913, and," so as to read:

(d) Other distributions from capital: If any distribution (not in partial or complete liquidation) made by a corporation to its shareholders is not out of increase in value of property accrued before March 1, 1913, and is not out of earnings or profits, then the amount of such distribution shall be applied against and reduce the basis of the stock provided in section 113; and if in excess of such basis, such excess shall be taxable in the same manner as a gain from the sale or exchange of property.

The amendment was agreed to.

The next amendment was, on page 92, line 14, after the word "profits," to insert "accumulated after February 28, 1913," so as to read:

(g) Redemption of stock: If a corporation cancels or redeems its stock (whether or not such stock was issued as a stock dividend) at such time and in such manner as to make the distribution and cancellation or redemption in whole or in part essentially equivalent to the distribution of a taxable dividend, the amount so distributed in redemption or cancellation of the stock, to the extent that it represents a distribution of earnings or profits accumulated after February 28, 1913, shall be treated as a taxable dividend.

The amendment was agreed to.

The next amendment was, at the top of page 93, to strike out:

(a) Earned income from sources without United States: In the case of an individual citizen of the United States, a bona fide nonresident of the United States for more than six months during the taxable year, amounts received from sources without the United States if such amounts constitute earned income as defined in section 25 (g); but such individual shall not be allowed as a deduction from his gross income any deductions properly allocable to or chargeable against amounts excluded from gross income under this subsection.

Mr. REED. Mr. President, I want to propose an amendment to the material which is proposed to be stricken out on page 93, and then to ask the Senate to disagree to the action of the committee in striking it out. Here is the situation:

In order to help our foreign trade and to put all Americans who are working abroad in a position of equality with their competitors, the Congress in several successive tax bills has exempted from our income taxes that part of the earnings of those Americans which was earned abroad, provided they lived abroad more than six months out of the year.

The reason for doing that was that most countries—Canada and Great Britain, for example—subject an American to their income tax if that American lives in their country for more than six months. The result of taxing such Americans would be that, first, they paid the British or the Canadian income tax and then the American income tax on top of it.

We discovered that the provision had been stretched to the point of exempting an American naval officer or Army officer who was stationed, let us say, in the embassy in London or in some foreign country, like our troops in China. Those people were getting complete exemption from the American income tax. We discovered further, to our surprise, that it had been held that American ambassadors and ministers and officers of the Foreign Service were getting clear out of the payment of any income tax by virtue of the same provision, which nobody in the world ever intended when the provision was first adopted. These people do not deserve the exemption, because they are not subject to the income taxation of the foreign countries in which they are stationed, any more than we would tax the British ambassador here in Washington on his income.

In an effort to remove that situation the committee has cured the wart by cutting off the whole leg, and has recommended the striking out of the paragraph entirely. I think the remedy is much too drastic for the thing we are trying to cure. So I move to amend by inserting on page 93, after line 5, in parenthesis, the words "other than compensation paid by the United States or an agency thereof."

Mr. SMOOT. Then the Senator desires the committee amendment as amended to be disagreed to?

Mr. REED. Yes.

The PRESIDENT pro tempore. The Chair understands the question to be to disagree to the committee amendment and restore the language with the amendment of the Senator from Pennsylvania.

Mr. KING. Mr. President, will the Senator read his amended amendment as it would be perfected?

Mr. REED. I have sent it to the desk and will ask the clerk to read it.

The CHIEF CLERK. After the word "States" in line 5, page 93, insert in parenthesis the words "other than compensation paid by the United States or an agency thereof," so it would read:

(a) Earned income from sources without United States: In the case of an individual citizen of the United States, a bona fide nonresident of the United States for more than six months during the taxable year, amounts received from sources without the United States (other than compensation paid by the United States or an agency thereof) if such amounts constitute earned income as defined in section 25 (g); but such individual shall not be allowed as a deduction from his gross income any deductions properly allocable to or chargeable against amounts excluded from gross income under this subsection.

Mr. KING. The Senator utilizes lines 1 to 5, inclusive?

Mr. REED. This is merely an addition to the 10 lines which the committee proposed to strike out.

The PRESIDENT pro tempore. The effect of the amendment would be a parenthetical addition to the language of the text.

Mr. FLETCHER. Let us have the amendment stated again.

The PRESIDENT pro tempore. The amendment will be again stated.

The Chief Clerk again stated the amendment.

Mr. COUZENS. Mr. President, I want to ask the Senator from Pennsylvania a question. I think there is some merit in what the Senator has said, but I do not believe that Americans who are in foreign countries should be entirely exempt from income tax in this country.

Mr. REED. They are not. They pay an income tax on all their assessments in this country.

Mr. COUZENS. Oh, yes; but any salary or other compensation would be exempted. I am not opposed if the amendment is drawn so they may get credit for the taxes they may pay in other countries, but I am unwilling that their entire salary should be exempted here if they pay no income tax over there or that the exemption should be greater than the amount of tax they pay over there.

Mr. REED. It is not practical, it seems to me, to put it on that basis. In most cases the income taxes of the other countries are heavier than our income taxes here, even under the increased rates, so if we allow them to subtract their taxes from the total tax payable here it would give them an even greater advantage than this amendment would give them by disregarding that part of their income entirely.

The effect of my amendment is to put our tax law on substantially the same basis as that of other countries. For example, my understanding of the law is that if a British citizen were working here in the United States and lived here more than six months of the year we would tax him on his full earnings here just as Great Britain would tax an American living over there, but Great Britain does not tax her British citizen here if he lives here more than six months. This amendment would put our law on the same basis.

Mr. COUZENS. The Senator perhaps misunderstood me. I did not understand that he should be permitted to deduct his taxes paid abroad from the taxes he would be required to pay here. What I was contending is that if a citizen of Pittsburgh, for example, pays a tax abroad, he deducts it from his income, but not from his income tax.

Mr. REED. The Senator would give him credit for his foreign income tax as a deduction from his gross income?

Mr. COUZENS. Yes; and I think that is all he is entitled to, because that is all we grant our own citizens.

Mr. REED. These are our own citizens. Our citizens here are not paying the huge income taxes to any other government than the United States.

Mr. GEORGE. Mr. President, many of them are paying income taxes to the States, and we only allow them to deduct the amount actually paid from their incomes.

Mr. REED. That is true.

Mr. COUZENS. I recognize the contention of the Senator from Pennsylvania has some merit, but I am not willing to go to the extent his amendment goes. I am willing to agree to an amendment which will permit a taxpayer to deduct from his gross income taxes paid in any foreign country.

Mr. REED. I was proposing to tax Americans who I think are unfairly exempted now, like officers of our military service and our Diplomatic Service, but I do not think the subject is worth long debate. I will withdraw my amendment and let the committee amendment be agreed to, and perhaps we can work out something better in conference.

Mr. CONNALLY. Mr. President, I am willing the Senator from Pennsylvania should withdraw his amendment, but I am not in favor of having the Senate and the committee lie down and let the legislating be done in conference. The Senate Finance Committee deliberated on the matter and adopted this committee amendment after much discussion. The Senate ought to stand by it. The Senator from Pennsylvania says that he is greatly concerned about taxing these Government officials who are abroad.

Mr. REED. Mr. President, I did not say I was greatly concerned. It is just another loophole in the law where people are getting more privileges than they deserve. I am not one bit more concerned than is the Senator from Texas.

Mr. CONNALLY. The Senator did not seem very much concerned about the amendment in the committee. It was adopted, as I recall, over his strenuous opposition. I want to show the Senate what the effect of the amendment would be.

The present provision in the law was slipped into a tax bill some years ago, I understand, at the instance of the State Department. Nobody knew what the real effect of it would be. The taxing authorities have concluded to exempt not only Americans living abroad in private life but any American officer living abroad—diplomatic or Army officer or naval officer—if he stays abroad six months he pays no income tax whatever.

Let me say to the Senator from Michigan that this bill, on page 109, section 131, is more liberal to taxpayers residing abroad than the amendment of the Senator from Michigan would be, because section 101 allows a deduction from their income tax—not from their income but from their income tax—of all foreign taxes that are paid.

So the proposed amendment of the Senator from Pennsylvania is absolutely unnecessary, and I will show the Senate why. If an American living abroad pays any foreign tax whatever, he is allowed to deduct it from his American tax. The result is that if an American living in Great Britain is taxed under the British law he pays no American income tax at all. Under the bill as it now stands the only effect of the amendment of the Senator from Pennsylvania would be that representatives of American companies living in countries in South America, which do not levy any income tax, would be absolutely free from all kinds of income tax. An American living abroad, receiving a salary, having the Government protect him, having our Bureau of Foreign Commerce and State Department serving his interests every day, would pay no income whatever to the Federal Government. I believe he ought to pay some tax. I believe that an American citizen living abroad, enjoying the protection of this Government and having the services of this Government in helping him in his business, ought to pay some Federal tax. Under the law as it now stands there is no double penalty, and if he pays a foreign tax he deducts it from his American tax, and can not be taxed twice.

Mr. SMOOT. I understand that the amendment has been agreed to.

Mr. CONNALLY. No; it has not been agreed to.

Mr. FLETCHER. May I interrupt the Senator?

Mr. CONNALLY. I want to ask the Chair whether the amendment has not been agreed to?

The PRESIDENT pro tempore. It has not been agreed to.

Mr. REED. Mr. President, I had withdrawn my amendment. I am asking the Senate to agree to the committee amendment. The Senator from Texas is asking the same thing and, incidentally, is denouncing me.

Mr. CONNALLY. No; I am not denouncing the Senator. I am denouncing the Senator's statement that he wants to let the Senate formally adopt the amendment, and then that he and others who are going to be on the conference committee may be allowed to rewrite the provision in conference. I want the Senate to express itself now on this amendment so that he will have instructions when he goes into the conference committee and will serve the Senate rather than his own private views. I say that in all kindness.

The PRESIDENT pro tempore. Such an instruction as the Senator from Texas suggests would not be in order at this time.

Mr. SHIPSTEAD. Mr. President, will the Senator from Texas yield for a question?

Mr. CONNALLY. I yield.

Mr. SHIPSTEAD. I am very much interested in what the Senator has just been saying about American citizens living in foreign countries paying taxes abroad and having them deducted from their income tax. Is there anything in the pending bill ,either under the consolidated-returns provision or any other provision by which a corporation doing business both here and abroad is given a deduction on its taxes here for whatever taxes it pays abroad?

Mr. CONNALLY. There is a provision in this bill that allows that to be done.

Mr. SHIPSTEAD. I would like to have some explanation as to why that is justified.

Mr. CONNALLY. I will say to the Senator that we are not dealing with that matter at this moment. We are now talking about individuals. The provision as to foreign taxes paid by American corporations is found in another section of the bill, and such taxes are allowed to be deducted from their American tax.

The PRESIDENT pro tempore. The question is on agreeing to the committee amendment.

The amendment was agreed to.

The reading of the bill was resumed. The next amendment was, on page 99, line 10, after the word "year," to strike out "after the taxable year 1933," so as to read:

(b) Net loss as a deduction: If, for any taxable year, it appears upon the production of evidence satisfactory to the commissioner that any taxpayer has sustained a net loss, the amount thereof shall be allowed as a deduction in computing the net income of the taxpayer for the succeeding taxable year (hereinafter in this section called "second year"); the deduction in all cases to be made under regulations prescribed by the commissioner with the approval of the Secretary.

The amendment was agreed to.

The next amendment was, on page 99, line 22, after the word "year" and the period, to insert "If the deduction is in excess of the ordinary net income (computed without such deduction) the amount of such excess shall then be applied against the capital net gain for such year," so as to read:

(c) Capital net gain in second year: If in the second year the taxpayer (other than a corporation) has a capital net gain, the deduction allowed by subsection (b) of this section shall first be applied as a deduction in computing the ordinary net income for such year. If the deduction is in excess of the ordinary net income (computed without such deduction) the amount of such excess shall then be applied against the capital net gain for such year.

The amendment was agreed to.

The next amendment was, on page 100, line 2, after the figures "1930," to strike out "or 1931," and in line 5, after the word "title" and the period, to insert "If for the taxable year 1931 a taxpayer sustained a net loss within the provisions of the revenue act of 1928, the amount of such net loss shall be allowed as a deduction in computing net income for the taxable year 1932 to the same extent and in the same manner as a net loss sustained for one taxable year is, under this act, allowed as a deduction for the succeeding taxable year," so as to read:

(d) Net losses for 1930 or 1931: If for the taxable year 1930 a taxpayer sustained a net loss within the provisions of the revenue act of 1928, the amount of such net loss shall not be allowed as a deduction in computing net income under this title. If for the taxable year 1931 a taxpayer sustained a net loss within the provisions of the revenue act of 1928, the amount of such net loss shall be allowed as a deduction in computing net income for the taxable year 1932 to the same extent and in the same manner as a net loss sustained for one taxable year is, under this act, allowed as a deduction for the succeeding taxable year.

The amendment was agreed to.

The next amendment was, in section 131, taxes of foreign countries and possessions of United States, on page 110, after line 10, to strike out:

(b) Limit on credit: The amount of the credit taken under this section shall be subject to each of the following limitations:

(1) The amount of the credit in respect of the tax paid or accrued to any country shall not exceed the same proportion of the tax against which such credit is taken, which the taxpayer's net income from sources within such country bears to his entire net income for the same taxable year; and

(2) The total amount of the credit shall not exceed the same proportion of the tax against which such credit is taken, which the taxpayer's net income from sources without the United States bears to his entire net income for the same taxable year.

And in lieu thereof to insert:

(b) Limit on credit: In no case shall the amount of credit taken under this section exceed the same proportion of the tax, against which such credit is taken, which the taxpayer's net income from sources without the United States bears to his entire net income for the same taxable year.

The amendment was agreed to.

The next amendment was, on page 112, line 16, after the word "country," to insert "or possession of the United States," so as to read:

(e) Proof of credits: The credits provided in this section shall be allowed only if the taxpayer establishes to the satisfaction of the commissioner (1) the total amount of income derived from sources without the United States, determined as provided in section 119, (2) the amount of income derived from each country or possession of the United States, the tax paid or accrued to which is claimed as a credit under this section, such amount to be determined under rules and regulations prescribed by the commissioner with the approval of the Secretary, and (3) all other information necessary for the verification and computation of such credits.

The amendment was agreed to.

The next amendment was, on page 115, line 12, after "(b)," to insert "(or, in case such regulations are not prescribed prior to the making of the return, then the regulations prescribed under section 141 (b) of the revenue act of 1928 in so far as not inconsistent with this act)," so as to read:

SEC. 141. CONSOLIDATED RETURNS OF CORPORATIONS

(a) Privilege to file consolidated returns: An affiliated group of corporations shall, subject to the provisions of this section, have the privilege of making a consolidated return for the taxable year in lieu of separate returns. The making of a consolidated return shall be upon the condition that all the corporations which have been members of the affiliated group at any time during the taxable year for which the return is made consent to all the regulations under subsection (b) (or, in case such regulations are not prescribed prior to the making of the return, then the regulations prescribed under section 141 (b) of the revenue act of 1928 in so far as not inconsistent with this act) prescribed prior to the making of such return; and the making of a consolidated return shall be considered as such consent. In the case of a corporation which is a member of the affiliated group for a fractional part of the year the consolidated return shall include the income of such corporation for such part of the year as it is a member of the affiliated group.

The amendment was agreed to.

The next amendment was, on page 116, line 9, after "(b)," to insert "(or, in case such regulations are not prescribed prior to the making of the return, then the regulations prescribed under section 141 (b) of the revenue act of 1928 in so far as not inconsistent with this act)," and in line 13, after the word "made," to strike out the semicolon and "except that there shall be added to the rate of tax prescribed by sections 13 (a), 201 (b), and 204 (a), a rate of 1½ per cent, and only one specific credit, computed as provided in section 26 (b), shall be allowed in computing the tax," so as to read:

(c) Computation and payment of tax: In any case in which a consolidated return is made the tax shall be determined, computed, assessed, collected, and adjusted in accordance with the regulations under subsection (b) (or, in case such regulations are not prescribed prior to the making of the return, then the regulations prescribed under section 141 (b) of the revenue act of 1928 in so far as not inconsistent with this act) prescribed prior to the date on which such return is made.

The amendment was agreed to.

Mr. COUZENS. Mr. President, I desire to enter a motion now to reconsider the vote of the Senate in approving the committee amendment in paragraph (c) on page 116. I refer to the whole paragraph.

The PRESIDENT pro tempore. The motion will be entered.

The reading of the bill was resumed.

The next amendment was, on page 121, line 3, before the word "in," to strike out "7 per cent" and insert "9 per cent," so as to read:

SEC. 143. WITHHOLDING OF TAX AT SOURCE

(a) Tax-free covenant bonds—

(1) Requirement of withholding: In any case where bonds, mortgages, or deeds of trust, or other similar obligations of a corporation contain a contract or provision by which the obligor agrees to pay any portion of the tax imposed by this title upon the obligee, or to reimburse the obligee for any portion of the tax, or to pay the interest without deduction for any tax which the

obligor may be required or permitted to pay thereon, or to retain therefrom under any law of the United States, the obligor shall deduct and withhold a tax equal to 2 per cent of the interest upon such bonds, mortgages, deeds of trust, or other obligations, whether such interest is payable annually or at shorter or longer periods, if payable to an individual, a partnership, or a foreign corporation not engaged in trade or business within the United States and not having any office or place of business therein: *Provided*, That if the liability assumed by the obligor does not exceed 2 per cent of the interest, then the deduction and withholding shall be at the following rates: (A) 9 per cent in the case of a nonresident alien individual, or of any partnership not engaged in trade or business within the United States and not having any office or place of business therein and composed in whole or in part of nonresident aliens.

The amendment was agreed to.

The next amendment was, on page 121, line 9, before the word "in," to strike out "13½ per cent" and insert "14 per cent," so as to read:

(B) Fourteen per cent in the case of such a foreign corporation, and (C) 2 per cent in the case of other individuals and partnerships.

The amendment was agreed to.

The next amendment was, on page 121, line 16, after the words "rate of," to strike out "7 per cent" and insert "9 per cent," so as to make the additional proviso read:

Provided further, That if the owners of such obligations are not known to the withholding agent the commissioner may authorize such deduction and withholding to be at the rate of 2 per cent, or, if the liability assumed by the obligor does not exceed 2 per cent of the interest, then at the rate of 9 per cent.

The amendment was agreed to.

The next amendment was, on page 123, line 5, after the word "to," to strike out "7 per cent" and insert "9 per cent," so as to read:

(3) Income of obligor and obligee: The obligor shall not be allowed a deduction for the payment of the tax imposed by this title, or any other tax paid pursuant to the tax-free covenant clause, nor shall such tax be included in the gross income of the obligee.

(b) Nonresident aliens: All persons, in whatever capacity acting, including lessees or mortgagors of real or personal property, fiduciaries, employers, and all officers and employees of the United States, having the control, receipt, custody, disposal, or payment of interest (except interest on deposits with persons carrying on the banking business paid to persons not engaged in business in the United States and not having an office or place of business therein), rent, salaries, wages, premiums, annuities, compensations, remunerations, emoluments, or other fixed or determinable annual or periodical gains, profits, and income, of any nonresident alien individual, or of any partnership not engaged in trade or business within the United States and not having any office or place of business therein and composed in whole or in part of nonresident aliens (other than income received as dividends of the class allowed as a credit by section 25 (a)), shall (except in the cases provided for in subsection (a) of this section and except as otherwise provided in regulations prescribed by the commissioner under section 215) deduct and withhold from such annual or periodical gains, profits, and income a tax equal to 9 per cent thereof.

The amendment was agreed to.

The next amendment was, on page 123, line 9, after the word "agent," to strike out the colon and the following additional proviso:

Provided further, That the provisions of this subsection with respect to the deduction and withholding in the case of dividends shall take effect on and after the thirtieth day after the enactment of this act, and shall be applicable without regard to the gross income of the corporation paying the dividend.

The amendment was agreed to.

The next amendment was, on page 124, line 23, after the words "rates of," strike out "13½ per cent" and insert "14 per cent," and in the same line, after the word "and," to strike out "7 per cent" and insert "9 per cent," so as to read:

(g) Notwithstanding the provisions of subsections (a) and (b), the deduction and withholding for any period prior to the date of the enactment of this act shall be at the rates of 12 per cent and 5 per cent in lieu of the rates of 14 per cent and 9 per cent prescribed in such subsections.

The amendment was agreed to.

The next amendment was, on page 125, line 10, after the word "to," to strike out "13½ per cent" and insert "14 per cent," so as to read:

SEC. 144. PAYMENT OF CORPORATION INCOME TAX AT SOURCE

In the case of foreign corporations subject to taxation under this title not engaged in trade or business within the United States and not having any office or place of business therein, there shall be deducted and withheld at the source in the same manner and upon the same items of income as is provided in section 143 a tax equal to 12 per cent thereof in respect of all payments of income made before the enactment of this act, and equal to 14 per cent thereof in respect of all payments of income made after the enactment of this act, and such tax shall be returned and paid in the same manner and subject to the same conditions as provided in that section:

The amendment was agreed to.

The next amendment was, on page 136, line 18, after the figures "161," to strike out "but the amount contributed to such fund by the employer and all earnings of such fund shall be taxed to the distributee in the year in which distributed or made available to him" and insert "but the amount actually distributed or made available to any distributee shall be taxable to him in the year in which so distributed or made available to the extent that it exceeds the amounts paid in by him," so as to make the section read:

SEC. 165. EMPLOYEES' TRUSTS

A trust created by an employer as a part of a stock bonus, pension, or profit-sharing plan for the exclusive benefit of some or all of his employees, to which contributions are made by such employer, or employees, or both, for the purpose of distributing to such employees the earnings and principal of the fund accumulated by the trust in accordance with such plan, shall not be taxable under section 161, but the amount actually distributed or made available to any distributee shall be taxable to him in the year in which so distributed or made available to the extent that it exceeds the amounts paid in by him. Such distributees shall for the purpose of the normal tax be allowed as credits against net income such part of the amount so distributed or made available as represents the items of dividends and interest specified in section 25 (a) and (b).

The amendment was agreed to.

Mr. COUZENS. I wish to enter a motion to reconsider the votes whereby all the amendments agreed to by the Senate beginning on page 120, in section 143, which have to do with the normal taxes.

The PRESIDENT pro tempore. The Chair understands from the tenor of the motion which the Senator wishes to enter that he wants to begin on page 121 where "7 per cent" is changed to "9 per cent" and including all of the amendments which follow.

Mr. COUZENS. That is correct; where the figures have to do with the normal rates.

Mr. REED. May I suggest that the Senator make his motion apply to the votes on all amendments in section 143?

Mr. COUZENS. That is what I said in the first place, but the Chair seemed to correct my motion.

The PRESIDENT pro tempore. The Senator named a page, and the Chair thought he was referring to that page only. The Senator wishes to enter a motion to reconsider the vote whereby the committee amendments in section 143 have been agreed to.

Mr. COUZENS. And section 144, as it has to do with the same thing.

The PRESIDENT pro tempore. The motion will be entered.

The reading of the bill was resumed.

The next amendment was, in section 166, "Revocable trusts," on page 137, after line 4, to strike out:

Where the grantor of a trust has at any time during the taxable year the power to revest in himself title to any part of the corpus of the trust (if such power is vested in him either alone or in conjunction with any person not having a substantial adverse interest in the disposition of the part of the corpus in question), then the income of such part of the trust for such taxable year shall be included in computing the net income of the grantor.

And in lieu thereof to insert:

Where at any time during the taxable year the power to revest in the grantor title to any part of the corpus of the trust is vested—

(1) in the grantor, either alone or in conjunction with any person not having a substantial adverse interest in the disposition of such part of the corpus or the income therefrom, or

(2) in any person not having a substantial adverse interest in the disposition of such part of the corpus or the income therefrom,

then the income of such part of the trust for such taxable year shall be included in computing the net income of the grantor.

The amendment was agreed to.

The next amendment was, on page 138, line 3, after the word "grantor," to insert "or of any person not having a substantial adverse interest in the disposition of such part of the income," and in line 6, after the word "to," to strike out "him" and insert "the grantor," so as to read:

SEC. 167. INCOME FOR BENEFIT OF GRANTOR

(a) Where any part of the income of a trust—

(1) is, or in the discretion of the grantor or of any person not having a substantial adverse interest in the disposition of such part of the income may be, held or accumulated for future distribution to the grantor; or.

The amendment was agreed to.

The next amendment was, on page 138, line 8, after the word "grantor," to insert "or of any person not having a substantial adverse interest in the disposition of such part of the income," and in line 11, after the word "to," to strike out "him" and insert "the grantor," so as to read:

(2) may, in the discretion of the grantor or of any person not having a substantial adverse interest in the disposition of such part of the income, be distributed to the grantor; or.

The amendment was agreed to.

The next amendment was, on page 138, line 12, after the word "grantor," to insert "or of any person not having a substantial adverse interest in the disposition of such part of the income," so as to read:

(3) Is, or in the discretion of the grantor or of any person not having a substantial adverse interest in the disposition of such part of the income may be, applied to the payment of premiums upon policies of insurance on the life of the grantor (except policies of insurance irrevocably payable for the purposes and in the manner specified in section 23 (n), relating to the so-called "charitable contribution" deduction).

The amendment was agreed to.

The next amendment was, on page 144, line 10, after the word "company," to strike out "13½ per cent" and insert "14 per cent," so as to read:

SEC. 201. TAX ON LIFE-INSURANCE COMPANIES

(a) Definition: When used in this title the term "life-insurance company" means an insurance company engaged in the business of issuing life-insurance and annuity contracts (including contracts of combined life, health, and accident insurance), the reserve funds of which held for the fulfillment of such contracts comprise more than 50 per cent of its total reserve funds.

(b) Rate of tax: In lieu of the tax imposed by section 13, there shall be levied, collected, and paid for each taxable year upon the net income of every life-insurance company a tax as follows:

(1) In the case of a domestic life-insurance company, 14 per cent of its net income.

The amendment was agreed to.

The next amendment was, on page 144, line 12, after the word "company," to strike out "13½ per cent" and insert "14 per cent," so as to read:

(2) In the case of a foreign life-insurance company, 14 per cent of its net income from sources within the United States.

The amendment was agreed to.

The next amendment was, in section 203, net income of life-insurance companies, on page 145, after line 8, to strike out:

(2) Reserve funds: An amount equal to 3½ per cent of the mean of the reserve funds required by law and held at the beginning and end of the taxable year, plus (in case of life-insurance companies issuing policies covering life, health, and accident insurance combined in one policy issued on the weekly-premium payment plan, continuing for life and not subject to cancellation) 3½ per cent of the mean of such reserve funds (not required by law) held at the beginning and end of the taxable year, as the commissioner finds to be necessary for the protection of the holders of such policies only.

And in lieu thereof to insert:

(2) Reserve funds: An amount equal to 4 per cent of the mean of the reserve funds required by law and held at the beginning and end of the taxable year, except that in the case of any such reserve fund which is computed at a lower interest assumption rate, such lower rate shall be substituted for 4 per cent. Life-insurance companies issuing policies covering life, health, and accident insurance combined in one policy issued on the weekly-premium-payment plan, continuing for life and not subject to cancellation, shall be allowed, in addition to the above, a deduction of 3¾ per cent of the mean of such reserve funds (not required by law) held at the beginning and end of the taxable year, as the commissioner finds to be necessary for the protection of the holders of such policies only.

Mr. LA FOLLETTE. Mr. President, I move to amend the committee amendment on line 1, by striking out the words "such lower rate" and inserting the words "the rate of 3¾ per cent."

The PRESIDENT pro tempore. On what page?

Mr. LA FOLLETTE. On page 146.

Mr. TYDINGS. We are now on page 145, as I understand.

The PRESIDENT pro tempore. But the amendment runs over to page 146.

Mr. TYDINGS. I desire to offer an amendment to substitute the House provision for the Senate provision.

Mr. LA FOLLETTE. I offer an amendment to strike out the words in line 1, on page 146, "such lower rate" and to insert "the rate of 3¾ per cent," so that it will read:

Which is computed at a lower interest assumption rate, the rate of 3¾ per cent shall be substituted for 4 per cent.

Mr. President, the amendment offered by me will accomplish, I think, the purpose the Senator from Maryland has in mind. It so happens that those who drafted this amendment selected very fortunate language, so that we may accomplish the purpose of carrying out the first action taken by the Finance Committee by the amendment now pending to the committee amendment.

Mr. President, the committee spent a good deal of time on the question of the taxation of life-insurance companies.

Mr. SMOOT. Mr. President, will the Senator yield?

Mr. LA FOLLETTE. I yield.

Mr. SMOOT. I call the Senator's attention to the fact that the committee did agree, in the first place, to the wording which the Senator now suggests, but later the committee decided to make the wording as it is reported to the Senate.

Mr. LA FOLLETTE. I was just about to state, Mr. President, that if the amendment which I am now offering should be adopted to the committee amendment, the Senate would take the same action which the Finance Committee first took when considering this section.

In the committee the impression was gained by a good many members of the committee that the issue involved in this controversy over the method of taxation of reserve funds involved the question between large and small companies, between old and new companies. I think, however——

Mr. HARRISON. Mr. President——

Mr. LA FOLLETTE. I yield to the Senator, though I should like to finish.

Mr. HARRISON. I do not want to stop the Senator in the midst of a sentence, but I was merely going to suggest that this is one item, as the Senator will recall in the committee, in which the Senator from Oklahoma [Mr. THOMAS] was very much interested. I have conferred with some others of my colleagues on the committee, and I thought it might be fair that this matter be passed over until he returns.

Mr. LA FOLLETTE. If that is agreeable to the chairman of the committee, I shall not have any objection. I wish to be accommodating.

Mr. HARRISON. Of course, we all recall that this is one of the most troublesome matters we had in the committee.

Mr. SMOOT. Does the Senator know what change the Senator desires?

Mr. HARRISON. Oh, yes; the Senator desires what the committee did.

Mr. SMOOT. Then I will ask that the amendment go over until the Senator from Oklahoma comes back.

The PRESIDENT pro tempore. Without objection, the amendment will be passed over.

Mr. FLETCHER. Mr. President, before that is done I should like the Senator to state exactly what his amendment is.

Mr. LA FOLLETTE. The amendment I propose is to the committee amendment. If the Senator will turn to page

146, line 1, I propose to strike out the first three words in the line, "such lower rate," and to insert "the rate of 3¾ per cent."

Mr. SMOOT. Instead of 4 per cent.

Mr. LA FOLLETTE. May I say to the Senator that that will result if it is provided they shall have a 3¾ per cent instead of a 4 per cent deduction.

Mr. FLETCHER. So that it will read:

At a lower interest assumption rate, the rate of 3¾ per cent shall be substituted for 4 per cent.

Mr. LA FOLLETTE. That is correct.

The PRESIDENT pro tempore. The clerk will continue the reading of the bill.

The reading of the bill was resumed.

The next amendment of the Committee on Finance was, on page 148, line 9, after the word "obsolescence" and the semicolon, to insert the word "and," so as to read:

(7) Depreciation: A reasonable allowance for the exhaustion, wear and tear of property, including a reasonable allowance for obsolescence; and.

The amendment was agreed to.

The next amendment was, on page 148, line 17, after the word "title," to strike out the semicolon and the word "and," so as to read:

(8) Interest: All interests paid or accrued within the taxable year on its indebtedness, except on indebtedness incurred or continued to purchase or carry obligations or securities (other than obligations of the United States issued after September 24, 1917, and originally subscribed for by the taxpayer) the interest upon which is wholly exempt from taxation under this title.

The amendment was agreed to.

The next amendment was, on page 148, after line 17, to strike out:

(9) Specific exemption: In the case of a domestic life-insurance company, the net income of which (computed without the benefit of this paragraph) is $10,000 or less, the sum of $1,000; but if the net income is more than $10,000, the tax imposed by section 201 shall not exceed the tax which would be payable if the $1,000 credit were allowed, plus the amount of the net income in excess of $10,000.

The amendment was agreed to.

The next amendment was, at the top of page 149, to strike out:

(b) Rental value of real estate: No deduction shall be made under subsection (a) (6) and (7) of this section on account of any real estate owned and occupied in whole or in part by a life-insurance company unless there is included in the return of gross income the rental value of the space so occupied. Such rental value shall be not less than a sum which in addition to any rents received from other tenants shall provide a net income (after deducting taxes, depreciation, and all other expenses) at the rate of 4 per cent per annum of the book value at the end of the taxable year of the real estate so owned or occupied.

And in lieu thereof to insert:

(b) Rental value of real estate: The deduction under subsection (a) (6) or (7) of this section on account of any real estate owned and occupied in whole or in part by a life-insurance company, shall be limited to an amount which bears the same ratio to such deduction (computed without regard to this subsection) as the rental value of the space so occupied bears to the rental value of the entire property.

Mr. SMOOT. Mr. President, there has been a mistake either in the preparation of the amendment or in the printing, I do not know which; but after the word "space," in line 18, the word "not" should be inserted, so that it will read:

As the rental value of the space not so occupied bears to the rental value of the entire property.

Mr. HARRISON. That is right.

The PRESIDENT pro tempore. Without objection, the amendment suggested by the Senator from Utah to the amendment of the committee will be agreed to.

The amendment as amended was agreed to.

The next amendment was, on page 150, line 13, after the word "company," to strike out "13½ per cent" and insert "14 per cent," so as to read:

SEC. 204. INSURANCE COMPANIES OTHER THAN LIFE OR MUTUAL

(a) Imposition of tax: In lieu of the tax imposed by section 13 of this title, there shall be levied, collected, and paid for each taxable year upon the net income of every insurance company (other than a life or mutual insurance company) a tax as follows:

(1) In the case of such a domestic insurance company, 14 per cent of its net income.

The amendment was agreed to.

The next amendment was, on page 150, line 15, after the word "company," to strike out "13½ per cent" and insert "14 per cent," so as to read:

(2) In the case of such a foreign insurance company, 14 per cent of its net income from sources within the United States.

The amendment was agreed to.

The next amendment was, on page 151, line 3, after the word "of," to strike out "property" and insert "property, and (C) all other items constituting gross income under section 22," so as to read:

(b) Definition of income, etc.: In the case of an insurance company subject to the tax imposed by this section—

(1) Gross income: "Gross income" means the sum of (A) the combined gross amount earned during the taxable year, from investment income and from underwriting income as provided in this subsection, computed on the basis of the underwriting and investment exhibit of the annual statement approved by the National Convention of Insurance Commissioners, and (B) gain during the taxable year from the sale or other disposition of property, and (C) all other items constituting gross income under section 22.

The amendment was agreed to.

The next amendment was, on page 154, line 3, after "23(k)," to strike out the semicolon, so as to read:

(9) A reasonable allowance for the exhaustion, wear and tear of property, as provided in section 23(k).

The amendment was agreed to.

The next amendment was, on page 154, after line 3, to strike out:

(10) In the case of such a domestic insurance company, the net income of which (computed without the benefit of this paragraph) is $10,000 or less, the sum of $1,000; but if the net income is more than $10,000 the tax imposed by this section shall not exceed the tax which would be payable if the $1,000 credit were allowed, plus the amount of the net income in excess of $10,000.

The amendment was agreed to.

The next amendment was, in section 208, mutual insurance companies other than life, on page 156, line 15, after the word "sums," to strike out "other than dividends paid" and insert "(other than dividends) paid or incurred," so as to read:

(c) Deductions: In addition to the deductions allowed to corporations by section 23, the following deductions to insurance companies shall also be allowed, unless otherwise allowed—

(1) Mutual insurance companies other than life insurance: In the case of mutual insurance companies other than life-insurance companies—

(A) the net addition required by law to be made within the taxable year to reserve funds (including in the case of assessment insurance companies the actual deposit of sums with State or Territorial officers pursuant to law as additions to guarantee or reserve funds); and

(B) the sums (other than dividends) paid or incurred within the taxable year on policy and annuity contracts.

The PRESIDENT pro tempore. The Chair understands that amendment is to be passed over.

Mr. REED. That is all right. Go ahead.

Mr. SMOOT. No, Mr. President.

Mr. KING. That goes over.

Mr. SMOOT. On line 15, Mr. President, and line 16, the request was that the amendment go over.

The PRESIDENT pro tempore. The Chair understands all that to go over down to line 13 on page 157. Is that right.

Mr. SMOOT. Yes.

Mr. REED. That has nothing whatever to do with the question that went over. What went over was the question of the reserve rate deductible from the gross income of insurance companies.

Mr. LA FOLLETTE. Correct; but the Senator from Rhode Island [Mr. HEBERT] suggested that he would like to have that go over, so I included it in my request; and I should not like to have that altered unless the Senator from Rhode Island is agreeable to it.

Mr. SMOOT. He also asked me that it go over.

Mr. REED. Then, on page 148 there is a similar provision with relation to life-insurance companies. Does the Senator want that to go over, too?

Mr. SMOOT. He did not ask that that go over. When we decide the question, if we make the change here, of course we will return to the other part of the bill.

Mr. REED. All right.

Mr. SMOOT. But I stated to the Senator that I would ask that that go over to-night, and also the amendment on page 157, lines 10 to 12. I ask that that go over, Mr. President.

The PRESIDENT pro tempore. Does the Chair understand that the amendment on page 148, referred to by the Senator from Pennsylvania, also goes over?

Mr. SMOOT. No, Mr. President. If this is agreed to, then we will return to the item on page 148, to which the Senator refers.

The PRESIDENT pro tempore. The present order, then, is that all the amendments beginning on page 156, under subsection (B), go over down to line 13 on page 157?

Mr. SMOOT. That is right.

The PRESIDENT pro tempore. Very well.

The reading of the bill was resumed.

The next amendment of the Committee on Finance was, on page 157, line 17, after the words "shall be," to strike out "7 per cent" and insert "9 per cent," so as to read:

SUPPLEMENT H—NONRESIDENT ALIEN INDIVIDUALS

SEC. 211. NORMAL TAX

(a) General rule: In the case of a nonresident alien individual who is not a resident of a contiguous country, the normal tax shall be 9 per cent of the amount of the net income in excess of the credits against net income allowed to such individual.

The PRESIDENT pro tempore. The Chair asks the attention of the Senator from Michigan and desires to know whether these increases from 7 per cent go over?

Mr. COUZENS. Do I understand that the Senate has agreed to the amendments in section 211?

The PRESIDENT pro tempore. No; we are just coming to them.

Mr. COUZENS. I want them to be agreed to first.

The PRESIDENT pro tempore. And then a motion will be made to reconsider? Very well. Without objection, the amendment is agreed to.

The next amendment was, on page 157, line 24, before the word "of," to strike out "2 per cent" and insert "3 per cent," and on page 158, line 5, before the word "rate," to strike out "2 per cent" and insert "3 per cent," so as to read:

(b) Aliens resident in contiguous countries: In the case of an alien individual resident in a contiguous country, the normal tax shall be an amount equal to the sum of the following:

(1) 3 per cent of the amount by which the part of the net income attributable to wages, salaries, professional fees, or other amounts received as compensation for personal services actually performed in the United States, exceeds the personal exemption and credits for dependents; but the amount taxable at such 3 per cent rate shall not exceed $4,000.

The amendment was agreed to.

The next amendment was, on page 158, line 7, before the word "of," to strike out "4 per cent" and insert "6 per cent," and in line 11, before the word "rate," to strike out "4 per cent" and insert "6 per cent," so as to read:

(2) 6 per cent of the amount by which such part of the net income exceeds the sum of (A) the personal exemption and credit for dependents, plus (B) $4,000; but the amount taxable at such 6 per cent rate shall not exceed $4,000; and

The amendment was agreed to.

The next amendment was, on page 158, line 13, before the word "of," to strike out "7 per cent" and insert "9 per cent," so as to read:

(3) 9 per cent of the amount of the net income in excess of the sum of (A) the amount taxed under paragraphs (1) and (2) of this subsection plus (B) the total credits against net income allowed to such individual.

The amendment was agreed to.

Mr. COUZENS. Mr. President, I now enter a motion for reconsideration of all the committee amendments in section 211, beginning with page 157.

The PRESIDENT pro tempore. That motion will be entered.

The reading of the bill was resumed.

The next amendment of the Committee on Finance was, at the top of page 167, to strike out:

(e) Credits against net income.—

(1) Citizens: A citizen of the United States entitled to the benefits of this section shall be allowed a personal exemption of only $1,000 and shall not be allowed the credit for dependents provided in section 25 (d).

(2) A domestic corporation entitled to the benefits of this section shall not be allowed the specific credit of $1,000 provided in section 26.

And in lieu thereof to insert:

(e) Credits against net income: A citizen of the United States entitled to the benefits of this section shall be allowed a personal exemption of only $1,000 and shall not be allowed the credit for dependents provided in section 25 (d).

The amendment was agreed to.

The next amendment was, on page 169, line 6, before the word "provided," to strike out "credits" and insert "credit," so as to read:

SUPPLEMENT K—CHINA TRADE ACT CORPORATIONS

SECTION 261. CREDIT AGAINST NET INCOME

(a) Allowance of credit: For the purpose only of the tax imposed by section 13 there shall be allowed, in the case of a corporation organized under the China trade act, 1922, in addition to the credit provided in section 26, a credit against the net income of an amount equal to the proportion of the net income derived from sources within China (determined in a similar manner to that provided in section 119) which the par value of the shares of stock of the corporation owned on the last day of the taxable year by (1) persons resident in China, the United States, or possessions of the United States, and (2) individual citizens of the United States or China wherever resident, bears to the par value of the whole number of shares of stock of the corporation outstanding on such date.

The amendment was agreed to.

The next amendment was, under "Title II—Additional estate tax—Section 401, Imposition of tax," on page 198, line 15, before the word "tax," to strike out "an additional" and insert the article "a," so as to read:

(a) In addition to the estate tax imposed by section 301 (a) of the revenue act of 1926, there is hereby imposed upon the transfer of the net estate of every decedent dying after the enactment of this act, whether a resident or nonresident of the United States, a tax equal to the excess of.

The amendment was agreed to.

The next amendment was, on page 203, line 19, after the word "that," to insert "in the case of a resident decedent," so as to read:

SEC. 403. ASSESSMENT, COLLECTION, AND PAYMENT OF TAX

Except as provided in section 402, the tax imposed by section 401 of this act shall be assessed, collected, and paid in the same manner, and shall be subject to the same provisions of law (including penalties), as the tax imposed by section 301 (a) of the revenue act of 1926, except that in the case of a resident decedent a return shall be required if the value of the gross estate at the time of the decedent's death exceeds $50,000.

The amendment was agreed to.

The next amendment was, under the heading "Title III—Gift tax—Section 501. Imposition of tax," on page 204, line 6, after the word "nonresident," to insert "not a citizen of the United States," and in line 8, after the name "United States," to insert "The tax shall not apply to a transfer made on or before the date of the enactment of this act," so as to read:

(a) For the calendar year 1932 and each calendar year thereafter a tax, computed as provided in section 502, shall be imposed upon the transfer during such calendar year by any individual, resident or nonresident, of property by gift.

(b) The tax shall apply whether the transfer is in trust or otherwise, whether the gift is direct or indirect, and whether the property is real or personal, tangible or intangible, but in the case of a nonresident not a citizen of the United States shall apply to a transfer only if the property is situated within the United States. The tax shall not apply to a transfer made on or before the date of the enactment of this act.

The amendment was agreed to.

The next amendment was, on page 208, line 10, after the word "than," to strike out "$3,000" and insert "$5,000";

and in line 13, after the word "first," to strike out "$3,000" and insert "$5,000," so as to read:

SEC. 504. NET GIFTS

(a) General definition: The term "net gifts" means the total amount of gifts made during the calendar year, less the deductions provided in section 505.

(b) Gifts less than $5,000: In the case of gifts (other than of future interests in property) made to any person by the donor during the calendar year, the first $5,000 of such gifts to such person shall not, for the purposes of subsection (a), be included in the total amount of gifts made during such year.

The amendment was agreed to.

The next amendment was, on page 208, line 19, before the word "resident," to insert "citizen or," so as to read:

SEC. 505. DEDUCTIONS

In computing net gifts for any calendar year there shall be allowed as deductions:

(a) Residents: In the case of a citizen or resident—

(1) Specific exemption: An exemption of $50,000, less the aggregate of the amounts claimed and allowed as specific exemption for preceding calendar years.

The amendment was agreed to.

The next amendment was, on page 210, line 5, after the word "nonresident," to insert "not a citizen of the United States," so as to read:

(b) Nonresidents: In the case of a nonresident not a citizen of the United States, the amount of all gifts made during such year to or for the use of.

The amendment was agreed to.

The next amendment was, on page 222, line 23, after the word "under," to strike out "subsection (a) of," so as to read:

(g) Same—Further conditions: If the bond is given before the donor has filed his petition with the board under section 513 (a), the bond shall contain a further condition that if a petition is not filed within the period provided in such subsection, then the amount the collection of which is stayed by the bond will be paid on notice and demand at any time after the expiration of such period, together with interest thereon at the rate of 6 per cent per annum from the date of the jeopardy notice and demand to the date of notice and demand under this subsection.

The amendment was agreed to.

The next amendment was, on page 232, line 7, before the word "any," to insert "(a)"; in line 12, before the word "such," to strike out "makes" and insert "make"; and in the same line, after the word "return," to strike out "keeps" and insert "keep," so as to read:

SECTION 525. PENALTIES

(a) Any person required under this title to pay any tax, or required by law or regulations made under authority thereof to make a return, keep any records, or supply any information, for the purposes of the computation, assessment, or collection of any tax imposed by this title, who willfully fails to pay such tax, make such return, keep such records, or supply such information, at the time or times required by law or regulations, shall, in addition to other penalties provided by law, be guilty of a misdemeanor and, upon conviction thereof, be fined not more than $10,000, or imprisoned for not more than one year, or both, together with the costs of prosecution.

The amendment was agreed to.

The next amendment was, on page 232, after line 18, to insert:

(b) Any person who willfully attempts in any manner to evade or defeat any tax imposed by this title or the payment thereof shall, in addition to other penalties provided by law, be guilty of a felony and, on conviction thereof, be fined not more than $10,000, or imprisoned for not more than five years, or both, together with the costs of prosecution.

The amendment was agreed to.

The next amendment was, on page 239, line 9, after the word "excise," to strike out "tax" and insert "taxes," so as to make the heading read:

TITLE IV.—MANUFACTURERS' EXCISE TAXES

The amendment was agreed to.

Mr. HARRISON. Mr. President, we have now reached in the bill the excise taxes. It seems to me that if there is going to be an offer made to insert the general sales tax, it ought to be done and the matter settled before we deal with these excise taxes.

Mr. REED. Under the circumstances, Mr. President, I think it would be appropriate to suggest the absence of a quorum.

Mr. LA FOLLETTE. Mr. President, will the Senator withhold that for a moment?

Mr. REED. I withhold the suggestion.

Mr. LA FOLLETTE. I desire to enter a motion to reconsider the vote whereby the committee amendment at the bottom of page 35, lines 24 and 25, and at the top of page 36, lines 1 to 4, inclusive, was agreed to.

The VICE PRESIDENT. Without objection, that motion will be entered.

Mr. FLETCHER. Mr. President, will the Senator yield to me?

Mr. REED. I yield.

Mr. FLETCHER. We have about reached the subject of lubricating oil, and I ask to have inserted in the RECORD a telegram protesting against the increase of that tax.

The VICE PRESIDENT. Without objection, the telegram will be printed in the RECORD.

The telegram is as follows:

JACKSONVILLE, FLA., *May 16, 1932.*

Senator D. U. FLETCHER,

Senate Office Building, Washington, D. C.:

It is stated that Senate Finance Committee changed their recent recommendation of 2 cents per gallon tax on all lubricating oils to 4 cents per gallon, estimating this would bring in annual revenue of $40,000,000. While we are strongly in favor of balancing Budget, this tax, in our opinion, is unduly discriminatory. As large users of lubricating oils, this tax, of course, would add materially to our cost of operation. Request that you cut out this tax entirely or at least restore previous recommendation of 2 cents per gallon.

JACKSONVILLE JOURNAL.

Mr. LONG. Mr. President, may I ask the Senator from Mississippi to repeat his statement? I was not paying attention to what he said.

Mr. HARRISON. We have reached that part of the bill where we begin the excise-tax provisions; and I have suggested that I thought we ought to settle the proposition of a general sales tax at this time. The Senator from Massachusetts [Mr. WALSH] has stated publicly and privately that he intended to offer such an amendment. It seems to me, if it is going to be offered, it would be better to vote on it now than after we have gotten into these various items.

Mr. REED. Mr. President, I renew my suggestion of the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Austin	Davis	La Follette	Shortridge
Barkley	Dickinson	Logan	Smith
Bingham	Dill	Long	Smoot
Blaine	Fess	McGill	Steiwer
Borah	Fletcher	McNary	Stephens
Brookhart	George	Metcalf	Thomas, Idaho
Broussard	Glenn	Moses	Thomas, Okla.
Bulkley	Goldsborough	Neely	Townsend
Bulow	Hale	Norris	Tydings
Capper	Harrison	Nye	Vandenberg
Caraway	Hastings	Oddie	Wagner
Cohen	Hatfield	Patterson	Walcott
Connally	Hayden	Pittman	Walsh, Mass.
Coolidge	Hebert	Reed	Walsh, Mont.
Copeland	Johnson	Robinson, Ark.	Watson
Costigan	Jones	Robinson, Ind.	Wheeler
Couzens	Keyes	Schall	White
Cutting	King	Sheppard	

The VICE PRESIDENT. Seventy-one Senators have answered to their names. There is a quorum present.

Mr. THOMAS of Idaho. Mr. President, this afternoon I was unavoidably detained from the Chamber, and the Senate passed over an amendment in section 114 that has to do with depletion in mines. I ask unanimous consent to return to that section at this time.

The VICE PRESIDENT. Is there objection?

Mr. SMOOT. I asked that that amendment should go over until the Senator from Idaho could reach the Chamber.

Mr. THOMAS of Idaho. I ask that the amendment now be taken up.

The VICE PRESIDENT. The clerk will state the amendment.

The LEGISLATIVE CLERK. On page 84, the committee proposes to strike out lines 20 to 24, and on page 85, lines 1 and 2, and to insert the following:

(B) In respect of any period since February 28, 1913, for exhaustion, wear and tear, obsolescence, amortization, and depletion, to the extent allowed (but not less than the amount allowable) under this act or prior income tax laws. Where for any taxable year prior to the taxable year 1932 the depletion allowance was based on discovery value or a percentage of income, then the adjustment for depletion for such year shall be based on the depletion which would have been allowable for such year if computed without reference to discovery value or a percentage of income.

Mr. REED. Mr. President, I would suggest that the orderly way to get at this matter is to start first with the consideration of the amendment on page 89, because that is where the essential principle is laid down. This other is merely a necessary consequence of the principle declared on page 89.

Mr. THOMAS of Idaho. Mr. President, the Senator is quite right about that, and we should take up the amendment on page 89 first.

The VICE PRESIDENT. Is there objection?

Mr. SMOOT. I would want to offer an amendment to that provision.

The VICE PRESIDENT. If there be no objection, the Secretary will report the amendment on page 89.

The LEGISLATIVE CLERK. On page 89, after line 3, insert:

(4) Percentage depletion for metal mines and sulphur: The allowance for depletion shall be, in the case of metal mines, 15 per cent, and, in the case of sulphur mines or deposits, 23 per cent, of the gross income from the property during the taxable year. Such allowance shall not exceed 50 per cent of the net income of the taxpayer (computed without allowance for depletion) from the property, except that in no case shall the depletion allowance for the taxable year 1932 or 1933 be less than it would be if computed without reference to this paragraph. A taxpayer making return for the taxable year 1933 shall state in such return, as to each property (or, if he first makes return in respect of a property for any taxable year after the taxable year 1933, then in such first return), whether he elects to have the depletion allowance for such property for succeeding taxable years computed with or without reference to percentage depletion. The depletion allowance in respect of such property for all succeeding taxable years shall be computed according to the election thus made. If the taxpayer fails to make such statement in the return, the depletion allowance for such property for succeeding taxable years shall be computed without reference to percentage depletion.

The VICE PRESIDENT. The question is on agreeing to the amendment.

Mr. SMOOT. I send to the desk an amendment to the committee amendment.

The VICE PRESIDENT. The clerk will state the amendment to the amendment.

The LEGISLATIVE CLERK. On page 90, at the end of line 3, the Senator from Utah proposes to insert:

During the period for which property acquired after December 31, 1933, is held by the taxpayer—

(A) If the basis of the property in the hands of the taxpayer is, under scetion 113 (a), determined by reference to the basis in the hands of the transferor, donor, or grantor, then the depletion allowance in respect of the property shall be computed with or without reference to percentage depletion, according to the method of computation which would have been applicable if the transferor, donor, or grantor had continued to hold the property; or

(B) If the basis of the property is, under section 113 (a), determined by reference to the basis of other property previously held by the taxpayer, then the depletion allowance in respect of the property shall be computed with or without reference to percentage depletion, according to the method of computation which would have been applicable in respect of the property previously held if the taxpayer had continued to hold such property.

Mr. SMOOT. Mr. President, the committee amendment as reported to the Senate provides for an election by the taxpayer in the case of metal and sulphur mines as to the method for computing depletion. It is provided that the method chosen at the time of the filing of the return for the taxable year 1933 shall govern in all succeeding years. The amendment as reported by the committee would seem to make it possible for the taxpayer, for example, by incorporating his holdings or reorganizing the corporation, to secure a new election. The amendment just sent to the desk remedies this situation by providing that a new election can not be obtained in this manner.

Mr. HARRISON. Mr. President, is this a substitute which is being offered?

Mr. SMOOT. It is an amendment to the committee amendment. Mr. Beman was asked to prepare an amendment.

Mr. HARRISON. I recall that, and I recall that there was quite a controversy, that there was some difference between the Senator from Utah and the Senator from Idaho. May I ask whether the Senator from Utah and the Senator from Idaho and the Treasury Department are together on the amendment?

Mr. SMOOT. We all agree.

The VICE PRESIDENT. The question is on agreeing to the amendment to the amendment.

The amendment to the amendment was agreed to.

The VICE PRESIDENT. The question now is on agreeing to the amendment on page 89, as amended.

Mr. KING. Mr. President, before this section is finally disposed of—and I shall not ask that it be disposed of this afternoon—I desire to offer an amendment dealing with depletion for coal. I am not sufficiently conversant with the character of the amendment which I desire to offer this afternoon, but I reserve the right to ask that this subject may go over, so that I may be permitted to offer an amendment providing depletion for coal.

Mr. REED. Mr. President, I would suggest that it is easy enough to insert an amendment to take care of what the Senator wants to provide for.

Mr. KING. It is easy enough, but I am not sure as to exactly what would be just and fair.

Mr. REED. What they ask is 15 per cent. I think that is high.

Mr. KING. Some objection has been made to that. Suppose I offer an amendment making it 5 per cent, and if it is deemed necessary to change it, it can be done afterwards.

Mr. REED. We might as well dispose of it now.

Mr. KING. Very well. I offer an amendment to add, on page 89, line 5, certain words. I will read line 5 as I would have it read:

The allowance for depletion shall be, in the case of coal, 5 per cent.

Then we could proceed with the provision for the metals.

Mr. REED. That would accomplish the purpose.

Mr. KING. I offer that as an amendment.

Mr. REED. I do not mean to take much time about this matter. A great many of the people in Pennsylvania are extremely anxious to see such an amendment adopted, but I can not see the justice of it. If we take an oil well, or a subterranean sulphur deposit where the mineral is brought up by steam, or a lode mine, or any mine in which the valuable mineral occurs in straggling formation, as in the zinc mines out in the Joplin district, nobody knows what the content of those mines is going to prove to be. But with a coal mine those working the mine, know exactly the thickness of the vein; they know exactly the area involved; they can make a perfectly exact computation, almost to the ton, of the mineral content of the property. They know their costs, and it is perfectly easy to divide the number of tons into the cost and find out exactly how much ought to be apportioned to each ton of coal they mine in order to accomplish enough depletion, and not too much. They can calculate to the hundredth of a cent how much they need in order to get their total capital back when the mine is mined out.

Mr. KING. Mr. President, will the Senator yield?

Mr. REED. I yield.

Mr. KING. Does not the Senator think he is assuming a little too much? I know that in many regions there are faults in the region of the coal mines, so that the mines may be cut off, and in many instances, though the surface indications or the early workings indicate, for instance, a vein of 5 to 7 feet, as they proceed into the mountain the vein narrows, and oftentimes pinches out, so that it is impossible,

except by very extensive drillings, to determine exactly the tonnage on the claim.

Mr. REED. No sane man ever goes into an elaborate coal-mining venture without drilling to determine the extent and the thickness of his deposit. I never could see, much as I wanted to, that there was the same reason for giving a coal man percentage depletion that exists in the case of fugitive minerals, like oil and gas, or the wholly uncertain things, like gold and zinc and metals of that sort.

Mr. GLENN. Mr. President, there may be something in what the Senator from Pennsylvania says, and I think there is, but he proceeds upon the theory that sooner or later all the coal in the tract will be mined.

Mr. REED. With a reasonable allowance for pillars, of course.

Mr. GLENN. That is not at all true under present conditions. In Illinois, and I think the same is true in the State of the Senator from Pennsylvania and other coal-mining States, while in many tracts some coal has been taken out, operations have entirely ceased for many years, and we can not proceed upon the theory that sooner or later all the coal will be exhausted and mined.

Mr. REED. But all depletion is calculated on the basis of the total recoverable literal content of the property. We should not proceed on any other basis.

Mr. GLENN. It seems to me there is not a great deal of distinction between many varieties of metal mining and coal mining. There is no industry I know of that is more desperately situated now, that is in a worse condition, than the coal-mining industry. It seems to me there is no good basis for making this extreme distinction between the various kinds of mining. We are very liberal in granting depletion allowances on all sorts of mining, but when we come to coal, which is so desperately situated, involving so many people, not only the operators but the miners themselves, we make a very substantial distinction.

I think the amendment of the Senator from Utah is well taken. We reduce it then two-thirds as compared to metal and sulphur mining of all kinds. We reduce the depletion allowance 66⅔ per cent, and it does seem to me with that great allowance the amendment should be adopted.

The PRESIDENT pro tempore. The Chair understands the situation to be that the amendment is to be passed over, but with the amendment offered by the junior Senator from Utah pending. Is that correct?

Mr. REED. No; I understood we were to settle it now.

The PRESIDENT pro tempore. Very well. The question is on agreeing to the amendment proposed by the Senator from Utah to the amendment of the committee.

Mr. HATFIELD. Let us have the amendment stated.

The PRESIDENT pro tempore. The amendment will be stated for the information of the Senate.

The CHIEF CLERK. On page 89, line 5, after the word "be," insert "in the case of coal, 5 per cent," so as to read:

The allowance for depletion shall be, in the case of coal, 5 per cent.

The PRESIDENT pro tempore. The question is on agreeing to the amendment proposed by the Senator from Utah to the amendment of the committee. [Putting the question.] The Chair is in doubt.

On a division, the amendment was agreed to.

The committee amendment as amended was agreed to.

Mr. REED. I suppose it is appropriate to correct the title of the section, and in that case I move to insert in line 4, before the word "metal," the words "coal and," so as to make the title read:

Percentage depletion for coal and metal mines and sulphur.

The PRESIDENT pro tempore. Without objection, the amendment is agreed to.

Mr. SMOOT. On page 85 there was an amendment passed over which may be agreed to at this time.

The PRESIDENT pro tempore. Let the amendment be stated.

The amendment on page 84 was to strike out lines 20 to 24, and on page 85 to strike out lines 1 and 2 in the following words:

(B) in respect of any period since February 28, 1913, for exhaustion, wear and tear, obsolescence, amortization, and depletion (computed without regard to discovery value or percentage depletion), to the extent allowed (but not less than the amount allowable) under this act or prior income tax laws.

And to insert in lieu thereof:

(B) in respect of any period since February 28, 1913, for exhaustion, wear and tear, obsolescence, amortization, and depletion, to the extent allowed (but not less than the amount allowable) under this act or prior income tax laws. Where for any taxable year prior to the taxable year 1932 the depletion allowance was based on discovery value or a percentage of income, then the adjustment for depletion for such year shall be based on the depletion which would have been allowable for such year if computed without reference to discovery value or a percentage of income.

The amendment was agreed to.

Mr. SMOOT. On page 87, in line 19, the committee amendment there proposed should be amended by inserting before the word "metal," the word "coal," so as to read:

Other than coal, metal, or sulphur mines.

The PRESIDENT pro tempore. Without objection, the amendment is agreed to.

Mr. SMOOT. On page 88, lines 18 and 19, the committee has proposed to strike out the word "sulphur" in each line. That amendment may be agreed to at this time.

The PRESIDENT pro tempore. Without objection, the amendment is agreed to.

Mr. SMOOT. The amendment on page 16, lines 10 to 16, was passed over at the request of the junior Senator from Oklahoma [Mr. GORE], who is not present.

The PRESIDENT pro tempore. The Chair understood that amendment was to go over until Friday at the request of the Senator from Oklahoma.

Mr. SMOOT. That is true.

The PRESIDENT pro tempore. What is the purpose of the Senator in charge of the bill?

Mr. SMOOT. There is an amendment on page 239 which may be agreed to.

The PRESIDENT pro tempore. Let the amendment be stated.

The CHIEF CLERK. On page 239, line 9, in the title, strike out the word "tax" and insert the word "taxes," so as to read:

Manufacturers' excise taxes.

The PRESIDENT pro tempore. Without objection, the amendment is agreed to.

Mr. HARRISON. Mr. President, I want to make an observation at this time. Before the quorum was called a little while ago and we agreed to this part of the bill, I had hoped that the proponents of the general sales tax would offer their amendment at this place. Those of us who went through the hectic trials and tribulations of the Finance Committee in considering the bill know that there were various influences which worked upon certain votes in the committee. Senators were perfectly honest about it. Senators were very candid about it. There were members of the committee who always entertained the hope that they might be able to write a general sales-tax provision in the bill and forego the unpleasant task of having to write the various miscellaneous taxes on sundry items.

Senators voted against those items as they came up in the hope that finally we would adopt the sales tax, but knowing if we got the matter in such a confused state as to drive out of the bill enough of those items carrying sufficient revenue that we could not balance the Budget in any other way, and then other members of the committee might come to their way of thinking and vote for a general sales tax. I see Senators in front of me who voted to reduce this item and that item, and to eliminate other items, and force upon others of us the unpleasant task of voting a tax on candies and admissions and automobiles and everything else because we were desirous of balancing the Budget.

They were just as desirous of balancing the Budget as we, but they wanted to do it by their method, and that is why we went up the hill and down the hill and got into such a confused condition in the Finance Committee.

If we had had in the very beginning of the Finance Committee's consideration of the bill a vote as to whether or not we were going to recommend the adoption of a sales tax, we would have avoided much of that confusion; but we were not able to get the committee to take that kind of action. Only in the final days of the committee hearings and consideration of the bill did we take that action.

We are liable to get into the same predicament here in the consideration of the bill, which would be very bad. We are going along nicely in the consideration of the bill now, but if we strike from the bill the taxes on admissions or automobiles or similar items and thus create a deficit of $50,000,000 or $75,000,000 or $100,000,000 in the needed revenue, then we will have to retrace our steps, reconsider some other proposition, and then either accept a sales tax or go to the normal taxes on dividends or increase perhaps the surtaxes.

In other words, if we strike these items from the bill we have to get the revenue from some other source. The orderly thing to do is to vote the excise taxes on these special items as recommended by the committee, unpleasant as it was, in order to forego and forestall the confusion that would inevitably come to the Senate if we created deficits which we would have to make up by tapping some other reservoir to get the needed revenue.

I cite that condition at this time. I think it would be the wise plan for us to vote either up or down at this time the sales-tax provision; but the proponents of that plan in conferring with us state they are not now ready to do it. Of course, I can not understand why anyone who is in favor of a general sales tax is not now able to offer his proposal. The matter was before the House for a long, long time. It has been discussed in the press of the country. If the sentiment of the Senate is to adopt a general sales tax, that is all right, and then that matter would be behind us and we would have concluded our efforts more quickly than we thought we would be able to do, and the voice of the Senate could be accepted as its best judgment.

But let us not create a situation by holding out some hope that if Senators will vote against this item, they will at least appease some of the wrath of their constituents who are protesting against that particular item, in the belief or hope that they can vote for something else at some other time. Let us all meet the issue squarely and as the items come along. I sincerely hope a majority of the committee will voice approval of the Finance Committee that gave days and days of work to the matter and accepted it, not because we wanted it but because the responsibility rested upon us.

Mr. COUZENS. Mr. President——

The PRESIDENT pro tempore. Does the Senator from Mississippi yield to the Senator from Michigan?

Mr. HARRISON. Certainly.

Mr. COUZENS. The Senator is entirely too brilliant a legislator and statesman not to understand what the reason is for not bringing up the sales tax at this time. The Senator knows there are two forces in the Senate, one working for an increased income tax and the other for a sales tax. I assume both sides expect to win after the Senate has eliminated many of these nuisance taxes.

Mr. HARRISON. Yes; that is the picture. Those of us who want to go along in an orderly way and balance the Budget and get the matter cleared up are going to be confronted with gentlemen like the Senator from Michigan, who want to put on the higher rates. He is going to vote against these items, thinking, perhaps, he can get his plan through by following that method. Others who want the general sales tax are going to vote against these items and say to their constituents, "I voted against the nuisance taxes, I voted against the automobile tax," and they will do that because they want to get the general sales tax. Those of us who are trying to write a bill according to precedents as they have gone along before in putting taxes on the so-called luxuries are to be ground down and confusion created in this body.

Mr. BARKLEY. Mr. President——

The PRESIDENT pro tempore. Does the Senator from Mississippi yield to the Senator from Kentucky?

Mr. HARRISON. Certainly.

Mr. BARKLEY. If I gather the Senator's meaning, it is that having had a show-down on the income-tax feature of the bill, which was more or less linked up with the desire to eliminate some of the nuisance taxes, the Senator thinks we likewise ought to have a show-down on the sales tax. I agree with the Senator, and I think it is a matter of credit that the Senator, who has sought to increase the income taxes, should be willing to have a show-down in the beginning so we might know how to proceed. I think it might be well, not only in the interest of expedition but in the interest of fairness to determine first of all whether the Senate is in favor of a sales tax, and then we would know how to proceed from that point.

Mr. REED. Mr. President, will the Senator yield?

The PRESIDING OFFICER (Mr. FESS in the chair). Does the Senator from Mississippi yield to the Senator from Pennsylvania?

Mr. HARRISON. I yield.

Mr. REED. I should like to suggest to the Senator from Kentucky that he must not put too much of his boyish trust in the proponents of the high income taxes——

Mr. BARKLEY. I thank the Senator for his youthful expression with reference to me.

Mr. REED. Because they have all reserved motions to reconsider. The advocates of the very high income-tax rates are following the same policy as the advocates of the sales tax apparently are, because they have entered motions to reconsider, and they are waiting for all the nuisance taxes to be knocked out in order then to move to reconsider.

Mr. BARKLEY. The same legislative precaution could be taken by those interested in the sales tax by reserving a motion to reconsider.

Mr. REED. That is true, but I imagine that the proponents of the sales tax are trying to save the time of the Senate and not vote twice on the same question.

Mr. BARKLEY. Does the Senator feel that if we vote now, we will not vote again on the question?

Mr. MOSES. Mr. President——

The PRESIDING OFFICER. Does the Senator from Mississippi yield to the Senator from New Hampshire?

Mr. HARRISON. I yield.

Mr. MOSES. I wish to say that it is always difficult for me to resist the blandishments of the Senator from Mississippi.

Mr. HARRISON. I thank the Senator.

Mr. MOSES. And especially when, with his usual suavity, he appeals for orderly procedure. But the Senator from Michigan, with his customary candor, has stated the fact that there are two schools of opinion here in the Senate with reference to this tax bill, and I assume that the leaders of neither school intend to take their marching orders from the leaders of the other school. While it is agreeable to see the Senator from Mississippi exerting all his high talents as an actor in trying to persuade some of us to a course of action which he should like to have us pursue, and which we have no intention of pursuing, I must say to him that we probably will follow our own course, exactly as the Senator from Mississippi has followed his.

The fact is that they did have their troubles in the committee. Due, I will not say to a breach of tradition, but, at any rate, to some infraction of tradition, we have learned here what took place in the executive sessions of the committee; we know that it resulted in confusion. We would have known that, Mr. President, if we had not had these revelations of what took place behind the closed doors of the committee, because the bill itself shows the confusion into which the committee was thrown. The inconsistencies,

the incoherencies, the inequalities of the excise taxes levied in this bill are proof of the confusion into which the committee was thrown.

Now, the Senator from Mississippi wishes to obviate confusion of that sort in a wider measure here in the Senate, but he knows that the human nature of the Senate, as a whole, is in no sense different from the human nature of the Finance Committee. Accordingly, I plead with him for an orderly procedure, and let us go along as humans representing various interests, various sections, all having, as the Senator from Mississippi has said, the one purpose of "balancing the Budget."

Mr. LONG. Mr. President——

The PRESIDING OFFICER. Does the Senator from Mississippi yield to the Senator from Louisiana?

Mr. HARRISON. I will yield in a moment.

Of course the Senator from Mississippi has no desire to influence anyone unduly. I was merely making these observations because of the experience through which the Finance Committee passed. I believe very sincerely that if we hold out these two hopes, we are going to find ourselves in a very confused state. I had hoped that my feeble remarks might appeal to the Senator from New Hampshire, at least, and that he would stand with us on this proposition.

Mr. MOSES. The Senator's appeal has touched me greatly.

Mr. HARRISON. I know that there may be inconsistencies in the excise taxes, but the Senator is a very practical man; there is no more practical legislator or politician in this body than is the Senator from New Hampshire.

Mr. MOSES. Or than is the Senator from Mississippi.

Mr. HARRISON. I wish I were as practical as the Senator from New Hampshire. He knows what is going on, and he knows that the sales tax in the House of Representatives was defeated on one roll call by 70 votes and on another by about 75 votes. I took it upon myself to go over there and talk to some of the Members who were interested in that matter and for whose judgment and opinion I have great respect. If the Senator would do likewise, he would come to the conclusion that it is impossible to put over a sales tax in the House of Representatives.

Mr. REED. Mr. President, will the Senator yield?

Mr. HARRISON. I know the Senator from Pennsylvania has an impression that leads him to the contrary view, but after talking with gentlemen over there who, I think, know what is going on, I feel that it would never get through that body. If the sales tax were passed here, it would have to go to conference, and we would be in a very bad position in conference with reference to the matter.

Mr. MOSES. Mr. President, if the Senator from Mississippi will permit me, what he has said constitutes no reason why those of us who have earnest convictions on the subject of taxation should desist in our efforts to bring about a system of taxation which we know will be productive, which we know will be equitable, which we know will be easy to administer.

Mr. HARRISON. May I ask the Senator if, when the question comes on the taxes on wort, admissions, and automobiles, he is going to vote against those excise taxes?

Mr. MOSES. In my New England puritanical innocence I know nothing about wort.

Mr. HARRISON. Neither do I.

Mr. MOSES. I will have to take my information about that from experts on the committee or have to learn what they did behind closed doors; probably there will be some discussion here about that, but I can assure the Senator that I shall vote my convictions on each one of the items referred to. I should say to the Senator further that which he already knows, that I am of that school of opinion in the Senate which believes in the sales tax and which does not believe that the House of Representatives, in its present chastened mood, would now reject it.

Mr. HARRISON. The Senator has believed in a sales tax for some time?

Mr. MOSES. I was for it in 1921 when the revenue bill was passed at that time.

Mr. HARRISON. Yes. Now I yield to the Senator from Louisiana.

Mr. LONG. Mr. President, perhaps I may have a chance to bring myself back into good party councils. As I understand, the Senator from Mississippi is opposed to the idea of voting to adopt the general sales tax?

Mr. HARRISON. Oh, yes.

Mr. LONG. And if these special excise taxes are stricken out, his opinion is that the House of Representatives would not accept the sales tax anyway?

Mr. HARRISON. In view of the fact that they voted by 70 votes on one occasion and 75 on another against it, I do not believe they will accept it at all.

Mr. LONG. That would therefore throw upon us the alternative, practically, of taking either the Connally amendment or the Couzens amendment?

Mr. HARRISON. We have got to have some reservoir by which to balance the Budget if we vote out the various excise taxes.

Mr. BARKLEY. Mr. President, will the Senator yield?

Mr. HARRISON. I yield.

Mr. BARKLEY. Regardless of the position of the House of Representatives, is there any assurance that a majority of the Senate is in favor of the sales tax?

Mr. HARRISON. I do not think a majority of the Senate favors the sales tax, but I think it would be very much better if we could settle that question now.

Mr. BARKLEY. I agree with the Senator; but the suggestion was made a while ago on the other side, in view of the motions to reconsider already made on the income-tax sections, that we might lose time if it should turn out that, in the hope either of obtaining a sales tax or on account of specific objections to some of the excise taxes, a number of them should be voted out, and then, if later the Senate should refuse to vote in the sales tax, we might have to go back and reconsider some of our votes by which the excise taxes were eliminated.

Mr. HARRISON. Absolutely; and I think it is going to compel some Senators to enter motions to reconsider votes taken on the excise taxes, just as other Senators have entered motions to reconsider the income-tax provision.

Mr. BARKLEY. Precisely.

Mr. WALSH of Massachusetts. Mr. President, this bill at this stage is in the control of the Finance Committee; they have reported a tax bill based upon the theory that most of the revenue needed for the expenses of the Government should be collected from incomes of individuals, corporations, estate, and gift taxes. The committee decided that the remainder necessary to balance the Budget should be collected from taxes levied as excise taxes on certain manufactured articles, miscellaneous taxes, admission taxes, and various kinds of stamp taxes. It seems to me we should proceed, as we did in the committee, to give consideration to the House bill as modified and changed by the Finance Committee. By a majority the committee has decided to report this form of a revenue bill.

Mr. President, a manufacturers' excise tax is based upon the belief that taxes levied upon several special manufactured articles alleged to be luxuries, such as automobiles, upon checks, and upon admissions, place an undue burden upon particular industries, are discriminatory and inequitable, and that the fairest and best way of handling the question of collecting revenue from manufactured articles is by a light tax spread over all articles rather than picking out certain particular industries and placing a tax upon their special products bearing from 10 per cent to, in the case of automobiles, 4 per cent.

We can not present a general manufacturers' excise tax as a substitute for the special nuisance taxes levied in this bill until we know what particular nuisance and special manufacturers' articles shall finally be incorporated in the bill. How can we present such an amendment until we

know whether or not the Senate finally decides to raise all the needed revenue through income taxes?

If that happens, there is no occasion to present a general manufacturers' excise tax. It is only upon the theory that nuisance taxes that are objectionable are incorporated in the bill at an unfair rate, to the injury of certain taxed industries, that I propose to suggest a general manufacturers' excise tax, which will be light and evenly distributed. I have no desire to ask the Government to collect revenue through a manufacturers' excise tax, except upon the basis that it is unfair, that it is most burdensome if not destructive to certain specified industries, to pick out particular articles which they produce and levy very high taxes upon them at this particular period of economic depression.

So, Mr. President, it seems to me that the proper time to present a manufacturers' exicise tax amendment is after the committee's bill has been discussed and acted upon. I think the Senator from Mississippi has a right to assume the same attention to and consideration of the committee amendments by the Senate that was given by the members of the committee to the House provisions of the bill. As one member of the committee, I voted upon the so-called nuisance taxes upon the theory that they were in the House bill and likely to be incorporated in the Senate bill. I think every Member of the Senate will decide as each one of these amendments shall be reached what he ought to do in conscience after hearing all the arguments, pro and con, in favor of the various proposals.

Mr. KING. Mr. President, will the Senator yield?

Mr. WALSH of Massachusetts. I yield.

Mr. KING. I was called out for a moment and did not hear the beginning of the Senator's statement. It occurs to me, however, that the vote of many Senators in respect to the excise taxes will depend upon whether or not we are to have a sales tax. If there is to be a sales tax, and that were understood, many would vote against the excise taxes who in the absence of a sales tax will feel constrained to vote for those taxes.

Mr. WALSH of Massachusetts. That was not the course of the committee. The Senator knows that.

For instance, I voted for practically every one of these nuisance taxes, as the Senator knows, on the theory that this was the House bill, and we ought to go along as far as we could in perfecting it and making some of the rates as equitable as possible. Practically every other member of the committee follows the same course. The Senator from Wisconsin [Mr. LA FOLLETTE] voted for most of these nuisance taxes, though he believed that the money ought to be raised through increasing the income taxes in the bill.

I do not think the Senate has a right to assume that the Members of the Senate will not pass upon the merits of each one of these amendments in the manufacturers' excise-tax sections and under the miscellaneous taxes provisions except in a cooperative spirit.

Mr. KING. Mr. President, of course I can speak only for myself; but I know that if I were sure that a sales-tax provision would be incorporated in this bill I should not vote for these high rates upon amusements, for instance, and the high rates of excise tax upon automobiles. But, assuming that there will be no sales tax, I shall feel constrained to vote as we proceed for certain excise taxes that I reluctantly will vote for but do so only because I see no other alternative.

Mr. WALSH of Massachusetts. That was the course we had to pursue in the committee.

Now, Mr. President, let me say something about the difficulty of drafting an amendment on this subject. It is practically another bill. I was unable to get the experts from the Treasury Department until after they had finished working for the committee as a whole and preparing the report and preparing the bill. It is impossible to determine what rate will be fixed as a general manufacturers' sales tax until it is known what taxes should be eliminated from the bill, and it is impossible to know what is to be eliminated from the bill until action is taken by the Senate on various items in it, including the admission taxes, the special articles tax, and the tariff items on oil, coal, lumber, and copper.

It seems to me the orderly procedure is to go ahead with the bill as the Finance Committee has prepared it and vote upon these various amendments. After the amendments are disposed of, and after the motion of the Senator from Michigan [Mr. COUZENS] is disposed of, wherein he seeks to have another vote upon the larger income taxes, we can then decide as a final proposition whether we shall eliminate from the bill all of the so-called burdensome nuisance taxes and substitute a general manufacturers' excise tax of a small percentage conditioned as an emergency measure and limited to two years in operation.

Mr. President, I hope the Senate will proceed with the recommendations and amendments of the committee.

The PRESIDING OFFICER. The clerk will continue the reading of the bill.

The reading of the bill was resumed.

The next amendment of the Committee on Finance was, on page 239, line 14, after the name "United States," to insert "unless treaty provisions of the United States otherwise provide," so as to read:

SEC. 601. EXCISE TAXES ON CERTAIN ARTICLES

(a) In addition to any other tax or duty imposed by law, there shall be imposed a tax as provided in subsection (c) on every article imported into the United States unless treaty provisions of the United States otherwise provide.

The amendment was agreed to.

The next amendment was, on page 240, line 16, after the designation "subsection (c)," to strike out "(4)" and insert "(4), (5), (6), (7), or (8)," so as to read:

(4) No drawback of such tax (except tax paid upon the importation of an article described in subsection (c) (4), (5), (6), (7), or (8)) shall be allowed under section 313 (a), (b), or (f) of the tariff act of 1930 or any provision of law allowing a drawback of customs duties on articles manufactured or produced with the use of duty-paid materials.

The amendment was agreed to.

The next amendment was, on page 240, line 22, after the word "law," to strike out "or treaty"; and in line 24, after the name "United States," to strike out "or of any country," so as to read:

(5) Such tax shall be imposed in full notwithstanding any provision of law granting exemption from or reduction of duties to products of any possession of the United States.

The amendment was agreed to.

The next amendment was, on page 241, line 6, after the word "oils," to strike out "of the grades designated (at the time of the enactment of this act) by Society of Automotive Engineers viscosity numbers 20 to 70, inclusive," so as to read:

(c) There is hereby imposed upon the following articles sold in the United States by the manufacturer or producer, or imported into the United States, a tax at the rates hereinafter set forth, to be paid by the manufacturer, producer, or importer:
(1) Lubricating oils, 4 cents a gallon.

The amendment was agreed to.

Mr. WALSH of Massachusetts. Mr. President, I understand that the Senator from Texas [Mr. CONNALLY] desires to offer an amendment to this paragraph.

I think attention ought to be called to the fact that this amendment makes a substantial change in the House provision. The rate in the House bill was 4 cents per gallon. It is reported by the committee at 4 cents per gallon, but the House bill contained an exception that was of very great importance. It excepted lubricating oils used in the industry.

The proposed tax, however, covers all lubricating oils except those that are very thin and fluid and those that are very thick or viscous. It is impossible to separate those oils which might go into automobiles, because when the manufacturer makes an oil he has no idea where it may be used.

The principal class of lubricating oils used by the manufacturers are known as engine and machine oils. These are sold, delivered to the manufacturing plant, at from 12 to 18 cents per gallon in drums and from 9 to 14 cents in tank

cars. Assuming an average of 16 cents in drums and 12 cents in tank cars, this 4-cent tax amounts to 25 to 33 per cent of the cost of the oil to the purchaser.

In addition, our manufacturing plants use considerable quantities of lubricating oil known as black oil. This product costs the manufacturer, delivered, from 7 to 9 cents a gallon in drums—average price about 8 cents. This proposed tax is 50 per cent of the sales price delivered. Lubricating oil to a manufacturing plant is not a luxury. The plant simply can not run without it.

Undoubtedly the particular oil that it was sought to reach by this tax was the oil that is used in automobiles; and that, I understand, sells at wholesale for about a dollar a gallon. So we have here, in the very first item involving manufacturers' excise taxes, an attempt to place a duty of 4 cents a gallon upon oil that costs 8 cents a gallon and the same duty upon oil that costs a dollar a gallon. Such a destructive and injurious rate ought not be levied upon the industries of the country.

The House rejected a manufacturers' sales tax of 2¼ per cent. This lubricating-oil tax constitutes a direct sales tax of from 25 to 50 per cent.

Mr. CONNALLY. Mr. President, I offer the amendment which I send to the desk.

The PRESIDING OFFICER. The amendment offered by the Senator from Texas will be stated.

The CHIEF CLERK. On page 241, line 9, it is proposed to strike out "4 cents" and insert "2 cents," and to strike out, after the word "gallon," all of the balance of the line and lines 10 and 11.

Mr. CONNALLY obtained the floor.

Mr. REED. Mr. President, will the Senator yield for a question?

Mr. CONNALLY. I yield.

Mr. REED. That would have the effect of putting a duty of 6 cents a gallon on imported lubricating oil. The tax in this paragraph would be added to the tax on page 243. Is that the Senator's intention?

Mr. CONNALLY. My intention is to tax the domestic oil at a less rate than the imported oil.

Mr. REED. To tax domestic oil 2 cents and imported oil 6 cents?

Mr. CONNALLY. That is right.

Mr. REED. I see.

Mr. CONNALLY. Mr. President, my purpose in offering this amendment is that the tax of 4 cents a gallon was levied by the committee to take the place of the import tax on page 243. To do that would simply tax the domestic oil the same as the imported oil. The purpose of this amendment is to tax domestic lubricating oil 2 cents a gallon, and the imported oil will be cared for, when we reach that, at 4 cents. It is perfectly fair that the manufacturers of the oil should have a differential; so the purpose of this amendment is to equalize the matter and give them a proper differential.

The PRESIDING OFFICER. The question is on the amendment offered by the Senator from Texas.

Mr. SMOOT. Mr. President, I desire to call the attention of the Senate to the fact that with that change we would lose $17,500,000. If the amendment now offered by the Senator from Texas is agreed to, we shall have to look somewhere else for $17,500,000.

Mr. WALSH of Massachusetts. Mr. President, will the Senator yield?

Mr. SMOOT. Yes.

Mr. WALSH of Massachusetts. Of course, the Senator's objection does not meet the objection that I made at all.

Mr. SMOOT. No.

Mr. WALSH of Massachusetts. It is on a different line. How does the Senator feel about the objection I made to this amendment—that it places a tax of 4 cents a gallon on lubricating oil that sells at wholesale at 8 cents and a tax of 4 cents a gallon on lubricating oil that sells at wholesale at a dollar? Can that be defended?

Mr. SMOOT. That is taken care of, I suppose, in the House provision where it designates certain grades.

Mr. WALSH of Massachusetts. Then we should accept the House provision and reject the Senate amendment, of course. Does the Senator agree to that?

Mr. SMOOT. Really I do not think we would get any revenue if we did that.

Mr. WALSH of Massachusetts. I am glad the inequality and inconsistency of this method of imposing a special sales tax are so apparent at such an early stage of the discussion of the nuisance taxes.

Mr. BARKLEY. Mr. President, if the Senator will yield, there is no difference between the rate fixed by the House and the rate fixed by the Senate committee. The only difference is that under the House language a tax of 4 cents per gallon is levied upon oil according to the Society of Automotive Engineers' viscosity numbers 20 to 70. All other oils are not taxed at all.

Mr. WALSH of Massachusetts. Under the House provision?

Mr. BARKLEY. Yes.

Mr. WALSH of Massachusetts. That is, oil used in industry is not taxed under the House provision?

Mr. BARKLEY. I am not so sure about that.

Mr. WALSH of Massachusetts. I am informed that that is the fact.

Mr. BARKLEY. I am not an expert on that subject.

Mr. WALSH of Massachusetts. The Senator is correct in stating that the House rate was not 2 cents, as I stated before; but at one time the committee voted to make the rate 2 cents and later changed to 4 cents, the same as the House rate.

Mr. BARKLEY. The practical difference between the House and the Senate provisions is that the Senate amendment taxes all lubricating oils at 4 cents per gallon, while the House limits its 4 cents per gallon to the oils specified.

Mr. WALSH of Massachusetts. I do not think the Senate committee had in mind that there was such a great and wide disparity in the prices of oil as 8 cents a gallon and a dollar a gallon.

Mr. SMOOT. It was brought to the attention of the committee by the industry that under the House provision they could mix the oil and get it in at a lower rate, or else it would come in free.

Mr. REED. Yes, Mr. President; if a man went to a filling station to buy a quart of lubricating oil within this taxable range, the whole tax could be defeated by taking a pint of heavy oil and a pint of very light oil and pouring them successively in the crank-case; and then you have a quart, which, combined, is within this tax range, but you get it without being taxed.

That is why we struck out those words in the House provision. The net result of that was that we are putting a tax of 4 cents a gallon on lubricant that is little better than axle-grease; and, as the Senator from Massachusetts has pointed out, we who gagged at a sales tax of 1 per cent have managed to put a sales tax of 66 per cent on this particular type of oil used in industry. It is just one of a thousand paradoxes that arise out of the refusal to treat impartially all the manufacturers of the country.

Mr. TYDINGS. Mr. President, will the Senator yield for a question?

Mr. REED. I yield.

Mr. TYDINGS. The Senator said the oil was used in industry. I concede that; but it is also used in the operation of all machines.

Mr. REED. Yes; machinery is used in industry.

Mr. TYDINGS. What I meant to say is that it would be used on the farm.

Mr. REED. I consider farming an industry. Of course, everywhere a wheel turns a lubricant is necessary.

Mr. TYDINGS. I think the Senator meant to cover all industry.

Mr. REED. I did; yes.

Mr. TYDINGS. But I thought perhaps it would be interpreted as referring to industrial establishments only. Every man who drives a truck or a tractor on the farm would pay this tax unless he blended the two oils.

Mr. REED. Every wagon that moves on the road, every Ford that travels, every farm machine, every threshing or harvesting machine, everything down to a dollar watch, uses lubricant.

The PRESIDING OFFICER. The question is on the amendment offered by the Senator from Texas to strike out "4" and insert "2."

The amendment was rejected.

The reading of the bill was resumed.

The next amendment of the Committee on Finance was, on page 241, line 9, after the word "gallon," to insert a semicolon and the words "but the tax on the articles described in this paragraph shall not apply with respect to the importation of such articles."

Mr. CONNALLY. Mr. President, I think that amendment should be voted down.

Mr. WALSH of Massachusetts. That is right.

Mr. CONNALLY. Otherwise if it is not voted down we shall tax all lubricants the same, whether they are imported or whether they are not imported, which is not right.

Mr. SMOOT. If that were done we would have a rate of 4 cents a gallon on domestic oil and 8 cents a gallon on imported oil, and that is hardly fair.

Mr. CONNALLY. We can remedy that when we get to it. I do not think there ought to be a differential of more than 2 cents.

Mr. SMOOT. No; that is a differential of 4 cents.

Mr. CONNALLY. If we do not do that, we will tax domestic oil and imported oil at the same rate.

Mr. BARKLEY. That is what the bill provides for. This language simply means that the tax levied on the next page shall not apply to the oils in this paragraph. Otherwise, we will have two taxes on imported oil, one on page 241 and one on page 243, each 4 cents, making a total of 8 cents.

Mr. CONNALLY. I understand; but I do not think there ought to be a differential of more than 2 cents.

Mr. REED. Mr. President, if I may offer a suggestion, I think the shipshape way to fix it is to let this stand as it is, and then impose a single tax of 6 cents under paragraph (4), instead of having two taxes on the same article.

Mr. SMOOT. That is what I was going to suggest.

Mr. CONNALLY. That will attain the same result, of course.

Mr. REED. I should like to say, further, that I have no recollection of the committee acting on this amendment in italics in lines 9 to 11, page 241.

The PRESIDING OFFICER. That is the pending amendment.

Mr. REED. Mr. Beaman advises me that that was done at the time the committee made the tax 2 cents, and then there was a differential. But now it is rather inappropriate, with the tax 4 cents on both domestic and imported. If we raise the tax on the imported to 6 cents, on page 243, then this italicized language is entirely appropriate.

Mr. CONNALLY. Suppose we withhold the italicized language until after we act on the tariff schedule. If I may have the attention of the Senator from Pennsylvania, I suggest that we lay this aside until we get to the tariff items.

Mr. REED. Let us agree to it, and immediately enter a motion to reconsider. That will give us the same right.

Mr. CONNALLY. The point I make is that this is wholly useless, that it serves no useful purpose.

Mr. REED. Oh, yes; it does.

Mr. CONNALLY. The tariff rate will be determined in the other section, anyway. My point is that we should not differentiate between the imported and the domestic articles. We are going to impose an excise tax of 4 cents on all of them, regardless of whether there is a tariff duty or not.

Mr. SMOOT. If those words go out, the oil could be mixed here, and it would be only about 2 cents a gallon.

Mr. REED. I suggest that we let this be adopted and enter a motion to reconsider.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment was agreed to.

Mr. CONNALLY. I enter a motion to reconsider.

The PRESIDING OFFICER. That motion will be entered.

Mr. TYDINGS. Mr. President, is it necessary for each Senator who may want to have a reconsideration of the vote on an amendment to enter a motion?

The PRESIDING OFFICER. The entering of the motion is sufficient to keep the right alive.

Mr. TYDINGS. My question is whether the motion may be utilized by another Senator who did not actually make it?

The PRESIDING OFFICER. Yes; it can be. The clerk will report the next amendment.

The CHIEF CLERK. On page 241 the committee proposes to strike out lines 12 to 19, as follows:

(2) Brewer's wort, liquid malt, malt sirup, and malt extract, fluid, solid, or condensed (unless sold to a baker for use in baking or to a manufacturer of malted milk or medicinal products for use in the manufacture of such products), if containing less than 15 per cent of solids by weight, 5 cents a gallon; if containing 15 per cent or more of solids by weight, 35 cents a gallon.

And to insert in lieu thereof the following:

(2) Brewer's wort, 15 cents a gallon. Liquid malt, malt sirup, and malt extract, fluid, solid, or condensed, made from malted cereal grains in whole or in part, unless sold to a baker for use in baking or to a manufacturer or producer of malted milk, medicinal products, foods, cereal beverages, or textiles, for use in the manufacture or production of such products, 3 cents a pound. For the purposes of this paragraph liquid malt containing less than 15 per cent of solids by weight shall be taxable as brewer's wort.

Mr. COPELAND obtained the floor.

Mr. WALSH of Massachusetts. Mr. President, the Senator from Connecticut [Mr. BINGHAM] is interested in this item.

The PRESIDING OFFICER. Does the Senator from New York yield?

Mr. WALSH of Massachusetts. I was going to suggest the absence of a quorum, in order that the Senator from Connecticut, who is much interested in this item, may be present.

The PRESIDING OFFICER. Does the Senator from New York yield for that purpose?

Mr. COPELAND. I yield.

Mr. WALSH of Massachusetts. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Austin	Couzens	Keyes	Sheppard
Bailey	Davis	King	Shipstead
Bankhead	Dickinson	La Follette	Shortridge
Barkley	Dill	Lewis	Smith
Bingham	Fess	Logan	Smoot
Blaine	Fletcher	Long	Steiwer
Bratton	Frazier	McGill	Stephens
Brookhart	George	McNary	Thomas, Idaho
Broussard	Goldsborough	Metcalf	Thomas, Okla.
Bulkley	Hale	Moses	Townsend
Bulow	Harrison	Neely	Tydings
Capper	Hastings	Norris	Vandenberg
Caraway	Hatfield	Nye	Wagner
Carey	Hayden	Oddie	Walcott
Cohen	Hebert	Patterson	Walsh, Mass.
Connally	Hull	Pittman	Watson
Coolidge	Johnson	Reed	Wheeler
Copeland	Jones	Robinson, Ark.	
Costigan	Kendrick	Robinson, Ind.	

The PRESIDING OFFICER. Seventy-four Senators having answered to their names, a quorum is present.

Mr. TYDINGS. Mr. President——

The PRESIDING OFFICER. Does the Senator from New York yield to the Senator from Maryland?

Mr. COPELAND. For what purpose?

Mr. TYDINGS. I just wanted to inquire whether the amendment on page 241, paragraph 2, is now before the Senate.

The PRESIDING OFFICER. That amendment is before the Senate.

Mr. TYDINGS. I would like to offer an amendment in the nature of a substitute for the amendment.

The PRESIDING OFFICER. Does the Senator from New York yield for that purpose?

Mr. COPELAND. Mr. President, will the Senator not defer just a moment?

Mr. TYDINGS. I just want to offer the amendment, and then will surrender the floor.

Mr. COPELAND. Very well.

Mr. TYDINGS. I offer an amendment to strike out, on page 241, beginning with line 20, all the remainder of the page, down to and including the word "wort" on line 5, page 242, and to insert in lieu thereof the amendment which I send to the desk.

Mr. SMOOT. Does the Senator want it read?

Mr. TYDINGS. The Senator from New York yielded to me to offer the amendment, and I do not want to take him off the floor to have the amendment read.

Mr. SMOOT. Will not the Senator from New York yield so that the amendment may be read? I would like to hear what it is the Senator from Maryland is offering.

Mr. COPELAND. I have no objection to the amendment being read.

The PRESIDING OFFICER. The clerk will read.

The CHIEF CLERK. The Senator from Maryland offers the following amendment: Insert at the proper place in the bill the following:

TITLE —, EMERGENCY CONSTRUCTION ACT OF 1932

SEC. —. (a) There is hereby created a special fund in the Treasury to be known as the emergency construction fund and to be administered by the Secretary of the Treasury as hereinafter provided. For the purpose of providing funds to carry out the provisions of this title the Secretary of the Treasury is authorized and directed to borrow on the credit of the United States a sum not to exceed $1,500,000,000 and to issue bonds therefor to be known as emergency construction bonds in such form as he may prescribe. Such bonds shall be in denominations of not less than $50, shall mature in not less than 10 years from the date of their issue as hereinafter provided, and shall bear interest, payable semiannually, at such rate as may be fixed by the Secretary of the Treasury, but not to exceed 4¼ per cent per annum. The principal and interest of such bonds shall be payable in United States gold coin of the present standard of value, and such bonds shall be exempt both as to principal and interest from all taxation (except estate and inheritance taxes and surtaxes) now or hereafter imposed by the United States, by any Territory, dependency, or possession thereof, or by any State, county, municipality, or local taxing authority.

(b) Such bonds shall be offered at not less than par as a popular loan under such regulations, to be prescribed by the Secretary of the Treasury, as will give all citizens of the United States an equal opportunity to participate therein. Any portion of the bonds so offered and not subscribed for may be otherwise disposed of by the Secretary of the Treasury at not less than par. No commission shall be allowed or paid in connection with the sale or other disposition of any such bonds. All amounts derived from the sale of such bonds shall be paid into the emergency construction fund.

(c) In issuing the said bonds for said loan the Secretary of the Treasury shall issue certificates, according to what is known as the serial annuity plan, and each series as issued shall be lettered beginning with the letter "A," and so on down the alphabet until the entire amount of $1,500,000,000 shall have been issued, so that the entire principal shall be redeemable as follows:

Series A, $150,000,000, one year from date of issue; Series B, $150,000,000, two years from date of issue; Series C, $150,000,000, three years from date of issue; Series D, $150,000,000, four years from date of issue; Series E, $150,000,000, five years from date of issue; Series F, $150,000,000, six years from date of issue; Series G, $150,000,000, seven years from date of issue; Series H, $150,000,000, eight years from date of issue; Series I, $150,000,000, nine years from date of issue; and Series J, $150,000,000, 10 years from date of issue.

(d) As soon after the passage of this act as may be practicable the Secretary of the Treasury shall cause said bonds to be prepared and shall advertise them for sale in such manner as he may prescribe: *Provided, however*, That in the event all of said bonds are not sold promptly upon said offering by the Secretary of the Treasury he shall again offer the bonds remaining unsold at the next earliest practicable date and make such adjustment with the purchasers of said bonds as to interest as the difference between the date of said bonds and the time of purchase shall make necessary.

(e) Said bond issue shall bear a date to be fixed by the Secretary of the Treasury and not longer than 60 days after the passage of this act.

SEC. —. (a) Notwithstanding the provisions and limitations of the national prohibition act, as amended and supplemented, it shall hereafter be lawful to manufacture, sell, transport, furnish, and possess without obtaining permits therefor (except such permits as may be required under the internal revenue laws or regulations made pursuant thereto), beer or other similar fermented liquor containing 2.75 per cent or less of alcohol by volume; but no such beer or other liquor may be sold, transported, or furnished except in bottles of pint or half-pint capacity. The provisions and limitations of section 37 of Title II of such act, as amended and supplemented, shall apply to the manufacture of such beer or other similar liquor, except that where there is developed in such manufacture beer or other similar fermented liquor containing more than 2.75 per cent of alcohol by volume, such liquor may be withdrawn from the factory or otherwise disposed of upon the reduction of the alcoholic content thereof to 2.75 per cent by volume or less.

(b) There shall be levied, collected, and paid on all beer and other similar fermented liquor containing one-half of 1 per cent by volume, or more, of alcohol, brewed or manufactured and hereafter sold, or removed for consumption or sale, within the United States, by whatever name such liquor may be called, in lieu of all other internal-revenue taxes imposed thereon, a tax at the rate of 24 cents per gallon, to be collected under the provisions of existing law; except that (1) such tax shall be paid by means of stamps to be affixed to each bottle and canceled or destroyed under rules and regulations prescribed by the Secretary of the Treasury; and (2) the provisions of existing law prohibiting the bottling of fermented liquors on brewery premises shall not apply to beer or other similar fermented liquor manufactured under the provisions of this section.

SEC. —. All taxes levied in the preceding section shall be paid into the Treasury of the United States, and the first $150,000,000 per annum so received, plus an amount equal to such interest as may be due on the bond issue hereinbefore referred to, shall be kept in a special fund for the purpose of the payment of interest due and of redeeming said bonds in accordance with said serial plan hereinbefore provided, and any amount over and above the amount required for said redemption and interest shall be paid into the Treasury of the United States as miscellaneous receipts.

SEC. —. (a) The emergency construction fund shall be used for the purpose of providing for the emergency construction of certain authorized public works with a view to increasing employment and carrying out the policy declared in the employment stabilization act of 1931. The following amounts are hereby appropriated from such fund: To the Department of Agriculture, $252,314,755; to the Department of Commerce, $3,424,582; to the Department of the Interior, $200,843,300; to the Department of Justice, $4,100,000; to the Department of Labor, $71,170; to the Navy Department, $25,109,000; to the State Department, $1,453,520; to the Treasury Department, $33,949,950; to the War Department, $420,014,130; to the Architect of the Capitol, $15,037,083; to the Arlington Memorial Bridge Commission, $2,750,000; to the George Rogers Clark Sesquicentennial Commission, $500,000; to the Inland Waterways Corporation, $815,000; to the Mount Rushmore Memorial, $350,000; to the Panama Canal, $11,250,000; to the office of Public Buildings and Public Parks, $1,250,000; to the Smithsonian Institution, $6,500,000; to the Veterans' Administration, $20,232,000; to the municipal government of the District of Columbia, $3,535,400; and for rivers and harbors improvements, flood-control projects, and the building of additional roads, $400,000,000.

The Secretary of the Treasury shall allocate the $400,000,000 above mentioned to said rivers and harbors improvements, flood-control projects, and roads in such amounts as he may deem wise. All amounts to roads shall be apportioned by the Secretary of Agriculture among the several States in the manner provided by section 21 of the Federal highway act, as amended, and shall be available for expenditure on highway projects approved by the Secretary of Agriculture in the same manner, so far as practicable, as other funds appropriated for carrying out the provisions of such act, except that no part of such amounts apportioned to any State need be matched by the State.

(b) The amounts so appropriated, except the $400,000,000 above mentioned, shall be expended on the authorized construction projects covered by the report of the Federal Employment Stabilization Board transmitted to the Senate January 25, 1932, pursuant to Senate Resolution No. 127, Seventy-second Congress, first session, agreed to January 7, 1932, and shall be made available at such times and in such amounts as may be necessary to complete such projects at the earliest practicable date. In the event that an appropriation has heretofore been made for any such project the amount thereof shall be covered into the Treasury as miscellaneous receipts.

SEC. —. This title may be cited as the "Emergency construction act of 1932."

Mr. SMOOT. Does the Senator really insist upon a vote upon this amendment?

Mr. TYDINGS. I am just as much in earnest about it as any man in this body can be about anything. I am just as sincere and earnest in my desire to have it adopted as the Senator from Utah is about the bill itself. If he wants to know whether I want to have a vote, I think that is a pretty good answer. I think it will save the country from a lot of trouble.

Mr. SMOOT. I have not any objection to a vote.

Mr. TYDINGS. This is no propaganda.

Mr. WALSH of Massachusetts. The Senator from Maryland has no purpose merely to make a speech.

Mr. TYDINGS. No; I am just as much in earnest as I can possibly be.

Mr. SMOOT. That is what I wanted to know.

Mr. BINGHAM. Mr. President, I am in entire accord with the amendment of the Senator from Maryland, and would

like to have an opportunity to vote for it. I also believe that the amendment which the committee worked out in regard to wort, which the Senator from Maryland has moved to strike out, is quite worth while because it means a considerable source of revenue and would procure much revenue.

Mr. SMOOT. It would bring in $97,000,000.

Mr. BINGHAM. I hope the Senator from Maryland will propose to insert his amendment in another place in the bill, and not where it is now proposed in lieu of the Senate committee amendment dealing with wort.

Mr. TYDINGS. I think the proper place to insert the amendment—I did not have time to pick out the exact place previously—would be on page 239, line 12. Under the title the whole amendment would be included, under "Excise taxes on certain articles." If I may be permitted, I will modify my request to insert the amendment at this place.

Mr. SMOOT. There is no objection. I think that is the proper place for it.

Mr. WALSH of Massachusetts. So the Senator from Maryland has unanimous consent to do that?

Mr. SMOOT. I have no objection.

The PRESIDING OFFICER. The Senator from Maryland asks unanimous consent that his amendment may be offered on page 239, line 12. Is there objection? The Chair hears none, and it is so ordered.

Mr. BINGHAM. Then I understand the Senator withdraws his amendment to strike out the committee amendment relating to wort.

Mr. TYDINGS. Yes; that is correct.

The PRESIDING OFFICER. Without objection, the Senator's amendment is withdrawn as it applies to wort.

Mr. TYDINGS. In what position is my amendment now? Is it pending? Will it be taken up after wort is disposed of, or is it pending now before the Senate?

The PRESIDING OFFICER. The manner in which the Senator offered his amendment makes it the pending amendment now.

Mr. SMOOT. I understood the Senator desired merely to offer his amendment at this time, but not to have it take the place of the pending amendment relating to wort.

Mr. TYDINGS. I would be glad to do that provided that when the section on wort is disposed of then my amendment would be pending.

The PRESIDING OFFICER. The Senator from Maryland asks unanimous consent that after the disposition of the wort amendment his amendment shall be considered as pending. Is there objection? The Chair hears none, and it is so ordered.

Mr. COPELAND. Mr. President, how much does the Senator from Utah anticipate would be realized by the operation of the amendment relating to wort?

Mr. SMOOT. It would be $97,000,000.

Mr. COPELAND. Is not the Senator rather enthusiastic about it?

Mr. SMOOT. No; I think it is an underestimate rather than an overestimate.

Mr. COPELAND. I assume that is the opinion of the Senator?

Mr. SMOOT. And it is the opinion of the department.

Mr. COPELAND. Has the Senator or the committee taken into consideration the possibilities of evasion of this tax?

Mr. SMOOT. We are taking everything into consideration that has existed in the years past. I think there is no doubt but what the sum of $97,000,000 would be collected if the provision is accepted.

Mr. COPELAND. Would the Senator object to this provision going over and letting the Senator from Maryland go ahead with his amendment?

Mr. SMOOT. I do not think we would lose any time either way. If the Senator from New York asks it as a personal matter, so far as I am concerned, I am perfectly willing to do it, provided the amendment of the Senator from Maryland is taken up now. I want to dispose of one or the other of them now.

Mr. WALSH of Massachusetts. The Senator from Maryland is ready to take up his amendment.

Mr. COPELAND. Of course, when the Senator from Maryland succeeds in having his amendment adopted giving us the amount of revenue it involves, we shall not need this amendment relating to wort, shall we?

Mr. SMOOT. No; we would not need it.

Mr. COPELAND. I shall ask that the amendment go over, then.

Mr. SMOOT. At the request of the Senator from New York it may go over with the understanding that the amendment of the Senator from Maryland is taken up at this time.

Mr. TYDINGS. Mr. President, I do not like that very much for these reasons. I want to accommodate Senators as much as possible in the matter of my amendment, but it seems to me if we are going to tax wort, which ultimately results in beer, then the case for beer is stronger. If we are not going to tax wort, then I can understand why many Senators would not want to tax beer. If we go into the house of taxation through the back door, I want to go into the house of taxation through the front door, and let everybody know it.

Mr. SMOOT. If that is the case, on the statement made by the Senator from Maryland I think we had better proceed with the wort amendment.

Mr. LONG. Mr. President——

The PRESIDING OFFICER. Does the Senator from New York yield to the Senator from Louisiana?

Mr. COPELAND. I yield.

Mr. LONG. As I understand it, the proposal is to tax a commodity with which we are making household beer?

Mr. SMOOT. Not only household beer but all beer.

Mr. LONG. We are putting the beer tax in the bill. It has come around to a beer tax. That is what this is.

Mr. SMOOT. Wort is not used for other purposes than the making of beer.

Mr. LONG. We all know the Treasury would not get much tax out of it if it were not for the beer.

Mr. SMOOT. That is true.

Mr. LONG. Then there is no reason, if we are going to have the beer business, why we should not have it. Does this legalize the making of beer?

Mr. SMOOT. Not in the least.

Mr. LONG. It seems to me we ought to legalize it there with a line or two.

Mr. SMOOT. The Senator can offer an amendment of that nature if he desires.

Mr. COPELAND. Mr. President, I still hold to the desire to have this matter go over. The reason why is because the Senator from Utah made the astounding statement that he expects to get $97,000,000 from this item. I know that is so far outside the range of possibility that I want to gather some more material on the subject. It is not humanly possible that there should be such a revenue derived from this source. I ask unanimous consent that the amendment may go over, as certain other amendments have, in order that I may gather more material to have at my disposal.

The PRESIDING OFFICER. The Senator from New York asks unanimous consent that the amendment may go over. Is there objection?

Mr. SMOOT. Mr. President, I can not give unanimous consent. If the Senate wants to vote that it shall go over, very well and good; but this is the next item, and, much as I would like to accommodate the Senator from New York, I can not consent. There is not a Senator here that I would rather accommodate than the Senator from New York, but I can not do it, in my opinion, at this time. If the Senator from New York wants to move that the amendment shall be passed over, and the Senate says so, of course, I can not object.

Mr. COPELAND. We will go ahead. We make fish of one and fowl of the other. This afternoon five or six items have gone over without any protest from the Senator from Utah.

Mr. SMOOT. But they have all been agreed to since. They were just passed over temporarily. Five of them went over at the request of the Senator from Idaho [Mr. THOMAS],

who had an appointment and had to leave. Just as soon as he returned to the Chamber those five amendments were taken up and agreed to by the Senate.

Mr. COPELAND. I rather think there was a request made by the Senator from Oklahoma [Mr. GORE] that some matter go over until Friday.

Mr. SMOOT. But he had to leave the city. He said he was compelled to go from the Chamber to the train and it was impossible for him to remain. That is the reason why those items went over.

Mr. COPELAND. I renew my request at this time that this amendment may go over.

The PRESIDING OFFICER. The Senator from New York asks unanimous consent that the amendment be passed over. Is there objection?

Mr. SMOOT. I can not agree to that now. We must go on with the amendment.

The PRESIDING OFFICER. The Senator from Utah objects; and the question before the Senate is the item relating to wort.

Mr. COPELAND. Mr. President, senatorial courtesy has been thrown to the winds, I observe, but there will be other times.

The proposal I wanted to make was that, instead of placing this tax upon wort, upon liquid malt, and malt sirup, the tax be placed upon malt directly. The reason I make this proposal is because the committee, wise as it has been in most things, has not established the right relationship between malt sirup at 3 cents a pound and brewer's wort at 15 cents a gallon, and, by failing to establish the right relationship, the committee has provided for a very easy way of evading the prohibition law. I suppose it may seem strange, Mr. President, for me to raise that particular objection, but that is the fact.

There are several ways of making beer. I suppose that in this audience it is less important to describe that than anywhere else because of the recognized knowledge of Senators about everything; but I should like to have the particular attention of the Senators on the other side who need advice on this subject.

First, let me tell how these articles are prepared, and then, perhaps, I can make clear what I have in mind. The grain, whatever it may be, whether barley or rye or wheat or corn, is moistened and permitted to germinate. When it germinates we have what is called malt—that is, the malted grain. Then the malted grain is soon converted, by a chemical action, into malt sugar. At that point it is separated from the husk, the fluid is itself drained or strained off, and the fluid thus drained off is wort. Then the liquid wort is concentrated by evaporation of the fluid, and we have malt sirup or malt extract. It may be seen that any one of these preparations, malt, malt sugar, wort, or malt extract, may be employed for making beer. I do not know why the committee determined to take simply wort and malt extract and place the tax upon them. If that was the serious desire of the committee, there should have been a different proportion in the rates placed upon wort and malt extract.

My proposal is that, instead of placing a tax on wort or on malt extract, the tax be placed on the malt, the original source of the wort and of the malt extract. Then the tax would cover, first, the malt, then the malt sugar, then the wort, and then the extract, the concentrate. It is unfair to have the tax placed upon the extract, because it varies materially in its percentage of solids, and the tax is the same, 3 cents a pound, regardless of the solid content. Therefore where a malt extract of low solid content is used, the tax as placed here, at 3 cents a pound, is unduly high. So my appeal to the committee is that the tax may be placed on the malt; and my definite proposal is that a dollar a bushel be placed upon malt. Now, may I ask the Senator in charge of the bill what his feeling is about that?

Mr. SMOOT. Mr. President——

The VICE PRESIDENT. Does the Senator from New York yield to the Senator from Utah?

Mr. COPELAND. I yield.

Mr. SMOOT. Malt sirup is used by the bakeries; it is used in making candy; it is used in many legitimate products in the home. Wort is used for making beer and nothing else in the United States. Therefore the committee feels and I think the American people feel that the proper way, if we are going to get $97,000,000 of revenue, is to levy the tax on wort and not upon malt sirup that is used by and goes into practically every home in the United States.

Mr. LONG. Mr. President, will the Senator yield?

The VICE PRESIDENT. Does the Senator from New York yield to the Senator from Louisiana?

Mr. COPELAND. I yield.

Mr. LONG. I should like to ask the Senator from Utah a question. Did I understand him to say that the product that is covered by the proposed tax is not legitimate malt but malt that is used for something else?

Mr. SMOOT. There is some legitimate beer made, I understand, but the great bulk of it is not.

Mr. LONG. As I understand, a tax on legitimate as well as on illegitimate beer is needed in order to get the $97,000,000 to balance the Budget. We would be disappointed in the revenue anticipated without the illegitimate beer?

Mr. SMOOT. There is no question about that. That is one reason why I want to put the tax on wort.

Mr. BLAINE. Mr. President——

The VICE PRESIDENT. Does the Senator from New York yield to the Senator from Wisconsin?

Mr. COPELAND. I yield.

Mr. BLAINE. Does malt sirup go into every home?

Mr. SMOOT. I think more than likely it does.

Mr. BLAINE. Did the Senator ever see malt sirup?

Mr. SMOOT. I have seen malt sirup, but that does not go where the wort goes. The wort goes into beer only.

Mr. BLAINE. Does the Senator know for what purposes malt sirup is used?

Mr. SMOOT. Yes, I know for what it is used.

Mr. BLAINE. What is the difference between wort and malt sirup?

Mr. SMOOT. Malt sirup is a concentrated article; it is made from barley exactly the same as wort is made.

Mr. BLAINE. And wort is made from malt and contains moisture—more moisture than the malt sirup?

Mr. SMOOT. It is a liquid.

Mr. BLAINE. Is there any essential difference in the uses to which the two articles are put?

Mr. SMOOT. Certainly. The sirup, as I have said, is used in nearly every bakery in the United States; it is used by confectioners. They do not use wort.

Mr. BLAINE. Does the Senator say that malt sirup is not used in the making of beer, whether legitimate or illegitimate?

Mr. SMOOT. Not when the wort can be obtained.

Mr. BLAINE. If the wort can not be obtained, those who make beer will get the malt sirup?

Mr. SMOOT. I can not say as to that; I do not know.

Mr. BLAINE. I am just wondering whether or not the Senator could give the Senate information on that point?

Mr. SMOOT. I can not say how much revenue will be obtained, but the department says that there will be the amount estimated coming from wort if we impose 15 cents a gallon on it.

Mr. BLAINE. I assume that the $97,000,000 includes the tax on wort, malt sirup, and concentrate?

Mr. SMOOT. It does.

Mr. BLAINE. So that the Senator does not mean to say that the tax on wort alone will bring in $97,000,000?

Mr. SMOOT. The so-called wort paragraph in the bill covers, of course, malt extracts, fluid, solid, and condensed.

Mr. BLAINE. Does the Senator know the wholesale price of brewer's wort?

Mr. SMOOT. It is very low.

Mr. BLAINE. How much?

Mr. SMOOT. I do not know what the price is to-day.

Mr. BLAINE. It is 15 cents a gallon, is it not?

Mr. SMOOT. I thought it was less than that.

Mr. BLAINE. It may be less in some cases.

Mr. SMOOT. I think it is less in some cases.

Mr. BLAINE. So that the tax is greater than the price?

Mr. SMOOT. The tax, in fact, I think, is about 100 per cent.

Mr. BLAINE. Is it not a fact that when wort is taxed 15 cents a gallon, or more than 100 per cent, and when malt sirup can be used as a substitute for wort, that there will be no tax paid on wort because there will be no wort?

Mr. SMOOT. That is not the testimony before the committee.

Mr. COPELAND. That is the great trouble, and, if I may say so, the testimony is not correct.

Mr. SMOOT. The committee thinks it is correct. The committee thinks that beer is going to be made from wort just as it has been in the past.

Mr. BLAINE. Will the Senator from New York yield to me that I may ask another question?

The VICE PRESIDENT. Does the Senator from New York yield further to the Senator from Wisconsin?

Mr. COPELAND. I yield.

Mr. BLAINE. May I ask the Senator from Utah if the wort manufacturers testified before the committee?

Mr. SMOOT. No wort manufacturer asked to appear before the committee. He would have been allowed to testify if he had requested the privilege.

Mr. BLAINE. In other words, there was no testimony before the committee from the wort manufacturers?

Mr. SMOOT. Not so far as I am aware.

Mr. BLAINE. But there was testimony before the committee from the malt sirup manufacturers?

Mr. SMOOT. Yes.

Mr. BLAINE. And the malt-sirup manufacturers testified on their side?

Mr. SMOOT. Yes.

Mr. BLAINE. I want to call the Senator's attention to the fact that when we impose a tax of 15 cents a gallon on wort that absolutely will drive all the wort manufacturers out of business and there will be no wort sold and no tax on that product. That may not be regarded as material, but I thought the Senate ought to be advised of it, and I think my statement is correct.

Mr. SMOOT. I think the bootleggers will still buy wort even if they have to pay a tax of 15 cents a gallon; I have no doubt about it at all.

Mr. President, I ask unanimous consent that the Senate shall take a recess to-night not later than 10 o'clock until to-morrow morning at 11 o'clock.

The VICE PRESIDENT. Is there objection? The Chair hears none, and it is so ordered.

Mr. COPELAND. Mr. President, I am not at all interested in this subject in its relation to the beverage problem, but I am interested, because of the large industries in my State, in attempting to have a measure of justice in the arrangement of the rates. I am sorry to say that in order to make the point I have in mind I must state to the Senate that the thing that is mentioned by the Senator from Wisconsin is going to happen. The Senator from Utah imagines that he is going to get $97,000,000, and that is very desirable. If I believed it, I would sit down right now, because nobody is more anxious than I am to have the Budget balanced; but that is not going to happen.

Mr. COUZENS. Mr. President, will the Senator yield to me a moment?

The VICE PRESIDENT. Does the Senator from New York yield to the Senator from Michigan?

Mr. COPELAND. I do.

Mr. COUZENS. I should like to ask what the Senator recommends as a substitute with respect to rates?

Mr. COPELAND. I recommend a tax on malt. I do not care what the tax is. I suggest a dollar a bushel on malt.

Mr. COUZENS. What revenue would that bring to the Government?

Mr. COPELAND. I should say $40,000,000; and not a dollar of it could be evaded because there are only 25 malt houses in the United States, and they are very reputable concerns. Every dollar would be collected. As I was about to point out, however, if this bill is left as it is, there will not be any wort or any malt extract used in making near beer or home-brew because they will use malt sugar for that purpose. That is what will happen. Everybody who knows the chemistry of the problem at all knows that that will be done.

Mr. COUZENS. What tax could we put on malt sirup then?

Mr. COPELAND. I would put the tax on malt alone. I would put the tax at the top. Then every single bit of product which is made, whether it is malt sugar or wort or malt extract, will be taxed because the tax is on the raw substance, so to speak, the raw material.

Mr. COUZENS. Yes; but that will not bring in adequate revenue.

Mr. COPELAND. But the committee is utterly mistaken if it thinks it is going to get $97,000,000 from this tax. It can not be done.

Mr. WATSON. Mr. President——

The VICE PRESIDENT. Does the Senator from New York yield to the Senator from Indiana?

Mr. COPELAND. I do.

Mr. WATSON. If all the experts of the Treasury Department do not know what they are talking about, then we may be wrong in all these estimates. In the first place, when the Secretary of the Treasury appeared, he testified positively and without equivocation that we would get $100,000,000 from this tax. As the other experts came, one after another, and were questioned on this proposition, no one put the revenue from wort and malt extract at less than $97,000,000. We were three days on this question, off and on. We discussed it three separate times, and we had the experts there, and they gave this unanimous testimony. I am assuming that they knew something about what they were talking.

Mr. COPELAND. They are right if the making of these products is confined to wort or malt extract; but the next step above wort is malt sugar, and you can do with malt sugar all the things that you can do with wort or malt extract. Everybody who knows anything about the matter knows that.

Mr. WATSON. Then why do they not use it?

Mr. COPELAND. They will use it. I will show the Senator how to use it.

Mr. WATSON. Why do they not use it now?

Mr. COPELAND. Because it is a matter of indifference now, under the present law.

Mr. COUZENS. Mr. President, will the Senator tell me if the tax of 15 cents per gallon on brewer's wort and the tax of 3 cents a pound on the other items in the paragraph are properly related?

Mr. COPELAND. No; they are not.

Mr. COUZENS. How should they be related?

Mr. COPELAND. At the rate of 15 cents on wort, the tax on extract should be about 1 cent. Am I right in that, may I ask some of the others who have looked into it? That, however, is not what I have in mind. Let me see if I can make it clear, and let me show you how you can make beer, and it will prove the case.

By taking 4 pounds of germinated barley malt, 2 pounds of sugar, 3 ounces of hops, and then adding water, you will make a 5-gallon unit of home-brew, and there is no tax on any of the ingredients. You avoid the tax because you do not use wort or malt extract. You use malt sugar, and it has in it all the things that are needed to make beer.

Mr. SMOOT. Mr. President——

The VICE PRESIDENT. Does the Senator from New York yield to the Senator from Utah?

Mr. COPELAND. I do.

Mr. SMOOT. Where would they get their malted barley?

Mr. COPELAND. From the maltster.

Mr. SMOOT. Does the Senator think for a minute that that could be made by the maltster? That is not feasible at all.

Mr. COPELAND. Then I will say that you can take 3 pounds of baker's malt extract, which you can buy from a

baker, 2 pounds of sugar, and 3 ounces of hops, and then you have a 5-gallon batch of beer without any tax.

Mr. LONG. Mr. President, this tax would not include a tax on baker's malt.

Mr. COPELAND. No; there is no tax on baker's malt.

Mr. LONG. There is no question whatever about that. We had that tax in Louisiana, and we had to go back and amend it to try to cover baker's malt.

Mr. COPELAND. Of course.

Mr. SMOOT. Mr. President, if the Senator will read the amendment, he will see that it says:

Unless sold to a baker for use in baking or to a manufacturer or producer of malted milk, medicinal products, foods, cereal beverages, or textiles, for use in the manufacture or production of such products, 3 cents a pound.

Mr. COPELAND. The Senator from Utah got the impression from the testimony that there was a tremendous amount of this substance sold to the baker, did he not?

Mr. SMOOT. Does the Senator mean a tremendous amount of the extract?

Mr. COPELAND. No; of the malt sugar.

Mr. SMOOT. Of the malt sirup, whatever is necessary.

Mr. COPELAND. That there is a very great quantity sold?

Mr. SMOOT. No; our estimate does not show that there is so much of that. We are estimating here from brewer's wort, a revenue of $97,000,000.

Mr. COPELAND. I know you are, but you will not get it.

Mr. SMOOT. But the department says we will get it. Men who are in the business say we will get it. Not only that, but I can call the Senator's attention, if it is necessary, to a witness who was there who has been interested in the sale of liquors all his life; and he testified that we would get more than the $97,000,000.

Mr. COPELAND. You would get more if there were not a way to make it without using wort or malt extract.

Mr. SMOOT. Mr. President, if that is the case the Senator should not be worried about the amendment, because if the amendment will not bring the amount of money I have stated, then the parties who have interested the Senator in the amendment are not going to be hurt. If they are not going to be hurt, and they can evade the tax, why come here and object to it?

Mr. COPELAND. I am not interested in anybody who makes beer. That is a matter of no concern to me.

Mr. SMOOT. The only ones who would object to it, and the only ones who have objected to it to the Senator, must be the men who will have to pay this duty in order to make beer.

Mr. COPELAND. No. I am interested in the people who make this stuff and sell it to the others; and I might say to the Senator that this beverage does not happen to be one of my favorites.

Now, I want to enlighten the Senator from Utah about the use of malt in bakeries.

I hold in my hand an affidavit signed on the 16th of May, yesterday, from a baking concern that has 19 branches. They are located in Syracuse; Youngstown, Ohio; Milwaukee; Utica; Rochester; Springfield; Pittsfield; Staten Island; Brockton, Mass.; Worcester, Mass.; Dover, Mass.; Boston; Roxbury; Waltham; Cambridge; Salem; and Providence. There are 19 branches. They are producing in one plant 70,000 loaves weekly, and an average of 50,000 loaves in the other plants, employing 2,400 people. My friend from Utah talks about the enormous use of malt preparations in baking. Does he know how much they use in these 19 plants? The total amount is 3 barrels a year!

Mr. SMOOT. They are not going to be hurt, are they?

Mr. COPELAND. The Senator thinks, because he has made an exemption of the bakery, that he has performed a great act of philanthropy and humanitarianism. The fact is that what the Senator is going to do is to make bootleggers of the bakers. There will be bakers—not this concern, but there will be some—who will sell their preparation which they get without tax to these people who want to make illicit beer.

Mr. SMOOT. We provide here—

Unless sold to a baker for use in baking or to a manufacturer or producer of malted milk, medicinal products—

And so forth. How are they going to do it?

Mr. COPELAND. I suppose just writing that in the law makes it right, does it not, just like the prohibition law?

Mr. SMOOT. As to the prohibition law, of course, in the past unlawful beer has been sold, and it is sold all over the United States to-day. There is not any question about it; and if the Government can get anything out of it, I want it to do so. That is why this tax upon wort is placed in the bill.

Mr. COPELAND. I have told the Senator how he can do it. Not one particle of this material can be used in this country without paying the tax if we put it on the malt and not on the lower products of the malt.

The Senator is amiable and sweet and kind except when I want to have action deferred for a day or two.

Mr. SMOOT. Mr. President, ordinarily I would have done it for the Senator from New York, and I do not want the Senator to make that criticism. I objected only because of the fact that we are here with the bill, and we want to get through with it.

Mr. COPELAND. All right. I renew my request, Mr. President, to let this matter go over for a couple of days.

The VICE PRESIDENT. Is there objection?

Mr. SMOOT. There is objection to it.

Mr. COPELAND. I thought the Senator had had a change of heart.

Mr. SMOOT. No. I was about to say that if we had done this at the Senator's request, somebody else would have wanted something else to go over to-night, and it seems to me we have now arrived at the place where we must take up the bill and get through with it.

Mr. COPELAND. The Senator has clearly in his mind, has he, the various steps involved in making malt extract? First, there is the barley. That is germinated. Then by this sugar fermentation, this diastatic process, it becomes malt sugar. That is just as useful in making beer as the next process, which is wort.

Mr. SMOOT. Then the beer friends of the Senator are not going to be hurt; but I am sure that that is not the case.

Mr. COPELAND. Why is the Senator so sure that that is not the case?

Mr. SMOOT. Because that is not the way beer is made in the United States to-day.

Mr. COPELAND. But that is the way beer will be made when this law passes.

Mr. SMOOT. Then the Senator should not find any fault whatever with this provision, because if they can do it, they will evade the tax. The department says they can not do it, however, and they will not do it, and I believe the department.

Mr. COPELAND. Once more the Senator puts me in a false position. I am not interested in the man who makes the beer. I am interested in getting revenue for the Government. I have told the Senator how to get it, and by the plan which he offers. He feels, somehow or other, that I must be protecting the brewer or the home brewer or the illicit manufacturer of beer. He fails to see that I am trying to make this bill bring revenue.

Mr. SMOOT. Mr. President, the letters I have received as chairman of the committee with reference to this matter are along the same line the Senator has mentioned, and the writers are very deeply concerned that this tax shall not be imposed, so deeply concerned that they have made all kinds of predictions about it. The ones who have predicted the dire results have said that it is going to extend the use of the article in making beer by the illicit manufacturers. The illicit manufacturer can not get it unless he pays the Government of the United States the tax on wort.

Mr. GLENN. Mr. President, will the Senator from New York yield to me?

Mr. COPELAND. I yield.

Mr. GLENN. What I would like to have explained is this: If it is a proper procedure and a proper policy to tax wort, which can be used for only one purpose, that is, for conversion into beer, why is it not a correct policy to fix a tax upon beer itself? Why is it absolutely abhorrent to so many people here to talk about taxing beer, when, at the same time, they very gladly fix a tax on wort, which everybody knows is used only to make beer? I can not see why it is right to tax the wort and wrong to tax the beer into which wort is converted.

Mr. SMOOT. We are not trying to enter into the prohibition question at all——

Mr. GLENN. No; I am not trying to enter into that.

Mr. SMOOT. Most all beer that is manufactured is sold by bootleggers. The bootleggers use this article. They sell the beer all over the United States. They are the ones who purchase the wort. They are the ones who from it make the beer. They are the ones who sell it, as bootleggers, all over the United States. If that is going on, we want to get some money from it, and we will get $97,000,000, the Treasury Department says, through this provision.

Mr. GLENN. Then why not get four or five hundred million by taxing beer itself? That is what I can not understand.

Mr. COPELAND. Mr. President, I ask my friend from Utah just to listen to me and believe that I am trying to perform a useful service. I hope he will not close his mind to the possibility that there may be a better plan than that devised by the committee.

Mr. SMOOT. I am a very good listener and will continue so.

Mr. COPELAND. The Senator is very patient, I will say. He has given me more confidence in the Christian religion than any other man I have ever met has given me, and I say that to the Senator in all sincerity.

Mr. President, when barley is germinated, it is malt. Beer can be made from that. But that is not desirable, I understand. The next step is the making of malt sugar. When malt is given this conversion of the starch into sugar, it is then known as malt sugar.

Let me say to my friend from Utah that beer can be made from malt sugar just exactly as well as it can be made from wort. The only difference in the world between malt sugar and wort is that you have strained the product, malt sugar, and have taken the clear liquid, and that is wort. All the fermentation products are in the malt sugar.

What the Senator from Utah is trying to do is to rob the Government by putting out the false hope that $97,000,000 will be received by the Government, and the Government will spend it, and then find that it has not got it.

I propose this, that a rate of $2 a bushel be placed on malt. That would produce $80,000,000, and every dollar that is collectible from the making of beer, or candy, or pastry, will contribute its share, and give us $80,000,000. I have proposed a plan, Mr. President, to put 80,000,000 good dollars into the Treasury of the United States, and against my plan is the plan of the committee, which will put about 80 cents into the Treasury.

Mr. WALSH of Massachusetts. Mr. President, what is the Senator's proposal?

Mr. COPELAND. My proposal is that there shall be placed a tax upon malt. Instead of saying "barley malt," I want to say "malt," because corn and rye and wheat are also malted, and we will get about a quarter of a million dollars from those.

Mr. WALSH of Massachusetts. What would the Senator strike out of the committee amendment?

Mr. COPELAND. I would change the committee amendment on line 20, page 241, so as to read, "Malt, $2 per bushel."

Mr. WALSH of Massachusetts. Does the Senator think that all the other articles mentioned in this paragraph could be included in the word "malt"?

Mr. COPELAND. All of them.

Mr. WALSH of Massachusetts. Does the Senator claim that brewers' wort is malt?

Mr. COPELAND. I must say it over again to a more susceptible audience than I have had before, because I am speaking to one who has confidence in what I say.

Mr. WALSH of Massachusetts. I certainly have. Perhaps the Senator can tell me in a word what I want to know. Does the word "malt" embrace all these liquids and the other things mentioned in this paragraph?

Mr. COPELAND. From malt we have made all these things. It is the raw product. Malt is simply the germinated grain. The starch is converted into sugar, and then there is malt sugar. Then you strain that and take the husks of the grain out, and that is wort. Then you boil it, concentrate it, and you have malt extract.

Mr. WALSH of Massachusetts. What is the objection to the Senator's amendment, if he is willing to include everything there is here, and change the tax per gallon to a tax per bushel?

Mr. COPELAND. I propose $2 per bushel on malt. That will bring in $80,000,000.

Mr. WALSH of Massachusetts. How does that proposition appeal to the representatives of the farmers in this body?

Mr. COPELAND. The farmers can not complain at all, because that has no relation whatever to their necessities or their desire to sell. They now sell the barley to the malster. The malster is the man who germinates the grain and makes these products. There are only 25 establishments in the United States that are engaged in that conversion process.

Mr. WALSH of Massachusetts. In the whole country?

Mr. COPELAND. In the whole country. The Government could collect the revenue from 25 reputable establishments, big establishments, which cover acres.

Mr. WALSH of Massachusetts. Was that proposition presented to the Finance Committee?

Mr. COPELAND. Very briefly, at a late moment, when the Finance Committee had become worn. I sent it in, and the chairman was very kind and read the proposal.

Mr. PITTMAN. Mr. President, will the Senator yield to me?

Mr. COPELAND. I yield.

Mr. PITTMAN. I wish to ask the Senator a question, and see if I understand him. Do I understand that those who make beer for sale in this country could use malt sugar instead of wort, and avoid in that way this tax?

Mr. COPELAND. That is correct. That is exactly what they can do, and exactly what they will do. That is the reason why I say in all sincerity to my friend from Utah that there will not be a return to the Government of $97,000,000 in revenue, because those smart boys will use the malt sugar instead of the wort.

Mr. PITTMAN. I would like the attention of the Senator from Utah. I have just asked the Senator from New York whether the people who make beer for sale in this country could make it out of malt sugar instead of wort, and thus avoid the tax we intend to place on them.

Mr. SMOOT. Mr. President, making it from malt sugar is an absolute process in itself. The Senator knows very well that making sugar itself, any kind of sugar, from beets, even, is a process, and a very expensive one. This is the simplest form in which the thing can be. It is liquid. The malt is made into liquor, and a very light liquor, at no cost to speak of at all.

Mr. PITTMAN. In the opinion of the Senator, would the cost of making beer out of malt sugar, instead of out of wort, be more than the excise tax they would have to pay if they made it out of wort?

Mr. SMOOT. I have no doubt about it.

Mr. COPELAND. The Senator is not talking about beet sugar or cane sugar.

Mr. SMOOT. I am speaking of the process.

Mr. COPELAND. The Senator has an absolute misconception of the process. You can not have wort, you can not have malt extract, unless it is made from malt sugar. The Senator need not smile. That is a scientific truth. That is the way they are made. The Senator need not think that malt sugar is some refined product like refined cane sugar.

Mr. SMOOT. I have said the process was not like that used in making refined sugar, but the sugar that is in the barley in its liquid form is extracted, perhaps in exactly the same way as it is from the beet, though with different machinery, because one is sliced and the other is crushed.

Mr. COPELAND. Very well; then what is the next step? It is from that product that you make the wort. You must first have the malt sugar. Of course, if one closes his mind absolutely to the facts involved in this process of making malt extract, or making wort, there is no use trying to impress him. The fact is that you take the barley, germinate it, get a conversion of the starch into sugar, and then strain the fluid from that, and that is the wort.

Mr. GEORGE. Mr. President, can the Senator say how many gallons of wort are produced from 1 bushel of malt? We might then arrive at a fair tax on it, if the Senator's theory is correct about it.

Mr. COPELAND. One bushel of malt barley will make 30 gallons of wort.

Mr. GEORGE. That would be $4.50 a bushel.

Mr. COPELAND. Four dollars and sixty-five cents a bushel. But let me say to my friend from Georgia that my point is that you are leaving the bootlegger a way out. He will buy the malt sugar. He will not buy the wort and pay the tax. He will not buy the malt extract and pay the tax. He will buy the malt sugar.

Mr. GEORGE. I understand the Senator's position, but I was merely directing attention to the fact that if 1 bushel of malt produced 30 gallons of wort, and we had decided it wise to put a tax of 15 cents a gallon on the wort, there ought to be more than $2 a bushel on the malt.

Mr. COPELAND. No; I do not think so, for this reason, if I may say so to my friend. My point is that if we put a tax of $2 a bushel on the malt, we will collect every cent of it, there will be no evasion of it, there will be no possibility of evasion of it, because there are only 25 places where it is made. We will get every dollar of it.

Mr. GEORGE. The Senator does not think the tax will be high enough to induce evasion?

Mr. COPELAND. No; I do not think so. On the other hand, the plan proposed by the committee is sure to result in evasion, in two ways. In the first place, they will go to the malt sugar as I have suggested. In the second place, it will make bootleggers of the little bakers who are now exempt from any tax, and they will buy that stuff.

Mr. SMOOT. Mr. President, will the Senator yield to me?

Mr. COPELAND. I yield.

Mr. SMOOT. Let us be sure that we are going to get malt sugar, and on line 21, after the words "malt extract," insert the words "malt sugar."

Mr. COPELAND. This is what I would like to have the Senator do. I would like to have some expert of the Department of Agriculture or of the Treasury, if there is such a man, work out for us the relationship between malt sugar, wort, and malt extract.

Mr. SMOOT. That is what happened in the Treasury Department, as I understand it.

Mr. COPELAND. But that is not what actually happened.

Mr. SMOOT. All I know is that this information came from the Treasury Department and the statement that was made to the committee convinced the committee that this is the proper plan. It was claimed also that it would raise $97,000,000.

Mr. COPELAND. I say to the Senator that it will not raise that amount; it will not raise half that amount. I called up Doctor Doran's office about a week or 10 days ago. The only objection they raised to the proposal was the baker. The baker is now exempt. They thought there would be complaint. I held to that view myself until I looked into the matter. That is the reason why I make this statement. I wanted to find out how much the bakers actually use. They do not use a cupful a day. It is a very small amount.

I would like to have the committee submit this paragraph to the department involved to work out the relationship between the different products of malt preparations, in order that they may be on exactly the same plane so that malt sugar and wort and malt extract shall be classified with the sliding scale necessary to put them on the same plane of equality. Then I would not have another word to say.

Mr. SMOOT. Is it not a fact that brewer's wort is used mostly by bootleggers?

Mr. COPELAND. I do not know. I am not familiar with the operations of bootleggers.

Mr. SMOOT. No matter what arrangement is made as suggested now, we would not catch the bootleggers. They do not use any sugar. They use nothing but the wort. Most of it goes into bootleg beer.

Mr. COPELAND. The Senator is better advised on that subject than I am.

Mr. SMOOT. I am advised by the department and the men who come in direct contact with it, and that is where I get my information. If we change it and do not have it apply to the wort itself, then the bootlegger gets it without paying the tax the Senator is suggesting. That is why this provision was changed. The committee was told that the great bulk of it in liquid form is used in wort and used by bootleggers in making beer.

Mr. WALSH of Massachusetts. Mr. President——

The VICE PRESIDENT. Does the Senator from New York yield to the Senator from Massachusetts?

Mr. COPELAND. Certainly.

Mr. WALSH of Massachusetts. I have a telegram which I would like to read to the Senator, as follows:

> Proposed 15 cents per gallon tax on liquid malt would be ruinous to our industry and defeat the purpose of the tax, as the increase in price would be prohibitive. The most our industry could pay would be 5 cents per gallon.

Unfortunately, the sender of the telegram did not state what his industry is. I take it that it is a legitimate industry. Can the Senator state what industries use liquid malt in a legitimate way?

Mr. COPELAND. It is used in making candies and pastries, and malted milk.

Mr. WALSH of Massachusetts. But liquid malt is excluded from paying 15 cents per gallon when used for the purposes named. Liquid malt used for the purpose of baking is taxed at 3 cents a pound. The Senator will note in lines 3, 4, and 5, on page 242 of the bill, the last sentence in the paragraph reads:

> For the purposes of this paragraph liquid malt containing less than 15 per cent of solids by weight shall be taxable as brewer's wort.

I am trying to find out from the Senator, who seems to be very familiar with this subject, whether or not there are industries other than those excluded in the bill that use liquid malt legitimately?

Mr. COPELAND. I am not so fully advised on that subject as I should be. It so happens that the chemistry of the thing is familiar to me because of my studies of chemistry. That is why I happen to know anything about it. I do not know the practical uses of the product so well as other Senators may.

Mr. WALSH of Massachusetts. Perhaps the Senator from Utah could inform us. Evidently the sender of the telegram which I just read is disturbed about the high rate named in this committee amendment.

Mr. SMOOT. I do not know what his business is.

Mr. WALSH of Massachusetts. I do not know, either, but I assume it to be a legitimate business.

Mr. SMOOT. If he is in legitimate business, then he does not pay that 15 cents.

Mr. WALSH of Massachusetts. I want to know if the Senator is of the opinion that all legitimate businesses are excluded under this amendment?

Mr. SMOOT. Legitimate business is excepted that takes the wort and makes beer direct from the wort. I do not know whether the individual who sent the telegram has any legitimate business or not. If he uses it for any other purpose, the 15-cent rate does not apply.

Mr. WALSH of Massachusetts. I understand that, unless there are some industries outside of those mentioned. Are brewer's wort and liquid malt practically the same thing?

Mr. COPELAND. Not quite.

Mr. SMOOT. Brewer's wort is just liquid.

Mr. WALSH of Massachusetts. Brewer's wort is used practically alone for the making of beer?

Mr. SMOOT. Yes.

Mr. WALSH of Massachusetts. Malt liquid is used for these other purposes?

Mr. SMOOT. Oh, yes. That is why the exception was made in the amendment.

Mr. COPELAND. I want to show the Senator how unjust the exception is.

Mr. SMOOT. I know that the rate of tax of 15 cents is high. It was deliberately made high. I have not any doubt that the bootlegger who sells his beer makes ample profit so that he can well afford to pay the 15 cents a gallon tax on wort.

Mr. COPELAND. I do not care how much he pays, but I want all these products which are made from malt put on the same footing. The Senator from Utah does not seem to see that.

Mr. SMOOT. No; I can not see it.

Mr. COPELAND. The last sentence of this paragraph reads:

> For the purposes of this paragraph liquid malt containing less than 15 per cent of solids by weight shall be taxable as brewer's wort.

Mr. SMOOT. Certainly.

Mr. COPELAND. Malt extract is all above 15 per cent, otherwise is would be wort. We find as high as 98 per cent concentrate, almost a powder, and yet the committee has taxed all of these products at the same rate.

Mr. SMOOT. That has been true in every tariff bill and every revenue bill passed through this body for years and years.

Mr. COPELAND. If the Senator's desire about taxing the beer business is to bring revenue, he should have this paragraph written so that there is a tax upon malt, from which beer can be made, upon malt sugar, from which beer can be made, and which are not taxed, and upon wort, from which beer can be made and which is taxed, and then upon a sliding scale upon the extract.

Mr. SMOOT. It would never pay to take, for instance, the malt extract. It is a further finished product from the wort. It is an extract that costs a great deal more. I can not say definitely whether this is worked out in the right proportion, but that is what the men in the department claim is the case, that this is balanced with the exception of wort itself, and that is to pay a rate of 15 cents a gallon, because of the fact that the great bulk of it is made into bootleg beer, although there is some legitimate beer, no doubt, that is made out of wort. The Senator has never heard any complaint of the price of beer that is sold legitimately. I do not think the bootleggers care. They get whatever price they can, and I suppose it is ample. I do not know. They seem to be about as prosperous people as there are in the United States.

Mr. COPELAND. I am not advised. I have not bought any of their products. The Senator has given me information which I am glad to have, because I like to know all I can about things.

I wish there were some way by which I could make clear to the committee that they ought to have every single product in the various steps of making these preparations from malted barley, so that if we pay a cent a pound on 20 per cent extract, we would pay 2 cents a pound on 40 per cent extract and 4 cents a pound on 80 per cent extract, so there would be a sliding scale in order that the preparation which is sold to the people as manufactured by any given concern may be on exactly the same plane of economic fairness and justice with every other product. If there is anything that is unreasonable about that, I fail to see what it is.

My thought is, and I think there is sense in it, that the way to do this is to put a tax on the malted product itself. I would not want to put a tax on the barley or the grain. I would not ask that that be done, but let us put a tax on the germinated grain. Then the manufacturer can decide whether he wants to sell it as malt sugar or wort or malt extract or malt powder. It would be up to him.

But one might as well bay at the moon as to try to get any change in a measure after it comes from the committee. One would think that the committee had infallibility and that when it reaches a conclusion, even though that conclusion is reached after changing nine previous conclusions, it is like the law of the Medes and the Persians. That is about where we are in this matter.

Now may I ask the Senator, in the interest of justice, if he will not submit to the experts of the Government—and no government in the world has better experts, and I have faith in them—will not the Senator submit this paragraph to the experts in order to arrange a scale of rates which will put these various products on the same plane of equality economically?

Mr. SMOOT. We would not get any revenue out of wort in that way. Does the Senator object to a 3-cent tax upon all the other products?

Mr. COPELAND. Yes.

Mr. SMOOT. We have separated them.

Mr. COPELAND. Yes; I object to it because it is a fixed rate, exactly the same on 15½ per cent extract as on 98 per cent extract. It is not fair; it is not just.

Mr. SMOOT. I do not think it will be possible to make a sliding scale for each one of these commodities.

Mr. COPELAND. But there is a short cut to it, and the short cut is to put the tax on the raw material. I would go as far as even $2.50 on the raw material, which would yield $100,000,000, and every dollar of it would be collected.

Mr. SMOOT. Then the tax would have to be applied only to barley that is made into the liquid malt or malt sirup; and how in the world could that ever be followed through all the different stages of manufacture?

This is the only way: The question involved is, Do we want to collect from the illicit manufacturer of beer an exceedingly high tax upon wort, the product which is used in making beer? That is all there is to it; there is not anything else in this whole item. The committee says, "Yes; we do want to get the revenue from this source";-and the bill now represents just exactly what the committee decided upon and the policy which was to be followed.

Mr. TYDINGS. Mr. President——

The VICE PRESIDENT. Does the Senator from New York yield to the Senator from Maryland?

Mr. COPELAND. I yield.

Mr. TYDINGS. I want to commend the Senator from Utah for his candor and frankness. In other words, the committee has decided indirectly to tax beer.

Mr. SMOOT. I will say that they have.

Mr. TYDINGS. I appreciate the fact the Senator is fair about it because very often in the partisanship that surrounds the prohibition question we can not get a fair statement of facts. I think the Senator has stated honestly and fairly that we are indirectly going to tax illegal beer in order to get revenue.

Mr. SMOOT. That has been my policy in connection with all legislation. I do not care whether it be a tariff bill or any other kind of legislation, I am never afraid to tell the Senate of the United States just the object I have in favoring or opposing any measure.

Mr. TYDINGS. May I ask the Senator another question which I think he will answer with equal candor? The tax upon grape concentrates, the next item in the bill, is nothing more than a tax on illegal wine, in the last analysis, is it?

Mr. SMOOT. That does not go so far as the wort.

Mr. TYDINGS. But it involves the same principle.

Mr. SMOOT. The same principle to some degree is involved.

Mr. TYDINGS. That is right.

Mr. COPELAND. Mr. President, I was not so fully aware when I started this discussion as I am now that we are

dealing with the bootlegger, but the Senator from Utah has made it clear to me that he is seeking to get $97,000,000 a year out of the bootleggers. I am with him in that respect; I want him to get the $97,000,000; but I want to frame the provision so that he will be sure to get it, and I have told him how to do it. Put $2.50 a bushel on malt, on the germinated grain, and there will be collected $100,000,000, and every cent of it will be obtained because there will be no way to evade it. The bootleggers can not run malting establishments.

Mr. SMOOT. Let me suggest to the Senator that he offer an amendment to this paragraph and we will have a vote upon it in the Senate. I will say further that if the Senator desires time to prepare the amendment, and will be ready to offer it to-morrow morning, I will ask that this paragraph be laid aside for that purpose.

Mr. COPELAND. I am very much obliged to the Senator, and I will be glad to do that.

Mr. SMOOT. I will go that far because I have the highest regard for the Senator from New York.

Mr. COPELAND. I thank the Senator, and I share the same feeling for the Senator from Utah.

Mr. SMOOT. I want to say that I do not know whether the members of the committee would feel that I have overstepped the bounds of propriety in making the suggestion, but, no matter, I shall ask that this paragraph go over until to-morrow morning.

The VICE PRESIDENT. Is there objection? The Chair hears none, and it is so ordered.

Mr. WALSH of Massachusetts. Mr. President, it is quite apparent that we are not going to have the careful consideration given to these amendments at night sessions which should be given to them. I know we are all anxious to dispose of this measure as speedily as possible. I was going to suggest to the Senator from Utah that he try to work out an arrangement so that the sessions might begin at 10 o'clock in the morning and run until, say, half past 6 or 7 o'clock in the evening.

The Senator from Maryland about to propose what he believes and what millions of people believe, who are in favor of legalizing beer of 2.75 per cent alcoholic content, is an important amendment, and we find scarcely 10 Senators on the floor. The same thing is going to happen night after night. It is not fair to the Senator from Maryland, who is about to present a proposition upon which he has been working for weeks and months, and to the many people interested, not to have him have a full attendance in the Senate.

Mr. SMOOT. That happens during the daytime, too.

Mr. WALSH of Massachusetts. Not to so great an extent.

Mr. SMOOT. During a half an hour to-day there were not half the Senators present who are present at this time.

Mr. WALSH of Massachusetts. I know how anxious the Senator from Utah is to speed the consideration of the bill; I know how faithfully he worked in the committee and how much time and energy he spent in trying to expedite its consideration. I am in hearty sympathy with him and agree with him; but look at the spectacle we have before us. With this most important measure of all, one that relates to a question that is more in the public mind to-day than any other, we find only a very few Senators present.

Mr. ASHURST. If the Senator will pardon me, I am sure the Senate did not know of the intention of the Senator from Maryland to speak. As soon as I learned of it I came right into the Chamber.

Mr. WALSH of Massachusetts. If Senators knew the Senator from Maryland was going to speak, they would probably come right in, but the Senator knows it is almost impossible to get a substantial number of Senators to remain and listen to the debates at this time of the evening. I know the Senator from California is not in agreement with me. But we can not keep the Senate here at night after 10 hours of long strenuous debate.

Mr. JOHNSON. Mr. President, will the Senator yield?

Mr. WALSH of Massachusetts. Certainly.

Mr. JOHNSON. I recognize that, but there is another thing that I recognize, too. If we are going to insist, as we have insisted and as the Senator from Utah has insisted, that we will hold sessions from 11 o'clock or 12 o'clock in the morning until 10 o'clock at night, then I do not think it is quite fair to quit at 25 minutes after 7. I quite agree I would rather hold sessions from 11 o'clock until 7 o'clock, but when we fix a definite time for our sessions I think we ought to go through with the game.

Mr. WALSH of Massachusetts. This is the situation, let me say in reply to the Senator from California: The Senator from Maryland is going to take the floor, if we continue in session. He will talk on the amendment he wishes to offer for at least two hours, and he will have to talk on it again to-morrow morning when we reconvene, because Senators will not be present, and then it will take two hours. It seems to me it is much better for us to adjourn now, and if the Senator from Maryland would then accept a limitation of the debate on his amendment we would save time.

Mr. TYDINGS. Mr. President, will the Senator yield?

The VICE PRESIDENT. Does the Senator from Massachusetts yield to the Senator from Maryland?

Mr. WALSH of Massachusetts. I yield.

Mr. TYDINGS. A number of Senators feel very intensely about this amendment. For instance, the Senator from New York [Mr. WAGNER] wants to say a few words about it because of the unemployment features it embraces; the Senator from Louisiana [Mr. BROUSSARD], the Senator from Ohio [Mr. BULKLEY], the Senator from Massachusetts, and myself also wish to discuss it. I do not want to delay the bill.

Mr. SMOOT. Then, let us go on.

Mr. TYDINGS. I do not want to delay the bill a single moment; but I will say to the Senator from Utah that if he will agree to vote on the amendment at some early hour to-morrow, I will cooperate with him, and I think we will reach a vote much more quickly than if we do not have such an agreement. I will be glad to go on to-night, but I know I will have to go on to-morrow again, because rather than try to explain the amendment to empty seats, I will withdraw it. I am sincere about this matter. I want to have a real fight about it.

Mr. JOHNSON. Mr. President, will the Senator yield?

The VICE PRESIDENT. The Senator from Massachusetts has the floor. Does the Senator yield to the Senator from California?

Mr. WALSH of Massachusetts. I yield.

Mr. JOHNSON. By calling for a quorum we could get a quorum here promptly, because there is a quorum present in the building. I expect if the Senator rises to speak—I do not ask him to do so now, and I do not wish to interfere with any desire he may have—but if he rises to speak, I expect to call a quorum in order that there may be a better attendance present. We all have the unfortunate experience at times, of course, of speaking to a few rather than to many, and we all feel that those who are absent have missed a rare treat [laughter], but, nevertheless, it is a fate that comes to all of us in this body.

I have not any objection to an adjournment or recess being taken now, but the only thing I insist upon is this: Let us fix our hours of meeting and let us stick to them. Let us not be fiddling around as we are at present. If we are going to hold night sessions, while some of us are gravely inconvenienced by them, let us not quit just after we have begun night sessions.

Mr. WALSH of Massachusetts. That is why I suggested an earlier hour of meeting in the morning so as to enable us to get away from here at night.

Mr. JOHNSON. I am willing to conform to any procedure which may be adopted, but the only thing I ask is that as to anything that may be agreed upon when we agree we go through with the program that we announce.

Mr. WALSH of Massachusetts. Could we not save time by agreeing now to adjourn until to-morrow at 10 o'clock, and have 3 hours of debate or 4 hours of debate, 2 hours

to each side on this question, and then have a vote? Otherwise, if we enter upon this debate to-night, we will have to rehash it again to-morrow and perhaps consume all day to-morrow.

Mr. SMOOT. I do not think it will take all day to-morrow if we agree now to continue in session until 10 o'clock. I know it is hardly worth while to say that every day this bill is delayed means about $2,000,000 to the Treasury of the United States. Two million dollars is not very much in the minds of many.

Mr. TYDINGS. Mr. President, if the Senator from Utah will let me interrupt him there, I wonder if it would not help to save time if this amendment were temporarily withdrawn and the Senate should go ahead with other matters with which I imagine Senators are more familiar than they are with the amendment which I intend to submit, which is a new matter. There are other items in the bill which we could proceed to consider and thus accomplish something to-night.

Mr. SMOOT. Certainly.

Mr. TYDINGS. And in the morning I would be very glad to consent to a time when we may have a vote on my amendment.

Mr. SMOOT. How long would the Senator desire? Suppose we should meet to-morrow at 11 o'clock and then begin the consideration of his amendment, would three hours be sufficient?

Mr. TYDINGS. I think it would, but I will ask the Senator if he will stretch the time to three and a half hours, for the reason that the Senator from Texas [Mr. SHEPPARD] and one or two other Senators tell me they want to speak. So far as I am concerned, I feel that all those on the side with me will be able to finish in an hour and a half or an hour and three-quarters.

Mr. WALSH of Massachusetts. The Senator would be willing to limit the debate for the proponents of the amendment to two hours?

Mr. TYDINGS. That is right.

Mr. JOHNSON. Would that involve taking up at this time the next items in the bill?

Mr. TYDINGS. No; the next items are the tariff items, and they will present the same situation that is presented here now. Many of the proponents of the tariff items are not present, and the group of Senators who are in favor of the tariff duties are well organized.

Mr. JOHNSON. There are some of us who favor some of the tariff duties who want to proceed in the regular course; and I imagine that to-morrow would be infinitely preferable. May I inquire of the Senator from Oklahoma whether that would be preferable to him to proceeding to-night?

Mr. THOMAS of Oklahoma. Mr. President, I can speak only for myself, but we are not prepared to put on our argument to-night, because we depended upon these other matters being considered first.

Mr. TYDINGS. Mr. President——

Mr. WALSH of Massachusetts. Mr. President, the Senator from Texas very graciously states that he wants very little time to make reply to the argument that has been made.

Mr. JOHNSON. If the Senator will yield, I am not endeavoring to curtail at all the argument of the Senators on their proposition, but I do want to know the mode of procedure. I do not want, so far as personally I am concerned, to have the tariff items left until the last questions in this bill.

Mr. WALSH of Massachusetts. They are now.

Mr. ASHURST. Mr. President, if the Senator will yield to me, I feel in honor bound to disclose that I am bound in honor and my word is given to more than a dozen Senators that I shall object to any item being postponed. I am bound in the highest way a Senator can be bound that each item must be disposed of as it is reached. There are many Senators sitting here who know I am bound by that. So I must object to postponing any item; and I do it in behalf of those with whom I have the agreement. Each item as it is reached must be considered.

Mr. TYDINGS. The Senator will not object to an adjournment to-night?

Mr. SMOOT. Mr. President, will the Senator yield?

Mr. WALSH of Massachusetts. I yield to the Senator.

Mr. SMOOT. Perhaps we can come to an agreement of this sort:

I ask unanimous consent that at 11 o'clock to-morrow, on the convening of the Senate, the amendment offered by the Senator from Maryland be taken up immediately, and that it be voted upon not later than 2 o'clock.

The VICE PRESIDENT. Is there objection?

Mr. JOHNSON. Mr. President, before that shall be agreed to I want to know what the plan proposed by the Senator is in respect to the other items in this bill.

Mr. SMOOT. To take them up just as they are reached in the bill.

Mr. WALSH of Massachusetts. To-morrow?

Mr. JOHNSON. Then, sir, this amendment which now has precedence and to which we are about to direct our attention, should be taken up, and then follow the tariff items.

Mr. SMOOT. Of course, if they are next in the bill, they will be.

Mr. FESS. They are.

Mr. JOHNSON. They are the next in the bill. So I am unable to consent, as the Senator from Arizona says, to a proposition of this sort.

SEVERAL SENATORS. Regular order!

The VICE PRESIDENT. Objection is made. The clerk will state the next amendment of the committee.

Mr. TYDINGS. Mr. President, I do not understand the situation. I understand from the Senator from Utah that the agreement was made.

Mr. SMOOT. I asked the Senator from Maryland if the unanimous-consent agreement had been made.

Mr. TYDINGS. I do not know. Has it?

Mr. WALSH of Massachusetts. Was it objected to?

The VICE PRESIDENT. The unanimous-consent agreement was objected to, and the regular order was demanded.

Mr. WALSH of Massachusetts. By whom?

The VICE PRESIDENT. The Senator from California [Mr. JOHNSON] objected.

Mr. JONES. Mr. President, a parliamentary inquiry.

The VICE PRESIDENT. The Senator from Washington will state it.

Mr. JONES. If the regular order is demanded, is not that, pursuant to the order made by unanimous consent some time ago, the amendment of the Senator from Maryland?

Mr. TYDINGS. That is right.

The VICE PRESIDENT. The present occupant of the Chair was not here at that time; but he is informed that there was an agreement to take up the Senator's amendment after the other amendment was disposed of, and that has been postponed. The Chair is of the opinion that under the agreement the amendment of the Senator from Maryland is next in order.

Mr. TYDINGS obtained the floor.

Mr. WALSH of Massachusetts. Mr. President, I suggest the absence of a quorum.

The VICE PRESIDENT. Does the Senator from Maryland yield for that purpose?

Mr. TYDINGS. Yes; I yield.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Ashurst	Davis	Kendrick	Smoot
Austin	Dickinson	Keyes	Steiwer
Bailey	Dill	La Follette	Stephens
Bankhead	Fess	Logan	Thomas, Idaho
Barkley	Frazier	Long	Thomas, Okla.
Bingham	George	McGill	Townsend
Blaine	Goldsborough	McNary	Tydings
Bratton	Hale	Metcalf	Vandenberg
Brookhart	Harrison	Morrison	Wagner
Broussard	Hastings	Moses	Walcott
Bulkley	Hatfield	Norris	Walsh, Mass.
Capper	Hayden	Nye	Walsh, Mont.
Caraway	Hebert	Reed	Watson
Carey	Howell	Robinson, Ind.	Wheeler
Cohen	Hull	Sheppard	
Connally	Johnson	Shortridge	
Copeland	Jones	Smith	

The VICE PRESIDENT. Sixty-five Senators have answered to their names. A quorum is present. The question is on the amendment proposed by the Senator from Maryland.

Mr. TYDINGS. Mr. President, I dislike very much at this late hour to tire the Senate or ask the Senate to listen to any humble remarks of mine; but the amendment I have offered is offered in the best of faith, not as a wet or a dry amendment, but as a very humble attempt on my part to anticipate the conditions of next winter, and to provide some means of alleviating the suffering which we all know will take place.

I say it is not a wet or a dry amendment because the alcoholic content of the beer which it would legalize is fixed at 2.75 per cent; and I shall endeavor to show by competent authority that that alcoholic content does not transgress the field of the eighteenth amendment.

The amendment provides three things:

First, it provides for a bond issue of $1,500,000,000. The proceeds of that bond issue are to be used to construct the public works which the Congress has already authorized, and which will be built anyhow in the next 10 or 15 years. In addition to the amount authorized by Congress, it provides $400,000,000 for additional good roads, for river and harbor projects, and for flood-control works, so that the total is $1,500,000,000.

How are we going to pay off this bond issue? Obviously, in my judgment, it would be a mistake to borrow more money at this time without creating in the instrument authorizing the bond issue the means of amortizing or paying it off; and the method provided in the amendment is to tax 2.75 per cent beer. All of the revenue derived from a tax upon beer would be ear-marked and would go into a special Treasury fund to be used to pay the sinking fund each year and the interest on the bond issue.

The amendment provides that the bond issue of a billion and a half dollars shall be paid off at the rate of $150,000,000 a year, or one-tenth each year; so that we would need, for sinking-fund and interest requirements, about $200,000,000 per annum.

Will this tax on beer produce this amount of money? Let us look and see. In 1914, with the population of our country very much smaller than it is to-day, for that was nearly 20 years ago, the Census Department reports that 1,980,000,000 gallons of beer were consumed. A tax of 24 cents per gallon, therefore, would yield a revenue of $500,000,000 annually, assuming that the beer would meet the approval of those who want to drink. I shall come to that part of the subject later.

If in 1914 the people of America consumed, in round numbers, 2,000,000,000 gallons of beer, they would have to consume now only 800,000,000 gallons, or 40 per cent of the consumption of 1914, to produce sufficient revenue to amortize the bond issue and meet the interest charge each year. In other words, if the people consumed to-day less than half the quantity of beer they consumed in 1914, sufficient money would come into the Treasury from the tax on the beer to pay off the entire bond issue without any other form of taxation whatsoever.

What kind of a situation is ahead of us? Every man here knows that there are from seven to ten million people unemployed in this country. The pity of it is that they have been unemployed for about a year. Every man here knows that the community funds next winter will not be sufficient to deal with the needs. There will be in New York City, for example, 800,000 men without food, clothing, or lodging. What is to be done about them? Can they eat the bricks? Can they eat the telegraph poles? Will they remain quiet and orderly and law-abiding while they and their children suffer for the necessities of life?

It is warm now, and the community funds have not quite broken down. There is time to act. I do not want to be an alarmist, or issue statements which may cause fear in the country, but I believe in facing the facts. If we do not act now, when the snows of next winter fall it may be too late to act rationally, and my prediction is that just as surely as the sun rises and sets, dole bills, personal dole bills, will be introduced in Congress, and I shall be very much surprised if one of them is not enacted into law.

What are we going to do, if we do not do what I suggest? Many of the cities and counties and States now say they have not the funds with which to deal with this very pressing problem. That refers to the present. We know that three-fourths of a million farms have been sold under mortgage foreclosures, and for delinquent taxes, in the last two years. We know that about 4,800 banks have failed. We know that there is a fear spreading over this entire country like a dark cloud, and thoughtful men are hoping for the best but in the back of their minds there is the specter, the idea, the thought, that if we do not deal somehow with this great problem before next fall and winter come, serious consequences may ensue.

Even if my amendment were to transgress the eighteenth amendment—and I do not think it does, and if it does at all, it does it but very slightly—I would much rather whittle off that little bit of a corner of our Constitution than to see riot and disorder and crime break out, which would be the result of not adequately providing for the unemployed.

The eighteenth amendment is obnoxious to me. It is no pleasure for me to stand here and ask the Senate to vote 2.75 per cent beer. I am opposed to prohibition absolutely. I am sacrificing what I believe to be the right solution for this problem, namely, the repeal of the eighteenth amendment, in the hope that I can set up an alcoholic content which every dry person here could vote for, because it would be nonintoxicating in fact. Later on I shall read statements from distinguished members of the chemistry department of Johns Hopkins University, of Yale University, of Princeton University, of the University of Pennsylvania, from men who stand at the very pinnacle in the chemical and the medical professions in this country, the leading physiologists, to show that the alcoholic content of 2.75 per cent is not in fact intoxicating, and therefore that it does not contravene the eighteenth amendment.

As I said, I do not view this measure as a wet measure at all. The ultradry may smile and think it such. I view it as an honest attempt, within reason, dealing with the human factors engaged in the solution of the tax bill, the Senators who are sincere prohibitionists and those who are sincere wets, to try to find whether there is not some common meeting ground where we can all unite, without the surrender of principle, in an effort to take care of the 10,000,000 unemployed in this country.

I pause here long enough to ask, who has a plan to take care of the unemployed? Is there a plan pending in the Senate? No one has a plan; and if some one has a plan, where are we going to get the money to pay off the bonds which it will be necessary to issue to provide the funds for any work program? If we can not balance the Budget except by levying these oppressive taxes in the hour of our greatest depression, we can not pay off the bond issue then, which will be an additional debt, without creating some more taxes to get the money with which to amortize the bonds and to pay the annual interest they will bear.

If men are restive under this $1,200,000,000 tax yoke, this new impost, this new burden, where are we to get the taxes, in all candor and honesty, to finance the $2,000,000,000 bond issue to take care of our construction program?

Mr. REED. Mr. President, will the Senator yield?

Mr. TYDINGS. I am glad to yield.

Mr. REED. I suppose it indicates my ignorance, but I notice the amendment speaks of beer containing 2.75 per cent of alcohol by volume. What does that mean in percentage by weight?

Mr. TYDINGS. The percentage by volume is less than the percentage by weight. I am advised by leading men who have made chemical tests and have gotten the specific gravity of alcohol in a beverage beer state, as I recall—and I think this is accurate—that a beer which contains 4 per cent by volume contains 3.2 per cent by weight. So that in a 4 per cent by volume beverage, 80 per cent of the alcohol by weight would equal 100 per cent by volume.

Mr. REED. Is it not just the other way around, 2.75 beer by volume would be perhaps 3½ per cent by weight?

Mr. TYDINGS. Oh, no; 2.75 per cent beer by volume would be about 2.25 per cent by weight. Four per cent by volume would be 3.2 per cent by weight.

Mr. REED. If the specific gravity of the alcohol is greater than the specific gravity of the balance of the liquor, the percentage by weight would be greater than by volume?

Mr. TYDINGS. I do not think I understood the Senator's question. A beer which has an alcoholic content of 4 per cent by volume has an alcoholic content of only 3.2 per cent by weight.

Mr. REED. Then the specific gravity of the alcohol must be less than that of the balance of the fluid.

Mr. TYDINGS. That is right.

Mr. REED. So that the 2.75 per cent beer by volume means 2.25 per cent, or thereabouts, by weight?

Mr. TYDINGS. The Senator is correct.

Mr. REED. I thank the Senator.

Mr. TYDINGS. Mr. President, in order to bring home what I think are the serious factors of the pending amendment I may have to paint a very dark picture and appeal to the fears of Senators, which I do not want to do. I appeal to those fears only because, I am sorry to say, they are not ungrounded fears.

This country can not go on as it is going. I respect the man who is against my amendment. I can see where there is room for difference of opinion, but I have tried to draw the amendment so that there would be no difference of opinion, though I realize that there still may be, and I say to the man who is against my plan, "Are you prepared to vote a $2,000,000,000 bond issue for the relief of unemployment, either in the form of construction work or what not?" If you say that you are, then I say, "Why balance the Budget? Why do you not vote the $2,000,000,000 bond issue and take care of the deficit, because you will have to put the country practically in the same position as if we had not balanced the Budget at all. Or, if you want the $2,000,000,000 bond issue, are you prepared to levy the new taxes which will be necessary to amortize it? And upon whom are you going to levy them? Where are you going to get $200,000,000 a year—because that amount is necessary—and if the cities are now breaking down, and if the States can not deal with this problem, if we are soon to have to lend money to the States, every man knows that the initial loan will be only a drop in the bucket, that it will not even carry those communities until next fall. And when that money is gone, where are you going to get the next two or three or four or five hundred million?"

Believe me, Senators, the time to get ready for this situation, in my humble judgment, is now. Why should we not tax a beverage, which any man who has ever had any contact with drinking men must know would be intoxicating in fact only in the most extreme case, if at all?

I have here a letter from a professor at Johns Hopkins University. He says, "I am an average man. I have on many occasions consumed a quart of 4 per cent beer at a time, both upon an empty stomach and in conjunction with food and never yet have I felt the slightest traces of intoxication."

I have here sworn affidavits from professors of medicine at the University of Pennsylvania, others from Yale, others from Princeton, others from Columbia, some from western universities, some from southern universities, from high-class men, from men who do not make idle statements. One gentleman's affidavit which I hope to have in the morning, but the contents of which I think I already know, will show that he conducted experiments with different kinds of men, in different shape physically, to ascertain when a beverage would be intoxicating, and I am advised that even from drinking half a gallon of beer at one time containing 2.75 per cent of alcohol a man would not be intoxicated.

What can I do to convince the Senate that beer containing 2.75 per cent of alcohol is not intoxicating in fact? How can we prove it? Must we reach up in our imagination and take the figure one-half of 1 per cent, or shall we go to those who have made biology their life work, those who have practiced medicine or taught medicine, and made that their life work, those who are chemists, and have made that their life work?

Is there any better evidence that one might get, any evidence that could be more truthful than the best evidence? As I said, this is not the wet bill. That is the last thing from my thoughts to-night. I am not trying to tear down the eighteenth amendment by getting a little opening wedge in this way. That may be accomplished, but it is not entering into my thoughts at all. Some who vote for my amendment may think it is but an entering wedge to end prohibition. I am seeking by it to end unemployment, and I am satisfied that only an idle gesture to relieve unemployment is likely to be made before this Congress adjourns. In my judgment we had better take care of these people now rather than to let this session die without such action, because the consequences may be graver than we imagine.

Mr. WALSH of Massachusetts. Mr. President——

The VICE PRESIDENT. Does the Senator from Maryland yield to the Senator from Massachusetts?

Mr. TYDINGS. Certainly.

Mr. WALSH of Massachusetts. The Senator has fixed the alcoholic content in his amendment because he believes liquid with that alcoholic content is not intoxicating?

Mr. TYDINGS. I do believe so.

Mr. WALSH of Massachusetts. Furthermore, he indicates, from information which has come to him from chemists and experts and students of the question, that they are satisfied that the alcoholic content named is not intoxicating?

Mr. TYDINGS. That is true.

Mr. WALSH of Massachusetts. I ask the Senator if there is not a third factor that is very important in determining the question of whether the percentage named in his amendment is within the provisions of the constitutional amendment and further indicates that the liquid with the content named is not intoxicating, namely, that prior to the passage of the eighteenth amendment practically all the States of the Union by statute fixed 3 per cent as the dividing line between intoxicating and nonintoxicating beverage? I ask the Senator if he has in mind as a fact the precedent established by all the States in fixing 3 per cent alcoholic content as the dividing line between intoxicating and nonintoxicating liquor?

Mr. TYDINGS. I think all the Senator has said is true. Just to digress for a moment I am going to read a bit, because I do not want to tire those who may do me the courtesy to listen. I have many affidavits of this nature, but I read this one now:

Hobart Amory Hare, being first duly sworn, deposes and says:

"I. I reside at 1801 Spruce Street, in the city of Philadelphia, State of Pennsylvania.

"II. I am professor of therapeutics, materia medica, and diagnosis in the Jefferson Medical College, Philadelphia, and have been such for the last 28 years. Prior to that time I was demonstrator of experimental therapeutics in the University of Pennsylvania. During the last 28 years I have been visiting physician to the Jefferson Hospital and to other hospitals. I received the degree of doctor of medicine from the Medical School of the University of Pennsylvania in 1884, and bachelor of science in 1885. I am a member of the following societies: American Physiological Society, Association of American Physicians, American Medical Association, and the Pathological Society of Philadelphia.

III. I am the author of the following works: Text Book of Practical Therapeutics With Special Reference to the Application of Remedial Measures in Disease and Their Employment Upon a Rational Basis, octavo of 1,023 pages, seventeenth edition, published in 1918 by Lea & Febiger, of Philadelphia and New York, which said work has been translated into the Chinese and Korean languages; Diagnosis in the Office and at the Bedside, the Use of Symptoms and Physical Signs in the Diagnosis of Disease, octavo of 548 pages, seventh edition, published in 1914 by Lea & Febiger; Text Book of the Practice of Medicine for Students and Practitioners, octavo of 969 pages, third edition, published in 1915 by Lea & Febiger; National Standard Dispensatory, Containing the Natural History, Chemistry, Pharmacy, Actions, and Uses of Medicines, in conjunction with Charles Caspari, jr., Phar. D., and Henry H. Rusby, M. D., octavo of 2,081 pages, third edition, published in 1916 by Lea & Febiger; and of various essays dealing with the action of drugs upon the human body.

To come to the point, if I may have the attention of the Senator from Utah [Mr. SMOOT], I would like to have him listen to this one point. After reviewing in extenso the liquor question from an alcoholic-content viewpoint, Mr. Hare says:

> These deductions are supported by the following practical observations: I have in times past taken as much as 1 quart of beer in one hour without any manifestation of intoxication, the said beer containing a higher percentage of alcohol than 2.75 per cent, by weight—

That is about 3.1 per cent by volume—

> although I am not an habitual user of beer or other alcoholic beverages.
> I have frequently observed many other persons do likewise.

He concludes:

> From these personal experiences I am of the opinion that beer containing not to exceed 2.75 per cent of alcohol by weight——

Which is a little over 3 per cent by volume—

> is not intoxicating under the legal definition of that term.

Here is another authority. Mr. John Marshall, who is professor of chemistry and toxicology in the University School of Pennsylvania, city of Philadelphia, and has been for 20 years past, makes a statement. He is a man of standing, a scholar in his profession, a man whom the medical profession, let alone the laymen, might look up to and listen to as speaking the truth, for he must have character to occupy such a position and also a knowledge of his particular profession. What does he say? Reviewing his experiments and his life, he said:

> In view of the foregoing, I would not consider that beer with an alcoholic content of 2.75 per cent by weight should be regarded as an intoxicating beverage.

Mr. BROOKHART. Mr. President——

The PRESIDING OFFICER (Mr. GLENN in the chair). Does the Senator from Maryland yield to the Senator from Iowa?

Mr. TYDINGS. Certainly.

Mr. BROOKHART. If it is not intoxicating the booze buyers do not want it. Why is the Senator wasting his time then?

Mr. TYDINGS. Mr. President, I am not going to answer that remark, because I do not want this debate to get down to that plane. I want to say to my friend from Iowa that whatever his views or my views may be of prohibition, the last thing in my mind to-night is to try to lead him by indirection or by any false statement to go back on a single one of his beliefs. I am trying to show him where he can, without going back on those beliefs, help to take care of about 7,000,000 suffering souls in this country; and that unless he goes where the money can be obtained, almost any kind of a relief proposition, in my judgment, is going to be more of a false one than an actual one. I hope the Senator will not make that kind of comment in my time again, because the misery of 7,000,000 to 10,000,000 people unemployed next winter is worth any man's effort, even if some part of his premise may be false, which I hope mine is not.

Mr. BROOKHART. I shall not make any comments in the Senator's time unless he yields to me.

Mr. TYDINGS. I will yield to the Senator, gladly; but I do not want this debate to get down on the plane of a rough-and-tumble wet-and-dry basis. I never was more sincere in my life on any proposition than I am right now, and I invite my friend from Iowa to join with me, before Congress ceases its functioning at this session, to help to take care of those people, to give them hope, to give them bread. Bad as the prohibition question may be, or good as it may be, that is my impression about it.

Mr. BROOKHART. Mr. President, I will vote $5,000,000,000 to give them bread; but I will not vote one cent to give them booze.

Mr. TYDINGS. If the Senator were to vote $5,000,000,000 to give them bread, will he tell me where he would get the $5,000,000,000? It is all right to vote it, but if we have $2,500,000,000 already appropriated that is not in the Treasury, where will we get the other $5,000,000,000? Will the Senator answer that question?

Mr. BROOKHART. Yes; I will answer that question. The United States Government has behind it resources which would amply justify such an appropriation. We had $60,000,000,000 income last year during the height of the depression. The Public Utilities Co. of Baltimore set aside $1,000,000 depreciation more than the actual depreciation of its property amounted to——

Mr. TYDINGS. Mr. President, I do not want to be rude to my friend from Iowa, but I can see now we are going off into a distant field. I will ask him if he will not take his seat, without any disrespect at all on my part, because I do not want to argue the question of public utilities now. That is something we will take up at another time.

Mr. BROOKHART. I was going to answer the Senator.

Mr. TYDINGS. I shall have to refuse to yield farther to the Senator from Iowa. I just want to say to the Senator from Iowa that he knows and I know that $5,000,000,000 of new public debt at this time is likely to have repercussion if the means to amortize it and pay it off are not provided for in the measure which created it, which may cause even greater havoc than we have at the present hour. The merit of my particular proposal, if it has any merit, is that it not only creates the debt but in the very amendment itself it provides the means of paying off the debt, so that our Federal finances will not be shaken or weakened by such a large amount of money being taken out of the Treasury.

Mr. BROOKHART. Mr. President——

The PRESIDING OFFICER. Does the Senator from Maryland yield to the Senator from Iowa?

Mr. TYDINGS. Certainly.

Mr. BROOKHART. I really do not think, honestly and sincerely, it would have any more kick than the Senator's 2.75 beer.

Mr. TYDINGS. It will not have as much kick as the 7,000,000 unemployed will have next winter when they are without food and clothing because the Senator from Iowa would not help me at this time to provide for them.

I should like to read another statement. Here is another from Mr. William John Gies. He resides at 609 West One hundred and fiftieth Street, New York City. He is professor of biological chemistry in the school of medicine at Columbia University. I shall not review his life nor the numerous books he has written nor any more of his background, but merely read what he says:

> As the capacity of the human stomach of an adult, even when moderately distended, ranges from 3 to 5 pints, it is manifest that any intoxicating quantity of 2.75 per cent beer could not be taken under ordinary conditions, especially with food accompanying it or already in the stomach. I am therefore of the opinion that beer of alcoholic content of 2.75 per cent by weight is not an intoxicating beverage.

I might go on and multiply the evidence. I have sent out numerous letters to chemists, to physiologists, to physicians. Later I shall ask that I may insert in the RECORD other evidences which I have gathered and which I do not care to take the time now to read.

Mr. President, if this were a bill to place a bond issue of $1,500,000,000 upon the Government, just to take it out of the Treasury, there might be men in this body who would say that would further unsettle our finances, it might bring on additional fear, and might cause public unrest. But this amendment of mine provides an adequate amount of money without any other sources of revenue whatsoever to take care of a sinking fund of $150,000,000 a year, and the interest on the outstanding bonds, so that at the end of 10 years the revenue from one source would furnish sufficient money to take the whole bond issue off the books of the United States Government without any new taxes on anyone.

I read the other day of the President's plan, in which the idea was conveyed to the public that he favored financing some classes of public works. For example, as I understood, if a bridge could be built and tolls could be collected to liquidate the money advanced by the Government, such a project might receive Federal beneficence and assistance.

I feel that it is not advisable for the Government to get out into various kinds of private businesses; we have got to draw the line somewhere, and, for my part, I am about

reached the point where I do not care to vote further appropriations to any business. Nobody is making any appropriations to my business or to the business of the Senator from Nebraska or to any of his farmer friends or to my business friends. They are hustling for themselves. I do not believe it is a sound principle for the Government to be appropriating money for private business, though it might have been justified on the ground of expediency at a moment when grave consequences loomed ahead; but we have gone about as far as we can go in that direction. If that be the case, how can we liquidate any other bond issue?

Mr. NORRIS. Mr. President——

The PRESIDING OFFICER. Does the Senator from Maryland yield to the Senator from Nebraska?

Mr. TYDINGS. I yield.

Mr. NORRIS. I want to say to the Senator from Maryland that in the suggestion I am about to make I am not for a moment questioning the sincerity of the Senator's proposition, and I am not, at least for the sake of the argument, I will say, questioning but that it would work; but the Senator has several times said that there was no other plan, that nobody had a plan to take care of the unemployed. It is for fear that I might be misunderstood if I remained silent that I venture to interrupt the Senator.

Let me say before I suggest the plan I have in mind that I think I realize very fully that no man—at least, I am not one—in the present crisis suggests any plan which under ordinary circumstances he himself would support; in other words, we are in such a condition that, if we are going to meet it, I think we will be required to suppress our own ideas if we wish to come anywhere near getting something that will work, or that we think will work, and we will even be obliged to favor things that under ordinary circumstances we would not think for a moment of supporting.

So I want to call the Senator's attention to the plan I am about to suggest, though I think, without criticizing him, it will meet with his opposition, and I know that his opposition will be in the best of faith. Last winter, when we first convened, it seemed at that time that we ought to provide measures to relieve the unemployment situation, and if we had done so, by now two or three million men who are idle would be at work on whatever plan we might have devised and started.

In a bill introduced by me I proposed the issue of $3,000,000,000 of bonds. I provided therein for what I thought would be a proper method to meet the sinking-fund requirement and meet the interest, just as the Senator from Maryland has done. My method for meeting the interest on those bonds and creating a sinking fund for their retirement was to provide for the levy of an income tax in addition to the income tax then existing by law, running it up to a rate somewhere near the rate provided in the amendment on which we voted yesterday which was proposed by the Senator from Michigan [Mr. COUZENS]. It further provided that more of the money necessary should be raised to pay those bonds and the interest by a similar increase in inheritance taxes.

My idea was that we could put the unemployed to work; that we would have them at work by now; and that the taxpayers, outside of those two classes, who were taxed would not be called upon to pay any of the interest or the principal of any of those bonds, although the bonds were, of course, an obligation of the Government. I think that if the bill had been enacted it would have raised much more money than necessary to pay the bonds off at the same rate that the Senator proposes to pay the bonds off under the amendment that he has now offered.

Mr. TYDINGS. I think that is true.

Mr. NORRIS. The Senator from Maryland would not have supported that kind of a proposition?

Mr. TYDINGS. No; I would not have done so then.

Mr. NORRIS. I will say the same about the Senator's proposition. I would not support it now, but I can conceive of conditions under which something of the kind might be necessary. However, I did not get anywhere with my proposition. In the first place, it was directly opposed by the administration, I think in good faith; I am not finding fault with anybody. Members of the Senate with whom I talked and whom I interviewed, as a rule, were opposed to it and did not think it was necessary. The Finance Committee, to which the bill was referred, gave it no attention whatever. I realized at once that the country would have to get in a worse condition than it was last fall, no matter how much I believed in my plan, before I could get to first base with it.

Later on came the La Follette-Costigan bill, which was somewhat along the lines of my own. I do not think that that bill would have brought the relief that mine would have brought, by any means, but I thought it was a good bill, so far as it went, and I gave it my hearty support. The Senator knows what happened to that measure. Senators here defeated it on a roll call. I thought it was a terrible mistake. The administration opposed that bill. The administration then was opposed to any kind of Federal activity that went directly to the relief of the distressed.

So here we are all disagreeing. Things may get so bad that we will all come together at some time. I may be for the Senator's proposition, because even if it should repeal the Volstead Act, if I thought that was necessary in order to save the country I would not hesitate to vote for it; I would rather save the country "wet" than to have it ruined "dry." At the same time, however, my idea at the present is that that is not necessary. It seems to me that we ought to show a greater willingness, conceding the good faith of every Member of the Senate, to compromise in view of the conditions the Senator has so eloquently outlined. I refer to the situation that is confronting us. I agree with every word the Senator has said about that situation. I do not think he exaggerates it in any way. I believe with him that it is a terrible condition, one as bad as ever confronted any civilized nation in time of peace. It requires statesmanship, it requires patriotism, it requires that men should be willing to sacrifice their own beliefs and to compromise and to vote for things in which even they do not believe in ordinary times.

I did not want the occasion to go by for fear my silence might be taken by some one as an indication that I or others had no plan to offer. I still think that the plan proposed by me is good. I think it would have relieved the situation. I dislike to vote bonds just as badly as anybody; I think I have that kind of a record in all my public life; but I realize that when a patient is very sick we sometimes have to resort to desperate measures to save the life of the patient, and that is the way with our country.

Mr. TYDINGS. I will say to the Senator that one of his observations impressed me very much. In talking over this proposition with many men, who would like to evolve some satisfactory solution, I have been impressed that usually there are four or five in a group who have one idea and four or five in another group who have a different idea, but there is not sufficient give and take to cause a sufficient number to back any one idea. Like the Senator from Nebraska, I can see over and over again a growing likelihood that sheer force of circumstances will in the end drive many to favor measures which in times gone by they would have opposed. That is the reason I am trying to plead for my own plan to-night, and furthermore I feel that it will do as little harm to the financial fabric as any measure which can be devised. Even the plan of the Senator from Nebraska, which I think is as sound and as straightforward as any of which I know, would tax to a greater extent people who are already taxed. That is perfectly right, but, in my plan, what I thought would give it especial merit was that it would not tax any honest people, so called, who are now not being taxed. It would simply transfer from the bootlegger or the racketeer a large portion of his business.

To illustrate, I am advised on making inquiry in numerous places that a bottle of illegal beer costs about 25 cents, and even as high as 35 cents. The tax proposed to be placed on such beer by the amendment is only 3 cents a pint. I learn from brewers that for the average quality of beer, the beer plus the tax, would make the bottle sell for only 10 cents.

So that those who are now drinking illegal beer or making it themselves would be put to no greater expense than they are now being put; in fact, they would not spend so much. It looked to me that by adopting this legal method, as I see it, and taking this money, we would be plucking the goose without making him squawk, so to speak.

Mr. WHEELER. Mr. President——

The VICE PRESIDENT. Does the Senator from Maryland yield to the Senator from Montana?

Mr. TYDINGS. I yield.

Mr. WHEELER. I was going to say that during an investigation of the Department of Justice a few years ago the testimony showed—and it was uncontradicted—that in the various places throughout the United States breweries were running and turning out beer, and that certain Government and city officials were collecting, if my recollection serves me right, from $1 to $2 a barrel on such beer. They were getting tremendously wealthy. That was not only going on in Chicago but it was going on in places in New Jersey, and it was going on practically all over the United States, where illegal beer was being made. The people who were getting the benefit of it were the men who were engaged in this illegal business, together with the grafters who were in the Government service in the Prohibition Enforcement Service and in the employ of municipalities.

I submit that it would be much better for the Government to permit 2.75 per cent beer, which is not intoxicating, to be made, and for the Government to get the benefit of a tax on it to help the unemployed, than to allow the bootleggers to profit and others to obtain graft for permitting the breweries to run.

Mr. NORRIS. Mr. President——

Mr. WHEELER. If the Senator will pardon me a minute, they told us the story of how they went in and put padlocks upon breweries in one or two instances, and while the padlock was on the brewery they had people down there watching it. They had a padlock on the front door, but the brewery was still turning out beer, and the same people were still getting the rake-off. That testimony came from responsible people before the committee, and was uncontradicted before the committee.

Mr. NORRIS. Mr. President, will the Senator from Maryland permit me to ask the Senator from Montana a question?

Mr. TYDINGS. With pleasure.

Mr. NORRIS. I think it would throw much light on a question about which there is probably considerable doubt, as to whether or not the making of beer with an alcoholic content of 2.75 per cent would stop the bootlegging business, to ask the Senator if he can tell us the alcoholic content of this beer that he speaks of which was made illegally.

Mr. WHEELER. I do not recall now what the testimony was as to the alcoholic content, but it was intoxicating.

Mr. NORRIS. Then it was probably stronger beer than 2.75 per cent, as provided for in the amendment of the Senator from Maryland.

Mr. WHEELER. It was undoubtedly stronger.

Mr. NORRIS. Would those people, dealing in that kind of beer, cease the business? In other words, would their patrons to whom they must sell it be satisfied with the 2.75 per cent beer and not patronize the bootleggers any longer?

Mr. TYDINGS. Mr. President, will the Senator from Montana allow me to attempt to answer the Senator from Nebraska?

Mr. WHEELER. Certainly.

Mr. TYDINGS. I do not want to take the Senator from Montana off the floor if he wants to ask a question.

Mr. WHEELER. That is all right.

Mr. TYDINGS. But at this point I shall have to introduce some prejudiced testimony. I shall have to give the opinion of the men who made the beer before prohibition. I want to be candid enough to say that I naturally imagine, being human and knowing brewers, that perhaps their testimony would be colored, but I hope it is not. But, for whatever it may be worth, I should like to read one or two telegrams which I sent yesterday to some of the leading breweries to ask them, in case this beer were legalized, whether in their judgment the consumption to-day would approach the consumption of 1914, which was about 2,000,000,000 gallons.

I have an answer first from Anheuser-Busch, one of the most famous breweries in the world:

> In answer to your inquiry May 14, it would be difficult to determine comparative consumption of 2.75 beer by volume with 1914 consumption. Federal Government on August 10, 1917, limited the alcoholic content of beer to 2.75 by volume. Nineteen hundred and eighteen consumption of beer of that alcoholic content was 50,266,000 barrels.

That was during a year, I may say to the Senator from Nebraska, when we actually had 2.75 beer as the beer sold in the country, as compared with 66,000,000 barrels in 1914. In other words, 90 per cent as much beer of 2.75 alcoholic content by volume was sold in 1918 as of any content of beer sold in 1914. I think that fairly well answers the question.

Mr. WHEELER. Mr. President, I was going to say to the Senator that my information is that this bootleg beer was being sold, and is being sold at the present time, for around $55 a barrel. When it was manufactured legitimately the brewers paid about $4 a barrel tax on it, I think, and they sold it for about seven or eight dollars a barrel. The biggest part of the difference between the seven or eight dollars that they sold it for then and the $55 goes in graft to city, county, State, and Federal officials.

If we want to stop this racketeering, and if we want to put out of business the bootlegger and the corruptionist, it does seem to me that every person who is actually interested in prohibition could very well afford to vote for 2.75 per cent beer, because I am satisfied that most or many of the brewers who are operating now illegally would gladly get out of the illegal business and go to making 2.75 beer, rather than to be held up by these racketeers and these city and county and State and Government officials. On top of that, I am satisfied that most of the people who are now using bootleg beer would drink the substitute rather than to pay the exorbitant prices they are now paying for bootleg beer.

Mr. TYDINGS. I thank the Senator; and I believe myself that if this measure had no construction program at all, the average well-meaning and sincere believer in the eighteenth amendment is helping to defeat his own purpose by drawing the restriction down this low. It is my firm belief that if we could have a fairly satisfactory beer that was not intoxicating in fact, but contained sufficient alcohol to cause the person who consumed it to feel a little exhilaration after drinking it, most of the people would rather have it in place of the very unwholesome and quite often deleterious fluids which are being drunk in the name of beer.

Mr. LEWIS. Mr. President——

The PRESIDING OFFICER. Does the Senator from Maryland yield to the Senator from Illinois?

Mr. TYDINGS. I yield to my friend from Illinois.

Mr. LEWIS. I seek this privilege that I might inform our dear friend the eminent Senator from Nebraska [Mr. NORRIS] as to the real situation in his State, as expressed by public proclamation upon this question.

A short while ago it was my privilege to be defeated in the Federal court at Omaha in a very long proceeding; and as the days went on my eyes were regaled by seeing, back of the Federal court, in one of these soft-drink parlors, the outward sign flashing to the eyes of the tribunal as follows:

> Near beer for sale here;
> No real beer near here.

[Laughter.]

Mr. TYDINGS. Mr. President, I am reluctant to introduce these telegrams from the various breweries in the country; but obviously these men would be gaining no advantage in saying that the consumption, in their judgment, would be so and so if the consumption would be less than that, because it would not do them any good; it would not start their breweries unless the consumption followed, and I believe these estimates are accurate, certainly in the case of the Anheuser-Busch brewery. They show that during the one year 1918, when 2.75 per cent beer was ordered by the Gov-

ernment in place of the beer of higher alcoholic content, 90 per cent as much beer was consumed as during the year 1914, when the alcoholic content was higher, because the Busch people refer to the Government statistics; and they say that in 1918, during the war, 55,000,000 barrels of 2.75 beer were consumed, as against 66,000,000 barrels in 1914.

I think that is a fairly accurate answer to the question the Senator from Nebraska asked the Senator from Montana a while ago.

Mr. NORRIS. I think it is.

Mr. TYDINGS. Those are Government statistics; and, fortunately, during the war in 1918, we limited the alcoholic content of beer to that extent.

Mr. NORRIS. Yes. We did that on the ground and on the theory that we were controlling the production of food in this country for the Army.

Mr. WHEELER. Mr. President, will the Senator yield?

Mr. TYDINGS. In just a moment I will yield, if the Senator will bear with me.

May I point out this fact:

One of the difficulties with the illegal beer to-day, so far as business is concerned, is that because it is illegal it is not shipped over the railroads or it is not shipped in trucks, as a rule, for long hauls. During the war Dr. Irving Fisher was the president of the National War-Time Prohibition Association, and he appeared here before the Food Control Committee of the Senate. Doctor Fisher was showing, if brewing could be eliminated altogether, how many freight cars it would release for transporting war materials; and this is what he said:

TRANSPORTATION REQUIRED BY BREWERIES

	Tons
Raw material, 3,000,000,000 pounds of foodstuffs, equals	1,500,000
Required coal	3,000,000
Product, 60,000,000 barrels	9,000,000
Total on teams and cars	13,500,000

All of which require hauling, and over one-half of which require railroad transportation. This requires over 200,000 freight cars during a year, and uses several hundred locomotives constantly, and increases freight congestion.

Doctor Fisher said that if we could eliminate the breweries, we would have that many freight cars and that many locomotives available to haul the war supplies. So if the movement in 1918 was to cut out all but the absolute essentials of life in order to make every transportation facility available, if we could reverse that process to-day we could use annually 200,000 freight cars and several hundred locomotives which now are not being used at all. So that there is an incidental amount of work which, in my judgment, would flow from the legalizing of 2.75 per cent beer.

Moreover, Mr. Deets Pickett, the research secretary of the Board of Temperance, Prohibition, and Public Morals over here on the hill, appeared before the committee, and here is what he said:

In the United States census reports for 1910, volume 8, page 363, the consumption of coal by the brewing industry for the year ended June 30, 1909, was shown to be 2,990,357 tons, or three and one-half times as much as the packers used, six times as much as the printers and publishers used, nine times as much as the manufacturer of boots and shoes used, twenty-five times as much as the manufacturers of men's clothing used.

My point in quoting that is this: Look at the coal miners to-day, destitute, out of work. They would be used to dig out these 3,000,000 tons of coal. We would not violate the Constitution, either, and we would furnish an indirect amount of work to a lot of people who would not be employed on building these Government projects.

I now yield to the Senator from Montana.

Mr. WHEELER. Mr. President, I dislike to interrupt the Senator's very able and very interesting argument, because I believe that if the Members of the Senate who are really interested in prohibition would vote their honest convictions, there is not any question but that we would adopt the Senator's amendment. I want to call his attention to the fact that we are getting an inferior quality of beer to-day. The person who goes and buys beer to-day does not know whether he is getting beer that is poisonous or not. For instance, in my home State of Montana I know that there is a great deal of beer imported from Canada, or there used to be when they had money enough. Before this "Hoover prosperity" struck the country, when they had a little money, they used to import and bootleg in a great deal of beer from Canada. This Canadian beer came into the State, and much of it had been etherized, I think, in order, as somebody said, to give it more kick.

If the people of this country knew that they could get a really decent beer, with 2.75 per cent alcoholic content, there would not be any question, in my judgment, about their using that in preference to the inferior beer that is manufactured by the bootleggers of the country. It would stop racketeering in all of the great cities of the country to a large extent, and, in addition to that, it would bring in a tremendous amount of revenue.

Mr. TYDINGS. I think the Senator has brought out a very forceful point there, namely, that when the sale of beer was legal, the consumption of beer competed with that of wines and liquors.

Mr. WHEELER. Certainly.

Mr. TYDINGS. People would rather drink something that was decent and clean and wholesomely good and not intoxicating in fact than the concoctions which are flooding the country from one end to the other.

Mr. WHEELER. On top of that, if I may suggest it to the Senator, one thing we are doing is to drive the people of this country to become hard-liquor users, and they are drinking those things because it is much more difficult to go out and buy beer and have it around than it is to go and buy a pint of bootleg whisky or moonshine, or whatever they are drinking. The result is that the young men are going out to dances and are taking a bottle of moonshine whisky along, a practice which is simply wrecking the youth of this country. I say upon the floor of the Senate without fear of contradiction that, in my judgment, every person who is honestly interested in prohibition and in common decency in this country should vote to give the people of this country beer with only 2.75 per cent alcoholic content, because I think it would have a fine moral effect upon the youth of the country and upon the country generally; it would bring in a tremendous amount of revenue and, as I said before, it would, to a large extent, put out of business the racketeers and those people who are making money on the beer that is being sold now by the bootleggers for $55 a barrel, whereas previously beer brought $7 or $8 a barrel.

Mr. TYDINGS. Mr. President, I do not want to discuss prohibition as such. I do not want to get into the prohibition situation. I have tried to refrain from getting into that subject at this time. But if I may make just one exception to that rule, I would like to point out something the Senator from Montana suggested.

About a year ago I wrote to the chief of police of the District of Columbia, here in Washington, and asked him if he had records showing the number of arrests of persons under 21 years of age for drunkenness in the District. He sent me the records by years, and those records showed, may I say to the Senator from Montana, that over five times as many persons under 21 years of age were arrested for drunkenness each year during the 10 years following the adoption of prohibition as were arrested for drunkenness for the 10 years preceding that time.

Without getting into a prohibition discussion, let me say that this is the Capital of the United States; there are no factories here, or criminal rings, as such, or gangsters, as we know there are elsewhere; there is no political machine; no corrupt organization of any kind, Democratic or Republican or what not. The conditions in the Capital are detached and removed, and the atmosphere here is one less conducive to crime than in any other city in the country. Moreover, it is under the direct control of the President and the Congress of the United States. We can pass any law, we can put any number of men to work here that we want to to enforce the law.

With that the situation here in Washington, in the Capital of the country, where the conditions are the most favorable,

would it not be wise to experiment a little by legalizing a beer not intoxicating in fact, but to go to the limit in the hope that as a beverage we might induce some of the people—and if we induce only a small part of them, it will be worth while—to drink this thing which is pure and wholesome, which would be dispensed under wholesome conditions, where the bottles would be washed, where the beverage would be prepared under the provisions of the pure food and drugs act, and where it should be wholesome at any rate? The hope would be to influence the people to drink such a beverage in place of many of the vile things which they are drinking in the name of beer.

The real purpose of this amendment is not to legalize beer. The purpose of it is to provide the means for furnishing a sum of money, without additional taxation, which will be specially earmarked, which will go into a particular fund in the Treasury, and can not be used for any other purpose, dedicated to the sole purpose of paying off the construction bond issue; and if the amendment is adopted, within a very short space of time we can have a billion five hundred million dollars' worth of construction projects under way all over this country.

If there were 5,000,000 people unemployed, and they should all receive a proportionate amount of this so-called construction money, it would mean only about $30 for each unemployed man. I do not think we can take up the slack of every unemployed man, but the point is that the man who would get employment out of the fund, with the money he received would buy a pair or shoes or a hat or a suit of clothes, which in turn, would start to draw the supply of shoes, hats, and clothes which now remain unsold off of the shelves, and in turn create a demand for all commodities, which over a period of a year would do a great deal to take up the business slack and start the country toward more prosperous times.

I do not plead for beer; I ask for consideration of the people who are without work. I plead for the taxpayer from whom, if we do not get this money from a tax on beer, we will have to get money in the form of additional income taxes or sales taxes or excise taxes. I ask that that man be spared, and it is my belief that we can spare him, because this revenue of 24 cents a gallon, in my judgment, will yield between four and five hundred million dollars annually, which will be more than enough to take care of the sinking fund and the interest requirements, and which will leave about $200,000,000 over for general Treasury purposes.

Mr. KING. Mr. President, will the Senator yield?

Mr. TYDINGS. I yield.

Mr. KING. I have been detained from the Senate, and do not know whether the Senator has discussed the question I am about to suggest, and if so, I hope he will pardon me.

Many of the States, as the Senator knows, have prohibition statutes which prevent the vending of liquors having an alcoholic content of more than one-half of 1 per cent. Does the Senator believe that if his amendment were enacted into law, it would supersede State statutes, and that within States which have prohibition statutes such as I have mentioned, beer might be sold?

Mr. TYDINGS. I think that the Senator and all the rest of us can agree upon the thought that the States can not enlarge the alcoholic content prescribed by the Constitution, but they can further restrict it, and it is my thought that if a State has so restricted it, neither liquor nor beer nor anything else like that can be sold in that State if it transgresses the State law, notwithstanding the Federal Government permitted it by law.

Mr. KING. The Senator has stated the legal proposition very clearly. In view of the fact that most of the States, as I am advised, have statutes prohibiting the manufacture or sale within their borders of beverages containing 2.75 per cent alocholic content, it would follow, it would seem to me, that the quantity that could be manufactured and sold legally under the Senator's provision would be very much less than he has suggested.

Mr. TYDINGS. During the absence of the Senator I read excerpts as to the situation during the time we had national prohibition and when 2.75 per cent beer was permitted by law, and the only beer that was permitted by law, which showed that 90 per cent as much of that beer was consumed as was consumed in 1914. As a matter of fact, it was really 100 per cent, because statistics show that from 1910 on down to prohibition the consumption of all alcoholic beverages was getting less and less each year. So that really if that curve were followed from 1914 to 1918, the consumption would have been seen to be about the same in each year.

Mr. KING. Has the Senator made sufficient investigation to be certain as to the limit of alcoholic content which would not be intoxicating?

Mr. TYDINGS. I would like to say to the Senator that prior to his entrance into the Chamber I read from the most celebrated medical authority in the country, the dean of medicine at the University of Pennsylvania. I will refer to some of the other statements I read.

I read from William John Gies, who is professor of biological chemistry in the school of medicine of Columbia University. I read from the statement of John Marshall, who is professor of chemistry and toxicology in the medical school of the University of Pennsylvania. I read also a statement by Hobart Amory Hare, who is a professor of therapeutics, materia medica, and diagnosis in the Jefferson Medical College at Philadelphia, and also the author of numerous books. I read from other equally eminent gentlemen, all of whom claim that both by experimentation and by observation they believe that 2.75 per cent beer is not intoxicating. I submitted that no one could get any better evidence, either in opposition or support of my contention, than I myself have provided in these affidavits.

Further than that, I may say to the Senator that shortly after the Volstead Act was adopted a man was indicted in the city of Baltimore for violating the Volstead Act, charged with selling beer. That case was carried to the Supreme Court of the United States, and that court decided that unless it were shown that the product which was sold was intoxicating in fact, a demurrer to the indictment would lie. One of the best lawyers in our State, Mr. William L. Marbury, at one time a candidate for the Senate and a very esteemed and revered member of the bar, was counsel in that case, and in talking with him to-day he referred me to Doctor Abell, of the Johns Hopkins University, who has conducted a number of experiments in reference to the alcoholic content of liquors, and as to when beer is intoxicating; and while, unfortunately, I have not Doctor Abell's letter here to-night, I know his experiments show that 2.75 per cent of alcohol by volume is not intoxicating.

Therefore I ask with sincerity those who actually believe in prohibition, as well as those who may oppose it, why should they withhold their votes, when, by a tax of 24 cents a gallon on this perfectly legal beverage, we could provide the means of amortizing a billion five hundred million dollar bond issue for public construction, without levying one addiditional dollar on the taxpayer, and provide two to three hundred million dollars extra for general Treasury purposes as well?

What excuse can there be, with from seven to ten million people unemployed in this country, for withholding support from this measure, which would give them self-respect, give them and their children and their wives food and shelter and clothing, rather than permit them to become objects of charity, when we all know that charity funds are soon going to be exhausted, and that in some of the large cities there will be hundreds of thousands of people unprovided for, no work to be obtained, and when we know what the consequences of that situation will be? That is the choice we have.

Mr. WALSH of Massachusetts. Mr. President——

The VICE PRESIDENT. Does the Senator from Maryland yield to the Senator from Massachusetts?

Mr. TYDINGS. Certainly.

Mr. WALSH of Massachusetts. I think the Senator ought to point out to the Senator from Utah what was stated before he entered the Chamber, namely, that practically all the States fixed the alcoholic content of what were not

intoxicating liquors at less than 3 per cent. That seemed to be the general understanding and the precedent that was established by all the States—that where the alcoholic content of liquor was less than 3 per cent it was not intoxicating.

Mr. KING. What I am about to state is not intended to lend support to the position of the Senator, but it has some relevancy to the matter under discussion. I was on the subcommittee of the Committee on the Judiciary, to which was referred the so-called Volstead bill after it was introduced in the Senate. We call it the Volstead Act, but it is generally understood that it was drawn by Wayne B. Wheeler, representing the Anti-Saloon League. It was then offered in the House by Mr. Volstead, he being chairman of the House Judiciary Committee, and the then Senator from Minnesota, Mr. Nelson, now deceased, who was chairman of the Judiciary Committee in the Senate, offered it in this body. I was a member of that committee at the time and a subcommittee of five was named. Senator Cummins, Senator Nelson, chairman of the Judiciary Committee, and Senator NORRIS were the three Republicans, and the Senator from Montana [Mr. WALSH] and myself were the two Democrats.

The subcommittee conducted hearings and received considerable testimony as to what was "intoxicating liquor." My recollection is that the testimony was uncontradicted and established that beverages containing 2.75 per cent were not intoxicating. Mr. Samuel Untermeyer was present representing a number of persons who were contending that beverages containing not exceeding 2.75 per cent were not intoxicating, and therefore not within the terms of the eighteenth amendment.

Mr. TYDINGS. By weight or volume?

Mr. KING. By volume, I think. Mr. Samuel Gompers, president of the American Federation of Labor, was there. A number of persons who had conducted experiments and who had scientific knowledge testified, and, so far as I now recall, they were unanimous in holding that 2.75 per cent alcoholic content by volume was not intoxicating. In view of that testimony, I moved in the committee that the alcoholic content be fixed in harmony with the testimony adduced before the committee. My motion was defeated not only in the subcommittee but also when offered in the full committee.

I took the position that under the eighteenth amendment Congress was authorized to deal only with alcoholic liquors that were intoxicating in fact and used for beverage purposes. In my opinion, alcoholic liquors for medicinal purposes were not within the constitutional amendment. I voted against the Volstead Act in committee because I believed it to be unconstitutional. I did not believe the Supreme Court would affirm the validity of an act that declared a beverage to be intoxicating when it was not intoxicating and its nonintoxicating quality was universally admitted. I could not conceive of the court upholding as a fact a legislative declaration that was not a fact, and that was known to be not a fact. However, the Supreme Court held that the act was constitutional, as it subsequently held that the so-called medicinal beer bill was constitutional. That bill forbade the use of beer for medicinal purpose, although whisky could be prescribed for medicinal use.

The eighteenth amendment did not confer upon Congress the authority to prevent the use of alcoholic liquors for medicinal purposes, and yet Congress enacted a law which went that far, and the Supreme Court sustained it.

Mr. TYDINGS. I certainly want to thank the Senator for bringing out the situation as to how the limit of one-half of 1 per cent was fixed. Before the Senator leaves that may I point out to him its absurdity by showing him with short increases how ridiculous the one-half of 1 per cent is. Assuming that one-half of 1 per cent is not intoxicating, let us say we increase it to five-eighths of 1 per cent. That is not intoxicating, either; but let us go one step farther. Let us go to three-quarters of 1 per cent or six-eighths. Let us go then to seven-eighths of 1 per cent, and so, finally, no matter which procedure we use, we must reach a point above one-half of 1 per cent, where the line of division is reached between what may fairly be called intoxicating beverage on the one hand and nonintoxicating beverage on the other.

All I am attempting to do, as the Senator has so well shown in the experience which he had at the time the Volstead Act was considered, is to fix the limit where every dry, where every prohibitionist, where every believer in the eighteenth amendment can join with me and support the amendment to bring relief to the unemployed.

Mr. KING. If the Senator will pardon me further, I took the position then that if Congress by legislation could declare something to be a fact that was not a fact, if it could declare that one-half of 1 per cent was intoxicating, when confessedly it was not, then by legislation some later Congress might declare that a beverage containing 5 or 6 per cent of alcohol was not intoxicating, and that if the Supreme Court were to be bound by a legislative declaration, whether true or not, it would be required to hold that such enactment was valid. If Congress may say that something is intoxicating that is not, then by the same token I may declare as nonintoxicating a beverage that is intoxicating.

Mr. TYDINGS. Let me interrupt the Senator just a moment. I want to show him how ludicrous the situation is.

Mr. KING. Perhaps my observations are not relevant to the question presented, particularly as I do not intend to vote for the Senator's amendment.

Mr. TYDINGS. We are not going to have a vote to-night. Let me show the Senator how ludicrous the situation is.

Three or four years ago a gentleman came to my office and asked if I would like to have some wine. This was in the Capitol of the United States. I told him I would like to have it, but how could I get it legally? He said, "It is quite proper to get it. We have these concentrates and we go around and put them in a keg, and after 30 or 40 or 60 days we bottle it. We can give you sauterne or port, or any kind of wine you want." I purchased some of that wine from him. At that time I think Mrs. Willebrandt was counsel for the organization. Subsequent to that time the Government actually loaned to the concentrates people $3,000,000 through the Farm Board to finance their business.

I had perfectly good 12 or 15 per cent wine. I think I got it for about a dollar a quart put up in bottles. The wine was splendid. I could have put a fancy label on it and fooled any person into thinking he was drinking a cheap imported wine.

But all of that was done with the money of the taxpayers loaned to these concentrate companies. After going through that rathole, which is as big around as all kingdom come, we are acting now like a camel trying to go through the eye of a needle on one-half of 1 per cent or 2.75 per cent alcoholic content. Think of it, the taxpayers' money to the extent of $20,000,000 used to finance these concerns making 12 and 15 per cent wine. We voted all of that money. Nobody criticized them but the present speaker. I rose several times and pointed out how farcical the whole thing was, how reeking with hypocrisy, what a shame it was to permit a man to make 12 per cent wine and arrest him for making 3 per cent beer.

After a time, after it had been going on for 10 years, a court finally held when a case was tried before it that it was illegal. Here is the Government having financed this industry for a period of years, so-called indirectly, and we had not a word to say about it, and now the Senate, after voting millions to these concerns to make something which has five times as much alcohol in it as the beer I propose, sitting here in a period of great emergency and quibbling about whether we are violating the Constitution. I say from the standpoint of logic and analogy the thing is ludicrous.

Mr. BROUSSARD. Mr. President——

The VICE PRESIDENT. Does the Senator from Maryland yield to the Senator from Louisiana?

Mr. TYDINGS. Certainly.

Mr. BROUSSARD. I am sure the Senator knows this, but I would like to call it to his attention for the benefit of those who were not here awhile ago. Just before the Senator took the floor the senior Senator from New York [Mr.

COPELAND] discussed the text of the provision proposed by the committee levying a tax on different kinds of malt fluids and extracts and brewer's wort. The paragraph to be considered after the Senator's amendment is disposed of is found on page 242 of the bill, as follows:

Grape concentrate, evaporated grape juice, and grape sirup (other than finished or fountain sirup), if containing more than 35 per cent of sugars by weight, 20 cents a gallon. No tax shall be imposed under this paragraph (A) upon any article which contains preservative sufficient to prevent fermentation when diluted.

All these products are admitted by the chairman of the committee to be used in the manufacture of beer and wine. I know it was admitted as to brewer's wort.

Mr. TYDINGS. Yes; the chairman was very honest and candid about it, as he should have been.

Here is the whole story. The amendment provides a $1,500,000,000 bond issue, all of it to be used for work, most of which is already authorized by the Congress and which we will do anyhow in the next 10 years. It modifies the Volstead Act and changes the limit from one-half of 1 per cent to 2.75 per cent. It taxes that product 24 cents a gallon and provides that all the taxes derived from this source shall be specially earmarked to pay the interest and the sinking fund on this bond issue. Therefore, the entire bond issue can be borne with this one tax, and we will have the sum of more than $200,000,000 in excess annually for general Treasury purposes. If we have $1,500,000,000 for work, we are going to build something useful, something for which we will spend money anyhow in the next 10 years, and we will bring encouragement and hope and employment and food to the 10,000,000 people, most of whom have been without work for over a year.

The question is, Is it better to wiggle close to the line of the eighteenth amendment and take care of the unemployed, or to be puritanical and blind and hypocritical, as we have been in reference to many phases of this question, and let the unemployed take care of themselves with food and clothing when next winter comes and the community funds are insufficient and the States and cities are unable to provide for them?

Whether we take this amendment or leave it, I shall have the satisfaction of knowing that I presented a sound plan, one that will not levy any new taxes upon the American people, one that will amortize the bond issue which the amendment creates, one which will furnish employment for the people who are without work. When the rising happens next winter, as in my judgment it is very likely to happen, at least I shall have the comfort of knowing that I stood here before it happened, before the cold winter came, when we knew these people would have no food and no clothing and no work, and presented a sound plan, not in violation of the Constitution, but upon which our puritanical traditions prevented us from taking a liberal attitude, because in the face of the testimony I have adduced here, showing that 2.75 per cent beer is not intoxicating in fact, evidence given by the leading medical men, the leading chemists, the leading biologists of the country, it would be simply silly to say that anything else except puritanical madness caused any Senator to withhold his support from my amendment.

Mr. HARRISON. Mr. President, will the Senator yield?

The VICE PRESIDENT. Does the Senator from Maryland yield to the Senator from Mississippi?

Mr. TYDINGS. I yield for a question.

Mr. HARRISON. Does the Senator from Maryland desire a vote on his amendment to-night or would he prefer to have a vote on it to-morrow?

Mr. TYDINGS. I would prefer to have a vote on it to-morrow, because I imagine there are other Senators who want to speak both for and against the amendment.

Mr. HARRISON. May I ask the Senator from Utah, in the time of the Senator from Maryland, if he has obtained unanimous consent to meet at 11 o'clock to-morrow morning?

Mr. SMOOT. Yes.

Mr. HARRISON. Why can we not, then, agree to vote on this amendment not later than 2 o'clock to-morrow?

Mr. TYDINGS. I suggested that earlier in the evening.

Mr. SMOOT. If we could meet at 11 o'clock, would not the Senator agree to vote on the amendment at 1 o'clock?

Mr. TYDINGS. I should be glad to do so but for the reason that those who want to speak for the amendment are numerous; there are about six or seven of them; and, obviously, I do not think it would be fair unless those who are opposed to the amendment should be given equal opportunity. I will say to the Senator that if he will make his request so that a vote may be taken not later than 2 o'clock, it is quite likely we can vote before that hour.

Mr. SMOOT. Then, I ask unanimous consent that a vote be taken on the amendment of the Senator from Maryland at not later than 2 o'clock to-morrow.

The VICE PRESIDENT. Is there objection?

Mr. WALSH of Massachusetts. I think it ought to be understood that when we convene to-morrow at 11 o'clock the Senator from Maryland will have the floor or will be recognized.

Mr. SMOOT. Unless he concludes to-night.

Mr. TYDINGS. I should like a few minutes more before a recess is moved to-night.

Mr. SHEPPARD. Mr. President, I also should like to say just a few words before the Senate concludes its session to-night.

Mr. TYDINGS. I will say to the Senator from Texas that I have not yielded the floor, but I will be glad to give him that opportunity.

Mr. BLAINE. Mr. President, a parliamentary inquiry.

The VICE PRESIDENT. The Senator will state it.

Mr. BLAINE. Before unanimous consent can be given to take a vote at a given hour, is it not necessary to have a quorum called?

The VICE PRESIDENT. Not for a vote on an amendment.

Mr. SMOOT. Consent is asked to vote only on an amendment. The requirement as to roll call applies to a bill.

The VICE PRESIDENT. It is only necessary to call for a quorum when a vote is requested on the final passage of a bill.

Mr. WHEELER. Mr. President, before the unanimous-consent agreement is entered into, I am going to ask for a quorum because the Senator from Arizona [Mr. ASHURST] and one or two other Senators made the statement that they would object to adjourning; and I think that they ought to be here.

Mr. WALSH of Massachusetts. Mr. President, the Senator from Arizona [Mr. ASHURST] does not object to an adjournment to-night. He objects to postponing an amendment and taking up another amendment. He has no objection to the Senate adjourning or taking a recess. His objection, I repeat, is to dropping one subject and taking up another subject without disposing of it.

Mr. WHEELER. I withdraw my objection.

The VICE PRESIDENT. Is there objection? The Chair hears none, and the agreement is entered into.

Mr. TYDINGS. Mr. President, I shall detain the Senate for only a few moments longer. I should like briefly to summarize what I have strung out over two hours, in order that Senators may take home with them, in a concrete way, exactly what this amendment is. Let me say once more that the amendment provides for a bond issue of $1,500,000,000 of which $1,000,000,000 is to be used to erect buildings which are already authorized by Congress, and an addition thereto of $400,000,000 for roads, river and harbor projects, and flood control, making $1,500,000,000 worth of public works, about a billion dollars of which have been authorized by the Congress already and about $500,000,000 additional for roads, river and harbor improvements, and so on.

The amendment also provides for modifying the Volstead Act and fixing the alcoholic content not at one-half of 1 per cent, where it is now, but at 2.75 per cent, and tax-

ing that modified beer at the rate of 24 cents a gallon. The income derived from such tax on beer is to be especially earmarked and will go into a special Treasury fund dedicated, first, to paying off the annual amortization of the bond issue and the interest on the outstanding bonds. All amounts over that may be used for General Treasury purposes. It is estimated that from $400,000,000 to $500,000,000 can be raised annually by the tax proposed.

During the evening I read numerous affidavits from some of the leading medical authorities of the United States showing that 2.75 per cent beer is not intoxicating in fact. I concede there is a difference of opinion upon that point, but I believe the testimony which I have offered from the dean of medicine of the University of Pennsylvania, from the dean of the school of medicine of Columbia University, from professors of Yale, and other universities is as good as any testimony which can be procured on that point anywhere on earth.

I ask Senators in going home to-night to consider the problem of whether or not we should turn our backs upon this amendment, and revert to a definition of what is intoxicating, which every man here knows is not candid or honest, namely, one-half of 1 per cent, and deny this revenue to our Government, leaving those who are unemployed with the prospect next winter of being without sufficient funds for their relief, either in the community chests or in the cities or in the States, and looking to a dole by the Federal Government as the one means of providing them with the bare necessities of life.

Mr. WALSH of Massachusetts. Mr. President, will the Senator yield?

The VICE PRESIDENT. Does the Senator from Maryland yield to the Senator from Massachusetts?

Mr. TYDINGS. I yield.

Mr. WALSH of Massachusetts. I think the Senator might well add to the advantages enumerated that his amendment brings out into the open and taxes an industry that now exists illegally and is untaxed.

Mr. TYDINGS. That is very true. We have taxed almost everything from which we can pluck a feather in the whole United States. We have gone over it with a fine-tooth comb. We all know that there is a class of men in this country having no regard for the law, greedy for money, who have built up a crime ring which staggers the imagination. We know, for example, that in some of our large cities they are almost above the law; that to be arrested for murder or for carrying concealed weapons or for any other crime means nothing; they are out in a few days and go about as if they were lords of the realm. We know that hideous crimes have happened within the last 90 days which, in my judgment, were financed in part by the money derived from the prohibition racket. We know, more than that, that there never has been such a wave of crime, never such governmental corruption as we have had up to now.

However, that is not the point. The point is that the adoption of this amendment would afford a really respectable beverage for the man who wants beer to supplant the product which is now being purveyed illegally by criminal rings and gangs who are mulcting the people out of millions of dollars. The adoption of the amendment would permit the legal sale of a product the illegal sale of which is enabling certain criminal characters to own steam yachts and homes at Palm Beach, is causing our whole enforcement machinery to be permeated with graft and corruption, and is jamming the jails with prisoners, 661,000 of whom have been convicted of crimes against the prohibition law. With all that going on, there stand 10,000,000 unemployed with their wives and their children in addition, numbering perhaps thirty or forty million people all told, without the means of making an honest living and dependent upon charity. By a simple amendment, not transgressing the Constitution, we can in one fell swoop tear aside the veil of night and let the sunshine of hope and promise fall upon these poor unfortunates who are the victims of circumstances arising through no fault of their own.

Mr. SHEPPARD. Mr. President, the Senator from Maryland has summarized in a few minutes what it took him something like two hours to say. I propose to summarize in a few minutes what I might have said in something like two hours. I shall not perpetrate a discussion of that length upon the Senate to-night.

In my judgment no Senator can vote for this amendment without violating his oath to support the Constitution of the United States. In my judgment the one-half per cent or more provision is an honest and candid definition of intoxicating liquor.

When the Volstead Act was passed the Federal Government had already defined intoxicating liquor as being liquor containing one-half of 1 per cent or more of alcohol. Section 1 of the so-called war-time prohibition act of November 21, 1918, prohibited the use of fruit or other food material in the production of beer, wine, or other intoxicating malt or vinous liquors for beverage purposes. This act did not define intoxicating liquor. It became necessary, therefore, in enforcing the act, for the Government to define intoxicating liquor, and it was defined in paragraph 14 (b), Treasury Decision 2788, of February 6, 1919, as follows:

> Within the intent of the act of November 21, 1918, a beverage containing one-half of 1 per cent or more of alcohol by volume, will be regarded as intoxicating.

This definition was later adopted in section 1, Title II, of the national prohibition act by the Congress of the United States, and has been pronounced constitutional by the United States Supreme Court. Most of the States of the American Union had also established that definition of intoxicating liquor or a definition involving a lesser content; those wet for the purpose of regulating the sale and taxation of intoxicating liquor, those dry for the purpose of prohibiting the sale of intoxicating liquor.

The statements of the medical authorities to which the Senator from Maryland has referred evidently had in view visible intoxication. As a matter of fact, the chief havoc wrought by alcohol as a drug occurs before the stage of visible intoxication is reached. The effect of alcohol is cumulative. A trace reaches the brain and begins to impair the most delicate tissues. Another trace is added the next day; the appetite develops and most of the devastating effects of the drug ensue without visible intoxication.

The production of the volume of beer involved in the proposal of the Senator from Maryland would require an investment in brewery construction of eight hundred million or nine hundred million dollars, not including extensive replacements. The diversion of this tremendous amount of capital to the production of a nonessential such as beer, entirely aside from the question of prohibition, would be unthinkable in normal times, not to speak of the present crisis, when the need of capital for the necessary processes and institutions of civilization and of progress is the most desperate in our history.

Mr. WHEELER. Mr. President, will the Senator yield?

The VICE PRESIDENT. Does the Senator from Texas yield to the Senator from Montana?

Mr. SHEPPARD. I yield.

Mr. WHEELER. Will the Senator again state the figures as to construction investment which would be required?

Mr. SHEPPARD. I said the proposal would require a capital investment of something like eight hundred or nine hundred million dollars for brewery construction, machinery, and things of that kind. We instituted the Reconstruction Finance Corporation in order to secure capital for legitimate industry and enterprise in the United States. Would any Senator here have voted to include brewery construction and development within the scope of the operations of the Reconstruction Finance Corporation?

The consumption at retail of the volume of beer which would be produced by the project which the Senator from Maryland has in mind would require an expenditure by the American people of more than a billion and a half dollars every year.

It is exceedingly doubtful whether such an amount of money is available among the people for the purchase of a nonessential like beer. Never have the masses of the people been so sorely pressed as at this hour for funds with which to acquire the barest essentials of existence. With some seven to ten million unemployed, with the remainder of the working hosts facing the most distressing and perilous economic conditions ever known, where will be found the billion and a half dollars for beer?

With the people struggling for bread they will not turn in any overwhelming numbers to beer—at least, not in sufficient number to furnish the revenue for the purposes which the Senator from Maryland describes.

The Senator from Maryland ascribes to prohibition much of the crime now existing in the country, and the fact that some of the jails are crowded with criminals. It is not prohibition that is causing crime; it is the defiance of prohibition. It is not the prohibitory law that is responsible for whatever difficulties we may face along this line to-day; it is the purchaser of intoxicating liquor who is responsible, and the purchaser alone.

The American people are not going to run down the flag and surrender their loyalty to the Constitution because purchasers in high social circles and elsewhere continue to defy, to despise, and to disregard the law.

Mr. SMOOT. Mr. President, now that we have a unanimous-consent agreement to vote on the pending amendment to-morrow at 2 o'clock, unless some Senator desires to speak at this time I shall move a recess.

ADDRESS BY SENATOR LEWIS ON THE STATE OF THE UNION

Mr. CONNALLY. Mr. President, last night the eminent junior Senator from Illinois [Mr. LEWIS] delivered over the radio a very interesting and what I regard as a brilliant address. I desire to have the address printed in the RECORD.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

ADDRESS OF HON. J. HAMILTON LEWIS, OF ILLINOIS, MAY 16, 1932

The radio audiences must have become fatigued with the many addresses upon the public questions with which they were dinned by voice and oppressed by ceaseless newspaper and magazine. I am called upon to present an additional view, which I do with the trust that you will not be burdened beyond your patience.

The subject assigned is the state of the Union and the state of the political parties in Congress. First, let it be understood that there are no political positions and political possibilities for a political party in either House. There is no Democratic Party in the House of Representatives, though these termed Democrats have a majority of three with the Speaker of the House being a Democrat. In the Senate, called Republican, there is a majority of one to three over the Democrats, and a majority of seven whenever all the Republicans unite upon any proposition. Many of the editorials, many of the newspaper articles, and a great many of those who are speaking to the country have expressed disapproval and all condemnation that the House did not organize and remain a fixed compact body, taking its orders from the Speaker and obeying him as one does the order of a general in command. There are those who have condemned Speaker GARNER that he has not "controlled the House." I beg to remind America if ever we had a Speaker who "controlled the House" he would be dispelled out of his place before sundown of any day in this particular day of independence of mankind. You will not forget that right after the Civil War, under a Democratic House, a Democrat attempted to "control" the Members in the matter of their votes where they were sovereign Representatives of sovereign districts, each having a right to have his views and their necessities obeyed by their Representative. This particular Speaker was hurled from his place by votes and reduced to the minimum and was hissed by the country. I remind you that when Speaker Cannon, Republican, assumed such a privilege as controlling the House and dominating it by rule, he was whirled from his chair under resolution initiated by Senator NORRIS, Member of the House, now Senator from Nebraska.

CONGRATULATES GARNER

I invite you that an attempt of this kind in the House of Parliament lately caused a wreckage; the Speaker was thrown out of the house and was beaten overwhelmingly. I invite you that in France, when it was attempted by the aid of the majority, the cry of tyranny threw him out of place and has brought on the elections in the last few days, overturning the Government of France and initiating what must be called a radical and socialistic organization in control.

Speaker GARNER is to be congratulated on having kept his head, maintaining his poise, and in no wise impinging upon the liberties of the Congressmen whose duties to their districts expressing the wishes and needs of their own people were their first obligation. I now congratulate the House of Representatives, that at a time like this, when the President has stated that the Nation is in a condition "as in war," that the gentlemen of the House on the Democratic side have refused to band themselves together as a political party to oppose the President of the United States, the Executive in command, and have declined to mortgage themselves in a compact of partisanship that shall contest the will of the administration while it professes to be expressing the need of the country. I now summon the people to note what would be the effect if this howl and clamor against the House were yielded to; and I ask you to consider what a condition would have been upon this Republic if the House had been the sort of thing this cry and malediction had wished it—a water-tight political compartment—if, in compact organization as a party under the domination of the Speaker, every measure presented by the Republican President would have been met by a compact wall, over which it could not ride and against which like a wave it would dash but be beaten back and retreat into defeat. Then you would not have had the moratorium, which the President asked for on a nonpartisan ground and which was given him by the Democratic House. You would not have had the Steagall bank bill, which gives the opportunity to the release of frozen assets and increase of circulating money for business relief. You would not have had the finance credit bill, which now comes to the rescue of the railroads, insurance companies, and other institutions necessary to be preserved to save the Nation from insolvency. You would not now have the appropriation bills voting the amounts necessary to the support of the Government, nor would you have had the economy bill, looking to the limitation of expenditures, as the press has advised.

ORGANIZATION OF CITIZENS

The House would have been justified as a partisan organization in opposing the appropriations carrying out the principles which the contests before their people had opposed. They would have been justified in opposing the program of economy, so called by the President, on the ground that the President and his administration had made the extravagances, so let them take the consequences before the people and pay the penalty for their political sins. All of those have been voted by the Democratic House, and instead of becoming partisan they have become an organization of citizens in open convention executing the requests of the President and complying with the demands of the people as the public representatives of the Nation and in nowise the master manipulators of a political party.

Now we look to the United States Senate, so-called Republican, but this body in the same spirit of patriotic endeavor under the parliamentary guidance of Vice President CURTIS, Republican, President pro tempore MOSES of New Hampshire, Republican, and the different chairmen of the various committees, all Republican, nevertheless have refused to band themselves as a political party and decline to elect a Republican who has been nominated as President of the Senate and, though declining to support a Democrat, stand as a nonparty organization and prove to the country that a measure is being considered, whatever may be its manner or content, upon its merits—looking only to that test if the measure be to the welfare of the Nation.

This Republican Senate is to be congratulated and its eminent leaders to be put forth before the Nation as worthy of all praise, due to the honorable and patriotic public servant.

It will now be seen that had all these things been done which public condemnation, quickly spurted out, had demanded, the country to-day would have stood in chaos, its business in insolvency, and its people in confusion or riot. We would have been in the situation that you have lately seen in France, the fanatics killing her President; Japan, with equal fanatics slaying her Premier; with the unhappy conditions in the Canadian Provinces, as Newfoundland, where the governor is driven from his chair to the sea.

JUSTICE TO THE DEMOCRACY

Then let us congratulate our countrymen that our public servants in the legislative halls, joining those public servants who are the heads of the Cabinet and their aides, find themselves to-day that, though they "lately met in the internecine shock, now in well-beseeming ranks march all one way."

And now I ask your attention to what is justice to the Democracy: That you recall that this administration has been in power three years; that none of the measures which have now been passed under the Democratic House have even been presented for three years, much less having been passed for the relief of the people. You will note in all this time the increased conditions of hardship, misery, and depression were multiplied upon the Republic. Day by day you were told that everything would be all right, that your condition was but a matter of psychology, a miasma of mind, that "just around the corner" and "just up the road" were to be seen the caravans of new commerce and on the hills the palaces of promised prosperity.

Let it be said that the President and his administration must not be charged with the full responsibility; they were misled equally by those who encouraged the administration to conduct the policies in vogue, because it was to the benefit of those who while misleading the administration were pillaging the people and were withholding the facts from the President and his advisers while they deliberately falsified to the public and misled the press to print their false prophecy and their deceiving promises.

I invite you to note that the administration in power for these three years finally sent in to the Government a demand for appropriations equaling four billions, or two billions more in time of profound peace than were exacted in 1918 or 1920 while immediately following the close of the World War, with all of the war burdens yet to bear. Then the appropriations were laid out to meet these exacting, overwhelming, and shoulder-crushing burdens.

Here we do justice to say the President and his administration must not be charged with the responsibility of this crime upon the Republic—the master heads of industry, the political leadership of the party, the trusted advisers with schemes to enrich themselves, and those who were under cover from identity succeeded in getting the administration to plunge the country into this indebtedness for the benefit of those who are now capitalizing it. I invite you to note that now with the deficit exceeding two billion and threatening to be three billion, and with indebtedness of five billion, this condition has been caused by those who turned the Government into the hands of the large institutions and great political enterprises where the authors of the nefarious schemes could profit, though it was to the pillage of the people and pollution of the Republic. We must not forget that the President and his Cabinet and the immediate officials of his administration were often far removed from the master manipulators in the distant States of the Union and were compelled to take reports and have no other form of information upon which they could rely. The press, from day to day called upon to print with quickness that the paper may be issued with promptness, must also take that which is given them by those whom they adopt and which they accept as truth from those whom they believe reliable.

CALLS FOR PATIENCE

All of these misrepresentations and misleading conduct have brought our country to where we are to-day. We have educated our Nation to trust those in position with official power, and the officials in power have been educated to trust the citizens who in high places are supposed to report to the officials in power the truth, but who have taken advantage of the privilege to benefit themselves and speculate on the public money of the Government, sending out billions of its gold through favored banking circles to be gifts to the nations of South and Central America, bounties to the nations of Europe, favors to the industry and commerce of other countries opposing the United States or in the sums reaching between twenty-five and thirty billions of money drained from the possessions of America and paralyzing the prospects of the future of our Nation.

These crimes, now uncovered to the public, have all been committed with such sequence and under the plausibility of patriotic finance and industry that the Americans had no opportunity to detect it, as they could not believe they were being betrayed by those whom they trusted and who appeared under the guise of friends of persons in power as patriots to the party of the administration. The Democrats, though crying out against the wrong through all the years day by day, were denounced as falsifiers, sometimes as traitors, as well as lacking in patriotism, because they would denounce these objects and cry to the people to stop them with some form of expression at the ballot box. Now, when all these cries were ignored and the public face to face with the disaster brought on by these violations and violences, there is nothing to be done but bemoan the situation and trust that in the future our country will recognize the honest mistakes of those who have been deluded in the citizenship, their administration deceived in its trust, the democracy defeated in its effort, leaving a whole Nation betrayed in its hopes, helpless in its miseries, turning in the last hour to the great people of our country, beseeching that they shall learn the truth, and, in the words of the Great Prophet in the Holy Scriptures, feeling the relief in that knowing "the truth, the truth shall make you free."

The hour calls for the exercise of patience by the citizen and poise by the political parties. Let us realize that all the institutions of government and politics of yesterday have been transformed, and the new ideal and new standard is now before America, as it is before the world. We turn to march in new ranks, with banners bearing new devices, and with confidence in the spirit of America which preserves our country and sustains our countrymen that America shall remain not only the first of free lands of the world but the best and noblest of the history of mankind.

EXECUTIVE MESSAGES REFERRED

The VICE PRESIDENT, as in executive session, laid before the Senate several messages from the President of the United States submitting nominations, which were referred to the appropriate committees.

EXECUTIVE REPORTS OF THE POST OFFICE COMMITTEE

As in executive session,

Mr. ODDIE, from the Committee on Post Offices and Post Roads, reported favorably several nominations of postmasters, which were placed on the Executive Calendar.

ADDITIONAL BILLS INTRODUCED

Additional bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. THOMAS of Oklahoma:

A bill (S. 4682) for the relief of Thomas L. Cook (with accompanying papers); to the Committee on Military Affairs.

By Mr. SMITH:

A bill (S. 4683) for the relief of George M. Wright; to the Committee on Claims.

RECESS

Mr. SMOOT. Mr. President, I move that the Senate take a recess until 11 o'clock to-morrow.

The motion was agreed to; and (at 9 o'clock and 32 minutes p. m.) the Senate, under the order previously entered, took a recess until to-morrow, Wednesday, May 18, 1932, at 11 o'clock a. m.

NOMINATIONS

Executive nominations received by the Senate May 17 (legislative day of May 9), 1932

COLLECTOR OF CUSTOMS

John C. Tulloch, of Ogdensburg, N. Y., to be collector of customs for customs-collection district No. 7, with headquarters at Ogdensburg, N. Y. Reappointment.

PROMOTIONS IN THE NAVY

MARINE CORPS

First Lieut. Francis Kane to be a captain in the Marine Corps from the 29th day of April, 1932.

The following-named noncommissioned officers of the Marine Corps to be second lieutenants in the Marine Corps, revocable for two years, from the 12th day of May, 1932:

Corpl. James R. Stephens.

Corpl. Roger W. Beadle.

POSTMASTERS

ARIZONA

Robert B. Anderson to be postmaster at Clifton, Ariz., in place of R. B. Anderson. Incumbent's commission expires May 25, 1932.

ARKANSAS

John H. Magee to be postmaster at Corning, Ark., in place of G. W. Stanfield, deceased.

Rhetta L. Cooper to be postmaster at Hughes, Ark., in place of J. O. Crunk. Incumbent's commission expired January 23, 1932.

Elmer B. Wacaster to be postmaster at Mount Ida, Ark., in place of E. B. Wacaster. Incumbent's commission expires May 25, 1932.

CALIFORNIA

Dwight E. Knapp to be postmaster at Garberville, Calif., in place of D. E. Knapp. Incumbent's commission expired February 20, 1932.

John H. Strauch, jr., to be postmaster at San Gabriel, Calif., in place of J. H. Strauch, jr. Incumbent's commission expires May 22, 1932.

Marie E. Forster to be postmaster at San Juan Capistrano, Calif., in place of F. F. Kelly, resigned.

Warren A. Woods to be postmaster at Suisun City, Calif., in place of W. A. Woods. Incumbent's commission expired May 14, 1932.

COLORADO

William L. Thurston to be postmaster at Carbondale, Colo., in place of J. L. Thurston, deceased.

Carl Elsner to be postmaster at Kiowa, Colo., in place of M. E. Kendall. Incumbent's commission expired December 17, 1931.

Charles V. Engert to be postmaster at Lyons, Colo., in place of C. V. Engert. Incumbent's commission expired May 12, 1932.

CONNECTICUT

James V. Golden to be postmaster at Noroton Heights, Conn., in place of J. V. Golden. Incumbent's commission expired January 25, 1932.

Anna C. Tucker to be postmaster at Sandy Hook, Conn., in place of A. C. Tucker. Incumbent's commission expired May 16, 1932.

Harry W. Walker to be postmaster at Simsbury, Conn., in place of H. W. Walker. Incumbent's commission expires May 29, 1932.

FLORIDA

Walter E. Clark to be postmaster at Fruitland Park, Fla., in place of E. D. Wightman, deceased.

Clara E. Mariner to be postmaster at Oviedo, Fla., in place of J. B. Jones. Incumbent's commission expired February 14, 1932.

GEORGIA

Jesse H. Hicks to be postmaster at Chickamauga, Ga., in place of J. H. Hicks. Incumbent's commission expired December 20, 1930.

Judge T. D. Conley to be postmaster at Collegepark, Ga., in place of J. T. D. Conley. Incumbent's commission expired April 17, 1932.

James P. Rose to be postmaster at Lyerly, Ga., in place of J. P. Rose. Incumbent's commission expired February 9, 1931.

Don W. Pettitt to be postmaster at Nelson, Ga., in place of A. E. Pettitt, deceased.

William H. Astin to be postmaster at Palmetto, Ga., in place of W. H. Astin. Incumbent's commission expires May 20, 1930.

IDAHO

Ray W. Banbury to be postmaster at Buhl, Idaho, in place of R. W. Banbury. Incumbent's commission expired January 9, 1932.

William L. Killpack to be postmaster at Driggs, Idaho, in place of W. L. Killpack. Incumbent's commission expired May 17, 1932.

Melvin E. Elison to be postmaster at Oakley, Idaho, in place of J. Y. Haight. Incumbent's commission expired January 18, 1932.

ILLINOIS

Jay F. Smith to be postmaster at Blue Island, Ill., in place of C. A. Helwig, deceased.

Purl A. Scott to be postmaster at Chrisman, Ill., in place of W. F. Hoult. Incumbent's commission expired February 8, 1932.

Harley S. Wheatley to be postmaster at De Soto, Ill., in place of L. M. Kimmel. Incumbent's commission expired December 15, 1931.

Robert K. Church to be postmaster at Dowell, Ill., in place of W. A. Lafont, deceased.

Esther A. Lundberg to be postmaster at Greenview, Ill., in place of C. H. Derry. Incumbent's commission expired January 27, 1932.

William A. Abernathie to be postmaster at McClure, Ill., Office became presidential July 1, 1931.

Oldham Paisley to be postmaster at Marion, Ill., in place of W. T. Harris, removed.

Lawrence M. Goodyear to be postmaster at Watseka, Ill., in place of B. M. Martin, deceased.

Claude A. Webster to be postmaster at Westmont, Ill., in place of Irvin Green, removed.

John F. Shimkus to be postmaster at Westville, Ill., in place of J. F. Shimkus. Incumbent's commission expired May 5, 1932.

INDIANA

Doris P. Petra to be postmaster at Francesville, Ind., in place of Ebert Garrigues. Incumbent's commission expired January 13, 1932.

Justin P. Dipert to be postmaster at Grovertown, Ind., in place of R. I. Trapp. Incumbent's commission expired December 19, 1931.

Pirl H. Hawthorne to be postmaster at Hartford City, Ind., in place of R. W. Monfort. Incumbent's commission expired January 10, 1932.

William H. Warn, jr., to be postmaster at Milan, Ind., in place of C. O. Alton. Incumbent's commission expired January 10, 1932.

Louis T. Heerman to be postmaster at Syracuse, Ind., in place of Roy Sarjent. Incumbent's commission expired March 2, 1932.

IOWA

Melvin V. Smith to be postmaster at Akron, Iowa, in place of M. V. Smith. Incumbent's commission expired May 4, 1932.

Theodore B. Satory to be postmaster at Albert City, Iowa, in place of T. B. Satory. Incumbent's commission expires May 19, 1932.

William M. Bausch to be postmaster at Ashton, Iowa, in place of W. M. Bausch. Incumbent's commission expires May 19, 1932.

Harry Aitken to be postmaster at Clearfield, Iowa, in place of Harry Aitken. Incumbent's commission expires May 19, 1932.

John C. Dow to be postmaster at College Springs, Iowa, in place of J. C. Dow. Incumbent's commission expired February 2, 1932.

Elmer Akers to be postmaster at Decatur, Iowa, in place of Elmer Akers. Incumbent's commission expired April 20, 1930.

Dell P. Glazier to be postmaster at Fort Madison, Iowa, in place of D. P. Glazier. Incumbent's commission expired December 10, 1930.

James O. Vail to be postmaster at Garden Grove, Iowa, in place of J. O. Vail. Incumbent's commission expired February 2, 1932.

Rose M. Fischbach to be postmaster at Granville, Iowa, in place of R. M. Fischbach. Incumbent's commission expires May 19, 1932.

Henry W. Huibregtse to be postmaster at Hull, Iowa, in place of H. W. Huibregtse. Incumbent's commission expires May 19, 1932.

Fred R. Foster to be postmaster at Humeston, Iowa, in place of F. R. Foster. Incumbent's commission expired March 27, 1932.

John E. Mieras to be postmaster at Maurice, Iowa, in place of J. E. Mieras. Incumbent's commission expired May 12, 1932.

Leon R. Valentine to be postmaster at Murray, Iowa, in place of L. R. Valentine. Incumbent's commission expired March 27, 1932.

Elizabeth O'Reilly to be postmaster at New Albin, Iowa, in place of Elizabeth O'Reilly. Incumbent's commission expired February 16, 1932.

Loys E. Couch to be postmaster at Newell, Iowa, in place of L. E. Couch. Incumbent's commission expired May 4, 1932.

Lyle J. McLaughlin to be postmaster at Schaller, Iowa, in place of L. J. McLaughlin. Incumbent's commission expires May 19, 1932.

KANSAS

John C. Shields to be postmaster at Chetopa, Kans., in place of R. J. Conderman, resigned.

Henry B. Lawton to be postmaster at Kiowa, Kans., in place of H. B. Lawton. Incumbent's commission expires May 19, 1932.

Leland L. Jacobs to be postmaster at Plains, Kans., in place of E. G. Gillidett. Incumbent's commission expired December 15, 1931.

Arthur P. Barrett to be postmaster at Pratt, Kans., in place of H. S. Gregory, deceased.

Lloyd Van Metre to be postmaster at Sublette, Kans., in place of Lloyd Van Metre. Incumbent's commission expires May 19, 1932.

Walter M. Wheatcroft to be postmaster at Utica, Kans., in place of W. M. Wheatcroft. Incumbent's commission expires May 26, 1932.

KENTUCKY

Ronald S. Tuttle to be postmaster at Bardstown, Ky., in place of R. S. Tuttle. Incumbent's commission expires May 17, 1932.

Edward B. Ray to be postmaster at Canmer, Ky., in place of E. B. Ray. Incumbent's commission expired April 30, 1932.

John C. Jackson to be postmaster at Evarts, Ky., in place of J. H. Turner. Incumbent's commission expired Jan. 5, 1932.

Rollie H. Keown to be postmaster at Morgantown, Ky., in place of H. B. Morehead. Incumbent's commission expired Jan. 12, 1932.

Charlie H. Throckmorton to be postmaster at Mount Olivet, Ky., in place of C. H. Throckmorton. Incumbent's commission expired March 5, 1932.

Clyde S. England to be postmaster at Russell, Ky., in place of C. S. England. Incumbent's commission expires May 26, 1932.

Ruby M. Wood to be postmaster at Salt Lick, Ky., in place of R. M. Wood. Incumbent's commission expires May 23, 1932.

LOUISIANA

Pinckney L. Dark to be postmaster at Ferriday, La., in place of O. S. Osterberg. Incumbent's commission expired December 14, 1930.

Ella A. McDowell to be postmaster at Hodge, La., in place of E. A. McDowell. Incumbent's commission expired February 4, 1932.

John E. Butler, jr., to be postmaster at Port Allen, La., in place of R. S. Butler, resigned.

MAINE

Roy A. Evans to be postmaster at Kennebunk, Me., in place of R. A. Evans. Incumbent's commission expired May 7, 1932.

MARYLAND

Mary B. Workman to be postmaster at Port Howard, Md., in place of R. B. Woodrum, removed.

Eunice W. Dement to be postmaster at Indianhead, Md., in place of E. W. Dement. Incumbent's commission expires May 26, 1932.

George E. Parsons to be postmaster at Marion Station, Md., in place of Aurelia Day, resigned.

George S. Stevens to be postmaster at Millington, Md., in place of G. S. Stevens. Incumbent's commission expires May 26, 1932.

Lawrence M. Fraley to be postmaster at Oakland, Md., in place of Webster Ravenscroft. Incumbent's commission expired February 29, 1932.

Allan Urie to be postmaster at Rock Hall, Md., in place of Allan Urie. Incumbent's commission expires May 26, 1932.

MASSACHUSETTS

David L. Kelley to be postmaster at Fairhaven, Mass., in place of D. L. Kelley. Incumbent's commission expired May 16, 1932.

Raymond H. Gould to be postmaster at Millers Falls, Mass., in place of R. H. Gould. Incumbent's commission expired March 20, 1932.

Raymond L. Soule to be postmaster at West Boylston, Mass., in place of E. M. Ovenden, deceased.

MICHIGAN

John W. Bowditch to be postmaster at Pittsford, Mich., in place of S. B. Brant. Incumbent's commission expired January 31, 1932.

Wellington E. Reid to be postmaster at Ubly, Mich., in place of W. E. Reid. Incumbent's commission expired January 31, 1932.

MINNESOTA

Theresa Jondahl to be postmaster at Hallock, Minn., in place of G. A. Johnson. Incumbent's commission expired February 9, 1931.

MISSISSIPPI

William B. Potts to be postmaster at Crawford, Miss., in place of L. C. Gibson, removed.

James T. Skelton to be postmaster at Goodman, Miss., in place of J. T. Skelton. Incumbent's commission expired March 5, 1932.

William J. Stephens to be postmaster at Webb, Miss., in place of W. J. Stephens. Incumbent's commission expired March 5, 1932.

G. Albert Decell to be postmaster at Wesson, Miss., in place of K. R. Hodges. Incumbent's commission expired December 14, 1930.

MISSOURI

Walter L. Meyer to be postmaster at Auxvasse, Mo., in place of W. L. Meyer. Incumbent's commission expired May 12, 1932.

Benjamin O. Byers to be postmaster at Creighton, Mo., in place of A. I. Barnett. Incumbent's commission expired December 19, 1931.

Otto A. Green to be postmaster at Galt, Mo., in place of G. L. Keener. Incumbent's commission expired February 24, 1932.

Mansfield W. Duston to be postmaster at Kingston, Mo., in place of H. L. Virtue. Incumbent's commission expired January 13, 1932.

Charles F. McKay to be postmaster at Knox City, Mo., in place of C. F. McKay. Incumbent's commission expired May 2, 1932.

Edward F. Walden to be postmaster at Morehouse, Mo., in place of E. F. Walden. Incumbent's commission expired May 2, 1932.

Samuel S. Rutan to be postmaster at Odessa, Mo., in place of S. S. Rutan. Incumbent's commission expired January 13, 1932.

James E. King to be postmaster at Savannah, Mo., in place of L. C. Cottrill. Incumbent's commission expired January 13, 1932.

Ernest W. Bright to be postmaster at Stockton, Mo., in place of E. G. Hoff. Incumbent's commission expired January 31, 1932.

NEBRASKA

Byron I. Demaray to be postmaster at Alexandria, Nebr., in place of B. I. Demaray. Incumbent's commission expired March 14, 1932.

Millard M. Martin to be postmaster at Allen, Nebr., in place of M. M. Martin. Incumbent's commission expires May 17, 1932.

Lorena W. Doe to be postmaster at Arcadia, Nebr., in place of L. W. Doe. Incumbent's commission expires May 17, 1932.

Arvid S. Samuelson to be postmaster at Axtell, Nebr., in place of A. S. Samuelson. Incumbent's commission expired May 2, 1932.

Elmer H. Doering to be postmaster at Battle Creek, Nebr., in place of E. H. Doering. Incumbent's commission expired May 12, 1932.

Carl P. Smiley to be postmaster at Beaver Crossing, Nebr., in place of C. P. Smiley. Incumbent's commission expires May 26, 1932.

Hazel R. Babbitt to be postmaster at Belgrade, Nebr., in place of H. R. Babbitt. Incumbent's commission expired December 19, 1931.

Elmer V. Barger to be postmaster at Benkelman, Nebr., in place of E. V. Barger. Incumbent's commission expired January 11, 1932.

Minnie L. Smith to be postmaster at Blue Springs, Nebr., in place of M. L. Smith. Incumbent's commission expired May 12, 1932.

Oscar M. Fenstermacher to be postmaster at Cedar Bluffs, Nebr., in place of O. M. Fenstermacher. Incumbent's commission expired May 12, 1932.

Gus Johnson to be postmaster at Ceresco, Nebr., in place of Gus Johnson. Incumbent's commission expired December 19, 1931.

Clarence G. Struble to be postmaster at Chester, Nebr., in place of C. G. Struble. Incumbent's commission expired January 9, 1932.

Ethel Talcott to be postmaster at Crofton, Nebr., in place of Ethel Talcott. Incumbent's commission expired December 19, 1931.

Charles A. Rogers to be postmaster at Decatur, Nebr., in place of C. A. Rogers. Incumbent's commission expired January 9, 1932.

Otto A. Steinkraus to be postmaster at Dodge, Nebr., in place of O. A. Steinkraus. Incumbent's commission expired January 9, 1932.

Harold L. Mackey to be postmaster at Eustis, Nebr., in place of H. L. Mackey. Incumbent's commission expired May 7, 1932.

George A. Fowler to be postmaster at Fairfield, Nebr., in place of G. A. Fowler. Incumbent's commission expired January 9, 1932.

Frank W. Fuhlrodt to be postmaster at Fremont, Nebr., in place of F. W. Fuhlrodt. Incumbent's commission expired May 12, 1932.

Earl F. Fishel to be postmaster at Guide Rock, Nebr., in place of E. F. Fishel. Incumbent's commission expires May 17, 1932.

Elizabeth McGuire to be postmaster at Hampton, Nebr., in place of Elizabeth McGuire. Incumbent's commission expired May 12, 1932.

Charles C. Cramer to be postmaster at Hardy, Nebr., in place of C. C. Cramer. Incumbent's commission expired May 7, 1932.

Robert E. Templin to be postmaster at Hoskins, Nebr., in place of R. E. Templin. Incumbent's commission expired December 19, 1931.

Frederick F. Thomas to be postmaster at Linwood, Nebr., in place of F. F. Thomas. Incumbent's commission expired January 9, 1932.

Howard W. Botsford to be postmaster at Meadow Grove, Nebr., in place of H. W. Botsford. Incumbent's commission expired December 19, 1931.

Verner O. Lundberg to be postmaster at Nehawka, Nebr., in place of V. O. Lundberg. Incumbent's commission expires May 17, 1932.

Anton B. Helms to be postmaster at Randolph, Nebr., in place of A. B. Helms. Incumbent's commission expired May 12, 1932.

Myron A. Gordon to be postmaster at Stratton, Nebr., in place of M. A. Gordon. Incumbent's commission expired April 2, 1932.

Albert E. Pratt to be postmaster at Tobias, Nebr., in place of A. E. Pratt. Incumbent's commission expired May 7, 1932.

Leo E. Kraft to be postmaster at Unadilla, Nebr., in place of L. E. Kraft. Incumbent's commission expires May 29, 1932.

Carl Carlson to be postmaster at Valparaiso, Nebr., in place of Carl Carlson. Incumbent's commission expires May 17, 1932.

Louis A. Rice to be postmaster at Wilsonville, Nebr., in place of L. A. Rice. Incumbent's commission expired May 12, 1932.

NEVADA

John W. Christian to be postmaster at Pioche, Nev., in place of J. W. Christian. Incumbent's commission expired May 14, 1932.

NEW HAMPSHIRE

Mary E. Smith to be postmaster at Woodsville, N. H., in place of F. P. Dearth, deceased.

NEW JERSEY

Ralph H. Hulick to be postmaster at Browns Mills, N. J., in place of R. H. Hulick. Incumbent's commission expired February 6, 1932.

Wilson S. Frederick to be postmaster at Dunellen, N. J., in place of W. S. Frederick. Incumbent's commission expires May 17, 1932.

Frank L. Pote to be postmaster at Paulsboro, N. J., in place of F. L. Pote. Incumbent's commission expired May 14, 1932.

Rollin A. Cale to be postmaster at Pleasantville, N. J., in place of R. A. Cale. Incumbent's commission expired January 17, 1932.

Charles Herrmann to be postmaster at South River, N. J., in place of Charles Herrmann. Incumbent's commission expired May 14, 1932.

Amos G. Wick to be postmaster at Woodbury, N. J., in place of W. H. Albright, resigned.

NEW YORK

Erwin Smith to be postmaster at Annandale-on-Hudson, N. Y., in place of Erwin Smith. Incumbent's commission expires May 25, 1932.

Fred W. Hettler to be postmaster at Attica, N. Y., in place of B. P. Slater. Incumbent's commission expired December 19, 1931.

Nellie Fredricson to be postmaster at Cornwall on the Hudson, N. Y., in place of Nellie Fredricson. Incumbent's commission expired May 5, 1932.

Rudolph Silha to be postmaster at East Islip, N. Y., in place of M. T. Sweeney, resigned.

Joseph W. Cermak to be postmaster at East Northport, N. Y., in place of J. W. Cermak. Incumbent's commission expired May 16, 1932.

Wallace Thurston to be postmaster at Floral Park, N. Y., in place of Wallace Thurston. Incumbent's commission expired March 1, 1932.

Marcus O. Howell to be postmaster at Glen Head, N. Y., in place of Sue Caldwell, removed.

Harry M. Lanpher to be postmaster at Lowville, N. Y., in place of H. M. Lanpher. Incumbent's commission expired May 5, 1932.

William W. Carpenter to be postmaster at Monticello, N. Y., in place of W. W. Carpenter. Incumbent's commission expired May 14, 1932.

Elsie V. Webb to be postmaster at Union Springs, N. Y., in place of E. V. Webb. Incumbent's commission expires May 22, 1932.

NORTH CAROLINA

Ruth F. White to be postmaster at Colerain, N. C., in place of R. F. White. Incumbent's commission expired January 4, 1932.

Robert H. Clayton to be postmaster at Erlanger, N. C., in place of S. J. Smith, resigned.

Robert H. Dixon to be postmaster at Siler City, N. C., in place of R. H. Dixon. Incumbent's commission expired January 5, 1932.

NORTH DAKOTA

Ludwig Maurer to be postmaster at Center, N. Dak., in place of N. W. Fowler. Incumbent's commission expired January 5, 1931.

Ole H. Opland to be postmaster at Mott, N. Dak., in place of O. H. Opland. Incumbent's commission expired March 7, 1932.

Michael Coyne to be postmaster at Starkweather, N. Dak., in place of Michael Coyne. Incumbent's commission expired May 12, 1932.

OHIO

Charles E. Spiers to be postmaster at Atwater, Ohio, in place of C. E. Spiers. Incumbent's commission expired May 16, 1932.

Ralph Dunfee to be postmaster at Dresden, Ohio, in place of Ralph Dunfee. Incumbent's commission expired May 10, 1932.

George H. Maxwell to be postmaster at Lexington, Ohio, in place of G. H. Maxwell. Incumbent's commission expired May 16, 1932.

Fred C. Redick to be postmaster at Wooster, Ohio, in place of H. L. McClarran. Incumbent's commission expired April 30, 1932.

OKLAHOMA

Helen M. Lutes to be postmaster at Bennington, Okla., in place of H. M. Lutes. Incumbent's commission expires May 22, 1932.

Samuel H. Bundy to be postmaster at Bethany, Okla., in place of S. H. Bundy. Incumbent's commission expires May 22, 1932.

James A. Todd to be postmaster at Calumet, Okla., in place of J. A. Todd. Incumbent's commission expires May 26, 1932.

Horatio E. Downing to be postmaster at Jet, Okla., in place of S. M. Daniel. Incumbent's commission expired January 13, 1932.

Alvin S. Gibson to be postmaster at Roosevelt, Okla., in place of A. S. Gibson. Incumbent's commission expired February 2, 1932.

James B. Cox to be postmaster at Stilwell, Okla., in place of J. B. Cox. Incumbent's commission expired December 15, 1931.

James S. Biggs to be postmaster at Stuart, Okla., in place of J. S. Biggs. Incumbent's commission expired April 20, 1932.

OREGON

Charles W. Perry to be postmaster at Richland, Oreg., in place of C. W. Perry. Incumbent's commission expired April 30, 1932.

PENNSYLVANIA

Wilferd R. Troxel to be postmaster at Aliquippa, Pa., in place of W. R. Troxel. Incumbent's commission expires May 26, 1932.

Arthur E. Shannon to be postmaster at Beaverdale, Pa., in place of A. E. Shannon. Incumbent's commission expires May 29, 1932.

William C. Drager to be postmaster at Boiling Springs, Pa., in place of W. C. Drager. Incumbent's commission expires May 23, 1932.

Wade M. Henderson to be postmaster at Brookville, Pa., in place of W. M. Henderson. Incumbent's commission expired May 4, 1932.

Edward L. Beechey to be postmaster at Clymer, Pa., in place of E. L. Beechey. Incumbent's commission expires May 29, 1932.

John Standring to be postmaster at Darby, Pa., in place of W. M. Heaps, resigned.

Clyde S. McNeely to be postmaster at Dauphin, Pa., in place of C. S. McNeely. Incumbent's commission expires May 26, 1932.

Lewis M. Watkin, jr., to be postmaster at Drexel Hill, Pa., in place of August Niemeyer, resigned.

John H. Lyter to be postmaster at Elizabethville, Pa., in place of J. H. Lyter. Incumbent's commission expires May 26, 1932.

Charles G. Fullerton to be postmaster at Freeport, Pa., in place of C. G. Fullerton. Incumbent's commission expired March 9, 1932.

John A. Keck to be postmaster at Greenville, Pa., in place of J. B. Chase. Incumbent's commission expired February 6, 1932.

Lionel W. Stevens to be postmaster at Knoxville, Pa., in place of L. W. Stevens. Incumbent's commission expires May 22, 1932.

Ray K. Garman to be postmaster at Lemoyne, Pa., in place of R. K. Garman. Incumbent's commission expires May 23, 1932.

Paul L. Boyd to be postmaster at Mars, Pa., in place of P. L. Boyd. Incumbent's commission expires May 25, 1932.

Maurice G. Coffey to be postmaster at Mill Hall, Pa., in place of M. G. Coffey. Incumbent's commission expires May 23, 1932.

Seth E. Sterner to be postmaster at Montgomery, Pa., in place of S. E. Sterner. Incumbent's commission expired May 16, 1932.

Thomas B. Painter to be postmaster at Muncy, Pa., in place of T. B. Painter. Incumbent's commission expired May 16, 1932.

John W. Snedden to be postmaster at Oil City, Pa., in place of H. G. Johnson, deceased.

Homer D. Sarge to be postmaster at Pine Grove, Pa., in place of H. D. Sarge. Incumbent's commission expires May 26, 1932.

Teresa G. Burke to be postmaster at Renovo, Pa., in place of T. G. Burke. Incumbent's commission expires May 23, 1932.

Laura C. Ehler to be postmaster at Shippenville, Pa., in place of L. C. Ehler. Incumbent's commission expires May 23, 1932.

Mark Mumma to be postmaster at Steelton, Pa., in place of Mark Mumma. Incumbent's commission expired March 3, 1931.

Walter D. Lewis to be postmaster at Ulysses, Pa., in place of W. D. Lewis. Incumbent's commission expires May 26, 1932.

John N. Snyder to be postmaster at Williamstown, Pa., in place of J. N. Snyder. Incumbent's commission expired April 5, 1932.

Albert A. Campbell to be postmaster at Zelienople, Pa., in place of A. A. Campbell. Incumbent's commission expired May 10, 1932.

SOUTH CAROLINA

Henry N. Folk to be postmaster at Bamberg, S. C., in place of H. N. Folk. Incumbent's commission expired May 26, 1930.

Waulla E. Westbrook to be postmaster at Blacksburg, S. C., in place of W. E. Westbrook. Incumbent's commission expired January 16, 1932.

Washington M. Ritter to be postmaster at Cope, S. C., in place of W. M. Ritter. Incumbent's commission expired March 12, 1932.

John A. Chase to be postmaster at Florence, S. C., in place of J. A. Chase. Incumbent's commission expired March 12, 1932.

Herbert A. Horton to be postmaster at Lancaster, S. C., in place of H. A. Horton. Incumbent's commission expired April 5, 1932.

Harry E. Wessinger to be postmaster at Lexington, S. C., in place of J. R. Corley. Incumbent's commission expired January 16, 1932.

James B. Mackintosh to be postmaster at McClellansville, S. C., in place of J. D. Mackintosh. Incumbent's commission expired April 5, 1932.

Mary C. McInerny to be postmaster at Moultrieville, S. C., in place of K. L. Buckley, removed.

Gordon S. Beard to be postmaster at Myrtle Beach, S. C., in place of G. C. Cox, resigned.

David L. Tindal to be postmaster at Pinewood, S. C., in place of J. M. Davis, jr., removed.

Howard F. Glasser to be postmaster at Ridgeland, S. C., in place of B. D. Bedell, removed.

Sarah C. Starnes to be postmaster at Ridgeway, S. C., in place of S. C. Starnes. Incumbent's commission expires May 26, 1932.

John W. Geraty to be postmaster at Yonges Island, S. C., in place of J. W. Geraty. Incumbent's commission expired February 2, 1932.

SOUTH DAKOTA

George O. King to be postmaster at Faith, S. Dak., in place of A. J. McCormack. Incumbent's commission expired February 21, 1932.

Della Reue to be postmaster at Leola, S. Dak., in place of Della Reue. Incumbent's commission expired May 10, 1932.

Albert Koehne to be postmaster at Oldham, S. Dak., in place of Albert Koehne. Incumbent's commission expires May 26, 1932.

John A. Hawkins to be postmaster at Waubay, S. Dak., in place of J. A. Hawkins. Incumbent's commission expired May 10, 1932.

TENNESSEE

Byron C. Lynch to be postmaster at Centerville, Tenn., in place of L. C. Beasley, deceased.

Dewey F. Winnett to be postmaster at Woodbury, Tenn., in place of J. E. Davenport. Incumbent's commission expired January 25, 1932.

TEXAS

Mabel F. Selkirk to be postmaster at Blessing, Tex., in place of M. F. Selkirk. Incumbent's commission expired May 16, 1932.

Isaac H. Kendrick to be postmaster at Cross Plains, Tex., in place of C. W. Barr. Incumbent's commission expired December 19, 1931.

Cornelius A. Ogden to be postmaster at Deweyville, Tex., in place of C. A. Ogden. Incumbent's commission expired March 21, 1932.

Richard M. Hanson to be postmaster at Mission, Tex., in place of S. P. Rosette, removed.

Helen Morris to be postmaster at Morgan, Tex., in place of Helen Morris. Incumbent's commission expires May 26, 1932.

Llewellyn R. Atkins to be postmaster at New Boston, Tex., in place of L. R. Atkins. Incumbent's commission expired March 27, 1932.

James A. Gray to be postmaster at Pecan Gap, Tex., in place of J. A. Gray. Incumbent's commission expired April 2, 1932.

Luther Bowers to be postmaster at Seagoville, Tex., in place of Luther Bowers. Incumbent's commission expired April 2, 1932.

William J. Davis to be postmaster at Silsbee, Tex., in place of W. J. Davis. Incumbent's commission expired April 20, 1932.

Killen M. Moore to be postmaster at Truscott, Tex., in place of D. C. Hutton. Incumbent's commission expired December 15, 1931.

UTAH

Wilson Murray to be postmaster at Vernal, Utah, in place of E. J. Young, jr., resigned.

VIRGINIA

Joseph E. Dinwiddie to be postmaster at Appomattox, Va., in place of Robert Irby, deceased.

Sam B. Jessee to be postmaster at Cleveland, Va., in place of J. R. Jones, resigned.

Bernard Willing to be postmaster at Irvington, Va., in place of Bernard Willing. Incumbent's commission expired May 14, 1932.

Guthrie R. Dunton, jr., to be postmaster at White Stone, Va., in place of G. R. Dunton, jr. Incumbent's commission expired May 14, 1932.

WASHINGTON

Trygve Lien to be postmaster at Stanwood, Wash., in place of Trygve Lien. Incumbent's commission expired May 17, 1932.

WISCONSIN

William R. Hartley to be postmaster at Fountain City, Wis., in place of P. L. Fugina, deceased.

Francis W. Altenburg to be postmaster at Hazel Green, Wis., in place of J. I. Edwards, removed.

Conrad Baetz to be postmaster at Two Rivers, Wis., in place of Conrad Baetz. Incumbent's commission expires May 26, 1932.

C. Clyde Harris to be postmaster at Waupun, Wis., in place of C. C. Harris. Incumbent's commission expires May 26, 1932.

WYOMING

Frank G. Brown to be postmaster at Fort Laramie, Wyo., in place of F. G. Brown. Incumbent's commission expired May 12, 1932.

Benjamin G. Rodda to be postmaster at Gebo, Wyo., in place of B. G. Rodda. Incumbent's commission expired May 17, 1932.

WITHDRAWAL

Executive nomination withdrawn from the Senate May 17 (legislative day of May 9), 1932

POSTMASTER

John N. Powell to be postmaster at Southern Pines, in the State of North Carolina. (Nominee died May 7, 1932.)

HOUSE OF REPRESENTATIVES

TUESDAY, MAY 17, 1932

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

Enable us to believe, Almighty God, and that, too, with masterful assurance, that we are living in a republic in which the forces of construction are mightier than the powers of destruction. Above every mad, turbulent wave of discontent let there bend the bow of promise, for Thou, O Lord, art in the heavens. We beseech Thee to let it arch our whole country in colors of divine illumination, speaking of the quiet, silent forces, which are mightier than the causes of distress and confusion. O God, do Thou lift a towering light and let it radiate over these restless, ragged days and give the benediction of rest. May it fall across every hearthstone, giving promise that our land will be dominated by confidence, courage, and industry, making it live by the newness of its own light and power. Amen.

The Journal of the proceedings of yesterday was read and approved.

INTEREST RATE ON BONUS CERTIFICATES

Mr. LUDLOW. Mr. Speaker, I ask unanimous consent to extend my own remarks briefly in the RECORD.

The SPEAKER. Is there objection?

There was no objection.

Mr. LUDLOW. Mr. Speaker, I arise to stress as forcibly as I can the obligation that rests upon Congress to enact legislation immediately that will reduce the rate of interest World War veterans are now compelled to pay to the Government on loans issued on their bonus certificates. If ever an obligation rested on sound principles of justice and good morals that one does. A revision downward of the interest rate is imperative if Congress is to show good faith toward the Nation's defenders whose bravery and devotion in the dark days of the World War saved civilization and established America's permanency as the greatest free nation on the globe.

In asserting that we must reduce the interest on adjusted-service certificates to keep faith with the soldiers I speak advisedly and without overstatement of the facts. Nations are bound by precepts of honesty and honor the same as individuals, and how can anyone even remotely justify the action of a government that borrows money at 2 per cent and with Shylock cupidity exacts from its defenders, from those who offered their lives that the Nation might live, the profiteering rate of 4½ per cent?

"Profiteering at the expense of the World War soldiers," is what Henry L. Stevens, jr., national commander of the American Legion, calls this legalized extortion, and that expression describes it accurately. In a statement given out in New York recently Commander Stevens said:

> Profiteering by the Government at the expense of the veterans must stop, and this present period of depression is the proper time to stop it. It isn't fair for the Government to make a profit on money which in deed and in fact belongs to the individual service man holding an adjusted-compensation certificate, a gilt-edge Government security.
>
> The interest rate should be lowered to 2 per cent, if not eliminated entirely. The American Legion is using every power at its command to procure the passage of the Ludlow bill to decrease the interest rate in the present session of Congress, and thereby do away with an existing outrage against the former defenders of the Nation.

The bill I introduced to lower the interest rate on the bonus loans to 2 per cent and for the passage of which Commander Stevens so earnestly pleads is H. R. 6593. It was introduced by me at the request of the American Legion on December 22, 1931. I ask every Member of the House to study this bill and to ponder whether it is not our duty now to pass it and thus wipe out the charge that we are giving countenance and support to the profiteering that is going on every day at the expense of the Nation's defenders. This bill is now pending before the Ways and Means Committee, and I hope for early favorable action.

There are bonus loans now outstanding to the amount of $1,290,712,920. My bill would lower the interest rate from 4½ to 2 per cent, which is approximately the rate the Government has to pay for money it borrows to supply funds to make these loans. Interest at 4½ per cent on the total volume of these outstanding loans amounts to $58,082,081. Interest on the same loans at 2 per cent would amount to $25,814,258. The difference between $58,082,081 and $25,814,258, or $32,267,823, is the measure in dollars and cents of the profiteering which the Government is inflicting every year upon the World War soldiers of this country.

Striking as are these figures the situation may perhaps be explained more impressively by citing a specific case. We

will take the case of a bonus certificate for $1,000 face value, dated January 1, 1925, on which a maximum bonus loan of 50 per cent, or $500, was issued March 1, 1931. The accumulated interest on that loan will be so great that on January 1, 1945, when the certificate will mature, the soldier will have coming to him only $84. In other words, the accumulated interest will be $416, which, when added to the loan of $500, will make the soldier's total obligation $916, and will leave him the pitiful sum of $84.

Now, let us see what the result would be if Congress passes my bill—the American Legion bill—and reduces the interest rate to 2 per cent. In that case the accumulated interest on maturity date, January 1, 1945, would be only $156.49, leaving the veteran a balance of $343.51.

Shall we continue to profiteer against the soldier and cut him off with a paltry trifle, a mere bagatelle in dollars and cents, when his bonus certificate expires, or shall we be fair and just toward him, giving him the benefit of the same interest rate at which the Government itself is able to borrow the money which in turn it lends to him?

There is, in good conscience, only one possible answer to this question. Surely the veteran, to whom we are all so prone to render lip service, is entitled to the benefit of the same rate which the Government secures when it borrows money. Surely no one will contend that the Government should be allowed to profiteer off the soldiers. It then becomes a matter of ascertainment of the rate at which the Government can obtain money, and Treasury operations have repeatedly demonstrated that 2 per cent Treasury loans find ready takers. On April 27 this year a Treasury offering of $225,000,000 worth of 2 per cent certificates of indebtedness for one year was oversubscribed seven times. The subscriptions aggregated $1,700,000,000. At the same time the Treasury offered $225,000,000 worth of 3 per cent Treasury notes for two years, which were oversubscribed ten times, the subscriptions aggregating $2,496,000,000.

Let us show our gratitude to the veterans and correct a very obvious wrong which needs immediate correction by passing H. R. 6593 to reduce the rate of interest on bonus loans to 2 per cent.

PHILIPPINE INDEPENDENCE

Mr. OSIAS. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD.

The SPEAKER. Is there objection?

There was no objection.

Mr. OSIAS. Mr. Speaker, I desire to reply to the remarks of the gentleman from Kentucky [Mr. THATCHER] on the Philippines, which appear in the CONGRESSIONAL RECORD for April 5, 1932, page 7483.

I wish at the outset to admit without reservation that the attitude of the gentleman from Kentucky toward the Filipinos has been genuinely friendly and uniformy sympathetic and that his vote on the Hare bill (H. R. 7233) providing for the independence of the Philippines was actuated by the highest and sincerest motive. He has been a student of the Philippine problem for several years, and at one time my people had the pleasure of welcoming him when he visited the Philippine Islands. His remarks breathe his kindly spirit, and his goodness of heart is manifest in his commendatory reference to the labors of my fellow Commissioner and myself. I thank him for all these.

My only regret is that he is not as yet fully enlisted on the side of independence as the solution of the American-Philippine question. But even so it is a joy to disagree with a gentleman so considerate and of such high and noble sentiments. This I have come to know from my personal contacts and conversations with him, and the discussion presenting his views only serves to strengthen the belief I have had of him. In answering him I trust I may succeed in manifesting equally sincere motives and an equal desire to see right and justice as the prime desiderata in arriving at a proper settlement.

What better proof could there be as to the nobility of the gentleman and the fairness of his views than his wish that the Filipinos may realize their just aspiration, or his wish that "there should be no feeling or condition of 'inferiority complex,' anywhere under the American flag," or his being against "trade embargoes against the Philippines," or his proposal that the Philippine Islands be accorded "a statehood status"?

It is to this statehood formula of his that I wish primarily to address my remarks. Such a formula can best be stated in the words of the gentleman from Kentucky himself:

> I have hoped that some formula or plan might be evolved which would cause them, proud and happy, to desire to remain under the American flag. I have heretofore suggested that such a formula might be found through giving to the Philippines a statehood status, with representation in the House and Senate, with full powers—including the right to vote on all questions—now accorded Members of the House and Senate, coming from the States of the Union. Such a statehood status should be somewhat different from that obtaining as to existing States of the Union, because of the differences in the local conditions prevailing in the Philippines and in continental United States. Necessarily the Philippines would have to be vested with greater local powers and benefits than the respective existing States possess. This consideration would have to be borne in mind as regards the number of Representatives in the Congress to be accorded the islands. Further, the questions of immigration and customs would require, in the Philippines, a treatment different from that obtaining as to the present States. These questions could be handled through some form of mutual or reciprocal basis.

A subtle and fine compliment is paid my people by the gentleman that he should deem our country worthy to form a part of the sisterhood of States that constitute the American Union. Yet I am constrained to say that statehood can not be the solution for the Philippine question.

There are many reasons that could be adduced against the Philippines becoming a State in the Union, some of which I shall enumerate:

First. The Philippines and the United States geographically are antipodal. Ten thousand miles distant from the seat of the Federal Government, in an oriental environment, my island country can not properly or advantageously be one of the States under the Stars and Stripes.

Second. Speaking in all frankness, I fear that racial differences would be almost insurmountable obstacles to giving the Philippines the status of statehood. The Filipinos are essentially orientals of Malayan stock, while the Americans are essentially occidentals of a different race.

Third. A statehood status for the Philippines is not advocated by any responsible group in the United States or in the islands. To make the Philippines free and independent, not to make it a State, has been the invariable policy of the American Government.

Fourth. While the products of the two countries would appear to be complementary and supplementary, the rank and file of American farmers have unequivocally shown that they consider the products of the Philippines competitive with those of the United States.

Fifth. The difference in historical background would make it difficult to develop a community of loyalty on the part of the people of those islands and the people of continental United States and to habituate them to look upon a more or less artificial union of two distinct lands as "our country."

Sixth. Americans by and large would probably deem the addition of another State disturbant of the symmetry of the stars now obtaining in the national ensign of the United States.

Seventh. The radically different and distinct cultural inheritances of Americans and Filipinos would make it well-nigh impossible to effect that unity and solidarity of civilization so desirable in a common country.

But quite aside from the foregoing considerations, there is a phase, political and practical, which, if known by the American people, should make them decidedly oppose making the Philippines a State, and I would not blame them for it. With our population of 13,000,000, if the Philippines were a State, we, the Filipinos, could hold the balance of power in important decisions like a presidential election. In fact, it is not hard to see that under certain circumstances the Filipinos would rule the United States, and as I am not willing that others should rule us, consistency requires that I should not favor our ruling others.

This contention is by no means far-fetched. Let me point out the legislative effect of a statehood status for the islands

upon Congress. The Philippines would be entitled to two Senators. Now two additional Senators may not loom so large in a deliberative body like the United States Senate. But in the House of Representatives, the Filipinos could be a controlling factor, because, on the basis of a Congressman for every 250,000 inhabitants, it would mean that the Philippines would be entitled to 52 or more Representatives in the Congress of the United States. Such a bloc could control legislation. This is so obvious, especially with the present proportion of Republicans and Democrats in the membership of the Seventy-second Congress.

Of course, the gentleman from Kentucky speaks of according a different arrangement to the islands "as regards the number of representatives in the Congress" and "a treatment different from that obtaining as to the present States." But these very reservations in reality show the weakness of the formula of giving a statehood status to the Philippines. Such a scheme of differentiation is untenable because the different States of the Union are all supposedly on a coequal basis.

I believe I have said enough to demonstrate that the formula of according the status of statehood to the Philippines is impracticable, illusory, and undesirable either from the standpoint of the United States or that of the Philippine Islands. The matter is further complicated by the fact that the gentleman from Kentucky himself admits that his formula would probably require "time, patience, and, perhaps, an amendment to the Federal Constitution." Now, everyone who has served in the Congress knows how difficult it is to effect a constitutional amendment.

With full appreciation of the motive and purpose of my good friend and colleague, I must urge that statehood is not the practical and permanent solution of the Philippine problem but the grant of independence as promised by the United States and desired by the people of the islands. The beautiful picture which the gentleman from Kentucky [Mr. THATCHER] paints of the Philippines as a State, "making its distinctive and invaluable contribution to the common Nation," can be made more beautiful and grander with the Philippines as a distinct and independent republic cooperating with America as a coequal partner in an enterprise to advance the common welfare and permanent good of the world.

If, as my friend admits, "the Philippine Islands came to the United States as a result of a war of liberation * * *," the logical outcome must be not to incorporate the Philippines as a State but to liberate it without delay so that the whole world may at last know that when America waged that war she did so not for subjugation or acquisition but for liberation.

If the Philippines is deemed worthy and qualified to be admitted as a State in the American Union, the inescapable conclusion must be that she is deserving and ready to become a member of the family of free and independent nations.

ADVANTAGE OF CONGRESSIONAL EXPERIENCE

Mr. ARNOLD. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD.

The SPEAKER. Is there objection?

There was no objection.

Mr. ARNOLD. Mr. Speaker, Champ Clark delivered an address on "The Making of a Representative," which has been often quoted. He was a Member of the House of Representatives for 26 years, during which he was Democratic floor leader for 4 years and Speaker 8 years; he also came very near to the Presidency. Champ Clark was a close student of government, a marvelous judge of human nature, and possessed an unusual amount of common sense. In the light of his long experience and splendid opportunity for observation, among other things, he said:

> It is a high honor to be a Representative in Congress, if for only one term, and with the number of terms the honor increases in geometrical rather than in arithmetical proportion. A Member's usefulness to his country should increase in the same proportion. A man has to learn to be a Representative, just as he must learn to be a blacksmith, a carpenter, a farmer, an engineer, a lawyer, or a doctor. Congressmen—that is, useful and influential Congressmen—are made largely by experience and practice.
>
> It is an unwise performance for any district to change Representatives at short intervals. A new Congressman must begin at the foot of the class and spell up. Of course, the more brains, tact, energy, courage, and industry he has the quicker he will get up.
>
> No man should be elected to the House simply to gratify his ambition. All Members should be elected for the good of the country.

After giving the names and terms of service of the House leaders and chairmen of important committees at the time of his address, Mr. Clark added:

> Go through the whole list and you will find, with few exceptions, that the men of long service have the high places. * * * His wide acquaintance with Members helps him amazingly in doing things.

By reason of the opportunity for observation afforded by my service as a Member of the House, as chairman of the Democratic caucus, and as a member of the Committee on Appropriations I have been very forcibly impressed with the advantage of long congressional service. The value of congressional experience is constantly manifested.

The House of Representatives is a great leveler. It may be said that it is "hard boiled" in many respects. The new Members may have been very prominent and influential in their respective States or communities, they may have been governors, judges, or occupied other exalted positions. However, they all look alike to the membership of the House until they have won their spurs in this body. The House will take their full and accurate measure in due time, and it is in no hurry about it; it awaits definite evidence.

Notwithstanding the propaganda to discredit Congress, disseminated by those interests who would destroy our representative form of government to fulfill their own selfish purposes, the House pursues its business in a serious manner, seeking to promote the general welfare of the American people.

The silly and sensational things said in Congress, the froth and foam, the flotsam and jetsam, are what is too often carried in the press. The conventional, serious, worth-while things done are "not good news." The membership itself of the House is little concerned in the sensational and bizarre utterances made too frequently for the purpose of getting newspaper publicity. It pays no attention to flamboyant speeches and "extensions of remarks" for home consumption.

Some of the most powerful and influential Members of the House speak infrequently, but when they do speak they have something worth while to say, and the House listens.

The problems of government are tremendous, varied, and complex; 25,000 or 30,000 bills and resolutions are introduced in each Congress and referred to the appropriate committees, where the winnowing process takes place, and from which but a small percentage of bills and resolutions emerge. It is physically and mentally impossible for any man to give a detailed study to all of the problems. A division of labor and specialization are absolutely necessary. Different Members specialize, more or less, in certain subjects, those over which their respective committees have jurisdiction. Of course, the membership of Congress embraces various types, just as do other groups. By close application and long study many Members acquire full and expert knowledge on certain problems. If the Members have learned from observation and association that a colleague has mastered a subject and that he can be relied upon to give accurate information, they listen to him on both sides of the Chamber. His store of information and views are not only welcomed but sought. He is a man of influence. He wields a power in shaping legislation.

The friendships which result from long and intimate association with his colleagues are of incalculable value to a Member—both in relation to general legislation and also matters of peculiar interest to the people of his district.

A necessary and important feature of a Representative's work is handling departmental matters for his constituents. The departments of the Government are so numerous and

varied that only by experience can a Member learn where and how most efficiently to serve his constituents in this respect.

The chairman of a committee has charge on the floor of bills reported by his committee. He is the leader of his party, and the ranking minority member the leader of his party, with respect to matters over which their committee has jurisdiction.

It is in the committees where hearings are held and facts developed upon bills and resolutions. If a bill is to be reported, it must be carefully examined and frequently rewritten or amended. The general public has but little conception of the amount and importance of the hard work performed by the committees.

A bill can not reach the House Calendar unless favorably reported by a committee, except that upon a petition of 145 Members a majority vote may discharge a committee and bring the bill to the floor for consideration, but this method has seldom been invoked.

The value of long service in Congress is clearly demonstrated by the election of the officers and the chairmen of important committees in each Congress.

For instance, during the last Congress, Hon. Nicholas Longworth, the Speaker of the House, was serving his thirteenth term; Hon. JOHN Q. TILSON, the majority leader, was serving his tenth term; and Hon. JOHN N. GARNER, the minority leader, was serving his fourteenth term. In the last Congress the average period of service of the chairmen and the ranking minority members of the exclusive or major committees of the House was approximately 10 terms or 20 years.

Examining the facts with respect to the present, the Seventy-second Congress, we find that Hon. JOHN N. GARNER, the Speaker, is serving his thirtieth year; Hon. HENRY T. RAINEY, the majority leader, is serving his twenty-eighth year; and Hon. BERTRAND H. SNELL, the minority leader, is serving his eighteenth year.

The names of the 12 exclusive committees of the House, the names of the chairmen, and of the ranking minority members of such committees, together with their respective terms of service, counting the present year, in the present Congress, are as follows:

Committee	Chairman	Years of service	Ranking minority member	Years of service
Ways and Means	James W. Collier	24	Willis C. Hawley	26
Appropriations	Joseph W. Byrns	24	Wm. R. Wood	18
Interstate and Foreign Commerce.	Sam Rayburn	20	James S. Parker	20
Rules	Edward W. Pou	32	Fred S. Purnell	16
Judiciary	Hatton W. Sumners.	20	Leonidas C. Dyer	20
Merchant Marine, Radio, and Fisheries.	Ewin L. Davis	14	Frederick R. Lehlbach.	18
Banking and Currency	Henry B. Steagall	18	Louis T. McFadden.	18
Foreign Affairs	J. Chas. Linthicum.	22	Henry W. Temple	20
Agriculture	Marvin Jones	16	Gilbert N. Haugen	34
Military Affairs	Percy E. Quin	20	W. Frank James	18
Naval Affairs	Carl Vinson	20	Fred A. Britten	20
Post Office and Post Roads	James M. Mead	14	Archie D. Sanders	16

From this tabulation it appears that the average term of service of both the chairmen and the ranking minority members of these committees is something over 10 terms, or 20 years.

Other important committees of the House which might be mentioned in this connection, together with the names and terms of service of the chairmen and ranking minority members, are as follows:

Committee	Chairman	Years of service	Ranking minority member	Years of service
Rivers and Harbors	Joseph J. Mansfield.	16	Richard P. Freeman.	18
Roads	Edward B. Almon.	18	Cassius C. Dowell.	18
World War Veterans' Legislation.	John E. Rankin	12	Royal C. Johnson.	18
Flood Control	Riley J. Wilson	18	Frank R. Reid	10
Immigration and Naturalization.	Samuel Dickstein	10	Albert Johnson	20
Invalid Pensions	Mell G. Underwood.	10	John M. Nelson	26
Public Lands	John M. Evans	18	Don B. Colton	12
Public Buildings and Grounds.	Fritz G. Lanham	14	J. Will Taylor	14
War Claims	Miles C. Allgood	10	James G. Strong	14
Territories	Guinn Williams	10	Ernest W. Gibson.	10

In the present Congress the Democrats had more committee places in proportion to the Democratic membership than have resulted in a long time, due to the fact that the Democrats had a very slight majority in the House, but, in accordance with custom, took over a working majority of the places on each committee. This afforded a wealth of committee assignments for Democratic Members, particularly new Members, such as seldom occurs. This situation made it possible for 40 of the 55 newly elected Democratic Members to obtain places on major committees their first term, whereas ordinarily a Member has to serve a considerable time before he obtains such a committee assignment.

Upon the 12 exclusive committees of the House there were 84 Democratic vacancies, to which 44 old Members were assigned and 40 new Members were assigned. The vacancies and the assignments thereto were as follows:

Committee	Democratic vacancies	Old members elected	New Democrats elected
Ways and Means	7	7	0
Appropriations	7	6	1
Interstate and Foreign Commerce	7	5	2
Rules	4	4	0
Judiciary	6	5	1
Merchant Marine, Radio, and Fisheries	7	5	2
Banking and Currency	5	2	3
Foreign Affairs	7	1	6
Agriculture	9	2	7
Military Affairs	9	3	6
Naval Affairs	7	1	6
Post Office and Post Roads	9	3	6

In addition to the 84 Democratic vacancies on the said exclusive committees there were 206 Democratic vacancies on the 35 other committees of the House. Wherefore it was possible to assign each Member who was not placed on an exclusive committee to several other committees. Most of the old Members, in line for chairmanships, preferred these to transferring to major committees, and many old Members preferred membership on several committees to membership on an exclusive committee.

A large number of the Members of the United States Senate have served long and faithfully in the House of Representatives.

EXTENSION OF REMARKS

Mr. GARBER. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and to include therein an address by the chairman of the petroleum division of the American Mining and Metallurgical Engineers on the subject of the regulation of the production of crude petroleum.

The SPEAKER. Is there objection?

Mr. UNDERHILL. Mr. Speaker, reserving the right to object, I call the attention of the House to the fact that there are 31 pages of inserted matter in the RECORD of yesterday at an expense to the taxpayers of $1,400. I object to this request.

TIME FOR VOTING ON BILL FOR LEVYING A TAX ON BEER

Mr. CANNON. Mr. Speaker, I ask unanimous consent to proceed for two minutes.

The SPEAKER. Is there objection?

There was no objection.

Mr. CANNON. Mr. Speaker, the motion of my friend from New York [Mr. O'CONNOR] to discharge the Committee on Ways and Means and consider the bill providing for a

tax on beer has received the requisite number of signatures and under the rule is in order on the 23d of this month.

I am to deliver the commencement address at Culver-Stockton College, one of the oldest colleges west of the Mississippi River, on the morning of the 24th, and in order to keep that engagement—made long before this motion was introduced—can not be in the House on the 23d when the motion to discharge is called up for consideration. I therefore ask unanimous consent that all proceedings relative to the bill (H. R. 10017) to provide additional revenue, and for other purposes, in order on the 23d, be in order on Friday next, May 20.

Mr. Speaker, I would not make the request were it not for the fact that this change of date will not in any way militate against the interests either of those who favor the bill or those who oppose it, and will not prejudice the rights of either in the consideration of the measure.

The SPEAKER. Is there objection to the request of the gentleman from Missouri?

Mr. O'CONNOR. Mr. Speaker, reserving the right to object, I would like to comply with the gentleman's request; but he is one of probably 100 Members who have said that May 23 would not be agreeable to them. It is absolutely impossible to pick out any date which is agreeable to everybody in this House. It has been advertised to the country that the vote is to be taken on May 23; that has been carried in all the newspapers, and I shall have to object, but I do so reluctantly.

[Here the gavel fell.]

Mr. CANNON. Mr. Speaker, I ask unanimous consent to proceed for one additional minute.

The SPEAKER. Is there objection?

There was no objection.

Mr. CANNON. Of course, the gentleman from New York [Mr. O'CONNOR] realizes that the House is expecting to adjourn early in June, and that time is the essence of the proposition. Therefore, in view of his interest of the success of the bill, the earlier it is sent to the Senate the better its chances of enactment will be. I trust the gentleman will not object to early consideration and the incident advantage of the three days in reaching the Senate.

Mr. O'CONNOR. A few days will not make much difference. There are now men absent who do not plan to come back until the 23d.

Mr. CANNON. Then would the gentleman be willing to delay consideration a few days and call up the motion on the 31st? I ask unanimous consent that the motion be in order on Tuesday, May 31.

Mr. O'CONNOR. No; I can not agree to that. I am sorry.

CHAIN-STORE TAX IN THE DISTRICT OF COLUMBIA

Mr. CELLER. Mr. Speaker, I ask unanimous consent to extend my remarks on the subject of chain stores.

The SPEAKER. Is there objection?

There was no objection.

Mr. CELLER. Mr. Speaker, I have introduced a bill for a progressive or graduated tax to be applied to chain stores located in the District of Columbia.

Such a tax in Indiana has just been held constitutional by the United States Supreme Court, when it said that increased taxes according to number of stores under single control is lawful and in nowise discriminatory.

Recent studies clearly indicate that chain stores do not sell more cheaply than efficient independent retail merchants, although the chain-store associations are endeavoring to deceive the public into a contrary belief.

Recently the Supreme Court refused to allow the packers to enter the chain-store field. It said in effect that the independents shall not be crushed between the upper stone of existing chains and the nether stone of packer chains. It recognizes the necessity of protecting and guarding the independent merchant.

While the growth of chains in the District of Columbia has not yet reached menacing proportions, the tide is rising and soon chain stores will engulf the independents even in the district. Now is the time to cast the anchor to windward before the storm breaks.

The proposed tax is as follows:

(a) Upon one store the annual license fee shall be $5.

(b) Upon two stores the annual license fee shall be $10 for each store.

(c) Upon three stores the annual license fee shall be $15 for each store.

(d) Upon four stores the annual license fee shall be $20 for each store.

(e) Upon five stores the annual license fee shall be $25 for each store.

In each case the annual license fee shall be the equivalent of the number of stores multiplied by $5. For example:

(f) The annual license fee on 100 stores shall be $500 each store.

(g) The annual license fee on 200 stores shall be $1,000 each store.

In no case shall the annual license fee for any one store be in excess of $1,000.

It is hoped that passage by Congress of such an act will blaze the trail for action by most of the States. Several States have already passed such laws. Some 80 similar bills are pending in the various State legislatures.

Independent merchants will become as extinct as the dodo unless they are placed upon some parity with the chains. In many large cities there are no more unit retail cigar stores, no more independent dry goods and notions stores, and few independent retail grocers. Soon the independent druggists, butchers, and bakers will walk the plank. They can not compete against the expert and mass purchasing, skilled management, and tremendous advertising power of the chains. They have no chance for their "white alley," unless the strong arm of the Government's taxing power comes to their aid. The tremendous growth of the chains must be scotched.

Chains owners are not interested in anything in the local communities except the profit they take therefrom. Chains do not become a part of the religious, civic, or commercial life of the communities. Chains pay far less wages than the independents. They make for greater unequal distribution of wealth. One of the largest chains last year reported a net profit of over $30,000,000. Over 80 per cent of its stock is owned by one family. The chain comprises 17,000 stores. Our present economic difficulty among other things arises from lack of purchasing power. If 80 per cent of that thirty million net profit had been divided among 17,000 retail merchants how much more effective would have been the Nation's purchasing power.

There are to-day some 7,839 chain-store companies operating over 198,000 chain stores, doing a business in excess of $15,000,000,000 a year. The chains have increased during the past 16 years about 400 per cent in number of parent companies and 800 per cent in number of store units, and 1,500 per cent in volume of business. Unless some drastic changes take place by 1940 more than half of retail distribution will be in the hands of the chains.

Chains undoubtedly satisfy an economic necessity. But they must not grow at the expense of the fearless, independent, worthwhile citizen struggling to operate his retail store and striving to maintain his family and educate his children. Such citizens can not be sacrificed upon the altar of the greed of chains without distinct moral and spiritual loss to the Nation.

The bill follows:

[H. R. 12074, in the House of Representatives, 72d Cong., 1st sess.]

A bill to impose an excise or license tax on retail merchants in the District of Columbia, as the words "retail merchants" are used in this act; to provide for the collection of such tax, the distribution and use of the revenue derived therefrom, the administration of said law, and a penalty

Be it enacted, etc., That from and after the 1st day of January, 1933, it shall be unlawful for any person, firm, or corporation, either domestic or foreign, to operate, maintain, open, or establish any retail store or mercantile establishment in the District of Columbia without having first obtained a license so to do from the superintendent of licenses.

SEC. 2. Any person, firm, or corporation desiring to operate, maintain, open, or establish a store in the District of Columbia shall apply to the superintendent of licenses for a license so to do. The application for a license shall be made on a form which shall be prescribed and furnished by the superintendent of licenses, and it shall set forth the name of the owner, manager, trustee, licensee, receiver, or other person desiring such license; the name of the store, the location, including the street number of such store, and such other facts as the superintendent of licenses may require. If the applicant desires to operate, maintain, open, or establish more than one such store, he shall make a separate application for a license for each such store, but the respective stores for which the applicant desires to secure licenses may all be listed on one application blank. Each such application shall be accompanied by the license fee hereinafter prescribed.

SEC. 3. As soon as practicable after the receipt of any such applications the superintendent of licenses shall carefully examine such applications to ascertain whether they are in proper form and contain the necessary and requisite information, and, if so, and if the license fees herein prescribed shall have been paid, the superintendent of licenses shall issue to the applicant a license for each store for which an application for a license shall have been made. Each licensee shall display the license so issued in a conspicuous place in the store for which such license is issued.

SEC. 4. All licenses shall be so issued as to expire on the 31st day of December of each year. On or before the 1st day of January of each year every person, firm, or corporation having a license shall apply to the superintendent of licenses for a renewal license for the calendar year next ensuing. No license shall lapse prior to the 31st day of January of the year next following the year for which such license was issued, and if by the 31st day of January an application for renewal license has not been made the superintendent of licenses shall notify such delinquent license holder thereof by registered mail, and if application is not made for and a renewal license issued on or before the last day of February next ensuing, the former license shall lapse and become null and void. Each such application for renewal license shall be accompanied by the license fee hereinafter prescribed.

SEC. 5. Every person, firm, or corporation opening, establishing, operating, or maintaining one or more stores within the District of Columbia, under the same general management, supervision, or ownership, shall pay to the collector of taxes the license fees hereinafter prescribed for the privilege of opening, establishing, operating, or maintaining such stores. The license fees herein prescribed shall be paid annually. The license fees herein prescribed shall be as follows:

(a) Upon one store the annual license fee shall be $5.

(b) Upon two stores the annual license fee shall be $10 for each store.

(c) Upon three stores the annual license fee shall be $15 for each store.

(d) Upon four stores the annual license fee shall be $20 for each store.

(e) Upon five stores the annual license fee shall be $25 for each store.

In each case the annual license fee shall be the equivalent of the number of stores multiplied by $5. For example:

(f) The annual license fee on 100 stores shall be $500 for each store.

(g) The annual license fee on 200 stores shall be $1,000 for each store.

(h) In no case shall the annual license fee for any one store be in excess of $1,000.

SEC. 6. Every license issued prior to the 1st day of July in any year shall be charged for at the full rate herein prescribed, and every license issued on or after the 1st day of July in any year shall be charged for at one-half of such full rate.

SEC. 7. The provisions of this act shall be construed to apply to every person, firm, corporation, or copartnership, either domestic or foreign, which is controlled or held with others by majority stock ownership or ultimately controlled or directed by one management. But the provisions of this act shall not be construed to apply to any voluntary chain or group of independent retail merchants, organized for cooperative purchasing, cooperative distribution, and/or cooperative management, where the title of ownership of each store is in the name of an independent retail merchant.

SEC. 8. The term "store," as used in this act, shall be construed to mean and include any store or stores or any mercantile establishment or establishments which are owned, operated, maintained, or controlled by the same person, firm, corporation, or copartnership, either domestic or foreign, in which goods, wares, or merchandise of any kind are sold, either at retail or wholesale.

SEC. 9. Any person, firm, or corporation who shall violate any of the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined not less than $25 nor more than $100, and each and every day that such violation shall continue shall constitute a separate and distinct offense.

SEC. 10. All moneys collected under the provisions of this act shall be paid by the collector of taxes into the Treasury of the United States entirely to the credit of the revenues of the District of Columbia.

SEC. 11. The Commissioners of the District of Columbia are authorized hereby and herein to make rules and regulations necessary and appropriate to carry out the provisions of this act.

SEC. 12. This act shall take effect immediately.

WAR DEPARTMENT APPROPRIATION BILL

Mr. COLLINS. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill (H. R. 11897) making appropriations for the military and nonmilitary activities of the War Department for the fiscal year ending June 30, 1933, and for other purposes. Pending that motion I would like to reach an agreement with the gentleman from California, if possible, that debate on amendments to the Organized Reserve, the citizens' military training camps, and the Reserved Officers' Training Corps be limited to 40 minutes, to be divided equally between the gentleman from California and myself, and that debate on the amendment with reference to the National Board for the Promotion of Rifle Practice be limited to 20 minutes, to be divided equally between the gentleman from California and myself.

Mr. BARBOUR. I may state to the gentleman that there will be two amendments on the Reserve Officers' Training Corps provision, one as to the amount and the other with respect to the provision in the bill relative to elective and compulsory training.

Mr. COLLINS. Then I would suggest that we agree on 40 minutes of debate as to each one of those items.

Mr. BARBOUR. That will be agreeable, and I hope we will not need to use all the time.

Mr. COLLINS. By making this agreement we can get through with the bill this afternoon.

Mr. SNELL. How much general debate does the gentleman's request now mean?

Mr. COLLINS. Three hours.

Mr. SNELL. Then there is no possibility of completing the bill this afternoon unless we run until late to-night, and under the present situation I can not see any reason why we should run late. Why should we not agree to get through with everything except the voting and have the votes on Thursday?

Mr. COLLINS. I think we can get through with the entire bill this afternoon. These are the only controversial items, and the debate would be concluded at 3.30.

Mr. LAGUARDIA. Mr. Speaker, reserving the right to object, I want to point out to the gentleman from Mississippi [Mr. COLLINS] that we are establishing a practice which is a departure from our rules by such extensions of time for general debate after the committee starts the reading of the bill for amendment. It seems to me that after years of experience the House has adjusted itself to the 5-minute rule, and I think this is a bad precedent. It is going to prevent proper protection of the bill and is going to destroy orderly consideration of a bill. Members are presumed to know, and do know, the contents of the bill, and there is generous allowance for general debate. It seems to me when the bill is up for reading under the 5-minute rule, we ought to go through with it in accordance with the provision of the rules. I shall not object, although I doubt the wisdom of this procedure.

Mr. BANKHEAD. Mr. Speaker, reserving the right to object, of course, I shall not object, but I am in the same attitude as the gentleman from New York [Mr. LAGUARDIA]. It appears to me by this method of procedure we are embarking upon a very unwise precedent, which, in effect, sets aside, as has been suggested, the time-tested principles of the 5-minute rule. I shall not object, but I think very serious consideration ought to be given to any future requests of this sort.

The SPEAKER. The Chair wants to inform the gentleman from New York and the gentleman from Alabama that they have expressed the sentiments of the Chair.

Mr. COLLINS. Mr. Speaker, I withdraw the request.

Mr. SCHAFER. Mr. Speaker, I shall object so we can get on with the consideration of the bill instead of fiddling around here trying to get a unanimous-consent agreement.

The SPEAKER. The question is on the motion of the gentleman from Mississippi.

The motion was agreed to.

Accordingly the House resolved itself into Committee of the Whole House on the state of the Union for the further consideration of the bill H. R. 11897, the War Department appropriation bill, with Mr. LANHAM in the chair.

The Clerk read the title of the bill.

The Clerk read as follows:

PAY OF MILITARY ACADEMY

Cadets: For pay of cadets, $964,080: *Provided*, That no part of this appropriation shall be available for the pay of any cadet appointed from enlisted men of the Army for admission to the Military Academy in the class entering in the calendar year 1933 who has not served with troops in the Regular Army for at least nine months.

Mr. GOSS. Mr. Chairman, I make a point of order on lines 18 to 23 of the paragraph just read. I would call the attention of the Chair to the fact that this proviso refers to men entering the Military Academy in the calendar year 1933, and in the law it is provided that no cadet can enter the Military Academy until after July 1. So we are having here a conflict between the calendar year and the fiscal year.

It is also legislation upon an appropriation bill.

The CHAIRMAN (Mr. WOODRUM). Does the gentleman from Mississippi desire to be heard on the point of order?

Mr. COLLINS. Mr. Chairman, I concede the point of order.

The CHAIRMAN. The Chair sustains the point of order.

Mr. COLLINS. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. COLLINS: Page 47, line 18, after the amount, insert, "*Provided*, That no part of this appropriation shall be available for the pay of any cadet appointed from enlisted men of the Army for admission to the Military Academy in the class entering in the fiscal year 1933 who has not served with troops in the Regular Army for at least nine months."

The CHAIRMAN. The question is on the amendment offered by the gentleman from Mississippi.

The amendment was agreed to.

Mr. GOSS. Mr. Chairman, I move to strike out the last word for the purpose of inquiring what has been done with the subsistence allowance for professors of $4,000, and also the pay of the professors at the Military Academy, inasmuch as the language of the bill is "pay for employees, civilians," and has no reference to the officer personnel. What has the gentleman done about that?

Mr. COLLINS. It is all carried under "Pay of the Army," which is an item that we have passed.

Mr. GOSS. So there has been no reduction in this personnel?

Mr. COLLINS. No.

Mr. LAGUARDIA. Mr. Chairman, I move to strike out the last word. I want to call the attention of the committee to some of the stunts that are pulled off by the Army for so-called advertising purposes. I have in mind a case in New York where a banquet was held by the sporting world—and there is no criticism of the banquet—they had a perfect right to hold it—but as a stunt an artillery battery in full marching orders was ordered from Fort Jay, Governors Island, to the Biltmore Hotel. They went up in the elevator—the horses and a caisson—and paraded in the banquet hall while the sporting fraternity held the banquet.

If that had been the bad judgment of a local officer, I would not have called attention of the House to the incident. I took the matter up with the Secretary of War, and much to my surprise, he ratified and approved of the action of the local commanding officer.

I know that some of my colleagues will hardly believe that such a thing is possible. I have here clippings from the rotogravure section of the New York Times and the New York Herald Tribune of September 27, 1931, underneath of which is announced "An Artillery team from Governors Island parade at the banquet at Biltmore. Passed among the Four Hundred as a tribute paid to Mr. Widener for his contribution to the races."

Here you see the diners applauding the artillery battery going through the banquet hall. It also shows that it is a Regular Army detachment.

I took the matter up with the War Department, and I want to read the reply. It is signed by the Acting Secretary of War on October 9, 1931, and reads as follows:

OCTOBER 9, 1931.

Hon. F. H. LAGUARDIA,
Representative in Congress,
295 Madison Avenue, New York City.

DEAR MR. LAGUARDIA: Reference is made to your letter of September 28, 1931, in regard to a picture appearing in the New York Herald Tribune of Sunday, September 27 last, showing an Artillery team from Governors Island passing among 400 guests at the dinner in tribute to Mr. J. E. Widener, president Westchester Racing Association, in which letter you request information as to the authority for using United States Army troops for such purposes.

A full report of this matter has just been received from the commanding general Second Corps Area, from which it appears that the team in question consisted of four draft horses and a caisson from Governors Island voluntarily furnished at no expense to the Government, and in appreciation of what Mr. Widener has done in the way of entertaining foreign military teams that have come to the United States to participate in international military horse-show events conducted under the authority of the War Department.

It is the policy of the War Department to permit troops to participate in local celebrations of an appropriate nature, no matter how small, when such participation does not involve any expense to the Government or the individuals concerned and does not interfere with military training. Under Army regulations, the commanding general Second Corps Area was within the scope of his authority when he permitted this team to be at the place of the dinner in appreciation of Mr. Widener's services.

Trusting that the foregoing will satisfactorily answer the question raised in your letter, I am,

Sincerely yours,

F. H. PAYNE,
Acting Secretary of War.

Now, I submit that this dinner was not a local patriotic celebration. I submit that the participation of the horses and team was not justified and it was not conducive to military discipline or to the morale of the troops.

Now, it is conduct of that sort that is creating such an atmosphere in the Army that I do not believe is conducive to good discipline.

As a boy I was raised at a military post. All my boyhood was spent there. Soldiers were soldiers in those days, and we did not send soldiers with full equipment to entertain along with cabaret artists and appear on the same program. I protest against such procedure. [Applause.]

The Clerk read as follows:

MAINTENANCE, UNITED STATES MILITARY ACADEMY

For text and reference books for instruction; increase and expense of library (not exceeding $6,000); office equipment and supplies; stationery, blank books, forms, printing and binding, and periodicals; diplomas for graduates (not exceeding $1,100); expense of lectures; apparatus, equipment, supplies, and materials for purposes of instruction and athletics, and maintenance and repair thereof; musical instruments and maintenance of band; care and maintenance of organ; equipment for cadet mess; postage, telephones, and telegrams; freight and expressage; for payment of commutation of rations for the cadets of the United States Military Academy in lieu of the regular established ration; maintenance of children's school (not exceeding $12,200); contingencies for superintendent of the academy, to be expended in his discretion (not to exceed $4,000); expenses of the members of the Board of Visitors (not exceeding $1,500); contingent fund, to be expended under the direction of the Academic Board (not exceeding $500); improvement, repair, and maintenance of buildings and grounds (including roads, walls, and fences); shooting galleries and ranges; cooking, heating, and lighting apparatus and fixtures and operation and maintenance thereof; maintenance of water, sewer, and plumbing systems; maintenance of and repairs to cadet camp; fire-extinguishing apparatus; machinery and tools and repair of same; maintenance, repair, and operation of motor-propelled vehicles; policing buildings and grounds; furniture, refrigerators, and lockers for Government-owned buildings at the academy and repair and maintenance thereof; fuel for heat, light, and power; and other necessary incidental expenses in the discretion of the superintendent; in all, $1,123,354.

Mr. COLLINS. Mr. Chairman, I offer the following committee amendment, which I send to the desk.

The Clerk read as follows:

Amendment by Mr. COLLINS: Page 48, line 16, strike out "$4,000" and insert in lieu thereof "$3,500."

Mr. COLLINS. Mr. Chairman, the naval appropriation bill carried a similar reduction in the contingent fund of the Superintendent of the Naval Academy. This is simply

to make the amount conform to the amount carried in the naval appropriation bill for a similar purpose.

Mr. STAFFORD. Mr. Chairman, will the gentleman yield?

Mr. COLLINS. Yes.

Mr. STAFFORD. Has the gentleman any specific information as to the purpose for which this fund may be used?

Mr. COLLINS. It is used largely for the entertainment of distinguished guests.

Mr. STAFFORD. The gentleman realizes that West Point is differently situated by reason of its proximity to New York than Annapolis in its proximity to Baltimore and Washington. There are many more distinguished guests, I would say offhand, who visit the Military Academy and inspect it, where the superintendent by reason of the amenities is obligated to extend courtesies and entertainment than is the case at the Naval Academy.

Mr. COLLINS. I imagine that the reverse of what the gentleman says is true, because of the proximity of Annapolis to Washington. However, the amounts carried for this purpose at each of the academies for the present fiscal year are the same and we feel that they should continue to remain the same. This is merely for the purpose of making the Military Academy appropriation conform to the similar appropriation heretofore passed by the House for the Naval Academy.

Mr. STAFFORD. The basis for my statement is the accounts in the metropolitan newspapers as to the greater number of foreign dignitaries and officials who visit the Military Academy than the Naval Academy. Has the gentleman any information as to the amount the superintendent on the average has expended from this fund? I do not think that we should place too great a stricture upon the superintendent in entertaining foreign guests who visit the academy.

Mr. COLLINS. I understand that all of it or nearly all has been expended each year.

Mr. LAGUARDIA. What expense of entertainment can there be?

Mr. STAFFORD. I shall give the gentleman one instance. The Board of Visitors, appointed by the Speaker, attended the Military Academy and made an intensive inspection of the academy for three days. That board was comprised of the gentleman from South Carolina [Mr. McSWAIN], the gentleman from Pennsylvania [Mr. COCHRAN], the gentleman from Connecticut [Mr. GOSS], and myself. The superintendent tendered us a dinner at his home on Saturday evening. It was not a lavish dinner but more than satisfying.

Mr. COLLINS. The allowance for the Governor of the Panama Canal is only $2,000 per annum.

Mr. STAFFORD. Conditions of living and the expense of living are entirely different at the Panama Canal from those at the Military Academy at West Point. Judging from my personal review of entertainment as stated in the newspapers, there are many more that the superintendent at West Point is called upon to entertain, and we should not adopt a cheeseparing policy to the extent of $500 in the amount available for entertainment.

Mr. JAMES. Until last year the Naval Academy carried $4,000 and the Military Academy $3,000 with the result that General Smith had to take money out of his own pocket. Last year it was raised to $4,000 to make it conform to the amount carried for the Naval Academy.

Mr. COLLINS. We raised it last year to make it conform to the Naval Academy.

Mr. OLIVER of Alabama. The commitee handling naval appropriations felt, in view of savings in the price of food, that we could well afford to make this reduction, and, further, that in all likelihood under existing conditions there would be fewer visitors at these two academies next year. We can not make any distinction between the two schools in this regard. That is the attitude of the committee.

The CHAIRMAN. The time of the gentleman from Mississippi has expired.

Mr. FISH. Mr. Chairman, I rise in opposition to the amendment. I have just come into the Chamber and did not hear the argument in respect to the merits of this very important amendment suggested by the subcommittee in seeking to strike $500 from the entertainment allowance at West Point. It seems to me to be a picayune proposition to offer such an amendment. The American people are proud of West Point; and even if the entertainment allowance were more, we could well afford it. West Point is not only the greatest military academy in the United States but it is the greatest military academy in the world. It is the backbone of our national defense, and certainly this is petty and false economy to attempt to strike $500 off the entertainment fund. As the Representative from that district, I am glad to stand here and say that only a few days ago the new superintendent at West Point, Maj. Gen. William D. Connor, agreed to send the Cadet Corps to participate, at no expense to the Government, in the state-wide Bicentennial Celebration to be held on May 28 at Newburgh, N. Y., where Washington had his headquarters for over two years during the Revolutionary War. The military authorities at West Point are cooperating with the near-by communities and civilian authorities, and such a policy will make for better feeling all around. They have not always done it in the past, but under the present superintendent, General Connor, who has a distinguished war record, who went to West Point on the 1st of May, I am convinced that there will be a high degree of cooperation for the good of the service. I oppose this amendment because I think it is belittling and minimizing to the dignity of our great Military Academy at West Point. It is still the best academy in the world, and we are proud of it. We may not have the biggest Army in the world or the greatest amount of equipment, but we have the best military academy, and every other nation admits it. I object to the proposed $500 cut because it is not necessary or asked for by anyone. Whether it carries or not is not of much importance, but it is a picayune proposition, and I hope it will be voted down.

Mr. OLIVER of Alabama. Mr. Chairman, I move to strike out the last two words.

What the gentleman from New York has said of West Point applies with equal force to Annapolis. I think Americans are proud of both academies, and I would not detract in the slightest from the high tribute which the gentleman pays to the personnel, officer and student, at West Point. The same is true of those at Annapolis.

The committee, in going over this item for the Naval Academy, felt it could very well afford at this time to make this reduction. It is not picayunish. It is in line with sound economies. It is in line with what business men are doing in reference to their own large activities. It is entirely in keeping with the high character of service that the gentleman from New York [Mr. FISH] has always rendered his district, to register a dignified protest against any reduction affecting Government expenditures in his district; but I wish to say to the Members of the House that we are and should handle these matters for the two institutions on exactly the same basis. We can not discriminate in favor of one as against the other.

I hope the committee will vote favorably on the amendment offered by the gentleman from Mississippi [Mr. COLLINS].

The CHAIRMAN. The question is on the amendment offered by the gentleman from Mississippi [Mr. COLLINS].

The question was taken; and on a division (demanded by Mr. OLIVER of Alabama) there were ayes 41 and noes 26.

So the amendment was agreed to.

Mr. STAFFORD. Mr. Chairman, I move to strike out the last word.

I invite the attention of the committee to the fact that the Budget estimate of $1,275,000 has been cut by the committee a quarter of a million dollars or more.

I took occasion to read the hearings on this appropriation. I think it is owing to the committee, before we vote the appropriation recommended, that some explanation be made in justification of this inordinate cut. I know the

gentleman from Mississippi [Mr. COLLINS] has no desire to make any drastic cuts that will cripple the operations of the academy, and I assume there are good grounds for this cut of a quarter of a million, but I think the committee would like to have some explanation of the large cut.

Mr. COLLINS. There are various commodities purchased by the Military Academy; and the committee felt, in view of the fact that commodity prices are about 30 per cent, average, under what they were last year, that a 10 per cent reduction would not be out of proportion. That is largely the reason for the reduced amount.

Mr. STAFFORD. But the budgetary officer had already cut the appropriation last year to the extent of over $100,000.

Mr. COLLINS. Not altogether on procurement items.

Mr. STAFFORD. The committee cut the appropriation as recommended by the budgetary officer about $150,000. I was in error in my previous statement.

Mr. BARBOUR. Will the gentleman yield?

Mr. STAFFORD. I yield.

Mr. BARBOUR. I understand there is a transfer of travel amounting to about $41,000.

Mr. COLLINS. That is correct. The reduction represents approximately a 10 per cent cut in commodity items, plus the item transferred, as stated by the gentleman from California [Mr. BARBOUR].

Mr. STAFFORD When the late superintendent of the academy was before the committee and he received the deserved compliment of the chairman and other members for his administration, no question was put to him as to whether the budgetary estimate could stand a further cut. Is it merely an arbitrary cut?

Mr. COLLINS. Oh, no. In hearings on all four bills the committee has gone very thoroughly into the question of reduced commodity costs; and our action results not alone from the hearings on this particular bill, but from the general knowledge we thus have gained. Actually, we have allowed a 20 per cent margin over prevailing prices.

Mr. STAFFORD. Now, I notice here an item of "pay for rationing cadets." The hearings show that the average ration is 60 cents a day, I think. The gentleman from California says it is 80 cents.

Mr. COLLINS. Eighty cents.

Mr. STAFFORD. Now, as a member of the Board of Visitors I had the privilege, on two occasions, of joining the cadets in their mess. I could not in any way state that the mess served was unduly extravagant. It was a sensible, wholesome mess. Is it the purpose now to cut that mess to 65 cents? It is true some of the edibles have gone down in price, but others have not.

Mr. COLLINS. I will say to the gentleman that the midshipmen's ration has been cut to 75 cents.

Mr. STAFFORD. But here it is being cut more than 75.

Mr. COLLINS. No; I would not admit that.

Mr. STAFFORD. Well, you are making a cut of how much?

Mr. COLLINS. It is an average proposition, I should say to the gentleman. Commodity prices, according to the Comptroller General and according to all sources of information, have been reduced in the last year more than 30 per cent.

The CHAIRMAN. The time of the gentleman from Wisconsin has expired.

Mr. STAFFORD. Mr. Chairman, I ask unanimous consent to proceed for two additional minutes.

The CHAIRMAN. Without objection, it is so ordered.

There was no objection.

Mr. STAFFORD. Here is an item, "postage, telephone, telegraph," and there is "maintenance of the organ," and all character of expenses, where expenses have not been reduced. The gentleman is just going ahead with an arbitrary cut?

Mr. COLLINS. No. We excluded such items.

Mr. STAFFORD. How much do the purchase items aggregate? Can the gentleman tell the committee?

Mr. COLLINS. About $1,075,000.

Mr. STAFFORD. I think that this policy of making an arbitrary cut, without anything in the hearings on which to base it as far as testimony in respect to this item is concerned, is rather questionable.

I think we are going to restrict the cadets in their rations and other activities, and I know the gentleman does not intend that.

Mr. COLLINS. No. We have acted upon the very best advice we could get, I will say to the gentleman, and we have not heard a single protest on any of these reductions.

Mr. STAFFORD. During the hearings the gentleman did not ask the question of the superintendent, when he was before the committee, whether this item could stand the cut that is proposed.

Mr. COLLINS. I do not see why that would be necessary, in view of the fund of information available upon this subject.

Mr. LAGUARDIA. Did not the committee cut over 50 per cent a corresponding item in the Quartermaster's Department? I called attention to it. Last year you had for subsistence $21,237,000. This year you only provide $11,714,000.

Mr. COLLINS. On its face we did, but they had balances and expanded stores which very largely lessen the apparently wide difference.

Mr. LAGUARDIA. Does the reduction correspond to the one called attention to by the gentleman from Wisconsin?

Mr. COLLINS. We cut rather uniformly, I should say, as regards reduced commodity costs.

[Here the gavel fell.]

The pro forma amendment was withdrawn.

The Clerk read as follows:

For pay of National Guard (armory drills), $11,584,868.

Mr. LAGUARDIA. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. LAGUARDIA: Page 50, line 18, strike out "$11,584,868" and insert in lieu thereof "$10,000,000."

Mr. LAGUARDIA. Mr. Chairman, I appeal to all my colleagues who are earnestly and seriously endeavoring to bring about economies that here we can save $1,584,868 without in the slightest way impairing the efficiency of the National Guard.

The National Guard is typically an American institution. Only since the national defense act of 1920 has Congress appropriated for drill pay. Before that time the National Guard drilled every week and was not paid for it. I have here extracts from vouchers in the Comptroller General's office which show that when the men of the National Guard go out on parade on Memorial Day it is charged up as a drill; and it is proper, under the law, to do so. There is no question about that. The law permits a public parade to be charged up as a drill. Now, no one can tell me that the men of the National Guard would not parade on Memorial Day if they were not paid. I know that is not so. I know that the National Guard is patriotic, devoted, and loyal to their duties and to their country, and they would parade whether they were paid for it or not.

I submit, Mr. Chairman, in these days of stress when we are making economies in every possible place we can think of that here we can economize $1,584,868. It would mean only a slight adjustment.

Mr. Chairman, five or six years ago I called the attention of the House to the fact that National Guard pay rolls were padded, that companies were shifted in order to bring up the strength of other companies to the requirements of the law. Some of the Members abused me for it, yet within three months thereafter several National Guard officers were indicted for doing that very thing. Of course the system was changed after that. When I made the charge I had the facts.

Surely in an appropriation of $11,584,868, with about 190,000 men in the National Guard, it will be possible to adjust the drills in order to bring about these economies. Surely they would not object to this slight economy for one year's time.

Mr. Chairman, I offer the amendment for the careful consideration of the Committee on Appropriations. I hope they will give it their support for, if they do, I feel the amendment will be adopted.

Mr. BLANTON. Mr. Chairman, since April 6, 1932, my resolution to clean up the rottenness existing in the Veterans' Bureau, being House Joint Resolution 355, has been pending before the Committee on Military Affairs, which has been holding hearings on same for some time. Section 6 of my said resolution provides:

SEC. 6. That the Administrator of Veterans' Affairs be, and he is hereby, directed to discharge and dismiss forthwith the said William Wolff Smith from employment with the Veterans' Administration.

Gen. Frank T. Hines, Administrator of Veterans' Affairs, while testifying before said Committee on Military Affairs admitted that the charges embraced in the 35 pages of my resolution were all true and correct, and he assured the committee that if it requested him to do so he would promptly discharge William Wolff Smith from the service.

This same William Wolff Smith, while testifying before said committee, admitted that my charges against him were true, and you will remember that he collapsed on the witness stand and had to be sent to a hospital for 10 days. He admitted under oath that from May to October 29, 1918, he was a clerk employed in the War Department at $125 per month, that he entered the military service on October 29, 1918, by obtaining a commission as an officer, just 13 days before the armistice, and that he held down a swivel-chair job in Washington from then until his discharge. He admitted that on January 17, 1923, he obtained a position in the Veterans' Bureau at a salary of $4,000 under former Director Charles R. Forbes—whom we afterwards sent to the penitentiary—who on February 1, 1923, promoted Smith to be general counsel in charge on all legal matters, at a salary of $7,500, notwithstanding the fact that Smith had never tried a case in a courthouse in his life, and that with the passage of the Welch Act his salary became $9,000, which he has drawn ever since, and now draws.

This William Wolff Smith, general counsel, also admitted, and his assistant, Miss Annabel Hinderliter, likewise admitted, that on February 13, 1923, Miss Annabel Hinderliter was transferred from the Quartermaster Corps to the Veterans' Bureau as a clerk, at a salary of $1,440 per annum, and was assigned to said Smith's office, and under Smith she has received the following rapid promotions: On May 1, 1924, her salary was raised to $1,860; on July 1, 1924, her salary was raised to $2,100; on October 12, 1925, her salary was raised to $2,400; on October 31, 1925, her salary was raised to $2,500; on February 12, 1926, her salary was raised to $2,600; on June 29, 1926, her salary was raised to $3,000; on September 7, 1927, her salary was raised to $3,100; on December 27, 1927, her salary was raised to $3,800; on June 30, 1928, her salary was raised to $4,000; on July 12, 1928, her salary was raised to $4,600; and on December 28, 1929, her salary was raised to $4,800, she having secured a license to practice law, and that said Smith made several attempts to get her salary raised to $6,000, while during this period from 1923 to date many deserving employees, with university degrees and with the highest efficiency ratings, were not only unable to get raises but were reduced below $1,560 per annum; and they admitted that both said Smith and Miss Hinderliter swore to the facts embraced in said Smith's application for retired pay, to the effect that during the six months immediately preceding his entering the service he was engaged in the private practice of law and received $600 per month, which was untrue, because he was then employed as a clerk in the War Department at only $125 per month.

It was admitted by all of said witnesses that immediately following the passage of the disabled emergency officers' retirement act over the President's veto on May 24, 1928, said William Wolff Smith the next day filed his application for retirement pay, and that between that date and January 5, 1931, when he finally succeeded in putting it over, several boards passing upon his case refused to retire him, and held that he was in no way disabled, but that all of his defects existed, as had been found by the Army, before he entered the service. But after appealing to this new board and to that, he finally had himself granted retired pay for presumptive disability on January 5, 1931, when he received a check for $5,843.75 covering retired pay of $187.50 per month from May 25, 1928, when he applied, to date, same being in addition to his $9,000 salary, and he has drawn ever since his $9,000 salary and his additional retired pay of $187.50 per month, besides about $1,000 per year additional traveling expenses, he having made two trips to Europe, junketing around.

But William Wolff Smith has now reached the end of his rope. The Committee on Military Affairs passed a resolution this morning by a unanimous vote, requesting Gen. Frank T. Hines to discharge Smith from the service, which, under his assurance to said committee, he must now do, such resolution being as follows:

Resolved, That it is the sense of the Committee on Military Affairs before which is pending H. J. Res. 355 and on which considerable hearings have been had that the Administrator of Veterans' Affairs should discharge from the service William Wolff Smith on the ground of incompetency and unfitness.

Resolved further, That a copy of this resolution be sent to the Administrator of Veterans' Affairs and that a copy be spread upon the minutes of this committee.

Unanimously adopted this the 17th day of May.

Mr. Chairman, I want to commend the personnel of the splendid Committee on Military Affairs for having the judgment, the backbone, and the courage to take action when it finds matters going on that ought to be corrected. Gen. Frank T. Hines is a man of his word, and when he assured the committee that he would fire Smith he meant it, and you will find that he will discharge Smith immediately. We will get rid of one of the biggest parasites in the Government service.

Mr. Chairman, I feel greatly encouraged. We are making great strides in eliminating waste, extravagance, and graft. I feel sure that this splendid Committee on Military Affairs will in a few days report a measure to Congress eliminating from the pay roll of the Government the 876 lawyers whose names and tremendous salaries I placed in the RECORD now employed by the Veterans' Bureau, many of whom are drawing additional retired pay for presumptive disabilities, and at the same time will cause to be removed the hundreds of doctors who are drawing salaries ranging from $3,000 to $8,000 and at the same time drawing additional retired pay for presumptive disabilities, such as "social inaptitude," and so forth, and who are also at the same time engaged in the private practice of medicine.

I want to use the remaining part of my time to correct some impressions which some newspapers have wrongly spread over the country about Congress.

Some newspapers have asserted that Congress refused to reduce the salaries of its own Members. That is not correct. In the economy bill which the House passed the House reduced the salaries of Members in the identical proportion that it reduced all other salaries of other employees of the Government.

I am one of those who insisted that the salaries of Members of Congress should be reduced to $7,500 and that no salary of officials of this Government, except the President and Supreme Court judges, should hereafter exceed $7,500, and that all salaries should thus be reduced 25 per cent, and such provisions are embraced in my resolution, House Joint Resolution 344, now pending before Congress.

In this same economy bill the House reduced the mileage of Members of Congress 25 per cent. I have been contending for years that mileage should be reduced to actual necessary expenses in going to and from Congress once each session. And I feel greatly encouraged that the House has seen fit to make a 25 per cent reduction.

In the economy bill the House reduced the stationery allowance of Members 25 per cent. Newspapers have not mentioned this. When I first came here years ago there was a practice of selling numerous items of merchandise in the stationery room having no connection whatever with the

necessities of our offices, and I made an uncompromising fight against it, and there was a law passed preventing anything except office supplies being sold in the stationery room, and for years the stationery room has kept for sale only legitimate office supplies.

My district is so large and so many demands are made upon me from various parts of the United States that I have always used more stationery than my allowance, and I have thus far this year used $28.76 more than my allowance, which I have to pay out of my own pocket. But I heartily supported the bill to cut our allowance the 25 per cent, for we Members of Congress must make sacrifices along with all other citizens of the United States.

The country ought to know these facts. Every newspaper editor who is preaching to the contrary ought to tell the country that the Membership of Congress is willing to go along and make the sacrifices which every other American citizen must make in this terrible time of stress.

Mr. LINTHICUM. Will the gentleman yield?

Mr. BLANTON. Yes.

Mr. LINTHICUM. I am very glad to hear the gentleman making these remarks.

Mr. BLANTON. I will say to my friend from Maryland that some newspapers are intimating we do not pay any income tax. We Members of Congress pay, and have always paid, the same income tax that every other citizen in the United States pays on similar incomes. The country ought to know that.

Mr. LINTHICUM. I want to say to the gentleman that I received a letter this morning in which the writer spoke of the fact that we are spending $100,000 on our barber shops and that we are running our restaurants at a loss.

Mr. BLANTON. I am glad that my friend mentions that for it is not so and ought to be corrected. There was a time years ago when supplies were furnished and some expenses in the barber shops were paid by the Government. I made an uncompromising fight myself against it. The House of Representatives stopped all such abuses in our House barber shops. All of us pay now for service just what we have to pay our local barbers in our home cities.

There was a time, too, years ago, when our House restaurants were run at a loss of about $35,000 to the Government. But that has been stopped. I made an uncompromising fight against it myself. You older colleagues will remember that the restaurants were taken under the supervision of our Accounts Committee, headed by our distinguished and highly respected colleague the gentleman from Massachusetts [Mr. UNDERHILL], and he overhauled the whole system, took the abuses out of it, placed the restaurants on a self-sustaining basis, and there have been no abuses since. Our good friend and able colleague the distinguished gentleman from North Carolina [Mr. WARREN] during this Congress has been the chairman of the Committee on Accounts, and he is carrying on the same splendid system free of all abuses inaugurated by his said distinguished predecessor [Mr. UNDERHILL]. So the country ought to know that the House of Representatives has eliminated for years the abuses mentioned by the gentleman from Maryland.

[Here the gavel fell.]

Mr. BLANTON. Mr. Chairman, I ask unanimous consent to proceed for two additional minutes.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. PARKS. Will the gentleman yield?

Mr. BLANTON. Yes.

Mr. PARKS. Does the gentleman know of any newspaper that has reduced its subscription rates or its advertising rates, or anything that brings money into a newspaper, while they are denouncing the gentleman and myself?

Mr. BLANTON. No; I do not; but I am always frank. I want to say that the newspapers have been reducing their own expenses. They have even reduced the salaries of some of the boys up in the press gallery until they can hardly pay their bills.

Mr. PARKS. They may have reduced salaries, but they have not reduced subscription rates or advertising rates.

Mr. BLANTON. They have taken off the assistants who help our boys in the press gallery. The newspapers have been making reductions like everybody else, and we must make substantial reductions.

In my resolution, House Joint Resolution 344, I propose to repeal the classification act. That must be done before this Congress adjourns. It must be repealed because there are a few high chiefs and assistant chiefs in charge of bureaus who are getting most of the money that was designed for the real working employees of the Government. We must repeal the Welch Act, which sought to correct that, yet it permitted the higher-ups to increase their salaries at the expense of the lower-paid employees of the Government.

Mr. LAGUARDIA. Will the gentleman yield?

Mr. BLANTON. Yes.

Mr. LAGUARDIA. We have an opportunity here under my amendment to reduce this $11,000,000 item by $1,000,000.

Mr. BLANTON. I know, and that is going to be reduced when it gets to the other end of the Capitol. But our committee has worked out this plan. I hope my friend from New York will go along with our committee. There is no man who is more earnest in his efforts to balance the Budget than the chairman of our committee, Mr. BYRNS, of Tennessee.

He has almost injured his health in hard work. He has been working day and night in an effort to try to balance the Budget, so let us all back him up. If we will give him the proper backing and back up the distinguished gentleman from Mississippi [Mr. COLLINS] and his subcommittee, which has this bill in charge, and who have done splendid work, we will effect many substantial economies.

Mr. Chairman, I ask unanimous consent to revise and extend my remarks and to include some excerpts.

The CHAIRMAN. The gentleman from Texas asks unanimous consent to revise and extend his remarks and to include therein certain excerpts. Is there objection?

There was no objection.

Mr. BLANTON. Mr. Chairman, under my leave to extend, in order to get his views before the Congress, I incorporate the following evidence of Hon. R. C. Winters, given before the Committee on Military Affairs, to wit:

ABILENE, TEX., *May 15, 1932.*

Honorable CHAIRMAN AND MEMBERS
HOUSE MILITARY AFFAIRS COMMITTEE,
Washington, D. C.

GENTLEMEN: I am advised by my personal friend and fellow townsman, the Hon. THOMAS L. BLANTON, that he has obtained permission to insert any statement that I desire to make on proposed legislation now pending before your committee.

I want to thank Mr. BLANTON for obtaining, and your committee for giving, me the right to voice my sentiments on pending legislation before your committee. Mr. BLANTON and I have been personal friends, as well as political friends, for many years. It has been my privilege to work for him on his campaigns for reelection to the House, and I have followed his record closely, and I consider him one of the most valuable Members of the lower House. He is certain to be returned as our Representative from the seventeenth Texas district as long as he desires to be so returned, and the people of his district have repeatedly evidenced this by their overwhelming vote whenever the occasion arose. I am grateful for the opportunity and privilege of paying him this tribute which he so justly deserves.

Before getting into the resolution now pending before your committee, House Joint Resolution 355, I feel it necessary to qualify myself and my opinions, as would any expert be required so to do in any case pending before a court before his testimony would be considered, and so I will attempt to do so. I enlisted as a buck private in the Regular Army of the United States February 6, 1916, at the time of the Mexican border trouble, feeling certain that war would be declared against Mexico. I was promoted to corporal, sergeant, and acting first sergeant, which rank I held at the outbreak of the World War. Selected noncommissioned officers were then sent to a training school to determine their fitness for commissioned rank, and out of hundreds attending only two passed the tests sucessfully, namely, the regimental quartermaster sergeant of our regiment and myself. I was commissioned temporary second lieutenant, advanced to temporary first lieutenant, and was recommended for a captaincy, but the Hon. Newton D. Baker's famous cablegram to General Pershing, shortly after the armistice, "Stop all promotions," prevented me from receiving that latter commission. I served most of my time with Company G, Twenty-eighth United States Infantry, First Division; have been struck by two machine-gun bullets, gassed, and am the holder of the Distinguished Service Cross, two other citations, and was not only in command of a company but also served as battalion scout officer, in command of the battalion scout platoon, and it was my job to make the night patrols, raiding parties, etc. I feel that I am

qualified to speak on anything pertaining to the Army, the disabled emergency officers, and matters of that kind within the limits of my ability.

I will endeavor to take up the paragraphs of House Joint Resolution 355 in the order in which they appear in the printed bill, introduced by my distinguished friend from my own district. I will first refer to paragraph 2, on page 1. I am going on the assumption that Mr. BLANTON'S statements are true, as they usually are. Suppose it does cost the United States approximately $13,000 to graduate a second lieutenant from West Point and an ensign from the Naval Academy. The Government desires and specifies that they must undergo certain training, prove their fitness, and satisfactorily pass their examinations before they graduate them, and any subsequent technical training is required at the special instance of the War Department in order to fit such man or men into the Army scheme of things, where the highest degree of technical training is demanded. What of it? Does not every single industrial concern, without counting the cost, do likewise? The Military and Naval Academies have a tradition almost as old as the Republic itself, and why after years and years of repeated success in its turning out of men who later proved to be the flower of the Army should any legislation be enacted to destroy the very purpose for which these academies were first founded?

One of the inducements held out to a prospective applicant to either of these great institutions is the retirement pay which they are assured of after years of honest and faithful service for their country. Why repudiate a contract between such officers and the Government when such contract has been in existence for many years and probably prior to the entrance of some of the members of this committee into the world? Why print the names of the retired officers from the Army or Navy and Marine Corps who are now drawing good salaries in addition to their retirement pay and set them out as an example of the evils of the retirement law, when they are few in number and only hold such jobs because of their proven ability and understanding of the respective business in which now engaged? There are only a few of them, comparatively speaking, as compared to the great number of retired officers who have sunk into, practically, oblivion.

The Regular Army, Navy, and Marine Corps must be kept up to the highest state of efficiency, to furnish the nucleus around which a great national army can be built. It must always be remembered that in the last Great War the Regular branches of the service formed such nucleus and were it not for them our National Army would have been helpless, and almost was, because of its size and the small number of Regular noncommissioned and commissioned officers to train them into the mysteries and the art of self-preservation which organized warfare always demands. I can not say too much for the Regular. I served under them, with them, and became one of them; and their tradition is one of the finest things that this country of ours possesses. You have retirement boards before which such officer must appear before he can be retired. He is thoroughly examined and is many times recommended for retirement from active service because of some disability, physically, which prevents him from keeping pace with the younger man. You would find such a man, in the "prime of life" (quoting from the RECORD and the resolution itself) who, nevertheless, can not be counted out in the scheme of things, and who refuses to be inactive, with mind clear and alert. It is these men that you see in executive positions in private business. They learned to command in the Army, and know how to handle men and solve problems. I say, by all means, do not cut down the size of your officer personnel in the Regular branches, and do not interfere with his right to retirement under his contract with the Government.

I now come to the third paragraph on page 3 of House Joint Resolution 355, relating to the disabled emergency officers' retirement act, and continues to page 32 down to the resolution on such page, and section 3, on page 33, repealing such act. I will confess that I have a vital interest in this portion of the bill, for I am one of these retired officers. However, in spite of my benefits under same, I am vitally interested in this bill being kept intact. It took almost 10 years to give proper recognition to this class of officer, even though all other branches, Navy and Marine Corps, had for some years prior to the passage of Public, No. 506, Seventieth Congress, granted retirement privileges to the emergency officers who served in these respective branches. Only the emergency, or "civilian," officer of the army was discriminated against, and it was a long, hard fight before Congress finally realized the injustice done to this class of officer and passed the above-mentioned bill over the President's veto. Now, forgetting personalities, let us calmly and with cool deliberation and judgment analyze Public, No. 506.

Mr. BLANTON makes a great deal of fuss about William Wolff Smith, general counsel of the Veterans' Administration, one of such retired officers. If his facts are right, and they always are, based on my experience with him, Smith's retirement under such act is a fraud perpetrated upon the people of this country, and he should be immediately reexamined by a disinterested board and such retirement pay cut off. If his general inefficiency is as stated, then he should either be removed from office by the President, who has the power to do so, impeached and kicked out, or be removed by his superior officer, General Hines, head of the Veterans' Administration. Not one of us on such retired list approves of such things; but why penalize all of us for the misdeeds of a few? There may be others on such list equally bad; well, they can be readily disposed of. General Hines has the authority, or he can be given the authority, to review these cases where it is apparent on their face that something is wrong. But to penalize the rest of these officers is an injustice not in keeping with the promise of the War Department and Congress. Did not both say, "There is but one Army—that of the United States—and the same privileges (including retirement pay) will be accorded to all alike"?

If the records were consulted, it will be ascertained that from 60 to 75 per cent of the junior officers (second lieutenants, first lieutenants, and captains) who served in France and served in actual combat are these same emergency or "civilian" Army officers that, by this bill, you cut off altogether from enjoying the privileges accorded to all others, yet they bore the brunt of the fighting in the war. This does not apply, obviously, to the officers of higher rank, for they naturally were the trained personnel of the Regular Army and justly so, and we can thank our lucky stars that they were so trained, starting from their cadet days, followed by technical training throughout their Army careers, that they were capable, willing, and anxious to justify not only their country's faith in them but the money expended on them to make them so fit. But let's take the junior officer. He commanded the soldiers, either as company or platoon commander. The casualties among this class were heavy. They had the utmost responsibility during actual front-line warfare. If you can imagine the safety of from 30 to 250 men depending on your judgment, not one day but days and days, you can imagine the strain on such men. If you lost a man or men through a mistake in judgment, it was just the same as deliberately killing him or them, yet no punishment was meted out to you except that lashed at you day and night by a tortured conscience.

Have you ever had the experience of commanding a company and receiving orders to march them from point so and so on the map, starting at 10 p. m., to point so and so (all movements being made by map coordinates), such points being usually from one wooded place to another? Have you ever had to sit down and study your map, memorizing each crook and turn in the road (because you traveled at night and did not dare strike a match or show a light), then start off on such march and under strain all the time, and no relief until you reached your destination and contacted the unit on your flanks? Then, if not, you would not appreciate the work done by this class of officer; but if you have, you fully understand it. These officers were the same men who had to direct their troops, think for them, watch after them, get food for them whenever possible, secure billets for them, teach them their duties, help them understand their responsibilities when in the front line, save them from their own fatal mistakes, and it was these officers, more so than others, who fought, bled, and died for this country and many of whom are now maimed and crippled for life, both physically and mentally.

There is considerable agitation to limit this retirement pay to actual battle wounds and their effects or to actual direct traceable war service. This is an attempt to do away with the so-called "presumptive" disabilities. In this class (presumptive disability) are those men who endured the horrors of war, only to break down mentally at a much later date, when they had returned to civilian life. The strain, while submerged for a while, finally takes its toll. It also includes the men who were gassed, and who at a much later date than November 11, 1918, broke down in health and have been and are now suffering with tuberculosis. These are the two outstanding disabilities among the "presumptive" cases drawing retirement; there are others. Before abolishing this feature of the law consult a reputable specialist in mental diseases, and also a specialist on tuberculosis, and discuss this with them. They are sure to advise you that the "presumptive" cases were undoubtedly caused by war service.

Gentlemen of the committee, most of you have been blessed with the good fortune never to have to go to war; therefore you know nothing of the horrors of war. You never saw friends killed before your eyes; you never went out on a patrol or raiding party with your bombs and trench knife in hand, crawling along on your stomach, inching by degrees toward your objective, flat on the ground, your toes and elbows supplying the leverage, heart in your mouth, icy fear clutching your heart, yet will power winning over all and giving you the determination to go forward. You never had the pleasure of getting shot at and hit, seen men go down alongside of you, never to rise again; you never had to rally men and urge them forward, seeing them mowed down like wheat, wondering when your turn would come. Such being the case, give to these men on the emergency officers' retired list their just reward, for they have done all of these things and have earned it by their blood and mental strain and anguish.

Proceeding further, there is a great roar about the number of doctors drawing retirement pay. It must be realized that the doctor was well along in years, in most cases, when he went into the service. Some of them were practicing physicians for years before the war broke out. Yet they quit their practice, offered their service to the Government, usually accepting a first lieutenant's commission, and perhaps receiving a promotion to first lieutenant, captain, and in some cases major. Because of their advanced age, as compared with the average "civilian" officer, they felt the strain more, broke down quicker, mentally and physically, and could not stand up to the hard days and nights of front-line service. I have seen many of them in the field hospitals, regimental infirmaries, or right up in the line with the men, going through in a more horrible way the agony of warfare, for civilian practice had taught them to be sympathetic to their patients and a real desire to relieve them of suffering, and in many instances this could not be done in actual war service. They saw the most terrible side of the war—the maimed, the crippled, and the blind, the terrible agony of the men who were gassed—and

due to their age they cracked up quicker, or else endured a greater strain than the troops.

Certainly they were prone to break quicker because of their experiences and age. The same might apply to attorneys, who are always casting for a way out of a difficult situation. What could they do in war as a commander of troops? It is of common knowledge in the medical profesion, particularly among neuropsychiatric specialists, that the well-trained, educated, and intelligent man will crack quicker and recover more slowly than the average individual, and the professional man in the late war undoubtedly proved to be no exception. I think any discrimination shown against any retired officer who was a professional man is inequitable and unjust. The disabled emergency officers of all classes, professional men or otherwise, resent the discrimination shown against them and are very apt to recall what Members of Congress said when sending them to France, "Good-by, fellows. We are sending you off, but we will take care of you when you come back." When I recall that statement I think of the reproachful words of Julius Cæsar when dying, "Et tu Brute," and we disabled emergency officers can well say the same of Congress, and justly so.

I now come to two of the most vicious sections in said bill, and I will take them up in order. Section 2, page 33, provides that all retired pay be cut in half and further provides that no officer drawing retired pay shall receive such retired pay during any period of time that he receives $2,500 or more from private employment. Is not the Government breaking its contract in the first instance? Does Congress intend to say, in the second instance, that because an officer is retired he must sit around and twiddle his thumbs thereafter and can not pursue gainful private employment? I do not think so, nor do I think that Congress will ever pass such a bill. Officers who have retired, are active mentally, intelligent and commanding men, having acquired these traits in service, and not the type of men who are content to sit around and loaf away the balance of their life. Their service has been too busy for that. Does Congress intend to put this restriction upon them as a reward for their honest and faithful service to their country? Again I say, I do not think so.

If you are trying to be honest in your conclusions and fair to all concerned, why not prohibit Members of both Houses from practicing law or medicine or engaging in their own controlled business during the intervals between sessions of Congress? There is as much sense to that, in fact, even more so, than the restriction imposed by this bill, for Members of both Houses have a fixed yearly salary of $10,000, far above the retired officer's pay, plus what he can earn in private employment, in most instances. Are you not servants of the people and subject to their will? Are you any more privileged than these officers who have rendered honest and faithful service, most of whom have been engaged for this country in more than one war, and few, if any, who have not been engaged in one war, at least, in the service of their country.

My friend and fellow townsman, Hon. THOMAS L. BLANTON, practices law between sessions of Congress, as do many other Members of both Houses. I here ask the gentleman if he refuses to concede this same privilege to retired officers so that they may keep up their families to the standard of the gentleman's own—something required of them during active service and their God-given right as well as their constitutional right under our plan of Government?

The other section (sec. 8, p. 34) of the bill provides that hereafter no lawyer, doctor, or dentist employed by the thereafter enumerated branches or departments of the Government on an annual salary shall engage in private practice, but shall give his full time to the Government. Is this bill designed to prohibit private practice after a full day's work, after such professional men have performed every duty required of them by the department employing them, and performed it to the entire satisfaction of his chief? Surely not. Or, does it mean that the Government wants 24 hours daily of a man's time? I hope not. Certainly a professional man, after having performed his stipulated number of hours, his work being satisfactory and up to standard, should have the same right to have a private practice on his own time as any Member of Congress has to practice his profession between sessions.

At this very moment the Veterans' Administration is employing many part-time specialists for a few hours per day, paying them an annual salary. This same department of the Government is at this very moment considering putting its designated medical examiners, who are engaged in private practice and who receive a certain fee for each examination, etc., on an annual salary to cut down expenses. Would not the Director of Veterans' Administration be prohibited from making this deduction in operating expenses by this bill? I think this section vicious, unfair, unnecessary, and will not accomplish a single thing or save a dime; on the contrary, it will drive out of the various departments of the Government many professional men who would not submit tamely to such action, and also those who do remain will make dissatisfied employees, with their efficiency and morale greatly lowered.

My last comment is on section 5, page 34, where it attempts to put an officer and an enlisted man on the same status as to compensation for disabilities. To my humble mind this is the most ridiculous suggestion that has come to my attention for many years. Ask the men themselves. They realize the responsibility of the officer, and a good officer always got along with his men. They depended on him, followed him blindly just because he was leading them, and had the utmost faith and confidence in him. The principle of the thing is fine sounding—and vote getting—but its wrong. Any man who enlisted in the World War had an equal opportunity to reach the commissioned ranks. The opportunities were there. What with psychological tests, efficiency charts, etc., any man with the ability and intelligence, plus proper behavior, could receive a commission. The men themselves would not assume the responsibility of the officer, knowing their limitations, and to place them all on an equal footing in comparison to service rendered is a joke.

The joke being that the men would not, if they could, change places with their officer. Just as you pay a skilled mechanic, a trained professional man, technician, etc., so must you pay an officer based on superior service rendered. You would not hire a carpenter to run an insurance company, a bricklayer to run a bank, nor a common laborer without proper education to run the Veterans' Administration; thus, contra, you could not make officers out of the privates and make them get the job done. This is not said disparagingly, but rather is stated as the truth. The same thing applies in all walks of life, all professions, all industries, and must, by the same law of averages, apply to officers and enlisted men.

In conclusion I wish to state that I have followed the legislation passed in the interests of veterans since my severance from the Army. I am familiar with it. I have devoted a large part of my private time for years, without any charge whatsoever, handling claims for veterans, helping them and attending to their wants, and listening to their troubles with the utmost sympathy and understanding. In 1926–27 I was department commander of the American Legion of the entire State of Texas, and I feel that my war experiences, my understanding of the veteran and his troubles, my experience in the American Legion, gives me a little authority to speak on measures affecting these same veterans.

I desire to thank my friend Mr. BLANTON for obtaining permission for me to express my views before your committee, and to the committee itself for their courtesy in allowing me so to do.

I again wish to thank Mr. BLANTON for his good work in the past, and I have always been in hearty accord with him on most questions, but I am hoping now and sincerely trusting that both his bills, H. J. Res. 344 and 355, will be defeated by a majority sufficient to show that the contract of the Government is not lightly thrown aside, that discrimination in government can not and should not exist, and that there is no privileged class, be it a Member of the House or Senate, who can hold unto himself special privileges which he refuses to concede to others.

Respectfully,

R. C. WINTERS,
Past Department Commander
American Legion of Texas.

Mr. COLLINS. Mr. Chairman, I rise in opposition to the amendment offered by the gentleman from New York. There is no man in this House for whom I have a higher regard than I have for my good friend from New York. I do not believe there is an abler Congressman here than my friend from New York or that there has been a more able one in the past. Ordinarily the gentleman and I do not differ, but in this particular instance I fear he has not the full facts before him, otherwise he would not have offered the amendment. Here is the situation that confronted the Appropriations Committee on this item. The President, through the Budget, recommended to the Congress certain sums of money for the National Guard for weekly drills and for camp training. These sums were sufficient only to provide the National Guard with 42 drills a year instead of 48, which latter is the minimum number set out in the national defense act, and to provide camp training for 36,744 fewer National Guard men than went to camp last year and who are expected to go to camp this year. That was the picture.

The committee conferred with General Leach, the head of the Militia Bureau, about the matter, and let me say that I have not known since I have been on this committee a more able Chief of the Militia Bureau than General Leach. In addition to being a good soldier, he is a good business man. General Leach advised the committee that he believed if we would give the National Guard the same amount of money that the Budget recommended, which was about $1,650,000 less than the amount appropriated last year and would make all amounts fully interchangeable, that he probably could manage to pay these National Guard men for 48 drills a year and for 15 days at camp without any reduction in numbers.

Mr. LAGUARDIA. Will the gentleman yield there?

Mr. COLLINS. Yes.

Mr. LAGUARDIA. It appears that all the committee has done here is to give them $47,500 less than last year. The committee has not exceeded the Budget recommendations.

Mr. COLLINS. No; in a sense, we did not go over the Budget. The bill carries exactly the same amount the Budget recommended.

Mr. LAGUARDIA. Then it is only $47,500 less than last year, and there is not another item in the bill that has such a small percentage of reductions. The committee cut the Regular Army 50 per cent on its food, for instance.

Mr. COLLINS. There are a number of items in the bill that have not been cut a penny. Ordnance, for instance, has not been cut. Chemical warfare has not been cut, and the Air Corps of the Army has not been cut. There are a number of activities that have not been reduced.

[Here the gavel fell.]

Mr. COLLINS. Mr. Chairman, I ask unanimous consent to proceed for two additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Mississippi?

There was no objection.

Mr. COLLINS. The National Guard has agreed to exert every effort to live for the next year upon the money appropriated——

Mr. LAGUARDIA. If the gentleman pleases, what else could they do but live within the appropriations made by Congress?

Mr. COLLINS. In the past they have come to the Congress every year and asked for deficiency appropriations to pay for the drills and camp training.

Mr. FISH. Will the gentleman yield for a question?

Mr. COLLINS. And they have deficiency estimates now before the Appropriations Committee for drill and camp training. The committee feels it to be a much better arrangement to have an agreement with the National Guard that they will make every reasonable endeavor to make the appropriations proposed suffice rather than to give them an appropriation such as proposed by the Budget, so restricted that the organization would need to be disrupted or else three or four months later supplemented to avoid such a course.

Mr. LAGUARDIA. Will the gentleman take this stand if they do come in with a deficiency estimate?

Mr. COLLINS. If a deficiency should be presented, I shall make it my business to find out if every reasonable effort has been made to avoid it. I am confident, however, that we may rely upon General Leach to do everything in his power to make the appropriations we propose, and as proposed, meet all demands during the ensuing fiscal year. At this point, Mr. Chairman, I wish to include in the RECORD a copy of a letter I addressed to General Leach on January 27, 1932, and of his reply thereto, dated January 27, 1932.

HOUSE OF REPRESENTATIVES,
COMMITTEE ON APPROPRIATIONS,
Washington, D. C., January 27, 1932.

Major General GEORGE E. LEACH,
Chief of the Militia Bureau, War Department,
Washington, D. C.

MY DEAR GENERAL LEACH: Referring to our interview of to-day, I understand that if the committee recommends the appropriation of the total sum included in the 1933 Budget of $31,263,565 for the National Guard will constitute as one fund all of the items contributing to such total sum and will eliminate the restrictive provisions included in the Budget on armory drills and field training; that, as Chief of the Militia Bureau, you will be thoroughly in accord with such action with the understanding that if you should be unable, by reason of a continuation of the present high rate of attendance at armory drills and field training, to find adequate funds through the proposed 100 per cent interchangeability arrangement and such economies as you may be able to effect fully to take care of drill attendance and camp training on the basis of the present approved or allotted strength of 14,330 officers and 175,858 enlisted men (total, 190,188), you may be permitted to present an estimate of appropriation for such additional sum as it may develop during the fiscal year 1933 will be required in addition to the present Budget estimate of $31,263,565.

If my understanding of your position in the matter as above outlined is correct, I should appreciate a letter from you in confirmation thereof.

Very sincerely,
ROSS A. COLLINS,
Chairman War Department Subcommittee.

WAR DEPARTMENT,
Washington, January 27, 1932.

Hon. ROSS A. COLLINS,
Chairman War Department Subcommittee,
The Capitol, Washington, D. C.

MY DEAR MR. COLLINS: Receipt of your letter of this date is acknowledged.

The proposal which you make with reference to the appropriation for the support of the National Guard for the fiscal year 1933 is hereby accepted.

Very sincerely yours,
GEORGE E. LEACH,
Major General Chief of the Militia Bureau.

Mr. LAGUARDIA. Then I ask unanimous consent to withdraw my amendment.

The CHAIRMAN. Is there objection to the request of the gentleman from New York?

There was no objection.

The Clerk read as follows:

ARMS, UNIFORMS, EQUIPMENT, ETC., FOR FIELD SERVICE, NATIONAL GUARD

To procure by purchase or manufacture and issue from time to time to the National Guard, upon requisition of the governors of the several States and Territories, or the commanding general, National Guard of the District of Columbia, such military equipment and stores of all kinds and reserve supply thereof, including horses conforming to the Regular Army standards for use of the Cavalry, Field Artillery, and mounted organizations of the National Guard, as are necessary to arm, uniform, and equip for field service the National Guard of the several States, Territories, and the District of Columbia, and to repair such of the aforementioned articles of equipage and military stores as are or may become damaged when, under regulations prescribed by the Secretary of War, such repair may be determined to be an economical measure and as necessary for their proper preservation and use, $5,886,849, of which not to exceed $908,745 shall be available for the production and purchase of new airplanes and their equipment, spare parts and accessories, and all of the sums herein appropriated on account of the National Guard shall be accounted for as one fund: *Provided*, That the Secretary of War is hereby directed to issue from surplus or reserve stores and material on hand and purchased for the United States Army such articles of clothing and equipment and Field Artillery, Engineer, and Signal material and ammunition as may be needed by the National Guard organized under the provisions of the act entitled "An act for making further and more effectual provision for the national defense, and for other purposes," approved June 3, 1916 (U. S. C., title 32, sec. 21), as amended. This issue shall be made without charge against militia appropriations except for actual expenses incident to such issue.

Mr. GOSS. Mr. Chairman, I make a point of order against the language on page 51, line 17, "That the Secretary of War is hereby directed." This is a mandatory provision, while the law as it now exists provides that the Secretary of War is authorized to issue from surplus or reserve stock. I also make a point of order on the word "stores." If the committee were willing to accept an amendment, I should not insist on the point of order.

Mr. COLLINS. I do not understand what the gentleman is objecting to unless he objects to the Congress directing the War Department to do something.

Mr. GOSS. The language is "That the Secretary of War is hereby directed to issue," and so forth. We are directing the Secretary of War——

Mr. COLLINS. Congress can do that occasionally.

Mr. GOSS. Right; but the present law, which is the national defense act, with respect to uniforms for the National Guard states that the Secretary of War is authorized. Now, there might not be sufficient clothing or sufficient yardage.

Mr. COLLINS. I would like to ask the gentleman from Connecticut where he got the suggestion to object to this.

Mr. GOSS. I did it myself.

Mr. BLANTON. Will the Chair hear me a moment on the point of order?

The CHAIRMAN (Mr. LANHAM). The Chair will hear the gentleman from Texas.

Mr. BLANTON. It has always been held in order on an appropriation bill for the Congress to direct any official with respect to the conduct of business where it comes within the Holman rule and effects a saving and reduces public expenditures.

The CHAIRMAN. Wherein is this covered by the Holman rule?

Mr. BLANTON. The whole purpose of the paragraph is to effect a saving and reduces public expenditures.

The CHAIRMAN. But it does not show on its face that there is any saving.

Mr. BLANTON. Let me read the provision:

Provided, That the Secretary of War is hereby directed to issue from surplus or reserve stores and matériel on hand and pur-

chased for the United States Army such articles of clothing and equipment and Field Artillery, Engineer, and Signal matériel and ammunition as may be needed by the National Guard organized under the provisions of the act—

And so forth.

I can show the Chair where it effects a saving. The Chair takes judicial knowledge of the fact that the Congress of the United States is paying all of these expenses of the National Guard. That is something that comes out of the Public Treasury. Their equipment and supplies have all to be paid for with the money of the Government. When we issue this out of the surplus stores, being property that otherwise would be wasted, and the Chair can take judicial cognizance of the fact that most of it would be wasted, that we will thus use stuff that would otherwise be wasted; that is a saving.

The CHAIRMAN. The Chair can not take judicial notice of the fact that it is going to be wasted. The point of order made by the gentleman from Connecticut is that here the Secretary of War is directed when in the permanent law the authority is permissive.

Mr. COLLINS. Mr. Chairman, I have here the language of the statute. It is title 32, section 44. The language is this:

The Secretary of War is hereby directed to issue from surplus or reserve stores and matériel on hand and purchased for the United States Army such articles of clothing and equipment and Field Artillery, Engineer, and Signal matériel and ammunition as may be needed by the National Guard, organized under the provisions of this title.

The CHAIRMAN. The Chair would like to inquire of the gentleman, if that is the permanent law, why is it necessary to put this language in the bill?

Mr. BYRNS. Mr. Chairman, while the gentleman from Mississippi is looking the matter up, may I make a suggestion? I have not had an opportunity to see the statute and do not know what the language is; but taking the statement of the gentleman from Connecticut to the effect that the Secretary of War is authorized to do this, there is authority directing him to do a particular thing. Why would not Congress have the right to direct the Secretary of War in the exercise of that authority if it exists.

The CHAIRMAN. Upon reference to the law, it seems that the permanent law is, as a matter of fact, in the language stated in the bill.

Mr. BYRNS. I take it that it would not be subject to a point of order.

The CHAIRMAN. The Chair would inquire the necessity of carrying this language in the bill in view of the fact that it is permanent law.

Mr. BYRNS. I understand, but I do not think that would be subject to a point of order. If Congress wants to reenact the language that is authorized by law, it would not be subject to a point of order on that ground. It is a question that appeals to the House as to whether it wants to do it.

The CHAIRMAN. The Chair was just stating that on reference to the statute it has been found that the language in the bill is the identical language of the permanent law. As the Chair understood it, the point of order of the gentleman from Connecticut [Mr. Goss] was that in the permanent law, evidently due to a misconception, the authority was permissive and not mandatory. This makes it mandatory. The Chair finds on reference to the act that the provision in the permanent law is mandatory. The Chair will read the provision from title 32, section 44, United States Code:

The Secretary of War is hereby directed to issue from surplus or reserved stores and matériel on hand and purchased for the United States Army such articles of clothing and equipment, and field artillery, engineer, and signal matériel, and ammunition as may be needed by the National Guard organized under the provisions of this title. This issue shall be made without charge against the militia appropriations except for actual expenses incident to such issue.

That is the permanent law of February 12, 1925, Forty-third Statutes, 921.

Mr. GOSS. The bill refers to United States Code 32, section 31, as amended.

The CHAIRMAN. That evidently is an erroneous citation. The Chair overrules the point of order. The Chair suggests that the correct reference to the title be included by way of amendment.

Mr. COLLINS. Mr. Chairman, I ask unanimous consent that the Clerk be given authority to correct that citation.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. GOSS. Mr. Chairman, I offer the following amendment, which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. Goss: Page 51, line 17, after the word "is," strike out the words "hereby directed" and insert in lieu thereof the word "authorized" and strike out the word "stores" and insert in lieu thereof the word "stocks."

Mr. COLLINS. Mr. Chairman, I make the point of order against the amendment that it is a change of existing law.

The CHAIRMAN. Unless the gentleman from Connecticut wants to be heard on that, the Chair sustains the point of order.

Mr. VINSON of Kentucky. Mr. Chairman, I move to strike out the last word, and ask unanimous consent to extend my remarks by inserting a short statement of my colleague, Mr. CHAPMAN, before the Committee on Appropriations having this bill in charge.

The CHAIRMAN. The Chair is of opinion that that request should be made in the House, instead of the committee.

Mr. VINSON of Kentucky. Then in my time I shall read it.

The CHAIRMAN. The gentleman from Kentucky is recognized for five minutes.

Mr. VINSON of Kentucky. The statement was made on Friday, January 22, 1932, on the subject of the breeding of horses at Army remount stations. It is a statement of Hon. VIRGIL CHAPMAN, a Member of Congress from the State of Kentucky, and it was made before the subcommittee of the Committee on Appropriations having the War Department bill under consideration:

BREEDING OF HORSES AT ARMY REMOUNT STATION—STATEMENT OF HON. VIRGIL CHAPMAN, A MEMBER OF CONGRESS FROM THE STATE OF KENTUCKY, BEFORE HOUSE APPROPRIATIONS COMMITTEE

Mr. COLLINS. Mr. CHAPMAN, do you wish to make a statement to this committee?

Mr. CHAPMAN. Yes, sir. Mr. Chairman and gentlemen of the committee, I appear in favor of the continuance of the remount service and in opposition to any curtailment of its activities. In the 11 years of its existence it has performed a great service in building up the light-horse industry throughout America, not only producing thousands of suitable animals for our national defense in case of war but also proving a boon to thousands of farmers and stock raisers during a period of terrible depression in the agricultural and livestock industry.

There was a time when every farmer was a horse breeder and a horseman, but with the increase of motor transportation the production of good riding horses rapidly decreased. Before the World War a few farsighted men recognized the seriousness of the situation and a comparatively small fund was provided with which the Bureau of Animal Industry purchased a few blooded stallions which were placed in competent hands in a small section of the country. The Quartermaster General procured a number of horses thus produced that were found suitable for Army purposes, but when the war came it was quickly realized that the result of this small beginning was grossly inadequate to the need of our armed forces. The allied countries purchased in this country from 1914 to 1918, approximately 1,300,000 horses and mules. Most of those bought were far from suitable for the rigors of war. After we entered the conflict the Government purchased 320,000 horses and 160,000 mules. Most of them did not have the requisite blood and had not been conditioned and trained.

In the light of that experience the breeding plan under the American Remount Association was inaugurated in the fiscal year 1921 and has since been operating through funds appropriated by Congress. The original appropriation was $250,000 for the purchase of stallions and other necessary expenditures. This sum was subsequently materially reduced. During the first breeding season there were 159 stallions in service. Since that time the number of stallions, with a comparatively small appropriation ranging from $150,000 to $132,500 (the latter amount having been provided for 1931), has increased until there are now 693 of these blooded stallions provided for the use of breeders and farmers.

This is not a question of local interest in any one section of the country. These stallions are distributed in 40 of the 48 States and the farmers derive the greatest benefit from this service through their opportunity to cross "cold-blooded" mares with horses carrying thoroughbred and pure-blood strains. Such a cross produces a high-type individual horse. The city dwellers and

sportsmen who wish to own high-grade hunters or horses suited to the bridle paths have the opportunity of purchasing the produce of these horses from the farmers who raise them and the farmers receive a much-needed increase of income from sales to such purchasers. The Army also purchases these horses from the farmers who raise them to be used for remounts for officers and for other military purposes.

The total number of mares bred to horses in the remount service since 1921 is 126,900 and the number of colts produced is 85,130. That is an average of 7,739 colts per annum. The highest military authorities have estimated that in the unhappy event of another great war we would need 350,000 horses and 300,000 mules at the beginning. The lowest reasonable estimate of necessary replacements in such event would be 3 per cent, or 19,500 head, per month, or nearly a quarter of a million a year. To impair this important branch of our national defense at this time would endanger the very life of the remount service that has grown so rapidly during the 11 years of its existence. Its curtailment would be not only a disservice to thousands of farmers and stock raisers in 40 States of the Union but would render our military forces much less effective in case of a great emergency.

The aggregate expenditure of funds for the maintenance and operation of these stallions during the 11 years that the breeding plan has been in existence is $1,576,997. Stud fees turned into the United States Treasury from the operation of this plan have amounted to $227,710, leaving a net cost to the Government over a period of 11 years in the sum of $1,349,287. The average annual expenditure has amounted to $122,662 and the average cost of maintaining one stallion per year, including the original purchase price, cost of transportation and maintenance, amounts to $272.25. The cost of this service has been largely reduced as the result of gifts by farsighted, public-spirited, patriotic horsemen, of stallions of great value, reaching a total of $350,000 to $400,000. A number of horse breeders in the district which I represent, and in which are located a large majority of the most important and valuable thoroughbred nurseries in America, have donated stallions of real value. Only a few months ago that prince of sportsmen and great philanthropist, Col. E. R. Bradley, master of Idle Hour Farm, Lexington, Ky., donated to the remount service the valuable horse, Behave Yourself, winner of the Kentucky Derby, America's greatest turf classic, in 1921. In view of the interest that has been aroused among horsemen, whose cooperation and aid to the Government in this work have been so highly beneficial, and also the interest of farmers and breeders throughout the country in availing themselves of the advantages of this service, I am convinced that it would be a calamity for this Congress to reduce the appropriation for this purpose below the minimum required, with the exercise of strict economy, to maintain at least 700 stallions under the breeding plan.

Another objection to the impairment of this service is the fact that was well stated by Maj. Gen. B. F. Cheatham, then Quartermaster General, in an address at Nashville, Tenn., September 7, 1926, when he said: "Nature demands at least six years to produce a horse suitable for a cavalryman to ride."

In view of statements that are frequently made to the effect that horses are no longer necessary in war and the occasional prediction that motorized units will soon entirely supplant horses and mules as a factor in national defense, I ask leave to present as witnesses such renowned military authorities as Gen. John J. Pershing, Maj. Gen. Hunter Liggett, Maj. Gen. James G. Harbord, Marshal Haig, Field Marshal Allenby, Field Marshal French, Marshal Foch, Marshal Petain, General Weygand, General Mordacq, Marshal Hindenburg, General Ludendorff, General von Kluck, Lieutenant General von Kaiser, Colonel General von Seeckt, and Gen. Charles P. Summerall. These eminent and unquestioned authorities on the science of war and the adequate provision for national defense have with one accord not only recorded that the cavalry was of the greatest importance and service in the World War but also that, in the words of General Summerall, "It is a fact that cavalry is of far more importance than it ever has been," and in the language of Field Marshal Allenby, "I know for certain that no decisive victory has ever been won in the past without the help of cavalry and I am quite sure no decisive victory will ever be reached in the future without the help of the cavalry."

I sincerely trust that your committee will provide in this appropriation bill for the continued maintenance of at least 700 stallions in the remount service.

The Clerk read as follows:

The mounted, motorized, air, medical, and tank units and motor transport, military police, wagon and service companies of the National Guard shall be so reduced that the appropriations made in this act shall cover the entire cost of maintenance of such units for the National Guard during the fiscal year 1933.

Mr. COLLINS. Mr. Chairman, I offer the following amendment, which I send to the desk.

The Clerk read as follows:

Committee amendment offered by Mr. COLLINS: Page 52, strike out the entire paragraph commencing in line 3 and insert in lieu thereof the following:

"No appropriation contained in this act shall be available for any expense for or on account of a larger number of mounted units and motor transport, military police, wagon and service companies of the National Guard than may be in existence on June 30, 1932."

Mr. GOSS. Mr. Chairman, I make the point of order that that is legislation on an appropriation bill.

The CHAIRMAN. In the opinion of the Chair, the provision offered by way of amendment by the gentleman from Mississippi is in the nature of a limitation rather than legislation.

Mr. GOSS. Might it not be a purported limitation?

The CHAIRMAN. It is a negative restriction upon the use of an appropriation, and in that respect and for that reason is a limitation. The Chair overrules the point of order. The gentleman from Mississippi is recognized for five minutes.

Mr. COLLINS. The purpose of this amendment is to avoid requiring the National Guard to reduce existing units in order to live within the appropriation that is recommended by the committee. Without this amendment certain reductions might become necessary. I understand this amendment meets with the approval of the gentleman from California, Mr. BARBOUR.

Mr. BEEDY. Will the gentleman yield?

Mr. COLLINS. I yield.

Mr. BEEDY. I have simply taken the gentleman's word for it, but for the purpose of the record, this amendment carries out an agreement which the gentleman had with Brigadier General Travis in correspondence, and with General Leach.

Mr. COLLINS. That is correct; to avoid putting the committee in the position of advocating anything contrary to that agreement.

Mr. PARKS. Will the gentleman yield for a question?

Mr. COLLINS. I yield.

Mr. PARKS. I understood the agreement with General Leach was not with reference to any deficiency whatever, but was with reference to the disposition of these funds, that they might have 100 per cent reallocation.

Mr. COLLINS. Partly, I will say to my colleague, General Leach has agreed to exert every effort to avoid a deficiency under the bill as written.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Mississippi.

The amendment was agreed to.

The Clerk read as follows:

ORGANIZED RESERVES

For pay and allowances of members of the Officers' Reserve Corps on active duty in accordance with law, except as hereinafter provided; mileage, reimbursement of actual traveling expenses, or per diem allowances in lieu thereof, as authorized by law: *Provided*, That the mileage allowance to members of the Officers' Reserve Corps when called into active service for training for 15 days or less shall not exceed 4 cents per mile; pay, transportation, subsistence, clothing, and medical and hospital treatment of members of the Enlisted Reserve Corps; conducting correspondence or extension courses for instruction of members of the Reserve Corps, including necessary supplies, procurement of maps and textbooks, and transportation and traveling expenses of employees; purchase of training manuals, including Government publications and blank forms, subscriptions to magazines and periodicals of a professional or technical nature; establishment, maintenance, and operation of divisional and regimental headquarters and of camps for training of the Organized Reserves; for miscellaneous expenses incident to the administration of the Organized Reserves, including the maintenance and operation of motor-propelled passenger-carrying vehicles and purchase of 30 such vehicles (at a cost not exceeding $625 each including the value of a vehicle exchanged); for the actual and necessary expenses, or per diem in lieu thereof, at rates authorized by law, incurred by officers and enlisted men of the Regular Army traveling on duty in connection with the Organized Reserves; for expenses incident to the use, including upkeep and depreciation costs of supplies, equipment, and material furnished in accordance with law from stocks under the control of the War Department, except that not to exceed $384,210 of this appropriation shall be available for expenditure by the Chief of the Air Corps for the production and purchase of new airplanes and their equipment, spare parts, and accessories; for transportation of baggage, including packing and crating, of reserve officers ordered to active duty for not less than six months; for the medical and hospital treatment of members of the Officers' Reserve Corps and of the Enlisted Reserve Corps, who suffer personal injury or contract disease in line of duty, as provided by the act of April 26, 1928 (U. S. C., Supp. V, title 10, secs. 451, 455), and for such other purposes in connection therewith as are authorized by the said act, including pay and allowances, subsistence, transportation, and burial expenses, in all, $4,244,580, and no part of such total sum shall be available

for any expense incident to giving flight training to any officer of the Officers' Reserve Corps unless he shall be found physically and professionally qualified to perform aviation service as an aviation pilot, by such agency as the Secretary of War may designate: *Provided*, That not to exceed $100,000 of this appropriation may be used for establishment and maintenance of divisional and regimental headquarters.

Mr. GOSS. Mr. Chairman, I reserve a point of order on the paragraph.

Mr. BARBOUR. Mr. Chairman, I am sending to the Clerk's desk an amendment to this paragraph and also an amendment to the second succeeding paragraph, which I would ask to have pending, because it will depend on the outcome of the amendment to the paragraph that has just been read.

The CHAIRMAN. As a matter of fact, it seems to the Chair the better practice would be to dispose of the point of order first. It may be that the amendment might be read for information, but in the opinion of the Chair the better procedure would be to dispose of the point of order.

Mr. BARBOUR. I understood the gentleman from Connecticut to reserve his point of order.

The CHAIRMAN. The point of order has been reserved, but the Chair thinks the better procedure would be to dispose of the point of order first.

Mr. GOSS. Mr. Chairman, I make the point of order that the words "except as hereinafter provided," on page 52, line 12, is attempted legislation in an appropriation bill. The bill provides "for pay and allowances of members of the Officers' Reserve Corps on active duty in accordance with law," and then it reads further, "except as hereinafter provided," which apparently is not in accordance with law. I make the point of order.

The CHAIRMAN (Mr. LANHAM). Of course, from the standpoint of passing upon those particular words "except as hereinafter provided," they may become a matter of limitation, but the words themselves, as such, do not seem to the Chair to be objectionable from a parliamentary standpoint.

Mr. GOSS. But, on the other hand, there are several paragraphs in connection with this section.

The CHAIRMAN. But if the point of order were directed to some of those paragraphs and if those paragraphs were found to be objectionable from a parliamentary standpoint, then the Chair could properly dispose of them.

Mr. GOSS. I was intending to make the point of order, if this point were sustained, on line 23, page 54.

The CHAIRMAN. The Chair will overrule the point of order, because the Chair does not think the words "except as hereinafter provided" in this paragraph constitute legislation on an appropriation bill.

Mr. GOSS. But my position is that we have not yet come to the paragraph where I can make the point of order, and yet it refers back to the language "hereinafter provided."

The CHAIRMAN. The Chair will be glad to consider that in connection with the point of order which the gentleman will make upon the subsequent paragraph to which he refers.

The gentleman from California offers an amendment, which the Clerk will report.

The Clerk read as follows:

Amendment by Mr. BARBOUR: On page 54, in line 5, strike out "$4,244,580" and insert in lieu thereof "$6,354,348"; and on page 52, line 11, strike out the comma at the end of the line; and in line 12 strike out the words "except as hereinafter provided"; and on page 54 strike out the paragraph commencing in line 23 and ending in line 11 on page 55.

The CHAIRMAN. The Chair will state that the language to which the latter portion of the amendment, to strike out the paragraph refers, has not yet been read.

Mr. BARBOUR. I ask that that be pending, to be passed upon if the other amendment to this paragraph is sustained.

The CHAIRMAN. That portion of the amendment is read for the information of the committee; and that will be offered by the gentleman from California later.

Mr. BARBOUR. Yes; because the two are directly connected.

The CHAIRMAN. In the opinion of the Chair, in so far as that amendment is now concerned, it can be considered with reference to the subsequent paragraph only by unanimous consent.

Mr. CHINDBLOM. Will the gentleman yield?

Mr. BARBOUR. I yield.

Mr. CHINDBLOM. Let the amendment preceding the last amendment be offered with notice that if the other amendments are adopted, then the last amendment will be offered.

The CHAIRMAN. In the opinion of the Chair, that is the proper procedure.

Mr. BARBOUR. I offered it for that purpose, and asked to have it pending when the other section was reached.

The CHAIRMAN. The Clerk will report the amendment with the notice suggested.

The Clerk read as follows:

Page 54, commencing in line 23 and ending on page 55, line 11, strike out the paragraph.

Mr. BARBOUR. Mr. Chairman, the amendment that is offered to this section will restore the appropriation for the Organized Reserves. The bill now pending is $2,293,205 less than the appropriation for the present fiscal year and is $2,109,769 below the Budget estimate. This amendment will restore the $2,109,769 and bring the figure in the bill back to that in the Budget.

The purpose of the amendment is this: The reduction below the Budget estimate contained in the bill will not permit the officers of the Organized Reserves to attend the 14-day training camps and draw the pay which is provided in the national defense act.

When the reserve officers go to the training camps they draw for the period of the camp the pay and allowances of officers of the same rank and grade in the Regular Army. For instance, a first lieutenant would draw the pay and allowances of a first lieutenant in the Regular Army; a major would draw the pay and allowances of a major in the Regular Army; and so would a colonel and other officers.

The bill proposes that the officers of the Organized Reserves who shall attend camp shall be allowed 4 cents per mile mileage in going to and from their homes, which is the rate that has always been paid to them. Instead of the pay provided in the national defense act, the bill proposes they shall receive but $1 per day, which shall be in lieu of subsistence. In other words, they will be subsisted while at camp, but they will receive no pay.

As was pointed out the other day, many of the reserve officers are young business and professional men, farmers, and workingmen. Most of them are not men of means. They are men of limited means and limited incomes. They spend many hours during the winter and the preceding year preparing themselves for the training camps. They purchase their own uniforms; they furnish their own equipment; they are put to considerable expense anyway, even when they receive pay for attending camp.

It has been suggested these officers are patriotic and will attend camp, even though they do not receive pay. To me it seems unfair to ask the reserve officers to attend camp without pay, because of the time they have already generously given to the Government in studying and preparing themselves for camp; and, as I said a moment ago, many of them are men of limited means and incomes and can not afford to attend without pay.

Mr. STAFFORD. Mr. Chairman, will the gentleman yield?

Mr. BARBOUR. In just a minute. It is not fair, in my estimation, to state that they should attend the camps as a matter of patriotism, because it seems to me when we do that we are placing the patriotism of the Organized Reserve officers on a basis of dollars and cents, and it is not fair to do so.

Now, I yield to the gentleman from Wisconsin.

Mr. STAFFORD. Eight years ago the maximum pay of reserve officers was that of the grade of captain. While I was out of Congress a law was passed that permitted them

to receive the pay of the grade they held where it was above that of captain. Can the gentleman inform the House why they struck out that reasonable provision which only allowed them the pay of captain instead of allowing them during the training period of 15 days pay according to the grade they held?

Mr. BARBOUR. I may state to the gentleman from Wisconsin that if a major general goes to camp he draws the pay and allowance of a major general.

Mr. STAFFORD. Ten years ago, as I recall the national defense act, the maximum pay was that of a captain of the Regular Army.

Mr. BARBOUR. It is not so now.

Mr. STAFFORD. What is the reason they discontinued the very commendable policy of limiting the pay to the grade of captain rather than paying according to the rank they held?

[Here the gavel fell.]

Mr. BARBOUR. Mr. Chairman, I ask unanimous consent to proceed for one additional minute.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. BARBOUR. The purpose was to pay the reserve officers when they are on active-duty training on the same basis as an officer in the Regular Army of the same rank and grade.

Mr. BYRNS. Mr. Chairman, I think this is the least deserving of all the amendments which I understand are proposed to be offered to this bill.

Let us see just what this amendment means. The bill provides the same training for the reserve officers during the next year that they have had this year. They are given a dollar a day for subsistence, whereas the bill provides only 36 cents for rations for enlisted men. They are provided with all the correspondence training. Their expenses are paid from beginning to end. The only thing this bill does is to provide that for the 15 days they are in camp they shall not receive any pay.

By this amendment it is proposed to give them pay for the 15 days and tax the people of this country over $2,000,000 in this time of stress. Where will we land if we keep this up? How is national defense involved? All these officers are patriotic citizens. They would not be reserve officers if they were not. Practically all of them are men of affairs to a greater or less extent. They are giving their services as reserve officers to their country, and for my part I do not think there is a single one of them who would object to going to the training camps for 15 days, where all their expenses are paid, including subsistence and everything, and for the period of one year eliminating the question of whether or not they receive pay.

Gentlemen, I appeal to you. Much has been said about economy; much has been said about the extravagance of Congress, but I do not know of any amendment that has been offered at this particular time when you are cutting salaries, when you are denying appropriations for those things which heretofore have been deemed essential—I say I do not know of any amendment that has ever been offered involving, as it does, over $2,000,000, which is less defensible than this particular amendment, and I appeal to you not to vote for it. For goodness sake, let us save some money to the people before we adjourn; let us do something for the taxpayers back home. You know how they are suffering. You know the burden they are carrying. The President of the United States is sending message after message to the Congress telling it to economize, yet it is proposed here to add $2,000,000 and over to this bill, and for what purpose? Simply to provide pay to the reserve officers, patriotic men, all of them. They are in camp 15 days, and you know and I know, while it is an important encampment, it is not altogether a matter of work; every one of them enjoys it and every one of them would enjoy attending the encampment when his expenses are provided. My confidence in their patriotism is such I do not believe one of them would say at this time, when you are cutting the salaries of Federal employees and proposing to eliminate every possible expenditure, that he wants to receive pay for the 15 days.

They are all in business. They have their business at home and their professions out of which they make their living. They do not look upon this as a method of increasing their annual income during the 15 days they are in summer camps. [Applause.]

[Here the gavel fell.]

Mr. COLLINS. Mr. Chairman, I ask unanimous consent that all debate on this amendment and all amendments to this provision close in 10 minutes.

The CHAIRMAN. Is there objection?

Mr. GOSS. Mr. Chairman, I object.

Mr. COLLINS. Mr. Chairman, I move that all debate on this amendment and all amendments thereto close in 20 minutes.

The motion was agreed to.

Mr. BEEDY. Mr. Chairman, I wish I had the power in five minutes to make every man and woman in this Chamber see the problem presented in this amendment as I see it, and then I should be glad to abide by the result of the vote upon it.

I call your attention again to the definition of the word "economy." I call your attention again to the fact that it is a relative term. What may be economy under one set of facts may not be under another. Under some circumstances it may be economy not to spend money and under other circumstances it may be economy to spend money.

There is no question as to what the effect of this curtailment is upon the Organized Reserves. The chairman of the subcommittee knows it full well. When he was questioning General MacArthur and General MacArthur was explaining the necessity of giving these men a chance to go to camp, after having worked in their armories during the year, the gentleman from Mississippi [Mr. COLLINS], admitting all of the good features of the service, said, and I quote from page 8 of the hearings:

> That is all very true, General, but if we eliminate the pay perhaps we would have a fewer number of them.

That is exactly the point. If you eliminate the pay fewer men will go to camp. Many of them will not have money of their own to meet the expense of attending camp this year.

I think every man in this House ought to have the information which I am about to present. I will skim over it and ask to extend my remarks by inserting all of it later. What is the pay of a second lieutenant if he goes to camp? He gets the base pay of $58.33, a subsistence allowance of $8.40, a rental allowance of $18.67, or a total of $85.40.

Those three items for a first lieutenant amount to $104.85; for a captain, $129.73; for a captain with dependents, $147.46; and for majors with dependents, $188.54.

Pay and allowances received by reserve officers for 14 days' active-duty service

Second lieutenant:	
Base pay	$58.33
Subsistence allowance	8.40
Rental allowance	18.67
	85.40
First lieutenant:	
Base pay	77.78
Subsistence allowance	8.40
Rental allowance	18.67
	104.85
Captain:	
Base pay	93.33
Subsistence allowance	8.40
Rental allowance	28.00
	129.73
Captain (with dependents):	
Base pay	93.33
Subsistence allowance	16.80
Rental allowance	37.33
	147.46

Major (with dependents):	
Base pay	$116.67
Subsistence allowance	25.20
Rental allowance	46.67
	188.54

Out of the above every reserve officer must supply his own uniforms and complete equipment, the average cost of which is in excess of $160. In addition, while on active-duty service he must subsist himself and his family at home, pay his laundry, his bedding, room service, and other incidental expenses. The average cost of attending camp follows:

Subsistence	$26.00
Laundry and linen	10.00
Room service	5.00
Incidental expenses	20.00
Actual expenses at camp	61.00
Amortized cost of uniform 33 1/3 per cent	53.34
Total	114.34

It will be seen from the above that second lieutenants and first lieutenants can not actually afford to take active-duty service for a 2-week training period without incurring a financial loss. It must be remembered that 90 per cent of the reserve officers ordered to active duty are lieutenants and captains, and 10 per cent majors or of higher grade.

What are the actual expenses of the men who go to these camps? Subsistence, $26; laundry and linen, $10; room service, $5; and incidental expenses, $20. Their uniforms last about three years and the amortization cost of a uniform is $53.34, making a total encampment expense of $114.34. So even with this pay allowance a first and a second lieutenant go to camp for 15 days at an actual loss in dollars and cents, and if they do not get this allowance many of them can not go. The effect of this cut would be to keep them at home.

Now, what will be the effect of it? It endangers the successful operation of our whole plan of properly training our reserve officers. I chanced upon a speech of ex-Secretary of War Newton D. Baker, made in Columbus, Ohio, in 1924. At the outset of his speech he said that attempts had been made to stop the outbreak of the great World War, but that the participating nations, through their war departments, wired back that they could not hold off the declaration of war even a day because, as they said, "the man who loses even an hour loses a battle." Newton D. Baker said that peace is a beautiful dream. It is a dream that every impulse we have drives us to, that peace can be made and kept in this world. However, he said that experience teaches us it can not; history teaches us it can not; philosophy teaches us it can not, but the moral nature of man compels us to believe that it ultimately, somehow, somewhere, can be realized. He said:

So I am a pacifist. I am a pacifist in my hope; I am a pacifist in my prayers; I am a pacifist in my belief that God made man for better things than that civilization should always be under the blight of this increasingly deadly destruction which war leaves on us. And I am a pacifist in believing that the real contribution to that sentiment lies in adequate, sane preparedness on the part of any free people to defend its liberties.

I was Secretary of War from 1916 to 1921. The history of the United States is that we have never been prepared for war. It used to be the fashion two or three years ago to make some very critical observations about the War Department under my administration and that of my predecessor for not being prepared for the war. Well, I have no defense to offer on that subject except this, that if either I or any of my predecessors had gone down to the Congress and asked for a million-dollar appropriation to get ready, we would not have gotten it. We would have been regarded as alarmists who wanted to go to war.

The actual fact is that after we did go to war it was five weeks before the Congress of the United States appropriated a single additional penny to get ready, and we were already at war.

The United States has never been prepared for war, and we have gotten along fairly well for a number of reasons. In this last war the only reason that we did not have to pay a heavier penalty was that our allies held the front while we got ready.

I very well remember we had scarcely gone into war before general officers, military men, came from overseas to this country to consult with our General Staff, to consult with me, about how we could help with this work. And the French general and the English general each told me in the same words, "Mr. Secretary, it costs us 10,000 lives to educate a major general. Pick your most experienced men; get the most highly trained men you can at the very outset, because the more they have to learn after the war begins the more you have to pay in human life."

Now, it was a providential dispensation that we could train our general officers alongside of these veteran French and British officers, and back of the lines which they were holding, but I pray God that the time will never come when we will be summoned by any heady, passionate attack of some other nation upon us to defend our country and find ourselves obliged to educate general officers at any such expense of life as that.

I believe we ought to have trained officers. It takes a shorter time to train an American officer than any other in the world, largely because of the immense advantage with which we start, by what our colleges and universities give to American youth. Your great university here in Columbus is a factory for the making of the most plastic and valuable raw material for officers that you can find anywhere in the world. Those young men and similar young men ought to be educated and given as much training as they can be in order that if this last emergency does come, your sons and my sons, when called upon to join the colors, will join under as highly trained and skilled men as possible.

I have only one further word to add, and that is to reinforce the idea with which I started out. Peace will not come by merely wishing for it. We must work for it. We must fight for it. We must be willing to abate something of our prejudices in the matter.

Everybody in this audience knows that I believe that the League of Nations is the way.

[Here the gavel fell.]

Mr. WRIGHT. Mr. Chairman, I rise in opposition to the Barbour amendment.

I wonder if the members of the committee know how many reserve officers we have in the United States and what their rank is. We have 1 major general, we have 27 brigadier generals, 742 colonels, 2,570 lieutenant colonels, 6,002 majors, 11,625 captains, 21,501 first lieutenants, and 37,931 second lieutenants, making a grand total of 80,399 officers.

You will understand that during the past years we have been sending between one-fourth and one-third of this total number of reserve officers to summer camps of 14 days; and I may say in this connection that we pay their entire expenses incident to such camp service and, in addition, the pay while in camp which a Regular Army officer on active duty receives, according to rank. In other words, the general who would go to the camp would receive during the 15 days all that a general on active duty would receive under the regular pay bill, and so on down the line.

The only thing which this provision does is to eliminate that 14 days' pay for the coming fiscal year; in other words, we say to these high-class, patriotic, outstanding Americans that we will defray their entire expenses at these camps during the coming fiscal year, but ask them to forego the salaries they have been drawing.

This amounts to something over $2,000,000. Some of these higher officers, above company grade, go there for 14 days' service and carry home from $125 to $400, and as I have said, this totals something in excess of $2,000,000.

We have heard economy here. We have heard unemployment on this floor until the words are almost tiresome to the ear. It is impressed on us day in and day out, and I may say that a large part of this so-called propaganda that is coming to you now and loading your desks every day from bankers, merchants, and industrialists emanates largely from this very crowd that we call the Organized Reserves.

If you want to aid unemployment, if you want to help the tax-burdened people of the United States, if you want to answer the demands which are made upon you from day to day, and if you really believe in economy, here is the place to exercise it. [Applause.]

[Here the gavel fell.]

Mr. GOSS. Mr. Chairman, after the first paragraph of this bill had been read about a week ago, I took a few minutes of the time of the committee to discuss the very question we are on now because, to me, it is one of the most important things in this bill. We have 10,000 officers in the Regular Army, but we have 115,000 reserve officers on whom we may draw in times of emergency. Of this number, there are only some 80,000 of the 115,000 on the active list because 27,000 have been taken off the active list.

We have now come to the point in this bill where we have got to decide whether we want real national defense or not.

This is the question we have got to decide, and the vote we are going to cast in a minute is going to decide the matter. If we vote for the Barbour amendment, we will be voting for national defense and for the protection of our country. If we vote against it, we will be put in the set who are opposed to national defense. We might as well face the issue.

Mr. BEEDY. Will the gentleman yield?

Mr. GOSS. I yield.

Mr. BEEDY. The gentleman is familiar with the fact that just after the close of the war the French and German Armies gave the information to our Secretary of War that it cost even the nations of Europe 10,000 lives to educate every major general they had.

Mr. GOSS. Yes; I thank the gentleman for his contribution; and, further than that, our own Regular Army stands thirteenth in all the armies of the world.

Mr. CHIPERFIELD. Seventeenth.

Mr. GOSS. I thank the gentleman. Seventeenth in all the armies of the world, and the reason we have got to maintain this Organized Reserve is to back up this pygmy Army of ours, which is no larger than the police force in a few of our large cities; and this is the policy that was laid down by the Military Affairs Committee in the national defense act of 1920.

We are at the point right now where this Congress must decide whether we are going to stand for an Army for national defense to back us up in time of emergency, or are we going, under the guise of economy, to cut these men so that we will be the only Nation in history that ever asked the officers to serve without pay and buy their own uniforms?

Mr. BANKHEAD. Will the gentleman yield?

Mr. GOSS. I will yield to the distinguished gentleman from Alabama.

Mr. BANKHEAD. The gentleman made the statement that we were soon going to vote on whether we believed in national defense or not, and that anyone who voted against the Barbour amendment was not in favor of national defense. Does the gentleman think that is a fair attitude to put us in in regard to a temporary reduction of pay for one year?

Mr. GOSS. I do. The Committee on Military Affairs of the House brought out a program for national defense in the program of 1920 and gave it to the House, but under the Holman rule that law has been so emasculated that little of the national defense act is in existence to-day. I repeat, I think it is fair to say that when you vote for this amendment you are voting to strengthen the national defense, and when you vote against it you are voting to weaken it. I can not see any other way out.

Now, these officers last winter spent a million and a half hours of their own time without any pay to study these problems and get ready for the summer training, all to find out that we are going to give them a dollar a day subsistence, and because they are only called to camp once in five years they are to receive no pay.

Why, one Member on the floor stated that these officers take home with them two to five hundred dollars apiece. The gentleman ought to be ashamed of himself who made such a statement.

[Here the gavel fell.]

Mr. COLLINS. Mr. Chairman, this House already has taken positive action upon this identical problem. The Navy has a naval reserve, similar to the Army's Organized Reserves. In the interest of economy, the Navy of its own volition has discontinued for this year and next year the 14-day training of Naval Reserves.

Now, that is the situation with reference to the Navy. I have heard no complaint about it. The Navy itself initiated and ordered the suspension.

What does this do here? It recommends to this House provision for a thousand Air Corps reserve officers to take training—more training than they are getting this year. It recommends that 772 reserve officers be given more than 15 days' training, and with reference to 19,000 other reserve officers, it provides for 14 days' training, pays their transportation expenses to and from camp, and gives them a dollar a day for subsistence while at camp. To-day they receive no per diem for subsistence. In this bill we are more liberal than we have been toward the Naval Reserves, and notwithstanding the fact that we are providing for sending them to camp and paying their expenses at camp and expenses to and from, they say that we are impairing the national defense.

Now, ladies and gentlemen, we save over $2,109,000 plus on this proposition, and I think it is worth while to do it. The President seems to think we ought to bring about economy to the extent of the total reduction we are proposing, and it seems to me that we ought not to be subjected to any criticism.

Mr. McDUFFIE. Will the gentleman yield?

Mr. COLLINS. I yield.

Mr. McDUFFIE. These reserve officers are all patriots and are not in it for the money that they get out of it in going to these camps.

Mr. COLLINS. Absolutely not; and it is a reflection upon the patriotism of these men to say they will not go to camp next year if they must go without pay. What does one of the best of these reservists say about this? One the best of them testified before the committee and said:

> We fellows are not going to be any good in another war, we are too old. The fact is we don't know much about it anyway now.

These men of the type that testified here who admit that they are too old, if they are denied camp training, will not suffer very much, according to this testimony, so the ones to whom camp training would mean something are the younger men, who have been graduated from the Reserve Officers' Training Corps in recent years, and since they have had recent training it is not so imperative that they be given additional training at the present time.

Mrs. ROGERS. Mr. Chairman, will the gentleman yield?

Mr. COLLINS. I can not yield; I am sorry. The recommendation of the committee to the House does not deny camp training to anyone. The Government will pay their expenses to camp and from camp and subsistence at camp, and in addition to that we provide money in this bill to give them correspondence courses, and every one of them who is sufficiently interested is taking those correspondence courses at the present time, supplied to them by the War Department.

The CHAIRMAN. The time of the gentleman from Mississippi has expired. All time has expired. The question is on the amendment offered by the gentleman from California [Mr. BARBOUR].

The question was taken; and on a division (demanded by Mr. BARBOUR) there were—ayes 125, noes 83.

Mr. COLLINS. Mr. Chairman, on that I demand tellers. Tellers were ordered, and the Chair appointed Mr. BARBOUR and Mr. COLLINS to act as tellers.

The committee again divided, and the tellers reported ayes 154, noes 92.

So the amendment was agreed to.

The Clerk read as follows:

> No portion of this appropriation shall be available for the pay or rental and subsistence allowances of a reserve officer on active duty for a period of less than 15 days, except Air Corps reserve officers, and during the fiscal year 1933 members of the Officers' Reserve Corps, except Air Corps reserve officers, may not be ordered to active duty for a period of less than 15 days without their own consent, and those who do consent and report for duty shall not be entitled to pay or rental and subsistence allowances, but shall be paid $1 per diem in lieu of subsistence, except that nothing herein shall be construed to deprive any member of the Officers' Reserve Corps of any of the benefits prescribed in the act of April 26, 1928 (U. S. C., Supp. V, title 10, sec. 451).

Mr. BARBOUR. Mr. Chairman, I offer the following amendment which I send to the desk, and this amendment is necessary because of the vote just taken on restoring the appropriation for the Organized Reserve. It strikes out the paragraph which follows the amount in the bill.

The CHAIRMAN. The Clerk will report the amendment.

The Clerk read as follows:

Amendment offered by Mr. BARBOUR: Page 54, strike out the paragraph commencing in line 23 and ending in line 11, on page 55.

Mr. STAFFORD. Mr. Chairman, I ask recognition in opposition to the amendment. Of all the proposed amendments that the gentleman from California [Mr. BARBOUR] is going to submit, the one that is now before the House is least defensible from the position of national defense. I would not rise at this time if I had not had experience in years back in connection with the appropriations for this service. There are one hundred and twenty thousand and odd reserve officers, of which one-fifth only attend the training camps each year. Some of them are assigned for more than 15-day training, sometimes as long as six months at posts of instruction, like Fort Benning, and this committee has not in any particular as to these reserve officers when taking such intensive training and instruction changed the policy of granting them pay according to their rank. The suggestion has been made by the gentleman from Maine [Mr. BEEDY] that there are 12,000 reserve officers connected with the National Guard who would be deprived of this cumulative pay. Does he mean to imply that these National Guard officers when they get their pay and allowances at an encampment of two weeks as guard officers are not getting the training they require and will not go to the reserve officers' camps for instruction if the pay of their rank is withheld, though all expenses are paid, including travel and sustenance? Yet you say that these National Guard reserve officers shall also receive the high emoluments attendant on the rank of major general and brigadier general and colonel and major if they held such rank. I say that they would belie their patriotism when in these hours of stress they would not be willing to serve without pay under these trying financial conditions. I for one would like to test the patriotism of these 120,000 officers and see whether they are really imbued with the proper spirit of patriotism or are willing to go to camp only on condition that they receive their two weeks' pay.

If I were out of Congress, I would like to have the Government give me an opportunity to take a vacation, at Government expense, even without pay. If there is any instance where you can consistently defend your position without violence to the defense policy of the country, it is here by voting down the amendment of the gentleman from California [Mr. BARBOUR] to strike out——

Mr. BEEDY rose.

Mr. STAFFORD. Yes, I will yield to the gentleman from Maine, who has always been, in time of stress or of plenty, an advocate of paying out money for the Army and all its activities. Ten years ago the maximum salary that these officers could receive was that of the grade of captain, but they were not satisfied with that liberal pay, and they got a bill through Congress so that they get the pay of the higher grades, if they hold that honorary rank, when they go on these 14-day instruction meetings.

Mr. BEEDY. Mr. Chairman, will the gentleman yield?

Mr. STAFFORD. Yes.

Mr. BEEDY. I do not know what the gentleman said about me, but I hope it was pleasant.

Mr. STAFFORD. I spoke loud enough so that the gentleman could hear.

Mr. BEEDY. I hope it was kindly. Does the gentleman understand that this amendment does not add a dollar of expense?

Mr. STAFFORD. No. If you keep this paragraph in you will enable all these reserve officers to go to these camps without pay, but they will have all their expenses paid, including mileage, and $1 a day for sustenance, and they will not receive the extravagant pay of brigadier general, major general, colonels, majors, and the like if perchance they hold such rank. [Applause.]

Mr. BARBOUR. Mr. Chairman, I just want to state that this amendment is a formal amendment which follows the one which has just been adopted by teller vote. This section which I am now asking to strike out is the one which limits the compensation that reserve officers would receive at camp to $1 a day, in lieu of subsistence. We have just voted to restore the regular pay that they receive when they go to camp. Therefore this section of the bill is not necessary.

Mr. PARKS. Will the gentleman yield?

Mr. BARBOUR. I yield.

Mr. PARKS. By that teller vote on the gentleman's amendment we went back to the days of prosperity, and we are paying them identically the sum of money that was drawn during prosperous days and increasing the appropriation by more than $2,000,000.

Mr. BARBOUR. We are going back to maintaining something like an adequate national defense in this country, and that is what the people of this country want.

Mr. PARKS. You will never do it by this kind of a proposition of training these men for two weeks.

Mr. BARBOUR. It will never be done by striking out the small pay that these officers receive, and undermining this organization that has been maintained for years.

Mr. BYRNS. Will the gentleman yield?

Mr. BARBOUR. I yield.

Mr. BYRNS. Does the gentleman think that the reserve officers of the country will refuse to go to this camp for two weeks merely because they do not draw a little pay from the Treasury?

Mr. BARBOUR. I think we have no right to ask a lot of these young men of limited income and limited means to go to the training camps without compensation. [Applause.]

Mr. COLLINS. Mr. Chairman, I move that all debate on this paragraph and all amendments thereto close in 10 minutes.

The motion was agreed to.

Mr. SCHAFER. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I was certainly surprised to see my distinguished colleague from Wisconsin [Mr. STAFFORD], able parliamentarian that he is, take the floor to oppose the pending amendment submitted by the gentleman from California, which, by its nature, as the gentleman explained, is merely a perfecting amendment, following the decisive teller vote taken in the Committee of the Whole.

The gentleman from Wisconsin [Mr. STAFFORD] is now on the economy bandwagon. God forbid that this Congress, in these days of fanatical economy, will sacrifice the welfare of our Nation and her people by reducing the effectiveness of our national defense. In these days of unrest and large military and naval establishments among the nations of the world, with the Asiatic countries now beginning the next war, and with the foreign nations failing to agree to some limitation of armaments, is no time to reduce the effectiveness of our national defense. Although one of these foreign nations has had over four and one-half billion dollars shaved from its debt owed to America and claims to be too poor to pay the interest and principal on their just debt, it has sufficient funds to maintain a huge Navy and Army. Are we to destroy the effectiveness of our national defense in order to put a few millions into some of the vacant places in the Treasury, which are vacant because these foreign nations, which are now spending millions and millions for armament and for future wars, do not send us what they owe us, under their greatly reduced debt settlement?

I wish we could pass these appropriation bills and adjourn. If this Congress is to continue in session, and we are to have this fake, demagogic economy in and out of Congress, God knows what harm will come to the people. In the past three months the demagogic utterances of those who claim to stand for economy in this Congress, and outside, have cost the people of the Nation billions of dollars. We know that a great deal of this depression is psychological, and we are adding to the despair and misery throughout the Nation as the days go by, camouflaging the economy and other issues. If the country is in such financial condition as some of our economy peddlers for political purposes state, then why not appoint a receiver and go into bankruptcy. I urge you Members of Congress, in these times of unrest among the

nations of the world, to think of the men who have to fight the battles in future wars when you are pinching dollars here and there in appropriating funds to train the men who must do the fighting. Think of those citizens of to-day who must fight our next war, if one comes upon us. Is it wise or economical to save a million or two here in the name of economy and cripple our national defense and assist in leading to an extraordinarily great loss of life of those who have to fight the future war, because of insufficient training?

We believed and hoped that the World War was the last war. Many of us hoped that it was; but when we view the situation as it is we know it is only a hope. We can not legislate, from a national-defense standpoint, on the high ideal and hope that we will never have any future war. Let us face the facts and stop ravishing the name of economy, particularly when it is applied to our national defense and to the future welfare of our Nation and our people. I suppose if we had a major war to-morrow, perhaps the distinguished gentleman from Mississippi, the chairman of the subcommittee, Mr. COLLINS, would take half a dozen of his Christie tanks and overcome and destroy any and all foreign nations who saw fit to make war with us. [Applause.]

The CHAIRMAN. The time of the gentleman from Wisconsin has expired.

Mr. FRENCH. Mr. Chairman, it is a difficult thing for a Member of Congress to urge a reduction on an appropriation bill upon any item where there is terrific propaganda pouring in upon him and upon all Members for increase rather than reduction. But, gentlemen, remember the plight of our country. There is no item in this bill and there has been no item before this Congress in many a day where the Members of the Congress have a right to vote for a reduction with more confidence than upon the item here under consideration.

The gentleman says it is merely a clarifying item. I say it is an item that puts into effect the amendment you adopted a little while ago, and that it adds more than $2,100,000 to the bill. We ought not to adopt this amendment.

Do you stop to realize if the appropriation bills shall be passed in something like the terms in which they have been passing and without reduction in compensation as recommended by the Economy Committee and by the President, you are going to have rural delivery carriers thrown out of employment, city carriers thrown out of work, and literally thousands of employees stricken from the rolls? Already you have decreed that between two and three thousand employees of the Interior Department shall be forced out. For my part, I favored the reduction in compensation. I believed it was the sounder course.

Gentlemen, we ought to reduce our appropriations, and here is a place where we can reduce with the minimum of injury.

No one questions the patriotism of the fine members of the Officers' Reserve Corps. But who are these officers? They are the splendid citizens employed—practically all of them—in gainful occupations. In addition, they belong to the Officers' Reserve Corps. As part of their normal training, they attend training camps for which in normal times they receive pay for a period of two weeks. The pay item alone the committee has omitted.

Leaving that item out, what will the members of the Officers' Reserve Corps receive? First of all, they will receive travel pay to camp. The committee bill cares for that. What else will they receive? They will receive a dollar a day in lieu of subsistence. What else will they receive? They will receive hospitalization privilege during all the period. What else will they receive? They will receive full credit upon their longevity for all the time they will be in training.

Now, gentlemen, in spite of telegrams and letters, I believe that when these officers shall have had opportunity to think over the crisis that confronts our country they will justify you in withholding pay. They will go to training camps and they will say: "This is the least sacrifice I can make, and it is not comparable to the sacrifice my neighbors are making all over this country on the farms, in the professions, in business, and everywhere, and I am glad to make it."

Mr. Chairman, we ought not to adopt the proposed amendment. [Applause.]

The CHAIRMAN. The time of the gentleman from Idaho has expired. All time has expired. The question is on the amendment offered by the gentleman from California [Mr. BARBOUR] to strike out the paragraph.

The question was taken; and on division (demanded by Mr. BARBOUR) there were—ayes 131, noes 79.

So the amendment was agreed to.

The Clerk read as follows:

No portion of the appropriation shall be expended for the pay of a reserve officer on active duty for a longer period than 15 days, except such as may be detailed for duty with the War Department General Staff under section 3a and section 5 (b) of the Army reorganization act approved June 4, 1920 (U. S. C., title 10, secs. 26, 37), or who may be detailed for courses of instruction at the general or special service schools of the Army, appropriated for in this act, or who may be detailed for duty with tactical units of the Air Corps, as provided in section 37a of the Army reorganization act approved June 4, 1920 (U. S. C., title 10, sec. 369): *Provided*, That the pay and allowances of such additional officers and nurses of the Medical Reserve Corps as are required to supplement the like officers and nurses of the Regular Army in the care of beneficiaries of the United States Veterans' Bureau treated in Army hospitals may be paid from the funds allotted to the War Department by that bureau under existing law.

Mr. BARBOUR. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. BARBOUR: Page 55, line 19, before the word "appropriated," insert "or whoever may be detailed to duty as instructors at civilian military training camps."

Mr. BARBOUR. Mr. Chairman, many of these amendments are interrelated. Later on an amendment will be offered to restore the citizens' military training camps. If that amendment is adopted, then it will be necessary to incorporate this language in the bill at this place, and I ask unanimous consent to return to this amendment after we have acted upon the citizens' military training camp provision.

The CHAIRMAN. Is there objection to the request of the gentleman from California?

There was no objection.

The Clerk read as follows:

CITIZENS' MILITARY TRAINING

RESERVE OFFICERS' TRAINING CORPS

For the procurement, maintenance, and issue, under such regulations as may be prescribed by the Secretary of War, to institutions at which one or more units of the Reserve Officers' Training Corps are maintained, of such public animals, means of transportation, supplies, tentage, equipment, and uniforms as he may deem necessary, including cleaning and laundering of uniforms and clothing at camps; and to forage, at the expense of the United States, public animals so issued, and to pay commutation in lieu of uniforms at a rate to be fixed annually by the Secretary of War; for transporting said animals and other authorized supplies and equipment from place of issue to the several institutions and training camps and return of same to place of issue when necessary; for purchase of training manuals, including Government publications and blank forms; for the establishment and maintenance of camps for the further practical instruction of the members of the Reserve Officers' Training Corps, and for transporting members of such corps to and from such camps, and to subsist them while traveling to and from such camps and while remaining therein so far as appropriations will permit or, in lieu of transporting them to and from such camps and subsisting them while en route, to pay them travel allowance at the rate of 5 cents per mile for the distance by the shortest usually traveled route from the places from which they are authorized to proceed to the camp and for the return travel thereto, and to pay the return travel pay in advance of the actual performance of the travel; for expenses incident to the use, including upkeep and depreciation costs, of supplies, equipment, and matériel furnished in accordance with law from stocks under the control of the War Department; for pay for students attending advanced camps at the rate prescribed for soldiers of the seventh grade of the Regular Army; for the payment of commutation of subsistence to members of the senior division of the Reserve Officers' Training Corps, at a rate not exceeding the cost of the garrison ration prescribed for the Army, as authorized in the act approved June 3, 1916, as amended by the act approved June 4, 1920 (U. S. C., title 10, sec. 387); for medical and hospital treatment until return to their homes and further medical treatment after arrival at their homes, subsistence during hospitalization and until furnished transportation to their homes, and transportation when fit for travel to

their homes of members of the Reserve Officers' Training Corps who suffer personal injury in line of duty while en route to or from and while at camps of instruction under the provisions of section 47a of the national defense act approved June 3, 1916 (U. S. C., title 10, sec. 441), as amended; and for the cost of preparation and transportation to their homes and burial expenses of the remains of members of the Reserve Officers' Training Corps who die while attending camps of instruction as provided in the act approved April 26, 1928 (U. S. C., Supp. V, title 10, sec. 455); for mileage, traveling expenses, or transportation, for transportation of dependents, and for packing and transportation of baggage, as authorized by law, for officers, warrant officers, and enlisted men of the Regular Army traveling on duty pertaining to or on detail to or relief from duty with the Reserve Officers' Training Corps; for the maintenance, repair, and operation of motor vehicles, and for the purchase of not to exceed 15 motor-propelled truck chassis, with passenger or cargo bodies, at a total cost not to exceed $10,250, including the values of vehicles exchanged, $2,998,711, of which $446,510 shall be available immediately: *Provided*, That none of the funds appropriated in this act shall be used for any expense of or for camps for the practical instruction of members of the Reserve Officers' Training Corps, but members of such corps denied camp instruction in consequence hereof shall not be refused appointments as reserve officers of the Army of the United States by reason thereof: *Provided further*, That the Secretary of War is authorized to issue, without charge, in lieu of purchase, for the use of the Reserve Officers' Training Corps, so many horses now belonging to the Regular Army as he may consider desirable: *Provided*, That uniforms and other equipment or material issued to the Reserve Officers' Training Corps in accordance with law shall be furnished from surplus or reserve stocks of the War Department without payment from this appropriation, except for actual expense incurred in the manufacture or issue: *Provided further*, That in no case shall the amount paid from this appropriation for uniforms, equipment, or material furnished to the Reserve Officers' Training Corps from stocks under the control of the War Department be in excess of the price current at the time the issue is made: *Provided further*, That none of the funds appropriated in this act shall be used for the organization or maintenance of an additional number of mounted, motor transport, or tank units in the Reserve Officers' Training Corps in excess of the number in existence on January 1, 1928: *Provided further*, That none of the funds appropriated in this act shall be available for any expense on account of any student in Air Corps, Medical Corps, Dental Corps, or Veterinary units not a member of such units on May 5, 1932, but such stoppage of further enrollments shall not interfere with the maintenance of existing units: *Provided further*, That none of the funds appropriated in this act shall be expended for or on account of any educational institution not essentially a military school which does not leave the election of military training to all students enrolled therein, and this appropriation shall be available, in accordance with law, to such institutions as maintain elective military training courses: *Provided further*, That none of the funds appropriated elsewhere in this act, except for printing and binding and pay and allowances of officers and enlisted men of the Regular Army, shall be used for expenses in connection with the Reserve Officers' Training Corps.

Mr. BARBOUR. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. BARBOUR: Page 58, line 20, strike out "$2,998,711" and insert "$4,079,484," and on page 52, line 21, after the comma strike out all matter down through and including the comma at the end of line 2, page 59.

Mr. BARBOUR. Mr. Chairman, this is the amendment which will restore the summer training camps of the Reserve Officers' Training Corps. It proposes to add to the amount of money carried in the bill the sum of $1,080,773; in other words, it will bring the amount in the bill up to the Budget estimates for this activity. It does not increase the Budget estimates to any extent whatsoever. The summer camps of the Reserve Officers' Training Corps are the camps which the young men in the colleges and higher institutions of learning attend after they have spent about three or four years in reserve officers' training work. It furnishes for these young men a rounding-out course where they can go and work with the Regular Army and put into practice some of the theories they have learned during their college courses.

The camps have been maintained each year for a period of six weeks. There are about 7,000 students who attend these camps. They are allowed 70 cents a day and about 70 cents a day for subsistence. Because of reduced commodity costs it will not amount to that much this year.

The purpose of the camps is to give these young men an opportunity to attend and put into practice the theories they have acquired in the schools and colleges they have attended.

Mr. WOOD of Indiana. Will the gentleman yield?

Mr. BARBOUR. Yes.

Mr. WOOD of Indiana. The other day, while I was speaking upon this bill, the gentleman from California rose and said there would be plenty of opportunity during the consideration of this bill to make reductions so as to keep the total reductions $24,000,000 under the Budget estimates. Now, I would like to ask the gentleman when are we going to get to them?

Mr. BYRNS. And what they are going to be.

Mr. BARBOUR. I stated to the gentleman from Tennessee the other day where we could find places in the bill to make reductions. If I remember correctly, I stated that there were places in this bill where we could effect savings. The gentleman from Tennessee asked me where we could effect any savings and I stated to him that the flood-control item, for instance, had not been cut at all; that the rivers and harbors item had not been cut at all, and yet nearly everything else in the bill had been cut. I suggested to my friend from Tennessee that that might be a fertile field in which he could work.

Mr. BYRNS. In order to comply with what we understood to be the position of the President, as stated by the gentleman from Indiana, is it the purpose of the gentleman, when he has raised the appropriations in the bill nearly $6,000,000, to offer amendments to reduce the amounts carried in the bill for river and harbor work, flood control, and other proposals in this bill which afford work for the unemployed?

Mr. BARBOUR. It is not my purpose to offer them.

Mr. BYRNS. Then the gentleman does not propose to do anything to save the amount of money by which he has increased the appropriations carried in this bill?

[Here the gavel fell.]

Mr. BARBOUR. Mr. Chairman, I ask unanimous consent to proceed for two additional minutes.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. BARBOUR. The gentleman from Tennessee is chairman of the committee. He can offer them; but it is not my purpose to offer them.

Mr. BYRNS. I beg the gentleman's pardon. I have stood here and pleaded with this House not to increase this bill, and at the instance of the gentleman it has been increased. I say there is as much of an obligation upon the gentleman from California to hold down expenses as there is upon the gentleman from Tennessee or any other Member of this House. [Applause.] I say that if these reductions can be made, as the gentleman seems to think they ought to be, with all due respect to my good friend from California, it is his duty to propose them.

Mr. BARBOUR. I want to say to the gentleman from Tennessee that he and I differ on that point. He asked me where we could find some savings and I suggested two items in the bill, large items, which have not been cut at all and to which modest cuts might be applied and no particular harm be done.

The gentleman and I disagree as to some of the methods of securing economy. I find myself more in harmony with the gentleman from Wisconsin than the gentleman from Tennessee [Mr. BYRNS].

Mr. STAFFORD. Which gentleman from Wisconsin?

Mr. BARBOUR. The gentleman from Wisconsin [Mr. SCHAFER].

There is no use of being impractical or hysterical about economy. If we put in every one of the amendments that I have offered here or will offer, including the 2,000-officers amendment which was voted down by the committee the other day, this bill would still be $15,000,000 under the Budget and $48,000,000 under the appropriation bill for the present fiscal year. You have voted not to restore the 2,000 commissioned officers; and, therefore, as the matter now stands, if you restore the Reserve Officers' Training Corps training camps, if you restore the citizens' military training camps and the Organized Reserves, you will still be $53,-

000,000 under the appropriations for the present year and practically $20,000,000 under the Budget. That is an excellent showing.

The people of this country asking this Congress for economy are not asking us to sacrifice our national defense in the name of economy.

Mr. SCHAFER. Will the gentleman yield?

Mr. BARBOUR. I yield.

Mr. SCHAFER. The interruption of the gentleman from Tennessee [Mr. BYRNS] indicated that the President of the United States was using the gentleman from Indiana [Mr. WOOD] as his spokesman on this War Department appropriation bill. I want to say if that is so, that the spokesman was reckless and careless in the handling of the facts when he indicated on the floor of the House, during the speech that has just been referred to, that the British Army had only 5,000 Regular Army officers when, as a matter of fact, they have over four times that number.

Mr. BEEDY. Will the gentleman yield?

Mr. BARBOUR. I yield to the gentleman from Maine.

Mr. BEEDY. If the gentleman wants an answer to that question, the President never gave any authority for any such statement, and I have it from his own lips.

Mr. SCHAFER. I am pleased to hear that.

Mr. BEEDY. He said there would be a saving in this bill and that the War Department itself ought to have the right to say where that saving is made; and the War Department says that you can not cut the heart out of this great national-defense program by cutting into these reserve appropriations and at the same time maintain the defense of the United States. [Applause.]

Mr. SCHAFER. Then why does one of the Republican leaders, the gentleman from Indiana [Mr. WOOD], assume to act as the spokesman for the President and try to get the rest of the Republicans to follow him in wrecking our national defense?

[Here the gavel fell.]

Mrs. ROGERS. Mr. Chairman, I move to strike out the last word.

We have heard a great deal about economy in the last two weeks. We all know at the present time what the cost of the great World War means to us. We all remember the days at the beginning of the World War when we were not prepared. We remember at the time of the sinking of the *Lusitania* that many felt we should enter the war. President Wilson and others apparently felt we were not prepared. When we finally entered the war we were still unprepared—and we might have done so much in preparation.

I remember in 1917 talking with an elderly British officer in France about a fine, a very young British officer who had just died, and I asked why this British boy and practically his entire regiment had been wiped out; his reply was, "Unprepared."

If we had been prepared at the sinking of the *Lusitania*, we would have entered the war then. We would have saved thousands, nay, millions of lives and millions of dollars. I believe Russia would have stayed with the Allies if we had entered the World War then. It would have had a tremendous psychological effect upon Germany if we had entered the war then. If we had had our national defense earlier, Germany would have hesitated about embarking upon a great World War.

I know the work of these citizens' training camps and the work of the Reserve Officers' Training Corps. Every year I fly over New England inspecting these camps. One of these training camps, Fort Devens, is in my own district. I have visited camps in other parts of the country. I see what it does to the men in teaching them citizenship. Men of every walk of life learn cooperation. They learn to serve. They learn no task is too small or too great to do if it is done in service. You know that this money to give the men their chance for practical training is absolutely vital. How can you expect a young cadet officer to properly instruct boys in the basic courses in firing guns if he has had no practical experience? He has had no battery of guns under his supervision as he has in the Reserve Officers' Training Corps camps.

I wonder how many of you men have sons of your own? You have heard a great deal about the unrest all over the world at this time. Those of you who have boys that may be called upon to serve I am sure will want to give your boys a chance to take care of themselves and a chance to take care of the privates in their ranks in case of trouble. You will want to give the boys of other men a chance. You can not cut the heart right out of our national defense. You can not cut out the foundation of military training. It would be an unjust thing, a most cruel thing to do at this time. [Applause.]

Mr. BLANTON. Mr. Chairman, I rise in opposition to the pro forma amendment.

Mr. Chairman, I think it comes with poor grace from our friend from Maine [Mr. BEEDY] to deny the spokesmanship of the distinguished gentleman from Indiana for the Republican Party. Our friend from Indiana [Mr. WOOD] is the outstanding Republican in the United States. He has accomplished much for the Republican Party. Without his wise counsel and tireless leadership it would have floundered many times during the past 10 years. It has been WILL WOOD, of Indiana, who has kept his party's head above high water. When it needed whistling through graveyards to keep Republican courage up, WILL WOOD has whistled mightily. When it has required boasting, WILL WOOD has boasted lustily. When it has been necessary to "sing in the rain," WILL WOOD has sung eloquently amid thunderclaps and lightning.

Why, it was the matchless leadership of the gentleman from Indiana [Mr. WOOD] and his authority to speak for the Republicans that put the President into the White House. [Applause.] The gentleman from Indiana had been speaking for him before he became President, he has been speaking for him ever since he has been in the White House, and if he ever stops speaking for him the President would not have a chance on earth to stay there, even until the next election. [Laughter].

Mr. SCHAFER. Will the gentleman yield?

Mr. BLANTON. No; I can not yield, because my friend must not exert himself. I want to keep the gentleman from Wisconsin in good fighting trim. If I yielded, he would be sure to divert me from my subject, and this is not the proper time to discuss beer and booze. We will handle that subject with him next Monday.

My friend from Indiana [Mr. WOOD] knows this, that every time there is an earnest effort made here by any committee of Congress to reduce the expenses of the Government it impinges on somebody's toes and somebody's job, and all their friends come up here and surround us with propaganda and personal interviews, people the galleries, and our efforts for economy go with the winds. What are you going to do about it? You never will keep down expenses of the Government without reducing some appropriations, and every time you reduce one it affects somebody, and when we reduce the Navy the gentleman from Illinois [Mr. BRITTEN] and the gentleman from Georgia [Mr. VINSON] always get up to protect the Navy Department and obstruct all reductions, and General CHIPERFIELD, General Goss, and General MARTIN, and the gentleman from California [Mr. BARBOUR] protect the War Department and obstruct reductions there; and others protect every other bureau in the departments. What are you going to do about it?

The country is calling on us to reduce expenditures. How are you going back home and explain it? My friend the gentleman from California [Mr. BARBOUR], a splendid fellow, how is he going back to California to face the people there, and when they say, "BARBOUR, what did you do about reducing expenses?" he will say, "I put $3,000,000 back into the bill, at one place, and several millions more back into the bill in another place, and refused to reduce expenses."

Mr. BRITTEN. Will the gentleman yield?

Mr. BLANTON. Yes; I am afraid not to; the gentleman is too good an expert with the gloves when he gets into the ring. [Laughter.]

Mr. BRITTEN. The gentleman from Texas asks the House, What are we going to do about it? I will answer the question what the House is going to do about it, and that is just what the gentleman did with prohibition—increase the appropriation in the bill. [Laughter.]

Mr. BLANTON. I want to say to the gentleman that I am going to vote to cut all the appropriations, the appropriation for prohibition, and all other expenditures all down the line, because we must balance the Budget. Will the gentleman go along with me?

Mr. BRITTEN. I will, if the gentleman will vote to cut prohibition 100 per cent, I will go along with him 100 per cent.

Mr. BLANTON. I will not do that. I believe in upholding the law. I want to say, however, that the people of this country are all worked up over this eternal advocacy of "beer, beer, beer." Last Saturday they had a procession in Detroit and had a number of little boys and girls marching up and down the street with banners, chanting "We want beer, we want beer." Was not that ridiculous? It is performances like that that are waking up the mothers and fathers of America. That will do more to get the fathers and mothers busy against booze than anything else that you could do to awaken them.

Mr. BRITTEN. The fathers and mothers are not asleep.

Mr. BLANTON. They have been for the last 10 years, but they are thoroughly awake now.

[Here the gavel fell.]

Mr. BARBOUR. Mr. Chairman, I ask that the gentleman from Texas have 30 seconds more.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. BLANTON. I will answer any question the gentleman asks me.

Mr. BARBOUR. The gentleman asked how I was going to explain my action when I went back to California. If any explanation is necessary, I am going to say that I stood here for something that was absolutely necessary for adequate national defense.

Mr. BLANTON. That may be satisfactory to the major generals and colonels in California, but it will not satisfy the people of the United States, who want a $4,000,000,000 Budget reduced and balanced because they want Government expenses cut down.

[Here the gavel fell.]

Mr. BYRNS. Mr. Chairman, of course, I have nothing to do with this controversy between my good friend from Indiana [Mr. WOOD] and my friend from Maine [Mr. BEEDY], but I would feel I was not speaking frankly if I did not say this, and I speak from experience not only in the Committee on Appropriations but in this House. There is no Member of this House who has been more earnest in favor of economy than the gentleman from Indiana [Mr. WOOD]. [Applause.] The gentleman from Indiana, earnest and partisan Republican that he is, has never permitted the question of politics to enter into his consideration of appropriations in the Committee on Appropriations or in this House. I do not expect that anything I may say will have any effect upon the amendment which is now pending. The House seems determined to defeat this effort of the committee to make savings of millions of dollars in this bill. I am not here to offer the slightest criticism of any Member of the House for his action. That is something which appeals to each individual. Every man on the floor here, and every woman, has the right, of course, to his or her own judgment concerning appropriations; but I do object to the effort which some have made on the floor of this House, and the propaganda which has been scattered over this country, to show that those who stand for these reductions in this appropriation bill are not in favor of maintaining the national defense of our country to the highest standard. I ask in all fairness, how much does it impair our national defense when you say to the Organized Reserves that in the 15 days' training they shall take in the summer time they shall not have pay? As the gentleman from Idaho says, you are now proposing to cut and reduce the personnel of your departments and to turn people out of jobs. There are 10,000,000 people walking the streets and the highways of this country at the present time looking for jobs. Yet you propose to appropriate over $2,000,000, as you have done by your vote, to provide pay for those who attend these Organized Reserves camps. I would not insult the reserve officers of this country by saying that it is necessary to give them pay for 15 days in order to secure their attendance at these training camps, especially when you provide a dollar a day for their subsistence and all of the expenses necessary to carry the camp on, including their transportation.

I want to know how it will affect the national defense if for one year you cut your Reserve Officers' Training Corps camps out when you are providing for the training of these young men in the colleges and schools of the country with a certain amount of pay. I want to know how it is going to weaken the security of this country if for one year and one year only you cut out your citizens' military training camps. Do you tell me that that will weaken the national defense? It seems to me perfectly absurd; yet here we are with a deficit of over $3,000,000,000 confronting us, with the Senate at the other end of the Capitol struggling now to find ways and means to raise taxes in order to balance the Budget, with the President urging you to balance the Budget, with all of the organizations in the country urging you to balance the Budget—yet we are about to add $6,000,000 to this bill.

Mr. Chairman, it can not be defended from any standpoint.

The CHAIRMAN. The time of the gentleman has expired.

Mr. COLLINS. Mr. Chairman, I move that all debate on this amendment close in 10 minutes.

The motion was agreed to.

Mr. BEEDY. What are the merits of this amendment before us? It will prevent 7,200 men going into these camps. The gentleman from Mississippi [Mr. COLLINS] has said that these Reserve Officers' Training Corps students go to camp when they get all through their course. That is not exactly correct. They go to camp at the end of the junior year. Twelve hundred of these men will never get to camp unless they can go this year. Six thousand of them are graduated each year into the Organized Reserves. These men will miss camp this year, and in future they will only have a chance about once in five years to get into the field for their practical training.

I say that these men, with their 4-year course, deprived of any chance to put into practical operation the theories they have learned, will be seriously handicapped in their ability to protect the lives of the men who will be put under their command in the event we again are forced into war.

Let me read again from the speech recently made by ex-Secretary of War Baker. He said:

> I believe we ought to have trained officers. It takes a shorter time to train an American officer than any other in the world.

The CHAIRMAN. The time of the gentleman from Maine has expired.

Mr. LAGUARDIA. Mr. Chairman, if the gentleman from Maine and the gentleman from California would contribute as much energy and force and vehemence in efforts to put men to work as they do to put men into military camps, perhaps the country would get out of this crisis sooner. [Applause.]

I have offered not one but four or five amendments to this bill to bring about economies of several million dollars, but have received very little support from the gentlemen who are now purporting to be supporting the President. I can assure you, Mr. Chairman, I have no special confidential message to give, either directly or indirectly, from the President of the United States [applause]; but I am just as well informed on the subject as the gentleman from Maine. [Mr. BEEDY].

Now, they would have it appear that there was an effort here to-day to disband the American Army. I invite a comparison of the amount of appropriation contained in this bill with the amount appropriated by any country in the world. We are appropriating more money for Army and Navy than any other country in the world. The gentleman knows, and I say this in all earnestness, that there is one thing that the President of the United States has at heart, and that is to assume and maintain world leadership for disarmament, and we are setting a very bad example on the floor of this House to-day.

Why, gentlemen, these boys covered by the amendment have had four years of military training. They have been uniformed for four years. The gentleman from Maine admits in his closing statement that 6,000 of them will become reserve officers and will have ample opportunity to get additional active military training.

This air of militarism seems to be quite popular to-day. This tremendous drive for the citizens' military training camps, the Reserve Officers' Corps, and the Reserve Officers' Training Corps, and additional officers at this time when we blindly voted the Interior Department appropriation bill should be reduced 10 per cent. The gentleman from Maine voted that way and is not to be criticized on that score if he so desired to vote, but I say all this talk about impairing the national defense can not be correct. It is not justified, because we have nearly 500,000 men uniformed at the time, equipped, and under constant military training in this country, yet you say we are destroying our military defense.

Several gentlemen have been so imprudent as to suggest the domestic condition of the country is such we should not disturb the appropriations now. Why, one high official of the Government told me when I was discussing economies with him that he knows millions of dollars could be cut out of this bill and the naval bill, but he said:

We have had the experience of the Navy in England.

I resent that. I do not believe it. I believe we can and should economize.

I submit to every one of my colleagues who has been on the floor of the House every minute of the time during consideration of this bill, if the gentleman from California did not suggest the other day that he would cut $10,000,000 from rivers and harbors and flood control, and one gentleman asked him if he would apply the cut to the Sacramento River, and he said:

I will take my share.

Mr. Chairman, for every million dollars you cut from rivers and harbors you cut 60,000 labor days. For every million dollars you cut on flood control you cut 77,000 labor days; and as between 600,000 labor days and 7,000 vacations of two weeks I am going to vote for the labor days. [Applause.]

[Here the gavel fell.]

The CHAIRMAN. The time of the gentleman from New York has expired; all time has expired.

The question is on the amendment offered by the gentleman from California.

In view of the length of the debate, without objection, the Clerk will again report the amendment.

The Clerk again reported the Barbour amendment.

The question was taken; and on a division (demanded by Mr. BARBOUR) there were—ayes 115, noes 116.

Mr. BARBOUR. Mr. Chairman, I ask for tellers.

Tellers were ordered, and the Chair appointed as tellers Mr. COLLINS and Mr. BARBOUR.

The committee again divided; and the tellers reported that there were—ayes 138, noes 129.

So the amendment was agreed to.

Mr. BARBOUR. Mr. Chairman, I offer another amendment to the paragraph.

The Clerk read as follows:

Amendment offered by Mr. BARBOUR: On page 59, line 21, after the colon, strike out down to and including the colon in line 8 on page 60.

Mr. BARBOUR. Mr. Chairman, I only want to say that the provision in the bill which the amendment seeks to correct limits the appropriation to schools and colleges where military training is elective. The bill has never carried that provision before.

Mr. COLLINS. The gentleman is talking of an amendment he does not intend to make, is he not?

Mr. BARBOUR. I am quite sure I am not.

Mr. COLLINS. The proviso about which the gentleman is now talking is one the gentleman voted for in the committee.

Mr. BARBOUR. Oh, no; no, indeed.

Mr. COLLINS. This relates to the Air Corps and the Medical Corps.

Mr. BARBOUR. The provision of the bill I am talking about is the proviso on page 60 that none of the funds appropriated in this act shall be expended for or on account of any educational institution, and so forth.

Mr. Chairman, I simply want to say to the committee that if the language of the bill is retained without amendment, the funds carried in the bill will be expended only at schools where the training is elective. Many of these schools require military training; many of the colleges require military training as a form of physical training, and students who take the military training are excused from other kinds of gymnasium work and physical training.

Mr. HOLADAY. Will the gentleman yield?

Mr. BARBOUR. I would like to make my statement.

Mr. HOLADAY. But I think the gentleman's amendment does not do what he intends to do.

Mr. BARBOUR. I think so. I am striking out the language which would allow this money to be spent only at schools where the training is elective.

Mr. HOLADAY. But the amendment also strikes out the other provision, which the gentleman does not want to do.

Mr. BARBOUR. If it does, we will correct it.

Mr. OLIVER of Alabama. Will the gentleman yield?

Mr. BARBOUR. Yes.

Mr. OLIVER of Alabama. I am in full sympathy with the gentleman's amendment and had prepared one to offer myself. I think the gentleman will find the amendment should apply on page 60, line 2.

Mr. COLLINS. The gentleman should amend his amendment by making it affect the proviso on page 60, line 2, and ending with the word "courses" in line 8.

Mr. CHINDBLOM. Mr. Chairman, may we have the amendment again reported?

The CHAIRMAN. Does the gentleman from California yield for that purpose?

Mr. BARBOUR. Yes.

The CHAIRMAN. Without objection, the Clerk will again report the amendment.

There was no objection.

The Clerk again read the amendment.

Mr. BARBOUR. Mr. Chairman, the amendment is intended to apply only to the language on page 60, commencing at line 2, and striking out down to and including the word "courses" in line 8.

Mr. CHINDBLOM. Mr. Chairman, I ask unanimous consent that the amendment as modified be reported.

The CHAIRMAN. Without objection, the Clerk will report the amendment as modified.

There was no objection.

The Clerk read as follows:

Amendment as modified by Mr. BARBOUR: Page 60, line 2, after the colon in line 2, strike out the proviso terminating in line 8.

Mr. BARBOUR. The language of the bill is:

That none of the funds appropriated in this Act shall be expended for or on account of any educational institution not essentially a military school which does not leave the election of military training to all students enrolled therein, and this appropriation shall be available, in accordance with law, to such institutions as maintain elective military training courses.

That is going to change the whole system of military training in these schools because many of the universities and many of the schools throughout the country require military training as a part of their courses, at least for a

certain length of time. It will withhold money from schools and institutions in every State in the Union. In every State there are schools which require military training, and under the provisions of this bill they would be deprived of any funds.

Mr. RAMSPECK. Will the gentleman yield?

Mr. BARBOUR. Yes.

Mr. RAMSPECK. Would not that language affect public schools which have military training?

Mr. BARBOUR. If it is required; yes.

[Here the gavel fell.]

Mr. BARBOUR. Mr. Chairman, I ask unanimous consent to proceed for two additional minutes.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. WOODRUM. Will the gentleman yield?

Mr. BARBOUR. Yes.

Mr. WOODRUM. I am in sympathy with the gentleman's amendment. I would like the gentleman to point out also that his amendment does not in any way affect the amount provided in the bill.

Mr. BARBOUR. Not at all.

Mr. WOODRUM. It does not add anything to the bill.

Mr. BARBOUR. It adds nothing to the bill. I want to say that at the last session of Congress and at the session before that this language was offered as an amendment to the bill, and in each instance it was voted down by a large vote.

Mr. McSWAIN. Will the gentleman yield?

Mr. BARBOUR. Yes.

Mr. McSWAIN. I want to say that as far as I am personally concerned I think this language in the bill is an interference with the internal management of schools in the various States, and therefore I shall support the gentleman's amendment.

Mr. BEEDY. Will the gentleman yield?

Mr. BARBOUR. Yes.

Mr. BEEDY. The provisions of the bill include not only the higher institutions of learning, such as colleges, but also apply to fitting schools, high schools, and so on; and because it includes the latter I am opposed to it.

[Here the gavel fell.]

Mr. COLLINS. Mr. Chairman, this is the same amendment which the gentleman from New York [Mr. LAGUARDIA] offered in the House last year. This is not an amendment, as some have insinuated, which seeks to destroy military training in the schools of the country. I wish to make the reason for this amendment perfectly clear. I think it is wholly misunderstood. The reason for giving instruction in military tactics in the schools and colleges of this country is to provide the Government with reserve officers. That is the reason set forth in the national defense act for the existence of the Reserve Officers' Training Corps in the schools and colleges of the country. Now then, it seems to me that the Congress of the United States, in carrying out the intent of the national defense act, ought to be in favor of such system as would provide the Government with the largest number of reserve officers. Whether you believe it or not, I maintain that the elective system gives you a larger number of reserve officers than the compulsory system, and I am prepared to prove it to you. That is what we say we are after, and you ought to be willing to listen to the proof of it.

Take the University of Pennsylvania, when recently the basic students numbered 420. The advanced courses, which apply to the junior and senior years, are elective in all schools except the essentially military schools. At the University of Pennsylvania, out of 420 basic students, 193 became advanced students, and 92 finally went into the reserve out of the original 420. At Penn State they had 2,011 basic students. There it is compulsory, while at the University of Pennsylvania it is elective. Here 107 entered the advanced course as against 193 at the University of Pennsylvania, and out of the original 2,011 basic students we got 46 reserve officers. Half the number of reserve officers, mark you, from Penn State as from the University of Pennsylvania, and still Penn State had five times as many basic pupils.

Then we come to Pittsburgh University, which is elective: Basic, 472; advanced, 118; reserve officers, 52.

Lehigh, which is compulsory: Basic, 743; advanced, 93, as against 118 at Pittsburgh; going into the reserves, 33 as against 52 for Pittsburgh. Let us look further.

Here is Carnegie, which is elective: Basic, 280; advanced, 94; going into the reserves, 44. Drexel, compulsory, with nearly three times as many basic pupils, 636 to be exact, 52 as against 93 advanced at Carnegie Tech, and 28 that go into the reserves as against 44 for Carnegie Tech.

Now, I should like to summarize these figures for you as to the schools I have named. Out of a total of 1,172 basic students at elective schools, 405 took the advanced courses and 188 finally went into the reserve. Turning to the compulsory schools, listen, if you please: Out of 3,590 basic students, more than three times as many, mark you, 252 took advanced training and we got in reserve officers how many? Just 107.

Gentlemen, if you are serious about wanting to build up the Officers' Reserve Corps, the way to do so is to make military training at these schools elective rather than compulsory. If you honestly want reserve officers, make your schools elective and you will get them. As it is now, just as soon as students get through with the two compulsory years they quit.

[Here the gavel fell.]

Mr. COLLINS. Mr. Chairman, I ask unanimous consent to proceed for five additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Mississippi?

There was no objection.

Mr. COLLINS. I have taken all the schools in the United States, the elective and the compulsory—every one of them—and here is a summation:

Total enrolled in the compulsory units, 71,273; in the elective, 10,783.

Basic: Compulsory, 61,000 plus; elective, 8,000 plus.

Advanced: Compulsory, 9,589; elective, 2,957.

Commissioned in the reserves, 3,238 from the elective and 1,037 from the compulsory.

Total graduating from the compulsory, 3,869; graduating from the elective, 1,134.

This means that in compulsory units there is 1 advanced student to every 6.75 students and 1 reserve officer to every 17.44 basic students.

In the elective, 1 advanced student to every 3.77, as against 6.75 for the compulsory units, and 1 reserve officer in the elective to 7.89, as against 17.44 in the compulsory.

The reason for this is not hard to understand. These boys go in in their freshman year, against their will in many cases. They are antagonistic at the outset, and there are phases of the training they do not like and that ruffles them. The consequence is that when they reach their junior year they quit. On the other hand, if a boy starts in as a freshman, elective, his pride and interest keep him going, and he finally graduates and becomes a reserve officer.

This matter was fully treated, I may say to the House, in the Coast Artillery Journal of November-December, 1931, by a professor of military tactics, a Regular Army man, who has an article in this publication. He is in the Reserve Officers' Training Corps work, and, among other things, says that the Reserve Officers' Training Corps in the schools and colleges of this country must be reorganized and made elective if we are to continue to have an adequate number of reserve officers in this country. He states:

> Compulsion is not the spirit of the age. So it is doubtful if the board of trustees of any college is conferring any great boon upon this department by requiring this training.

After this article was written, it was submitted to two other officers in the Army, also engaged in Reserve Officers' Training Corps work, and one of the other officers makes this statement. I want to read you from both of them if I have the time:

The question of the advisability of basic-course credit for prior military training does not warrant much discussion at this time, since such credit is not permissible under the national defense act. The question at issue is a matter of law—

And so forth—

* * * Except in those institutions which are essentially military in character and which are conducted strictly as military schools, compulsion has no place in peace-time military training in the United States.

He winds up his article by saying that we must make this training elective in the schools and colleges of the country if we are to provide our Organized Reserves with an adequate number of officers.

Mr. Chairman, as I stated at the beginning of my remarks, this matter was before the House in connection with the War Department appropriation bill for the present fiscal year, and on January 15, 1931, in discussing the proposition to abolish compulsory military training in our schools and colleges, the gentleman from Main [Mr. BEEDY] addressed the House in support of the proposition. As usual, his remarks were clear and forceful, and they are as pertinent to-day as they were then. I shall take the time to read them. I read from page 2268 of the CONGRESSIONAL RECORD of January 15, 1931:

Mr. BEEDY. * * * Mr. Chairman and members of the committee, I think this amendment offered by the gentleman from New York raises a question of importance as broad and far-reaching as that of any which has been presented to this House for a long time.

The gentleman from California has read an extended list of colleges where compulsory military training is part of the program and has frankly stated that unless, between now and the 1st day of next July, those colleges change what is now a compulsory military training to an elective system of training, they can not participate in any of the appropriations herein proposed to be made.

This does not leave the choice with the individual student in these colleges. There is many a boy who wants to go to the college that is near his home, accessible and available. He may not want to take military training, but he must go to this particular college and there he finds that military training is compulsory. He takes it. He is obliged to take it.

Now, do we want to commit this Congress to a policy of compulsory military training of the youth of America? This is the question you and I must answer right now on the vote on this amendment.

This Nation of ours has asked Europe to accept the Kellogg peace pact. We pose as a nation which throws its vast influence in the scales for peace.

Are you going to permit the nations abroad, when they are figuring out what they are going to do in the way of military preparation—and there is so much military preparation abroad for the next war—are you going to allow them to point their finger at us and say, "In the debate in the United States House of Representatives recently Congress committed itself to a policy of compulsory military training and forbade any institution of learning to participate in a dollar of appropriation unless they had compulsory military training"? I tell you, my friends, I want to get this thought before this House: Just as long as we are bringing our boys up in a military training, dressing them up in uniform, adding glory to all the preparations of war, breeding the psychology of war in the coming generation, we are following a course utterly inconsistent with a peace program. [Applause.]

I am not a pacifist. I believe in the national defense act. I believe in proper training of men that we may be ready in the time of emergency to act in defense of what is right and just. But I am opposed to legislation which, to say the least, encourages the appropriation of the general funds for the benefit of educational institutions which adhere to a system of compulsory military training. [Applause.]

I hope, Mr. Chairman, the amendment of the gentleman from California [Mr. BARBOUR] will not prevail. I maintain, and I think my position is amply supported by the comparative figures I have presented, that we will be able to get more reserve officers if we confine our aid to those educational institutions which leave to students the election of military training.

Mr. HARLAN. Mr. Chairman, it is with regret that I can not follow the distinguished gentleman on this particular proposition; and while I could possibly agree with everything the gentleman from Mississippi just said, still I should disagree with the proposal of the committee. If we concede that the elective courses do produce more officers, that is still a proposition for the schools to determine and not a policy for Congress to adopt and impose on our colleges. That is the most pernicious proposition of all the provisions in the bill; it decreases the independence of our institutions of learning.

I can not, however, agree with the gentleman who has just spoken, that the production of officers is the only purpose of military training. For men who take this course for two years, and do not become officers, they absorb a certain amount of military knowledge, of citizenship, and of power to act as a unit in teamwork that afterwards will be valuable to them and to the country.

Of course, it is natural that in institutions and schools where military training is elective there would be a higher percentage of men going in and becoming officers, because they are primarily interested in military training. Nevertheless, we must remember that military training is not an individual matter—we must have groups. They must work together, and you can not do it by individual training alone. In many small schools to make such training voluntary would defeat it entirely, thus depriving some of this training who are entitled to it.

Mr. DALLINGER. Will the gentleman yield?

Mr. HARLAN. I yield.

Mr. DALLINGER. Is it not a fact that these men in schools that have military training, even if they do not elect to go farther, become noncommissioned reserve officers?

Mr. HARLAN. Yes; I was about to discuss that. Under the provisions of the law under which many land-grant schools are operating they must have military training; and if we inject this provision into the appropriations now, it will probably mean that a good many of these schools will not be able to go on with the military work at all. The bill also provides for schools that are not essentially military—and there are a number of schools throughout the country that operate under the name of military colleges and still offer regular courses—and there questions would arise. There is one such school in my district, and the president wrote to me asking in what category it would come. That is a question that would be very difficult to determine, and I feel there is no need at this time of injecting into an appropriation bill the additional proposition that will help no one, and will save no money, but simply disturb our educational institutions. [Applause.]

Mr. COLLINS. Mr. Chairman, I move that all debate on this paragraph and amendments thereto close in 10 minutes.

The CHAIRMAN. The question is on the motion of the gentleman from Mississippi.

The motion was agreed to.

Mr. TABER. Mr. Chairman, I am in favor of this amendment. I believe this provision placed in the bill is going to be a serious embarrassment to our reserves throughout the Reserve Officers' Training Corps system. It provides, so that you may all have it in your minds, that no funds shall be used under this act for the maintenance of any of the Reserve Officers' Training Corps activities in any school, unless the authorities of that school say that their students shall elect whether or not they shall take this Reserve Officers' Training Corps training.

To my mind, that is a very bad practice for the Federal Government, regardless of anything else. I do not believe that the Federal Government should lay down the manner in which the schools and colleges should be run. I think the managers of the schools and colleges are competent to run their own business; and this means 42,000 boys in the high schools, 70,000 in junior work, and thirteen or fourteen thousand in senior work. I think the managers of these schools and colleges and the parents of the boys in the high schools are competent to say whether or not that work should be elective in any particular school. It does not cost a cent more to have this provision stricken out. It is simply a restrictive provision attempting to stick our nose into something I do not think we ought to stick our nose into.

Mr. OLIVER of Alabama. Mr. Chairman, will the gentleman yield?

Mr. TABER. Yes.

Mr. OLIVER of Alabama. I am in full accord with the views expressed by the gentleman, and he will recall that

members of the subcommittee in charge of appropriations for the Navy have never given any favorable consideration to a proposal of this kind.

Mr. TABER. We have never because we do not believe the Federal Government ought to go into the fundamentals of education. Let us adopt this amendment and put the bill through the way it ought to be.

Mr. LAGUARDIA. Mr. Chairman, whether you call it education or State rights, let us call it by its proper name—compulsory military training.

Mr. BARBOUR. Oh, no.

Mr. LAGUARDIA. Oh, yes.

That is all it is. If this House is for compulsory military training, then you are justified in supporting the amendment. If it were not for that, we would not be discussing the subject. If there is one thing that we have announced to the whole world, if there is one thing that induced this country to go to war, it was the idea and principle against compulsory military service.

Mr. BACON. Mr. Chairman, will the gentleman yield?

Mr. LAGUARDIA. In a moment. The gentleman says we should not interfere with the schools. I agree with that. Let us take the appropriations away and we will see how much compulsory military training there will be in some of these schools.

Mr. TABER. Should not the National Government provide for national defense?

Mr. LAGUARDIA. Yes. But do not talk about national defense in connection with compulsory military training. You take these youngsters and compel them to take military training. If the gentleman from New York says that he does not want to interfere with the school curriculum, then I say let us not appropriate and we will see how many schools will have compulsory military training—and that is all it is. Let us call it by its right name.

Mr. BACON. How can you call it compulsory training when the boy does not have to go to one of these colleges? He can choose another college that does not have it.

Mr. LAGUARDIA. If there is a free college in his State, I say that he has a right to go to that college without becoming a part-time soldier.

Mr. BACON. But there is more than one in each State.

Mr. LAGUARDIA. And all this talk about its costing nothing is ridiculous. If it does not cost anything, why is it in an appropriation bill. The gentleman knows that it costs the Federal Government on the average $108 each student per year. The gentleman knows this training in colleges costs money and that is why we are discussing it now in the consideration of the Army appropriation bill.

Mr. TABER. It does not cost any more than it would if this provision is thrown out, because the money could be used in some other place.

Mr. LAGUARDIA. Oh, the gentleman is right about that; the Army would find some other way to spend it. The gentleman is on the Appropriations Committee, and he stands here and says that regardless of what we do the money will be spent. I do not approve any such thing. If we only appropriate for military training, where the student could elect to take it or not, there would be a great saving. It costs us on the average $108 a year. Let us not be hypocritical about this thing. It means taking boys who are compelled to go to certain colleges in their States, which they have a right to do, putting a rifle in their hands and a uniform on their backs and saying, just as the former Kaiser of Germany said to his boys, you must take this military training.

Mr. UNDERHILL. Mr. Chairman, will the gentleman yield?

Mr. LAGUARDIA. I am sorry I can not. The gentleman from Mississippi [Mr. COLLINS] pointed out that it is not producing reserve officers, and that is the test of your compulsory training. It is not producing reserve officers, and that is the reason that the Army goes to the colleges and offers military training. But I fear you gentlemen have something else in mind.

Mr. UNDERHILL. Mr. Chairman, will the gentleman yield?

Mr. LAGUARDIA. I can not yield. I have not the time. I do not see why we should have all this agitation and this assumed innocence that we have no compulsory military training, trying to palm it off on the schools, when we are right here appropriating several million dollars for this one purpose. I do not care what you call it; that is all it is. Anyone has a right to believe differently. I am not criticizing any Member who thinks differently. I believe in voluntary military training, to be frank about it. Do not take the floor and talk about local school autonomy when all it is is compulsory military training.

Mr. ROGERS. Mr. Chairman, I have received a telegram from one of the foremost citizens in New Hampshire, the president of the University of New Hampshire, a land-grant college, in which he says:

> Let me urge your earnest consideration of Reserve Officers' Training Corps support as conducted at this and other land-grant institutions.

Mr. Chairman, it is a fact that two years' compulsory military training are required in that institution; and in this day when the United States ranks seventeenth among the nations of the world in its standing in military arms and equipment, it seems to me we ought not to go further in this House in crippling the legitimate arms of defense which we now have. I hope that the provision in the bill as originally written and reported to this House will not prevail, and that the amendment submitted will be favorably acted upon by the Members of this House.

Mr. PETTENGILL. Mr. Chairman, I want to call attention to the language of the Morrill Act of 1883, under which the land-grant colleges got their money from the sale of the public domain. That provides that the money shall go to colleges, and so forth—

> Where the leading object shall be, without excluding other scientific and classical studies, and including military tactics, to teach such branches of learning as are related to agriculture and the mechanic arts, in such manner as the legislatures of the States may respectively prescribe.

Consequently in that act we gave the legislatures of New Hampshire and other States of the Union, the right to say whether they would make military tactics compulsory or elective, and I do not feel that in an appropriation bill we should attempt to go against the clear intent of the Morrill Act of 1883. [Applause.]

The CHAIRMAN. All time has expired.

In view of the fact that the gentleman from California modified his amendment, without objection, the Clerk will again report the amendment.

There was no objection.

The Clerk again reported the modified amendment.

The CHAIRMAN. The question is on agreeing to the amendment offered by the gentleman from California [Mr. BARBOUR].

The amendment was agreed to.

The Clerk read as follows:

MILITARY SUPPLIES AND EQUIPMENT FOR SCHOOLS AND COLLEGES

For the procurement and issue as provided in section 55c of the act approved June 4, 1920 (U. S. C., title 10, sec. 1180), and in section 1225, Revised Statutes, as amended, under such regulations as may be prescribed by the Secretary of War, to schools and colleges, other than those provided for in section 40 of the act above referred to, of such arms, tentage, and equipment, and of ammunition, targets, and target materials, including the transporting of same, and the overhauling and repair of articles issued, as the Secretary of War shall deem necessary for proper military training in said schools and colleges, $8,900.

Mr. BARBOUR. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment by Mr. BARBOUR: Page 61, after line 2, insert a new paragraph, as follows:

"CITIZENS' MILITARY TRAINING CAMPS

"For furnishing, at the expense of the United States, to warrant officers, enlisted men, and civilians attending training camps maintained under the provisions of section 47d of the national defense act of June 3, 1916, as amended (U. S. C., title 10, sec. 442), uniforms, including altering, fitting, washing, and cleaning when necessary, subsistence, or subsistence allowances, and transportation, or transportation allowances, as prescribed in said section

47d, as amended; for such expenditures as are authorized by said section 47d as may be necessary for the establishment and maintenance of said camps, including recruiting and advertising therefor, and the cost of maintenance, repair, and operation of passenger-carrying vehicles; for expenses incident to the use, including upkeep and depreciation costs, of supplies, equipment, and matériel furnished in accordance with law from stocks under the control of the War Department; for gymnasium and athletic supplies (not exceeding $20,000); for mileage, reimbursement of traveling expenses, or allowance in lieu thereof as authorized by law, for officers of the Regular Army and Organized Reserves traveling on duty in connection with citizens' military training camps; for purchase of training manuals, including Government publications and blank forms; for medical and hospital treatment, subsistence, and transportation, in case of injury in line of duty, of members of the citizens' military training camps and for transportation and burial of remains of any such members who die while undergoing training or hospital treatment, as provided in the act of April 26, 1928 (U. S. C., Supp. V, title 10, secs. 454, 455); in all, $2,603,624: *Provided*, That the funds herein appropriated shall not be used for the training of any person in the first year or lowest course, who shall have reached his twenty-fourth birthday before the date of enrollment: *Provided further*, That none of the funds appropriated elsewhere in this act except for printing and binding and for pay and allowances of officers and enlisted men of the Regular Army shall be used for expenses in connection with citizens' military training camps: *Provided further*, That uniforms and other equipment or matériel furnished in accordance with law for use at citizens' military training camps shall be furnished from surplus or reserve stocks of the War Department without payment from this appropriation, except for actual expense incurred in the manufacture or issue: *Provided further*, That in no case shall the amount paid from this appropriation for uniforms, equipment, or matériel furnished in accordance with law for use at citizens' military training camps from stocks under control of the War Department be in excess of the price current at the time the issue is made."

Mr. BARBOUR. Mr. Chairman, I just want to state to the members of the committee, so that they will understand the proposition, that this is an amendment which will restore the citizens' military training camps. The language of the amendment that has just been read is taken from the War Department appropriation bill in effect at the present time; so that it would restore the citizens' military training camps to the same status in which they exist at this time.

It calls for the addition of $2,603,624 to the bill, and would restore the amount that was carried in the Budget estimate.

I assume that all of the Members know what the citizens' military training camps are. I do not want to take any time to discuss the matter. I believe every Member knows whether he wishes to continue these camps or not.

Mr. BRITTEN. Will the gentleman yield?

Mr. BARBOUR. I yield.

Mr. BRITTEN. Do I understand that the two million and odd dollars provided in the gentleman's amendment is the amount requested by the Bureau of the Budget, which, of course, is tantamount to a request from the Government itself?

Mr. BARBOUR. That was the amount that was in the Budget when it came to Congress last December.

Mr. HASTINGS. Mr. Chairman, will the gentleman yield?

Mr. BARBOUR. Yes.

Mr. HASTINGS. How much does the series of amendments offered by the gentleman from California increase the bill over the amount it contained as reported from the committee?

Mr. BARBOUR. Including this one?

Mr. HASTINGS. Including this one.

Mr. BARBOUR. And not including the amendment with reference to the 2,000 officers which was not agreed to?

Mr. HASTINGS. No; not including that amendment.

Mr. BARBOUR. In round figures, it would be something like $5,800,000.

Mr. KETCHAM. Mr. Chairman, will the gentleman yield?

Mr. BARBOUR. I yield.

Mr. KETCHAM. Will the gentleman say how this compares with the amount appropriated last year for the same purpose?

Mr. BARBOUR. I understand it would be about $175,000 less than was appropriated for this purpose last year.

Mr. COLLINS. Mr. Chairman, I do not see any use in the Congress of the United States providing for the expenditure of money just because it has the power so to do, and that is about what we are doing here to-day amounts to.

All of the testimony this Congress has before it to-day is adverse to this activity, all of it. Let us see what General Summerall said about this activity in his final report to the Secretary of War.

Mr. BEEDY. What is the date of that, please?

Mr. COLLINS. I am reading from the report of the Secretary of War for the fiscal year ended June 30, 1930, at page 153:

From what has been said it is apparent that the camps do not directly serve to promote any military objective. The chief benefit to the Army lies in the increased confidence in its personnel on the part of the civilian population which has followed from the many contacts incident to the conduct of the camps.

Are we going to vote money out of the Treasury of the United States for a military activity that the former Chief of Staff of the United States Army says has no value?

Mr. BALDRIGE. Mr. Chairman, will the gentleman yield?

Mr. BRITTEN. Will the gentleman yield?

Mr. COLLINS. I do not yield.

Let us go further. Right up yonder in this gallery sits The Adjutant General of the United States Army, General Bridges. He is an excellent officer and a fine gentleman, and we may place complete dependence in what he tells us. General Bridges was asked:

Do you not think that in a time of depression like this you could very well dispense with this activity for one year without doing any harm?

General BRIDGES. I think it might possibly be dispensed with for one year, or possibly two years, without any great amount of harm.

That quotation will be found on page 849 of the hearings.

That gentleman right up yonder is in charge of this activity in the War Department. His judgment on this question is better than ours. Are we going to blindly follow the importunities of some interested party? I want to say to you that there are something like 507,000 people scattered throughout these United States who are getting pay in one form or another out of this bill.

Furthermore, let me reiterate that this bill, as it came from the Committee on Appropriations, did not eliminate a single human being from the United States Army, all statements to the contrary notwithstanding. I want to say further to you that this bill as it came from the committee carries the largest outlay of any military budget in the world to-day.

Let us not stop there. Mr. Chairman, I have received over a hundred letters from Regular Army officers. Here is one from a lieutenant colonel in the United States Army engaged in Reserve Officers' Training Corps work, by the way:

The War Department appropriation bill is a dandy. Stand by your guns. You will have a difficult job with all the "imperiling the Nation" and "ruining our Army" and other bunk that will be spread over the landscape during the debate.

[Here the gavel fell.]

Mr. COLLINS. Mr. Chairman, I ask unanimous consent to proceed for three additional minutes.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. COLLINS. I continue reading from the letter:

I see no reason why the Army can not bear its share of rehabilitation of our national finances, even though it hurts us all. I read the bill carefully and find nothing therein that will "imperil our national defense" to the slightest degree. You could easily have gone further to the extent of suspending all our service schools for at least two years and thus saved considerable mileage, etc. I * * * know whereof I speak. I hope that the citizens' military training camps will be permanently eliminated.

Let me say here that the committee never intended permanently to eliminate them. Our proposition is to suspend them only for one year.

They are a damned nuisance and don't return 10 cents on the dollar to the Federal Government. Just have the War Depart-

ment give you the data as to how many officers have been commissioned from these camps into the Reserve Corps in the past five years. I believe the Reserve Officers' Training Corps is worth while, but its activities can easily be suspended for a year or more without serious damage to the service.

So I am giving you all the encouragement that I can and hope that it will go through without serious amendment.

Am serving my thirty-second year in the Regular Army * * *. I try to be a good citizen first and an Army officer afterwards. No reason why the two should not be synonymous. Good luck to you.

That bears the signature, gentlemen, of a lieutenant colonel.

Now, then, Mr. Chairman, we have been carrying on this activity for 11 years. Do you know the cost of it?

[Here the gavel fell.]

Mr. COLLINS. Mr. Chairman, I ask unanimous consent to proceed for two additional minutes.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. COLLINS. During this time we have spent over $30,000,000 on this activity. We have gotten out of it 1,440 officers. We have trained nearly 300,000 boys, of whom to-day but 1,440 hold commissions in the Officers' Reserve Corps. Do you know what each of those officers has cost this Government? Over $16,000 apiece, and if you will add to that the pay and perquisites of the Regular Army instructors, each and every one of them has cost around $26,000 apiece. That amount is twice as much as it costs to send a boy through West Point or the Naval Academy. The purpose of both of those schools is to provide officers for the Army and Navy of this Government of ours. It seems to me that since the purpose of the citizens' military training camps likewise is to provide officers for our Army, if we want to proceed in an economical way, we ought to look to West Point for reserve-officer material as well.

I am just as serious as any person in this Chamber in my efforts to provide this country with adequate national defense. I believe I have devoted more study to the subject, certainly as much as any other man in this House, and it is my firm conviction that no sincere advocate of national defense need offer an apology to anyone in joining the committee in suspending the civilian training camps during the coming fiscal year.

[Here the gavel fell.]

Mr. COLLINS. Mr. Chairman, I move that all debate on this paragraph and all amendments thereto close in 15 minutes.

The motion was agreed to.

Mr. MARTIN of Oregon. Mr. Chairman, my distinguished colleague [Mr. COLLINS] has been quoting authorities to you. I will quote some. I was Assistant Chief of Staff under General Pershing for several years, and during that time among my other activities I had charge of the citizens' military training camps. I want to tell you gentlemen that in our whole military training nothing, nothing was so near his heart as these citizens' military training camps. That is my first authority. He was so interested during the recruiting of these camps that every day in the life of that busy man he used to send for me and talk over these matters. He was so enthusiastic.

Now, I will quote another authority, a former Member of this House, old Dan Anthony, God bless his memory. All of you men interested in military matters remember him. Anthony has told me repeatedly that he thought no expenditures in the War Department brought the dividends in military training that these citizens' military training camps brought.

Now, these civilian military training camps were of great value during the World War. In those camps we trained 46,000 young officers, who were the leaders in that war. It would be fortunate for this country if to-day we had 100,000 boys every year in these camps.

I was very much impressed by reading an article written by the warden of Sing Sing Prison. He said that prison was overcrowded with boys, and that is true, I think, of every other prison we have in this country. The age of criminals is lowering all the time and conditions might be different in the prisons if every summer we could bring more boys into these training camps and subject them to this fine training. These boys receive the same training in all of the camps maintained by the Government, from Maine to the Gulf and from Minnesota to Texas. What a fine thing it would be if we could train more boys in these military training camps.

You might be interested to know that the highest praise I ever heard with respect to these military training camps came from the late Col. William J. Bryan. My friend, Col. Dan Morgan Smith, was visiting Colonel Bryan at Miami. Bryan took him for a ride in an automobile and got lost. As they were driving over a road, completely lost, they saw one of these typical Florida boys running down the road. When they caught up to him they stopped the machine, and that farmer boy whirled around and looked those great men in the face. They told him the predicament they were in, and in a few well-chosen words he told them their way back home. Before they drove on Dan Morgan Smith said to this boy, "What military training camp did you go to last summer?" He said, "Anniston," and he said, "I am going to the rest of them, too." They drove on, and Bryan said to Dan Morgan Smith, "How did you know that boy was a soldier?" He said, "Well, you ought to realize, Colonel, that he was a soldier by the way he spoke to us; how when we spoke to him he turned around, straightened up his shoulders, and looked us right in the eye, and how quickly and plainly he told us how to get back home." He said, "Under ordinary circumstances, one of these Florida country boys would have just directed us, but not in the way this boy did." That was the result of training received in these camps.

Then Bryan, facing facts as they are, said, "Why in the world do you call them military training camps? Why not give them some name that will take that despised military term away from them? Why not call them Turnverein camps?"

Mr. FISH. Mr. Chairman, some of the gentlemen in speaking to-day have claimed that there has been a great deal of propaganda addressed to Members of Congress in behalf of the Officers' Reserve Corps, the citizens' military training camps, and the Reserve Officers' Training Corps and national defense. There is not one-tenth of the propaganda directed to Congress in behalf of national defense that there is by professional pacifists and ultrapacifists in this country to cripple and break down the national defense, including the citizens' military training camps. [Applause.]

I have no quarrel with my friend from Mississippi, the chairman of the subcommittee. The gentleman, however, admits he knows more about national defense than any other Member of the House, but he does not know, I submit, or have the faintest conception of what the citizens' military training camps are, and I will prove this by his own statement as printed in the hearings.

In asking questions of General Bridges, whom he has just quoted, he said, "Do you use wooden guns in this activity?" "No, sir." "Do you use real guns?" "Yes, sir."

He was asking The Adjutant General of the Army what kind of guns they used at the citizens' military training camps. There are 53 of these camps in America and the gentleman's committee has been appropriating $95,000 a year for ammunition for these very guns. These camps have been in existence for 10 years and yet the chairman of the subcommittee does not know that they use real ammunition and real guns in every one of the 53 camps.

I want the Members to realize, although they probably all know it, that these camps are scattered all over the country and offer to the youth of America a high order of military training and instruction.

Mr. COLLINS. Will the gentleman yield?

Mr. FISH. I yield, but I only have five minutes.

Mr. COLLINS. They have taken the daily practice out of this work and they now use .22 rifles.

Mr. FISH. In the camps I know about they have been using for the last 10 years Regular Army rifles to shoot at regulation distances on modern target ranges under the

most expert instructors we have in the Army. The officers that are chosen from the Regular Army to go to these citizens' military training camps are the picked officers of the Army. They are sent to these camps because of their character, their military knowledge, and their ability to train the youth of America, and in 30 days instruct them in the fundamentals of military discipline and training.

What is the reason for these citizens' military training camps? Not necessarily to make reserve officers, but to take the place of conscription which is the system in practically all the foreign nations of the old world where they have compulsory military training. We have adopted a democratic system of voluntary training for the youth of America in order to build up a reserve force as a part of our national defense. France has 4,000,000 in the reserve, Russia has 5,000,000 in her reserve, and Italy has 2,500,000. We are endeavoring to build up a reserve force through the Officers' Reserve Corps, the Reserve Officers' Training Corps, and the citizens' military training camps, and we have now some 250,000 young boys who, during the last 10 years, have undergone a month or more of military training and prepared to act as a reserve and are eligible to be called out for national-defense purposes in case of an emergency.

Mr. McCORMACK. Will the gentleman yield?

Mr. FISH. Yes; I yield.

Mr. McCORMACK. I simply want to advise the gentleman that as of April 30 there are 91,095 applications for these camps and there are 38,264 that have been notified.

Mr. FISH. That just shows the popularity of this voluntary democratic and inexpensive system of national defense. And last year also there were twice as many applications to go to these camps than we could take care of.

These boys do not necessarily become officers, but they do constitute a part of our trained reserve and help build up our national defense. [Applause.]

I do not think that it is fair to General Bridges to permit the statement assigned to him to remain in the RECORD unchallenged and without proper modifications. General Bridges believes in the civilian military training camps and has repeatedly said so. In the hearings before the subcommittee on appropriations General Bridges stated in reply to a question by Mr. COLLINS:

> I would not say that any one of the activities carried on by the War Department is useless. In the event of a suspension of one or more of their activities I think the citizens' military training camp might be placed fairly high in the order of priority.

And he goes on to commend voluntary military training as part of our system of national defense.

Mr. COLLINS. Mr. Chairman, I ask unanimous consent that the debate be extended five minutes so as to give the gentleman from Nebraska [Mr. BALDRIGE] an opportunity to speak.

Mr. GOSS. Mr. Chairman, reserving the right to object, would not the gentleman extend it 10 minutes?

Mr. COLLINS. No. There are five minutes remaining, and I am submitting this request in order to give the gentleman from Nebraska an opportunity to speak.

Mr. GOSS. Who will be recognized for the remaining five minutes?

Mr. COLLINS. I have the right to close the debate.

The CHAIRMAN. Is there objection to the request of the gentleman from Mississippi?

There was no objection.

Mr. BALDRIGE. Mr. Chairman, the gentleman from Mississippi [Mr. COLLINS] and myself feel differently about this matter, and, feeling as strongly as we do about it, we are apt to have a few words on the floor here; however, I am sure there is nothing personal in the argument.

The real truth came out in the last speech of the gentleman from Mississippi [Mr. COLLINS]. We have been given the impression that we would lose our citizens' military training camps under the bill for just one year. They have said that this is a temporary proposition and that we certainly can give it up for one year; and then the gentleman started his speech by quoting an article and a statement made by General Summerall, and the thought carried through the entire speech was to the effect that the citizens' military training camps are absolutely useless and a waste of money. I am afraid that as long as the gentleman from Mississippi [Mr. COLLINS] is chairman of this subcommittee, if we ever lose the citizens' military training camps for one year, we never in the world will get them back. [Applause.]

And, gentlemen, that would be a tragedy.

There is an interesting thing to me during this debate. Every ex-service man who has spoken has been up here battling for national defense, except one, and that is the gentleman from New York [Mr. LAGUARDIA]. I do not know well the district that he comes from, for I have never been there and do not know how his people feel. He served in the aviation service with distinction, but a man who is in the aviation service is not impressed with the idea of the value of the citizens' military training camps. He can not appreciate the tremendous help experienced noncommissioned officers are the same as a man who serves with troops does.

Mr. COLLINS. I was wondering if the gentleman did not know that the aviation service is in the line.

Mr. BALDRIGE. I said service with the troops. The citizens' training camps do not mean officers alone.

If a crisis came immediately, a million men would be in the field, and we only have 10,000 Regular officers. We have to rely on reserve officers, but that is not sufficient to train a large army.

Mr. UNDERHILL. Will the gentleman yield?

Mr. BALDRIGE. I yield.

Mr. UNDERHILL. Will not the gentleman give us something with reference to the value of these citizens' training camps in the way of patriotism from the standpoint not of militarism but good health, efficiency, and good citizenship.

Mr. BALDRIGE. I will if I have the time; that is an important part of the training. But let me finish this line of thought. Now, if we can have the service of the sergeants and corporals and men who have had experience in these training camps, inexperienced troops can be whipped into shape in two or three months, and that means success, and if we do not have those trained sergeants and corporals, it means failure and disaster. That is what national defense means.

Our national-defense system is this: Sufficient training for our citizens, coupled with the Regular Army large enough to expand into a skeleton to command a large army.

I know what the citizens' training camps mean. I have been in them myself. We ought not to lose them for one year, because if we do I fear they are gone forever.

Now, in answer to the gentleman from Massachusetts, these boys spend their time in these camps with Army officers. They are taught under Regular Army officers to be honest, loyal, obedient, and efficient, and leave better citizens by far. However, I do not talk about that, because the important thing to me is that they stand for national defense, and that is the greatest value of the camps to this country. [Applause.]

Mr. Chairman, under the leave to extend my remarks in the RECORD, I include the following radio address delivered over the radio by my colleague, the gentleman from Connecticut [Mr. Goss], May 12, 1932:

NATIONAL DEFENSE

In proceeding to analyze the effects of the proposed Army appropriation bill upon national defense, it is well to remember that the basis of preparedness for land defense is trained man power. In this regard the Army is fundamentally different from the Navy. In the forces afloat the plant—that is, ships—is the basis, but with the Army it is trained man power, the plant and all else being auxiliary.

The progress made in the so-called "mechanization of warfare" does not alter the truth of the statement I have just made. The report of the President's Aircraft Board, of which the late Dwight Morrow was chairman, was submitted to Congress in 1925. It contained the following interesting statement:

"The late war taught us again that man can not make a machine stronger than the spirit of man."

Moreover, we must not think of this mechanical trend as an essentially modern phenomenon. In no channel of human effort,

from the very beginning of history, has the ingenuity and energy of man been directed with greater effect than in the waging of war. To enhance his efficiency in combat primitive man early discarded the bludgeon in favor of thrusting and cutting weapons made of flint and stone. Bronze swords and spears next made their appearance. By the beginning of recorded history the war chariot was evolved and, with the war elephant of a later period, became the prototypes of the modern tank. The catapult was the forerunner of the siege gun of to-day. The armored knight, the crossbow, and the long bow each had their turn in dominating the character of combat. Finally, gunpowder found a utilization through the design of the crude blunderbuss and the clumsy lombard. Continuous improvement in these produced the powerful artillery and machine guns we know to-day. During the present century the airplane was invented and was adapted for use by armies operating in the field. Developments in the tank and in gas appliances have increased the effectiveness of these particular weapons under situations in which they can be used.

But none of these mechanical devices has displaced man as the basis of an efficient army. They have enhanced the power and effectiveness of the trained individual and increased the importance of training, for, manifestly, as weapons become more and more complicated in design and construction a higher degree of training is necessary in order to use them efficiently. Moreover, with the advance of civilization the greater portion of our population has lost its one-time familiarity with weapons of the chase, and no more do the daily lives of great sections of our people simulate the conditions of an army in the field. Thus we have grown more and more dependent upon a group of experts to impart to us the necessary instruction, the military training, that we must master before we are capable of taking position in the ranks of an army defending the country. So I repeat that man, not the weapon, is the dominating influence on the battlefield, and that training is more important than ever before in producing military effectiveness.

Thus it is obvious that training of selected portions of our population, including, of course, its own personnel, is one of the most vital functions of our peace-time Army. As a consequence, I shall speak principally of the effects that certain proposals in the Army appropriation bill will have upon the capacity and ability of the Army to impart to these portions of the civilian population that modicum of military training provided for in the national defense act of 1920.

The intent and import of that act I give in the words of Gen. Douglas MacArthur, present Chief of Staff of our Army, and an officer whose brilliant record before, during, and since the World War entitles his opinion to the utmost respect and attention. As a successful leader of troops in many of our greatest battles of the war, he is thoroughly familiar with the organizational and training needs of a field army. I quote from a recent letter he wrote:

"Prior to 1920 there existed in the world only two general systems under which peace-time military forces were organized and maintained. The basis of one was the conscript; of the other, it was the professionalized soldier. The former afforded the maximum of defense with the minimum of cost, but prescribed as a civic duty service with the colors. The latter depended exclusively upon the enrollment of those who adopted the military as a professional career. It entailed abnormal costs, due to the necessity of reimbursing along professional lines the personnel involved. For this reason no nation has been able in modern times to maintain a professional army of sufficient size to insure complete protection.

"In the national defense act of 1920 a new type of military system was devised and established. Through it, for the first time in American history, practical success was attained in adjusting military preparation to our national needs. Every essential provision of that act exemplifies this Nation's purely defensive intent. It conforms to the American tradition of permitting in time of peace only voluntary service in our armed forces and of placing ultimate responsibility for defense upon a citizen soldiery. Finally, it gives assurance of reasonable security at moderate cost.

"The principal elements of the American system are two. The first is a small professional force to act as a training cadre—a covering force in case of need and a framework upon which mobilization of our full force could be effected. The second essential element is a partially developed organization of citizen soldiers divided into a National Guard and various classifications of reserve and other groupments, backed by a continuous program of limited military training for these elements in time of peace.

"Our small Regular Army would be impotent through its own unaided efforts to defend this Nation against powerful and sustained attack. Likewise, an unorganized and untrained population would be tragically helpless in the face of highly organized and trained units. The two parts of the system thus articulate with and complement each other to insure that America's enormous latent strength would not be dissipated through hostile action before it could be harnessed into a powerful military machine.

"The Regular Army is the bulwark and basis of the whole structure. It is the instructor, the model, and, in emergency, the leader of the whole. The only continuing body in which resides the professional knowledge and technical skill capable of accumulating, organizing, training, and leading to victory a national army of citizen soldiers is the professional officer corps. Constantly they concern themselves with the mobilization plans for personnel and matériel necessary in a great emergency and make every practicable prearrangement for the successful operation of these plans should need arise.

"Commissioned personnel of the citizen components supplement the corps of Regulars; they give generously and patriotically of their time and effort in peace so that, as the numerically preponderant mass of the officers in an emergency Army, they may function promptly and effectively. But their devotion and their efforts in this preparation would be wasted without the efficient guidance of their mentor—the Regular officer. Through schools, study, research, and practical training, the Regulars devote their lives to keeping abreast of the times in complicated and rapidly changing arts and sciences, and within the limits imposed by available opportunity impart the results to the officers of the citizen components.

"So I repeat that in the last analysis our whole defensive system rests upon the efficient performance of a corps of Regular officers, sufficient in strength to carry out the vitally essential duties imposed upon it by the act of 1920. In the interests of economy the strength of the professional force was fixed at the minimum considered by Congress in 1920 to be consistent with safety—namely, 18,000 officers and 285,000 enlisted men. During the past decade this strength has been progressively decreased until to-day it stands at approximately 12,000 officers and 125,000 men."

Repeated studies made in the War Department have demonstrated over and over again that the minimum strength of peace-time forces at which reasonable guaranty can be given for the attainment of the objectives of the national defense act approximates 14,000 officers and 165,000 men.

In spite of the fact that existing forces are far below these figures, the bill now before Congress contains as one of its most drastic provisions the immediate elimination of 2,000 officers from the active list.

The claim has been made that such action would not weaken the national defense simply because for a few years more these 2,000 officers would remain available in case of need. Could any argument be more absurd? Under existing law when a member of our 12,000 officers is removed by death, disability, or age, his place is taken by a second lieutenant, who begins to tread the path of experience and training his predecessor has followed before him. The eventual effect of every permanent reduction in existing strength is nothing less than further depletion in an already weakened corps of expert instructors and leaders. And this, as I said before, is a direct blow at national defense.

To-day some of our officers are serving with troops in foreign stations—stations of vast strategical importance in our defensive system. Others—about 24 per cent only—are serving with troops in the United States; still others are going to the several Army schools in order to keep abreast of rapid changes in the complicated art and science of war. Large numbers of them serve with the Reserve Officers' Training Corps; others with the National Guard; and still others with the Organized Reserve Corps. In addition to all this, the Army's technical services, such as the Ordnance, Engineers, Quartermaster Corps, and Medical and Signal Corps, each demands and utilizes a portion of our officer personnel. Every one of these essential activities is underofficered and undermanned. Elimination of one or more of these activities would destroy the basic form of our national-defense program. This would not be economy, but destructive extravagance of the most vicious kind. Yet this is exactly what would happen if an additional 2,000 officers were lopped off the active list.

In each of these officers the United States has a large investment and a deep interest.

"Skilled officers, like all other professional men, are products of continuous and laborious study, training, and experience. There is no short cut to the peculiar type of knowledge and ability they must possess. Trained officers constitute the most vitally essential element in modern war, and the only one that under no circumstances can be improvised or extemporized.

"An army can live on short rations, it can be insufficiently clothed and housed, it can even be poorly armed and equipped, but in action it is doomed to destruction without the trained and adequate leadership of officers. An efficient and sufficient corps of officers means the difference between victory and defeat."

This matter of officer reduction is directly connected with another drastic provision of the bill, namely, the elimination of active-duty training for reserve officers, of the Reserve Officers' Training Corps camps, and the citizens' military training camps. The modest civilian-training program carried on under the guidance of the Regular Army is certainly little enough to do in preparation of a portion of our population for a possible future emergency. On the average an officer of the Reserve Corps receives one 2-week tour of active training every four or five years. The Reserve Officers' Training Corps, from which reserve officers are recruited, and the citizens' military training camps, from the graduates of which the noncommissioned officer of a future national army would largely come, are so well known that no description of them seems necessary. Their whole purpose is to provide and maintain a nucleus of partially trained personnel in order that mobilization, after the declaration by Congress of a national emergency, could be carried out without unreasonable delay. By no stretch of the imagination could this modest program be cited as evidence of a militaristic attitude on our part. It is just the opposite.

Military preparation that envisions the practicability of striking hard and fast in a crisis must provide for instantaneous mobilization of a strong military force. Our system deliberately provides for a delay of several months between the declaration of an emergency and the time when an army of any size would be ready to take the field. Our system exemplifies our nonaggressive atti-

tude—but it does make reasonable preparation to defend ourselves. Furthermore, as responsible authorities have pointed out again and again, the present strength of our land forces is already below the minimum considered necessary to make fully effective the essentials of this system.

Now let us get down to facts of money and of strength. Congress appropriated last year for military activity approximately $333,000,000. In submitting its estimates for the current year the War Department budget reduced the foregoing sum by $38,000,000 and reported that these reduced estimates represented the minimum on which the military establishment could exist for a single year rather than the true requirements of the national defense. The bill now before the House proposes to cut this sum by an additional $24,000,000, of which about $9,500,000 represents the saving to be effected through elimination of the 2,000 officers and the civilian training of which I have spoken.

Naturally many important activities are eliminated or curtailed by a failure to appropriate the $15,000,000 applying to activities other than training. In some instances this additional reduction may prove to be false economy, and may result in greater expenditures in years to come, yet the War Department apparently believes that by expedient and improvization it can perform its principal missions during the coming year provided only that its trained man power is not further depleted and the program for training of man power is not destroyed.

For this reason I will not list the items in which the cuts represented in the $15,000,000 slash have been made.

The need for economy is keenly appreciated by every member of the Government—legislative and executive. But when retrenchment beyond the point of safety is proposed in our national-defense system, it becomes not economy, but extravagance of the most expensive kind.

Our Army has been called an expensive one, and in a certain sense this is true. The reasons are two: First, we have a purely voluntary Army—a system maintained only by England among other great powers.

The voluntary system of course requires a higher rate of pay than does the conscript system used in other foreign armies. Yet, considering the relative standards of living in the two countries, the rates of pay in our Army, as compared to those of Great Britain, are quite low. For instance, a member of the lower House of Parliament gets, even at normal rates of exchange, only about one-fifth of the amount paid to one of our Congressmen. Yet the average pay of their army officers is only slightly less than in our case—while their chief of staff gets almost twice the amount of ours.

Notwithstanding the fact that our standard of living makes the cost of our Army loom up as a large figure, consider the following comparisons:

Our Budget for military activities ($300,000,000 out of a total Budget of $4,000,000,000) amounts to about 7 per cent of total Federal expenditures. The best available figures for foreign expenditures on this same basis are:

	Per cent
France	17.4
Great Britain	7.9
Italy	25.4
Japan	13.1

The budgets for military activities as compared to the national wealth of the great powers for the fiscal year 1930 are approximately as follows:

France	0.64
Great Britain	.28
Italy	1.08
Japan	.21
Germany	.16
United States	.08

Of the nations of the world, 16 maintain armies larger than that of the United States. I give them in the order of their aggregate organized military strength: France, Italy, Soviet Russia, China, Spain, Japan, Poland, Rumania, Czechoslovakia, Yugoslavia, Sweden, Great Britain, Switzerland, Belgium, Greece, Portugal, and United States.

Thus this Nation ranks seventeenth in strength of organized land forces, although it is fourth in population and first in wealth. This additional evidence demonstrates that the United States has achieved a degree of land disarmament unequaled by any other great nation of the earth.

Another aspect of this whole question deserves attention. The national defense act of 1920 is really a revision of an act passed in 1916. The original law was passed by a Democratic Congress after months of effort, and the 1920 revision, under a Republican Congress, required a like period of study and analysis. The whole effort was to devise a conservative and economic program suited to our particular needs. Since that time, we have, under the demand for the utmost economy in Federal expenditures, effected repeated reductions in the forces, both professional and civilian, provided for in the 1920 amendment. The time has come when further depletion will bring us close to prostration. Such a condition is not conducive to the promotion of peace, nor to the respect with which this Nation's pacific counsels are received in the conclave of nations.

I am not a believer in the right of might. I deplore the possibility of war as deeply as can any other person familiar with the frightful human and material wastage it entails. Yet let me quote from a man celebrated for his efforts in behalf of universal and enduring peace—a man whose name appears as the coauthor of the pact for the renunciation of war. I refer to the late Aristide Briand who, during the conference preceding the consummation of the Washington treaty of 1922, said:

"I firmly made up my mind to say to Germany: 'That is impossible. If any such attempt is made, the most appalling consequences may follow.' If I had spoken without having the strength of the French Army behind me, what weight would my words have had? And yet, if the proposed action had taken place, what would have become of the peace of Europe? What would have become of the young states which have just sprung into being but have not yet attained their equilibrium? That is the problem. It did not arise because we were able to back our words with force."

With such a statement ringing in our ears, does it not seem reasonable to demand that our defense forces shall not be further weakened simply as an incident to an economy program? The House of Representatives has a properly constituted Military Affairs Committee. Does it not seem within the province of that committee to study and analyze all drastic revisions connected with our national-defense system before they are submitted to the House for enactment into law?

In the world of to-day the insurance of national existence demands a defensive system suited to our particular needs and to our national psychology. This we achieved in the national defense act of 1920, but by legislative action since that time successive reductions have brought existing forces to the irreducible minimum.

The bill now before Congress, under the guise of economy, seeks to weaken still further some of the most important parts of the skeletonized organization provided in that act.

Economy is necessary—elimination of unnecessary expenditure is vitally essential. But economy does not mean destruction of useful activities or of needful facilities. It means efficient management—the proper application of available resources to meet the requirements of ourselves and of the Nation.

One of these needs is national defense. It must not be endangered.

Mr. OLIVER of Alabama. Mr. Chairman, it appears from speeches made by some gentlemen this afternoon that they feel they alone are interested in national defense. My belief is that the best friend the Army has to-day is the man in public life, who is willing for the Army to forego some of its activities not now imperatively required, and in times like the present it is well to carefully consider what activities of the Army are not now absolutely vital, and where such are found to temporarily suspend the same for the next fiscal year.

There are members of the House who believe that the citizens' military training camps can be dispensed with during the summer of 1932, and who, when conditions improve, will be willing to provide funds for continuing such camps.

To say that if this Congress should refuse to appropriate for the camps in the summer of 1932 they will never again be resumed is both illogical and unreasonable. Any man who takes counsel of his fears is an unsafe adviser. Better far to take counsel of our faiths and our hopes.

General Summerall, who has been rightly referred to as one of the great outstanding Army men of the age, as well as the present Adjutant General of the Army, whom I respect and hold in high regard, have both said in an official way that these camps could be dispensed with for a year without hurt to the Army. Then why, I ask, should we now vote $2,600,000 or more to carry on these activities in the fiscal year 1933?

Mr. DOUGLAS of Arizona. Mr. Chairman, will the gentleman yield?

Mr. OLIVER of Alabama. No, not now; and I will say to the gentleman from Arizona that it was with pleasure I listened to a most remarkable and excellent speech for economy which he made to this body early in the session, and since that time I have been anxiously waiting to see where he wishes by his vote to effect economies.

Mr. DOUGLAS of Arizona. Mr. Chairman, will the gentleman yield now?

Mr. OLIVER of Alabama. The gentleman once said to me, "Offer an amendment to carry out your motion in the committee to strike out the $750,000 item for remodeling the House Office Building and I will support it." I made a motion to recommit the bill for that purpose, and about the first man I found voting against my motion was the gentleman from Arizona.

Mr. DOUGLAS of Arizona. Mr. Chairman, will the gentleman yield?

Mr. OLIVER of Alabama. I like stability, whether found on one side of the aisle or the other, and the man who merely makes speeches and fails to vote as he speaks is not the man whom, in times like these, we can safely follow. [Applause.]

Mr. DOUGLAS of Arizona. Mr. Chairman, will the gentleman yield?

Mr. OLIVER of Alabama. Yes.

Mr. DOUGLAS of Arizona. I will not vote to reduce the personnel of our national defense system for the reason that to do so will mean the future loss of human lives.

Mr. OLIVER of Alabama. I fear the gentleman shares the apprehensions and anxieties——

Mr. MARTIN of Oregon. Mr. Chairman, I rise to a point of order.

The CHAIRMAN. The gentleman will state the point of order.

Mr. MARTIN of Oregon. I do not believe any Member of this House has a right to make a personal attack upon another, as is being made right now.

The CHAIRMAN. The gentleman from Alabama will proceed in order.

Mr. OLIVER of Alabama. I fear there are some who are apprehensive to the extent as expressed by the gentleman from Detroit when he said that what we need in this day and time is to be so prepared with our Army, our camps, and citizen soldiery, that we will be able in the summer of 1932 to quell disorders. The gentleman from New York [Mr. LAGUARDIA] wisely replied that what we need now is to promptly and in a nonpartisan way seek to provide employment for the idle, and if we do so, we shall have no trouble. [Applause.]

The CHAIRMAN. The time of the gentleman from Alabama has expired. All time has expired. The question is on the amendment offered by the gentleman from California.

The question was taken; and on a division (demanded by Mr. COLLINS) there were—ayes 115, noes 91.

So the amendment was agreed to.

The Clerk read as follows:

Under the authorizations contained in this act no issues of reserve supplies or equipment shall be made where such issues would impair the reserves held by the War Department for two field armies or 1,000,000 men.

Mr. SCHAFER. Mr. Chairman, I move to strike out the last word, which is "men" in order to avail myself of the opportunity of saying a few words in behalf of a real man, who is a Member of the House of Representatives, and who was bitterly criticized by the distinguished gentleman from Alabama [Mr. OLIVER], a member of the Committee on Appropriations, which committee has brought to the floor of the House this half-baked Army appropriation bill which emasculates our national defense. I was certainly surprised to observe how spontaneously and vigorously most of the Democratic Members of the House applauded when aspersions and reflections were cast upon one of their Democratic colleagues. This applause came from the same Members who stood on this floor when the economy bill was considered and unanimously and loudly applauded the eloquent speech delivered by the gentleman from Arizona [Mr. DOUGLAS]. [Applause.]

But now most of you on the Democratic side applaud the attack made upon him because he does not support a cut in the appropriations for our national defense which will weaken its effectiveness. Whether or not, as the preceding speaker has stated, the distinguished gentleman from Arizona was born with a silver spoon in his mouth makes no difference from my point of view, particularly when we consider that during the war he served the Nation with distinction. [Applause.] I bitterly protest the unwarranted attack on a man who served this Nation in time of war, a man who was applauded and cheered loud and long by a rising vote of all you Democrats when he made his speech for the economy bill—and many of you did not agree with his position but we certainly must appreciate his courageous and eloquent plea. Certainly it was surprising to see the chairman of the Economy Committee clap his hands until he must have blisters on them; this same chairman who also stood up in the House and applauded when his distinguished Democratic colleague [Mr. DOUGLAS] made the speech on the economy bill to which I referred. Mr. Chairman, the gentleman from Arizona [Mr. DOUGLAS] knows what war is, and he knows mighty well that in these days of unrest among foreign nations we might not have allied countries ready to hold off the enemy until we trained our soldiers and officers, as in the World War.

He well knows that if we were launched into a major war to-day we could not take the Christie tanks, manned by the gentleman from Mississippi [Mr. COLLINS], and use for ammunition the $1,500,000 Gutenberg collection purchased with the Federal taxpayers' money at the behest of the gentleman from Mississippi, to defend the Nation and the lives of our people. [Applause.] If the gentleman from Arizona is supporting a protective tariff on copper, I congratulate him, since copper is a great product of his State. When we go through the hearings on the tariff bill, we find Democratic Members of Congress from Alabama standing before the Ways and Means Committee pleading with crocodile tears running from their eyes, for embargo tariffs on graphite produced in Alabama. [Applause.] The trouble is that many of you Democrats want a tariff to protect everything produced in your State but oppose tariff protection for products of other States.

It is ridiculous to accuse the gentleman from Arizona [Mr. DOUGLAS] of having ulterior motives because he is in favor of protecting the industry and labor of the people of his State and the people of this Nation from unfair competition of cheaply produced foreign products. Some of you Democrats who applauded the criticism of the gentleman from Arizona have talked for restricted immigration to protect American labor from unfair competition of cheap foreign labor. What difference is there in repealing the immigration law and permitting the millions who are knocking on the door for admittance to compete with the workers on the farms and in the factories from having them work on the farms and in the factories of their foreign lands and ship the products into America without proper tariff protection? The gentleman from Arizona [Mr. DOUGLAS] is a real servant of the people whom he represents, and they have reason to, and I know they will, resent the unfair criticism of the preceding speaker. [Applause.]

Mr. BARBOUR. Mr. Chairman, I would like to call attention to two amendments that were passed over by unanimous consent, pending the action on the amendment on civilian activities. One is on page 16, line 4, where the words "citizens' military training camps" were to be inserted after the word "corps," and the other is on page 55, line 19, an amendment which I send to the Clerk's desk.

The CHAIRMAN. The gentleman from California offers an amendment, which the Clerk will report:

The Clerk read as follows:

Amendment offered by Mr. BARBOUR: On page 16, line 4, after the word "corps," insert "citizens' military training camps."

Mr. KVALE. Mr. Chairman, I ask recognition in opposition to the amendment.

I do not wish at this time to make any statement of my own. If I have permission, I want to read a short tribute and a beautiful one by a beloved Member of this House to a gentleman and colleague of ours whose name has been mentioned on the floor this afternoon, and regarding the character of whose war service there seems to have been some question.

This comment occurred during a particularly heated tax debate on December 16, 1925, and it reads as follows:

You have done that; but there was one Member, Mr. LAGUARDIA, of New York, whom you have demoted to-day, and whom you have kicked out on the Republican side, who rose in his place and endeavored to restore the publicity features of this bill. You

can not terrify that kind of man. I remember when he left this House—when the war clouds hung thick over this Nation, when there were times when the blue of the flag seemed about to fade away in the blue of the skies.

Unlike the rest of you, he left his safe position here and entered a service, the most hazardous in the war. A man who could fearlessly steer and direct his squadron of bombing planes above the clouds amid the bursting bombs of the enemy's aircraft guns can not be terrified by anything that you can do to him on this floor. You have removed him from the committees, but he had enough courage to stand up here and try to put back that publicity clause, and he comes from the very lair of the multimillionaires who are promoting this bill and who stand back of all of you on that side of the House.

Those words, Mr. Chairman, were uttered by the beloved majority leader of this House, HENRY T. RAINEY. [Applause.]

Mr. Chairman, I yield back the balance of my time.

The CHAIRMAN. The question is on the adoption of the amendment offered by the gentleman from California [Mr. BARBOUR].

The amendment was agreed to.

Mr. BARBOUR. Mr. Chairman, I offer an amendment, which is on the Clerk's desk.

The Clerk read as follows:

Amendment offered by Mr. BARBOUR: On page 55, line 19, before the word "appropriate," insert the words "who may be detailed for duty as instructors at civilian military training camps."

The CHAIRMAN. The question is on the adoption of the amendment offered by the gentleman from California.

The amendment was agreed to.

The Clerk read as follows:

No part of the appropriations made in this act shall be available for the salary or pay of any officer, manager, superintendent, foreman, or other person having charge of the work of any employee of the United States Government while making or causing to be made with a stop watch, or other time-measuring device, a time study of any job of any such employee between the starting and completion thereof, or of the movements of any such employee while engaged upon such work; nor shall any part of the appropriations made in this act be available to pay any premiums or bonus or cash reward to any employee in addition to his regular wages, except for suggestions resulting in improvements or economy in the operation of any Government plant.

Mr. COCHRAN of Missouri. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. COCHRAN of Missouri: Page 62, after line 26, insert a new paragraph reading as follows:

"No appropriation contained in this act shall be available for expenditures for or incidental to the manufacture and/or production of wearing apparel for enlisted men of the Regular Army in Government factories or establishments."

Mr. STAFFORD. Mr. Chairman, I reserve a point of order.

Mr. COCHRAN of Missouri. Mr. Chairman, the purpose of the amendment is to take the Government out of the clothing business so far as enlisted men's uniforms are concerned.

Information received to-day from the Quartermaster General's office with reference to the prices of uniform clothing manufactured in Government plants and purchased from private industry after competitive bids is as follows:

	Government plant		Private manufacturer	
	1931	1932	1931	1932
Coats:				
Wool	$2.33	$2.51	$2.00	$1.61
Cotton	1.53	1.45	1.13	
Breeches:				
Wool	.75	.80	.89	.68
Cotton	.78	.83	.71	
Overcoats	2.2358	2.4290		
Shirts:				
Wool	.5210	.5666		
Cotton	.5345	.5741		

Where no price is listed under "Private manufacturer," the War Department states that none were purchased.

In every case the War Department figures for 1932 are greater than for 1931. The contrary is the fact in private industry.

Note the difference in the cost per article to the Government by manufacturing instead of purchasing under contract.

Take the four items on which comparisons can be made; if the War Department only purchased 100,000 each of these—and, of course, it purchases more than that for an Army of 118,750 men—it would make a saving of $146,000. The other items would be correspondingly less if purchased under contract instead of manufactured in the War Department clothing factory.

The above costs are for manufacture only. Whether the Government manufactures or purchases under contract, the cost of the material is not included in the figures.

The Army is about to place an order, when the funds are provided in this bill, for many uniforms. Here is an opportunity to save 89 cents on the coat alone. There is also a difference as to the breeches, both wool and cotton. The price in the Government factory far exceeds that of the private manufacturer.

It seems to me this is the time for the Government to get out of business.

The factory in Philadelphia has a solicitor who goes to West Point and solicits business from the cadets, who goes to camps and solicits business from the officers in the camps. Are we going to continue to have the Government in competition with the manufacturers of the country who pay the taxes from which the appropriations are made to carry on the activities of the War Department?

I can not see how the amendment is subject to a point of order. It is a limitation, and it means a saving to the Government.

The Government should get out of business not only as to uniforms but as to shoes and other articles needed. This applies not only to the Army but to all supplies used. Both parties advocate less Government in business, more business in Government. Here is an opportunity to follow the declaration out.

To-day I received the following telegram from a shoe company of St. Louis:

We are informed War Department Quartermaster General planning purchase 100,000 pairs Army shoes, to be made Leavenworth Penitentiary, at price prevailing shoe contracts awarded December, 1931. Strongly protest this award to penitentiary in view current unemployment; also confident competitive bids at this time would give Government much lower price than that prevailing last December; therefore, urge your strong endeavor that Government take open bids on any Army shoes needed at this time.

I took this matter up with the superintendent of prisons. He stated the Leavenworth factory would get the order for Army shoes, as it was absolutely necessary to keep the factory going under the law, but they showed a disposition to be fair and not interfere with business any more than necessary by stating that they released orders for 400,000 pairs of shoes last year and would release an order that would go to private factories for 160,000 pairs for the Navy and Marine Corps.

It is impossible to offer an amendment as to shoes such as I have offered as to clothing, because it would be subject to a point of order. This amendment I have offered is not, in my opinion, subject to a point of order. It will take the Government out of competition with private manufacturers who pay the taxes for the upkeep of the Army, and I have shown it will create a savings.

I ask the Chair to rule on the point of order.

Mr. STAFFORD. A similar limitation was proposed some time ago, but I understand the leadership in charge of the bill, the chairman of the subcommittee and the ranking Republican member, are desirous to have the work let out by contract and have the Government factories idle. So I withdraw the point of order as this amendment, I believe, is supported by both gentlemen.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Missouri [Mr. COCHRAN].

The amendment was agreed to.

The Clerk read as follows:

For the construction, repair, and maintenance of roads, tramways, ferries, bridges, and trails, Territory of Alaska, to be expended under the direction of the Board of Road Commissioners described in section 2 of an act entitled "An act to provide for the construction and maintenance of roads, the establishment and maintenance of schools, and the care and support of insane persons in the District of Alaska, and for other purposes," approved January 27, 1905, as amended (U. S. C., title 48, secs. 321–337), and to be expended conformably to the provisions of said act as amended, $354,310, to be available immediately, and to include $1,000 compensation to the president of the Board of Road Commissioners for Alaska, in addition to his regular pay and allowances.

Mr. WICKERSHAM. Mr. Chairman, I offer an amendment. In line 17, page 71, strike out "$354,310" and insert in lieu thereof "$656,000."

The CHAIRMAN. The Delegate from Alaska offers an amendment which the Clerk will report.

The Clerk read as follows:

Amended offered by Mr. WICKERSHAM: On page 71, in line 17, strike out the figures "$354,310," and insert in lieu thereof the figures "$656,000."

Mr. WICKERSHAM. Mr. Chairman, I have a telegram, in answer to a communication which I sent, from the Alaska Board of Road Commissioners, in which the board says:

JUNEAU, ALASKA, *May 9, 1932.*

DELEGATE WICKERSHAM,
House Office Building, Washington, D. C.:

Am advised by press dispatches the road appropriation reported by committee is only $354,000. Upon approval of the Secretary of War and under authority act of February 12, 1925, we incurred obligations totaling approximately $130,000 against this appropriation, based upon the Budget's approval of $656,000. Upon advice that the item had been reduced in committee to $500,000 all requisitions practicable of cancellation were eliminated, reducing the obligation to $103,000, with additional obligations outstanding for crews en route to projects. If this further reduction is now made in the total appropriation, little will be left for field work and loss is certain to result in our having purchased equipment and supplies and organized crews disproportionate to the total funds available. As obligations have already been incurred for supplies and materials, this reduction of $144,000 must come entirely from pay rolls, which will doubtless work some hardship, as many men have already arrived on site of work on assurance they would be given employment. The above is furnished for your information should you deem it pertinent to bring the matter to the attention of the committee.

Mr. COLLINS. Will the gentleman yield?

Mr. WICKERSHAM. Certainly.

Mr. COLLINS. I am opposed to the gentleman's amendment, but I arise at this time to call the gentleman's attention to the fact that the figures in his amendment are about $6,000 above the Budget estimate. The Budget figure includes about $6,000 for travel which the committee has transferred to the consolidated appropriation for travel. The gentleman should amend his amendment so as to omit this transferred amount.

Mr. WICKERSHAM. By how much?

Mr. COLLINS. The gentleman should reduce the amount carried in his amendment by $5,690; otherwise his amendment would carry an amount above the Budget estimate.

Mr. WICKERSHAM. Very well. Mr. Chairman, I ask that my amendment be amended by that amount.

The CHAIRMAN. The Delegate from Alaska offers a modification of his amendment, which the Clerk will report.

The Clerk read as follows:

Modified amendment offered by Mr. WICKERSHAM: On page 71, in line 17, strike out the figures "$354,310" and insert in lieu thereof the figures "$650,310."

Mr. WICKERSHAM. Mr. Chairman, it seems to me the committee made some error in its report on this matter, because in the report the committee says:

If the Territory itself proposes to reduce its contribution by 55 per cent, the committee takes the position that the Government should do likewise, and is proposing a figure of $360,000 in lieu of the Budget figure of $656,000. A further reduction of $5,690 represents a transfer to the single appropriation for traveling expenses.

Now, Mr. Chairman, I do not understand where the committee got the idea that the Territory of Alaska had reduced its amount by 55 per cent in any way.

Mr. COLLINS. We reduced the Federal appropriation by the same amount we were advised that the Territory of Alaska proposed to reduce its contribution to road improvement; the same percentage exactly.

Mr. WICKERSHAM. Mr. Chairman, there are three forms of road funds in the Territory of Alaska. The first is the amount appropriated by the Congress of the United States; second, there is a fund known as the Alaska fund, created by Congress, into which is paid all of the moneys paid for licenses, and so forth, outside of incorporated towns.

Mr. COLLINS. And, according to the Budget, out of the appropriation entitled "Funds contributed for improvement of roads, bridges, and trails," the estimated expenditures are $200,000 for 1932, and for 1933, $90,000, or a 55 per cent reduction.

Mr. WICKERSHAM. But I do not see what that has to do with the Territory of Alaska, for it has not reduced its amount at all. If there is a reduction, it is because the congressional Alaska fund did not receive the usual amount of money from taxes in the Territory. It was not reduced in any way by the Territory.

[Here the gavel fell.]

Mr. WICKERSHAM. Mr. Chairman, I ask unanimous consent to proceed for three additional minutes.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. WICKERSHAM. In 1919 the Alaska Legislature began to make appropriations in aid of this Government effort to build roads in Alaska. In 1919 it appropriated $375,000; in 1921, $240,000; in 1923, $240,000; in 1925, $260,000; in 1926, $460,000; in 1929, $320,000; in 1931, $300,000.

Mr. McDUFFIE. How much in all?

Mr. WICKERSHAM. Two million one hundred and ninety-five thousand dollars. That is the amount the Territory of Alaska has appropriated out of its Territorial treasury, and there has been no decrease in Territorial appropriations.

Mr. McDUFFIE. How much has the Government appropriated?

Mr. WICKERSHAM. The Government has appropriated $11,000,000 in all since 1906 to date.

Mr. McDUFFIE. For roads and trails in Alaska?

Mr. WICKERSHAM. Yes; and the Alaska fund amounts to nearly $4,000,000, paid by the people of the Territory. So we have paid in the Territory of Alaska nearly $6,000,000 into this fund, a very much larger amount than is paid by the States or any other Territory.

It seems the committee ought to give us some aid, especially when this Alaska Road Commission, a Federal commission, complains that they will not have money enough now to continue their work unless you do so. I think the committee ought not to be generous, but should be just in the matter, and at least give as much in this appropriation as the Territory of Alaska appropriates and contributes.

Mr. McDUFFIE. Mr. Chairman, I offer a substitute for the gentleman's amendment, to strike out all the language on page 71, from line 5, through and including the word "allowances," in line 20.

The CHAIRMAN. In the opinion of the Chair, that would not be a substitute for the gentleman's amendment. The gentleman from Alaska has offered a perfecting amendment, and an amendment to strike out the paragraph is not a substitute.

Mr. McDUFFIE. Mr. Chairman, I rise in opposition to the amendment, and shall offer an amendment later on.

I rise to call the attention of the House to the vast sums of money we have expended and are expending in the Territory of Alaska. The Territory of Alaska, of course, is our Territory. I recognize that. We have a duty to perform

with reference to the white people who are there, and certainly a more serious one probably to the natives of Alaska. There are only about 25,000 white people in Alaska.

Now, listen! In this year of stress and strain, economically speaking, looking over the Budget figures, here is what we are appropriating for Alaska this year, where there are 25,000 white people, and, all told, about 59,000 inhabitants:

Salaries of governor and secretary, $15,600; contingent expenses, $17,500; legislative expenses, $46,000; reindeer stations, $34,000; care of insane, $156,000; enforcement of prohibition in Alaska, $12,000; Alaska Railroad, $500,000; printing and binding (to tell us the story), $10,000; public schools, $55,000; railroads' special fund, $1,291,000.

This railroad has cost untold millions, and I am informed that we sometimes buy coal from Canada to run the railroad, although it was built to tap the coal fields of Alaska.

Education of natives, this year's estimate, $726,400; Signal Corps, $171,000; mining investigations, $10,000; medical relief of natives, $281,800; protecting seals and fisheries—this probably should not be charged to Alaska, and I do not know the income the Government receives from seals; estimated relief fund for indigent persons, $18,000; wagon roads, bridges, and trails, $130,000; star-route service, $150,000; agriculture, $380,000; and the national park, Mount McKinley, $80,000.

This makes a total of $4,498,850 estimated as needed by Alaska for the year 1933, and approximately that has been appropriated.

Mr. HORR. And just how much are we taking out of Alaska every year?

Mr. McDUFFIE. I just stated I did not know that.

Mr. HORR. Approximately $40,000, is not that true?

Mr. McDUFFIE. I do not know. The gentleman can not prove that by me.

Mr. HORR. And over 25,000 people go up there every summer.

Mr. McDUFFIE (continuing). But I do know that the number of white people in Alaska has grown less every year.

I can not tell what we are getting from Alaska, but I doubt very much if the amount of income from Alaska to the Treasury of the United States amounts to anything at all.

There is some business carried on in Alaska in the way of fisheries, I grant you, but there is no doubt we are spending too much money in the Territory of Alaska at a time like this, and for this reason, so far as the building of roads and trails is concerned, on which we have already spent millions of dollars, and over which nobody, or few people, travel, if you please, I think it is time to cut down our appropriations for the Territory of Alaska.

I appreciate the burdens and the difficulties under which the people of Alaska, probably, are living. I am not unmindful of the hardships they sometimes undergo, especially those who see fit to move out from the coast line. I do not know how many get out into the interior, but I assume very few.

I have not been to Alaska, and I do not claim to know all about Alaska, but I know that for the very few people we have in Alaska this is an immense amount of money to take out of the Public Treasury in any one year, and especially at a time like this.

Mr. GOSS. Will the gentleman yield?

Mr. McDUFFIE. I yield.

Mr. GOSS. I am interested in the gentleman's remarks, and I notice that the committee, on page 73, with respect to the item of flood control for the Mississippi River, has only cut down the Budget estimate of $32,000,000 to $31,773,000, and on page 72, for rivers and harbors, the Budget estimate was $60,000,000 and the bill carries $59,277,000.

[Here the gavel fell.]

Mr. McDUFFIE. Mr. Chairman, I ask unanimous consent to proceed for one minute to answer the gentleman.

The CHAIRMAN. Is there objection to the request of the gentleman from Alabama?

There was no objection.

Mr. McDUFFIE. I want to say to the gentleman from Connecticut that if he will offer an amendment to cut both of these items 10 per cent I shall vote with him. Will the gentleman do it?

Mr. GOSS. I will be pleased to if no one else does.

Mr. BACON. I have such an amendment prepared now.

Mr. McDUFFIE. All right. When I said I wanted to economize, and when I stated I thought this House ought to economize, I meant it, and the gentleman does not get anywhere by referring me to items for rivers and harbors and flood control. I am just as much interested in them as any man could possibly be——

Mr. GOSS. So am I.

Mr. McDUFFIE. But I think at a time like this every item not absolutely essential should be cut as much as we can, and save the expenditures from the Public Treasury.

Mr. GOSS. I think in the nonmilitary activities those two items might well be cut.

[Here the gavel fell.]

Mr. WICKERSHAM rose.

The CHAIRMAN. For what purpose does the gentleman from Alaska rise?

Mr. WICKERSHAM. I ask to proceed for 10 minutes in answer to the gentleman from Alabama.

The CHAIRMAN. Is there objection to the request of the gentleman from Alaska?

Mr. MICHENER. Reserving the right to object——

Mr. McDUFFIE. Mr. Chairman, I ask unanimous consent that the Delegate from Alaska may be allowed to proceed for five minutes.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. WICKERSHAM. Mr. Chairman, I thank the gentleman from Alabama. Alaska is one of the richest assets the United States possesses. Since 1880 we have taken $400,000,000 worth of gold out of Alaska. We purchased Alaska for $7,200,000, and, as I say, we have taken on an average since 1880 more than $7,600,000 a year in gold out of that Territory. We have taken more than $225,000,000 worth of copper, $175,000,000 worth of furs; and the people of Alaska, in opening up and developing the country, have purchased $800,000,000 worth of goods from the merchants of the United States and taken them to Alaska. We have taken out of Alaska since its purchase more than $900,000,000 worth of fish. In other words, we have taken out of Alaska and brought into the United States more than two and one-half billion dollars worth of property.

Mr. McDUFFIE. Will the gentleman yield?

Mr. WICKERSHAM. Certainly.

Mr. McDUFFIE. According to the gentleman's statement there is not much more there to take.

Mr. WICKERSHAM. Oh, there is more gold left there now than there is in Colorado. We took out $9,000,000 in gold last year, $30,000,000 in fish. I say again that, although Alaska may be a minor asset, it is one of the richest assets of the United States.

Now, we want a little money to build roads there, so that we can get the miners and prospectors back into the country.

Mr. McCLINTIC of Oklahoma. Will the gentleman yield?

Mr. WICKERSHAM. I yield.

Mr. McCLINTIC of Oklahoma. Does Alaska as a Territory collect any revenue from its industries, such as a severance or gross-production tax?

Mr. WICKERSHAM. No; all this that I have spoken of comes into the United States.

Mr. McDUFFIE. How much revenue from Alaska comes into the United States Treasury? I do not mean from American people going up there and bringing goods back.

Mr. WICKERSHAM. I have a statement here by Mr. Ballantine, Assistant Secretary of the Treasury, who says that the Treasury has received from the Territory of Alaska from receipts, $50,357,000.

Mr. McDUFFIE. My question is, How much has the Territory of Alaska been paying into the Treasury of the United States annually for the last two or three years.

Mr. WICKERSHAM. I can not give the gentleman the figures.

Mr. McDUFFIE. I have not been able to find where it has been paying in anything.

Mr. WICKERSHAM. Oh, yes; it does; but what is the difference. Who is the Government of the United States? It is the people of the United States, and the people of the United States get $40,000,000 worth of trade out of that Territory every year.

Mr. McDUFFIE. But they pay for it very heavily, in my opinion.

Mr. WICKERSHAM. Oh, no; they do not. If the gentleman from Alabama would look into the matter he would be surprised to find that I am telling the truth when I say that Alaska is one of the richest assets the United States has.

Mr. McDUFFIE. Are we not losing a million dollars a year to run a railway up there?

Mr. SABATH. In the interest of certain private corporations.

Mr. McDUFFIE. I do not know anything about that. If anybody will go up there and dig gold, I want them to go, and I will help them do it.

Mr. WICKERSHAM. And they are going, and going from the State of Alabama and going from every other State.

Mr. McDUFFIE. It is an unusual amount of money to be taken from the Public Treasury in a time like this to be devoted to roads and trails that will not be used.

The CHAIRMAN. The time of the Delegate from Alaska has expired.

Mr. SIMMONS. Mr. Chairman, I offer an amendment to the amendment of the Delegate from Alaska, which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. SIMMONS to the amendment offered by Mr. WICKERSHAM: Strike out "$650,310" and insert in lieu thereof "$300,000."

Mr. COLLINS. Mr. Chairman, I move that all debate upon this paragraph and all amendments thereto close in five minutes.

The motion was agreed to.

Mr. LaGUARDIA. Mr. Chairman, I move to strike out the enacting clause.

The CHAIRMAN. The gentleman is recognized for five minutes.

Mr. LaGUARDIA. Mr. Chairman, it seems to me that the opposition voiced as to the assistance which the Delegate from Alaska asks entirely ignores both the tradition and history of this country. There is no State which now graces the Union, with the exception of the thirteen original States, but which at one time was a Territory and received help and encouragement and the necessary assistance to build up a commonwealth and qualify as one of the States of the Union.

Mr. McDUFFIE. Will the gentleman yield?

Mr. LaGUARDIA. I yield.

Mr. McDUFFIE. On the gentleman's theory, if it be true that the white population is annually decreasing, should we proceed to pile up money up there and spend vast sums of money in a Territory where our people are not going?

Mr. LaGUARDIA. I do not think the color of the population of Alaska has a thing to do with it. [Applause.] Are we going to abandon them?

Now, the question of the Alaska Railroad was brought up. There is a bill on the Speaker's desk now, waiting the consideration of the House, to return several million dollars to private railroads. The railroads are now filing applications with the Reconstruction Finance Corporation for aid. The railroad in Alaska was built as a military necessity, let me say to you militarists who have been talking all afternoon. [Applause.] Right at this time Congress is appropriating $124,000,000 for roads. The Delegate from Alaska, who has no vote in this House, comes here and begs you not to reduce the appropriation under the figure recommended by the Budget. Let me appeal to the subcommittee in charge of this bill. I have stood by this committee, and I have been kicked on my side of the House all around all afternoon. I have been abused and ridiculed. Can you not do that much for me? Those people are helpless. I can not help sympathizing with them. There is no vote up there. They need these roads. They need them a great deal more than we need them in any other place in this country.

Mr. COLLINS. Will the gentleman yield?

Mr. LaGUARDIA. I yield.

Mr. COLLINS. The Congress of the United States has been more liberal with Alaska than any of our possessions, and infinitely more liberal to Alaska than it has been to any State in this Union.

Mr. LaGUARDIA. Oh, no.

Mr. STRONG of Kansas. We are paying fifteen or twenty million dollars to take care of our Filipino friends and we do not get a dime from the Philippine Islands.

Mr. LaGUARDIA. The Budget recommended $600,000. Those roads are a necessity and the very life of the people up there. Conceding there is a small population, let me say to the gentleman from Alabama that those people up there are being exploited by citizens of the United States.

Mr. McDUFFIE. Then we had better get out of there and let them alone.

Mr. LaGUARDIA. We can not do that. It is a Territory. They are helpless. It is our duty to cooperate, protect them, and give them this kind of aid.

Mr. McDUFFIE. Then stop the exploitation by not furnishing more money to do it.

Mr. LaGUARDIA. Oh, the gentleman does not mean that at all. The gentleman knows he is not serious when he says that. Those people of the Territory are our wards. They need our care. This is no time, when we are appropriating generously to the gentleman's own State, for instance, to practice economies on Alaska.

Mr. McDUFFIE. And I said at the beginning that we owed them more serious consideration than those of our own people up there, because they are our wards. They are getting fewer and fewer in number. What will we do when all the people are gone from Alaska?

Mr. LaGUARDIA. I do not see how you can possibly justify cutting this appropriation below the Budget estimate. Just as sure as we are sitting here, the other body will increase the appropriation. Let us do the right thing at this time toward those helpless people. I know the Government railroad in Alaska does not have a lobby here, and those people have not anyone to pull wires for them, but I do not think it is the right thing to pick out this, after you have added millions of dollars in other places in this bill and then say we have economized on the helpless people of Alaska.

The CHAIRMAN. The time of the gentleman has expired.

Mr. LaGUARDIA. Mr. Chairman, I ask unanimous consent to withdraw the amendment, which was pro forma.

Mr. SCHAFER. Mr. Chairman, I object to the withdrawal of the amendment.

Mr. STAFFORD. Mr. Chairman, I demand the regular order.

Mr. SCHAFER. Mr. Chairman, I rise in opposition to the amendment offered by the gentleman from New York.

The CHAIRMAN. The gentleman from Wisconsin is recognized for five minutes in opposition to the amendment.

Mr. COLLINS. Mr. Chairman, I move that the committee do now rise.

Mr. GOSS. Mr. Chairman, a parliamentary inquiry. The gentleman from Wisconsin has been recognized. The gentleman from Mississippi can not take the gentleman off the floor.

The CHAIRMAN. Does the gentleman from Wisconsin yield for that purpose?

Mr. SCHAFER. No; I certainly decline to yield for that purpose.

Mr. LaGUARDIA. Mr. Chairman, I ask unanimous consent to withdraw my motion to strike out the enacting clause.

The CHAIRMAN. The gentleman from New York asks unanimous consent to withdraw his motion to strike out the enacting clause. Is there objection?

There was no objection.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Nebraska to the amendment offered by the Delegate from Alaska.

Mr. SIMMONS. Mr. Chairman, I ask unanimous consent to withdraw my amendment, which was purely pro forma.

The CHAIRMAN. The gentleman from Nebraska asks unanimous consent to withdraw his amendment. Is there objection?

Mr. SCHAFER. Mr. Chairman, I object.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Nebraska to the amendment offered by the Delegate from Alaska.

The amendment to the amendment was rejected.

The CHAIRMAN. The question recurs on the amendment offered by the Delegate from Alaska.

The question was taken; and on a division (demanded by Mr. LAGUARDIA) there were—ayes 25, noes 43.

So the amendment was rejected.

Mr. McDUFFIE. Mr. Chairman, I would like to inquire whether the amendment I offered to strike out the paragraph is pending.

The CHAIRMAN. The amendment was not offered because the amendment at that time was not in order. Does the gentleman now desire to offer an amendment?

Mr. McDUFFIE. I would like to submit the amendment, have it printed in the RECORD, and have it pending.

The CHAIRMAN. The gentleman from Alabama asks unanimous consent that his amendment may be reported and be pending when the matter is considered again. Is there objection?

There was no objection.

The CHAIRMAN. The Clerk will report the amendment.

The Clerk read as follows:

Amendment offered by Mr. McDUFFIE: On page 71, beginning in line 4, strike out the paragraph, ending in line 20.

Mr. COLLINS. Mr. Chairman, I move that the committee do now rise.

The motion was agreed to.

Accordingly the committee rose; and the Speaker having resumed the chair, Mr. LANHAM, Chairman of the Committee of the Whole House on the state of the Union, reported that that committee had had under consideration the bill (H. R. 11897) making appropriations for the military and nonmilitary activities of the War Department for the fiscal year ending June 30, 1933, and for other purposes, and had come to no resolution thereon.

DEATH OF A FORMER MEMBER

Mr. GRANFIELD. Mr. Speaker, word has just come to me that the Hon. Henry L. Bowles, one of my predecessors and a former Member of this House, had passed away.

Just a few short years ago Mr. Bowles served with many Members of the present Congress. He endeared himself, not only to those Members of the Congress with whom he served but to a host of people throughout this Nation by his geniality, good fellowship, and public spiritedness. He was big, jovial, and kind-hearted; he was generous to a fault, and his philanthropies were many. He arose from humble circumstances to a high place in the business world, and as his wealth increased his generosity broadened; his benefactions saved many of his friends.

In the Commonwealth that he served as a member of the governor's council, he was a highly respected citizen. He served his city, State, and Nation with distinction. He exerted a poignant interest in civic affairs. It is with deep regret that I make this announcement of his death to the Congress.

In the death to-day of Congressman Bowles a most unusual coincidence has come to my attention. In my files this afternoon I chanced upon an obituary of Mr. Bowles the existence of which is accounted for under the following circumstances. Congressman Bowles retired and was succeeded by the Hon. W. Kirk Kaynor, and Stanley Lowe, who had been secretary to Mr. Bowles, continued as secretary to Congressman Kaynor. Shortly after his retirement, Representative Bowles became seriously ill—to the point of death—and at that time Secretary Lowe, informed that Mr. Bowles could not possibly survive, prepared an obituary of his former employer. This obituary was never released for the reason that, to the surprise of his physician and all his friends, Congressman Bowles recovered. This obituary was captioned: "Henry L. Bowles, obt. Hold for release. Stanley Lowe."

Now that my friend and predecessor has passed on no eulogy I could pronounce would add one iota to this beautiful encomium. I therefore carry out what I believe to be the wishes of Stanley Lowe, faithful secretary to his Representative in Congress. I incorporate his words of appreciation of his representative as part of my remarks:

Any rehearsal of the career of Henry Leland Bowles must follow a formula that has come to be considered as typically American, since it begins with a boy born to know the toil and privation of a backwoods New England farm and concludes with consideration of a man of wealth and influence, notable as he had been since his youth for the simplicity, modesty, and forthright honesty that was his heritage from Vermont farm parents. As a business man of more than ordinary success and as a leader in matters of civic and political interest, Mr. Bowles became notable for his imagination, initiative, and generosity, qualities which not only brought their own measure of satisfaction and contentment but gathered about him a host of warm friends and admiring acquaintances.

Henry Leland Bowles was born January 6, 1864, on a small farm in Athens, Vt., not many miles away from that other homestead where later Calvin Coolidge was first to see the light of day. He was a son of Lyman and Julia (Leland) Bowles, both of whom were natives of that same section of the country. In the middle of the last century money was hard to find in the Vermont hills, and the Bowles family had no more than its share. As a matter of fact, there was almost none of it after young Henry was 6, when his father died and his mother was forced to accept, in addition to her other duties, that of teaching the district school at Kendricks Corners, Vt.

Of this little school Mr. Bowles always retained the fondest memories, for not only did he there learn his first lessons but his mother was its mistress. A picture of the now ramshackle, unpainted, 1-room structure hung for years in Mr. Bowles's office, and more than once it led him to talk reminiscently of his childhood—a childhood, by the way, which included, after he was 12 years old, the arduous toil of helping with the support of his family. But as there always seems to be in the New England country, the farm boy found time to study, and he continued the education begun in district school at Vermont Academy at Saxtons River.

Early in life Mr. Bowles decided that the career of a Vermont farmer was not for him. The result was that when he was 18 and he received an invitation from an aunt who operated a wheat farm of several hundred acres in Osage, Iowa, to come and work for her he was eager to accept. While the unbounded energy of young Bowles found plenty to occupy it on the flat acres of Iowa, the urge toward other and more promising ventures led him with a cousin to go to California, where for four years he worked as a lumberjack, rancher, and farmer.

The next jump brought Mr. Bowles back to his native New England, for the first time to forsake the outdoors for factory employment. He went to work as a machinist in the American Waltham Watch Co.'s plant in Waltham. This position he held but briefly, leaving to accept a position as clerk in the Old Essex House in Salem, where he remained for three years.

Then came the business affiliation that was to start Mr. Bowles on the road to success and wealth, although neither the young man in taking the job nor his employer in giving it to him suspected anything of the sort at the time. He got a job with J. A. Whitcomb, who was starting, in Lynn, a new idea in restaurants—a place equipped with chairs with but a single wide arm which served as a table. Immediately after his employment Mr. Bowles recognized that here was the opportunity for which he had been waiting. In his eagerness to learn everything there was to know about the business he served as counterman, cook, and purchasing agent.

Mr. Bowles was so keenly interested in the success of the venture that Mr. Whitcomb offered to take him into partnership, a proposal Mr. Bowles refused, flattering though it was. He told his employer that instead he wanted to own a restaurant like it himself in another city. Mr. Whitcomb's sympathetic interest was such that he offered to loan him a few hundred dollars, which, with his own slender savings, might make such a venture possible.

Thus came about Mr. Bowles's interest in Springfield and his final settlement here, for it was in this city that he decided to open his first restaurant, which began business in 1898, when its proprietor was 35 years old, in the Wight block, across Main Street from the post office. Mr. Bowles decided upon Springfield because

at that time there were but two restaurants open at night—Barr's and Hopler's—neither of which was conducted on anything like the basis which Mr. Bowles contemplated. His judgment was proved sound, and the success of the lunch room was instantaneous.

Profits of this first venture were used at once by Mr. Bowles for the opening of another restaurant, this one in Hartford, which was the second link in a chain which soon was operating in Syracuse, Buffalo, Detroit, Toledo, Milwaukee, and Duluth. Later restaurants were opened in Hamilton and Toronto, Ontario. To control this large enterprise there was organized Bowles Lunch (Inc.) and Bowles Lunch (Ltd.), of which companies Mr. Bowles was until his death president and treasurer. In connection with these restaurants the companies operate extensive bakeries and laundries.

Remembering always that his own start in business came about through the generosity of his employer, there has been in effect in the Bowles restaurants a profit-sharing policy whereby employees numbering 500 or more have been given a direct interest in the business. The small business, started about 30 years ago, has grown until its gross income runs into the millions every year.

After the establishment of his business Mr. Bowles began to develop an interest in politics, and within a short time became a figure of wide influence in the Republican Party. He sought no office for himself until 1913, when he received the Republican, Democratic, and Progressive nominations for the governor's council, where he served for three terms. Here was begun a close friendship with Calvin Coolidge, who was governor during Mr. Bowles's last term, and who was known to have held the Springfield man in the highest regard, not only during his service at the statehouse but when he went to Washington as Congressman from the second district.

During his active career in Republican politics Mr. Bowles was frequently called upon to assist in the direction of various campaigns and in the determination of policies affecting his party in the State. The wide political esteem in which he was held throughout this section was demonstrated when he was elected to the Sixty-ninth Congress, September 29, 1925, to fill the unexpired term of George B. Churchill, of Amherst, who died before taking office. He was reelected in 1925 by a large majority and might have continued to represent this district indefinitely had he not chosen to retire last year to devote himself to his private affairs, which had grown more extensive and diversified with the passage of the years.

During his four years in Congress Mr. Bowles never made a speech, a unique record, but one entirely in keeping with his character. Nevertheless, it is doubtful whether many other men accomplished as much for their districts in four years as did Congressman Bowles. Among his achievements was his success in hastening action to bring about the erection of a new post office in Springfield, brought about by his wisdom in seeking appointment to the Committee on Public Buildings. He brought about a decision not to close the Veterans' Bureau office in Springfield, and spent much time during his term in getting action on veterans' compensation cases. As a member of the Committee on Roads he helped to push through legislation to assist Vermont after the disastrous flood in November, 1927. He was a member of the Committee on Education, Patents, and the District of Columbia.

Mr. Bowles, in spite of the many claims upon his time in other directions, was always in the forefront in civic activities. So valuable were these over a period of years that last year he was a recipient from the Publicity Club of its William Pynchon medal, awarded for extraordinary service. For two years Mr. Bowles was chairman of the community chest drive, and he contributed generously to the work of this organization. His philanthropies were widespread, and many of them never came to public notice.

While his was a life of many achievements, it is probable that Mr. Bowles's name will longest endure here because of the development of the Bowles-Agawam Airport, which engaged much of his time and hundreds of thousands of dollars of his money during the last year of his life. When completed this field will be one of the finest in the country and a monument to the memory of the man whose imagination and faith in the future of aviation brought it into being.

Mr. Bowles was a thirty-second degree Mason, a member of Springfield Lodge of Elks, the Fish and Game Club, the Colony Club, the Nyasset Club, the Springfield Country Club, the Oxford Country Club, the Springfield Automobile Club, the Commercial Travelers' Club, the Republican Club of Massachusetts, and the Republican League.

Mr. Bowles in his later years took great delight in out-of-door activities. In addition to his city home he maintained a summer cottage on Lake Sunapee, N. H., where he was known as an ardent fisherman, and in the winter he went as often as he could to a hunting lodge in South Carolina, where he owned some of the best quail land in the State. He was an enthusiastic golfer.

In his middle life Mr. Bowles, like many other men of means, maintained a stable of trotting horses and, like most of his contemporaries, his interest in this sport did not wane. Indeed, it was not long ago that he was the owner of Czar Worthy, which set a world record.

Mr. Bowles had no church affiliation, and frequently said that his only creed was something approximating the Golden Rule. He was married in November, 1910, to Miss Edna Howard, of Leeds, the marriage taking place in New York City.

ORDER OF BUSINESS

Mr. BYRNS. Mr. Speaker, I am sure every Member of the House would like to see the Army bill disposed of, and I therefore ask unanimous consent that business in order to-morrow, Calendar Wednesday, be in order on Thursday, for the purpose of considering the Army bill to-morrow.

The SPEAKER. The gentleman from Tennessee asks unanimous consent that business in order to-morrow, Calendar Wednesday, be transferred and be in order on Thursday next. Is there objection?

Mr. MARTIN of Oregon and Mr. LANKFORD of Virginia objected.

Mr. BYRNS. Then I shall submit the motion, Mr. Speaker.

Mr. CULLEN. Mr. Speaker, I shall raise the point of no quorum if that motion is insisted upon. Mr. Speaker, this is the first time since I have been a Member of the House that I have made such a request, but I am going to request that the vote on this bill go over until Thursday next. The reason for the request is this: There are two very dear, close, personal friends of mine being buried to-morrow in New York. I have got to attend both of these funerals, one in the morning at 10 o'clock and the other at 2.30 o'clock in the afternoon. It is my duty to attend these funerals because of my close relationship. I intend to take a sleeper to-night and go to New York and come back to-morrow night to my duties here in the House Thursday morning. I am going to ask the leaders on this side if they will not consent to have the vote on the Army bill go over until Thursday if for no other reason than to accommodate me.

Mr. STAFFORD. Mr. Speaker, I make the point of order there is not a quorum present.

SENATE ENROLLED BILLS AND JOINT RESOLUTION SIGNED

The SPEAKER announced his signature to enrolled bills and a joint resolution of the Senate of the following titles:

S. 290. An act to establish a memorial to Theodore Roosevelt in the National Capital;

S. 418. An act to extend the admiralty laws of the United States of America to the Virgin Islands;

S. 694. An act to authorize the sale of interest in lands devised to the United States under the will of Sophie Chanquet;

S. 2409. An act to amend Title II of the Federal farm loan act in regard to Federal intermediate-credit banks, and for other purposes;

S. 2955. An act to amend the World War veterans' act, 1924, as amended;

S. 4148. An act to permit the United States to be made a party defendant in certain cases;

S. 4289. An act to amend the act of February 23, 1927, as amended (U. S. C., title 47, sec. 85), and for other purposes;

S. 4416. An act to provide for the transfer of certain school lands in North Dakota to the International Peace Garden (Inc.); and

S. J. Res. 75. Joint resolution authorizing the Joint Committee on the Library to procure an oil portrait of former President Calvin Coolidge.

EXTENSION OF REMARKS—EMERGENCY LEGISLATION

Mr. McCLINTIC of Oklahoma. Mr. Speaker, these are perilous times. Over 30 nations have abandoned the gold standard and adopted silver as a monetary unit. I take the position that unless our Nation adopts two metals with a fixed ratio, namely, gold and silver, it will be practically impossible for our people to sell their surplus crops to other nations, and I am urging the adoption of such a law.

Every day since returning to Washington I have either held conferences, addressed committees, or conferred with our leaders for the purpose of urging the passage of a suitable farm bill. As secretary of the largest agricultural group of Members in the House, I have urged my colleagues to not adjourn until a solid foundation can be put under agriculture so that our farmers can receive cost of production on that part of the yield necessary for home consumption. I am glad to say the leaders of the different farm groups have

all agreed to this plan as an emergency program, and I am urging the House to act at once so that this kind of help can be given to those who till the soil.

I realize that nearly everyone is broke. I know that every occupation and industry is in a demoralized condition; however, I have faith in our strong-hearted people to the extent that I believe they will in some way adjust themselves to present conditions. Anyhow, I am sure that they will let their minds run back for a dozen years to the time when conditions were better than ever before. My party went out of power with the elections of 1920 and at present the Democrats only control the House by a few votes. Thus one can see that no law can be passed that the President is against unless a two-thirds vote can be obtained should he veto a bill. It is for this reason it has been difficult to get some bills enacted into law.

I am hoping that my friends in the district will help me by giving this information to their neighbors, as I deem it of more importance to enact into a law this kind of a relief bill than to do anything else.

ADJOURNMENT

Mr. COLLINS. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 6 o'clock and 4 minutes p. m.) the House adjourned until to-morrow, Wednesday, May 18, 1932, at 12 o'clock noon.

COMMITTEE HEARINGS

Tentative list of committee hearings scheduled for Wednesday, May 18, 1932, as reported to the floor leader by clerks of the several committees:

WAYS AND MEANS

(10 a. m.)

Depreciated currency bills.

PUBLIC LANDS

(10.30 a. m.)

Miscellaneous bills.

RIVERS AND HARBORS

(10.30 a. m.)

South Carolina and Puerto Rico projects.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of Rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

579. A communication from the President of the United States, transmitting supplemental estimates of appropriations for the War Department for the fiscal year 1932 and prior years (H. Doc. No. 338); to the Committee on Appropriations and ordered to be printed.

580. A communication from the President of the United States, transmitting a supplemental estimate of appropriations for the Department of the Interior for the fiscal year of 1932 and prior years, and for the fiscal year 1933 (H. Doc. No. 339); to the Committee on Appropriations and ordered to be printed.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of Rule XIII,

Mr. KNUTSON: Committee on Indian Affairs. H. R. 9495. A bill to establish the boundary lines of the Chippewa Indian territory in the State of Minnesota; without amendment (Rept. No. 1327). Referred to the Committee of the Whole House on the state of the Union.

Mr. PATMAN: Committee on the District of Columbia. H. R. 7894. A bill to promote safety on the streets and highways of the District of Columbia by providing for the financial responsibility of owners and operators of motor vehicles for damages caused by motor vehicles on the public highways in the District of Columbia; to prescribe penalties for the violation of the provisions of this act, and for other purposes; without amendment (Rept. No. 1352). Referred to the House Calendar.

Mr. DIES: Committee on Immigration and Naturalization. H. R. 12044. A bill to provide for the exclusion and expulsion of alien communists; without amendment (Rept. No. 1353). Referred to the Committee of the Whole House on the state of the Union.

Mr. CHAVEZ: Committee on the Public Lands. S. 2983. An act for the relief of homesteaders on the Diminished Colville Indian Reservation, Wash.; without amendment (Rept. No. 1357). Referred to the Committee of the Whole House on the state of the Union.

Mr. PALMISANO: Committee on the District of Columbia. H. R. 10359. A bill to amend sections 5 and 6 of the act of June 30, 1906, entitled "An act to prohibit the killing of wild birds and wild animals in the District of Columbia," and thereby to establish a game and bird sanctuary of the Potomac River and its tributaries in the said District; without amendment (Rept. No. 1358). Referred to the House Calendar.

REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS

Under clause 2 of Rule XIII,

Mr. BOEHNE: Committee on Claims. H. R. 2045. A bill for the relief of Frances O. Sperry; with amendment (Rept. No. 1328). Referred to the Committee of the Whole House.

Mr. BOEHNE: Committee on Claims. H. R. 4154. A bill for the relief of Ruby F. Voiles; with amendment (Rept. No. 1329). Referred to the Committee of the Whole House.

Mr. BLACK: Committee on Claims. H. R. 4858. A bill for the relief of Mrs. J. A. Joullian; without amendment (Rept. No. 1330). Referred to the Committee of the Whole House.

Mr. SCHAFER: Committee on Claims. H. R. 5214. A bill for the relief of Withycombe Post, No. 11, American Legion, Corvallis, Oreg.; without amendment (Rept. No. 1331). Referred to the Committee of the Whole House.

Mr. BLACK: Committee on Claims. H. R. 6759. A bill for the relief of Jacob Durrenberger; with amendment (Rept. No. 1332). Referred to the Committee of the Whole House.

Mr. BLACK: Committee on Claims. H. R. 7324. A bill for the relief of the mayor and aldermen of Jersey City, Hudson County, N. J., a municipal corporation; with amendment (Rept. No. 1333). Referred to the Committee of the Whole House.

Mr. BRUMM: Committee on Claims. H. R. 8189. A bill for the relief of K. S. Szymanski; without amendment (Rept. No. 1334). Referred to the Committee of the whole House.

Mr. BOEHNE: Committee on Claims. H. R. 8215. A bill for the relief of the National Bank of Commerce, El Dorado, Ark.; without amendment (Rept. No. 1335). Referred to the Committee of the Whole House.

Mr. BOEHNE: Committee on Claims. H. R. 8217. A bill for the relief of the First National Bank, El Dorado, Ark.; without amendment (Rept. No. 1336). Referred to the Committee of the Whole House.

Mr. MILLER: Committee on Claims. H. R. 9339. A bill authorizing the Court of Claims to hear and determine the claim of Ingenio Porvenir C. por A., and to render judgment for just compensation; without amendment (Rept. No. 1337). Referred to the Committee of the Whole House.

Mr. MILLER: Committee on Claims. H. R. 9862. A bill for the relief of the estate of Oscar F. Lackey; with amendment (Rept. No. 1338). Referred to the Committee of the Whole House.

Mr. BRUMM: Committee on Claims. H. R. 10169. A bill authorizing adjustment of the claim of the Adelphia Bank & Trust Co. of Philadelphia; without amendment (Rept. No. 1339). Referred to the Committee of the Whole House.

Mr. BRUMM: Committee on Claims. H. R. 10406. A bill for the relief of the Allegheny Forging Co.; without amendment (Rept. No. 1340). Referred to the Committee of the Whole House.

Mr. BRUMM: Committee on Claims. H. R. 10407. A bill for the relief of the Allegheny Forging Co.; without amendment (Rept. No. 1341). Referred to the Committee of the Whole House.

Mr. BRUMM: Committee on Claims. H. R. 10408. A bill for the relief of the Allegheny Forging Co.; without amendment (Rept. No. 1342). Referred to the Committee of the Whole House.

Mr. SCHAFER: Committee on Claims. H. R. 10621. A bill for the relief of Augusta Burkett; with amendment (Rept. No. 1343). Referred to the Committee of the Whole House.

Mr. BLACK: Committee on Claims. H. R. 10973. A bill for the relief of Augustus Thompson; without amendment (Rept. No. 1344). Referred to the Committee of the Whole House.

Mr. BOEHNE: Committee on Claims. H. R. 11095. A bill for the relief of the Franklin Surety Co.; without amendment (Rept. No. 1345). Referred to the Committee of the Whole House.

Mr. MILLER: Committee on Claims. H. R. 11902. A bill for the relief of Robert D. Baldwin; without amendment (Rept. No. 1346). Referred to the Committee of the Whole House.

Mr. BRUMM: Committee on Claims. S. 287. An act to compensate Harriet C. Holaday; without amendment (Rept. No. 1347). Referred to the Committee of the Whole House.

Mr. SCHAFER: Committee on Claims. S. 631. An act for the relief of Alice M. A. Damm; without amendment (Rept. No. 1348). Referred to the Committee of the Whole House.

Mr. BOEHNE: Committee on Claims. S. 3440. An act for the relief of Nick Wagner; without amendment (Rept. No. 1349). Referred to the Committee of the Whole House.

Mr. GASQUE: Committee on Pensions. H. R. 12124. A bill granting pensions and increase of pensions to certain soldiers and sailors of the Regular Army and Navy, etc., and certain soldiers and sailors of wars other than the Civil War, and to widows of such soldiers and sailors; without amendment (Rept. No. 1350). Referred to the Committee of the Whole House.

Mr. PEAVEY: Committee on Indian Affairs. H. R. 6393. A bill authorizing and directing that 5 per cent of any amount or amounts hereafter appropriated to pay judgment or judgments in favor of the Cherokee Indians by the Court of Claims be paid to Frank J. Boudinot in full for his services and expenses for and on behalf of said Indians prior to July 19, 1923, and for other purposes; without amendment (Rept. No. 1351). Referred to the Committee of the Whole House.

Mrs. KAHN: Committee on Military Affairs. H. R. 3801. A bill for the relief of Robert Whitley Miller; with amendment (Rept. No. 1354). Referred to the Committee of the Whole House.

Mrs. KAHN: Committee on Military Affairs. H. R. 4045. A bill for the relief of Carl L. Bernau; without amendment (Rept. No. 1355). Referred to the Committee of the Whole House.

Mr. LEAVITT: Committee on the Public Lands. S. 1044. An act authorizing the issuance to Cassie E. Howard of a patent for certain lands; without amendment (Rept. No. 1356). Referred to the Committee of the Whole House.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of Rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. McSWAIN: A bill (H. R. 12125) to amend an act approved January 22, 1932, designated as Public No. 2 of the Seventy-second Congress and entitled "An act to provide emergency financing facilities for financial institutions, to aid in financing agriculture, commerce, and industry, and for other purposes"; to the Committee on Banking and Currency.

By Mr. TAYLOR of Colorado: A bill (H. R. 12126) to add certain lands to the Gunnison National Forest, Colo.; to the Committee on the Public Lands.

By Mr. WARREN: Resolution (H. Res. 227) to authorize public inspection of pay-roll records of the disbursing officer of the House of Representatives; to the Committee on Accounts.

MEMORIALS

Under clause 3 of Rule XXII, memorials were presented and referred as follows:

Memorial of the Legislature of the Territory of Hawaii, memorializing Congress to delay hearings on Senate Resolution 134 until some date subsequent to July 1, 1932; to the Committee on the Judiciary.

Memorial of the Senate and House of Representatives of Puerto Rico, memorializing Congress to extend to Puerto Rico the act creating the Finance Reconstruction Corporation; to the Committee on Banking and Currency.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of Rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. GASQUE: A bill (H. R. 12124) granting pensions and increase of pensions to certain soldiers and sailors of the Regular Army and Navy, etc., and certain soldiers and sailors of wars other than the Civil War, and to widows of such soldiers and sailors; to the Committee on Pensions.

By Mr. CHAVEZ: A bill (H. R. 12127) for the relief of the estate of Uvaldo Martinez; to the Committee on Claims.

Also, a bill (H. R. 12128) for the relief of Juan Apodaca; to the Committee on Military Affairs.

By Mr. CLANCY: A bill (H. R. 12129) for the relief of Frank E. Fisher; to the Committee on Claims.

By Mr. FERNANDEZ: A bill (H. R. 12130) for the relief of Thomas J. Bennett; to the Committee on Invalid Pensions.

By Mr. HOCH: A bill (H. R. 12131) granting an increase of pension to Mary E. Graham; to the Committee on Invalid Pensions.

By Mr. KOPP: A bill (H. R. 12132) granting an increase of pension to Carrie E. Biles; to the Committee on Invalid Pensions.

By Mr. MARTIN of Oregon: A bill (H. R. 12133) granting an increase of pension to Laura B. Patton; to the Committee on Pensions.

Also, a bill (H. R. 12134) to provide for the acquisition of certain timberlands and the sale thereof to the State of Oregon for recreational and scenic purposes; to the Committee on the Public Lands.

By Mr. MOREHEAD: A bill (H. R. 12135) granting an increase of pension to Emma Josephine Kelso; to the Committee on Invalid Pensions.

Also, a bill (H. R. 12136) for the relief of the estate of George Evert Wever; to the Committee on Ways and Means.

By Mr. WHITLEY: A bill (H. R. 12137) granting an increase of pension to Mary Brodier; to the Committee on Invalid Pensions.

Also, a bill (H. R. 12138) granting an increase of pension to Adaline M. Malette; to the Committee on Invalid Pensions.

By Mr. WITHROW: A bill (H. R. 12139) granting a pension to Maria E. Walker; to the Committee on Invalid Pensions.

PETITIONS, ETC.

Under clause 1 of Rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

7781. By Mr. BLOOM: Resolution adopted by the Northern Federation of Chambers of Commerce of Massena, N. Y., and passed at a meeting of that organization held at Potsdam, N. Y., Tuesday, May 3, 1932; to the Committee on Economy.

7782. By Mr. CHRISTOPHERSON: Petition of Highland Rural Telephone Co., of Minnehaha County, S. Dak., urging passage of the Frazier bill, S. 1197; to the Committee on Agriculture.

7783. By Mr. CRAIL: Petition of W. Hall Crowell, urging that it is highly essential for Congress to take some imme-

diate step to relieve the unemployment and economic distress throughout the country, and setting forth a full program of constructive legislation; to the Committee on Ways and Means.

7784. By Mr. GAVAGAN: Petition of Alonzo B. See to National Republican Club, urging the nomination of Calvin Coolidge as the Republican candidate for President, vice Mr. Hoover; to the Committee on Election of President, Vice President, and Representatives in Congress.

7785. By Mr. JOHNSON of Texas: Petition of H. O. Boatwright, president First National Bank, Bryan, Tex., opposing a tax on bank checks; to the Committee on Ways and Means.

7786. Also, petition of Oxsheer Smith, president Citizens National Bank, Cameron, Tex., opposing a tax on bank checks and favoring a sales tax; to the Committee on Ways and Means.

7787. Also, petition of Bud Terry, of Hillsboro, Tex., route 3, favoring immediate cash payment of adjusted-service certificates; to the Committee on Ways and Means.

7788. Also, telegram of John H. Sweatt, F. W. Welch Motor Co., Julius Nussbaum, W. D. Freeman, and J. I. Riddle, Mexia, Tex., opposing a tax on bank checks; to the Committee on Ways and Means.

7789. Also, petition of J. E. Stanford, editor Southern Agriculturist, Bryan, Tex., opposing repeal of emergency officers' disability retirement act; to the Committee on Military Affairs.

7790. Also, telegram of J. K. Hughes and Jack Womack, opposing a tax on admission fees under 50 cents; to the Committee on Ways and Means.

7791. Also, telegram of D. P. Wilson, president, and Raphael Levine, past president, Local Union No. 393, International Alliance Theatrical Stage Employees and Moving Picture Machine Operators, of Corsicana, Tex., opposing tax on admission fees under 46 cents; to the Committee on Ways and Means.

7792. By Mr. KLEBERG: Petition of 10 citizens of Bergheim, Kendall County, Tex., opposing the passage of House bill 8092 and Senate bill 1202; to the Committee on the District of Columbia.

7793. By Mr. PERKINS: Petition of Mrs. C. H. Green, Ridgewood, N. J., protesting against the attempt to block the hearing on House bill 11082; to the Committee on Ways and Means.

7794. Also, joint resolution passed by the Legislature of the State of New Jersey and approved by the governor, memorializing the Congress of the United States to construct a ship canal across the State of New Jersey from Raritan Bay to the Delaware River, at a point near the head of navigation; to the Committee on Rivers and Harbors.

7795. By Mr. RAINEY: Petition of the officers and board of directors of the Chamber of Commerce of Carlinville, Ill., referring to governmental expenditures; to the Committee on Appropriations.

7796. By Mr. WYANT: Petition of Logan Lumber Co., Tarentum, Pa., favoring passage of home loan bank bill; to the Committee on Banking and Currency.

7797. Also, petition of Gen. Willis J. Hulings Camp, No. 77, United Spanish War Veterans, of Pittsburgh, urging favorable action on Gasque-Robinson bill; to the Committee on Pensions.

7798. Also, petition of Pittsburgh Coal Exchange, objecting to proposed abandonment and removal by Federal authorities of the port of Pittsburgh; to the Committee on Interstate and Foreign Commerce.

7799. Also, petition of Mary Stanislaus McVay, secretary Seton Hill Alumnæ Association, Greensburg, Pa., representing 400 members, protesting against the passage of the Hatfield bill, S. 4436, as being dangerous to morals of the people of the United States; to the Committee on Banking and Currency.